

Horizon Holdings Inc.

For the Three Months Ended March 31, 2016
(in thousands of dollars)

Horizon Holdings Inc. Unaudited Consolidated Statement of Financial Position

As at	March 31 2016	March 31 2015	December 31 2015
Assets			
Current assets			
Accounts receivable	\$ 115,881	\$ 101,436	\$ 109,638
Accounts receivable from corporations under common control	286	163	915
Inventory	8,692	7,456	8,339
Other assets	2,555	2,041	3,020
	127,414	111,096	121,912
Non-current assets			
Property, plant and equipment	442,711	421,602	438,463
Deferred payments in lieu of income taxes	14,827	18,034	14,827
Intangible assets	22,484	16,939	23,279
Goodwill	18,923	18,923	18,923
	498,945	475,498	495,492
Total assets	\$ 626,359	\$ 586,594	\$ 617,404
Current liabilities			
Bank indebtedness	\$ 13,219	\$ 6,729	\$ 109
Accounts payable and accrued liabilities	73,523	62,296	72,753
Accounts payable to corporations under common control	14,961	13,729	14,515
Current portion of long-term borrowings	144	294	143
Current portion of obligations under capital cost recovery agreements	7,605	—	16,626
Credit support for service delivery	23,704	19,952	21,464
Reimbursements from IESO	3,330	3,087	4,511
	136,486	106,087	130,121
Non-current liabilities			
Long-term borrowings	189,537	189,063	189,540
Obligations under capital cost recovery agreements	—	10,000	—
Employee future benefits	29,863	29,523	29,760
Deferred revenue	31,590	26,866	29,738
	250,990	255,452	249,038
Total liabilities	387,476	361,539	379,159
Shareholders' equity			
Share capital	123,594	123,594	123,594
Contributed surplus	15,218	15,218	15,218
Accumulated other comprehensive loss	(6,463)	(6,712)	(6,463)
Retained earnings	106,534	92,955	105,896
Total shareholders' equity	238,883	225,055	238,245
Total liabilities and shareholders' equity	\$ 626,359	\$ 586,594	\$ 617,404

Horizon Holdings Inc.

For the Three Months Ended March 31, 2016
(in thousands of dollars)

Horizon Holdings Inc. Unaudited Consolidated Statement of Comprehensive Income and Retained Earnings

For the period ended	Three Months March 31	Three Months March 31	Year Ended December 31
	2016	2015	2015
Gross electricity revenue	\$ 174,040	\$ 165,501	\$ 673,810
Electricity cost of sales	(143,898)	(136,353)	(554,983)
Net electricity revenue	30,142	29,148	118,827
Other income from operations	3,175	3,295	17,193
Total net revenue	33,317	32,443	136,020
Expenses:			
Operating expenses	16,524	14,778	70,029
Depreciation and amortization	6,333	5,988	24,365
	22,857	20,766	94,394
Income from operating activities	10,460	11,677	41,626
Loss on sale and disposal of plant, property and equipment	(452)	(289)	(1,502)
Finance income	35	29	156
Finance charges	(1,855)	(1,823)	(7,193)
Income before payments in lieu of income taxes	8,188	9,594	33,087
Payments in lieu of income taxes	(2,171)	(2,543)	(7,595)
Net income	6,017	7,051	25,492
Other comprehensive income adjustments, net of tax			
Actuarial gain on employee future benefits	—	—	249
Other comprehensive income	—	—	249
Net income	\$ 6,017	\$ 7,051	\$ 25,741
Retained earnings, beginning of period	\$ 105,896	\$ 92,595	\$ 92,595
Dividends	(5,379)	(6,691)	(12,191)
Net income	6,017	7,051	25,492
Retained earnings, end of period	\$ 106,534	\$ 92,955	\$ 105,896

Horizon Holdings Inc.

For the Three Months Ended March 31, 2016
(in thousands of dollars)

Horizon Holdings Inc. Unaudited Consolidated Statement of Cash Flows

For the period ended	Three Months March 31	Three Months March 31	Year Ended December 31
	2016	2015	2015
OPERATING ACTIVITIES			
Net income for the period	\$ 6,017	\$ 7,051	\$ 25,492
Add (deduct) non-cash items:			
Depreciation and amortization	6,333	5,988	24,365
Amortization of deferred revenue	(214)	(179)	(770)
Loss on sale and disposal of plant, property and equipment	452	289	1,502
Deferred payments in lieu of income taxes	—	—	3,207
Net change in employee future benefits	103	93	579
Net change in other assets and liabilities	(4,461)	(10,634)	(10,014)
Cash from operating activities	8,230	2,608	44,361
INVESTING ACTIVITIES			
Additions to property, plant, equipment and intangibles	(10,259)	(8,294)	(51,253)
Proceeds received on sale of plant, property and equipment	21	115	283
Cash used in investing activities	(10,238)	(8,179)	(50,970)
FINANCING ACTIVITIES			
Long term borrowing	(36)	(63)	315
Obligations under capital cost recovery agreements	(9,021)	—	6,626
Increase in credit support for service delivery	2,240	1,807	3,319
(Reductions of) reimbursements from IESO	(1,181)	1,050	2,474
Deferred revenue from contributions to capital expenditures	2,066	1,644	5,107
Finance lease payments	209	—	(245)
Dividends paid	(5,379)	(6,691)	(12,191)
Cash used in financing activities	(11,102)	(2,253)	5,405
Decrease in cash and cash equivalents	(13,110)	(7,824)	(1,204)
(Bank indebtedness) cash and cash equivalents, beginning of period	(109)	1,095	1,095
Bank indebtedness, end of period	\$ (13,219)	\$ (6,729)	\$ (109)