

DOLLARS ONLY

Total Assets of the corporation - - - - - + [240] 38,762,015 .
 Total Revenue of the corporation - - - - - + [241] 40,690,790 .

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 (X) [242] ☒ (Yes)

| Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule) | Ontario Corporations Tax Account No. (MOF) (if applicable) | Taxation Year End | Total Assets | Total Revenue |
|--|--|-------------------|----------------------|----------------------|
| Westario Power Services Inc. | 1800224 | 2005-12-31 | + [243] 5,245,944 . | + [244] 4,355,248 . |
| Westario Power Holdings Inc. | 1800222 | 2005-12-31 | + [245] 18,232,756 . | + [246] 1,127,309 . |
| | | | + [247] . | + [248] . |
| Aggregate Total Assets | [240] + [243] + [245] + [247], etc. | | = [249] 62,240,715 . | |
| Aggregate Total Revenue | [241] + [244] + [246] + [248], etc. | | | = [250] 46,173,347 . |

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] 1,778,186 . X From [30] 100.0000 % X 4 % = [276] 71,127 .
 If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule) - - - - - [277] .

Subtract: Income Tax - - - - - From [190] 272,439 .

Net CMT Payable (If negative, enter Nil on Page 17.) - - - - - = [280] -201,312 .

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] 159,989 .

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) - - - - - + From [190] 272,439 .
 Gross CMT Payable - - - - - + From [276] 71,127 .
 Subtract: Foreign Tax Credit for CMT purposes - - - - - From [277] .
 If [276] - [277] is negative, enter NIL in [290] = 71,127 .
Income Tax eligible for CMT Credit - - - - - = [300] 201,312 .

B. Income Tax (after deduction of specified credits) - - - - - + From [230] 272,439 .
 Subtract: CMT credit used to reduce income taxes - - - - - [310] 159,989 .
Income Tax - - - - - = [320] 112,450 .
 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] .

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

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 | 14,064,719 | • |
| Retained earnings (if deficit, deduct) (Int.B. 3012R) | - - - - - | + | 351 | 3,106,036 | • |
| Capital and other surpluses, excluding appraisal surplus (Int.B.3012R) | - - - - - | + | 352 | | • |
| Loans and advances (Attach schedule) (Int.B. 3013R) | - - - - - | + | 353 | 13,621,284 | • |
| 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 | 1,114,461 | • |
| 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 | | • |
| Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R) | - - - - - | + | 362 | | • |
| Subtotal | - - - - - | = | 370 | 31,906,500 | • |
| Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R) | - - - - - | - | 371 | 3,281,569 | • |
| 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 | 28,624,931 | • |
| 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 property as prescribed by regulation | - - - - - | - | 382 | | • |
| Net Paid-up Capital | - - - - - | = | 390 | 28,624,931 | • |

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

All 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

Total Assets (Int.B. 3015R)

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| | | | |
|--|-----------|-------|-------------------|
| Total Assets per balance sheet | - - - - - | + 420 | 38,762,015 |
| Mortgages or other liabilities deducted from assets | - - - - - | + 421 | |
| Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>) | - - - - - | + 422 | |
| Subtract: Investment in partnership(s)/joint venture(s) | - - - - - | - 423 | |
| Total Assets as adjusted | - - - - - | = 430 | 38,762,015 |
| Amounts in [360] and [361] (if deducted from assets) | - - - - - | + 440 | |
| Subtract: Amounts in [371], [372] and [381] | - - - - - | - 441 | 3,281,569 |
| Subtract: Appraisal surplus if booked | - - - - - | - 442 | |
| Add or Subtract: Other adjustments (specify on an attached schedule) | - - - - - | + 443 | |
| Total Assets | - - - - - | = 450 | 35,480,446 |

[illegible]

| | | | |
|--|-------|-----|------------|
| Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) | - - - | 480 | 40,690,790 |
|--|-------|-----|------------|

| | | | |
|-----------------------------------|-----------|----------|--------------|
| Total Assets (as adjusted) | - - - - - | From 430 | 38,762,015 • |
|-----------------------------------|-----------|----------|--------------|

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.

Financial Institutions use calculations on page 13.

Important:

If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.

OR If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C below, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.

OR If the corporation is a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

| Number of Days in Taxation Year | | | |
|--|-------------------------|-------------------|-----------|
| Days before Jan. 1, 2005 | | Total Days | |
| 5,000,000 | $\times \frac{35}{365}$ | | $= + 500$ |
| Days after Dec. 31, 2004 and before Jan. 1, 2006 | | Total Days | |
| 7,500,000 | $\times \frac{36}{365}$ | | $= + 501$ |
| Days after Dec. 31, 2005 and before Jan. 1, 2007 | | Total Days | |
| 10,000,000 | $\times \frac{37}{365}$ | | $= + 502$ |
| Capital Deduction (TCD) | | $500 + 501 + 502$ | $= 503$ |

SECTION C

This election 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.

CC. 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.

$$\begin{array}{rcl}
 + & \text{From } 470 & \\
 - & \text{From } 503 & \\
 = & 471 & \times \text{From } 30 \text{ Ontario Allocation } 100.0000 \% \times 0.3 \% \times \frac{555}{365} \frac{365}{366 \text{ (if leap year)}} = + 523
 \end{array}$$

continued on Page 11

If floating taxation year, refer to Guide.

Transfer to 543 on page 12 and complete the return from that point.

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Capital Tax Calculation *continued from Page 10***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 (X 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 (X if applicable)One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital From ☐ 470 on page 10 - - - - - + From ☐ 470 28,624,931.

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

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada (if insufficient space, attach schedule)

Ontario Corporations Tax Account No. (MOF) (if applicable)

Taxation Year End

Taxable Capital

| | | | | |
|------------------------------|---|------------|--------------------------------|-------------|
| Westario Power Services Inc. | 1800224 | 2005-12-31 | + <input type="checkbox"/> 531 | 4,355,256. |
| Westario Power Holdings Inc. | 1800222 | 2005-12-31 | + <input type="checkbox"/> 532 | 611,871. |
| | | | + <input type="checkbox"/> 533 | |
| Aggregate Taxable Capital | <input type="checkbox"/> 470 + <input type="checkbox"/> 531 + <input type="checkbox"/> 532 + <input type="checkbox"/> 533, etc. | | = <input type="checkbox"/> 540 | 33,592,058. |

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

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

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

From ☐ 470 28,624,931. ÷ From ☐ 540 33,592,058. × From ☐ 503 7,500,000. = ☐ 541 6,391,004.

Transfer to ☐ 542 in Section E on page 12

Ss.69(2.1) Election Filed☐ 591 (X if applicable)

Election filed. Attach a copy of Schedule 591 with this CT23 Return. Proceed to **Section F** on page 12.

continued on Page 12

SECTION E

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

$$\begin{array}{rcl}
 + & \text{From } 470 & 28,624,931 \bullet \\
 - & 542 & 6,391,004 \bullet \\
 = & 471 & 22,233,927 \bullet
 \end{array}
 \times \text{From } 30 \text{ } 100.0000 \% \times 0.3 \% \times \frac{555 - 365}{365} = + 523 \text{ } 66,702 \bullet$$

Ontario Allocation

Days in taxation year

* 365 (366 if leap year)

Total Capital Tax for the taxation year

Transfer to 543 and complete the return from that point

SECTION F

$$+ \text{ From } 470 \times \text{ From } 30 \times 100.0000\% \times 0.3\% = + 561$$

Ontario Allocation

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

Capital Tax - - - - - [562] _____ • × $\frac{\text{Days in taxation year}}{365 \text{ (366 if leap year)}}$ = [563] _____ •
Transfer to [543] and complete the return from that point

* If floating taxation year, refer to Guide.

| | | | | | |
|--------------------|--|-----------|---|-----|---------|
| Capital Tax | before application of specified credits | - - - - - | = | 543 | 66,702. |
| | Subtract: Specified Tax Credits applied to reduce capital tax payable (<i>Refer to Guide</i>) | - - - - - | - | 546 | . |
| Capital Tax | 543 - 546 (<i>amount cannot be negative</i>) | - - - - - | = | 550 | 66,702. |

Transfer to Page 17

continued on Page 13

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Capital Tax continued from Page 12**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.)

$$\begin{array}{l}
 \text{565 } \boxed{} \times 0.6\% \times \text{From } \boxed{30} \text{ } \boxed{100.0000}\% \times \frac{\text{Days in taxation year } \boxed{555} \text{ } 365}{365} \text{ (366 if leap year)} = + \boxed{569} \\
 \text{Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1} \quad \text{Ontario Allocation}
 \end{array}$$

$$\begin{array}{l}
 \text{570 } \boxed{} \times \boxed{571} \times \text{From } \boxed{30} \text{ } \boxed{100.0000}\% \times \frac{\text{Days in taxation year } \boxed{555} \text{ } 365}{365} \text{ (366 if leap year)} = + \boxed{574} \\
 \text{Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount} \quad \text{Capital Tax Rate (Refer to Guide)} \quad \text{Ontario Allocation}
 \end{array}$$

$$\text{Capital Tax for Financial Institutions - other than Credit Unions (before Section 2)} \quad \boxed{569} + \boxed{574} = \boxed{575}$$

* 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.)

$$\text{Allowable Credit for Eligible Investments} \quad - - - - - \boxed{585}$$

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

$$\text{Capital Tax - Financial Institutions} \quad \boxed{575} - \boxed{585} = \boxed{586}$$

Transfer to 543 on Page 12

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

$$\text{(1) Uninsured Benefits Arrangements} \quad - - - - - \boxed{587} \times 2\% = \boxed{588}$$

Applies to Ontario-related uninsured benefits arrangements.

$$\text{(2) Unlicensed Insurance (enter premium tax payable in } \boxed{588} \text{ and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in } \boxed{588} \text{.)}$$

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} \quad - - - - - \boxed{589}$$

$$\text{Premium Tax} \quad \boxed{588} - \boxed{589} = \boxed{590}$$

Transfer to page 17

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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] 1,954,071 •
Transfer to Page 15

Add:

| | | | |
|--|-----------|---------|-------------|
| Federal capital cost allowance | - - - - - | + [601] | 1,191,960 • |
| Federal cumulative eligible capital deduction | - - - - - | + [602] | 97,970 • |
| Ontario taxable capital gain | - - - - - | + [603] | • |
| Federal non-allowable reserves. Balance beginning of year | - - - - - | + [604] | • |
| Federal allowable reserves. Balance end of year | - - - - - | + [605] | • |
| Ontario non-allowable reserves. Balance end of year | - - - - - | + [606] | • |
| 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] | • |
| All Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide) | - - - - - | + [617] | • |
| Management fees, rents, royalties and similar payments to non-arm's length non-residents ▼ | - - - - - | | |

Number of Days in Taxation Year

$$[612] \times 5 / 12.5 \times [33] \div 73 \times 365 = + [633] \cdot$$

$$[612] \times 5 / 14 \times [34] \div 73 \times 365 = + [634] \cdot$$

Total add-back amount for Management fees, etc. [633] + [634] = + [613] •

Federal Scientific Research Expenses claimed in year from line [460] of fed. form T661
excluding any negative amount in [473] from Ont. CT23 Schedule 161 - - - - - + [615] •

Add any negative amount in [473] from Ont. CT23 Schedule 161 - - - - - + [616] •

Federal allowable business investment loss - - - - - + [620] •

Total of other items not allowed by Ontario but allowed federally (Attach schedule) - - - - - + [614] •

Total of Additions [601] to [611] + [617] + [613] + [615] + [616] + [620] + [614] - - - = 1,289,930 • [640] 1,289,930 •
Transfer to Page 15

Deduct:

| | | | |
|--|-----------|---------|-------------|
| Ontario capital cost allowance (excludes amounts deducted under [675]) | - - - - - | + [650] | 1,191,960 • |
| Ontario cumulative eligible capital deduction | - - - - - | + [651] | 97,970 • |
| Federal taxable capital gain | - - - - - | + [652] | • |
| Ontario non-allowable reserves. Balance beginning of year | - - - - - | + [653] | • |
| Ontario allowable reserves. Balance end of year | - - - - - | + [654] | • |
| Federal non-allowable reserves. Balance end of year | - - - - - | + [655] | • |
| Ontario 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] 1,289,930 •
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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 \pm 600 1,954,071.

