

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

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

Identification

055 Do not use this area

Business number (BN)

001 86907 7925 RC 0001

Corporation's name

002 Newmarket Hydro Ltd.

Has the corporation changed its name since the last time we were notified?

003 ☐ Yes ☒ No

If Yes, do you have a copy of the articles of amendment?

004 ☐ Yes ☐ No**Address of head office**

Has the address changed since the last time we were notified?

010 ☐ Yes ☒ No**To which taxation year does this return apply?**

From 060 2005/01/01 to 061 2005/12/31

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year?

063 ☐ Yes ☒ No

If Yes, give the date control was acquired

065

011 590 Steven Court

012

City

Province, territory, or state

015 Newmarket

016 ON

Country (other than Canada)

Postal code/Zip code

017

018 L3Y 6Z2

Mailing address (if different from head office address)

Has the address changed since the last time we were notified?

020 Yes ☐ No ☒

021 C/o

022 590 Steven Court

023

City

Province, territory, or state

025 Newmarket

026 ON

Country (other than Canada)

Postal code/Zip code

027

028 L3Y 6Z2

Location of books and records

Has the location of books and records changed since the last time we were notified?

030 ☐ Yes ☒ No

031 590 Steven Court

032

City

Province, territory, or state

035 Newmarket

036 ON

Country (other than Canada)

Postal code/Zip code

037

038 L3Y 6Z2

040 Type of corporation at end of taxation year1 ☒ Canadian controlled4 ☐ Corporation controlled by a public corporation2 ☐ Other private corporation5 ☐ Other corporation (specify, below)3 ☐ Public corporation

If the type of corporation changed during the taxation year, provide the effective date of the change

043

Is this the first year of filing after:

Incorporation?

070 ☐ Yes ☒ No

Amalgamation?

071 ☐ Yes ☒ No

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

Has there been a wind-up of a subsidiary under section 88 during the current taxation year?

If Yes, complete and attach Schedule 24

072 ☐ Yes ☒ No**Is this the final taxation year before amalgamation?**076 ☐ Yes ☒ No**Is this the final return up to dissolution?**078 ☐ Yes ☒ No**Is the corporation a resident of Canada?**080 ☒ Yes ☐ No

If No, give the country of residence on line 081 and complete and attach Schedule 97.

081

Is the non-resident corporation claiming an exemption under an income tax treaty?082 ☐ Yes ☒ No

If Yes, complete and attach Schedule 91

If the corporation is exempt from tax under section 149, tick one of the following boxes:085 1 ☐

Exempt under paragraph 149(1)(e) or (i)

2 ☐

Exempt under paragraph 149(1)(j)

3 ☐

Exempt under paragraph 149(1)(t)

4 ☐

Exempt under other paragraphs of section 149

Do not use this area

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Attachments**Financial statement information:** Use GIFI schedules 100, 125, and 141.

* We do not print these schedules.

Schedules - Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which an identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	----
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Is the net income/loss shown on financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202 <input checked="" type="checkbox"/>	2
Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or		
ii) Is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221 <input type="checkbox"/>	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the corporation subject to Part 1.3 tax?	233 <input checked="" type="checkbox"/>	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236 <input checked="" type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

Attachments - Continued from page 2

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

Additional information

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF	300	4,888,672	A
Deduct:			
Charitable donations from Schedule 2	311	1,885,000	
Gifts to Canada or a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction from Schedule 43 *	325		
Non-capital losses of preceding taxation years from Schedule 4	331	150,000	
Net capital losses of preceding taxation years from Schedule 4	332		
Restricted farm losses of preceding taxation years from Schedule 4	333		
Farm losses of preceding taxation years from Schedule 4	334		
Limited partnership losses of preceding taxation years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal		2,035,000	B
Subtotal (amount A minus amount B) (if negative, enter "0")		2,853,672	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	2,853,672	
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)			Z

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

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**Income from active business carried on in Canada from Schedule 7 400 4,888,672 ATaxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632* on page 7, **minus** 3 times the amount on line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax 405 2,853,672 B**Calculation of the business limit:**

For all CCPCs, calculate the amount at line 4 below

\$225,000 x Number of days in the taxation year in 2003 = 1
Number of days in the taxation year 365\$250,000 x Number of days in the taxation year in 2004 = 2
Number of days in the taxation year 365\$300,000 x Number of days in the taxation year after 2004 = 300,000 3
Number of days in the taxation year 365Add amounts at line 1, 2, and 3 300,000 4Business limit (see notes 1 and 2 below) 410 300,000 C**Notes:** 1. For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.

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

Business limit reduction:Amount C 300,000 X 415 *** 95,795 D = 11,250 2,554,533 EReduced business limit (amount C minus amount E) (if negative, enter "0") 425 0 F**Small business deduction** - 16% of whichever amount is the least: A, B, C, or F. 430 0 G
(enter amount G of line 9 on page 7)**Accelerated tax reduction****Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**Reduced business limit (amount from line 425) x = aNet active business income (amount from line 400)* bTaxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax c**Deduct:** Aggregate investment income (amount from line 440 of page 6) dAmount c minus amount d (if negative, enter "0") eAmount a, b, or e above, whichever is less fAmount Z from Part 9 of Schedule 27 x 100 / 7 = gAmount QQ from Part 13 of Schedule 27 hTaxable resource income from line 435 on page 5 iAmount used to calculate the credit union deduction (amount e in Part 3 of Schedule 17) jAmount on line 400, 405, 410 or 425 of the small business deduction, whichever is less kTotal of amounts g, h, i, j, and k lAmount f minus amount l (if negative, enter "0") m**Accelerated tax reduction** - 7% of amount m n

(enter amount n on line 637 of page 7)

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

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

Resource deduction

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

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 page 3		2,853,672	A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		B
Amount QQ from Part 13 of Schedule 27			C
Taxable resource income from line 435 above			D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E
Amounts on lines 400, 405, 410, and 425 on page 4, whichever is less			F
Aggregate investment income from line 440 of page 6			G
Amount used to calculate the accelerated tax reduction (amount m of page 4)			
Subtotal			H
Amount A minus amount H (if negative, enter "0")		2,853,672	I
Amount I 2,853,672 x	Number of days in the taxation year in 2003 Number of days in the taxation year	365 x 5% = _____	J
Amount I 2,853,672 x	Number of days in the taxation year after 2003 Number of days in the taxation year	365 x 7% = 199,757	K
General tax reduction for Canadian-controlled private corporations - total of amounts J and K (enter amount L on line 638 of page 7)		199,757	L

General tax reduction**Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation**

Taxable income from line 360 on page 3			M
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		N
Amount QQ from Part 13 of Schedule 27			O
Taxable resource income from line 435 above			P
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			Q
Total of amounts N, O, P, and Q			R
Amount M minus amount R (if negative, enter "0")			S
Amount S _____ x	Number of days in the taxation year in 2003 Number of days in the taxation year	x 5% = _____	T
Amount S _____ x	Number of days in the taxation year after 2003 Number of days in the taxation year	x 7% = _____	U
General tax reduction - total of amounts T and U (enter amount V on line 639 of page 7)			V

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

Aggregate investment income 440 X 26 2/3 % = A
 (Amount P from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7

Deduct:

Foreign investment income 445 X 9 1/3 % =
 (Amount O from Part 1 of Schedule 7) (if negative, enter "0") B

Amount A minus amount B (if negative, enter "0") C

Taxable income from line 360 on page 3 2,853,672

Deduct:

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

Foreign non-business income tax credit
 from line 632 of page 7 x 25/9 =

Foreign business income tax credit from
 line 636 of page 7 x 3 =

2,853,672 X 26 2/3% = 760,979 D

Part I tax payable minus investment tax credit refund

(line 700 minus line 780 on page 8) 631,232

Deduct: Corporate surtax from line 600 of page 7 31,961

Net amount 599,271 599,271 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least 450 0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year 460

Deduct: Dividend refund for the previous taxation year 465

Add the total of:

Refundable portion of Part I tax from line 450 above

Total Part IV tax payable from line 360 on page 2 of Schedule 3

Net refundable dividend tax on hand transferred from a predecessor
 corporation on amalgamation, or from a wound-up subsidiary
 corporation 480

Refundable dividend tax on hand at the end of the taxation year - Amount G plus amount H 485 0

Dividend refund**Private and subject corporations at the time taxable dividends were paid in the taxation year**

Taxable dividends paid in the taxation year from line 460 on page 2 of
 Schedule 3 X 1/3 I

Refundable dividend tax on hand at the end of the taxation year from line 485 above J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8) 0

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

550 1,084,395 A

Corporate surtax calculation

Base amount from line A above	1,084,395	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	285,367	2
Investment corporation deduction from line 620 below		3
Federal logging tax credit from line 640 below		4
Federal qualifying environment trust tax credit from line 648 below		5

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

28% of taxable income from line 360 on page 3	a	
28% of taxed capital gains	b	6
Part I tax otherwise payable (line A plus line C and D minus line F)	599,271	c
Total of lines 2 to 6	285,367	7
Net amount (line 1 minus line 7)	799,028	8

Corporate surtax - 4% of the amount on line 8 600 31,961 B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 602 C

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

Aggregate investment income from line 440 on page 4		i
Taxable income from line 360 on page 3	2,853,672	
Deduct:		
Amount on line 400, 405, 410, or 425 of page 4, whichever is the least		
Net amount	2,853,672	ii

Refundable tax on CCPC's investment income - 6 2/3% of whichever is less: amount i or ii 604 D
Subtotal (add lines A, B, C, and D) 1,116,356 E**Deduct:**

Small business deduction from line 430 on page 4		9
Federal tax abatement	608	285,367
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616	
Investment corporation deduction	620	
(taxed capital gains 624)		
Additional deduction - credit unions from Schedule 17	628	
Federal foreign non-business income tax credit from Schedule 21	632	
Federal foreign business income tax credit from Schedule 21	636	
Accelerated tax reduction from amount n of page 4	637	
Resource deduction from line 438 of page 5		10
General tax reduction for CCPCs from amount L on page 5	638	199,757
General tax reduction from amount V on page 5	639	
Federal logging tax credit from Schedule 21	640	
Federal political contribution tax credit	644	
Federal political contributions	646	
Federal qualifying environmental trust tax credit	648	
Investment tax credit from Schedule 31	652	

