Non-Consolidated Financial Statements of

TORONTO COACH TERMINAL INC.

Year ended December 31, 2006

TORONTO COACH TERMINAL INC.

Non-consolidated Balance Sheets
As at December 31

	2006 ($000s)	2005 ($000s)
ASSETS		
Current		
Cash and cash equivalents	4,062	2,604
Advances to subsidiary (note 4)	1,300	1,300
Accounts receivable	105	94
	5,467	3,998
Long-term		
Investment in subsidiary (note 4)	100	100
Net capital assets (note 5)	8,044	6,902
	13,611	11,000
LIABILITIES, CAPITAL STOCK AND DEFICIT		
Current		
Accounts payable and accrued liabilities	2,548	880
Income taxes payable	17	2
Unsettled accident claims	50	50
Advances from parent (note 7)	13,767	12,856
	16,382	13,788
Long-term		
Future income tax liabilities	412	459
Unsettled accident claims	91	350
	16,885	14,597
Capital stock and deficit		
Capital stock:		
Authorized and issued		
10,000 common shares	1,000	1,000
Deficit	(4,274)	(4,597)
	(3,274)	(3,597)
	13,611	11,000

See accompanying notes to the financial statements

On behalf of the Board:

____________________________ Director

____________________________ Director

TORONTO COACH TERMINAL INC.

Non-consolidated Statements of Income (Loss) and Deficit
Years ended December 31

	2006	2005
	($000s)	($000s)
REVENUE		
Commissions on ticket sales	4,618	4,425
Property rental	914	910
Miscellaneous	133	151
Total revenue	5,665	5,486
EXPENSES		
Wages, salaries and benefits (note 7)	3,130	3,069
Materials, services and supplies (note 7)	723	1,105
Property taxes	459	462
Depreciation	424	408
Total expenses	4,736	5,044
Operating profit	929	442
Interest expense, net (note 7)	602	469
	602	469
Income/(loss) before income taxes	327	(27)
Provision for (recovery of) income taxes		
Current	51	78
Future	(47)	(40)
	4	38
Income/(Loss) for the year	323	(65)
Deficit, beginning of year	(4,597)	(4,532)
Deficit, end of year	(4,274)	(4,597)

See accompanying notes to the financial statements

TORONTO COACH TERMINAL INC.

Non-consolidated Statements of Cash Flows
Years ended December 31

	2006	2005
	($000s)	($000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from commissions	4,618	4,425
Cash paid to employees	(2,794)	(3,007)
Cash paid to suppliers	(191)	(1,300)
Cash paid for income taxes	(37)	(77)
Cash received for interest	105	48
Other cash received	1,036	1,067
Net cash from operating activities	2,737	1,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to capital assets	(1,279)	(212)
	(1,279)	(212)
Net increase in cash and cash equivalents during the year	1,458	944
Cash and cash equivalents, beginning of year	2,604	1,660
Cash and cash equivalents, end of year	4,062	2,604

See accompanying notes to the financial statements

1. NATURE OF OPERATIONS

Toronto Coach Terminal Inc. (the "Company") owns and operates a coach terminal located in the City of Toronto (the "City"). The Company is wholly owned by the Toronto Transit Commission (the "Commission") and is not subject to federal income taxes because it is wholly owned by a Canadian municipality, however, it is liable for provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation
These financial statements are for income tax and corporate purposes only and, as such, have been prepared on a non-consolidated basis. Consolidated financial statements have not been prepared because the Company is itself a wholly-owned subsidiary. Except for the non-consolidation of its subsidiary, TTC Insurance Company Limited (the "Insurance Co."), these non-consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Measurement uncertainty
Certain items recognized in the non-consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Company's best information and judgement. Such amounts are not expected to change materially in the near term.

(c) Cash equivalents
Cash equivalents consist of money market instruments, such as Treasury bills and bankers' acceptances, which are readily cashable on short notice. The investments are made by the City, on behalf of the Company.

