



St. Catharines Hydro Inc.

Consolidated Financial Highlights

As at December 31, 2012

(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 2012 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 Holding 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.

Note: St. Catharines Hydro Inc. adopted International Financial Reporting Standards on January 1, 2012, with a transition date of January 1, 2011.

Robert Marshall, Chair

St. Catharines Hydro Inc.

BALANCE SHEET		
	2012	2011
Assets		\$
Cash	10,327	10,629
Other current assets	713	472
Investments	50,186	47,195
Capital assets	17,834	18,517
Other assets	92	92
	79,152	76,905
Liabilities		
Current Liabilities	494	792
Long-Term Note Payable	7,754	7,754
Future Income Tax Liabilities	857	914
Employee Future Benefits		22
	9,105	9,482
Shareholder's Equity		
Share capital	40,265	40,264
Retained earnings	30,496	27,595
Accumulated other comprehensive income	-714	-436
	70,047	67,423
	79,152	76,905

STATEMENT OF RETAINED EARNINGS		
	2012	2011
	\$	\$
Change in Accounting Policy		
Retained Earnings, Beginning of Year	27,595	24,810
Net Income for the Year	6,156	4,394
Dividends	-3,254	-1,609
Retained Earnings, End of Year	30,497	27,595

STATEMENT OF OPERATIONS		
	2012	2011
Revenue		
Generation	3,220	3,565
Equity investment income	5,523	3,599
Interest and other income	158	130
Gain on disposal of property, plant and equipment	19	
	8,920	7,294
Expenses		
Operations, maintenance and administration	1,236	1,316
Interest expense on promissory notes	554	554
Depreciation	789	786
	2,579	2,656
Net Income from Operations before Impairment from Long-Lived Assets	6,341	4,638
Impairment from Long-Lived Assets	0	24
Payments in Lieu of Corporate Income Taxes	185	219
Net Income for the Year	6,156	4,395
Equity investment, other comprehensive income adjustment	-277	-437
Total Net Comprehensive Income	5,879	3,958

STATEMENT OF CASH FLOWS		
	2012	2011
Operating Activities		
Net income for the Year	6,156	4,394
Equity investment income	-5,523	-3,599
Depreciation	788	786
Impairment of long-lived assets & gain on disposal of property and equip.	-19	24
Changes in non-cash working capital components	-538	420
Increase in employee future benefits	-22	3
Future payments in lieu of corporate income taxes	-57	55
	785	2,083
Investing Activities		
Additions to property, plant and equipment	-262	-286
Dividends received	2,254	1,609
Proceeds on sale of property, plant and equipment	175	189
	2,167	1,512
Financing Activities		
Dividends paid	-3,254	-1,609
	-3,254	-1,609
Funds Provided by Continuing Operations	-302	1,986
Cash, Beginning of Year	10,629	8,642
Cash, End of Year	10,327	10,628

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