

Unaudited Financial Statements of

**12345 DELAWARE INC.**

Year ended March 31, 2009

**12345 DELAWARE INC.**  
**STATEMENT OF INCOME AND RETAINED EARNINGS (UNAUDITED)**  
For the year ended March 31

	2009	2008
	<i>Canadian dollars</i>	
<b>Revenues</b>		
Dividend income from investment	234	213
Interest income from US funds	359	673
Interest income from Canadian funds	63	109
Foreign exchange gains (losses)	(1 497)	893
	(841)	1 888
<b>Expenses</b>		
Tax services	430	535
	430	535
<b>Net Income (Loss)</b>	<b>(1 271)</b>	<b>1 353</b>
Retained earnings, beginning of year	7 226	5 873
<b>Retained Earnings, end of year</b>	<b>5 955</b>	<b>7 226</b>

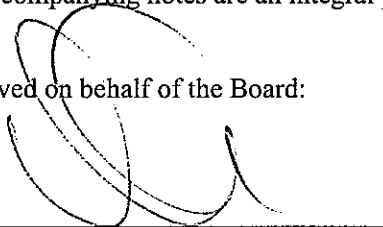
The accompanying notes are an integral part of the consolidated financial statements.

**12345 DELAWARE INC.**  
**BALANCE SHEET (UNAUDITED)**  
As at March 31

	Notes	2009	2008
<i>Canadian dollars</i>			
<b>Assets</b>			
<b>Current Assets</b>			
Cash		21 484	18 330
Taxes recoverable		321	170
		<u>21 805</u>	<u>18 500</u>
<b>Other Assets</b>			
Investment	3	9 854	9 854
		<u>31 659</u>	<u>28 354</u>
<b>Liabilities and Shareholder's Equity</b>			
<b>Current Liabilities</b>			
Due to parent	4	25 203	20 557
Accounts payable and accrued liabilities		500	570
		<u>25 703</u>	<u>21 127</u>
<b>Shareholder's Equity</b>			
Share capital		1	1
Retained earnings		5 955	7 226
		<u>5 956</u>	<u>7 227</u>
		<u>31 659</u>	<u>28 354</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:



Victor H. Schroeder, QC  
Chair of the Board



William Fraser, FCA  
Chair of the Audit Committee

**12345 DELAWARE INC.**  
**STATEMENT OF CASH FLOWS (UNAUDITED)**  
For the year ended March 31

	2009	2008
	<i>Canadian dollars</i>	
<b>Operating Activities</b>		
Cash receipts	234	213
Cash paid to suppliers	( 500)	( 535)
Interest received	422	782
Taxes paid	(151)	(46)
Translation gains (losses)	3 149	(1 608)
<b>Cash provided from (used for) operating activities</b>	<b>3 154</b>	<b>(1 194)</b>
Cash at beginning of year	18 330	19 524
<b>Cash at end of year</b>	<b>21 484</b>	<b>18 330</b>

The accompanying notes are an integral part of the consolidated financial statements.

**12345 DELAWARE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
For the year ended March 31, 2009

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**NOTE 1 NATURE OF THE ORGANIZATION**

12345 Delaware Inc. was established as a United States holding company to acquire ownership of United States subsidiaries which have over 80% ownership and Limited Liability Corporations (LLC). The Company was established for tax reasons which permits the submission of consolidated tax returns of all United States holdings.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of Presentation**

The accounts are maintained using the accrual basis of accounting.

b) **Foreign Exchange**

Monetary items denominated in foreign currencies are translated to Canadian dollars at rates of exchange prevailing at the date of the balance sheet. Revenues and expenses are translated at the rate of exchange prevailing at the date of the transaction. Foreign exchange gains and losses are included in income.

c) **Financial Instruments**

All financial instruments are measured at fair value on initial recognition as of the trade date. Measurement in subsequent periods depends on the classification of the instrument. Financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, available-for-sale, or other financial liabilities.

Financial instruments classified as other financial liabilities are measured at amortized cost using the effective interest method of amortization. Held-for-trading financial instruments are measured at fair value.

12345 Delaware Inc has classified its financial instruments as follows:

Cash	Held-for-trading
Accounts payable and accrued liabilities	Other financial liabilities
Due to Parent	Other financial liabilities

The carrying values of all financial instruments approximate fair value.

**12345 DELAWARE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
For the year ended March 31, 2009

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d) **Comprehensive Income**

Comprehensive income consists of net income and other comprehensive income (OCI). As 12345 Delaware Inc. has no items related to OCI, comprehensive income for the year is equivalent to net income.

e) **Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates, but differences are not expected to be material.

**NOTE 3 ACCOUNTING CHANGES**

**Accounting Changes**

**Capital Disclosures**

CICA Section 1535, *Capital Disclosures* became effective April 1, 2008. The section establishes standards for disclosing information that enables users of financial statements to evaluate how an entity manages its capital structure (i.e. debt, equity) and its objectives, policies and processes for managing capital. This disclosure is provided in Note 6.

**Future Accounting Changes**

**International Financial Reporting Standards (IFRS)**

The CICA's Accounting Standards Board announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective for fiscal years beginning on or after January 1, 2011. The transition date for 12345 Delaware of April 1, 2011 will require the restatement, for comparative purposes, of the April 1, 2010 balance sheet and of the amounts reported by the 12345 Delaware for its year ended March 31, 2011. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting standards are expected. 12345 Delaware is currently assessing the impact of those differences.

**12345 DELAWARE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
For the year ended March 31, 2009

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**NOTE 4 INVESTMENT**

	<b>2009</b>	
	Number of Shares	Carrying Amount
	<i>Canadian dollars</i>	
Xcel Energy Inc.	<b>225</b>	<b>9 854</b>

**NOTE 5 DUE TO PARENT**

An advance was made by Manitoba Hydro to 12345 Delaware Inc. in the amount of \$19 999 U.S. in January 2000 for Canadian equivalent of \$25 203 (2008 - \$20 557).

**NOTE 6 CAPITAL MANAGEMENT**

12345 Delaware meets its capital requirements through cash from operations and advances from its parent, Manitoba Hydro.

**NOTE 7 COMPARATIVE FIGURES**

Where appropriate, comparative figures for 2008 have been reclassified in order to conform to the presentation adopted in 2009.