

**NEWMARKET-TAY POWER DISTRIBUTION LTD.
OEB INTERROGATORIES
EB-2007-0776
APRIL 30, 2007 NHL PIL'S RETURN**



Canada Revenue
Agency

Agence du revenu
du Canada

T2 CORPORATION INCOME TAX RETURN

Schedule 200

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.

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 see www.cra.gc.ca or the T2 Corporation – Income Tax Guide (T4012).

055 Do not use this area

Identification

Business number (BN) 001 86907 7925 RC 0001

Corporation's name
002 Newmarket Hydro Ltd.

001 001
new stub return

Has the corporation changed its name since the last time you filed your T2 return? 003 ☐ Yes ☒ No

If Yes, do you have a copy of the articles of amendment? 004 ☐ Yes ☐ No

(Do Not Submit)

Address of head office

Has this address changed since the last time you filed your T2 return? 010 ☐ Yes ☒ No

(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 2007/01/01 to 061 2007/04/30

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 083 ☐ Yes ☒ No

If yes, provide the date control was acquired 065

Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? 066 ☐ Yes ☒ No

Mailing address (if different from head office address)

Has this address changed since the last time you filed your T2 return? 020 Yes ☐ No ☒

(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 ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? 070 ☐ Yes ☒ No

Amalgamation? 071 ☐ Yes ☒ No

If yes, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 ☐ Yes ☒ No

If yes, complete and attach Schedule 24.

Location of books and records

Has the location of books and records changed since the last time you filed your T2 return? 030 ☐ Yes ☒ No

(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 final tax year before amalgamation? 076 ☒ Yes ☐ No

Is this the final return up to dissolution? 078 ☐ Yes ☒ No

Is the corporation a resident of Canada? 080 ☒ Yes ☐ 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 ☐ Yes ☒ 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 ☐ Exempt under paragraph 149(1)(e) or (l)

2 ☐ Exempt under paragraph 149(1)(j)

3 ☐ Exempt under paragraph 149(1)(t)

4 ☐ 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 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 Income Tax Regulations?	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; gifts of cultural or ecological property; or gifts of medicine?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input 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?	206 <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
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"/>	T681
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input checked="" type="checkbox"/>	—
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input type="checkbox"/>	—
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
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265 <input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266 <input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267 <input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268 <input type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269 <input type="checkbox"/>	54

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 GIFI	300	2,224,123	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		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction *	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous 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")		2,224,123	C
Add:			
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable Income (amount C plus amount D)	360	2,224,123	
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 2,224,123 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 2,224,123 B

Calculation of the business limit:

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

\$300,000 x	Number of days in the tax year in 2005 and in 2006	=	1
-------------	---	---	---

Number of days in the tax year	120
--------------------------------	-----

\$400,000 x	Number of days in the tax year after 2006	=	400,000 2
-------------	---	---	-----------

Number of days in the tax year	120
--------------------------------	-----

Add amounts at lines 1 and 3	400,000 4
------------------------------	-----------

Business limit (see notes 1 and 2 below) 410 131,507 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	131,507 X	415	11,250 D	=	11,250	131,507 E
----------	-----------	-----	----------	---	--------	-----------

Reduced business limit (amount C minus amount E) (if negative, enter "0") 425 0 F

Small business deduction

Amount A, B, C, or F whichever is the least	x	Number of days in the tax year before January 1, 2008	120	x 16% =	5
		Number of days in the tax year	120		

Amount A, B, C, or F whichever is the least	x	Number of days in the tax year after Dec.31, 2007		x 17% =	6
		Number of days in the tax year	120		

Total of amounts 5 and 6 - enter on line 9 of page 7430 0 G

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)] 435 H

Amount H	x	Number of days in the tax year in 2005			
		Number of days in the tax year	120	x 3% =	I

Amount H	x	Number of days in the tax year in 2006			
		Number of days in the tax year	120	x 5% =	J

Amount H	x	Number of days in the tax year in 2007			
		Number of days in the tax year	120	x 7% =	K

Resource deduction - total of amounts I and J 438 L
(enter amount L 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 on page 3						2,224,123	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 on page 4					D		
Amount used to calculate the credit union deduction (from 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		
Total of amounts B, C, D, E, F, and G							H
Amount A minus amount H (if negative, enter "0")						2,224,123	I
Amount I	2,224,123	x	Number of days in the tax year before January 1, 2008	120	x 7% =	155,689	J
			Number of days in the tax year	120			
Amount I	2,224,123	x	Number of days in the tax year after Dec. 31, 2007 and before Jan. 1, 2009		x 8.5% =		K
			Number of days in the tax year	120			
General tax reduction for Canadian-controlled private corporations - total of amounts J and K						155,689	L

Enter amount L on line 638 of page 7

General tax reduction

Do not complete this area if you are 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 corporation tax rate of 38%.

Taxable income from line 360 on page 3 (for tax years starting after May 1, 2006, Amount Z 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 on page 4					P		
Amount used to calculate the credit union deduction (from Schedule 17)					Q		
Total of amounts N, O, P, and Q							R
Amount M minus amount R (if negative, enter "0")							S
Amount S		x	Number of days in the tax year before January 1, 2008		x 7% =		T
			Number of days in the tax year				
Amount S		x	Number of days in the tax year after Dec. 31, 2007 and before Jan. 1, 2009		x 8.5% =		U
			Number of days in the tax year				
General tax reduction - total of amounts T and U							V

Enter amount V 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
(from Schedule 7)Foreign non-business income tax credit from line 632 on page 7

Deduct:

Foreign investment income 445 X 9 1/3 % = B
(from Schedule 7) (if negative, enter "0")Amount A minus amount B (if negative, enter "0") CTaxable income from line 360 on page 3 2,224,123

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 = 2,224,123 X 26 2/3 % = 593,099 DPart I tax payable minus investment tax credit refund
(line 700 minus line 780 from page 8) 491,976Deduct: Corporate surtax from line 600 of page 7 24,910Net amount 467,066 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 previous tax year 460Deduct: Dividend refund for the previous tax year 485 G

Add the total of:

Refundable portion of Part I tax from line 450 above Total Part IV tax payable from Schedule 3 Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary
corporation 480 HRefundable 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 X 1/3 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 tax**Base amount of Part I tax**

taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38% 550 845,167 A

Corporate surtax calculation

Base amount from line A above 845,167 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 222,412 2

Investment corporation deduction from line 620 below 3

Federal logging tax credit from line 640 below 4

Federal qualifying environmental 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

(line A plus lines C and D minus line F) 467,066 c

Total of lines 2 to 6 222,412 7

Net amount (line 1 minus line 7) 622,755 8

Corporate surtax*

Line 8	622,755	x	Number of days in the tax year before January 1, 2008	120	x 4% =	600	24,910	B
			Number of days in the tax year	120				

*The corporate surtax is zero effective January 1, 2008.

Recapture of investment tax credit from Schedule 31 602 C

Calculation for the refundable tax on the 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 2,224,123

Deduct:

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

Net amount 2,224,123 ii 2,224,123

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) 870,077 E

Deduct:

Small business deduction from line 430 on page 4 9

Federal tax abatement 608 222,412

Manufacturing and processing profits deduction from 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 on page 4 10

General tax reduction for CCPCs from amount L on page 5 638 155,689

General tax reduction from amount V 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

Subtotal 378,101 F 378,101

Part I tax payable – Line E minus line F 491,976 G

Enter amount G on line 700 of page 8.

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	491,976
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
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		491,976

Add provincial or 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	491,976 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	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	500,000
Total credits	890	500,000
Balance (line A minus line B)		(8,024) I

Refund Code **8942** Overpayment **8,024****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

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**

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

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2008/12/05		956 (905) 953-8548
Date	Signature of the authorized signing officer of the corporation	Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below.