(d) Long-term investment
The Company has elected to apply, with the unanimous consent of its owners, the differential reporting option as allowed under The Canadian Institute of Chartered Accountants' (“CICA”) Section 1300, *Differential Reporting* and CICA Section 1590, *Subsidiaries*. Accordingly, the investment in the subsidiary is recorded at cost. A decline in the value of an investment that is considered to be a permanent impairment in value is charged against income in the period that such determination is made.

(e) Capital assets and depreciation
Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method, at rates based on the estimated useful lives of the assets, as follows:

Asset	Rate
Buildings	30 years
Furniture, fixtures and other equipment	3 to 10 years

(f) Unsettled accident claims
The Company has a self-insurance program for automobile and general liability claims. When the claims are reported, the case reserves are initially estimated on an individual basis by adjusters and lawyers employed by the Commission. Provision has been made on a present value basis for claims incurred, claims incurred-but-not-reported and for internal and external adjustment expenses.

(g) Income taxes
The Company follows the liability method of tax allocation in accounting for income taxes. Future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(h) Commission on Ticket Sales
Revenue is recognized when bus tickets are sold to passengers that secure a ride on one of the Company's tenant carrier buses.

3. FINANCIAL INSTRUMENTS

The main categories of financial instruments held by the Company comprise cash and cash equivalents, accounts receivable, investment in and advances to subsidiary, accounts payable and accrued liabilities, income taxes payable, advances from parent and liabilities for unsettled accident claims.

The fair value of the working capital items approximates their book value, as they are short-term in nature and were transacted under normal terms of trade for the Company. The fair value of long-term liabilities also approximates their book value.

The fair value of the investment in and advances to subsidiary is not readily determinable.

4. INVESTMENT IN AND ADVANCES TO SUBSIDIARY

The Insurance Co. provides insurance coverage for compulsory automobile personal injury and accident benefit claims for the Commission. The Commission has purchased excess insurance to cover automobile accident claims in excess of $5,000,000.

To December 31, 2006, the Company has advanced $1,300,000 (2005 - $1,300,000) to the Insurance Co., to ensure compliance with article 4.02(e) of the City guarantee, whereby the Insurance Co. is to maintain cash or securities available for the payment of current liabilities in an amount of not less than one month's claims and operating expenses or $350,000, whichever amount is greater. The advances are unsecured, non-interest bearing and due on demand.

5. NET CAPITAL ASSETS

The capital assets of the Company consist of the following:

	2006			2005
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
			($000s)	($000s)
Land	886	-	886	886
Buildings	13,344	7,804	5,540	5,884
Furniture, fixtures and other equipment	526	525	1	2
Work in progress	1,617	-	1,617	130
	16,373	8,329	8,044	6,902

6. ECONOMIC DEPENDENCE

The Company is dependent on the continuing support of its parent, the Commission. In addition, approximately 82% (2005 - 81%) of the Company's total revenues were attributable to two tenant carriers. The ability of the Company to continue as a going concern is dependent upon both maintaining business with these carriers and remaining as the primary intercity coach terminal in downtown Toronto.

7. RELATED PARTY TRANSACTIONS

		2006	2005
		($)	($)
Current liability		793,524	589,669
Accrued interest on loan	7,533,729	6,826,987	
Demand loan payable, at prime		5,439,331	5,439,331
Total advances from parent		13,766,584	12,855,987

Interest expense of $706,000 (2005 - $516,000) was recorded during the year. Although the Commission does not intend to call the advances within the next fiscal year, the advances have been classified as current.

The Commission employs all personnel, and the related wages, salaries and benefits are charged back to the Company. The Company was also charged $1,135,000 (2005 - $1,127,000) by its parent for administrative costs and other services in the year.

8. COMPARATIVE NON-CONSOLIDATED FINANCIAL STATEMENTS

The comparative non-consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 non-consolidated financial statements.