Total of Additions on page 14

From = 640 1,289,930.

Sub Total of deductions on page 14

From = 681 1,289,930.

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:

Gross-up of CCA

$$\left[\begin{array}{l} \text{From } 662 \\ \cdot \end{array} \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \right] - \begin{array}{l} \text{From } 662 \\ \cdot \end{array} = 663 .$$

Ontario Allocation 100.0000

Workplace Child Care Tax Incentive (WCCT)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures:

$$\left[\begin{array}{l} 665 \\ \cdot \end{array} \times 30\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \right] = 666 .$$

Ontario allocation 100.0000

Workplace Accessibility Tax Incentive (WATI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures:

$$\left[\begin{array}{l} 667 \\ \cdot \end{array} \times 100\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \right] = 668 .$$

Ontario allocation 100.0000

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:

$$\left[\begin{array}{l} 670 \\ \cdot \end{array} \times 30\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \right] = 671 .$$

Ontario allocation 100.0000

Educational Technology Tax Incentive (ETTI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures:

$$\left[\begin{array}{l} 672 \\ \cdot \end{array} \times 15\% \times \begin{array}{l} 100 \\ \text{From } 30 \end{array} \right] = 673 .$$

Ontario allocation 100.0000

Ontario allowable business investment loss

+ 678 .

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 = 1,289,930. 680 1,289,930.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 1,954,071.

Transfer to Page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

| | 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: | | | | | | |
| Current year's losses (7) | 701 | 711 | 721 | 731 | 741 | 751 |
| Losses from predecessor corporations (3) | 702 | 712 | 722 | 732 | | 752 |
| Subtotal | 703 | 713 | 723 | 733 | 743 | 753 |
| Subtract: | | | | | | |
| Utilized during the year to reduce taxable income | 704 (2) | 715 (2) (4) | 724 (2) | 734 (2) (4) | 744 (4) | 754 (4) |
| Expired during the year | 705 | | 725 | 735 | 745 | |
| Carried back to prior years to reduce taxable income (5) | 706 (2) to Page 17 | 716 (2) to Page 17 | 726 (2) to Page 17 | 736 (2) to Page 17 | 746 | |
| Subtotal | 707 | 717 | 727 | 737 | 747 | 757 |
| 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) year month day | 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 1997-12-31 | 817 (9) | 860 (9) | | 850 | 870 |
| 801 8th preceding taxation year 1998-12-31 | 818 (9) | 861 (9) | | 851 | 871 |
| 802 7th preceding taxation year 1999-12-31 | 819 (9) | 862 (9) | | 852 | 872 |
| 803 6th preceding taxation year 2000-12-31 | 820 | 830 | 840 | 853 | 873 |
| 804 5th preceding taxation year 2001-12-31 | 821 | 831 | 841 | 854 | 874 |
| 805 4th preceding taxation year 2002-05-06 | 822 | 832 | 842 | 855 | 875 |
| 806 3rd preceding taxation year 2002-12-31 | 823 | 833 | 843 | 856 | 876 |
| 807 2nd preceding taxation year 2003-12-31 | 824 | 834 | 844 | 857 | 877 |
| 808 1st preceding taxation year 2004-12-31 | 825 | 835 | 845 | 858 | 878 |
| 809 Current taxation year 2005-12-31 | 826 | 836 | 846 | 859 | 879 |
| To | 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.

Westario Power Inc.

1800342

2005-12-31

DOLLARS ONLY

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 Ontario Corporation's Tax Account No. (MOF) | 901 | 921 | 931 | 941 |
| Taxation Year Ending year month day | 2002-12-31 | 912 | 922 | 932 |
| i) 3 rd preceding | 902 | 923 | 933 | 943 |
| ii) 2 nd preceding | 903 | 913 | 924 | 934 |
| iii) 1 st preceding | 904 | 914 | 925 | 935 |
| Total loss to be carried back | From 706 | From 716 | From 726 | From 736 |
| Balance of loss available for carry-forward | 919 | 929 | 939 | 949 |

Summary

| | | | | |
|--|----------------|------------|-----------------|---------|
| Income Tax | - - - - - | + | From 230 or 320 | 112,450 |
| Corporate Minimum Tax | - - - - - | + | From 280 | |
| Capital Tax | - - - - - | + | From 550 | 66,702 |
| Premium Tax | - - - - - | + | From 590 | |
| Total Tax Payable | - - - - - | = | 950 | 179,152 |
| Subtract: Payments | - - - - - | - | 960 | 128,343 |
| Capital Gains Refund (s.48) | - - - - - | - | 965 | |
| Qualifying Environmental Trust Tax Credit (Refer to Guide) | - - - - - | - | 985 | |
| Specified Tax Credits (Refer to Guide) | - - - - - | - | 955 | |
| Other, specify | - - - - - | - | | |
| Balance | - - - - - | = | 970 | 50,809 |
| If payment due | - - - - - | Enclosed * | 990 | 50,809 |
| If overpayment: Refund (Refer to Guide) | - - - - - | = | 975 | |
| Apply to | year month day | | 980 | |

(Includes credit interest)

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

Lisa Milne

Title

Controller

Full Residence Address

385 Queen Street
Kincardine

ON CA N2Z 2R4

Signature

Date

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

Attached Schedule with Total

Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)

Title NBV/UCC difference

| Description | Amount |
|--|----------------|
| NBV of capital assets | 21,095,801 00 |
| Less: Land | -107,769 00 |
| UCC per SCH 008 | -22,113,698 00 |
| | |
| NBV of Goodwill | 2,214,322 00 |
| NBV of Organizational costs | 21,150 00 |
| CEC per SCH 010 x 4/3 | -1,735,476 00 |
| | |
| Regulatory assets difference b/w tax and accounting over the years | 3,907,239 00 |
| Total | 3,281,569 00 |

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

| | | |
|---|---|---------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|---------------------------------|

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] 1,122,314.

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 paid 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] 518,411 .
Provision for deferred income taxes (debits) / cost of future income taxes + [2112] 137,461 .
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 = 655,872. + [2116] 655,872.

A Subtract:

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

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

** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years + [2123] . or - [2124] .

** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years + [2125] . or - [2126] .

** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years + [2127] . or - [2128] .

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income - [2150] .

Subtotal (Additions) = [2129] .

Subtotal (Subtractions) = [2130] .

** Other adjustments ± [2131] .

Subtotal ± [2100] - [2110] + [2116] + [2129] - [2130] ± [2131] = [2132] 1,778,186.

** 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] 1,778,186.

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 schedule.

CMT Base = [2136] 1,778,186.

Transfer to CMT Base on Page 8 of the CT23 or Page 6 of the CT8

CT23 Schedule 101

| | | |
|---|---|---------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|---------------------------------|

Part 2: Continuity of CMT Losses Carried Forward

| | | | | |
|--|--------------------|---|------|-------|
| 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 (X) 2205 <input type="checkbox"/> Yes Wind-up (X) 2206 <input type="checkbox"/> Yes | | | | |
| Subtotal | ..... | = |  | ..... |
| 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 | ..... | = |  | ..... |
| 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) year month day | CMT Losses of Corporation | CMT Losses of Predecessor Corporations |
|--------|---|---------------------------|---|
| 2240 | 9th preceding taxation year 1997-12-31 | 2260 | 2280 |
| 2241 | 8th preceding taxation year 1998-12-31 | 2261 | 2281 |
| 2242 | 7th preceding taxation year 1999-12-31 | 2262 | 2282 |
| 2243 | 6th preceding taxation year 2000-12-31 | 2263 | 2283 |
| 2244 | 5th preceding taxation year 2001-12-31 | 2264 | 2284 |
| 2245 | 4th preceding taxation year 2002-05-06 | 2265 | 2285 |
| 2246 | 3rd preceding taxation year 2002-12-31 | 2266 | 2286 |
| 2247 | 2nd preceding taxation year 2003-12-31 | 2267 | 2287 |
| 2248 | 1st preceding taxation year 2004-12-31 | 2268 | 2288 |
| 2249 | Current taxation year 2005-12-31 | 2269 | 2289 |
| Totals | | 2270 | 2290 |

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

CT23 Schedule 101

| | | |
|---|---|---------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|---------------------------------|

Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + 2301 159,989 .

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 (X) 2315 ☐ Yes Wind-up (X) 2320 ☐ Yes

Subtotal 2301 + 2310 + 2325 = 2330 159,989 .

Adjustments (Attach schedule) + 2332

CMT Credit Carryover available 2330 ± 2332 = 2333 159,989 .

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 351 159,989 .

CMT Credit expired during the year + 2334

Subtotal = 159,989 . - 2335 159,989 .

Balances 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 s.88(1) applies. (see s.43.1(4))
- (4) Amount in 2336 must equal sum of 2370 + 2390 .

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

| | Year of Origin (oldest year first) year month day | CMT Credit Carryovers of Corporation | CMT Credit Carryovers of Predecessor Corporation(s) |
|--------|---|---|--|
| 2340 | 9th preceding taxation year 1997-12-31 | 2360 | 2380 |
| 2341 | 8th preceding taxation year 1998-12-31 | 2361 | 2381 |
| 2342 | 7th preceding taxation year 1999-12-31 | 2362 | 2382 |
| 2343 | 6th preceding taxation year 2000-12-31 | 2363 | 2383 |
| 2344 | 5th preceding taxation year 2001-12-31 | 2364 | 2384 |
| 2345 | 4th preceding taxation year 2002-05-06 | 2365 | 2385 |
| 2346 | 3rd preceding taxation year 2002-12-31 | 2366 | 2386 |
| 2347 | 2nd preceding taxation year 2003-12-31 | 2367 | 2387 |
| 2348 | 1st preceding taxation year 2004-12-31 | 2368 | 2388 |
| 2349 | Current taxation year 2005-12-31 | 2369 | 2389 |
| Totals | | 2370 | 2390 |

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

| | | |
|---|---|---------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|---------------------------------|

CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

| | Corporation's Pre-1994 Loss | Predecessors' Pre-1994 Loss Amalgamation | Wind-Up |
|---|--------------------------------|---|---------|
| Date of the last tax year end before the corp's 1st tax year commencing after 1993 | | | |
| Pre-1994 Loss (per schedule) | | | |
| Less: Claimed in prior taxation years commencing after 1993 | | | |
| Pre-1994 Loss available for the current year | | | |
| Less: Deducted in the current year | | | |
| (max. = adj. net income for the year) | | | |
| Expired after 10 years | | | |
| Pre-1994 Loss Carryforward | | | |