958 Iain Clinton, CA	959 (905) 953-8548
Name	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. For more information, see the *T2 Corporation Income Tax Guide*.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Net income (loss) after taxes and extraordinary items per financial statements A 1,248,536

Add:

Provision for income taxes - current	101	820,000	
Amortization of tangible assets	104	1,197,074	
Non-deductible meals and entertainment expenses 8,000 X 50%	121	4,000	
Reserves from financial statements - balance at the end of the year	126	819,363	
Total of fields 101 to 199	500	2,840,437	▶ 2,840,437

Deduct:

Gain on disposal of assets per financial statements	401	1,372	
Capital cost allowance from Schedule 8	403	1,021,728	
Cumulative eligible capital deduction from Schedule 10	405	36,807	
Reserves from financial statements - balance at the beginning of the year	414	804,943	
Total of fields 401 to 499	510	1,864,850	▶ 1,864,850

Net income (loss) for income tax purposes - enter on line 300 on page 3 of the T2 return 2,224,123

CAPITAL COST ALLOWANCE

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under regulation 1101(5c)? 101 1 Yes ☐ 2 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 Recapture of CCA	11 Terminal loss	12 CCA for the year (col 8 x 9 or a lower amount)	13 UCC at the end of the year
200	201	203	205	207	211		212	213	215	217	220
1	32,293,848	1,022		1,372		32,293,498	4			424,682	31,868,816
3	7,127					7,127	5			117	7,010
8	3,100,301	9,621			4,811	3,105,111	20			204,172	2,905,750
10	1,340,225	123,707			61,854	1,402,078	30			138,287	1,325,645
17	60,059					60,059	8			1,580	58,479
2	7,244,610					7,244,610	6			142,907	7,101,703
13	201,032	3,697			1,849	202,880				17,361	187,368
45							45				
12							100				
47							8				
47							8				
47							8				
47							8				
47							8				
47							8				
47							8				
47	2,270,718	2,920,963	(209,636)		1,460,482	3,521,563	8			92,622	4,889,423
Totals	46,517,920	3,059,010	(209,636)	1,372	1,528,996	47,836,926				1,021,728	48,344,194

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	Country (if not Canada)	Business # (Canadian corporation only)	Code note 1	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
Newmarket Hydro Holdings Inc	100	86514 2632 RC 0001	1	400	500	550	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 9772 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

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada

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	1,599,347	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	1,599,347	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 =	248 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)		1,599,347	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K	1,599,347		
less amount from line 249			
Current year deduction	1,599,347 x 7% =	250	36,807 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		36,807	36,807 L
Cumulative eligible capital - Closing balance (amount K minus amount L) (if negative, enter "0")	300	1,562,540	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 P minus line Q (if negative, enter "0")			Q
Line 5		x 1/2 =	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**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO
ALLOCATE THE BUSINESS LIMIT**

- 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.

- Column 1:** Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* not to be associated for purposes of the small business deduction.
- Column 2:** Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").
- Column 3:** Enter the association code that applies to each corporation:
 1 - Associated for purposes of allocating the business limit (unless code 5 applies)
 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction.
 3 - Non-CCPC that is a "third corporation" as defined in subsection 256(2)
 4 - Associated non-CCPC
 5 - Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"
- Column 4:** Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.
- Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.
- Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2004	\$225,001 to \$250,000
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line A does not exceed \$400,000.

Allocating the business limit

Date filed (do not use this area)

025

Enter the calendar year to which the agreement applies

050

2007

Is 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	Newmarket Hydro Holdings Inc.	86514 2632 RC 0001	1
3	Unipower Holdings Ltd.	86553 9399 RC 0001	1
4	1443393 Ontario Inc.	89239 7613 RC 0001	1
5	1443394 Ontario Inc.	86553 9191 RC 0001	1
6	1443396 Ontario Inc.	86553 8995 RC 0001	1
7	1443397 Ontario Inc.	89239 7217 RC 0001	1
8	1443398 Ontario Inc.	86553 8797 RC 0001	1
9	1402318 Ontario Inc.	86709 9772 RC 0001	1
		RC	

Allocate business limit using: ☒ % ☐ \$

Taxation year		4 Business limit for the year (before allocation) \$	Allocating business limit		
Start	End		5 Percentage of the business limit (%)	6 Business limit allocated \$	7 Gross Part 1.3 tax for business limit reduction
			350	400	
1	2007/01/01 2007/04/30	400,000	100.000	400,000	101,701
2	2007/01/01 2007/12/31	400,000			
3	2007/01/01 2007/12/31	400,000			
4	2007/01/01 2007/12/31	400,000			
5	2007/01/01 2007/12/31	400,000			
6	2007/01/01 2007/12/31	400,000			
7	2007/01/01 2007/12/31	400,000			

AGREEMENT AMONG ASSOCIATED CCPCs TO ALLOCATE THE BUSINESS LIMIT

	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 I.3 tax for business limit reduction
	Start	End		350	400	
8	2007/01/01	2007/12/31	400,000			
9	2007/01/01	2007/12/31	400,000			
TOTALS				100.000	A 400,000	101,701

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

\$ 131,507

Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

Canada Revenue
AgencyAgence du revenu
du Canada

PART 1.3 TAX ON LARGE CORPORATIONS

Schedule 33

- File this schedule if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than \$10,000,000.
- Even if there is no Part 1.3 tax payable for the days in the tax year that are after 2005, you must still complete this schedule (except parts 5 and 9).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms "financial institution", "long-term debt" and "reserves".
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - 1) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 2) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 3) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 4) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 5) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- This schedule may contain changes that had not yet become law at the time of printing.

If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I

101 712,363

Capital stock (or members' contributions if incorporated without share capital)

103 25,806,563

Retained earnings

104 78,786

Contributed surplus

105

Any other surpluses

106

Deferred unrealized foreign exchange gains

107

All loans and advances to the corporation

108

All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations

109 30,251,442

Any dividends declared but not paid by the corporation before the end of the year

110

All other indebtedness of the corporation (other than any indebtedness for a lease)

111

that has been outstanding for more than 365 days before the end of the year

Proportion of the amount, if any, by which the total of all amounts (see note below) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses

112

Subtotal 56,849,154

56,849,154 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year

121

Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year

122

Any amount deducted under subsection 135(1) in computing income under Part I for the year, as long as the amount may reasonably be regarded as being included in any of lines 101 to 112 above

123

The amount of deferred unrealized foreign exchange losses at the end of the year

124

Subtotal

B

Capital for the year (amount A minus amount B) (if negative, enter "0")

190 56,849,154

PART 1.3 TAX ON LARGE CORPORATIONS**Part 2 - Investment allowance**

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401
A loan or advance to another corporation (other than a financial institution)	402
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403
Long-term debt of a financial institution	404
A dividend receivable on a share of the capital stock of another corporation	405
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part 1.3 (other than by reason of paragraph 181.1(3)(d))	406
An interest in a partnership	407
Investment allowance for the year (add lines 401 to 407)	490

Part 3 - Taxable capital

Capital for the year (line 190)	56,849,154	C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500 56,849,154	

Part 4 - Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500)	Taxable income earned in Canada	Taxable capital employed in Canada
56,849,154	610 2,224,123	690 56,849,154
	Taxable income	2,224,123

- Notes: 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
 3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

701

Deduct the following amounts:

Corporation's indebtedness at the end of the year (other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)) that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada

711

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada

712

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada

713

Total deductions (add lines 711, 712, and 713)

E

Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")

790

PART 1.3 TAX ON LARGE CORPORATIONS**Part 5 - Calculation of gross Part 1.3 tax**

If the tax year starts after 2005, do not complete this part.

Taxable capital employed in Canada (line 690 or 790, whichever applies)		56,849,154
Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)		50,000,000
Excess of taxable capital employed in Canada over capital deduction		811
Line 811	$\frac{\text{Number of days in the tax year in 2004}}{\text{Number of days in the tax year}} \times 0.002 =$	F
	$\frac{120}{120} \times 0.002 =$	
Line 811	$\frac{\text{Number of days in the tax year in 2005}}{\text{Number of days in the tax year}} \times 0.00175 =$	G
	$\frac{120}{120} \times 0.00175 =$	
Note: The Part 1.3 tax rate is reduced to 0% for the days in the tax year that are after 2005.		
Subtotal (add amounts F and G)		H
Where the tax year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:		
Amount H	$\times \frac{\text{Number of days in the year (120)}}{365} =$	I
Gross Part 1.3 tax (amount H or I, whichever applies)		820

Part 6 - Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)		56,849,154	J
Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)		50,000,000	K
Excess (amount J minus amount K) (if negative, enter "0")		46,849,154	L
Amount L	$\times 0.00225 =$	105,411	M
Where the tax year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:			
Amount M	$\times \frac{\text{Number of days in the year (120)}}{365} =$	34,656	N
Gross Part 1.3 tax for purposes of the unused surtax credit (amount M or N, whichever applies)		34,656	

PART 1.3 TAX ON LARGE CORPORATIONS**Part 7 - Calculation of current-year surtax credit available**

- Corporations can claim a credit against their Part 1.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount a or b at line O, whichever is less:

a) line 600 from the T2 return _____ a
 b) line 700 from the T2 return _____ b _____ O

In any other case, enter amount c or d at line P, whichever is less:

c) line 600 from the T2 return 24,910 x (line 690 + line 500) = 24,910 c
 d) line 700 from the T2 return _____ 491,976 d _____ 24,910 P

Current-year surtax credit available (amount O or P, whichever applies) _____ 830 _____ 24,910

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) _____ 24,910
 Less: Gross Part 1.3 tax for purposes of the unused surtax credit (line 821) _____ 34,856
 Current-year unused surtax credit (if negative, enter "0") _____ 850
 Enter this amount at line 600 on Schedule 37.

Part 9 - Calculation of net Part 1.3 tax payable

If the tax year starts after 2005, do not complete this part.

Gross Part 1.3 tax (line 820) _____ Q
 Deduct:
 Current-year surtax credit applied (line 820 or 830, whichever is less) 861 _____
 Unused surtax credit from previous years applied (amount from line 320 on Schedule 37) 862 _____
 Subtotal (cannot be more than amount on line 820) _____ R
 Net Part 1.3 tax payable (amount Q minus amount R) _____ 870
 Enter this amount at line 704 of the T2 return.

