

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Equity attributable to shareholders of Capstone					Total Equity
		Share Capital ⁽¹⁾	Convertible Debentures	AOCI ⁽²⁾	Retained Earnings	NCI ⁽³⁾	
Balance, Dec 31, 2010		536,278	—	—	(272,183)	—	264,095
Common shares issued	20a	77,526	—	—	—	—	77,526
Preferred shares issued	20c	72,020	—	—	—	—	72,020
Reclassification of debt instruments to equity on conversion to a corporation		26,710	11,554	—	—	—	38,264
Debenture conversions, net of costs	20a	11,819	(2,270)	—	—	—	9,549
Other comprehensive income (loss)		—	—	(6,729)	6,559	1,866	1,696
Non-controlling interest in net assets acquired of Bristol Water	3	—	—	—	—	31,810	31,810
Net income for the period		—	—	—	(5,712)	2,449	(3,263)
Dividends declared to common shareholders of Capstone	20a,d	1,238	—	—	(42,026)	—	(40,788)
Dividends declared to preferred shareholders of Capstone	20d	—	—	—	(1,264)	—	(1,264)
Dividends declared by Bristol Water		—	—	—	—	(1,675)	(1,675)
Balance, Dec 31, 2011		725,591	9,284	(6,729)	(314,626)	34,450	447,970
Common shares issued ⁽⁴⁾	20a	(89)	—	—	—	—	(89)
Other comprehensive income (loss)		—	—	5,171	(10,538)	(5,933)	(11,300)
Net income for the period		—	—	—	26,978	16,746	43,724
Dividends declared to common shareholders of Capstone	20a,d	5,702	—	—	(33,764)	—	(28,062)
Dividends declared to preferred shareholders of Capstone ⁽⁵⁾	20d	—	—	—	(4,575)	—	(4,575)
Dividends declared by Bristol Water		—	—	—	—	(5,312)	(5,312)
Partial sale of interest in Bristol Water	3	—	—	749	15,694	51,659	68,102
Balance, Dec 31, 2012		731,204	9,284	(809)	(320,831)	91,610	510,458

(1) Share capital includes common and preferred shares and Class B exchangeable units.

(2) Accumulated other comprehensive income (loss) ("AOCI").

(3) Non-controlling interest ("NCI").

(4) During 2012, additional transaction costs of \$89 were included in relation to the common share offering on November 10, 2011.

(5) Dividends declared to preferred shareholders of Capstone include \$200 of deferred income taxes.

See accompanying notes to these consolidated financial statements