(ii) Continuity of Other Eligible CMT Losses – Filing Corporation
(for losses occurring in tax years commencing after 1993)

| | Year of Origin YYYY/MM/DD | Opening Balance | Adjustment | Deduction | Expired | Closing Balance |
|-----------------|------------------------------|-----------------|------------|-----------|---------|-----------------|
| 10th Prior Year | 1996-12-31 | | | | | |
| 9th Prior Year | 1997-12-31 | | | | | |
| 8th Prior Year | 1998-12-31 | | | | | |
| 7th Prior Year | 1999-12-31 | | | | | |
| 6th Prior Year | 2000-12-31 | | | | | |
| 5th Prior Year | 2001-12-31 | | | | | |
| 4th Prior Year | 2002-05-06 | | | | | |
| 3rd Prior Year | 2002-12-31 | | | | | |
| 2nd Prior Year | 2003-12-31 | | | | | |
| 1st Prior Year | 2004-12-31 | | | | | |
| | Total | | | | | |

Predecessor Corporations Only – Amalgamation

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

| Year of Origin YYYY/MM/DD | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|------------------------------|-----------------|-----|------------|-----------|---------|-----------------|
| 1996-12-31 | | | | | | |
| 1997-12-31 | | | | | | |
| 1998-12-31 | | | | | | |
| 1999-12-31 | | | | | | |
| 2000-12-31 | | | | | | |
| 2001-12-31 | | | | | | |
| 2002-05-06 | | | | | | |
| 2002-12-31 | | | | | | |
| 2003-12-31 | | | | | | |
| 2004-12-31 | | | | | | |
| Total | | | | | | |

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

| | | |
|--------------------------|--|-------------------|
| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
| Westario Power Inc. | 1800342 | 2005-12-31 |

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

| Year of Origin YYYY/MM/DD | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|------------------------------|-----------------|-----|------------|-----------|---------|-----------------|
| 1996-12-31 | | | | | | |
| 1997-12-31 | | | | | | |
| 1998-12-31 | | | | | | |
| 1999-12-31 | | | | | | |
| 2000-12-31 | | | | | | |
| 2001-12-31 | | | | | | |
| 2002-05-06 | | | | | | |
| 2002-12-31 | | | | | | |
| 2003-12-31 | | | | | | |
| 2004-12-31 | | | | | | |
| Total | | | | | | |

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

| | | |
|---|---|---------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|---------------------------------|

CMT Credit Carryovers Workchart

Filing Corporation

| | Year of Origin YYYY/MM/DD | Opening Balance | Adjustment | Deduction | Expired | Closing Balance |
|-----------------|------------------------------|-----------------|------------|-----------|---------|-----------------|
| 10th Prior Year | 1996-12-31 | | | | | |
| 9th Prior Year | 1997-12-31 | | | | | |
| 8th Prior Year | 1998-12-31 | | | | | |
| 7th Prior Year | 1999-12-31 | | | | | |
| 6th Prior Year | 2000-12-31 | | | | | |
| 5th Prior Year | 2001-12-31 | | | | | |
| 4th Prior Year | 2002-05-06 | | | | | |
| 3rd Prior Year | 2002-12-31 | 66,899 | | 66,899 | | |
| 2nd Prior Year | 2003-12-31 | 57,811 | | 57,811 | | |
| 1st Prior Year | 2004-12-31 | 35,279 | | 35,279 | | |
| Total | | 159,989 | | 159,989 | | |

Predecessor Corporations Only – Amalgamation

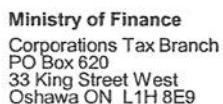
Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

| Year of Origin YYYY/MM/DD | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|------------------------------|-----------------|-----|------------|-----------|---------|-----------------|
| 1996-12-31 | | | | | | |
| 1997-12-31 | | | | | | |
| 1998-12-31 | | | | | | |
| 1999-12-31 | | | | | | |
| 2000-12-31 | | | | | | |
| 2001-12-31 | | | | | | |
| 2002-05-06 | | | | | | |
| 2002-12-31 | | | | | | |
| 2003-12-31 | | | | | | |
| 2004-12-31 | | | | | | |
| Total | | | | | | |

Predecessor Corporations Only – Wind-Up

Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

| Year of Origin YYYY/MM/DD | Opening Balance | Add | Adjustment | Deduction | Expired | Closing Balance |
|------------------------------|-----------------|-----|------------|-----------|---------|-----------------|
| 1996-12-31 | | | | | | |
| 1997-12-31 | | | | | | |
| 1998-12-31 | | | | | | |
| 1999-12-31 | | | | | | |
| 2000-12-31 | | | | | | |
| 2001-12-31 | | | | | | |
| 2002-05-06 | | | | | | |
| 2002-12-31 | | | | | | |
| 2003-12-31 | | | | | | |
| 2004-12-31 | | | | | | |
| Total | | | | | | |



| | | |
|--------------------------|--|-------------------|
| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
| Westario Power Inc. | 1800342 | 2005-12-31 |

(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)

CORPORATE TAXPREP - 2006 V.1 Page 1 of 1

| | | |
|--------------------------|--|-------------------|
| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
| Westario Power Inc. | 1800342 | 2005-12-31 |

■ For use by a corporation to claim any of the following:

- Charitable donations;
- Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
- Gifts to Canada or a province;
- Gifts of certified cultural property; or
- Gifts of certified ecologically sensitive land.

■ The donations and gifts are eligible for a five year carry-forward.

■ Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).

■ For donations and gifts made after March 22, 2004, subsection 34(1.1) of the *Corporations Tax Act* parallels subsection 110.1(1.2) of the *Income Tax Act* and provides as follows:

- where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by a particular corporation to a qualified donee before the change of control;
- if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.

■ File one completed copy of this schedule with your CT23.

Part 1 – Charitable Donations

| | | | |
|---|---|-------|---|
| Charitable Donations at end of preceding taxation year | + | | A |
| Deduct: Donations expired after 5 taxation years | – | | B |
| Charitable donations at beginning of taxation year | = | | C |
| Add: Donations transferred on amalgamation or wind-up of subsidiary | + | | D |
| Total current year charitable donations made | + | 8,076 | E |
| Subtotal D + E | = | 8,076 | F |
| Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004) | – | | G |
| Total donations available C + F – G | = | 8,076 | H |
| Deduct: Amount applied against taxable income (amount U, Part 2) | – | 8,076 | U |
| Cf. able donations closing balance | = | | I |

Part 2 – Maximum Deduction Calculation for Donations

| | | | |
|--|---|-----------|---|
| Ontario net income for tax purposes multiplied by 75% | | 1,465,553 | J |
| Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest. | | | |
| Ontario taxable capital gains arising in respect of gifts of capital property | + | | K |
| Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA | + | | L |
| Add the lesser of: | | | |
| 1. The amount of the recapture of capital cost allowance in respect of charitable gifts | | | M |
| 2. The lesser of: | | | |
| 2a. Proceeds of dispositions less outlays and expenses | | | N |
| 2b. The capital cost | | | O |
| The lesser of N and O | | | P |
| The lesser of M and P | + | | Q |
| Subtotal K + L + Q | = | | R |
| 25% X | | | S |
| Maximum deduction allowable J + S | = | 1,465,553 | T |
| Claim for charitable donations (not exceeding the lesser of H from Part 1, T and net income for tax purposes) | | 8,076 | U |

Enter in 1 of the CT23

| | | |
|--------------------------|--|-------------------|
| Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF) | Taxation Year End |
| Westario Power Inc. | 1800342 | 2005-12-31 |

Part 3 – Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

| | | | | |
|---|--|---|--|--|
| Gifts to Ontario Crown Agency or Ontario Crown Foundation at end of the preceding taxation year | ..... | + |  |  |
| Deduct: Gifts expired after 5 years | ..... | - |  |  |
| Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year | ..... | = |  |  |
| Add: Gifts transferred on amalgamation or wind-up of a subsidiary | ..... | + |  |  |
| Total current year gifts | ..... | + |  |  |
| Subtotal | ..... | = |  |  |
| Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) | ..... | - |  |  |
| Total gifts available | ..... | = |  |  |
| Deduct: Amount applied against taxable income | <input type="text" value="2"/> of the CT23 | - | | |
| Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance | | = | | |

| Foundation Name | Date of Donation | Amount \$ |
|-----------------|------------------|-----------|
| | | |
| | | |
| | | |
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| | | |

Total gifts to Her Majesty in right of Ontario =

Part 4 – Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

| | | | |
|--|-----------|-----------|---|
| 1. Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario | | 1,945,995 | V |
| 2. Lesser of: | | | |
| 2a. Ontario Net Income for the taxation year | 1,954,071 | W | |
| 2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation | | X | |
| The lesser of W and X | | | Y |
| Maximum deduction allowable the lesser of V and Y | | | Z |

Transfer to 2 of the CT23

Part 5 – Gifts to Canada or a province other than Ontario

| | | | |
|---|-------|---|---|
| Gifts to Canada or a province other than Ontario at the end of the preceding year | | + | <input type="text"/> |
| Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years | | - | <input type="text"/> |
| Gifts to Canada or a province other than Ontario at the beginning of the taxation year | | = | <input type="text"/> |
| Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary | | + | <input type="text"/> |
| Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.) | | + | <input type="text"/> |
| Subtotal | | = | <input type="text"/> ► <input type="text"/> |
| Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) | | - | <input type="text"/> |
| Total gifts to Canada or a province other than Ontario available | | = | <input type="text"/> |
| Deduct: Amount applied against taxable income | | - | <input type="text"/> |
| Gifts to Canada or a province other than Ontario closing balance | | = | <input type="text"/> |

| | | |
|---|---|---------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|---------------------------------|

Part 6 – Gifts of certified cultural property

| | | | |
|---|-------|---|--|
| Gifts of certified cultural property at the end of the preceding taxation year | ..... | + |  |
| Deduct: Gifts of certified cultural property expired after five years | ..... | - |  |
| Gifts of certified cultural property at the beginning of the taxation year | ..... | = |  |
| Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary | ..... | + |  |
| Total current year gifts of certified cultural property | ..... | + |  |
| Subtotal | ..... | = |  |
| Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) | ..... | - |  |
| Total gifts of certified cultural property available | ..... | = |  |
| Deduct: Amount applied against taxable income | ..... | - |  |
| Gifts of certified cultural property closing balance | ..... | = |  |

Part 7 – Gifts of certified ecologically sensitive land

| | | | |
|---|-------|---|--|
| Gifts of certified ecologically sensitive land at the end of the preceding taxation year | ..... | + |  |
| Deduct: Gifts of certified ecologically sensitive land expired after five years | ..... | - |  |
| Gifts of certified ecologically sensitive land at the beginning of the taxation year | ..... | = |  |
| Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary | ..... | + |  |
| Total current year gifts of certified ecologically sensitive land | ..... | + |  |
| Subtotal | ..... | = |  |
| Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) | ..... | - |  |
| Total gifts of certified ecologically sensitive land available | ..... | = |  |
| Deduct: Amount applied against taxable income | ..... | - |  |
| Gifts of certified ecologically sensitive land closing balance | ..... | = |  |

Part 8 – Analysis of balance by year of origin

| Year of origin | Charitable donations | Gifts to Her Majesty in right of Ontario | Gifts to Canada or a province other than Ontario | Gifts of certified cultural property | Gifts of certified ecologically sensitive land |
|----------------|----------------------|--|--|--------------------------------------|--|
| 2004-12-31 | | | | | |
| 2003-12-31 | | | | | |
| 2002-12-31 | | | | | |
| 2002-05-06 | | | | | |
| 2001-12-31 | | | | | |
| 2000-12-31 | | | | | |
| Totals | | | | | |



Ontario Capital Cost Allowance Schedule 8

| Is the corporation electing under regulation 1101(5q)? | | | | | | | | | | | | |
|---|--|---|---|--|--|--|--|------------|-------------------------------------|---------------|---|--|
| 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No | | | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Class number | Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule) | Cost of acquisitions during the year (new property must be available for use) See note 1 below | Net adjustments (show negative amounts in brackets) | Proceeds of dispositions during the year (amount not to exceed the capital cost) | Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5) | 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below | Reduced undepreciated capital cost (column 6 minus column 7) | CCA rate % | Recapture of capital cost allowance | Terminal loss | Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount) | Ontario undepreciated capital cost at the end of the year (column 6 minus column 12) |
| 1 | 12,991,927 | | | 0 | 12,991,927 | | 12,991,927 | 4 | 0 | 0 | 519,677 | 12,472,250 |
| 2 | 7,115,360 | | | 0 | 7,115,360 | | 7,115,360 | 6 | 0 | 0 | 426,922 | 6,688,438 |
| 8 | 660,146 | | | 0 | 660,146 | | 660,146 | 20 | 0 | 0 | 132,029 | 528,117 |
| 12 | 12,295 | | | 0 | 12,295 | | 12,295 | 100 | 0 | 0 | 12,295 | |
| 47 | | 2,525,930 | | 0 | 2,525,930 | 1,262,965 | 1,262,965 | 8 | 0 | 0 | 101,037 | 2,424,893 |
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Enter in boxes

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| 650 |
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| 650 |
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 on the CT23.

