

SECOND QUARTER 2005

	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
<i>(unaudited - millions of dollars, except return on equity and operating statistics)</i>				
Total revenue	\$ 289.2	\$ 276.2	\$ 582.8	\$ 574.5
Operating expenses	253.0	233.9	506.7	481.6
Earnings before interest, income tax and non-controlling interest	36.2	42.3	76.1	92.9
Interest	3.7	3.7	7.2	6.5
Income tax	6.9	9.3	11.8	24.7
Non-controlling interest	(0.1)	–	(0.1)	–
Net earnings	\$ 25.7	\$ 29.3	\$ 57.2	\$ 61.7
Return on equity (annualized) ¹			9%	11%
Payments to shareholder:				
Dividends	12.5	12.6	25.0	25.2
Local access fees	17.7	17.6	36.2	34.7
Operating statistics:				
Energy sold (gigawatt hours)	2,194	2,141	4,510	4,493
Energy delivered (gigawatt hours)	1,994	1,912	4,077	3,976
Natural gas sold to customers (terajoules)	1,731	911	5,255	2,461

1. Return on equity (annualized) is equal to annualized net earnings divided by average monthly shareholder's equity for the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis as at August 16, 2005 should be read in conjunction with the accompanying unaudited consolidated financial statements of ENMAX Corporation (ENMAX or the corporation) as at and for the three and six months ended June 30, 2005 and 2004, as well as the 2004 Annual Report. Amounts are stated in Canadian dollars.

RESULTS OF OPERATIONS

Consolidated

In the first six months of 2005, ENMAX net earnings were \$57.2 million, including \$25.7 million in the second quarter. This compares to \$61.7 million in the first six months of 2004 of which \$29.3 million was recorded in the second quarter. Net earnings were lower compared to the same period in 2004 due to the impact of the Alberta Energy and Utilities Board (EUB) decisions in the third quarter of 2004 relating to ENMAX's Distribution Tariff and Regulated Rate Tariff (RRT) combined with the continued trend of tightening retail electricity gross margins, partially offset by lower income tax charges.

Total revenue for the first six months of 2005 was \$582.8 million compared to \$574.5 million in the first half of 2004. In the second quarter of 2005, ENMAX recorded total revenue of \$289.2 million compared to \$276.2 million in the same period last year. The increase in revenue was mainly due to growth in natural gas volumes and revenue. This increase was offset by lower revenue from the Distribution Tariff and the RRT and lower average market prices for electricity, which reduced rates paid by customers on flow through or flexible rate contracts.

Components of total revenue in the first half of 2005 included \$397.6 million from sales of electricity and natural gas; \$136.1 million from distributing electricity and leasing transmission facilities; and \$49.1 million from contractual services and other revenue. Sales of electricity include energy trading revenue, which was \$4.8 million during the first six months of 2005 compared to \$14.5 million in the same period of 2004.

During the first half of 2005, cost of services provided was \$477.6 million, including \$238.5 million from the second quarter. This compares to cost of services provided of \$454.0 million in the same period in 2004, of which \$219.7 million related to the second quarter. Cost of services provided increased in the first six months of 2005 compared to the same period in 2004 due to increased natural gas costs from higher sales volumes, and increased operations, maintenance and administration costs, offset by lower transmission costs for energy supply.

Income tax expense was \$11.8 million compared to \$24.7 million in the second quarter of 2004. This decrease was partly due to the impact of a provincial tax rate reduction in the first quarter of 2004 which decreased ENMAX's future income tax asset balance by \$5.6 million through a charge to net earnings in that quarter. No comparable charge was recorded in 2005. Also contributing to lower income tax expense was lower earnings before income tax from the taxable portion of ENMAX's operations.

For 2005, ENMAX has declared dividends of \$50 million, which is consistent with 2004. In the second quarter of 2005, ENMAX paid a second dividend installment to The City of Calgary of \$12.5 million.

SELECTED QUARTERLY FINANCIAL DATA*(millions of dollars, unaudited)*

	2005		2004				2003	
	Second	First	Fourth	Third	Second	First	Fourth	Third
Total revenue	\$ 289.2	\$ 293.6	\$ 306.0	\$ 312.6	\$ 276.2	\$ 298.3	\$ 306.0	\$ 303.1
Net earnings	\$ 25.7	\$ 31.5	\$ 26.3	\$ 64.2	\$ 29.3	\$ 32.4	\$ 47.8	\$ 51.1

LIQUIDITY AND CAPITAL RESOURCES**Capitalization***(millions of dollars, unaudited)*

	June 30, 2005	December 31, 2004
Cash and cash equivalents	\$ 282.0	\$ 353.3
Long-term debt ⁽¹⁾	253.3	252.3
Shareholder's equity		
Share capital	280.1	280.1
Retained earnings	965.8	958.6
Total shareholder's equity	1,245.9	1,238.7
Total capitalization	\$ 1,499.2	\$ 1,491.0

(1) Includes current portion of \$34.4 million (December 31, 2004 - \$32.8 million). Maturity dates range from August 2005 to June 2024.

Coverage Ratios	For the Six Months Ended June 30, 2005	For the Year Ended December 31, 2004
<i>(unaudited)</i>		
Debt to total capitalization (as at period end) ⁽¹⁾	16.9%	16.9%
Net debt to total capitalization (as at period end) ⁽¹⁾	nil	nil
Interest coverage ratio ⁽²⁾	10.6 X	15.6 X

(1) Debt to total capitalization is equal to long-term debt divided by long-term debt plus shareholders equity. Net debt to total capitalization reduces long-term debt by cash and cash equivalents for purposes of this calculation.

(2) Interest coverage on long-term debt is equal to earnings before interest and taxes divided by interest expense.