Subtotal 485,124 F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 631,232 G

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	631,232
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax tax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	

Total federal tax 631,232

Add provincial and territorial tax:

Provincial or territorial jurisdiction **750 ON**
 (If more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario and Alberta) **760**Provincial tax on large corporations (New Brunswick and Nova Scotia) **765**Total tax payable **770** 631,232 A**Deduct other credits:**

Investment tax credit refund from Schedule 31	780
Dividend refund from page 6	784
Federal capital gains refund from Schedule 18	788
Federal qualifying environmental trust tax credit refund	792
Canadian film or video production tax credit refund (Form T1131)	796
Film or video production services tax credit refund (Form T1177)	797
Tax withheld at source	800
Total payments on which tax has been withheld	801
Allowable refund for non-resident-owned investment corporations - Schedule 26	804
Provincial and territorial capital gains refund from Schedule 18	808
Provincial and territorial refundable tax credits from Schedule 5	812
Royalties deductible under Syncrude Remission Order	815
Tax remitted under Syncrude Remission Order	816
Tax instalments paid	840

Total credits **890** 1,182,400 1,182,400 BRefund Code **894** 2 Overpayment **551,168**Balance (line A minus line B) **(551,168)** I**Direct Deposit Request**

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

☐ Start ☐ Change information **910**
 Branch number
914 Institution number **918** Account number

If the result is negative, you have an **overpayment**.
 If the result is positive, you have a **balance unpaid**.
 Enter the amount on whichever line applies.
 We do not charge or refund a difference of \$2 or less.

Balance unpaid
 Enclosed payment **898**

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

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

950 Clinton Surname 951 Jain First name 954 Chief Financial Officer Position, office or rank
 955 2007/04/06 Date 956 (905) 953-8548 Telephone number
 Is the contact person the same as the authorized signing officer? If no, complete the information below. 957 1 Yes ☐ 2 No ☒
 958 Jain Clinton, CA Name 959 (905) 953-8548 Telephone number

Language of correspondence - Langue de correspondance

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

**NET INCOME (LOSS) FOR INCOME TAX PURPOSES****Schedule 1**

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

Net income (loss) after taxes and extraordinary items per financial statements A 1,928,221

Add:

Provision for income taxes - current	101	676,606	
Amortization of tangible assets	104	3,394,668	
Charitable donations - Schedule 2	112	1,885,000	
Non-deductible meals and entertainment expenses 55,000 X 50%	121	27,500	
Reserves from financial statements - balance at the end of the year	126	613,643	
Total of fields 201 to 294	199	2,423,388	
Total of fields 101 to 199	500	9,020,805	▶ <u>9,020,805</u>

Deduct:

Capital cost allowance - Schedule 8	403	2,993,481	
Cumulative eligible capital deduction - Schedule 10	405	129,442	
Reserves from financial statements - balance at the beginning of the year	414	514,043	
Total of fields 300 to 394	499	2,423,388	
Total of fields 401 to 499	510	6,060,354	▶ <u>6,060,354</u>
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)			<u><u>4,888,672</u></u>

Add:**Other additions:**

602 Funds From Dvlp re. Distassets (para 12(1)(x))	292	2,423,388	
Total of fields 201 to 294 (Enter this amount at line 199)		<u>2,423,388</u>	

Deduct:**Other deductions:**

700 Funds From Dvlprs re Distrib asset elect ss 13(7.4)	390	2,423,388	
Total of fields 300 to 394 (Enter this amount at line 499)		<u>2,423,388</u>	



CHARITABLE DONATIONS AND GIFTS

Schedule 2

- For use by corporations to claim any of the following:
 - charitable donations
 - gifts to Canada, a province, or a territory
 - gifts of certified cultural property
 - gifts of certified ecologically sensitive land
- The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*.
- For gifts made after March 22, 2004, proposed subsection 110.1(1.2) of the *Income Tax Act* 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 the 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 *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

Current year donations and gifts

Name of organization (optional)	Type of gift	Amount paid
Town of Newmarket	Donation	1,885,000
	Donation	
Total current year donations and gifts		1,885,000

Part 1 - Charitable donations

Year of origin	Balance at end of prior year	Beginning balance	Transfer on amalgamation or wind-up	Current year donations	Adjustment on acquisition of control	Applied	Ending balance
		Expired					
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31				1,885,000		1,885,000	
Totals				1,885,000		1,885,000	

Charitable donations at the end of the preceding taxation year

Deduct: Charitable donations expired after five taxation years 239

Charitable donations at the beginning of the taxation year 240

Add:

Charitable donations transferred on an amalgamation or the windup of a subsidiary 250

Total current-year charitable donations made

(enter this amount on line 112 of Schedule 1) 210 1,885,000

Subtotal (line 250 plus line 210) 1,885,000

Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004) 255

Total charitable donations available A 1,885,000

Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2)

(enter this amount on line 311 of the T2 return) 260 1,885,000

Charitable donations closing balance 280

CHARITABLE DONATIONS AND GIFTS**Part 4 - Gifts of certified cultural property**

Year of origin	Balance at end of prior year	Beginning balance	Transfer on amalgamation or wind-up	Current year gifts	Adjustment on acquisition of control	Applied	Ending balance
		Expired					
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Gifts of certified cultural property at the end of the preceding taxation year
Deduct: Gifts of certified cultural property expired after five taxation years 439
 Gifts of certified cultural property at the beginning of the taxation year 440 ▶
Add: Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary 450
 Total current-year gifts of certified cultural property 410
 Subtotal (line 450 plus line 410) ▶
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) 455
 Total gifts of certified cultural property available
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return) 460
Gifts of certified cultural property closing balance 480

Part 5 - Gifts of certified ecologically sensitive land

Year of origin	Balance at end of prior year	Beginning balance	Transfer on amalgamation or wind-up	Current year gifts	Adjustment on acquisition of control	Applied	Ending balance
		Expired					
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Gifts of certified ecologically sensitive land at the end of the preceding taxation year
Deduct: Gifts of certified ecologically sensitive land expired after five taxation years 539
 Gifts of certified ecologically sensitive land at the beginning of the taxation year 540 ▶
Add: Gifts of certified ecologically sensitive land transferred an an amalgamation or the windup of a subsidiary 550
 Total current-year gifts of certified ecologically sensitive land 510
 Subtotal (line 550 plus line 510) ▶
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004) 555
 Total gifts of certified ecologically sensitive land available
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return) 560
Gifts of certified ecologically sensitive land closing balance 580

CORPORATION LOSS CONTINUITY AND APPLICATION (2000 and later taxation years)

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the *T2 Corporation Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes	4,888,672
Deduct: (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	
Taxable dividends deductible under sections 112, 113 or subsection 138(6)	
Amount of Part VI.1 tax deductible	
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)	
Subtotal (if positive, enter "0")	
Deduct: (increase a loss)	
Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions	
Add: (decrease a loss)	Subtotal
Current-year farm loss	
Current-year non-capital loss (if positive, enter "0")	

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year	150,000	
Deduct: Non-capital loss expired *	100	
Non-capital losses at beginning of taxation year	102	150,000
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105	
Current-year non-capital loss (from calculation above)	110	
	150,000	150,000
Deduct:		
Amount applied against taxable income (enter on line 331 of the T2 return)	130	150,000
Amount applied against taxable dividends subject to Part IV tax	135	
Section 80 - Adjustments for forgiven amounts	140	
Other adjustments	150	
	150,000	150,000
Deduct - Request to carry back non-capital loss to:		
First preceding taxation year to reduce taxable income	901	
Second preceding taxation year to reduce taxable income	902	
Third preceding taxation year to reduce taxable income	903	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913	
Non-capital losses - Closing balance	180	

* A non-capital loss expires as follows:

- After 7 taxation years if it arose in a taxation year ending before March 23, 2004; or
- After 10 taxation years if it arose in a taxation year ending after March 22, 2004.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator 190 ☐ Yes
 Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.

Corporation loss continuity and application**Part 2 – Capital losses****Continuity of capital losses and request for a carryback**

Capital losses at end of preceding taxation year	200	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	
Current-year capital loss (from Schedule 6 calculation)	210	
Add:		
Allowable business investment loss expired as a non-capital loss	x 4/3	220
		Subtotal
Deduct:		
Amount applied against current-year capital gain (see Note 1)	225	
Section 80 - Adjustments for forgiven amounts	240	
Other adjustments	250	
Deduct - Request to carry back capital loss to: (see Note 2)		
First preceding taxation year	951	
Second preceding taxation year	952	
Third preceding taxation year	953	
Capital losses - Closing balance		280

Note 1

On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

Note 2

Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 – Farm losses**Continuity of farm losses and request for a carryback**

Farm losses at end of preceding taxation year		
Deduct: Farm loss expired after 10 taxation years	300	
Farm losses at beginning of taxation year	302	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation	305	
Current-year farm loss	310	
Deduct:		
Amount applied against taxable income (enter on line 334 of T2 return)	330	
Amount applied against taxable dividends subject to Part IV tax	335	
Section 80 - Adjustments for forgiven amounts	340	
Other adjustments	350	
Deduct - Request to carry back farm loss to:		
First preceding taxation year to reduce taxable income	921	
Second preceding taxation year to reduce taxable income	922	
Third preceding taxation year to reduce taxable income	923	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	931	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	932	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	933	
Farm losses - Closing balance		380

Corporation loss continuity and application**Part 4 – Restricted farm losses****Current-year restricted farm loss**

Total losses for the year from farming business	485	A
Minus the deductible farm loss:		
\$2,500 plus B or C, whichever is less		
(Amount A above – \$2,500) divided by 2	B	
Maximum	6,250	C
Deductible farm loss		
Current-year restricted farm loss (enter this amount on line 410)		

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		
Deduct: Restricted farm loss expired after 10 taxation years	400	
Restricted farm losses at beginning of taxation year	402	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	
Deduct:		
Amount applied against farming income (enter on line 333 of T2 return)	430	
Section 80 – Adjustments for forgiven amounts	440	
Other adjustments	450	
Deduct – Request to carry back restricted farm loss to:		
First preceding taxation year to reduce farming income	941	
Second preceding taxation year to reduce farming income	942	
Third preceding taxation year to reduce farming income	943	
Restricted farm losses - Closing balance	480	

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Part 5 – Listed personal property losses**Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at end of preceding taxation year		
Deduct: Listed personal property losses expired after seven taxation years	500	
Listed personal property losses at beginning of taxation year	502	
Add: Current-year listed personal property loss (from Schedule 6)	510	
	Subtotal	
Deduct:		
Amount applied against listed personal property gain (enter on line 655 of Schedule 6)	530	
Other adjustments	550	
Deduct – Request to carry back listed personal property loss to:		
First preceding taxation year to reduce listed personal property gains	961	
Second preceding taxation year to reduce listed personal property gains	962	
Third preceding taxation year to reduce listed personal property gains	963	
Listed personal property losses - Closing balance	580	

Corporation loss continuity and application**Part 6 – Analysis of balance of losses by year of origin**

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
2001/12/31				
2002/12/31				
2003/12/31				
2004/12/31				
2005/12/31				
Total				

* The carryforward period for non-capital losses arising in a taxation year ending after March 22, 2004, is changed from 7 to 10 taxation years.

