

**The Bay Wind Field Inc.**

**Financial Statements**

(Unaudited)

December 31, 2006

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Grant Thornton LLP  
Chartered Accountants  
Management Consultants

## Review Engagement Report

To the Shareholders of  
The Bay Wind Field Inc.

We have reviewed the balance sheet of The Bay Wind Field Inc. as at December 31, 2006, and the statements of earnings and deficit and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Kentville, Nova Scotia  
March 12, 2007

Chartered Accountants

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# The Bay Wind Field Inc.

## Statements of Earnings and Deficit

(Unaudited)

Year Ended December 31

2006

2005

	2006	2005
Revenue		
Commissions	\$ 7,339	
Interest		\$ 2,701
	<u>11,846</u>	<u>2,701</u>
Expenses		
Administrative fees	2,690	546
Advertising	6,484	7,725
Courier and postage	526	1,147
Depreciation	259	144
Dues and fees	95	95
Honorariums	16,707	
Insurance	1,275	5,000
Interest and bank charges	639	65
Marketing and public relations	12,203	26,145
Meals and entertainment		240
Miscellaneous	214	57
Office supplies	321	299
Printing		217
Professional fees	12,263	7,018
Rent	3,523	3,813
Sales commissions	23,482	36,750
Telephone and internet	1,531	214
Travel	15,005	14,050
Wages		<u>272</u>
	<u>97,434</u>	<u>103,580</u>
Net loss	\$ <u>(85,588)</u>	\$ <u>(100,879)</u>
Deficit, beginning of year	\$ (169,240)	\$ (68,361)
Net loss	<u>(85,588)</u>	<u>(100,879)</u>
Deficit, end of year	\$ <u>(254,828)</u>	\$ <u>(169,240)</u>

See accompanying notes to the financial statements.

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# The Bay Wind Field Inc.

## Balance Sheet

(Unaudited)

Year Ended December 31

2006

2005

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### Assets

#### Current

Cash	\$ 248,830	\$ 231,537
Prepays	<u>95</u>	<u>          </u>

	248,925	231,537
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Investments (Note 3)

	636,196	486,196
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Equipment, net of depreciation of \$403

	<u>1,035</u>	<u>1,294</u>
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	\$ <u>886,156</u>	\$ <u>719,027</u>
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### Liabilities

Accounts payable	\$ <u>1,132</u>	\$ <u>15,825</u>
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### Shareholders' Equity

Capital stock (Note 4)	1,139,852	872,442
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Deficit		<u>(254,828)</u> (169,240)
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	<u>885,024</u>	<u>703,202</u>
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	\$ <u>886,156</u>	\$ <u>719,027</u>
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On behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

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# The Bay Wind Field Inc.

## Statement of Cash Flows

(Unaudited)

Year Ended December 31<sup>st</sup>

2006

2005

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Increase (decrease) in cash and cash equivalents

### Operating

Net loss	\$ (85,588)	\$ (100,879)
Depreciation	259	144
Change in non-cash operating working capital		
Increase (decrease) in payables	(14,693)	13,409
Increase in prepaids	(95)	
	<u>(100,117)</u>	<u>(87,326)</u>

### Financing

Issue of capital stock	<u>267,410</u>	<u>408,316</u>
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### Investing

Purchase of investment	(150,000)	(150,000)
Purchase of capital asset		(1,438)
	<u>(150,000)</u>	<u>(151,438)</u>

Net increase in cash and cash equivalents 17,293 169,552

Cash and cash equivalents

Beginning of year	<u>231,537</u>	<u>61,985</u>
End of year	\$ <u>248,830</u>	\$ <u>231,537</u>

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See accompanying notes to the financial statements.

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# The Bay Wind Field Inc.

## Notes to the Financial Statements

(Unaudited)  
December 31, 2006

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### 1. Nature of operations

The Company invests in companies involved in the construction and operation of electrical generation facilities using wind turbines.

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### 2. Summary of significant accounting policies

#### Depreciation

Rates and bases of depreciation applied to write off the cost less estimated salvage value of equipment over its estimated life is 20% declining balance.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

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3. Investments	<u>2006</u>	<u>2005</u>
2,527,605 (2005 – 2,527,455) Renewable Energy Services Limited	\$ 486,196	\$ 336,196
870,000 (2005 – 870,000) Fourth Generation Capital Corporation	<u>150,000</u>	<u>150,000</u>
	\$ <u>636,196</u>	\$ <u>486,196</u>

The investments are recorded at cost. The investments represent a portfolio of private investments for which the market value cannot be determined.

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4. Capital stock	<u>2006</u>	<u>2005</u>
<b>Authorized</b>		
50,000,005 common shares without par value		
<b>Issued</b>		
3,608,830 (2005 – 3,341,420) common shares	\$ <u>1,139,852</u>	\$ <u>872,442</u>

During the year, 267,410 shares were issued for cash proceeds of \$267,410.

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# The Bay Wind Field Inc.

## Notes to the Financial Statements

(Unaudited)  
December 31, 2006

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### 5. Financial instruments

The estimated fair value of cash and cash equivalents, trade accounts receivable, bank indebtedness and payable approximates carrying value due to the relatively short-term nature of the instruments and/or due to the short-term floating interest rates on borrowing.

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### 6. Income taxes

The Company has not recorded in its financial statements the income tax benefits of losses carried forward of \$172,010. These losses are available to reduce taxable income in future years and if not utilized, will expire as follows:

2009	\$ 17,392
2010	\$ 26,798
2014	\$ 7,325
2015	\$ 46,831
2026	\$ 73,664