

# PowerStream Inc.

## Balance Sheet

March 31, 2011

(In thousands of dollars) (Unaudited)

	March 31, 2011	December 31, 2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	(4,085)	8,568
Accounts receivable, net of allowance	82,136	69,366
Unbilled revenue	83,087	92,207
Inventories	3,457	3,050
Prepays and other	2,891	2,718
	<b>167,486</b>	<b>175,909</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>641,861</b>	<b>642,059</b>
<b>OTHER ASSETS</b>		
Regulatory assets	31,578	31,961
Intangibles	4,384	4,792
Future income tax assets	53,313	53,313
Goodwill	42,543	42,543
	<b>941,165</b>	<b>950,577</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	83,862	105,339
Current portion of customers' deposit	1,478	1,478
Income taxes payable	6,428	6,622
Due to related parties	18,090	12,214
Short-term debt	40,000	40,000
Liability for subdivision development	4,232	4,138
Current portion of capital lease obligation	196	259
Infrastructure Ontario financing	1,403	827
	<b>155,689</b>	<b>170,877</b>
<b>LONG-TERM LIABILITIES</b>		
Notes payable	182,430	182,430
Debentures payable	123,941	123,765
Bank term loan	50,000	50,000
Regulatory liabilities	65,497	68,314
Customers' deposits	12,127	12,071
Employee future benefits	14,462	14,007
Liability for subdivision development	1,143	1,232
Other liabilities	160	160
Future income tax liabilities	61	61
Construction deposits	21,661	23,364
Long-term portion of capital lease obligation	17,679	17,679
	<b>489,161</b>	<b>493,083</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	249,618	249,618
RETAINED EARNINGS	46,697	36,999
	<b>296,315</b>	<b>286,617</b>
	<b>941,165</b>	<b>950,577</b>

**PowerStream Inc.**  
**Statement of Earnings and Retained Earnings**

Period ended March 31, 2011  
(In thousands of dollars) (Unaudited)

	2011	2010
	(3 months)	(12 months)
<b>REVENUE</b>		
Sale of energy	182,906	691,318
Distribution revenue	39,597	155,841
Other revenue	1,965	9,229
<b>Total revenue</b>	<b>224,468</b>	<b>856,388</b>
<b>Cost of power purchased</b>	<b>182,906</b>	<b>691,318</b>
	<b>41,562</b>	<b>165,070</b>
<b>Operating expenses</b>	<b>13,456</b>	<b>59,746</b>
<b>Earnings before Amortization, Interest and Income Taxes</b>	<b>28,106</b>	<b>105,324</b>
<b>Amortization of Property, plant and equipment and Intangibles</b>	<b>10,804</b>	<b>46,255</b>
<b>Net interest expense</b>	<b>5,822</b>	<b>22,014</b>
<b>Earnings before taxes</b>	<b>11,480</b>	<b>37,055</b>
<b>Income tax expense</b>	<b>1,782</b>	<b>10,588</b>
<b>Net earnings for the period</b>	<b>9,698</b>	<b>26,467</b>
<b>Retained earnings, beginning of period</b>	<b>36,999</b>	<b>21,064</b>
<b>Dividends</b>	<b>-</b>	<b>(10,532)</b>
<b>Retained earnings, end of period</b>	<b>46,697</b>	<b>36,999</b>

**PowerStream Inc.**  
**Statement of Cash Flows**

Period ended March 31, 2011  
(In thousands of dollars) (Unaudited)

	<b>2011</b>	<b>2010</b>
	<b>( 3 months)</b>	<b>( 12 months)</b>
<b>OPERATING ACTIVITIES</b>		
Net earnings for the period	9,698	26,467
Adjustments to determine cash provided by operating activities		
Amortization of property, plant and equipment	11,029	46,675
Accretion of debentures payable	176	674
Amortization of intangibles	537	2,415
Employee future benefits	455	1,971
Decrease in regulatory assets and liabilities	(2,434)	(28,354)
Loss on disposal of property, plant and equipment	-	533
Future income taxes	-	8,413
Net change in non-cash operating working capital	(20,025)	(2,714)
	(564)	56,080
<b>FINANCING ACTIVITIES</b>		
Increase (Decrease) in liability for subdivisions development	5	(2,922)
Increase (Decrease) in long-term customers' deposits	56	(4,655)
Decrease in other liabilities	-	(5,261)
Dividends paid	-	(10,532)
(Decrease) Increase in construction deposits	(1,703)	192
Principal payments on capital lease obligation	(63)	(342)
Increase in Infrastructure Ontario financing	576	827
	(1,129)	(22,693)
<b>INVESTING</b>		
Proceeds from the issuance of Class A common shares	-	2,435
Proceeds on disposal of property, plant and equipment	-	140
Purchase of intangibles	(129)	(2,949)
Purchase of property, plant and equipment, net of contribution of capital construction	(10,831)	(67,057)
	(10,960)	(67,431)
<b>DECREASE IN CASH DURING THE PERIOD</b>	<b>(12,653)</b>	<b>(34,044)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>8,568</b>	<b>42,612</b>
<b>CASH, END OF PERIOD</b>	<b>(4,085)</b>	<b>8,568</b>