Part 7 – Limited partnership losses

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at risk amount	Corp's share of partnership ITC, farming losses and resource expenses	Column 4 - 5 If negative, enter "0"	Current-year limited partnership losses Column 3 - 6
600	602	604	606	608		620
Total (enter this amount on line 222 of Schedule 1)						

Limited partnership losses from prior taxation years that may applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding taxation year	Corporation's at risk amount	Corp's share of partnership ITC, business or property losses and resource expenses	Column 4 - 5 if negative, enter "0"	Limited partnership losses that may be applied in the year The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future taxation years					
Partnership identifier	Losses at end of preceding taxation year	Losses transferred from amalgamation or windup of subsidiary	Current year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed 650)	Limited partnership losses closing balance (662+664+670-675)
660	662	664	670	675	680
Total (enter this amount on line 335 of the T2 return)					



CAPITAL COST ALLOWANCE

Is the corporation electing under regulation 1101(5q)? 101 1 Yes ☐ 2 No ☒

1 Class	2 UCC at start of year	3 Cost of additions in the year	4 Net adjustments	5 Proceeds of dispositions in the year	7 Adjustment for additions (1/2 x (col 3 - 5))	8 Base amount for CCA	9 Rate %	10 CCA for the year (col 8 x 9 or a lower amount)	11 Recapture of CCA	12 Terminal loss	13 UCC at the end of the year
200	201	203	205	207	211		212	217	213	215	220
1	32,289,435	5,069,408	(2,423,388)		2,534,704	32,400,751	4	1,296,030			33,639,425
3	7,897					7,897	5	395			7,502
8	2,985,998	413,475			206,738	3,192,735	20	638,547			2,760,926
10	1,570,052	343,391		25,700	158,846	1,728,897	30	518,669			1,369,074
17	70,958					70,958	8	5,677			65,281
2	8,198,970					8,198,970	6	491,938			7,707,032
13	231,598	17,656			8,828	240,426		42,225			207,029
Totals	45,354,908	5,843,930	(2,423,388)	25,700	2,909,116	45,840,634		2,993,481			45,756,269

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year	38,398,426	
Less: Land	- 1,208,633	
NBV of depreciable capital assets, beginning of year	37,189,793	37,189,793
UCC beginning of year	45,354,908	
Less: Opening Class 14 balance	-	
Adjusted UCC	45,354,908	- 45,354,908
Timing difference, beginning of year		(8,165,115) A
CCA and amortization		
CCA claimed (except class 14)	+ 2,993,481	
Terminal loss	+	
Recapture	-	
Amortization per financial statements	- 3,394,668	
Class 10.1		
Difference on purchase (cost less ceiling)	+	
Beginning UCC less CCA in year of disposal	+	
NBV of class 10.1 asset prior to sale (proceeds, if financial statement gain)	-	
Gains and losses		
Gain on disposal of capital assets per financial statements	+	
Capital loss portion of total loss	+	
Loss on disposal of capital assets per financial statements	-	
Capital gain portion of total gain	-	
Other		
Operating leases capitalized for financial statement purposes	+	
Deductible items capitalized for financial statement purposes	+	
Section 85 difference	+	
Pre-valuation day depreciation	+	
Timing difference, current year	(401,187)	+ (401,187) B
Timing difference, end of year (A + B)		(8,566,302) C
Proof		
NBV of capital assets, end of year		
Less: Land	-	
NBV of depreciable capital assets, end of year		
UCC end of year	45,756,269	
Less: Ending Class 14 balance	-	
Adjusted UCC	45,756,269	- 45,756,269
Timing difference as at 2005/12/31 (amount D should equal amount C)		(45,756,269) D

Notes



RELATED AND ASSOCIATED CORPORATIONS

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

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

Name 100	Country (if not Canada) 200	Business # (Canadian corporation only) 300	Code note 1 400	Common shares		Preferred shares		Book value of capital stock
				# owned	% owned	# owned	% owned	
Newmarket Hydro Holding Inc		86514 2632 RC 0001 1						700
Unipower Holdings Ltd		86553 9399 RC 0001 3						3,802,779
1443393 Ontario Inc		89239 7613 RC 0001 3						
1443394 Ontario Inc		86553 9191 RC 0001 3						
1443396 Ontario Inc		86553 8995 RC 0001 3						
1443397 Ontario Inc		89239 7217 RC 0001 3						
1443398 Ontario Inc		86553 8797 RC 0001 3						
1402318 Ontario Inc		86709 9772 RC 0001 3						
Note 1 : Enter the code number of the relationship that applies: 1- Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated								

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200	1,849,170	A
Add: Cost of eligible capital property acquired during the taxation year	222		
Other adjustments	226		
Subtotal (line 222 plus line 226)		x 3/4 =	B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 1/2 =	C
amount B minus amount C (if negative, enter "0")			D
Amount transferred on amalgamation or wind-up of subsidiary		224	E
Subtotal (add amounts A, D, and E)	230	1,849,170	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
Other adjustments	246		I
(add amounts G, H, and I)		x 3/4 =	248 J
Cumulative eligible capital balance (amount F minus amount J) (if amount K is negative, enter "0" at line M and proceed to Part 2)		1,849,170	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K	1,849,170		
less amount from line 249			
Current year deduction	1,849,170	x 7% =	250 129,442 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		129,442	L 129,442
Cumulative eligible capital - Closing balance (amount K minus amount L) (if negative, enter "0")	300	1,719,728	M

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

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

Amount from line K (show as positive amount)			N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3	
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	403	4	
Line 3 minus line 4 (if negative, enter "0")		5	
Total of lines 1, 2, and 5		6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7	
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8	
Subtotal (line 7 plus line 8)	409	9	
Line 6 minus line 9 (if negative, enter "0")			O
Line N minus line O (if negative, enter "0")			P
Line 5		x 1/2 =	Q
Line P minus line Q (if negative, enter "0")			R
Amount R		x 66.6667	S
Amount N or amount O, whichever is less			T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410		

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

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

Allocation of the business limit

Date filed (for departmental use only) **025**

Enter the calendar year to which the agreement applies **050** 2005

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** ☐ 1 Yes ☒ 2 No

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

Allocate business limit using: ☒ % ☐ \$

Taxation year		4 Business limit for the year (before allocation) \$	Allocating business limit		
			5 Percentage of the business limit (%) 350	6 Business limit allocated \$ 400	7 Gross Part 1.3 tax for business limit reduction
Start	End				
1 2005/01/01	2005/12/31	300,000	100.000	300,000	95,795
2 2005/01/01	2005/12/31	300,000			
3 2005/01/01	2005/12/31	300,000			
4 2005/01/01	2005/12/31	300,000			
5 2005/01/01	2005/12/31	300,000			
6 2005/01/01	2005/12/31	300,000			
7 2005/01/01	2005/12/31	300,000			
8 2005/01/01	2005/12/31	300,000			
9 2005/01/01	2005/12/31	300,000			
TOTALS			100.000	A 300,000	95,795

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

\$ 300,000

**PART 1.3 TAX ON LARGE CORPORATIONS****Schedule 33**

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part 1.3 tax for the purposes of unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms "financial institution", "long-term debt" and "reserves".
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the *T2 Corporation Income Tax Return* no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I	101	864,000	
Capital stock (or members' contributions if incorporated without share capital)	103	25,806,563	
Retained earnings	104	2,783,911	
Contributed surplus	105		
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	25,489,492	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111		
Proportion of the amount, if any, by which the total of all amounts (see note below) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses	112		
	Subtotal	54,943,966	▶ 54,943,966 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121		
Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123		
The amount of deferred unrealized foreign exchange losses at the end of the year	124		
	Subtotal		▶ B
Capital for the year (amount A minus amount B) (if negative, enter "0")		190	54,943,966

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

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

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	411,000
Long-term debt of a financial institution	404	
A dividend receivable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part 1.3 (other than by reason of paragraph 181.1(3)(d))	406	
An interest in a partnership (see note 1 below)	407	
Investment allowance for the year	490	411,000

Part 3 - Taxable capital

Capital for the year (line 190)	54,943,966	C
Deduct: Investment allowance for the year (line 490)	411,000	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	54,532,966

Part 4 - Taxable capital employed in Canada

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

Taxable capital for the year (line 500)		Taxable income earned in Canada				Taxable capital employed in Canada
54,532,966	x	610	2,853,672	=	690	54,532,966
		Taxable income	2,853,672			

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

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

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

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Deduct the following amounts:

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

711

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

712

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

713

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

E

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

790

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

PART I.3 TAX ON LARGE CORPORATIONS**Part 5 - Calculation of gross Part I.3 tax**

Taxable capital employed in Canada (line 690 or 790, whichever applies)		54,532,966
Deduct:	Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	801 50,000,000
Excess of taxable capital employed in Canada over capital deduction		811 4,532,966
Line 811	4,532,966 x $\frac{\text{Number of days in the taxation year before 2004}}{\text{Number of days in the taxation year}}$ x 0.00225 =	F
	365	
Line 811	4,532,966 x $\frac{\text{Number of days in the taxation year in 2004}}{\text{Number of days in the taxation year}}$ x 0.002 =	G
	365	
Line 811	4,532,966 x $\frac{\text{Number of days in the taxation year in 2005}}{\text{Number of days in the taxation year}}$ x 0.00175 =	7,933 H
	365	
Line 811	4,532,966 x $\frac{\text{Number of days in the taxation year in 2006}}{\text{Number of days in the taxation year}}$ x 0.00125 =	I
	365	
Line 811	4,532,966 x $\frac{\text{Number of days in the taxation year in 2007}}{\text{Number of days in the taxation year}}$ x 0.000625 =	J
	365	
Note: The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.		
Subtotal (add amounts F to J)		7,933 K
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:		
Amount K	X $\frac{\text{Number of days in the year}}{365}$ =	L
Gross Part I.3 tax (amount K or L, whichever applies)		820 7,933

Part 6 - Calculation of gross Part I.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)		54,532,966 M
Deduct:	Line 801 above 50,000,000 x 1/5 =	10,000,000 N
Excess (amount M minus amount N) (if negative, enter "0")		44,532,966 O
Amount O	44,532,966 x 0.00225 =	100,199 P
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:		
Amount P	x $\frac{\text{Number of days in the year}}{365}$ =	Q
Gross Part I.3 tax for purposes of the unused surtax credit (amount P or Q, whichever applies)		821 100,199

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

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

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

a) line 600 from the T2 return		a	
b) line 700 from the T2 return		b	R

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

c) line 600 from your T2 return	31,961	x (line 690 ÷ line 500)	=	31,961	c	
d) line 700 from the T2 return				631,232	d	31,961 S

Current year surtax credit available (amount R or S, whichever applies)		830	31,961
--	--	------------	---------------

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)		31,961
Less: Gross Part 1.3 tax for purposes of the unused surtax credit (line 821)		100,199

Current-year unused surtax credit (if negative, enter "0")		850
---	--	------------

Enter this amount at line 600 on Schedule 37.

Part 9 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820)		7,933	T
-------------------------------	--	-------	----------

Deduct:

Current-year surtax credit applied (line 820 or 830, whichever is less)	861	7,933	
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37)	862		
Subtotal (cannot be more than amount on line 820)		7,933	7,933 U

Net Part 1.3 tax payable (amount T minus amount U)		870
---	--	------------

Enter this amount at line 704 of the T2 return.

**AGREEMENT AMONG RELATED CORPORATIONS -
PART 1.3 TAX****Schedule 36**

- Members of a related group of corporations should use this schedule to allocate the capital deduction among the members of the related group. **Do not file this agreement if no members of the related group have to pay Part 1.3 tax.**
- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Agreement

Date filed (for departmental use only) 010

Is this an amended agreement? 020 ☐ 1 Yes ☒ 2 No

Calendar year to which the agreement applies 030 2005

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

Names of all corporations which are members of the related group 200	Business number (if a corporation is not registered, enter "NR") 300	Allocation of capital deduction for the year \$ 400	Taxation year end to which this agreement applies * 500
Newmarket Hydro Ltd.	86907 7925 RC 0001	50,000,000	yyyy/mm/dd
Newmarket Hydro Holdings Inc	86514 2632 RC 0001	0	yyyy/mm/dd
Unipower Holdings Ltd.	86553 9399 RC 0001	0	yyyy/mm/dd
1443393 Ontario Inc	89239 7613 RC 0001	0	yyyy/mm/dd
1443394 Ontario Inc	86553 9191 RC 0001	0	yyyy/mm/dd
1443396 Ontario Inc	86553 8995 RC 0001	0	yyyy/mm/dd
1443397 Ontario Inc	89239 7217 RC 0001	0	yyyy/mm/dd
1443398 Ontario Inc	86553 8797 RC 0001	0	yyyy/mm/dd
1402318 Ontario Inc	86709 9772 RC 0001	0	yyyy/mm/dd
	RC	0	yyyy/mm/dd
	RC	0	yyyy/mm/dd
Total		50,000,000	

- * Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

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

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

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

* If the shareholder is a trust, enter NR at field 200 or NA at field 300.

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

Assets	Code	Current year	Prior year
Cash and deposits	1000		
Cash	1001	65,835,028	62,343,854
Total assets	2599	65,835,028	62,343,854

Liabilities	Code	Current year	Prior year
Bank overdraft	2600		
Amounts payable and accrued liabilities	2620	36,721,029	34,958,076
Total liabilities	3499	36,721,029	34,958,076

Equity	Code	Current year	Prior year
Common shares	3500	25,806,563	25,806,563
Retained earnings / deficit	3600	3,307,436	(10,395,350)
Total equity	3620	29,113,999	15,411,213
Total liabilities and equity	3640	65,835,028	60,369,289

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	1,579,215	777,151
Net income / loss	3680	1,928,221	(11,172,501)
Dividends declared	3700	(200,000)	
Total retained earnings	3849	3,307,436	(10,395,350)



INCOME STATEMENT INFORMATION

Schedule 125

Details

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000		
Total sales of goods and services	8089	86,616,693	
Realized gains / losses on disposal of assets	8210	25,700	70,929
Other revenue	8230	1,107,720	944,767
Total revenue	8299	87,750,113	1,015,696

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

Operating expenses	Code	Current year	Prior year
Amortization of tangible assets	8670	3,394,668	3,281,883
		7,963,067	8,195,272
		139,923	150,000
Total operating expenses	9367	11,497,658	11,627,155
Total expenses	9368	65,145,286	11,627,155
Net non-farming income	9369	2,604,827	(10,611,459)

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

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	2,604,827	(10,611,459)

Summary

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

Extraordinary items	9975 -	-	
Legal settlements	9976 -	-	
Unrealized gains / losses	9980 +	+	
Unusual items	9985 -	-	
Current income taxes	9990 -	676,606	561,042
Future income tax provision	9995 -	-	
Net income / loss after taxes and extraordinary items	9999 =	1,928,221	(11,172,501)



NOTES CHECKLIST

Schedule 141

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

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

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

Note

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

Part 2 – Type of involvementChoose the option that represents the highest level of involvement of the accounting practitioner: **198**Completed an auditor's report **1** ☒Completed a review engagement report **2** ☐Conducted a compilation engagement **3** ☐**Part 3 – Reservations**If you selected option "1" or "2" under **Type of involvement** above, answer the following question:Has the accounting practitioner expressed a reservation? **099** ☐ Yes ☒ No**Part 4 – Other information**Were notes to the financial statements prepared? **101** ☒ Yes ☐ No

If Yes, complete lines 102 to 107 below:

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

If Yes, complete line 109 below:

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



BUSINESS CONSENT FORM

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4, and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 – Consent to release of information to a representative

Client's name: Newmarket Hydro Ltd.

Business Number: 869077925

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

() -

Representative's telephone number

() -

Representative's fax number

Part 2 – Details of consent

A. Which accounts?

I request that this consent apply to all accounts. ☒ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001 <input type="checkbox"/>	RC	_____	RC	_____
GST/HST	RT0001 <input type="checkbox"/>	RT	_____	RT	_____
Payroll deductions	RP0001 <input type="checkbox"/>	RP	_____	RP	_____
Import/Export	RM0001 <input type="checkbox"/>	RM	_____	RM	_____

B. Which years?

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

1. All year-ends up to: _____
2. All year-ends beginning in: _____ and all years after that.
3. The following year-ends only: _____

BUSINESS CONSENT FORM

Part 3 – Cancellation of consent to release of information to a representative

Client's name: Newmarket Hydro Ltd.

Business Number: 869077925

I cancel all previous consents for all representatives. ☐ OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name.

() -
Representative's telephone number

() -
Representative's fax number

Part 4 – Details of cancellation of consent

A. Which accounts?

I request that this cancellation of consent apply to all accounts. ☐ OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001 <input type="checkbox"/>	RC _____	RC _____
GST/HST	RT0001 <input type="checkbox"/>	RT _____	RT _____
Payroll deductions	RP0001 <input type="checkbox"/>	RP _____	RP _____
Import/Export	RM0001 <input type="checkbox"/>	RM _____	RM _____

B. Which years?

I request that this consent apply to all years. ☐ OR

I request that this consent apply only to the following years:

1. All year-ends up to:
2. All year-ends beginning in: and all years after that.
3. The following year-ends only:

Part 5 – Signature

Print your name Iain Clinton

Title Chief Financial Officer

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here ►

Date 2007/04/06

TaxPaid

Tax instalments paid

Jurisdiction	Description	Date	Amount
Federal			1,182,400
Federal			
Total			1,182,400

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

Summary by jurisdiction

Federal	1,182,400	Manitoba	
British Columbia		Ontario	
Alberta			
Saskatchewan			

Instalments

Federal tax instalments

Instalment base

Year-end	Estimate for current year 2006/12/31	First instalment base 2005/12/31	Second instalment base 2004/12/31
Taxable income		2,853,672	1,784,597
Base amount of Part I tax		1,084,395	678,147
Corporate surtax		31,961	19,987
Refundable tax on CCPC's investment income			
Small business deduction			
Federal tax abatement		285,367	178,460
Manufacturing and processing profits deduction			
Foreign tax credits			
Tax reductions		199,757	124,922
Political contribution tax credit			
Investment tax credit			
Other credits			
Part I tax payable		631,232	394,752
Part I.3 tax payable			
Part VI tax payable			
Part VI.1 tax payable			
Net provincial or territorial tax payable			
Total tax payable		631,232	394,752
Days in taxation year	365	365	365
Tax payable adjusted for short taxation years		631,232	394,752
Estimated credits for the current year:			
Investment tax credit refund			
Dividend refund			
Other			
Total estimated credits			
Instalment base		631,232	394,752
Monthly payment		52,603	32,896

Instalment payment options

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

Instalment payments

Date	Instalments required	Instalments paid	Instalments payable
2006/01/31	32,896		
2006/02/28	32,896		
2006/03/31	56,544		
2006/04/30	56,544		
2006/05/31	56,544		
2006/06/30	56,544		
2006/07/31	56,544		
2006/08/31	56,544		
2006/09/30	56,544		
2006/10/31	56,544		
2006/11/30	56,544		
2006/12/31	56,544		
Total	631,232		

Summary

Tax Summary

Corporation name Newmarket Hydro Ltd.

