

Amended Non-Consolidated Financial Statements of

**KINGSTON ELECTRICITY
DISTRIBUTION LIMITED**

Year ended December 31, 2003

NOTICE TO READER

We have compiled the amended non-consolidated balance sheet of Kingston Electricity Distribution Limited as at December 31, 2003 and the amended non-consolidated statements of earnings and retained earnings for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these amended statements may not be appropriate for their purposes.

KPMG LLP

Chartered Accountants

Kingston, Canada

March 24, 2005

KINGSTON ELECTRICITY DISTRIBUTION LIMITED

Amended Non-Consolidated Balance Sheet
(Unaudited - see Notice to Reader)

December 31, 2003

2003

Assets

Current assets:

Cash	\$	604,762
Due from City of Kingston		2,197,509
Accounts receivable		1,436,156
Due from retailers		490,641
Unbilled revenue		7,376,811
Inventory		863,308
Prepaid expenses		101,310
		<u>13,070,497</u>

Incorporation costs, net 124,738

Regulatory assets 3,545,625

Capital assets 20,520,758

Notes receivable from subsidiary 3,000,000

Investment in subsidiary, at cost 2

Total assets \$ 40,261,620

Liabilities and Shareholder's Equity

Current liabilities:

Bank loan	\$	5,700,000
Accounts payable		4,935,000
Payments in lieu of corporate income taxes		252,988
Accrued liabilities		398,000
Total current liabilities		<u>11,285,988</u>

Retailer deposits 49,381

Regulatory liabilities 530,781

Note payable to City of Kingston 12,380,619

Employee future benefits 949,864

Total current liabilities and other 25,196,633

Shareholder's equity:

Share capital:

Authorized:

Unlimited Class A common shares

Issued:

120 Class A common shares 12,380,619

Retained earnings 2,684,368

Total shareholder's equity 15,064,987

Total liabilities and shareholder's equity \$ 40,261,620

KINGSTON ELECTRICITY DISTRIBUTION LIMITED

Amended Non-Consolidated Statement of Earnings
(Unaudited - see Notice to Reader)

Year ended December 31, 2003

	2003
Sales	\$ 55,503,772
Cost of power	47,227,516
Local distribution revenue	8,276,256
Other revenue:	
Account set-up charge	31,379
Pole rentals	91,767
Interest	608,253
Miscellaneous	225,806
	957,205
	9,233,461
Operating expenses:	
Administration	1,954,996
Billing and collecting	1,271,670
Distribution	1,927,005
Customer services	245,008
	5,398,679
Earnings before interest, depreciation and income taxes	3,834,782
Interest expense	1,144,594
Depreciation and amortization	1,472,142
Earnings before income taxes	1,218,046
Payments in lieu of corporate income taxes	442,870
Net earnings for the year	\$ 775,176

KINGSTON ELECTRICITY DISTRIBUTION LIMITED

Amended Non-Consolidated Statement of Retained Earnings
(Unaudited - see Notice to Reader)

Year ended December 31, 2003

	2003
Retained earnings, beginning of year:	
As previously reported	\$ 1,956,726
Adjustment for 2002 interest expense	(47,534)
As restated	1,909,192
Net earnings for the year	775,176
Retained earnings, end of year	\$ 2,684,368

Note: These financial statements do not contain certain disclosures required by Canadian generally accepted accounting principles.