



St. Catharines Hydro Inc.

Consolidated Financial Highlights

As at December 31, 2011

(In thousands of dollars)

A MESSAGE FROM THE CHAIR OF ST. CATHARINES HYDRO INC.

On behalf of the Board of Directors, I am pleased to present the 2011 Financial Statements for St. Catharines Hydro Inc. This Corporation is wholly owned by the City of St. Catharines, and is the holding company for our 21.1% ownership of Horizon Holdings Inc., as well as 100% ownership of St. Catharines Hydro Generation Inc.

St. Catharines Hydro Generation Inc. owns and operates the Heywood Generating Station in Port Dalhousie and operates a partnership with Integrated Gas Recovery Systems (IGRS), to produce electricity from methane gas produced at landfill sites.

The company is currently preparing to build a new generation station on the Twelve Mile Creek, which, when completed, will become the Shickluna Generating Station with a 4 megawatt capability.

Horizon Holdings Inc., is jointly owned with Hamilton Utilities Corp., and distributes electricity to the cities of Hamilton and St. Catharines. The merger with Hamilton Utilities Corp. which produced Horizon Holdings Inc. continues to exceed pre-merger financial expectations, with above average customer satisfaction ratings confirmed by an independent study. Horizon Holdings Inc. continues to have low costs and customer rates in comparison to other Ontario electricity distributors. The company continues to provide the City of St. Catharines with a healthy dividend stream which we anticipate will grow in coming years.

Robert Marshall, Chair

St. Catharines Hydro Inc.

BALANCE SHEET		
	2011	2010
Assets		
Cash	10,629	8,642
Other Current Assets	564	664
Investments	41,595	39,447
Capital Assets	13,516	13,845
Future Income Tax Assets	27	184
	66,331	62,782
Liabilities		
Current Liabilities	813	490
Long-Term Note Payable	7,754	7,754
Future Income Tax Liabilities	365	334
	8,932	8,578
Shareholder's Equity		
Share capital	40,265	40,265
Retained earnings	17,134	13,939
	57,399	54,204
	66,331	62,782

STATEMENT OF RETAINED EARNINGS		
	2011	2010
	\$	\$
Change in Accounting Policy	0	0
Retained Earnings, Beginning of Year	13,939	11,992
Net Income for the Year	4,804	3,658
Dividends	-1,609	-1,712
Retained Earnings, End of Year	17,134	13,938

STATEMENT OF OPERATIONS		
	2011	2010
Revenue		
Generation	3,565	3,327
Equity investment income	3,757	2,681
Interest and other income	130	252
	7,452	6,260
Expenses		
Operations, maintenance and administration	1,316	1,263
Interest expense on promissory notes	554	554
Depreciation	402	415
	2,272	2,232
Net Income from Operations before Impairment from Long-Lived Assets	5,180	4,028
Impairment from Long-Lived Assets	24	100
Payments in Lieu of Corporate Income Taxes		
Current	164	0
Future	188	269
	352	269
Net Income for the Year	4,804	3,659

STATEMENT OF CASH FLOWS		
	2011	2010
Operating Activities		
Net income for the Year	4,804	3,659
Equity investment income	-3,757	-2,681
Depreciation	402	415
Impairment of long-lived assets	24	100
Changes in non-cash working capital components	419	-341
Increase in employee future benefits	3	3
Future payments in lieu of corporate income taxes	188	269
	2,083	1,424
Investing Activities		
Proceeds on sale of property, plant and equipment	189	0
Additions to property, plant and equipment	-286	-360
Dividends received	1,609	1,712
	1,512	1,352
Financing Activities		
Dividends paid	-1,609	-1,712
	-1,609	-1,712
Funds Provided by Continuing Operations	1,987	1,064
Cash, Beginning of Year	8,642	7,579
Cash, End of Year	10,629	8,643

Note: Certain comparative figures have been reclassified to confirm with the current years' presentation.