Tax year ending 2005/12/31

Taxable income		Tax payable	
Net income for tax purposes	4,888,672	Part I tax	631,232
Charitable donations and gifts	- 1,885,000	Part 1.3 tax (large corporations tax)	+
Taxable dividends	-	Taxable dividends received	
Losses of prior years	- 150,000	Part IV tax	+
Other adjustments	±	Other federal tax payable	+
Taxable income	= 2,853,672	Subtotal	= 631,232
Part I tax		Provincial and territorial tax (except QC,ON,AB)	+
38% of taxable income	1,084,395	Provincial tax on large corporations (NB,NS)	+
Surtax	+ 31,961	Tax payable	+ 631,232
Refundable tax on CCPC investment income	+	Tax instalments paid	- 1,182,400
Active business income	4,888,672	Investment tax credit refund	-
Small business deduction	-	Taxable dividends paid	-
Federal tax abatement	- 285,367	Dividend refund	-
Manufacturing and processing deduction	-	Other refundable credits	-
Additional deduction - credit unions	-	Balance owing (refund) on federal return	= (551,168)
Foreign tax credits	-	Provincial income tax (ON,AB,QC)	399,514
Resource deduction	-	Capital and other provincial taxes	+ 139,939
Political contribution tax credit	-	Tax instalments and credits	-
Investment tax credit	-	Other provincial taxes	= 539,453
Other deductions and credits	- 199,757	Total balance owing (refund)	(11,715)
Part I tax	= 631,232		

Provincial tax	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
Schedule 5 provincial tax payable						
Ontario	100.0000	2,853,672	399,514	139,939		539,453
Alberta						
Québec						
Totals			399,514	139,939		539,453

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

5Year

5 Year Tax Summary

Years Ending:	2005/12/31	2004/12/31	2003/12/31	2002/12/31	2001/12/31
Taxable income					
Net income for tax purposes	4,888,672	3,284,597	2,962,574		
Charitable donations and gifts	- 1,885,000	- 1,500,000	- 1,900,000	-	-
Taxable dividends	-	-	-	-	-
Losses of other years	- 150,000	-	- 465,347	-	-
Other adjustments	±	±	±	±	±
Taxable income	= 2,853,672	= 1,784,597	= 597,227	=	=
Active business income	4,888,672	3,284,597	2,962,574		
Part I tax					
38% of taxable income	1,084,395	678,147	226,946		
Surtax	+ 31,961	+ 19,987	+ 6,689	+	+
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	-	-	-	-	-
Federal tax abatement	- 285,367	- 178,460	- 59,723	-	-
Manufacturing and processing deduction	-	-	-	-	-
Additional deduction - credit unions	-	-	-	-	-
Foreign tax credits	-	-	-	-	-
Resource deduction	-	-	-	-	-
Political contribution tax credit	-	-	-	-	-
Investment tax credit	-	-	-	-	-
Other deductions and credits	- 199,757	- 124,922	- 29,861	-	-
Part I tax	= 631,232	= 394,752	= 144,051	=	=
Tax payable					
Part I tax	631,232	394,752	144,051		
Part I.3 tax	+	+	+ 96,829	+	+
Part IV tax	+	+	+	+	+
Other federal tax payable	+	+	+	+	+
Subtotal	= 631,232	= 394,752	= 240,880	=	=
Provincial and territorial tax (except QC,ON,AB)	+	+	+	+	+
Provincial tax on large corporations (NB,NS)	+	+	+	+	+
Tax payable	= 631,232	= 394,752	= 240,880	=	=
Tax instalments made	- 1,182,400	- 360,316	- 288,822	-	-
Investment tax credit refund	-	-	-	-	-
Dividend refund	-	-	-	-	-
Other refundable credits	-	-	-	-	-
Balance owing (refund)	= (551,168)	= 34,436	= (47,942)	=	=
Provincial income tax (ON,AB,QC)	399,514	249,844	69,703		
Capital and other provincial taxes	+ 139,939	+ 142,057	+ 150,675	+	+
Tax instalments and credits	-	- 169,484	- 220,378	-	-
Other provincial taxes	= 539,453	= 222,417	=	=	=
Total taxes owing (refund)	(11,715)	256,853	(47,942)		

Warning Info The Québec CO-17 return may not print. Please select Online > Update Information > News/Alerts and read the topic Updates to the 2004-2006 CO-17 print condition for a corrective action.

Notice S8Supp Amount D does not equal amount C. Please review.

Notice S141 Please include a paper copy of the financial statements notes with the T2RSI submission.

Notice OEfile This return must be filed on disk as corporation is subject to CMT.

Override S4 Applied (No difference)

Override S125#1 Line 8089: Total assets (ProFile: 0)

Override S125#1 Line 8518: Cost of sales (ProFile: 0)

Memo S1 Line 344: Depletion: "Newmarket Hydro Ltd. Election Under Subsection 13(7.4) The Company hereby elects to have subsection 13(7.4) of the income tax act to reduce the capital cost of depreciable property of Class 1 acquired in the taxation year by an amount of \$ 1,977,586 received in the taxation year in respect of that property that would otherwise be included in income under paragraph 12(1) X"

T2 RSI #S125#1/2Line is incomplete. To correct, enter a GIFL code or delete this line.

T2 RSI #S125#1/3Line is incomplete. To correct, enter a GIFL code or delete this line.

S1:344: Depletion

Newmarket Hydro Ltd.

Election Under Subsection 13(7.4)

The Company hereby elects to have subsection 13(7.4) of the income tax act to reduce the capital cost of depreciable property of Class 1 acquired in the taxation year by an amount of \$ 1,977,586 received in the taxation year in respect of that property that would otherwise be included in income under paragraph 12(1) X

Friday, April 06, 2007

Mr. Clinton
Newmarket Hydro Ltd.
590 Steven Court
Newmarket ON L3Y 6Z2
Newmarket, ON
L3Y 6Z2

Dear Mr. Clinton:

We enclose your copy of the tax return with supporting schedules and financial statements for Newmarket Hydro Ltd.. We have prepared this return based on the information you provided to us.

We have also included the T2 Return and Schedule Information (T2 RSI), which is the keying summary required by Canada Revenue Agency (CRA). Please sign page 5 of RSI Schedule 200 and Form RC59, Business Consent Form. Mail the T2 RSI to CRA on or before Friday, June 30, 2006.

The T2 return shows a refund of \$551,168.

The CT23 Tax Return is being filed on disk. In addition to the disk, please submit the following to the Ontario Ministry of Finance:

- Signed copy of CT23 Certification Form - Diskette Filing
- Financial Statements
- Consent Form

The CT23 return shows a balance owing of \$539,453.

If you have any questions about your return(s), please contact me at .

Sincerely yours,

Enclosure



Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E92004/
2005CT23 Corporations Tax and
Annual ReturnFor taxation years commencing
after December 31, 2002

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Consumer and Business Services (MCBS)

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

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

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

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Ministry Use

Corporation's Legal Name (including punctuation) Newmarket Hydro Ltd.				Ontario Corporations Tax Account No. (MOF) 1800138	
Mailing address 590 Steven Court City Newmarket Province ON Country CA Postal code L3Y 6Z2				This Return covers the Taxation Year Start 2005/01/01 End 2005/12/31	
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes		Date of change		year month day	
Registered/Head Office Address 590 Steven Court City Newmarket Province ON Country Postal code L3Y 6Z2				Date of Incorporation or Amalgamation 2001/11/01	
Location of Books and Records 590 Steven Court City Newmarket Province ON Country Postal code L3Y 6Z2				Ontario Corporation No. (MCBS) 1800138	
Name of person to contact regarding this CT23 Return Iain Clinton, CA				Telephone No. (905) 953-8548	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) 590 Steven Court City Newmarket Province ON Country CA Postal code L3Y 6Z2				Fax No. () -	
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MCBS)				Jurisdiction Incorporated Ontario	
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS). <input checked="" type="checkbox"/> No Change				No. of Schedule(s) 0	
Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français				Ministry Use	
Certification (MCBS) I certify that all information set out in the Annual Return is true, correct and complete. Name of Authorized Person Iain Clinton Title: <input type="checkbox"/> Director <input type="checkbox"/> Officer <input type="checkbox"/> Other Individual having knowledge of the Corporation's business activities Note: Sections 13 and 14 of the <i>Corporations Information Act</i> provide penalties for making false or misleading statements or omissions.					