Part 10 - Calculation for purposes of the small business deduction

This part is applicable only to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (line 690 or 790, whichever applies) _____ 56,849,154 S
 Deduct:
 Capital deduction claimed for the year (enter \$10,000,000) _____ 10,000,000 T
 Excess (amount S minus amount T) (if negative, enter "0") _____ 46,849,154 U
 Gross Part 1.3 tax for purposes of the small business deduction (Amount U x 0.00225) _____ 105,411 V
 Enter this amount at line 415 of the T2 return.

Canada Revenue
AgencyAgence du revenu
du Canada

Schedule 36

AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX

- Corporations related at any time in their tax year that ends in the calendar year of the agreement should use this schedule to allocate the capital deduction of \$50,000,000 among the members of the related group if:
 - any member applies the surtax credit against Part 1.3 tax in a tax year starting before January 1, 2006; or
 - any member wants to carry back an unused surtax credit against Part 1.3 tax to a tax year starting before January 1, 2006.
- According to subsection 181.5(7) of the *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for the capital deduction unless it is also associated with that corporation.
- In cases where a related corporation has more than one tax year ending in a calendar year, it has to file this agreement for each of those tax years.
- According to subsection 181.5(5), where a corporation has more than one tax year ending in the same calendar year and is related in two or more of those tax years to another corporation that has a tax year ending in that calendar year, the capital deduction of the first corporation for each such tax year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such tax year.
- Any corporation in the related group may file this agreement on behalf of the group. However, if an agreement is not already on file with us when we assess any of the returns for a tax year ending in the calendar year of the agreement, we will ask for one.

Agreement

Date filed (do not use this area)

010

Is this an amended agreement?

020 ☐ 1 Yes ☒ 2 No

Calendar year to which the agreement applies

030 2007

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part 1.3 tax under subsection 181.1(3) of the *Income Tax Act* does not have to be included.

Name of each corporation that is a member of the related group	Business number (if a corporation is not registered, enter "NR")	Allocation of capital deduction for the year \$
200	300	400
Newmarket Hydro Ltd.	86907 7925 RC 0001	50,000,000
Newmarket Hydro Holdings Inc	86514 2632 RC 0001	0
Unipower Holdings Ltd	86553 9399 RC 0001	0
1443393 Ontario Inc	89239 7613 RC 0001	0
1443394 Ontario Inc	86553 9191 RC 0001	0
1443396 Ontario Inc	86553 8995 RC 0001	0
1443397 Ontario Inc	89239 7217 RC 0001	0
1443398 Ontario Inc	86553 8797 RC 0001	0
1402318 Ontario Inc	86709 9772 RC 0001	0
	RC	0
Total (cannot be more than \$50,000,000)		50,000,000



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	7,398,778	7,848,156
Accounts Receivable	1060	6,067,185	6,491,636
Inventories	1120	846,917	1,140,909
Work in progress	1125	6,155,562	6,608,773
Short term investments	1180	810,058	805,305
Prepaid expenses	1484	124,804	88,339
Land	1600	2,503,276	2,460,799
Manufacturing and processing plant	1682	1,230,327	1,270,921
Machinery, equipment, furniture and fixtures	1740	37,128,143	35,384,703
Furniture and fixtures	1787	689,172	728,405
Leasehold improvements	1918	98,427	109,740
Intangible assets	2010	161,234	161,234
Other long term assets	2420	926,062	1,431,655
Total assets	2599	64,139,945	64,530,575

Liabilities	Code	Current year	Prior year
Bank overdraft	2600		
Amounts payable and accrued liabilities	2620	7,153,091	7,433,381
Taxes payable	2680	137,700	238,078
Current portion of long term liability	2920	352,586	352,586
Other current liabilities	2960	712,363	704,943
Deposits received	2961	2,815,022	2,764,612
Dividends payable	2962	1,470,000	
Long term debt	3140	22,000,000	22,000,000
Deferred income	3220	657,781	826,528
Amounts owing to related Canadian parties	3301	1,486,053	233,634
Other long term liabilities	3320	1,470,000	
Total liabilities	3499	38,254,596	34,553,762

Equity	Code	Current year	Prior year
Common shares	3500	25,806,563	25,806,563
Retained earnings / deficit	3600	78,786	4,170,250
Total equity	3620	25,885,349	29,976,813
Total liabilities and equity	3640	64,139,945	64,530,575

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	4,170,250	3,307,436
Net income / loss	3680	1,248,536	3,262,814
Dividends declared	3700	(5,340,000)	(2,400,000)
Total retained earnings	3849	78,786	4,170,250



INCOME STATEMENT INFORMATION

Schedule 125

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	21,763,358	65,437,902
Total sales of goods and services	8089	21,763,358	65,437,902
Realized gains / losses on disposal of assets	8210	1,372	48,271
Other revenue	8230	371,044	1,185,438
Total revenue	8299	22,135,774	66,671,611

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Purchases / cost of materials	8320	16,765,950	51,068,659
Direct cost amortization of tangible assets	8459	112,345	
Cost of sales	8518	16,878,295	51,068,659
Gross profit / loss (item 8089 - item 8518)	8519	4,885,063	14,369,243

Operating expenses	Code	Current year	Prior year
Advertising	8521	422,383	1,284,979
Amortization of tangible assets	8670	1,084,729	3,259,164
Interest on mortgages	8713	493,395	1,778,121
Office expenses	8810	658,046	1,894,157
Repairs and maintenance	8960	453,477	1,662,771
Property taxes	9180	76,913	239,395
Total operating expenses	9367	3,188,943	10,118,587
Total expenses	9368	20,067,238	61,187,246
Net non-farming income	9369	2,068,536	5,484,365

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	2,068,536	5,484,365

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-	820,000	2,221,551
Future income tax provision	9995-	-	
Net income / loss after taxes and extraordinary items	9999=	1,248,536	3,262,814



NOTES CHECKLIST

Schedule 141

- This schedule should be completed from the perspective of the person who prepared or reported on the financial statements. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations and T4012, T2 Corporation – Income Tax Guide*.
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

Part 1 – Accounting practitioner informationDoes the accounting practitioner have a professional designation? 095 ☒ Yes ☐ NoIs the accounting practitioner connected* with the corporation? 097 ☐ Yes ☒ No

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note

If the accounting practitioner does not have a professional designation or is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

Part 2 – Type of involvement

Choose the option that represents the highest level of involvement of the accounting practitioner: 198

Completed an auditor's report 1 ☒Completed a review engagement report 2 ☐Conducted a compilation engagement 3 ☐**Part 3 – Reservations**

If you selected option "1" or "2" under Type of involvement above, answer the following question:

Has the accounting practitioner expressed a reservation? 099 ☐ Yes ☒ No**Part 4 – Other information**Were notes to the financial statements prepared? 101 ☒ Yes ☐ No

If Yes, complete lines 102 to 107 below:

Are any values presented at other than cost? 102 ☐ Yes ☒ NoHas there been a change in accounting policies since the last return? 103 ☐ Yes ☒ NoAre subsequent events mentioned in the notes? 104 ☒ Yes ☐ NoIs re-evaluation of asset information mentioned in the notes? 105 ☐ Yes ☒ NoIs contingent liability mentioned in the notes? 106 ☒ Yes ☐ NoIs information regarding commitments mentioned in the notes? 107 ☒ Yes ☐ NoDoes the corporation have investments in joint venture(s) or partnership(s)? 108 ☐ Yes ☒ No

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? 109 ☐ Yes ☐ No

Instalments

Federal tax instalments

Instalment base

	Estimate for current year 2008/04/30	First instalment base 2007/04/30	Second instalment base 2006/12/31
Year-end			
Taxable income		2,224,123	6,014,886
Base amount of Part I tax		845,167	2,285,657
Corporate surtax		24,910	67,367
Refundable tax on CCPC's investment income			
Small business deduction			48,000
Federal tax abatement		222,412	601,489
Manufacturing and processing profits deduction			
Foreign tax credits			
Tax reductions		155,689	400,042
Political contribution tax credit			
Investment tax credit			
Other credits			
Part I tax payable		491,976	1,303,493
Part I.3 tax payable			
Part VI tax payable			
Part VI.1 tax payable			
Part XIII.1 tax payable			
Net provincial or territorial tax payable			
Total tax payable		491,976	1,303,493
Days in taxation year	365	120	365
Tax payable adjusted for short taxation years		1,496,427	1,303,493
Estimated credits for the current year:			
Investment tax credit refund			
Dividend refund			
Other			
Total estimated credits			
Instalment base		1,496,427	1,303,493
Monthly payment		124,702	108,624

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
2007/05/31	108,624		
2007/06/30	108,624		
2007/07/31	127,918		
2007/08/31	127,918		
2007/09/30	127,918		
2007/10/31	127,918		
2007/11/30	127,918		
2007/12/31	127,918		
2008/01/31	127,918		
2008/02/29	127,918		
2008/03/31	127,918		
2008/04/30	127,918		
Total	1,496,428		

Summary

Tax Summary

Corporation name Newmarket Hydro Ltd.

