

PowerStream Inc.

Statement of Earnings and Retained Earnings
year ended December 31, 2007 (Audited)
(in thousands of dollars)

Revenue	
Sale of energy	\$489,777
Distribution revenue	\$114,580
Other revenue	10,477
Total Revenue	614,834
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Cost of power purchased	489,777
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	125,057
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Operating expenses	45,947
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Earning before amortization, interest and income taxes	79,110
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Amortization of capital assets and intangibles	29,666
Net interest expense	14,196
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Income before income taxes	35,248
Income tax expense	14,100
Net earnings and comprehensive income for the year	21,148
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Retained earnings, beginning of year	28,432
Change in accounting policy	551
As restated	28,983
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Dividends	(4,736)
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Retained earnings, end of year	\$45,395

PowerStream Inc.

Balance Sheet

December 31, 2007 (Audited)

(in thousands of dollars)

Assets

Current

Cash and cash equivalents	\$23,634
Restricted Cash-Current portion of customer deposits	1,485
Accounts receivable	50,757
Unbilled revenue	59,352
Inventory	6,148
Prepays and other	1,206
	142,582

Property, plant and equipment **429,392**

Other assets

Restricted Cash-Non-current portion of customer deposits	11,681
Deferred debt issue costs, net of amortization	-
Intangibles, net of amortization	2
Goodwill	32,988
	32,988

\$616,645

Liabilities

Current

Accounts payable and accrued liabilities	96,155
Income taxes payable	2,634
Due to related parties	16,748
Liability for subdivision	4,144
	119,681

Long-term liabilities

Notes payable	156,310
Debentures payable	96,878
Regulatory Liabilities	11,011
Customer deposits	11,681
Employee future benefits	7,241
Other liabilities	4,691
	287,812

287,812

Shareholder's equity

Share capital	149,433
Contributed surplus	14,324
Retained earnings	45,395
	209,152

209,152

\$616,645

PowerStream Inc.

Statement of cash flows

year ended December 31, 2007 (Audited)

(in thousands of dollars)

Net inflow (outflow) of cash related to the following activities

Operating

Net earnings and comprehensive income for the period	\$21,148
Adjustments to determine cash provided by operating activities	
Amortization of property, plant and equipment	30,779
Amortization of debt issue costs	545
Amortization of intangibles	222
Deferred interest on related party promissory notes	8,153
Employee future benefits	919
Decrease in regulatory liabilities	(3,543)
(Gain) loss on disposal of capital assets	(4,493)
Net change in non-cash operating working capital	11,822
	<hr/> 65,552

Financing

Increase (decrease) in liability for subdivision development	2,724
Dividends paid	(4,736)
Increase (decrease) in customer deposits	(976)
Increase (decrease) in due to related parties	5,997
Increase (decrease) in other liabilities	2,552
	<hr/> 5,561

Investing

Intangibles	-
Decrease in short-term investments	-
Expenditure on capital assets, net of contribution of capital construction	(60,798)
Proceeds on disposal of capital assets	9,891
	<hr/> (50,907)

Net increase (decrease) in cash during the year	20,206
Cash, beginning of the year	3,428
Cash and cash equivalents, end of year	<hr/> \$23,634