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.

| | | |
|---|---|-------------------------------------|
| Corporation's Legal Name Westario Power Inc. | Ontario Corporations Tax Account No. (MOF) 1800342 | Taxation Year End 2005-12-31 |
|---|---|-------------------------------------|

- 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 end of preceding taxation year (if negative, enter zero) **1,399,577 A**

Add: Cost of eligible capital property acquired during the taxation year .. + **B**
Amount transferred on amalgamation or wind-up of subsidiary + **C**
Other adjustments + **D**
Total of B + C + D = x 3 / 4 = **E**
Subtotal A + E = **1,399,577 F**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + **G**
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the Income Tax Act (Canada) + **H**
Other adjustments + **I**
Total of G + H + I = x 3 / 4 = **J**

Ontario cumulative eligible capital balance F - J = **1,399,577 K**

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

Current year deduction **1,399,577 K** x 7 % * = **97,970 L**

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital – closing balance K - L (if negative, enter zero) = **1,301,607 M**

N Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

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

Only complete this part only if the amount at line K is negative

Amount from line K above show as a positive amount **N**

Total 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) of the ITA **2**

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 **3**

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 **4**

Line 3 deduct line 4 **5**

Total lines 1 + 2 + 5 **6**

Li from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **7**

Deduct line 7 from line 6 **O**
N - O (cannot be negative) **P**

Amount on line 5 x 1 / 2 **Q**
P - Q **R**

Amount on line R x 2 / 3 **S**

Lesser of line N or line O **T**
Amount to be included in income S + T

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

Corporate Taxpayer Summary

Corporate information

Corporation's name: Westario Power Inc.

Taxation Year: 2005-01-01 to 2005-12-31

Jurisdiction: Ontario

| | | | | | | | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| BC | AB | SK | MB | ON | QC | NB | NS | NO | PE | NL | XO | YT | NT | NU | OC |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Corporation is associated: Y Number of associated corporations: 2

Corporation is related: Y Type of corporation: Canadian-Controlled Private Corporation

Summary of federal information

Net income: 1,954,071 Calculation of income from an active business carried on in Canada: 1,954,071

Taxable income: 1,945,995 Dividends paid: 427,109

Donations: 8,076

| | | |
|----------------------------|-------------------------|--------------------------------|
| Credits against part I tax | Federal taxes | Refunds/credits |
| Small business deduction | Part I 408,658 | ITC refund |
| M&P deduction | Surtax 21,795 | Dividends refund |
| Foreign tax credit | Part I.3 | Instalments |
| Political contributions | Part IV | Surtax credit |
| Investment tax credits | Part I & Surtax 430,453 | Other* |
| Abatement/Other* 330,820 | Other* | |
| | | Balance due/refund (-) 430,453 |

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryback amounts

| | |
|------------------------|--|
| Investment tax credits | Restricted farm loss |
| Non-capital loss | Surtax credit |
| Capital loss | Part I tax credit (Schedule 42) |
| Farm loss | Federal foreign non-business income tax credit |

Carryforward balances

| | |
|--|---|
| RDTOH | Foreign business tax credit |
| Charitable donations | Unused surtax credit |
| Gifts to Canada, a province or a territory | Capital dividend amount |
| Gifts of certified cultural property | Part I tax credit (Schedule 42) 449,672 |
| Gifts of certified ecologically sensitive land | Cumulative eligible capital 1,301,607 |
| Investment tax credits | Capital gains reserves |
| Non-capital losses | Financial statement reserve |
| Capital/L.P.P. losses | Other reserves |
| Farm losses | Balance of patronage dividends |
| Restricted farm losses | Continuity of exemption of accumulated income |

Summary of provincial information – provincial income tax payable

| | Ontario (CT-23) | Québec (CO-17) | Alberta (AT1) |
|--|--------------------|-------------------|------------------|
| % Allocation | 100.00 | | |
| Attributed taxable income | 1,945,995 | | |
| Tax payable before deduction* | 272,439 | | |
| Deductions and credits | 159,989 | | |
| Net tax payable | 112,450 | | |
| Attributed taxable capital | 28,624,931 | | N.A. |
| Capital tax payable** | 66,702 | | N.A. |
| Total tax payable*** | 179,152 | | |
| Instalments and refundable credits ... | 128,343 | | |
| Balance due/Refund (-) | 50,809 | | |

* For Québec, this includes special taxes.
** For Québec, this includes compensation tax and registration fee.
*** For Ontario, this includes corporate minimum tax and premium tax.

| | British Columbia | Saskatchewan | Manitoba |
|--|---------------------|--------------|----------|
| % Allocation | | | |
| Attributed taxable income | | | |
| Tax payable before deduction | | | |
| Deductions and credits | | | |
| Net income tax to pay (refer to Schedule 5 and to the T2) | | | |
| Attributed taxable capital | | | |
| Capital tax payable | | | |
| Instalments and refundable credits ... | | | |
| Balance due/Refund (-) | | | |

| | Newfoundland and Labrador | Prince Edward Island | Nova Scotia | New Brunswick |
|--|------------------------------|-------------------------|-------------|---------------|
| % Allocation | | | | |
| Attributed taxable income | | | | |
| Tax payable before deduction | | | | |
| Deductions and credits | | | | |
| Net income tax to pay (refer to Schedule 5 and to the T2) | | | | |
| Attributed taxable capital | | | | |
| Capital tax payable | | | | |
| Instalments and refundable credits ... | | | | |
| Balance due/Refund (-)* | | | | |

* Only applies in the case of bank, a loan corporation or a trust corporation.

| | Yukon | Northwest Territories | Nunavut |
|--|-------|--------------------------|---------|
| % Allocation | | | |
| Attributed taxable income | | | |
| Tax payable before deduction | | | |
| Deductions and credits | | | |
| Net income tax to pay (refer to Schedule 5 and to the T2) | | | |

Summary of provincial carryforward amounts

| | Ontario | Québec | Alberta |
|------------------------------------|-----------|-----------|-----------|
| Non-capital losses | | | |
| Net capital/L.P.P. losses | | | |
| Farm losses | | | |
| Restricted farm losses | | | |
| Donations | | | |
| Capital gains reserves | | | |
| Financial statement reserves | | | |
| Other reserves | | | |
| Eligible capital | 1,301,607 | 1,301,607 | 1,301,607 |

Other carryforward amounts:

| | |
|--|--|
| Scientific research and experimental development – Sch. 425 | |
| Manufacturing and processing – Sch. 426 | |
| Research and development – Sch. 380 | |
| Manufacturing investment – Sch. 381 | |
| Co-operative education – Sch. 384 | |
| Odour control – Sch. 385 | |
| Manufacturing and processing – Sch. 401 | |
| Manufacturing and processing investment – Sch. 402 | |
| Research and development – Sch. 403 | |
| Direct equity tax – Sch. 303 | |
| Investment – Ann. 321 | |
| Manufacturing and processing investment – Sch. 344 | |
| Research and development – Sch. 360 | |
| Investment – Sch. 480 | |
| Foreign non-business income tax credits – L422 | |
| Continuity of other eligible CMT losses – Filling Corporation – OCMT101 | |
| Predecessor corporations only – Amalgamation – OCMT101 | |
| Predecessor corporations only – Wind-up – OCMT101 | |
| CMT credit carryovers workchart - Filling Corporation – OCMT101 | |
| CMT credit carryovers workchart - Predecessor corporations only – Amalgamation | |
| CMT credit carryovers workchart - Wind-up – OCMT101 | |
| Continuity Schedule for Federal ITC relating to SR&ED Expenditures for the Preceding Taxation Year - O161 .. | |
| Continuity Schedule for the Amount of Federal ITC from SR&ED Expenditures relating to QORD for the Preceding Taxation Year - O161 | |

Five Year Comparative Summary

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---------------------------|--------------|----------------|----------------|----------------|----------------|
| Federal information | | | | | |
| Taxation year end | 2005-12-31 | 2004-12-31 | 2003-12-31 | 2002-12-31 | 2002-05-06 |
| Net income | 1,954,071 | 887,147 | 799,835 | | |
| Taxable income | 1,945,995 | 86,887 | | | |
| Active business income .. | 1,954,071 | 887,147 | 799,835 | | |
| Dividends paid | 427,109 | | | | |
| Donations | 8,076 | | | | |
| Balance due/refund (-) .. | 430,453 | 19,219 | | | |

| | | | | | |
|--|---------|--------|--------|--|--|
| Federal taxes | | | | | |
| Part I | 408,658 | 18,246 | | | |
| Surtax | 21,795 | 973 | | | |
| Part I.3 | | | 46,740 | | |
| Part IV | | | | | |
| Part I & Surtax | 430,453 | | | | |
| Other* | | | | | |
| * The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help. | | | | | |

| | | | | | |
|--|---------|-------|--|--|--|
| Credits against part I tax | | | | | |
| Small business deduction | | | | | |
| M&P deduction | | | | | |
| Foreign tax credit | | | | | |
| Political contribution | | | | | |
| Li .ment tax credit | | | | | |
| Abatement/other* | 330,820 | 8,689 | | | |
| * The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help. | | | | | |

| | | | | | |
|--|--|--|--------|--|--|
| Refunds/credits | | | | | |
| ITC refund | | | | | |
| Dividend refund | | | | | |
| Instalments | | | 46,740 | | |
| Surtax credit | | | | | |
| Other* | | | | | |
| * The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help. | | | | | |

| | | | | | |
|--|------------|------------|------------|--|--|
| Ontario | | | | | |
| Taxable income | 1,945,995 | 86,595 | | | |
| Income tax payable | | | | | |
| Income tax deduction | 272,439 | 12,123 | | | |
| Income tax deductions /credits | 159,989 | | | | |
| Net income tax payable .. | 112,450 | 12,123 | | | |
| Taxable capital | 28,624,931 | 28,635,797 | 25,673,676 | | |
| Capital tax payable | 66,702 | 73,110 | 64,242 | | |
| Total tax payable* | 179,152 | 120,512 | 107,877 | | |
| Instalments and refundable credits | 128,343 | | | | |
| Balance due/refund | 50,809 | -34,092 | 31,213 | | |
| * This includes corporate minimum tax and premium tax. | | | | | |

Westario Power - Associated Group
December 31, 2005

| Entity | LCT Allocation | Taxable Income | Taxable Capital - Ont | Total Assets | Total Revenue |
|------------------------------|-------------------|------------------|-----------------------|-------------------|-------------------|
| Westario Power Inc. | 34,000,000 | 1,945,995 | 28,624,931 | 35,480,446 | 40,690,790 |
| Westario Power Services Inc. | 4,100,000 | 386,250 | 4,355,256 | 5,245,944 | 4,355,248 |
| Westario Power Holdings Inc. | 11,900,000 | - | 611,871 | 18,232,756 | 1,127,309 |
| Total | 50,000,000 | 2,332,245 | 33,592,058 | 58,959,146 | 46,173,347 |

Appendix 31

2005 Notice of Assessments

0006

WESTARIO

04/11/2007 15:09 FAX 5193967605

Ministry of Finance
Corporations Tax Branch - Hydro PIL
Box 620
King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2005/01/01 to 2005/12/31

| | Account No. | Assessment Date (year, month, day) | Page |
|-----|-------------|---------------------------------------|--------|
| NC. | 1800342 | 2006/10/18 | 1 of 1 |
| 123 | | | |

| | |
|----------------------------|------------------|
| al and Provincial PIL | 609,605.00 |
| nt Interest | <u>11,837.17</u> |
| Total Assessment Liability | 621,442.17 |

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

| | | |
|------------------------------|--------------|------------------|
| Payments/Transfers | 609,605.00CR | |
| Sub-Total | | 609,605.00CR |
| TAXATION YEAR BALANCE DUE ** | | <u>11,837.17</u> |

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0246575%.