Tax year ending 2007/04/30

Taxable income		Tax payable	
Net income for tax purposes	2,224,123	Part I tax	491,976
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	= 2,224,123	Subtotal	= 491,976
Part I tax		Provincial and territorial tax (except QC,ON,AB)	+
38% of taxable income	845,167	Provincial tax on large corporations (NB,NS)	+
Surtax	+ 24,910	Tax payable	+ 491,976
Refundable tax on CCPC investment income	+	Tax instalments paid	- 500,000
Active business income	2,224,123	Investment tax credit refund	-
Small business deduction	-	Taxable dividends paid	-
Federal tax abatement	- 222,412	Dividend refund	-
Manufacturing and processing deduction	-	Other refundable credits	-
Additional deduction - credit unions	-	Balance owing (refund) on federal return	= (8,024)
Foreign tax credits	-	Provincial income tax (ON,AB,QC)	311,377
Resource deduction	-	Capital and other provincial taxes	+ 40,734
Political contribution tax credit	-	Tax instalments and credits	- 400,000
Investment tax credit	-	Other provincial taxes	= (47,889)
Other deductions and credits	- 155,689	Total balance owing (refund)	(55,913)
Part I tax	= 491,976		

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	2,224,123	311,377	40,734	400,000	(47,889)
Alberta						
Québec						
Totals			311,377	40,734	400,000	(47,889)

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:	2007/04/30	2006/12/31	2005/12/31	2004/12/31	2003/12/31
Taxable income					
Net income for tax purposes	2,224,123	6,014,886	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	= 2,224,123	= 6,014,886	= 2,853,672	= 1,784,597	= 597,227
Active business income	2,224,123	6,014,886	4,888,672	3,284,597	2,962,574
Part I tax					
38% of taxable income	845,167	2,285,657	1,084,395	678,147	226,946
Surtax	+ 24,910	+ 67,367	+ 31,961	+ 19,987	+ 6,689
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	-	48,000	-	-	-
Federal tax abatement	- 222,412	- 601,489	- 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	- 155,689	- 400,042	- 199,757	- 124,922	- 29,861
Part I tax	= 491,976	= 1,303,493	= 631,232	= 394,752	= 144,051
Tax payable					
Part I tax	491,976	1,303,493	631,232	394,752	144,051
Part I.3 tax	+	+	+	+	96,829
Part IV tax	+	+	+	+	+
Other federal tax payable	+	+	+	+	+
Subtotal	= 491,976	= 1,303,493	= 631,232	= 394,752	= 240,880
Provincial and territorial tax (except QC,ON,AB)	+	+	+	+	+
Provincial tax on large corporations (NB,NS)	+	+	+	+	+
Tax payable	= 491,976	= 1,303,493	= 631,232	= 394,752	= 240,880
Tax instalments made	- 500,000	- 1,330,493	- 1,182,400	- 380,316	- 288,822
Investment tax credit refund	-	-	-	-	-
Dividend refund	-	-	-	-	-
Other refundable credits	-	-	-	-	-
Balance owing (refund)	= (8,024)	= (27,000)	= (551,168)	= 34,436	= (47,942)
Provincial income tax (ON,AB,QC)	311,377	842,084	399,514	249,844	69,703
Capital and other provincial taxes	+ 40,734	+ 135,924	+ 139,939	+ 142,057	+ 150,675
Tax instalments and credits	- 400,000	- 979,930	-	- 169,484	- 220,378
Other provincial taxes	= (47,889)	= (1,922)	= 539,453	= 222,417	=
Total taxes owing (refund)	= (55,913)	= (28,922)	= (11,715)	= 256,853	= (47,942)



Ministry of Revenue

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

Corporate Minimum Tax (CMT) CT23 Schedule 101

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/04/30
---	--	--

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 ± 1,248,536

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 +	820,000
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 = 820,000 2116 + 820,000

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 -

Capital gains on eligible donations of publicly-listed securities and ecologically sensitive land made after May 1, 2006 (to the extent reflected in net income/loss)

2155 -

Subtotal (Additions) = 2129 +

Subtotal (Subtractions) = 2130 -

**** Other adjustments** 2131 ±

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 2132 = 2,068,536

**** 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 = 2,068,536

Deduct: * CMT losses: pre-1994 Loss From 2210 +

* CMT losses: other eligible losses 2211 +

= 2135 -

* CMT losses applied cannot exceed adjusted net income or increase a loss

** Retain calculations. Do not submit with this tax return.

CMT Base 2136 = 2,068,536

Transfer to CMT Base on page 8 of the CT23 or Page 6 of the CT18

Corporate Minimum Tax (CMT)**Part 2: Continuity of CMT Losses Carried Forward****CMT loss continuity by year**

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
2006/12/31							
2007/04/30							
Totals							

Balance at Beginning of year Notes (1), (2)		2201 +
Add: Current year's losses	2202 +	
Losses from predecessor corporations on amalgamation Note (3)	2203 +	
Losses from predecessor corporations on wind-up Note (3)	2204 +	
Amalgamation (✓) 2205 <input type="checkbox"/> Yes Wind-up (✓) 2206 <input type="checkbox"/> Yes		
Subtotal	=	2207 +
Adjustments (attach schedule)		2208 ±
CMT losses available 2201 + 2207 ± 2208		2209 =
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	2210 +	
Other eligible losses utilized during the year to reduce adjusted net income Note (4)	2211 +	
Losses expired during the year	2212 +	
Subtotal	=	2213 -
Balances at End of Year Note (5) 2209 - 2213		2214 =

Notes:

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and a 57.5(7))
- (3) Include and indicate whether CMT losses 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.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2134 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

Part 3: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2260	2280
2241	2261	2281
2242	2262	2282
2243 2001/12/31	2263	2283
2244 2002/12/31	2264	2284
2245 2003/12/31	2265	2285
2246 2004/12/31	2266	2286
2247 2005/12/31	2267	2287
2248 2006/12/31	2268	2288
2249 2007/04/30	2269	2289
Totals	2270	2290

The sum of amounts 2270 + 2290 must equal amount in 2214.

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							
2007/04/30							
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 2002/12/31	2364	2384
2345 2003/12/31	2365	2385
2346 2004/12/31	2366	2386
2347 2005/12/31	2367	2387
2348 2006/12/31	2368	2388
2349 2007/04/30	2369	2389
Totals	2370	2390

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



Ministry of Finance
Ministry of Revenue
Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

2007

CT23 Corporations Tax and Annual Return

For taxation years commencing
after December 31, 2004

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Government Services (MGS)

This form is a combination of the Ministry of Revenue (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

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: 2007/01/01 End: 2007/04/30	
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes		Date of Change		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. 889077925RC0001	
Name of person to contact regarding this CT23 Return Iain Clinton, CA		Telephone No. (905) 953-8548		Jurisdiction Incorporated Ontario	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) 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:	
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MGS)				<input checked="" type="checkbox"/> Not Applicable	
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				Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français	
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 individuals 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

Page 2 of 20

Corporation's Legal Name

 Ontario
Corporations Tax
Account No. (MOF)

This 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 | shares owned by Canadian residents as defined by the <i>Income Tax Act</i> (Canada));
e) has provided its Canada Revenue Agency business number to the Ministry of Revenue; 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 revenue exceeds \$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, the 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.**

RC

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.

Do not take any action on the following questions if you are filing an Ontario CT23 Short-Form Corporations Tax Return. If you are not filing an Ontario CT23 Short-Form Corporations Tax Return, please provide the following information to the Ministry of Revenue, Ontario, at the number listed on page 2 of this guide.

 Yes ☒ No ☐

- (a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year.
(nearest whole percentage)
Indicate Share Capital with full voting rights owned by Canadian Residents 100 %

 Yes ☐ No ☒

- (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.)

 Yes ☐ No ☒

- (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.

 Yes ☐ No ☒

- (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.

 Yes ☐ No ☒

- (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).

