

PowerStream Inc.

Balance Sheet

As at September 30, 2011
(in thousands of dollars) (Unaudited)

	September 30, 2011	December 31, 2010
ASSETS		
CURRENT		
Cash	(11,886)	8,568
Accounts receivable (net of allowance)	87,262	69,366
Unbilled revenue	97,088	92,207
Inventories	2,674	3,050
Prepays and other	1,669	2,718
	<hr/> 176,807	<hr/> 175,909
PROPERTY, PLANT AND EQUIPMENT	649,804	642,059
OTHER ASSETS		
Regulatory Assets	31,785	31,961
Intangibles	4,846	4,792
Future Income Tax Assets	53,313	53,313
Goodwill	42,543	42,543
	<hr/> 959,098	<hr/> 950,577
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	82,967	105,339
Current portion of customers' deposit	1,478	1,478
Income taxes payable	7,585	6,622
Due to related parties	20,847	12,214
Short term debt	40,000	40,000
Liability for subdivision development	3,456	4,138
Current portion of capital lease obligation	66	259
Infrastructure Ontario financing	1,737	827
	<hr/> 158,136	<hr/> 170,877
LONG-TERM LIABILITIES		
Notes payable	182,430	182,430
Debentures payable	124,303	123,765
Bank term loan	50,000	50,000
Regulatory liabilities	65,682	68,314
Customers' deposits	12,268	12,071
Employee future benefits	15,372	14,007
Liability for subdivision development	880	1,232
Other liabilities	-	160
Future Income Tax Liabilities	61	61
Construction Deposits	32,853	23,364
Long-term leases	17,679	17,679
	<hr/> 501,528	<hr/> 493,083
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	251,507	249,618
RETAINED EARNINGS	47,927	36,999
	<hr/> 299,434	<hr/> 286,617
	<hr/> 959,098	<hr/> 950,577

PowerStream Inc.

Statement of Earnings and Retained Earnings

Period ended September 30, 2011

(in thousands of dollars) (Unaudited)

	September 30, 2011	December 31, 2010
	(9 months)	(12 months)
REVENUE		
Sale of energy	574,351	691,318
Distribution revenue	118,623	155,841
Other revenue	7,059	9,229
Total revenue	700,033	856,388
Cost of power purchased	574,351	691,318
	125,682	165,070
Operating expenses	43,297	59,746
Earnings before Amortization, Interest and Income taxes	82,385	105,324
Amortization of Property, plant and equipment and Intangibles	32,728	46,255
Net interest expense	17,577	22,014
Earnings before taxes	32,080	37,055
Income tax expense	7,295	10,588
Net earnings for the year	24,785	26,467
Retained earnings, beginning of period	36,999	21,064
Dividends	(13,857)	(10,532)
Retained earnings, end of period	47,927	36,999

PowerStream Inc.
Statement of Cash Flows
 Period ended September 30, 2011
 (in thousands of dollars) (Unaudited)

	September 30, 2011	December 31, 2010
	(9 months)	(12 months)
OPERATING ACTIVITIES		
Net earnings for the period	24,785	26,467
Adjustments to determine cash provided by operating activities		
Amortization of property, plant and equipment	33,016	46,675
Accretion of debentures payable	538	674
Amortization of intangibles	1,901	2,415
Employee future benefits	1,365	1,971
Decrease in regulatory assets and liabilities	(2,456)	(28,354)
(Gain) Loss on disposal of property, plant and equipment	(197)	533
Future income taxes	-	8,413
Net change in non-cash operating working capital	(34,128)	(2,714)
	24,824	56,080
FINANCING ACTIVITIES		
Decrease in liability for subdivisions development	(1,034)	(2,922)
Increase (Decrease) in long-term customers' deposits	197	(4,655)
Decrease in other liabilities	(160)	(5,261)
Dividends paid	(13,857)	(10,532)
Increase in construction deposits	9,489	192
Principal payments on capital lease obligation	(193)	(342)
Increase in Infrastructure Ontario financing	910	827
	(4,648)	(22,693)
INVESTING ACTIVITIES		
Proceeds from the issuance of Class A common shares	1,889	2,435
Proceeds on disposal of property, plant and equipment	216	140
Purchase of intangibles	(2,567)	(2,949)
Purchase of property, plant and equipment, net of contribution of capital construction	(40,168)	(67,057)
	(40,630)	(67,431)
DECREASE IN CASH DURING THE PERIOD	(20,454)	(34,044)
CASH, BEGINNING OF PERIOD	8,568	42,612
CASH, END OF PERIOD	(11,886)	8,568