V-127
-920-CC920-200
\$
~~229400~~ - 11837.17
603508
#197803

PAID
CHEQUE # 7585
NOV - 1 2006
PRICE CK'D 1
APPROVED BY pm

- 2005 tax / PILS interest.

| | |
|--|--|
| Tax (Re)Assessment Enquiries: <ul style="list-style-type: none">Toronto (416) 730-5585FAX (416) 730-5593 | Account Billing Enquiries & Change of Address Information: <ul style="list-style-type: none">Oshawa and Local (905) 433-6708Toronto (416) 920-9048 ext. 3036Toll-Free 1-800-262-0784 ext. 3036FAX (905) 433-5197 |
|--|--|

Appendix 32

March 1, 2002 to February 29, 2004 PILS Recoveries

2002 Rate Year

Effective Date
Conclusion Date

Mar. 1, 2002
Feb. 29, 2004

| Rate Class | Approved Rates | | | Q4 2001 PILS Portion | | | 2002 PILS Portion | |
|-------------------------------|----------------|-----------|----|----------------------|-------------|----|-------------------|-------------|
| | Fixed | Variable | | Fixed | Variable | | Fixed | Variable |
| Residential | \$ 11.20 | \$ 0.0101 | \$ | 0.46 | \$ 0.000411 | \$ | 1.54 | \$ 0.001382 |
| General Service < 50 kW | \$ 20.77 | \$ 0.0062 | \$ | 0.84 | \$ 0.000251 | \$ | 2.84 | \$ 0.000843 |
| General Service > 50 kW | \$ 254.84 | \$ 1.6112 | \$ | 10.35 | \$ 0.065384 | \$ | 34.83 | \$ 0.220013 |
| General Service > 50 kW - TOU | \$ 46.60 | \$ 0.0864 | \$ | 1.89 | \$ 0.003508 | \$ | 6.37 | \$ 0.011804 |
| Sentinel Lights | \$ 1.46 | \$ 5.1893 | \$ | 0.06 | \$ 0.210587 | \$ | 0.20 | \$ 0.708615 |
| Street Lights | \$ 2.05 | \$ 0.7541 | \$ | 0.03 | \$ 0.105062 | \$ | 0.09 | \$ 0.353528 |
| Unmetered Scattered Load | \$ 4.73 | \$ 0.0400 | \$ | 0.19 | \$ 0.001624 | \$ | 0.65 | \$ 0.005466 |

Customer Counts

| Rate Class | 2002 | | | | | | | | | | | | 2003 | | | | | | | | | | | | 2004 | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|--|
| | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | | |
| Residential | 17,253 | 17,260 | 17,256 | 17,219 | 17,147 | 16,583 | 15,691 | 15,448 | 15,444 | 15,367 | 15,299 | 15,307 | 15,321 | 15,346 | 15,386 | 15,439 | 15,471 | 15,491 | 15,517 | 15,558 | 15,598 | 15,623 | 15,645 | 15,660 | 15,678 | | |
| General Service < 50 kW | 2,344 | 2,343 | 2,341 | 2,344 | 2,343 | 2,268 | 2,180 | 2,164 | 2,161 | 2,130 | 2,130 | 2,133 | 2,131 | 2,134 | 2,137 | 2,139 | 2,143 | 2,139 | 2,145 | 2,143 | 2,152 | 2,153 | 2,154 | 2,152 | 2,150 | | |
| General Service > 50 kW | 237 | 237 | 241 | 241 | 227 | 224 | 213 | 213 | 214 | 213 | 210 | 210 | 211 | 211 | 212 | 212 | 212 | 212 | 212 | 212 | 211 | 212 | 212 | 212 | 215 | | |
| General Service > 50 kW - TOU | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | |
| Sentinel Lights | 14 | 14 | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | | |
| Street Lights | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,978 | 5,979 | 5,999 | 5,999 | 5,999 | 5,999 | 5,999 | 6,003 | | |
| Unmetered Scattered Load | 73 | 73 | 73 | 72 | 71 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 69 | | |

Billing Determinants

| Rate Class | 2002 | | | | | | | | | | | | 2003 | | | | | | | | | | | | 2004 | | |
|-------------------------------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|-----------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | | | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| Residential | 25,909,342 | 23,332,965 | 16,869,188 | 89,560 | 19,358,438 | 20,785,546 | 21,048,872 | 13,356,729 | 13,668,423 | 10,214,646 | | | 16,186,603 | 10,356,663 | 36,575,519 | 25,871,071 | 18,297,355 | 16,013,069 | 12,070,415 | 12,254,506 | 11,644,543 | 12,820,936 | 14,831,862 | 16,855,995 | 19,346,336 | 32,087,423 | 27,497,554 |
| General Service < 50 kW | 8,954,205 | 6,610,523 | 4,815,215 | 1,846,647 | 5,895,294 | - | 70,509 | 17,066,463 | 4,380,893 | 6,201,952 | 3,495,964 | | 2,899,923 | 113,080 | 11,978,516 | 7,675,465 | 7,361,997 | 6,044,760 | 6,045,885 | 5,305,935 | 4,921,012 | 6,522,445 | 6,073,395 | 5,760,064 | 6,322,782 | 8,989,679 | 8,687,863 |
| General Service > 50 kW | 31,468 | 28,149 | 42,047 | 20,605 | 3,863 | 33,256 | 72,261 | 42,481 | 33,006 | 29,552 | 5,037 | | 8,758 | 35,385 | 29,949 | 46,272 | 24,886 | - | 10,625 | 19,675 | 14,532 | 25,986 | 26,534 | 28,498 | 30,465 | 30,063 | 34,974 |
| General Service > 50 kW - TOU | 434 | 422 | 416 | 419 | 429 | 428 | 417 | 419 | 426 | 442 | | | 440 | 417 | 434 | 509 | 407 | 414 | 411 | 422 | 401 | 403 | 424 | 450 | 459 | 418 | 442 |
| Sentinel Lights | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Street Lights | 1,268 | 1,021 | 889 | 2,010 | 560 | 906 | 1,007 | 1,148 | 1,231 | 1,636 | | | 1,359 | 1,302 | 1,231 | 1,133 | 1,127 | 753 | 1,514 | 1,127 | - | 2,253 | 1,131 | 1,131 | 1,131 | 1,131 | 1,131 |
| Unmetered Scattered Load | 63,088 | 33,765 | 35,345 | 11,032 | 83,470 | 6,061 | 52,245 | 69,030 | 51,897 | 38,174 | | | 450 | 18,188 | 76,282 | 45,286 | 62,141 | 83,431 | 31,196 | 33,379 | 38,679 | 52,620 | 51,575 | 37,275 | 41,403 | 52,348 | 62,119 |

Calculated PILS Revenue

| Rate Class | 2002 | | | | | | | | | | | | 2003 | | | | | | | | | | | | 2004 | | |
|-------------------------------|--------|---------|---------|--------|--------|--------|---------|--------|--------|--------|--|--|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|---------|---------|--------|
| | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | | | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| Residential | 40,474 | 76,345 | 64,753 | 34,608 | 68,996 | 70,425 | 69,113 | 54,842 | 55,392 | 49,049 | | | 59,615 | 49,183 | 96,198 | 77,064 | 63,572 | 59,584 | 52,582 | 52,952 | 51,911 | 54,101 | 57,785 | 61,463 | 65,970 | 88,833 | 40,322 |
| General Service < 50 kW | 9,217 | 15,867 | 13,895 | 10,659 | 15,084 | 8,281 | 26,705 | 12,768 | 14,749 | 11,675 | | | 11,022 | 7,985 | 20,958 | 16,262 | 15,930 | 14,496 | 14,512 | 13,688 | 13,289 | 15,033 | 14,575 | 14,236 | 14,855 | 17,766 | 8,714 |
| General Service > 50 kW | 9,845 | 18,742 | 22,890 | 5,009 | 11,360 | 19,612 | 30,247 | 21,748 | 19,089 | 18,059 | | | 10,926 | 11,988 | 19,633 | 18,081 | 22,785 | 16,682 | 6,547 | 15,194 | 13,727 | 16,996 | 17,107 | 17,712 | 18,274 | 18,159 | 9,848 |
| General Service > 50 kW - TOU | 7 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | | | 15 | 15 | 15 | 16 | 14 | 15 | 15 | 15 | 14 | 14 | 15 | 15 | 15 | 15 | 8 |
| Sentinel Lights | 3 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 3 | 3 |
| Street Lights | 627 | 1,141 | 1,080 | 1,594 | 929 | 1,088 | 1,134 | 1,199 | 1,237 | 1,423 | | | 1,296 | 1,269 | 1,237 | 1,192 | 1,189 | 1,018 | 1,366 | 1,189 | 672 | 1,708 | 1,193 | 1,193 | 1,193 | 1,193 | 597 |
| Unmetered Scattered Load | 254 | 301 | 312 | 139 | 651 | 102 | 429 | 568 | 427 | 329 | | | 62 | 188 | 599 | 380 | 499 | 650 | 280 | 295 | 333 | 432 | 424 | 323 | 352 | 430 | 249 |
| Total | 60,173 | 112,116 | 102,639 | 51,891 | 96,390 | 99,428 | 127,220 | 90,578 | 90,489 | 80,226 | | | 82,881 | 70,446 | 138,047 | 112,622 | 103,496 | 91,800 | 75,029 | 83,045 | 79,620 | 87,859 | 90,682 | 94,626 | 100,314 | 125,972 | 59,491 |

Appendix 33

April 1, 2004 to February 28, 2005 PILS Recoveries

2004 Rate Year

Effective Date
Conclusion Date

Mar. 1, 2004
Feb. 28, 2005

| Rate Class | Approved Rates | | PILS Portion | |
|-------------------------------|----------------|-----------|--------------|-------------|
| | Fixed | Variable | Fixed | Variable |
| Residential | \$ 11.29 | \$ 0.0123 | \$ - | \$ 0.002893 |
| General Service < 50 kW | \$ 20.77 | \$ 0.0086 | \$ - | \$ 0.002040 |
| General Service > 50 kW | \$ 254.84 | \$ 2.4731 | \$ - | \$ 0.425746 |
| General Service > 50 kW - TOU | \$ 46.60 | \$ 0.9415 | \$ - | \$ 0.022800 |
| Sentinel Lights | \$ 1.46 | \$ 5.9020 | \$ - | \$ 1.071216 |
| Street Lights | \$ 2.05 | \$ 1.6679 | \$ - | \$ 0.925246 |
| Unmetered Scattered Load | \$ 4.73 | \$ 0.0428 | \$ - | \$ 0.007773 |