 Yes ☒ No ☐

- (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 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 100 %

- 2** ☐ **1** Family Farm corporation s.1(2)
- ☐ **2** Family Fishing corporation s.1(2)
- ☐ **3** Mortgage Investment corporation 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 corporation 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 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

CT23 Page 4 of 20

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 ±	2,224,123
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	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 =	2,224,123
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 =	2,224,123

Taxable Income	Number of days in Taxation Year	
	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days
From 10 (or 20)	2,224,123 X 30 100.0000 % X 12.5% X 33 ÷ 73	120 = 29 +
	Ontario Allocation	
From 10 (or 20)	2,224,123 X 30 100.0000 % X 14.0% X 34 ÷ 73	120 = 32 + 311,377
	Ontario Allocation	
Income Tax Payable (before deduction of tax credits) 29 + 32	40 =	311,377

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 taxation year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a))	50	2,224,123
Federal taxable income, less adjustment		
for foreign tax credit (fed.s.125(1)(b))	51 +	2,224,123
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 -	
	=	2,224,123
	54	2,224,123

Federal Business limit (line 410 of the T2 return) for the year before the application of fed.s.125(5.1) 55 ± 131,507

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	=+ 47	131,507	
Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.				
Business limit				
for Ontario purposes 46 + 47	= 44	131,507 X 48	100.0000 % = 45	131,507

Income eligible for the IDSBC	From 30 ± 100.0000 % X 56	131,507	60 =	131,507
	***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 and 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	120	=	89	+	
	8.5% X 34	120	73	=	90	+	8.5000
IDSBC Rate for Taxation Year	89 + 90			=	78	=	8.5000
Claim	From 60	131,507	X From 78	8.5000 %	70	=	11,178

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 + 6,765,041

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

Name of associated corporation (Canadian & foreign)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Taxable Income (if loss, enter nil)
As per attached Schedule			+ 82
			+ 83
			+ 84

Aggregate Taxable Income 80 + 82 + 83 + 84, etc. 85 = 6,765,041

		Number of days in Taxation Year					
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days				
320,000 X	31	73	120	=	115	+	
400,000 X	34	120	73	=	116	+	400,000
				=	115 + 116	=	400,000
(If negative, enter nil)							114 - 400,000
							86 = 6,365,041

		Number of Days in Taxation Year					
		Days after Dec. 31, 2002	Total Days				
Calculation of Specified Rate for Surtax	4.667% X 38	120	73	=	97	+	4.6670
From 86	6,365,041	X From 97	4.6670 %	=	87	=	297,056
From 87	297,056	X From 60	131,507	+ From 114	400,000	=	97,662

Surtax Lesser of 70 or 88 100 = 11,178

* **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

CT23 Page 6 of 20

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

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 56 - 131,507

Add: Adjustment for Surtax on Canadian-controlled private corporations
From 100 11,178 + From 30 100.0000 % + From 78 8.5000 % = 121 131,506
*Ontario Allocation

Lesser of 56 or 121 122+ 131,506
120 - 56 + 122 130=

Taxable income From 10 + 2,224,123

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 56 - 131,507

Add: Adjustments for Surtax on Canadian-controlled private corporations From 122+ 131,506

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= 2,224,122

Claim**Number of Days in Taxation Year**

143 _____ X From 30 100.0000 % X 1.5% X 33 _____ + 73 120 = 154+
Lesser of 130 or 142 *Ontario Allocation
Days after Dec. 31, 2002 and before Jan. 1, 2004 Total Days

143 _____ X From 30 100.0000 % X 2.0% X 34 _____ + 73 120 = 156+
Lesser of 130 or 142 *Ontario Allocation
Days after Dec. 31, 2003 Total Days

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= 311,377

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.* 204 Name of ProductionEligible 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.*Eligible Credit from 5898 CT23 Schedule 114 *(Attach Schedule 114)* No. of Apprentices From 5896 202 203 +**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 + 311,377

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)

CT23 Page 8 of 20

Total Assets of the corporation 240 + 64,139,945
 Total Revenue of the corporation 241 + 67,329,646

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)

Name of associated corporation (Canadian & foreign) Ontario Corporations Tax Account No. (MOF) (if applicable) Taxation Year End Total Assets Total Revenue

As per attached Schedule + 243 + 244

+ 245 + 246

+ 247 + 248

Aggregate Total Assets 240 + 243 + 245 + 247, etc. 249 = 64,139,945

Aggregate Total Revenue 241 + 244 + 246 + 248, etc. 250 = 67,329,646

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 2,068,636 X From 30 100.0000 % X 4% 276 = 82,741
 If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) 277 =

Subtract: Income Tax From 190 - 311,377

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

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) From 190 + 311,377
 Gross CMT Payable From 276 + 82,741
 Subtract: Foreign Tax Credit for CMT purposes From 277 -
 If 276 - 277 is negative, enter Nil in 290 = 82,741 290 - 82,741
 Income Tax eligible for CMT Credit 300 = 228,636

B. Income Tax (after deduction of specified credits) From 230 + 311,377
 Subtract: CMT credit used to reduce income taxes 310 -
 Income Tax 320 = 311,377
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)

CT23 Page 9 of 20

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 ±	78,786
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352 +	
Loans and advances (Attach schedule) (Int.B. 3013R)	353 +	29,593,881
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 +	657,781
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 +	819,363
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362 +	
Subtotal	370 =	56,956,154
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371 -	(10,609,918)
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 =	67,566,072
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	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 properly as prescribed by regulation	382 -	
Net Paid-up Capital	390 =	67,566,072

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 +	
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 =	

continued on Page 10

Capital Tax continued from Page 9

CT23 Page 10 of 20

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420 +	64,139,945
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	64,139,945
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	(10,609,918)
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	74,749,863

Investment Allowance (410 + 450) X 390

Not to exceed 410 460

Taxable Capital 390 - 460

470 = 67,666,072

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

Gross Revenue of the corporation	22,135,774		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue (Attach schedule)			
Aggregate of Gross Revenue	22,135,774	480	22,135,774
Total Assets (as adjusted)		From 430	64,139,945

Calculation of Capital Tax for all Corporations except Financial Institutions*Note: This version (2007) of the CT23 may only be used for a taxation year that commenced after December 31, 2004.**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 on page 11, 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**B1.** Calculation of Taxable Capital Deduction (TCD)

		Number of Days in Taxation Year			
		Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000	X 36	÷ 73	120	= 501 +	
		Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	X 37	÷ 73	120	= 502 +	
		Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days		
12,500,000	X 38	120 ÷ 73	120	= 504 +	12,500,000
		Days after Dec. 31, 2007 and before Jan. 1, 2009	Total Days		
15,000,000	X 39	÷ 73	120	= 505 +	
Taxable Capital Deduction (TCD)		501 + 502 + 504 + 505		503 =	12,500,000

B2. This section applies to corporations to calculate the prorated capital tax rate.

Calculation of Capital Tax Rate

		Number of Days in Taxation Year			
		Days before Jan. 1, 2007	Total Days		
0.3 %	X 556	÷ 73	120	= 511	%
		Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days		
0.285 %	X 557	120 ÷ 73	120	= 512	0.2850 %
Capital Tax Rate		511 + 512		= 516	0.2250 %

continued on Page 11

Capital Tax Calculation *continued from Page 10*

CT23 Page 11 of 20

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	100.0000%	x From 516	0.2250 % x	555
		Ontario Allocation		Capital Tax Rate	120 = 523 +
					365 (366 if leap year)
					If floating taxation year, refer to Guide.
					Transfer to 543 on page 12 and complete the return from that point

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.

D2. Calculation is on next page

continued on Page 12

Capital Tax *continued from Page 12*

CT23 Page 13 of 20

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	x567	0.5700 %	x From 30	% x 555	Days in taxation year	= 569 +
Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1	Capital Tax Rate(1) <i>(Refer to Guide)</i>		Ontario Allocation		*365 (366 if leap year)	

570	x571	% x From 30	% x 555	Days in taxation year	= 574 +
Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount	Capital Tax Rate(2) <i>(Refer to Guide)</i>	Ontario Allocation		*365 (366 if leap year)	

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 ☐ NoCapital 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± 2,224,123
Transfer to Page 15

Add:

Federal capital cost allowance	601+	1,021,728
Federal cumulative eligible capital deduction	602+	36,807
Ontario taxable capital gain	603+	
Federal non-allowable reserves, Balance beginning of year	604+	804,943
Federal allowable reserves, Balance end of year	605+	
Ontario non-allowable reserves, Balance end of year	606+	819,363
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-arms' length non-residents		

Number of Days in Taxation Year

Days after Dec. 31, 2002
and before Jan. 1, 2004 Total Days
612 X 5/12.5 X 33 ÷ 73 120 = 633+

Days after Dec. 31, 2003 Total Days
612 X 5/14.0 X 34 120 ÷ 73 120 = 634+

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

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

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

Federal allowable business investment loss

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

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

613+
615+
616+
620+
614+
= 2,682,841 640 2,682,841
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	650+	1,021,728
Ontario cumulative eligible capital deduction	651+	36,807
Federal taxable capital gain	652+	
Ontario non-allowable reserves, Balance beginning of year	653+	804,943
Ontario allowable reserves, Balance end of year	654+	
Federal non-allowable reserves, Balance end of year	655+	819,363
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	2,682,841

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 ±	2,224,123
Total of Additions on page 14	From 640 =	2,682,841

Sub Total of deductions on page 14 From 681 = 2,682,841

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 From
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 = 2,682,841 680 2,682,841

Net income (loss) for Ontario Purposes 600 + 640 - 680 690 = 2,224,123
Transfer to Page 4