Taxation Year End

**Exempt From Filing (EFF)
Corporations Tax Return Declaration**

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Corporation's Legal Name

Ontario
Corporations Tax
Account No. (MOF)**This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.****Criteria for exempt from filing status:**

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

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the Corporations Tax Act.**Note 2:** The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

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

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

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

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

City	Province	Country	Postal code
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2. Ontario Corporation No. (MCBS)

3. Canada Customs and Revenue Agency Business No.

I, _____ declare that:

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

Signature	Title/Relationship to Corporation	Telephone number () -	Date
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Please note that making a false statement to avoid compliance with the Corporations Tax Act is an offence which can result in a penalty and/or fine.**If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.**

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

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

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

Identification continued (for CT23 filers only)

Type of Corporation - Please check (✓) box(es) if applicable in sections 1 & 2

- 1** ☒ **1** ☒ Canadian-controlled private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))
- 2** ☐ **2** ☐ Other Private
- 3** ☐ **3** ☐ Public
- 4** ☐ **4** ☐ Non-share Capital
- 5** ☐ **5** ☐ Other (specify)
- Share Capital with full
voting rights owned by
Canadian Residents. (nearest %) 0 %

Ontario Retail Sales Tax Vendor
Permit No.
(Use Head Office No.)Ontario Employer Health Tax Account
No.
(Use Head Office No.)Specify major business activity
Electricity Distribution

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

Please check (✓) box(es) if applicable:

- ☐ **First Year of Filing**
- ☐ **Amended Return**
- ☐ **Taxation Year End has
changed - Canada
Customs and Revenue Agency
approval required**
- ☐ **Final Taxation Year up
to Dissolution (wind-up)
(Note: For discontinued businesses,
see Guide.)**
- ☐ **Final Taxation Year
before Amalgamation**
- ☐ **Floating Fiscal Year End**
- ☐ **Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario**
- ☐ **Acquisition of Control fed s.249(4)**
- Date control was acquired:**

Was the corporation inactive throughout the taxation year?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Are you requesting a refund due to:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
the Carry-back of a Loss?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
an Overpayment?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
a Specified Refundable Tax Credit?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Are you a Member of a Partnership or a Joint Venture?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Income Tax

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

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690 ±	4,888,672
Subtract: Charitable donations	1 -	1,885,000
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	2 -	
Subtract: Taxable dividends deductible, per federal Schedule 3	3 -	
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002R)	4 -	
Subtract: Federal Part VI.1 tax	5 -	
Subtract: Prior years' losses applied - Non-capital losses	From 704	150,000
	From 715	
Net capital losses (page 16)	X rate	50.000000 % = 714
Farm losses	From 724 -	
Restricted farm losses	From 734 -	
Limited partnership losses	From 754 -	

Taxable income (Non-capital loss)

Addition to taxable income for unused foreign tax deduction for federal purposes	11	
Adjusted taxable income 10 + 11 (if 10 is negative, enter 11)	20	2,853,672

Taxable Income

		Number of days in Taxation Year			
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
From 10 (or 20)	2,853,672 X 30	100,0000 % X 12.5 % X 33	÷ 73	365 =	29+
	Ontario Allocation	Days after Dec. 31, 2003	Total Days		
From 10 (or 20)	2,853,672 X 30	100,0000 % X 14.0 % X 34	÷ 73	365 =	32+ 399,514
	Ontario Allocation				

Income Tax Payable (before deduction of tax credits) 29 + 32 **40 = 399,514**

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

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

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

* Income from active business carried on in Canada

for federal purposes (fed.s.125(1)(a))	50	4,888,672
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	51+	2,853,672
Add: Losses of other years deducted for federal purposes (fed.s.111)	52+	150,000
Subtract: Losses of other years deducted for Ontario purposes (s.34)	53-	150,000
	=	2,853,672
	54	2,853,672

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

Ontario Business Limit Calculation

Days after Dec. 31, 2002 and before Jan. 1, 2004					
320,000 X 31	÷ **	365	=+ 46		
Days after Dec. 31, 2003					
400,000 X 34	÷ **	365	=+ 47	400,000	
Business limit for Ontario purposes 46 + 47	= 44	400,000	X 48	100.0000 % = 45	400,000

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

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

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

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

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

continued on Page 5

Income Tax *continued from Page 4*

		Number of Days in Taxation Year					
		Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days			
Calculation of IDSBC Rate	7.0 % X 31		÷ 73	365	=	89	+
	8.5 % X 34	Days after Dec. 31, 2003 365	÷ 73	Total Days 365	=	90	+
IDSBC Rate for Taxation Year	89 + 90					78	=
Claim	From 60	400,000	X From 78	8.5000 %		70	=
							34,000

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

Surtax on Canadian-controlled private corporations (s.41.1)

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

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

* **Taxable Income of the corporation** From 10 (or 20 if applicable) 80 + 2,853,672

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

Taxable income of associated corporations (Attach schedule) 82 +
Aggregate Taxable Income 85 = 2,853,672

Number of days in Taxation Year

		Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days			
320,000 X 31		÷ 73	365	=	115	+	
400,000 X 34		Days after Dec. 31, 2003 365 ÷ 73	365	=	116	+	400,000
			115 + 116	=	400,000	▶	
						114	-
(If negative, enter nil)						86	=
							2,453,672

Number of Days in Taxation Year

		Days after Dec. 31, 2002		Total Days			
Calculation of Specified Rate for Surtax	4.667% X 38	365	÷ 73	365	=	97	+
From 86	2,453,672 X From 97	4.6670 %	=			87	=
From 87	114,513 X From 60	400,000	÷ From 114	400,000		88	=
							114,513

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

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

continued on Page 6

Income Tax continued from Page 5

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

110

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

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

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

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 120 56 - 400,000

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 34,000 ÷ From 30 100.0000 % ÷ From 78 8.5000 % = 121 400,000
*Ontario Allocation

Lesser of 56 or 121

120 - 56 + 122 122 + 400,000

120 - 56 + 122 130 =

Taxable income

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 10 + 2,853,672

Add: Adjustments for Surtax on Canadian-controlled private corporations From 56 - 400,000

Subtract: Taxable income 10 X Allocation % to jurisdictions outside Canada From 122 + 400,000

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses 140

10 - 56 + 122 - 140 - 141 141

10 - 56 + 122 - 140 - 141 142 2,853,672

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

Total Days

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

Days after Dec. 31, 2003

Total Days

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

M&P claim for taxation year 154 + 156

160

***Note:** Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))**Manufacturing and Processing Profits Credit for Electrical Generating Corporations**

161

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity

162

Credit for Foreign Taxes Paid (s.40)**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) (Attach schedule)

170

Credit for Investment in Small Business Development Corporations (SBDC)**Applies** if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former *Small Business Development Corporations Act*)

Eligible Credit 175

Credit Claimed 180

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180

190 = 399,514

continued on Page 7

Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to scientific research and experimental development in Ontario.Eligible Credit from **5620** OITC Claim Form *(Attach original Claim Form)*

191 +

Co-operative Education Tax Credit (CETC) (s.43.4) *Applies* to employment of eligible students.Eligible Credit from **5798** CT23 Schedule 113 *(Attach Schedule 113)*

192 +

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)*Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. **204** Name of ProductionEligible Credit from **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)*

193 +

Graduate Transitions Tax Credit (GTTC) (s.43.6)*Applies* to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.No. of Graduates From **6596**

194 +

Eligible Credit from **6598** CT23 Schedule 115 *(Attach Schedule 115)*

195 +

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)*Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.Eligible Credit from **6900** OBPTC Claim Form*(Attach both the original Claim Form and the Certificate of Eligibility)*

196 +

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)*Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit from **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC)*(Attach the original Certificate of Eligibility)*

197 +

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)*Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit from **7100** OBRITC Claim Form *(Attach original Claim Form)*

198 +

Ontario Production Services Tax Credit (OPSTC) (s.43.10)*Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.Eligible Credit from **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)*

199 +

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)*Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit from **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)*

200 +

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)*Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit from **7500** OSRTC Claim Form*(Attach both the original Claim Form and the Certificate of Eligibility)*

201 +

Apprenticeship Training Tax Credit (ATTC) (s.43.13)*Applies* to employment of eligible apprentices.No. of Apprentices From **5896**

202 +

Eligible Credit from **5898** CT23 Schedule 114 *(Attach Schedule 114)*

203 +

Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203

220 +

Specified Tax Credits Applied to reduce Income Tax

225 +

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)*

230 +

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

OR

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

Corporate Minimum Tax (CMT)

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Total Assets of the corporation	240 +	65,835,028
Total Revenue of the corporation	241 +	67,750,113

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

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

Total Assets of associated corporations (Attach schedule)	243 +	
Total Revenue of associated corporations (Attach schedule)	244 +	
Aggregate Total Assets	249 =	65,835,028
Aggregate Total Revenue	250 =	67,750,113

Determination of Applicability

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

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

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

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

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable - CMT Base From Schedule 101 2136	2,304,327	X	From 30	100.0000	% X 4%	276 =	104,193
							Ontario Allocation
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)						277	
Subtract: Income Tax						From 190 -	399,514
Net CMT Payable (if negative, enter Nil on page 17.)						280 =	

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

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

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

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

A.	Income Tax (before deduction of specified credits)	From 190 +	399,514
	Gross CMT Payable	From 276 +	104,193
	Subtract: Foreign Tax Credit for CMT purposes	From 277 -	
	If 276 - 277 is negative, enter NIL in 290	=	104,193
	Income Tax eligible for CMT Credit	290 -	104,193
		300 =	399,514
B.	Income Tax (after deduction of specified credits)	From 230 +	399,514
	Subtract: CMT credit used to reduce income taxes	310 -	
	Income Tax	320 =	399,514

Transfer to Page 17

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

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

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

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

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

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

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

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350+	25,806,563
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351±	2,783,911
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352+	
Loans and advances (Attach schedule)(Int.B. 3013R)	353+	25,489,492
Bank loans (Int.B. 3013R)	354+	
Bankers acceptances (Int.B. 3013R)	355+	
Bonds and debentures payable (Int.B. 3013R)	356+	
Mortgages payable (Int.B. 3013R)	357+	
Lien notes payable (Int.B. 3013R)	358+	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359+	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360+	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	361+	864,000
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	362+	
Subtotal	370=	54,943,966
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	371-	455,219
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=	54,488,747
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381-	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	
Net Paid-up Capital	390=	54,488,747

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)

Mortgages due from other corporations	402+	411,000
Shares in other corporations (certain restrictions apply) (Refer to Guide)	403+	
Loans and advances to unrelated corporations	404+	
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	405+	
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	406+	
Total Eligible Investments	407+	
	410=	411,000

continued on Page 10

Capital Tax continued from Page 9

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Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420 +	65,835,028
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 =	65,835,028
Amounts in 360 and 361 (if deducted from assets)	440 +	
Subtract: Amounts in 371, 372 and 381	441 -	455,219
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	65,379,809

Investment Allowance (410 + 450) X 390

Not to exceed 410 460 = 342,535

Taxable Capital 390 - 460

470 = 51,146,272

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

Gross Revenue of the corporation 67,750,113

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

Aggregate of Gross Revenue

67,750,113 480 = 67,750,113

Total Assets (as adjusted)

From 430 = 65,835,028

Calculation of Capital Tax for all Corporations except Financial Institutions*Note: This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002.**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 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

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

SECTION CThis section applies if the corporation is **not** a member of an associated group and/or partnership**C1.** If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.**C2.** If Taxable Capital in 470 is **equal to or less than the TCD** in 503, enter NIL in 550 on page 12 and complete the return from that point.**C3.** If Taxable Capital in 470 **exceeds the TCD** in 503, complete the following calculation and transfer the amount from 523 to 543 on page 12, and complete the return from that point.