Billing Determinants

| Rate Class | 2004 | | | | | | | | | | 2005 | | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| Residential | 27,497,554 | 17,485,479 | 18,087,404 | 14,938,208 | 11,776,752 | 13,609,704 | 12,512,302 | 12,555,044 | 12,422,755 | 17,124,946 | 20,553,884 | 26,151,886 | 13,654,952 |
| General Service < 50 kW | 8,687,863 | 5,812,442 | 6,229,692 | 5,868,244 | 5,272,292 | 5,335,181 | 5,687,877 | 6,489,774 | 4,717,323 | 6,301,737 | 6,434,086 | 7,711,055 | 6,242,637 |
| General Service > 50 kW | 34,974 | 34,052 | 31,615 | 31,393 | 30,093 | 27,834 | 24,082 | 30,468 | 24,318 | 22,789 | 32,419 | 27,911 | 24,041 |
| General Service > 50 kW - TOU | 442 | 447 | 440 | 445 | 457 | 451 | 428 | 426 | 430 | 458 | 429 | 416 | 430 |
| Sentinel Lights | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Street Lights | 1,131 | 1,464 | 1,132 | 1,250 | 1,132 | 1,132 | - | 2,265 | 1,132 | 1,354 | 1,365 | 1,132 | 1,154 |
| Unmetered Scattered Load | 62,119 | 43,273 | 47,092 | 46,168 | 45,661 | 39,779 | 41,484 | 58,621 | 41,844 | 45,273 | 49,849 | 49,511 | 50,864 |

Calculated PILS Revenue

| Rate Class | 2004 | | | | | | | | | | 2005 | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| Residential | 39,779 | 50,591 | 52,332 | 43,221 | 34,074 | 39,377 | 36,202 | 36,325 | 35,943 | 49,547 | 59,468 | 75,665 | 19,754 |
| General Service < 50 kW | 8,863 | 11,860 | 12,711 | 11,974 | 10,758 | 10,886 | 11,606 | 13,242 | 9,625 | 12,858 | 13,128 | 15,734 | 6,369 |
| General Service > 50 kW | 7,445 | 14,498 | 13,460 | 13,365 | 12,812 | 11,850 | 10,253 | 12,972 | 10,353 | 9,702 | 13,802 | 11,883 | 5,118 |
| General Service > 50 kW - TOU | 5 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 9 | 5 |
| Sentinel Lights | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 |
| Street Lights | 523 | 1,355 | 1,048 | 1,157 | 1,048 | 1,048 | - | 2,095 | 1,048 | 1,253 | 1,263 | 1,048 | 534 |
| Unmetered Scattered Load | 241 | 336 | 366 | 359 | 355 | 309 | 322 | 456 | 325 | 352 | 387 | 385 | 198 |
| Total | 56,617 | 78,316 | 79,564 | 69,729 | 58,704 | 63,174 | 58,073 | 64,647 | 56,981 | 73,374 | 87,675 | 104,342 | 31,781 |

Appendix 34

March 1, 2005 to April 30, 2006 PILS Recoveries

2005 Rate Year

Effective Date
Conclusion Date

Mar. 1, 2005
Apr. 30, 2006

| Rate Class | Approved Rates | | PILS Portion | |
|-------------------------------|----------------|-----------|--------------|-----------|
| | Fixed | Variable | Fixed | Variable |
| Residential | \$ 10.47 | \$ 0.0164 | \$ - | \$ 0.0032 |
| General Service < 50 kW | \$ 19.26 | \$ 0.0112 | \$ - | \$ 0.0022 |
| General Service > 50 kW | \$ 236.29 | \$ 2.9814 | \$ - | \$ 0.4741 |
| General Service > 50 kW - TOU | \$ 43.21 | \$ 0.8871 | \$ - | \$ 0.0270 |
| Sentinel Lights | \$ 1.35 | \$ 8.6753 | \$ - | \$ 1.9907 |
| Street Lights | \$ 2.01 | \$ 2.8182 | \$ - | \$ 0.9723 |
| Unmetered Scattered Load | \$ 4.38 | \$ 0.0502 | \$ - | \$ 0.0074 |

Billing Determinants

| Rate Class | 2005 | | | | | | | | | | 2006 | | | | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Residential | 13,654,952 | 26,642,343 | 21,217,325 | 14,445,966 | 13,745,808 | 15,107,331 | 15,723,571 | 10,319,693 | 13,307,171 | 16,511,901 | 22,627,700 | 21,598,794 | 25,579,764 | 18,630,237 | 18,741,398 |
| General Service < 50 kW | 6,242,637 | 6,401,259 | 7,419,814 | 6,216,578 | 4,868,470 | 6,514,256 | 6,666,457 | 4,991,499 | 5,116,263 | 5,542,364 | 7,117,949 | 6,830,474 | 7,719,448 | 6,257,624 | 6,207,063 |
| General Service > 50 kW | 24,041 | 20,349 | 46,969 | 25,103 | 18,966 | 25,576 | 22,275 | 16,852 | 27,046 | 23,749 | 27,659 | 20,670 | 25,673 | 26,006 | 21,638 |
| General Service > 50 kW - TOU | 430 | 408 | 401 | 397 | 418 | 412 | 423 | 429 | 424 | 417 | 432 | 417 | 431 | 412 | 409 |
| Sentinel Lights | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Street Lights | 1,154 | - | 4,527 | 1,135 | 1,262 | 1,135 | 1,229 | 1,135 | 1,135 | 1,135 | 1,257 | 1,138 | 1,136 | 1,136 | 1,136 |
| Unmetered Scattered Load | 50,864 | 12,734 | 105,279 | 28,078 | 44,481 | 57,652 | 53,853 | 50,223 | 39,233 | 46,207 | 48,282 | 47,516 | 49,114 | 42,938 | 50,975 |

Calculated PILS Revenue

| Rate Class | 2005 | | | | | | | | | | 2006 | | | | |
|-------------------------------|--------|---------|---------|--------|--------|--------|--------|--------|--------|--------|---------|--------|---------|--------|--------|
| | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Residential | 22,044 | 86,019 | 68,504 | 46,641 | 44,381 | 48,777 | 50,766 | 33,319 | 42,964 | 53,312 | 73,057 | 69,735 | 82,589 | 60,151 | 30,255 |
| General Service < 50 kW | 6,726 | 13,794 | 15,989 | 13,396 | 10,491 | 14,038 | 14,366 | 10,756 | 11,025 | 11,943 | 15,338 | 14,719 | 16,635 | 13,485 | 6,688 |
| General Service > 50 kW | 5,698 | 9,647 | 22,266 | 11,900 | 8,991 | 12,124 | 10,560 | 7,989 | 12,821 | 11,259 | 13,112 | 9,799 | 12,170 | 12,328 | 5,129 |
| General Service > 50 kW - TOU | 6 | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 11 | 11 | 12 | 11 | 12 | 11 | 6 |
| Sentinel Lights | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 3 |
| Street Lights | 561 | - | 4,402 | 1,104 | 1,227 | 1,104 | 1,195 | 1,104 | 1,104 | 1,104 | 1,222 | 1,106 | 1,105 | 1,105 | 552 |
| Unmetered Scattered Load | 188 | 94 | 778 | 208 | 329 | 426 | 398 | 371 | 290 | 342 | 357 | 351 | 363 | 317 | 188 |
| Total | 35,038 | 109,477 | 111,177 | 73,057 | 65,106 | 76,059 | 76,903 | 53,185 | 67,932 | 77,634 | 102,746 | 95,376 | 112,515 | 87,085 | 42,632 |

Appendix 35

October 1, 2001 to December 31, 2001

Financial Statements

Omitted, please see page 5 of OEB Evidence package for details.

Appendix 36

2002 Financial Statements



Westario Power Inc.
Combined Financial Statements
For the year ended 31st December 2002

Contents

| | |
|---|--------|
| Auditors' Report | 1 |
| Combined Financial Statements | |
| Balance Sheet | 2 |
| Combined Statements of Operations and Surplus (Deficit) | 3 |
| Combined Schedule of Expenses and Other Income | 4 |
| Combined Statement of Cash Flows | 5 |
| Summary of Significant Accounting Policies | 6 - 8 |
| Notes to Combined Financial Statements | 9 - 15 |



BDO Dunwoody LLP
Chartered Accountants
and Consultants

P.O. Box 1390, 625 Mill Street
Port Elgin, Ontario, Canada N0H 2C0
Telephone: (519) 832-2049
Fax: (519) 832-5659

Auditors' Report

To the Shareholder of Westario Power Inc.

We have audited the balance sheet of Westario Power Inc. as at 31st December 2002 and the combined statements of operations, surplus (deficit), and cash flows of Westario Power Inc. for the year then ended. These combined financial statements are the responsibility of management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

Except as explained in the following paragraph, 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.

Because the company did not obtain an independent appraisal on the value of goodwill, we were unable to satisfy ourselves as to the value of goodwill included in the financial statements totalling \$2,214,322. Accordingly, we were not able to determine whether any adjustments might be necessary to goodwill, goodwill impairment expense, net income for the year and surplus at end of year.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to obtain information concerning the valuation of goodwill, these combined financial statements present fairly, in all material respects, the financial position of Westario Power Inc. as at 31st December 2002 and the results of its combined operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Port Elgin, Ontario
7th March 2003

Westario Power Inc. Balance Sheet

31st December

2002

2001

Assets

Current

| | | |
|---------------------------------|-------------|--------------|
| Cash and short term investments | \$ - | \$ 5,007,651 |
| Accounts receivable (net) | ✓ 3,757,753 | 3,601,171 |
| Accrued unbilled revenue | ✓ 6,422,277 | 3,768,297 |
| Prepaid expenses | X 63,490 | 67,190 |

| | | |
|--|------------|------------|
| | 10,243,520 | 12,444,309 |
|--|------------|------------|

→ Capital assets (Note 1)

| | | |
|--|--------------|------------|
| | ✓ 18,140,862 | 18,277,075 |
|--|--------------|------------|

Other assets (Note 2)

| | | |
|--|-------------|-----------|
| | X 2,214,322 | 2,214,322 |
|--|-------------|-----------|

Deferred costs

| | | |
|--|----------|---------|
| | ✓ 84,600 | 105,751 |
|--|----------|---------|

→ Regulatory assets (Note 3)

| | | |
|--|-------------|---------|
| | ✓ 4,271,290 | 273,655 |
|--|-------------|---------|

| | | |
|--|---------------|---------------|
| | \$ 34,954,594 | \$ 33,315,112 |
|--|---------------|---------------|

Liabilities and Shareholder's Equity

Current

| | | |
|--|----------------|-----------|
| Bank borrowings (Note 4) | \$ X 1,573,094 | \$ - |
| → Accounts payable and accrued liabilities | ✓ 4,431,344 | 4,639,704 |
| Corporate taxes payable | X 8,275 | - |
| Customer deposits | X 611,981 | 429,324 |
| Current portion of long-term debt (Note 5) | X 2,581,503 | 21,200 |
| Due to related parties (Note 6) | X 1,536,978 | 2,920,173 |

| | | |
|--|------------|-----------|
| | 10,743,175 | 8,010,401 |
|--|------------|-----------|

Long-term debt (Note 5)

| | | |
|--|-------------|------------|
| | X 9,888,365 | 12,469,868 |
|--|-------------|------------|

| | | |
|--|------------|------------|
| | 20,631,540 | 20,480,269 |
|--|------------|------------|

