



# St. Catharines Hydro Inc.

## Consolidated Financial Highlights

As at December 31, 2004

(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 a summary of the 2004 financial statements for St. Catharines Hydro Inc. St. Catharines Hydro Inc. is wholly owned by the City of St. Catharines and is the Holding Company for two subsidiaries, St. Catharines Hydro Utility Services Inc., which is responsible for the delivery of electricity to homes and businesses in our City, and St. Catharines Hydro Generation Inc., which operates the Heywood Generating Station at Port Dalhousie and the Port Weller Digester Gas Generating Station. The 2004 Consolidated Financial Highlights reflect a year of adjustment for St. Catharines Hydro Inc. as we developed and began implementing the operational and financial strategies that will effectively meet the ongoing challenges facing Ontario's electricity industry, maintain reliable delivery of electricity to our customers at competitive rates, meet the growing needs of our community, and ensure a financially strong utility to the benefit of our sole shareholder, the City of St. Catharines. The work we began in 2004 is seeing fruition this year, including the successful merger between St. Catharines Hydro Utility Services Inc. and Hamilton Hydro Inc. to form Horizon Utilities Corporation, the third largest local electricity distribution company in Ontario. Our goal remains ensuring a bright future for St. Catharines Hydro Inc.

Robert Marshall, Chair  
St. Catharines Hydro Inc.

### BALANCE SHEET

	2004	2003
<b>ASSETS</b>		
Cash	\$ 5,022	\$ 10,551
Other current assets	2,477	17,828
Capital assets	13,979	68,953
Future income tax asset	195	7,274
Other assets	-	8,432
Assets held for merger	94,657	-
	<b>\$ 116,330</b>	<b>\$ 113,038</b>
<b>LIABILITIES</b>		
Current liabilities	\$ 769	\$ 12,596
Other liabilities	141	4,894
Promissory note payable to the City of St. Catharines	36,877	36,877
Liabilities related to assets held for merger	17,409	-
	<b>55,196</b>	<b>54,367</b>
<b>SHAREHOLDERS EQUITY</b>		
Share capital	40,264	40,264
Retained earnings	20,870	18,407
	<b>61,134</b>	<b>58,671</b>
	<b>\$ 116,330</b>	<b>\$ 113,038</b>

### STATEMENT OF RETAINED EARNINGS

	2004	2003
Retained Earnings, Beginning of Year	\$ 18,407	\$ 15,392
Net income for the year	2,463	3,092
Dividends	-	( 77)
Retained Earnings, End of Year	<b>\$ 20,870</b>	<b>\$ 18,407</b>

### STATEMENT OF OPERATIONS

	2004	2003
<b>REVENUE</b>		
Generation revenues	\$ 2,153	\$ 2,327
Interest income	108	113
Other revenues	770	836
	<b>3,031</b>	<b>3,276</b>
<b>OTHER EXPENDITURE</b>		
Operations, maintenance and administration	2,281	2,145
Interest expense on promissory notes to City of St. Catharines	554	554
Other financial expense	-	8
Depreciation and amortization	462	366
	<b>3,297</b>	<b>3,073</b>
<b>INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF INCOME TAXES AND ACTIVITIES RELATED TO MERGER AND DISCONTINUED OPERATIONS</b>	<b>( 266)</b>	<b>203</b>
<b>PAYMENTS IN LIEU OF INCOME TAXES</b>		
Current	( 273)	( 33)
Future	119	14
	<b>( 154)</b>	<b>( 19)</b>
<b>INCOME (LOSS) BEFORE MERGER AND DISCONTINUED OPERATIONS</b>	<b>( 112)</b>	<b>222</b>
Merger operations	2,755	2,700
Discontinued operations	( 180)	170
	<b>2,575</b>	<b>2,870</b>
<b>NET INCOME</b>	<b>\$ 2,463</b>	<b>\$ 3,092</b>

### STATEMENT OF CASH FLOWS

	2004	2003
<b>OPERATING ACTIVITIES</b>		
Income (loss) before merger or discontinued operations	(\$ 112)	\$ 222
Depreciation and amortization	784	462
Changes in non cash working capital	( 91)	( 345)
Other	119	14
	<b>700</b>	<b>353</b>
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	( 1,220)	( 280)
Other	( 33)	( 53)
	<b>( 1,253)</b>	<b>( 333)</b>
<b>OTHER ACTIVITIES</b>		
Increase in other liabilities	18	56
<b>FUNDS PROVIDED (USED) BY CONTINUING OPERATIONS</b>	<b>( 535)</b>	<b>76</b>
<b>FUNDS PROVIDED (USED) BY MERGER AND DISCONTINUED OPERATIONS</b>	<b>( 4,994)</b>	<b>8,359</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>10,551</b>	<b>2,116</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,022</b>	<b>\$ 10,551</b>