Continuity of Losses Carried Forward

CT23 Page 16 of 20

	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	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Subtract:	705		725	735	745	
Utilized during the year to reduce taxable income	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Expired during the year	707	717	727	737	747	757
Carried back to prior years to reduce taxable income (5)						
Subtotal						
Balance at End of Year	709 (8)	719	729	739	749	759

Analysis of Balance at End of Year 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 preceding taxation year	817 (9)	860 (9)		850	870
801 8th preceding taxation year	818 (9)	861 (9)		851	871
802 7th preceding taxation year	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2001/12/31	820	830	840	853	873
804 5th preceding taxation year 2002/12/31	821	831	841	854	874
805 4th preceding taxation year 2003/12/31	822	832	842	855	875
806 3rd preceding taxation year 2004/12/31	823	833	843	856	876
807 2nd preceding taxation year 2005/12/31	824	834	844	857	877
808 1st preceding taxation year 2006/12/31	825	835	845	858	878
809 Current taxation year 2007/04/30	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) Includes 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 amount 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 carry-back adjustment may be applied by the Minister of Finance to amounts owing under any Act administered by the Ministry 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 Tax Account No. (MOF) Ending	911	921	931	941
i) 3rd preceding 901 2004/12/31	912	922	932	942
ii) 2nd preceding 902 2006/12/31	913	923	933	943
iii) 1st preceding 903 2006/12/31	From 706	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	311,377
Corporate Minimum Tax	From 280	
Capital Tax	From 550	40,734
Premium Tax	From 590	
Total Tax Payable	950	352,111
Subtract:		
Payments	960	400,000
Capital Gains Refund (s.48)	965	
Qualifying Environmental Trust Tax Credit		
(Refer to Guide)	985	
Specified Tax Credits		
(Refer to Guide)	955	
Balance	970	(47,889)
If payment due	Enclosed * 990	
If overpayment: Refund (Refer to Guide)	975	4,950
Apply to 2007/12/31	980	42,939
		(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 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

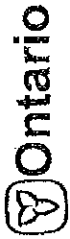
Country
CA

Postal Code
L3Y 6Z2

Signature

Date
2008/12/05

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



Ministry of Finance
Corporations Tax
PO Box 620
33 King Street West
Ottawa ON L1H 8Z9

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 2007/04/30				
Is the corporation electing under regulation 1101(5q)? 101 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>												
1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year	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	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 + 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	32,293,848	1,022		1,372	32,293,498	See note 2 below	32,293,498	4			424,682	31,868,816
3	7,127				7,127		7,127	5			117	7,010
8	3,100,301	9,621			3,109,922	4,811	3,105,111	20			204,172	2,905,750
10	1,340,225	123,707			1,463,932	61,854	1,402,078	30			138,287	1,325,645
17	60,059				60,059		60,059	8			1,580	58,479
2	7,244,610				7,244,610		7,244,610	6			142,907	7,101,703
13	201,032	3,697			204,729	1,849	202,880				17,361	187,368
45								45				
12								100				
47								8				
47								8				
47								8				
47								8				
47								8				
47								8				
47	2,270,718	2,920,963	(209,636)		4,982,045	1,460,482	3,521,563	8			92,622	4,889,423
47								8				
								Totals			1,021,728	

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.



Ministry of Revenue

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

Ontario Cumulative Eligible Capital Deduction

Schedule 10

For taxation years 2002 and later

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/04/30
--	---	---------------------------------

- 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) + 1,599,347 A

Add: Cost of eligible capital property acquired

during the taxation year	+	B	
Other adjustments	+	C	
B + C	=	x 3/4	= D

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

D minus E (if negative, enter zero)	x 1/2 =	E	
	=		+ F

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal A + F + G	=	1,599,347	H
--------------------	---	-----------	---

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year

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)

Other adjustments	+	J	
I + J + K	=	x 3/4	= - L

Ontario cumulative eligible capital balance H minus L = 1,599,347 M

If M is negative, enter zero at line Q and proceed to Part 2, page 2.

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business

From M	1,599,347	
From N -		

Current year deduction M minus N 1,599,347 x 7%* = + 36,807 O

N + O = 36,807 - 36,807 P

Note: The maximum current year deduction is 7%. Any amount up to the maximum deduction of 7% may be claimed. For 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.

Ontario cumulative eligible capital - closing balance M minus P (if negative, enter zero) = 1,562,540 Q

See page 2 - part 2

Corporation's Legal Name
Newmarket Hydro Ltd.

Ontario Corporations Tax Account No.
(MOF) 1800138

Taxation Year End
2007/04/30

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

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

Amount from line M above show as a positive amount; not negative.

R

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

Deduct line 4 from line 3 (if negative, enter zero)

= + 5

Total lines 1 + 2 + 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 1

7

Amounts at Line Z from Ontario Schedule 10 of previous taxation
years ending after February 27, 2000

(This will be Line T in earlier versions of this schedule.)

+ 8

Total lines 7 + 8

= 9

Deduct line 9 from line 6 (if negative, enter zero)

= S

R minus S (if negative, enter zero)

= T

From Line 5 x 1/2

= U

T minus U (if negative, enter zero)

= V

From V x 66.6667 %

= W

Lesser of line R and S

= + Z

Amount to be included in income W + Z



Ministry of Finance

Corporations Tax
PO Box 620
33 King Street West
Oshawa ON L1H 8E9Ontario Continuity of Reserves
Schedule 13

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/04/30
--	---	---------------------------------

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	704,943				712,363
Percentage AR allowance	100,000				107,000
Totals	804,943				819,363

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
Newmarket Hydro Holdings Inc	Yes		2007/12/31
Unipower Holdings Ltd	Yes		2007/12/31
1443393 Ontario Inc	Yes		2007/12/31
1443394 Ontario Inc	Yes		2007/12/31
1443396 Ontario Inc	Yes		2007/12/31
1443397 Ontario Inc	Yes		2007/12/31
1443398 Ontario Inc	Yes		2007/12/31
1402318 Ontario Inc	Yes		2007/12/31
	Yes		

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

**Ontario**

Ministry of Finance

Corporations Tax

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 2007/04/30
--	---	---------------------------------

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	1,486,053
Long term Debt	22,000,000
Customer deposits	2,815,022
Dividends payable	2,940,000
Current portion of deposits	352,586
Total	29,593,661

Transfer to 353 on the CT23

**Ontario**

Ministry of Finance

Corporations Tax

PO Box 620

33 King Street West

Oshawa ON L1H 8E9

Paid-Up Capital: Other Reserves

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/04/30
--	---	---------------------------------

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
Employee Future Benefits	704,943	7,420			712,363
AR allowance (non-specific)	100,000	7,000			107,000
Total					819,363

Transfer to 361 on the CT23



Ontario

Ministry of Finance

Corporations Tax

PO Box 620

33 King Street West

Oshawa ON L1H 8E9

Corporate Minimum Tax - Associated Corporation

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2007/04/30
--	---	---------------------------------

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Total Assets	Total Revenue
Newmarket Hydro Holdings Inc		2007/12/31		
Unipower Holdings Ltd		2007/12/31		
1443393 Ontario Inc		2007/12/31		
1443394 Ontario Inc		2007/12/31		
1443396 Ontario Inc		2007/12/31		
1443397 Ontario Inc		2007/12/31		
1443398 Ontario Inc		2007/12/31		
1402318 Ontario Inc		2007/12/31		
		Totals		

Transfer to 249
of the CT23

Transfer to 250
of the CT23

FINANCIAL STATEMENTS OF
NEWMARKET HYDRO LTD.
April 30, 2007

TABLE OF CONTENTS

	Page
AUDITORS' REPORT	
FINANCIAL STATEMENTS	
Balance Sheet	1
Statement of Income and Retained Earnings	2
Statement of Cash Flows	3
Notes to the Financial Statements	4 - 15

AUDITORS' REPORT

To the Shareholder of
Newmarket Hydro Ltd.