Shareholder's Equity

| | | |
|------------------------|------------|-------------|
| Surplus (deficit) | 258,335 | (1,229,876) |
| Share capital (Note 7) | 14,064,719 | 14,064,719 |

| | | |
|--|------------|------------|
| | 14,323,054 | 12,834,843 |
|--|------------|------------|

| | | |
|--|---------------|---------------|
| | \$ 34,954,594 | \$ 33,315,112 |
|--|---------------|---------------|

On behalf of the Board:

_____ Director

_____ Director

Westario Power Inc. Combined Statement of Operations

| For the year ended 31st December | 2002 | 2001 |
|--|---------------------|---------------------|
| Revenue | | |
| Power | \$ 32,581,950 | \$ 33,274,531 |
| Distribution | 4,867,817 | - |
| | <u>37,449,767 ✓</u> | <u>33,274,531</u> |
| Cost of power (Note 9) | <u>30,756,636</u> | <u>29,131,835</u> |
| Gross margin | 6,693,131 | 4,142,696 |
| Other income (Page 4) | <u>472,534</u> | <u>1,196,958</u> |
| | 7,165,665 | 5,339,654 |
| Expenses (Page 4) | <u>5,624,864</u> | <u>6,050,156</u> |
| | 1,540,801 | (710,502) |
| Provision for payments in lieu of corporate income taxes | <u>52,590 ✓</u> | <u>-</u> |
| Net income (loss) for the year | <u>\$ 1,488,211</u> | <u>\$ (710,502)</u> |

Combined Statement of Surplus (Deficit)

| For the year ended 31st December | 2002 | 2001 |
|----------------------------------|-------------------|-----------------------|
| Deficit, beginning of year | \$ (1,229,876) | \$ (519,374) |
| Net income (loss) for the year | <u>1,488,211</u> | <u>(710,502)</u> |
| Surplus (deficit), end of year | <u>\$ 258,335</u> | <u>\$ (1,229,876)</u> |

Westario Power Inc.

Combined Schedule of Expenses and Other Income

For the year ended 31st December

2002

2001

Expenses

| | | |
|-----------------------------|---------------------|---------------------|
| Operating and maintenance | \$ 512,183 ✓ | \$ 784,802 |
| Billing and collecting | ✓ 1,002,357 ✓ | 567,346 |
| Community relations | ✓ 23,524 ✓ | 14,986 |
| General administration | ✓ 2,009,550 ✓ | 1,854,819 |
| Capital and municipal taxes | 123,296 ✓ | 61,611 |
| Amortization | ✓ 1,013,685 ✓ | 1,556,421 |
| Interest | 6,017 ✓ | 9,504 |
| Interest on long-term debt | ✓ 699,533 ✓ | 906,042 |
| Rent and maintenance | 234,719 ✓ | 294,625 |
| | <u>\$ 5,624,864</u> | <u>\$ 6,050,156</u> |

Other Income

| | | |
|-----------------------------|-------------------|---------------------|
| Interest income | \$ 102,883 ✓ | \$ 146,154 |
| Late payment charges | 96,870 ✓ | 164,795 |
| Rental of electric property | 176,661 ✓ | 106,964 |
| Regulatory credits | ✓ (29,100) ✓ | 594,012 |
| Services | ✓ 39,276 ✓ | - |
| Miscellaneous | 85,944 ✓ | 185,033 |
| | <u>\$ 472,534</u> | <u>\$ 1,196,958</u> |

Westario Power Inc. Combined Statement of Cash Flows

For the year ended 31st December

2002

2001

Cash provided by (used in)

Operating activities

| | | |
|---|--------------------|------------------|
| Net income (loss) for the year | \$ 1,488,211 | \$ (710,502) |
| Items not involving cash | | |
| Amortization of capital assets | 1,013,685 | 978,771 |
| Amortization of goodwill | - | 577,650 |
| Amortization of deferred costs | 21,150 | - |
| | <u>2,523,046</u> | <u>845,919</u> |
| Changes in non-cash working capital balances | | |
| Increase in accounts receivable | (156,582) | (1,358,016) |
| Increase in unbilled revenue | (2,653,980) | (767,847) |
| (Increase) decrease in prepaid expenses | 3,700 | (67,190) |
| (Decrease) increase in accounts payable | (208,360) | 652,167 |
| (Decrease) increase in customer deposits | 182,657 | (32,749) |
| Increase in taxes payable | 8,275 | - |
| Increase (decrease) in due from related parties | (1,383,195) | 4,564,057 |
| | <u>(1,684,439)</u> | <u>3,836,341</u> |

Investing activities

| | | |
|----------------------------|--------------------|--------------------|
| Purchase of capital assets | (1,111,288) | (1,146,840) |
| Regulatory assets | (3,997,635) | - |
| Deferred costs | - | (36,952) |
| | <u>(5,108,923)</u> | <u>(1,183,792)</u> |

Financing activities

| | | |
|--|------------------|----------------|
| Contributions in aid of capital received | 233,817 | 217,626 |
| Repayment of long-term debt | (21,200) | (31,760) |
| Increase in bank borrowings | 1,573,094 | - |
| | <u>1,785,711</u> | <u>185,866</u> |

Increase in cash during the year

| | | |
|-------------------------|-------------|---------------------|
| Cash, beginning of year | 5,007,651 | 2,169,236 |
| Cash, end of year | <u>\$ -</u> | <u>\$ 5,007,651</u> |

Westario Power Inc.

Summary of Significant Accounting Policies

31st December 2002

Nature of Business

The corporation was incorporated under the laws of the Province of Ontario for the purpose of distribution of electricity in accordance with legislation provided in the Energy Competition Act, 1998. Effective 6th May 2002, Westario Power Inc., Hanover Electric Services Inc. and Minto Hydro Inc. were amalgamated to form Westario Power Inc. These financial statements reflect the combined operations of Westario Power Inc., Hanover Electric Services Inc. and Minto Hydro Inc. for the four months ended 6th May 2002 and the operations of Westario Power Inc. for the eight months ended 31st December 2002. Comparative amounts are the combined operations of Westario Power Inc., Hanover Electric Services Inc. and Minto Hydro Inc. for the year ended 31st December 2001.

The principal businesses of Westario Power Inc. are the distribution and sale of electricity to customers in mid-western Ontario. These businesses are regulated by the Ontario Energy Board (OEB). The Ontario Energy Board Act, 1998 gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for licensed distributors of electricity.

Basis of Combination

Transactions between the companies have been eliminated from various revenues and expenses on the statement of operations.

Basis of Presentation

The combined financial statements have been prepared in accordance with accounting principles for electrical utilities in Ontario as required by the Ontario Energy Board under authority of Sections 57, 70(2) and 78 of the Ontario Energy Board Act, 1998 and reflect the policies as set forth in the "Accounting Procedures Handbook". All principles employed are in accordance with generally accepted accounting principles in Canada.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future, including changes as a result of future decisions made by the OEB or the Minister of Energy.

Financial Instruments

The corporations' financial instruments consist of accounts receivable, bank borrowings, accounts payable, customer deposits, corporate taxes payable, amounts due to related parties and long-term debt. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Westario Power Inc.

Summary of Significant Accounting Policies

31st December 2002

Capital Assets

Capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset and is calculated as follows:

| | |
|----------------------------------|----------------------------|
| Buildings | - 2% straight line basis |
| Distribution stations | - 3.3% straight line basis |
| Distribution lines - overhead | - 4% straight line basis |
| Distribution lines - underground | - 4% straight line basis |
| Distribution transformers | - 4% straight line basis |
| Meters | - 4% straight line basis |
| Other capital assets | - 10% straight line basis |

Other Assets

Goodwill, being the excess of cost over assigned values of net assets acquired, is stated at cost less amortization. Beginning in fiscal 2002, with the adoption of CICA Handbook section 3062, Goodwill and Other Intangibles, goodwill is no longer amortized, but instead tested for impairment at least annually. Prior to fiscal 2002, goodwill was amortized using the straight line method over its estimated period of benefit. The corporation did not test goodwill for impairment upon adoption of the new CICA Handbook section 3062.

Deferred Costs

Costs incurred to establish the Westario Power group of companies have been deferred until the Ontario retail electric power market opens to competition. These costs will then be amortized on a straight-line basis over 5 years.

Regulatory Assets

The costs incurred related to the transition to a competitive electricity market mandated by the Electricity Act, 1998 have been deferred. The OEB has established rules for transition costs which qualify for deferral in accordance with the Accounting Procedures Handbook for Electric Distribution Utilities. The company will apply for recovery of these costs as directed by the OEB. The OEB has the discretion to examine and assess the extent and timing of recovery of these transition costs.

The pre-market opening energy variances have been deferred in accordance with the Accounting Procedures Handbook for Electric Distribution Utilities. The company will apply for recovery of these costs as directed by the OEB.

The post-market energy variances have been deferred in accordance with the Accounting Procedures Handbook for Electric Distribution Utilities.

The company continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made.

Westario Power Inc.

Summary of Significant Accounting Policies

31st December 2002

Income Taxes

The corporation is 90% municipally owned, therefore, it is not taxable under paragraph 149(1)(d.5) of the Income Tax Act. The corporation is required to make Payments in Lieu of taxes equivalent to Federal and Provincial Income Taxes under Section 93 of Bill 35.

The company provides for payments in lieu of corporate income taxes relating to its regulated business using the taxes payable method as directed by the OEB. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from customers at that time.

Westario Power Inc.

Notes to Combined Financial Statements

31st December 2002

1. Capital Assets

| | 2002 | | 2001 | |
|----------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Land | \$ 107,769 | \$ - | \$ 107,769 | \$ - |
| Buildings | 6,517 | 728 | 6,517 | 406 |
| Distribution stations | 2,815,126 | 295,669 | 2,813,074 | 163,352 |
| Distribution lines - overhead | 8,021,879 | 816,638 | 7,438,520 | 444,963 |
| Distribution lines - underground | 4,752,808 | 533,594 | 4,629,126 | 291,350 |
| Distribution transformers | 3,132,070 | 341,201 | 3,053,742 | 188,107 |
| Meters | 1,282,086 | 136,120 | 1,192,036 | 73,814 |
| Other capital assets | 258,631 | 112,074 | 258,631 | 60,348 |
| | <u>\$ 20,376,886</u> | <u>\$ 2,236,024</u> | <u>\$ 19,499,415</u> | <u>\$ 1,222,340</u> |
| Net book value | | <u>\$ 18,140,862</u> | | <u>\$ 18,277,075</u> |

Contributions in aid of capital of \$233,817 were received during the year and offset against the cost of capital assets acquired.

2. Other Assets

| | 2002 | 2001 |
|--|---------------------|---------------------|
| Goodwill, at carrying value | <u>\$ 2,214,322</u> | <u>\$ 2,214,322</u> |
| Net income adjusted to exclude amortization expense is as follows: | | |
| | 2002 | 2001 |
| Reported net income | \$ 1,488,211 | \$ (710,502) |
| Add back: goodwill amortization | - | 577,650 |
| Adjusted net income | <u>\$ 1,488,211</u> | <u>\$ (132,852)</u> |

Westario Power Inc.
Notes to Combined Financial Statements

31st December 2002

3. Regulatory Assets

| | 2002 | 2001 |
|---|---------------------|-------------------|
| Transition costs | \$ 2,046,896 | \$ 244,555 |
| Pre-market opening energy variances | 1,021,006 | - |
| Post market energy variances | 1,105,850 | - |
| Deferred payment in lieu of taxes | 481,800 | 29,100 |
| Other | 59,809 | - |
| | 4,715,361 | 273,655 |
| Deferred payment in lieu of taxes revenue | (444,071) | - |
| | <u>\$ 4,271,290</u> | <u>\$ 273,655</u> |

The OEB plans to review some of these costs in 2003 and commence recovery of amounts confirmed by the OEB no later than 2006.