+ From 470

- From 503

= 471

Days in taxation year

x From 30 Ontario Allocation

$$100,000,000 \times 0.3\% \times 365 = 1,102,500$$

365 (366 if leap year)
If floating taxation year, refer to Guide.

= 523 +

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

continued on Page 11

Capital Tax Calculation *continued from Page 10*

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SECTION D

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

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

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2. ☒ **524** (✓ if applicable) One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.
You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

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

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

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

Taxable Capital form **470** on page 10 From **470** + 54,146,212

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

Taxable Capital of associated corporations (Attach schedule) 531 +
Aggregate Taxable Capital **470** + **531** 540 54,146,212

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** 54,146,212 ÷ From **540** 54,146,212 X From **503** 7,500,000 **541** 7,500,000
Transfer to **542** in Section E on page 12

Ss.69(2.1) Election Filed

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

continued on Page 12

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

3+ 139,939
Transfer to 543 and
complete the return
from that point

SECTION F

562 =

Transfer to **543** and complete the return from that point

Transfer to Page 17

ProFile - Version 2004.5.0 - Approval code - 060E

Capital Tax continued from Page 12

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

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

1.2 Other than Credit Unions

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

565 x 0.6% x From 30 % x 555 Days in taxation year
 Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 Ontario Allocation + *365 = 569 +
 (366 if leap year)

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

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

* If floating taxation year, refer to Guide.

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments 585

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? ☒ Yes ☐ No

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

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

(1) Uninsured Benefits Arrangements 587 x 2% 588
Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)
Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

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

Premium Tax 588 - 589 590 =

Transfer to Page 17

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ**Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1**600 ± 4,888,672
Transfer to Page 15**Add:**

Federal capital cost allowance	601+	2,993,481
Federal cumulative eligible capital deduction	602+	129,442
Ontario taxable capital gain	603+	
Federal non-allowable reserves. Balance beginning of year	604+	514,043
Federal allowable reserves. Balance end of year	605+	
Ontario non-allowable reserves. Balance end of year	606+	613,643
Ontario allowable reserves. Balance beginning of year	607+	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608+	
Federal resource allowance (Refer to Guide)	609+	
Federal depletion allowance	610+	
Federal foreign exploration and development expenses	611+	
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	617+	
Management fees, rents, royalties and similar payments to non-arm's length non-residents		

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

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

Days after Dec. 31, 2003

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

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

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

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

Federal allowable business investment loss

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

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

613	
615	
616	
620+	
614+	

= 4,250,609 640 4,250,609

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	650+	2,993,481
Ontario cumulative eligible capital deduction	651+	129,442
Federal taxable capital gain	652+	
Ontario non-allowable reserves. Balance beginning of year	653+	514,043
Ontario allowable reserves. Balance end of year	654+	
Federal non-allowable reserves. Balance end of year	655+	613,643
Federal allowable reserves. Balance beginning of year	656+	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	657+	
Ontario depletion allowance	658+	
Ontario resource allowance (Refer to Guide)	659+	
Ontario current cost adjustment (Attach schedule)	661	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	675	
Subtotal of deductions for this page 650 to 659 + 661 + 675	681	4,250,609

Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1	From 600 ±	4,888,672
Total of Additions on page 14	From 640 =	4,250,609

Sub Total of deductions on page 14	From 681 =	4,250,609
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Deduct:**Ontario New Technology Tax Incentive (ONTTI) Gross-up**

(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

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

662

ONTTI Gross-up deduction calculation:

From Gross-up of CCA

662	x 100/ 30	100.0000	- From 662	663
Ontario Allocation				

Workplace Child Care Tax Incentive (WCCT)

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

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

Workplace Accessibility Tax Incentive (WATI)

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

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

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

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

Educational Technology Tax Incentive (ETTI)

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

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

Ontario allowable business investment loss

678 +

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

679 +

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

677 +

Total of other deductions allowed by Ontario (Attach schedule)

664 +

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664	=	4,250,609	680	4,250,609
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Net income (loss) for Ontario Purposes 600 + 640 - 680

690 = 4,888,672

Transfer to Page 4

Continuity of Losses Carried Forward

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	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 150,000	710 (2)	720 (2)	730	740	750
Add:	701	711	721	731	741	751
Current year's losses (7)						
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract:	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	150,000					
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Subtotal	707 150,000	717	727	737	747	757
Balance at End of Year	709 (8)	719	729	739	749	759

Analysis of Balance by Year of Origin

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

Notes:

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

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

CT23 Page 17 of 20

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

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

Application of Losses	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.				
Predecessor Corporation's Taxation Year Account No. (MOF) Ending				
i) 3rd preceding 901 2002/12/31	911	921	931	941
ii) 2nd preceding 902 2003/12/31	912	922	932	942
iii) 1st preceding 903 2004/12/31	913	923	933	943
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	399,014
Corporate Minimum Tax	From 280	
Capital Tax	From 550	109,989
Premium Tax	From 590	
Total Tax Payable	950	509,453
Subtract: Payments	960	
Capital Gains Refund (s.48)	965	
Qualifying Environmental Trust Tax Credit (Refer to Guide)	985	
Specified Tax Credits (Refer to Guide)	955	
Balance	970 =	539,453
If payment due	Enclosed * 990	
If overpayment: Refund (Refer to Guide)	975 =	
Apply to	980	

(Includes credit interest)

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

Certification

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

Name

Iain Clinton

Title

Chief Financial Officer

Full Residence Address

590 Steven Court

City

Newmarket

Province

ON

Country

CA

Postal Code

L3Y 6Z2

Signature

Date

2007/04/06

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



Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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- 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).
- 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		+	1,885,000	E
Subtotal D + E		=	1,885,000	F
Total donations available C + F		=	1,885,000	G
Deduct: Amount applied against taxable income (amount T)		-	1,885,000	T
Charitable donations closing balance		=		H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75% = 3,666,504 I

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 + J

Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA + K

Add the lesser of:

1. The amount of the recapture of capital cost allowance in respect of charitable gifts + L

2. The lesser of:

2a. Proceeds of dispositions less outlays and expenses M

2b. The capital cost N

The lesser of M and N O

The lesser of L and O + P

Subtotal J + K + P Q

25 % x Q = R

Maximum deduction allowable I + R = 3,666,504 S

Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes) 1,885,000 T

Enter in 1 of the CT23

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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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 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: Amount applied against taxable income 2 of the CT23	-	
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	=	

Foundation Name	Date of Donation	Amount \$
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		3,003,672 U
2. Lesser of:		
2a. Ontario Net Income for the taxation year	4,888,672 V	
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		
The lesser of V and W	W	
Maximum deduction allowable the lesser of U and X		X
		Y
		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	+	
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	-	
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	=	
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	+	
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.)	+	
Subtotal	=	
Deduct: Amount applied against taxable income	-	
Gifts to Canada or a province other than Ontario closing balance	=	

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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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: 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: 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
Totals					

OS4
Schedule 4

Ontario loss continuity

Part 1 - Non-capital loss

Determination of current-year non-capital loss

Net income (loss) for Ontario tax purposes		4,888,672
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter a positive amount)		
Taxable dividends deductible under ITA sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
	Subtotal - if positive, enter "0"	
Deduct: (increase a loss)		
ITA Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		
Add: (decrease a loss)	Subtotal	
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		

Continuity of non-capital losses and request for a carryback

Non-capital loss at end of preceding taxation year	150,000	
Deduct: Non-capital loss expired		
Non-capital losses at beginning of taxation year	= 150,000	150,000
Add: Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation		+
Current-year non-capital loss (from calculation above)		
Deduct - Request to carry back non-capital loss to:		
First preceding taxation year to reduce taxable income		
Second preceding taxation year to reduce taxable income		
Third preceding taxation year to reduce taxable income		
Current-year non-capital loss net of carryback		+
	Subtotal	= 150,000
Deduct:		
Amount applied against taxable income (enter on line 704 of the CT23)	150,000	
Section 80 - adjustments for forgiven amounts		
Other adjustments		
	150,000	- 150,000
Non-capital losses - Closing balance		=

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year			Gross amount
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation			+
Current-year capital loss			+
	Subtotal		=
Add:			
Allowable business investment loss expired as a non-capital loss	X 4/3		+
	Subtotal		=
Deduct:			
Amount applied against current year capital gain			-
Section 80 adjustments for forgiven amounts			-
Other adjustments			-
	Subtotal		=
Deduct - Request to carry back capital loss to:			
	Loss applied	Inclusion rate	Total
First preceding taxation year	+	50.0000 %	=
Second preceding taxation year	+	50.0000 %	=
Third preceding taxation year	+	%	=
	Subtotal		-
Capital losses - Closing balance			=

OS4
Schedule 4

Ontario loss continuity

Part 3 - Farm loss

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year

Deduct: Farm loss expired after 10 taxation years

Farm losses at beginning of taxation year

Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation

+

Current-year farm loss

Deduct - Request to carry back farm loss to:

First preceding taxation year to reduce taxable income

Second preceding taxation year to reduce taxable income

Third preceding taxation year to reduce taxable income

Subtotal

Current-year farm loss net of carryback

+

Subtotal

Deduct:

Amount applied against taxable income (enter on line 724 of the CT23)

Section 80 - Adjustments for forgiven amounts

Other adjustments

Farm losses - Closing balance

-

=

Part 4 - Restricted farm loss

Current-year restricted farm loss

Total losses for the year from farming business

Minus the deductible farm loss:

\$2,500 plus B or C, whichever is less

(Amount A above - \$2,500) divided by 2

Maximum

B

C

6,250

Deductible farm loss

Current-year restricted farm loss

A

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year

Deduct: Restricted farm loss expired after 10 taxation years

Restricted farm losses at beginning of taxation year

Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation

+

Current-year restricted farm loss

Deduct - Request to carry back restricted farm loss to:

First preceding taxation year to reduce farming income

Second preceding taxation year to reduce farming income

Third preceding taxation year to reduce farming income

Current-year restricted farm loss net of carryback

+

Deduct:

Amount applied against taxable income (enter on line 734 of the CT23)

Section 80 - Adjustments for forgiven amounts

Other adjustments

Restricted farm losses - Closing balance

-

=



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

Ontario Capital Cost Allowance Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name Newmarket Hydro Ltd.		Ontario Corporations Tax Account No. (MOF) 1800138				Taxation Year End 2005/12/31						
Is the corporation electing under regulation 1101(5q)? 101 1 <input type="checkbox"/> Yes <input type="checkbox"/> 2 <input checked="" type="checkbox"/> No <input type="checkbox"/>												
1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	32,289,435	5,069,408	(2,423,388)		34,935,455	2,534,704	32,400,751	4			1,296,030	33,639,425
3	7,897				7,897		7,897	5			395	7,502
8	2,985,998	413,475			3,399,473	206,738	3,192,735	20			638,547	2,760,926
10	1,570,052	343,391		25,700	1,887,743	158,846	1,728,897	30			518,669	1,369,074
17	70,958				70,958		70,958	8			5,677	65,281
2	8,198,970				8,198,970		8,198,970	6			491,938	7,707,032
13	231,598	17,656			249,254	8,828	240,426				42,225	207,029
Totals	45,354,908	5,843,930	(2,423,388)	25,700		2,909,116	45,840,634				2,993,481	45,756,269

Enter in box 650 on the CT23

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

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

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

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

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital - balance at beginning of taxation year (if negative, enter zero)			1,849,170	A
Add: Cost of eligible capital property acquired during the taxation year	+			B
Amount transferred on amalgamation or wind-up of subsidiary	+			C
Other adjustments	+			D
Total of B + C + D	=			E
Subtotal A + E	=	x 3/4 =		F
			1,849,170	
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+			G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the Income Tax Act (Canada)	+			H
Other adjustments	+			I
Total of G + H + I	=			J
Ontario cumulative eligible capital balance F - J	=	x 3/4 =		K
If K is negative, enter zero at line M and proceed to Part 2			1,849,170	

Current year deduction 1,849,170 K x 7%* = 129,442 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) = 1,719,728 M

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

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

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

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

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

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes

Part 1 - Capital gains reserves

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

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

Part 2 - Other reserves

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

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

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

Part 3 - Continuity of non-deductible reserves

Reserve	Ontario opening balance and transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Post employment benefits	514,043				613,643
Totals	514,043				613,643

Enter in box **653**
of the CT23

Enter in box **606**
of the CT23

Details of Associated Ontario Corporations

Names of associated corporations (Canadian and foreign)	Permanent establishment in Canada?	Ontario Account Number	Taxation Year End
Unipower Holdings Ltd	Yes		2005/01/01
1443393 Ontario Inc	Yes		2005/01/01
1443394 Ontario Inc	Yes		2005/01/01
1443396 Ontario Inc	Yes		2005/01/01
1443397 Ontario Inc	Yes		2005/01/01
1443398 Ontario Inc	Yes		2005/01/01
1402318 Ontario Inc	Yes		2005/01/01
Newmarket Hydro Holdings Inc	Yes		2005/01/01

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

Taxable Capital of Associated Corporations

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

Schedule CT21

Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
Unipower Holdings Ltd		2005/01/01	
1443393 Ontario Inc		2005/01/01	
1443394 Ontario Inc		2005/01/01	
1443396 Ontario Inc		2005/01/01	
1443397 Ontario Inc		2005/01/01	
1443398 Ontario Inc		2005/01/01	
1402318 Ontario Inc		2005/01/01	
Newmarket Hydro Holdings Inc		2005/01/01	
Aggregate of taxable capital			

Transfer to **540** of the CT23



Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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Loans or Advances Credited or Advanced to Corporation (includes accounts payable to related parties outstanding at the taxation year end for 120 days or more and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)	
Due to related parties	1,028,269
Long term Debt	22,000,000
Customer deposits	2,461,223
Total	25,489,492

Transfer to 353 on the CT23



Corporation's Legal Name Newmarket Hydro Ltd.	Ontario Corporations Tax Account No. (MOF) 1800138	Taxation Year End 2005/12/31
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Description of Reserves NOT ALLOWED as a Deduction for Income Tax	Balance Beginning of the Year	Add	Deduct	Transfer on Amalgamation or Wind-up of Subsidiary	Balance at the End of the Year
Allowance for doubtful accounts	250,000				250,000
Employee Future Benefits	514,000	100,000			614,000
Total					864,000

Transfer to 361 on the CT23

OConsent

Ontario Consent Form

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third party representative in matters pertaining to applicable legislation. **Note: This authorization is valid until the client or authorized signing person cancels it in writing. Please complete a separate form for each representative.**

The purpose of this form is:

☒ To **authorize** a third party representative or ☐ To **cancel** a third party representative

1. Client identification

Name

Newmarket Hydro Ltd.

Ontario Corporations Tax Account Number

1800138

2. Authorized third party identification

Authorized individuals' name

Address

Phone number

() -

Authorized firm's name

Address

Phone number

() -

3. Details of authorization

Indicate the period for which authorization or cancellation applies:

All years



OR

Specific years

OR

All years prior to

4. Authorized signature (client or authorized signing officer)

Iain Clinton

Name

(905) 953-8548

Telephone number

2007/04/06

Date signed

Signature of client or authorized signing officer

Chief Financial Officer

Position, office or rank

O Instalments

Ontario tax instalments

Instalment base

Year-end	Estimate for current year 2006/12/31	First instalment base 2005/12/31	Second instalment base 2004/12/31
Taxable income		2,853,672	1,784,597
Base amount of tax		399,514	249,844
Small business tax credit		34,000	
Surplus on CCPCs		34,000	
Manufacturing and processing profits credit			
Foreign tax credit			
Specified tax credits			
Other tax credits			
Income tax payable		399,514	249,844
Corporate minimum tax payable			
Capital tax payable		139,939	142,057
Premium tax payable			
Total tax payable		539,453	391,901
Days in taxation year	365	365	365
Tax payable adjusted for short taxation years		539,453	391,901
Estimated tax credits for the current year			
Instalment base		539,453	391,901
Monthly payment		44,954	32,658
Quarterly payment		134,863	97,975

Instalment payment options

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

Instalment payments

Date	Instalments required	Instalments paid	Instalments payable
2006/01/31	32,658		
2006/02/28	32,658		
2006/03/31	47,414		
2006/04/30	47,414		
2006/05/31	47,414		
2006/06/30	47,414		
2006/07/31	47,414		
2006/08/31	47,414		
2006/09/30	47,414		
2006/10/31	47,414		
2006/11/30	47,414		
2006/12/31	47,414		
Total	539,456		

Corporate Minimum Tax (CMT)

CT23 Schedule 101

Corporation's Legal Name

Newmarket Hydro Ltd.

Ontario Corporations Tax Account No. (MOF)

1800138

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)

Subtract (to the extent reflected in net income/loss): 2100 ± 1,928,221

Provision for recovery of income taxes / benefit of current income taxes 2101+

Provision for deferred income taxes (credits) / benefit of future income taxes 2102+

Equity income from corporations 2103+

Share of partnership(s)/joint venture(s) income 2104+

Dividends received/receivable deductible under fed.s.112 2105+

Dividends received/receivable deductible under fed.s.113 2106+

Dividends received/receivable deductible under fed.s.83(2) 2107+

Dividends received/receivable deductible under fed.s.138(6) 2108+

Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1) x 3 = 2109+

Subtotal
Add (to extent reflected in net income/loss):

Provision for current taxes / cost of current income taxes 2111+ 676,606

Provision for deferred income taxes (debits) / cost of future income taxes 2112+

Equity losses from corporations 2113+

Share of partnership(s)/joint venture(s) losses 2114+

Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) 2115+

Subtotal

= 676,606 ▶ 2116+ 676,606

Add/Subtract:

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

Fed.s.85 2117+ or 2118-

Fed.s.85.1 2119+ or 2120-

Fed.s.97 2121+ or 2122-

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

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

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

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

Subtotal (Additions)
Subtotal (Subtractions)

Other adjustments

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131

2129+

▶ 2130-

2131±

2132= 2,604,827

2133±

2134= 2,604,827

Share of partnership(s)/joint venture(s) **adjusted** net income/loss

Adjusted net income (loss) (If loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**)

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

CMT losses: other eligible losses 2211+

▶ 2135-

CMT Base

2136= 2,604,827

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

Part 2: Continuity of CMT Losses Carried Forward

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

2201 +

Subtotal _____ **2207+**

CMT losses available 2201 + 2207 ± 2208 2209=

Subtotal	=	2213-
-----------------	---	--------------

Notes:

(5) Amount in **2214** must equal sum of **2270** + **2290**.

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

(2004-03)
Page 2 of 3

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

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

Balance at Beginning of year Note (1)

2301

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

From 280 or 347 +

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

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

Subtract Income Tax

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

Subtotal (If negative, enter NIL)

=

2305-

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

=

2310 +

CMT Credit Carryovers from predecessor corporations Note (3)

2325 +

Amalgamation (✓) 2315 ☐ Yes Wind-up (✓) 2320 ☐ Yes**Subtotal** 2301 + 2310 + 2325

2330 +

Adjustments (Attach schedule)

2332 ±

CMT Credit Carryover available 2330 ± 2332

2333 =

Transfer to Page 8 of the CT23
or page 6 of the CT8**Subtract:** CMT credit utilized during the year to reduce income tax

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

CMT Credit expired during the year

2334 +

Subtotal

=

2335 -

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

2336 =

Notes:

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

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

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

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