We have audited the balance sheet of Newmarket Hydro Ltd. as at April 30, 2007 and the statements of income and retained earnings and cash flows from January 1, 2007 to April 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2007 and the results of its operations and its cash flows from January 1, 2007 to April 30, 2007 then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
December 14, 2007

NEWMARKET HYDRO LTD.
BALANCE SHEET

As at April 30, 2007

	April 2007 \$	December 2006 \$
ASSETS		
Current assets		
Cash (note 3)	7,398,778	7,848,156
Short-term investment (note 4)	810,058	805,305
Accounts receivable	6,067,185	6,491,636
Unbilled revenue	6,155,562	6,608,773
Inventory	846,917	1,140,909
Prepaid and other	286,038	249,573
	<u>21,564,538</u>	<u>23,144,352</u>
Other assets		
Regulatory Assets (note 6)	926,062	1,431,655
Property, plant and equipment (note 7)	41,649,345	39,954,568
	<u>42,575,407</u>	<u>41,386,223</u>
	<u>64,139,945</u>	<u>64,530,575</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	7,153,091	7,433,381
Income taxes payable (note 5)	137,700	238,078
Due to Newmarket Hydro Holdings Inc. (note 9)	16,053	233,634
Deferred revenue	657,781	826,528
Current portion of deposits held	352,586	352,586
Dividend payable (note 10)	1,470,000	-
	<u>9,787,211</u>	<u>9,084,207</u>
Long-term liabilities		
Dividend payable (note 10)	2,940,000	-
Deposits held	2,815,022	2,764,612
Note payable (note 11)	22,000,000	22,000,000
Employee future benefits (note 12)	712,363	704,943
	<u>28,467,385</u>	<u>25,469,555</u>
Shareholder's equity		
Share capital (note 13)	25,806,563	25,806,563
Retained earnings	78,786	4,170,250
	<u>25,885,349</u>	<u>29,976,813</u>
	<u>64,139,945</u>	<u>64,530,575</u>

The accompanying notes are an integral part of these financial statements

NEWMARKET HYDRO LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS

For the period from January 1, 2007 to April 30, 2007

	April 2007 \$	December 2006 \$
Sales	21,763,358	65,437,902
Cost of sales	16,878,295	51,068,659
Gross profit	4,885,063	14,369,243
Expenses		
Amortization	1,084,729	3,259,164
Administration	658,046	1,894,157
System operation and maintenance	453,477	1,662,771
Interest	493,395	1,778,121
Customer billing and collecting	422,383	1,284,979
Property and capital taxes	76,913	239,395
	3,188,943	10,118,587
Income before undernoted items and Income taxes	1,696,120	4,250,656
Other income		
Interest	143,293	496,202
Occupancy, connection and collection fees	141,163	444,586
Service and retailer charges	44,850	128,718
Rental	41,738	115,932
Gain on sale of property, plant and equipment	1,372	48,271
	372,416	1,233,709
Income before income taxes	2,068,536	5,484,365
Provision for income taxes	820,000	2,221,551
Net income for the period	1,248,536	3,262,814
Retained earnings - beginning of period	4,170,250	3,307,436
	5,418,786	6,570,250
Dividends paid	(5,340,000)	(2,400,000)
Retained earnings - end of period	78,786	4,170,250

The accompanying notes are an integral part of these financial statements

NEWMARKET HYDRO LTD.
STATEMENT OF CASH FLOWS

For the period from January 1, 2007 to April 30, 2007

	April 2007 \$	December 2006 \$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Net income for the period	1,248,536	3,262,814
Items not affecting cash		
Amortization	1,197,074	3,571,475
Gain on sale of property, plant and equipment	(1,372)	(48,271)
Employee future benefits	7,420	91,300
	2,451,658	6,877,318
Change in non-cash working capital items (note 14)	581,021	(5,466,427)
	3,032,679	1,410,891
Investing activities		
Purchase of property, plant and equipment	(2,891,851)	(4,853,237)
Proceeds on disposal of property, plant and equipment	1,372	67,559
Increase (decrease) in regulatory assets	505,593	411,926
	(2,384,886)	(4,373,752)
Financing activities		
Due from Newmarket Hydro Holdings Inc.	(217,581)	(905,324)
Deposits held	50,410	480,724
Dividends paid	(930,000)	(2,400,000)
	(1,097,171)	(2,824,600)
Decrease in cash	(449,378)	(5,787,461)
Cash - beginning of period	7,848,156	13,635,617
Cash - end of period	7,398,778	7,848,156
Other Information		
Interest paid	493,395	1,778,121
Interest received	143,293	496,202
Income taxes paid	960,377	1,759,396

The accompanying notes are an integral part of these financial statements

NEWMARKET HYDRO LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

1. NATURE OF OPERATIONS

Newmarket Hydro Ltd. (the Company) is a wholly-owned subsidiary of Newmarket Hydro Holdings Inc. and was incorporated April 10, 2000 under the Business Corporations Act of the Province of Ontario. The Company commenced operations on November 1, 2000. Newmarket Hydro Holdings Inc. is wholly-owned by the Town of Newmarket

The principal activity of the Company is to distribute electricity to the residents and businesses in the Town of Newmarket under license issued by the Ontario Energy Board (OEB). The Company is regulated by the OEB and adjustments to its distribution rates require OEB approval.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) Electricity Regulation

The Company is subject to rate regulation by the Ontario Energy Board (OEB). The OEB is charged with the responsibility of approving rates for the transmission and distribution of electricity. The following regulatory policies are practiced in a rate regulated environment.

(i) Regulatory Assets

Regulatory assets consist of deferred qualifying transition costs and various rate and retail variance accounts. The costs related to these accounts are deferred for accounting purposes because it is probable that they will be recovered in future rates. Regulatory assets recognized at April 30, 2007 are disclosed in Note 6. The Company continually assesses the likelihood of the recovery of these assets. If recovery is no longer considered probable, the amounts are charged to operations in the year the assessment is made. The recovery of regulatory assets commenced April 1, 2004.

(ii) Corporate Taxes

Under the Electricity Act, 1998, the Company is required to make payments in lieu of income taxes (PILS) to the Ontario Electricity Financial Corporation (OEFC). As directed by the OEB, the Company provides for PILS payments using the taxes payable method. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts. Additional details related to the calculation and method of accounting for PILS is included at Note 5.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Foreign exchange

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at period end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

(d) Short-term investments

Short term investments are carried at the lower of cost and market value.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value with costs being determined on a weighted average basis. Inventory consists primarily of parts and materials used for maintenance and capital projects.

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost. The Company provides for amortization using the straight-line method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Transmission and distribution systems	25 to 30 years
Office equipment	3 to 10 years
Leasehold improvements	10 years
Plant and equipment	10 to 15 years

Contributions for capital construction consist of third party contributions toward the cost of constructing distribution assets. The third party contribution is calculated through an economic evaluation as per the OEB Distribution Service Code. Contributed capital amounts are recorded as received and amortized over the same period as the asset to which they relate being 25 to 30 years.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial instruments

The estimated fair value of the Company's financial assets and liabilities approximates carrying value. As noted below the Company is exposed to interest, currency and credit risk.

The Company is exposed to credit risk from customers. However, the Company has a significant number of customers which minimizes concentration of credit risk.

The Company is exposed to currency risk since it maintains U.S. denominated cash balances as noted in Note 3.

The Company is not exposed to significant interest rate risk since it does not have long term variable rate liabilities.

(h) Deferred revenue

Deferred revenue represents amounts received from the OEB related to Conservation Demand Management funds received and not expended in the current year.

(i) Related party transactions

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Details of related party transactions and balances are detailed in Note 9.

(j) Employee future benefits

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees. The Company recognizes these post-retirement costs in the period in which the employees earn the benefits. The cost of employee future benefits earned by employees is actuarially determined using the projected benefit method prorated on length of service and management's best estimate of salary escalation, retirement ages of employees, employee turnover and expected health and dental care costs. The most recent actuarial valuation of the obligation was performed for December 31, 2004. Details related to the post-employment benefits are detailed in Note 12.

(k) Revenue recognition

Service revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the period. The related cost of power is recorded on the basis of the power billed by the Independent Electricity System Operator.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

3. CASH

The cash balance includes accounts denominated in Canadian and US dollar currencies as follows:

	April 2007 \$	December 2006 \$
Canadian dollar denominated accounts	5,214,268	7,835,638
U.S. dollar denominated accounts	2,184,510	12,518
	7,398,778	7,848,156

4. SHORT-TERM INVESTMENT

	April 2007 \$	December 2006 \$
International bond and income fund	810,058	805,305

The investment includes bankers acceptances and government debt instruments. The market value of the investments at April 30, 2007 is \$815,798 - (2006 - \$ 807,365).

5. INCOME TAXES PAYABLE

As described in Note 2, the Company is required to make payments-in-lieu of income taxes. Future income taxes are not recorded in the accounts since the Company follows the taxes payable method. The future tax asset balance is \$3,900,000 (2006 - \$4,030,000). This asset is determined by calculating the difference between the tax basis of the asset and its carrying amount on the balance sheet. Future tax assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to be recovered or settled.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

6. REGULATORY ASSETS

As described in note 2, the Company has recorded the following regulatory assets..

	April 2007	December 2006
	\$	\$
Regulatory asset accounts approved for recovery - 2005 rates	3,446,593	3,446,593
Recovered to date	(2,956,845)	(2,488,623)
Deferred qualifying transition costs	489,748	957,970
Miscellaneous regulatory assets	93,351	122,100
Power purchased for resale	30,780	-
Regulatory assets previously written off	407,282	817,048
	(95,099)	(465,463)
Regulatory assets	926,062	1,431,655

The Company has accumulated certain variance accounts representing power purchased for resale in excess of revenue billed to customers. The OEB regulates both the amounts that can be charged to the Company and the rates that the Company bills to its customers.