4. Bank Borrowings

The bank borrowings are due on demand and bear interest at the bank's prime rate less .25%, calculated and payable monthly. The borrowings are available through Westario Power Holdings Inc., for further details see note 6.

Westario Power Inc.
Notes to Combined Financial Statements

31st December 2002

5. Long-term Debt

| | <u>2002</u> | <u>2001</u> |
|---|---------------------|----------------------|
| Loan payable, CIBC prime rate of interest, payable \$10,600 semi-annually principal plus interest, due April 2005 | \$ 52,800 | \$ 74,000 |
| Notes payable to shareholders of parent company, 5.47%, payable quarterly, interest only, due on demand if requested at least ninety days prior to the beginning of such financial year | ✓ 12,417,068 | 12,417,068 |
| | 12,469,868 | 12,491,068 |
| Less current portion | 2,581,503 | 21,200 |
| | <u>\$ 9,888,365</u> | <u>\$ 12,469,868</u> |

Principal payments required on long-term debt for the next three fiscal years are due as follows:

| Year | Amount |
|------|--------------|
| 2003 | \$ 2,581,503 |
| 2004 | 9,877,965 |
| 2005 | 10,400 |

Westario Power Inc.

Notes to Combined Financial Statements

31st December 2002

6. Related Party Transactions

Westario Power Inc. and Westario Power Services Inc. are wholly-owned subsidiaries of Westario Power Holdings Inc.

At the end of the year, the amounts due (to) and from related parties are as follows:

| | 2002 | 2001 |
|------------------------------|-----------------------|-----------------------|
| Westario Power Services Inc. | \$ (1,291,978) | \$ (2,920,173) |
| Westario Power Holdings Inc. | (245,000) | - |
| | <u>\$ (1,536,978)</u> | <u>\$ (2,920,173)</u> |

These balances are unsecured, non-interest bearing with no specific repayment terms.

The following table summarizes the company's related party transactions for the year:

| | 2002 | 2001 |
|---|---------------------|---------------------|
| Westario Power Holdings Inc. | | |
| General administration expenses | <u>\$ 244,900</u> | <u>\$ 270,873</u> |
| Westario Power Services Inc. | | |
| Operating and maintenance expenses | \$ 512,183 | \$ 776,264 |
| Billing and collecting | 891,402 | 567,346 |
| Community relations | 23,524 | 23,524 |
| General administration | 1,666,931 | 1,822,470 |
| Capital and municipal taxes | 54,584 | 32,511 |
| Rent and maintenance | 234,719 | - |
| Capital asset purchases | 1,111,287 | 1,146,840 |
| | <u>\$ 4,494,630</u> | <u>\$ 4,368,955</u> |
| Shareholders of Westario Power Holdings Inc. | | |
| Interest on long-term debt | <u>\$ 699,533</u> | <u>\$ 900,237</u> |

Westario Power Inc. Notes to Combined Financial Statements

31st December 2002

6. Related Party Transactions (cont'd)

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

Westario Power Holdings Inc. has a bank operating line of credit which is available to its subsidiary companies. At 31st December 2002, the Westario group of companies had undrawn credit capacity of \$1,589,000 under this facility. The line of credit is unsecured and bears interest at the bank's prime rate less 0.25%.

The agreement governing the operating line of credit contains certain covenants regarding (i) current ratio test and (ii) restrictions on pledging assets or income.

7. Share Capital

The authorized common share capital of the corporation is an unlimited number of voting shares.

The issued share capital is as follows:

| | 2002 | 2001 |
|--------------------------|----------------------|----------------------|
| 14,064,719 common shares | <u>\$ 14,064,719</u> | <u>\$ 14,064,719</u> |

Westario Power Inc.

Notes to Combined Financial Statements

31st December 2002

8. Provision for Payments in Lieu of Corporate Income Taxes

The corporation has losses available for income tax purposes of \$2,644,410 of which \$650,212 will expire in 2007, \$981,199 will expire in 2008 and \$1,012,999 will expire in 2009. These amounts can be used to reduce taxable income of future years.

The provision for provision for payments in lieu of corporate income taxes differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. The difference results from the following items:

| | 2002 |
|--|------------|
| Provision at statutory rate of 38.6% | \$ 595,080 |
| Increase (decrease) resulting from: | |
| Capital cost allowance in excess of amortization | (334,470) |
| Regulatory assets deducted for tax purposes | (260,610) |
| Large corporations tax | 52,590 |
| Provision for payments in lieu of corporate income taxes | \$ 52,590 |

Future income taxes have not been recorded as they are expected to be recovered through future revenues. As at 31st December 2002, future income tax assets of \$173,000 have not been recorded.

9. Economic Dependence

The company purchases its power exclusively from the Independent Market Operator and Hydro One.

10. Statement of Cash Flows

Items not disclosed separately on the statement of cash flows include cash used in the following:

| | 2002 | 2001 |
|---------------|------------|------------|
| Interest paid | \$ 749,619 | \$ 915,133 |
| Taxes paid | 107,119 | 29,100 |

Westario Power Inc.
Notes to Combined Financial Statements

31st December 2002

11. Public Liability Insurance

The corporations joined the Municipal Electrical Association Reciprocal Insurance Exchange (MEARIE) in 2000. MEARIE is a pooling of the public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. To 31st December 2002, no assessments have been made.

Appendix 37

2003 Financial Statements

Financial Statements of

WESTARIO POWER INC.

Year ended December 31, 2003

DISTRIBUTION 09/22/04
CLIENT gs
TAX _____
LONDON 1
WORKING PAPERS 1
SPARE _____
PARTNER _____
TOTAL 12



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AUDITORS' REPORT

To the Shareholder of Westario Power Inc.

We have audited the balance sheet of Westario Power Inc. as at December 31, 2003 and the statements of earnings and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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.

Because the Company did not obtain an independent appraisal of the value of goodwill, we were unable to satisfy ourselves as to the value of goodwill included in the financial statements totalling \$2,214,322. Accordingly, we were not able to determine whether any adjustments might be necessary to goodwill, goodwill impairment expense, net earnings for the year and retained earnings at the end of the year.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to obtain information concerning the valuation of goodwill, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative amounts were audited by another firm of Chartered Accountants.

Chartered Accountants

London, Canada

February 27, 2004



KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

WESTARIO POWER INC.

Balance Sheet

December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|---------------------------------------|---------------|---------------|
| | | (restated) |
| Assets | | |
| Current assets: | | |
| Accounts receivable, net of allowance | \$ 3,516,997 | \$ 3,757,753 |
| Unbilled revenue | 5,115,881 | 6,422,277 |
| Prepaid expenses | 69,729 | 63,490 |
| | 8,702,607 | 10,243,520 |
| Capital assets (note 3) | 18,884,988 | 18,140,862 |
| Regulatory assets (note 4) | 3,406,572 | 4,271,290 |
| Deferred organizational costs | 63,450 | 84,600 |
| Future income taxes | - | 197,000 |
| Goodwill | 2,214,322 | 2,214,322 |
| | | |
| | \$ 33,271,939 | \$ 35,151,594 |

| | 2003 | 2002 (restated) |
|---|----------------------|----------------------|
| Liabilities and Shareholder's Equity | | |
| Current liabilities: | | |
| Bank indebtedness (note 5) | \$ 637,674 | \$ 1,573,094 |
| Accounts payable and accrued liabilities | 4,025,186 | 4,431,344 |
| Income taxes payable | 47,742 | 8,275 |
| Customer deposits | 487,701 | 611,981 |
| Due to related parties (note 7) | 369,390 | 1,536,978 |
| Current portion of long-term debt, loan payable (note 6) | 149,292 | 21,200 |
| Current portion long-term debt, shareholders' loans (note 6) | 1,240,000 | 2,560,303 |
| | 6,956,985 | 10,743,175 |
| Long-term debt (note 6) | 10,988,013 | 9,888,365 |
| Future income taxes | 238,000 | - |
| Shareholder's equity | | |
| Share capital (note 9) | 14,064,719 | 14,064,719 |
| Retained earnings | 1,024,222 | 455,335 |
| | 15,088,941 | 14,520,054 |
| | \$ 33,271,939 | \$ 35,151,594 |

See accompanying notes to financial statements.

WESTARIO POWER INC.

Statement of Earnings and Retained Earnings

Year ended December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 (restated) |
|--|--------------|--------------------|
| Revenue: | | |
| Distribution revenue | \$ 6,950,294 | \$ 6,831,877 |
| Electricity, market related revenue | 28,669,393 | 30,617,889 |
| Revenue from services | 78,003 | 39,276 |
| Other revenue | 183,321 | 159,727 |
| Rental of electric property | 260,799 | 176,661 |
| Late payment charges | 205,689 | 96,870 |
| | 36,347,499 | 37,922,300 |
| Expenses: | | |
| Electricity, market related expenses and maintenance | 28,669,393 | 30,617,889 |
| Distribution, operation | 868,047 | 650,930 |
| Amortization | 1,145,966 | 1,013,685 |
| Billing and collecting | 1,365,207 | 1,002,357 |
| Community relations | 3,717 | 23,524 |
| Administration | 2,111,825 | 2,009,549 |
| Interest on long-term debt | 653,555 | 699,533 |
| Capital and municipal taxes | 147,038 | 123,296 |
| Other interest | 47,602 | 6,017 |
| Rent and maintenance | 244,262 | 234,719 |
| | 35,256,612 | 36,381,499 |
| Earnings before income taxes | 1,090,887 | 1,540,801 |
| Income taxes: (note 8) | | |
| Current | 87,000 | 52,590 |
| Future | 435,000 | 600,000 |
| | 522,000 | 652,590 |
| Net earnings | 568,887 | 888,211 |
| Retained earnings (deficit), beginning of year | 455,335 | (432,876) |
| Retained earnings, end of year | \$ 1,024,222 | \$ 455,335 |

See accompanying notes to financial statements.

WESTARIO POWER INC.

Statement of Cash Flows

Year ended December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 (restated) |
|---|--------------|--------------------|
| Cash provided by (used in): | | |
| Net earnings | \$ 568,887 | \$ 888,211 |
| Items not involving cash: | | |
| Amortization of organizational costs | 21,150 | 21,150 |
| Amortization of capital assets | 1,124,816 | 1,013,685 |
| Change in future income tax asset | 197,000 | 600,000 |
| Change in future income tax liability | 238,000 | - |
| Change in non-cash operating working capital (note 10) | (117,646) | (4,207,485) |
| | 2,032,207 | (1,684,439) |
| Investing activities: | | |
| Addition to capital assets | (2,893,377) | (1,111,288) |
| Regulatory assets | 864,718 | (3,997,635) |
| | (2,028,659) | (5,108,923) |
| Financing activities: | | |
| Contributions in aid of capital received | 1,024,435 | 233,817 |
| Repayment of long-term debt | (92,563) | (21,200) |
| | 931,872 | 212,617 |
| Increase (decrease) in cash | 935,420 | (6,580,745) |
| Cash (bank indebtedness), beginning of year | (1,573,094) | 5,007,651 |
| Bank indebtedness, end of year | \$ (637,674) | \$ (1,573,094) |
| Supplemental cash flow information: | | |
| Interest paid | \$ 703,157 | \$ 749,619 |
| Income taxes paid | - | 194,571 |
| | \$ 703,157 | \$ 944,190 |

See accompanying notes to financial statements.