In addition to these variances, the Company has determined that there are additional regulatory assets that may be available for recovery. These include carrying costs, specific variance accounts and other costs such as pension and insurance charges that were not included in the original rate base. Although the Company intends to submit an application for recovery of these amounts through rates, due to the uncertainty related to the future recovery these amounts have not been recorded as regulatory assets. The total amount of unrecorded regulatory assets is approximately \$1,200,000.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

7. PROPERTY, PLANT AND EQUIPMENT

	Cost \$	Accumulated amortization \$	2007 Net book value \$	2006 Net book value \$
Land	2,503,276	-	2,503,276	2,460,799
Transmission and distribution systems	76,047,916	38,919,773	37,128,143	35,384,703
Office equipment	1,812,801	1,123,629	689,172	728,405
Leasehold improvements	393,823	295,396	98,427	109,740
Plant and equipment	4,270,998	3,040,671	1,230,327	1,270,921
	85,028,814	43,379,469	41,649,345	39,954,568

Amortization for the period totalled \$1,197,074 - (2006 - \$3,571,475).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 2007 \$	December 2006 \$
Accounts payable - purchased power	3,709,227	4,164,711
Other accounts payable and accrued liabilities	1,615,687	1,324,773
Water and sewer billings payable	981,725	1,106,304
Credits on customer accounts	745,762	770,982
Fixed energy rate rebate payable	100,690	66,611
	7,153,091	7,433,381

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

9. DUE FROM (TO) RELATED PARTIES AND RELATED PARTY TRANSACTIONS

- (a) During the period the Company entered into transactions with its parent, Newmarket Hydro Holdings Inc. (NHHI) and with The Town of Newmarket which is the sole shareholder of Newmarket Hydro Holdings Inc. Revenue charged during the year included energy, street light capital and street light maintenance charged at commercial rates to the Town of Newmarket.

In addition, included in amounts payable are water and sewer amounts collected which are due to the Town. These amounts are collected and remitted in accordance with a contract with URB Olameter and remitted on their behalf.

(b) Transactions

Details of transactions with the Town of Newmarket during the period are as follows:

	April 2007 \$	December 2006 \$
Revenue		
Energy sales	669,376	1,588,003
Services - Street light capital	128,361	175,632
Services - Street light maintenance	67,467	224,396
	865,204	1,988,031
Expenses		
Interest	458,333	1,685,000
Rent, property tax and other	139,213	282,532
	597,546	1,967,532

- (c) The following amounts due to/from the Town of Newmarket are included in the financial statements:

	April 2007 \$	December 2006 \$
Accounts receivable	421,321	163,282
Accounts payable	(1,004,225)	(956,162)
	(582,904)	(792,880)

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

10. DIVIDEND PAYABLE

On April 24, 2007 the Board declared a dividend payable of \$ 5,340,00 on common shares with payment terms as follows:

	\$
Due April 30, 2007	930,000
Due December 31, 2007	1,470,000
Due December 31, 2008	1,470,000
Due December 31, 2009	1,470,000
	5,340,000
Paid during the period	(930,000)
Dividend payable	4,410,000

11. NOTE PAYABLE

	April 2007 \$	December 2006 \$
Note payable	22,000,000	22,000,000

The note payable is an unsecured promissory note to the Town of Newmarket. The note bears interest at a deemed rate as permitted by the Ontario Energy Board. The rate for April 2007 was 6.25% (2006 - 7.25%). Changes to the terms of the note require 13 months notice. The note has been subordinated to the IESO letter of credit referred to in Note 15..

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

12. EMPLOYEE FUTURE BENEFITS

The Company provides certain health, dental and life insurance benefits for retired employees pursuant to the Company's policy. The accrued benefit obligation and net periodic expense for the year were determined by actuarial valuation. The most recent valuation was performed December 31, 2004. The transitional obligation resulting from the implementation of the policy is being amortized over the average remaining service life period of employees being 8 years.

Significant actuarial assumptions employed for the valuations are as follows: future general inflation level of 2.1%, discount rate of 5.75%, salary and wage level increases at 3% per annum. For measurement purposes, an 8% annual increase in the per capita cost of health benefits was assumed for 2007. The rate was assumed to decrease annually by 1% to a rate of 5% for 2009 and thereafter. A 5% annual rate of increase in the per capita cost of covered dental costs was assumed for 2007 and thereafter. Information about the Company's defined benefit plan is included in the table which follows.

	April 2007	December 2006
	\$	\$
Accrued Benefit Obligation, beginning of period	704,943	613,643
Current service cost	21,675	68,573
Amortization of the transitional obligation	12,576	37,727
Actuarial (gain) loss	(15,834)	-
Benefits paid	(10,997)	(15,000)
Accrued Benefit Obligation, end of period	712,363	704,943
Unamortized Transitional Obligation	138,332	150,908
Accrued Benefits Liability	850,695	855,851

13. SHARE CAPITAL

Authorized
Unlimited number of common shares

Issued

	April 2007	December 2006
	\$	\$
1,001 common shares	25,806,563	25,806,563

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

14. STATEMENT OF CASH FLOWS

	April 2007 \$	December 2006 \$
Increase in short-term investment	(4,753)	(392,605)
Decrease (increase) in accounts receivable	424,451	(2,769,112)
Decrease (increase) in unbilled revenue	453,211	(295,790)
Decrease in income taxes receivable	-	224,077
Decrease (increase) in inventory	293,992	(367,015)
Increase in prepaid and other	(36,465)	(32,015)
Decrease in accounts payable and accrued liabilities	(280,290)	(2,128,604)
Increase (decrease) in income taxes payable (note 5)	(100,378)	238,078
Increase (decrease) in deferred revenue	(168,747)	56,559
	581,021	(5,466,427)

15. SHORT TERM CREDIT FACILITIES

The Company has a \$1,500,000 operating loan available from a major chartered bank. The facility is a 364 day revolving operating loan, bearing interest at prime, to be repaid within one year from date of acquisition unless extended by the bank. A standby fee of 10 basis points, payable quarterly in arrears applies to any unused portion of the facility. As at the balance sheet date, the Company has no balance outstanding on this facility. The operating loan includes restrictive clauses with respect to repayment.

In addition, the Company has provided prudential support in the amount of \$5,406,833 - (2006 - \$5,406,833) to the Independent Electricity System Operator. The prudential support is secured by a letter of credit with a major chartered bank for \$5,406,833 and contains restrictive clauses with respect to debt repayments.

A general security agreement covering all assets of the Company has been pledged as security.

16. SUBSEQUENT EVENT

On March 8, 2007, the Company received approval from the OEB in respect to a merger with Tay Hydro Electric Distribution Company Inc. This merger will be effective on May 1, 2007. Tay Hydro Electric Distribution Company Inc. is a licensed local distribution Company that distributes electricity to approximately 4,000 customers in the Township of Tay. Newmarket Hydro Holdings Inc. will hold approximately 93% of all outstanding common shares of the combined entity.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

17. PENSION AGREEMENT

The Company makes contributions to the Ontario Municipal Employees' Retirement Fund (O.M.E.R.S.), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay.

The amount contributed to O.M.E.R.S. for 2007 was \$258,108 - (2006 - \$220,573) for current service.

18. COMMITMENTS

Pursuant to the Ontario Energy Board's EB-2005-0315, Newmarket Hydro Ltd. has been instructed to participate in the construction of the Holland Junction transformer station in order to provide additional electricity supply to the northern York region. The total cost of the Holland Junction transformer station is estimated to be \$13.85 million. The Company's share of the cost is estimated to be \$5 million. Costs of \$nil (2006- \$nil) related to the project were incurred in 2007.

The Government of the Province of Ontario through Bill 21 has indicated that 800,000 "Smart Meters" will be installed throughout the province by 2007 and that every meter will be a smart meter by 2010. The exact cost to implement the project in the Town of Newmarket is unknown, however, the Company anticipates that the cost could result in a capital outlay of over \$3 million. The Company has spent approximately \$1,550,000 to April 30, 2007 related to the implementation.

NEWMARKET HYDRO LTD.
NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, 2007 to April 30, 2007

19. CONTINGENCIES

(a) In the normal course of business, the Corporation enters into agreements that meet the definition of a guarantee. The guarantees include indemnities under lease agreements, purchase and sale agreements, confidentiality agreements, outsourcing, service and information agreements. The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability related to the likelihood and predictability of future events. Historically, the Company has not made any significant payments under similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

(b) Indemnity has been provided to all directors and/or officers of the Company for various items including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential suits or actions. The amount of any potential future liability which exceeds the amount of insurance coverage cannot be reasonably be determined.

(c) The Company participates with other municipal utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electric Association Reciprocal Insurance Exchange. Under this agreement, the Company is contingently liable for additional assessments to the extent that premiums collected are not sufficient to cover actual losses, claims and costs experienced.

(d) A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as a representative of the Defendant Class consisting of all municipal electric utilities in Ontario that have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in municipal electrical utilities receiving interest at effectiveness rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on these financial statements, and as such no accrual of any potential liability has been recognized.