Cash Provided by Operating Activities

Cash provided by operating activities was \$21.5 million in the first six months of 2005 compared to \$127.9 million in the first half of 2004. Reduced operating cash flow in 2005 is primarily due to an increase in working capital over the period resulting from the payment of accrued income taxes, the payment of a portion of the refund owed to customers relating to the 2004 EUB decisions for the RRT and Distribution tariffs and lower capital and operating accruals.

Funds for ongoing cash requirements will come from cash flow from operations, available lines of credit and a commercial paper program. ENMAX continues to generate adequate amounts of cash and cash equivalents to meet short-term requirements.

Investing Activities

Net capital spending was \$43.3 million in the first half of 2005 primarily for the expansion of the distribution system. In the first six months of 2005, ENMAX completed three business acquisitions for a total purchase price of \$9.4 million, net of cash acquired.

Consistent with its growth strategy, on January 1, 2005, ENMAX purchased 100% of the outstanding shares of a privately held electricity retailer and services company. The primary assets of the company are commercial and industrial electricity contracts, which have been recorded as capital assets.

On April 1, 2005, ENMAX acquired 99% of the Furry Creek run-of-river 11 megawatt hydro-electric generation facility located north of Vancouver. Also in the second quarter, ENMAX and Vancouver-based Eaton Power Corporation entered into a newly formed business venture to develop run-of-river hydro projects in British Columbia over the next five years. Both transactions support the ENMAX initiative to increase its green power portfolio.

Financing Activities

With the acquisition of Furry Creek Power Ltd., ENMAX assumed an additional \$15.4 million in long-term debt. ENMAX made \$14.4 million in regularly scheduled debt principal payments in the first six months of 2005.

BUSINESS SEGMENT RESULTS

Net Earnings by Segment

<i>(unaudited - millions of dollars)</i>	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
ENMAX Energy	\$ 1.0	\$ 15.7	\$ 3.9	\$ 33.9
ENMAX Power	5.8	12.7	15.8	26.1
ENMAX Corporate	18.9	0.9	37.5	1.7
Total Earnings	\$ 25.7	\$ 29.3	\$ 57.2	\$ 61.7

In December 2004, ENMAX recapitalized its subsidiaries through a combination of inter-company loan arrangements and dividends. The recapitalization was undertaken to match the regulator approved capital structure in ENMAX Power and to make the ENMAX Energy capital structure more consistent with the fair market value of its assets. To reflect this new structure, ENMAX has revised its segmented reporting. Beginning with the first quarter of 2005, external and intercompany interest revenue and expense incurred by

ENMAX Corporation is reported as part of ENMAX Corporate. Previously these amounts were included within the operating segment results.

ENMAX Energy

ENMAX Energy recorded net earnings of \$3.9 million in the first six months of 2005, including \$1.0 million in the second quarter of 2005. This compares to net earnings of \$33.9 million in the first six months of 2004, including \$15.7 million in the second quarter of 2004. Lower net earnings in the first six months of 2005 and second quarter are a result of lower gross margins on electricity, higher interest costs due to the recapitalization in December, 2004 offset by lower income tax expense. The recapitalization described above has resulted in additional interest expense in ENMAX Energy of approximately \$29 million for the six months ended June 30, 2005. Since the debt is intercompany, the interest is offset in corporate and inter-segment eliminations.

Total revenue during the first six months of 2005 was \$513.0 million, including \$254.8 million in the second quarter of 2005. In the first six months of 2004, ENMAX Energy had total revenue of \$508.6 million, including \$244.1 million recorded in the second quarter of 2004. The increase in revenue is mainly due to growth in the natural gas business, offset by a decrease in electricity revenues as a result of lower pool prices for customers on flow through rates as well as the impact of the EUB decision in the third quarter of 2004 which reduced RRT revenue by approximately \$5 million in the first six months of 2005 compared to the same period in 2004.

ENMAX Energy recorded revenue of \$44.8 million from natural gas sales in the first six months of 2005 compared to \$16.7 million in the first six months of 2004. The increase in revenue is mainly due to increased retail gas sales volumes.

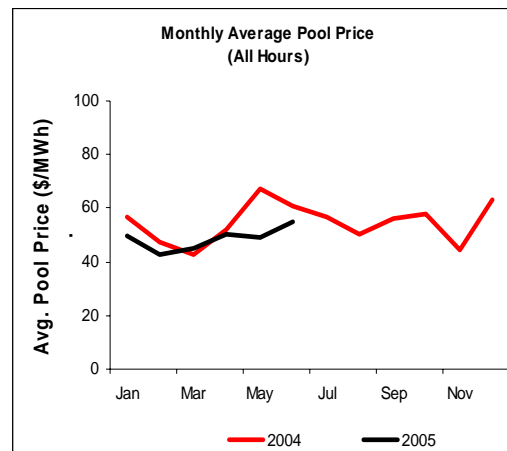
Cost of services provided during the first six months of 2005 was \$456.9 million, including \$226.5 million in the second quarter of 2005. In the first six months of 2004, ENMAX Energy had cost of services provided of \$441.2 million, including \$214.3 million recorded in the second quarter of 2004. Increased cost in the first six months of 2005 is mainly due to higher retail natural gas sales, higher operations, maintenance and administrative costs reflecting higher bad debt expense due to a dispute with one customer and higher customer acquisition costs resulting from increased retail activity. These increases were offset by reduced trading activity, and lower costs from our Power Purchase Arrangements (PPAs) resulting from reduced transmission flow through charges.

Income tax expense in ENMAX Energy during the first six months of 2005 was \$11.4 million, including \$6.7 million in the second quarter of 2005. In the first six months of 2004, ENMAX Energy had income tax expense of \$23.7 million, including \$9.2 million recorded in the second quarter of 2004. The decrease was partly due to the impact of a provincial tax rate reduction in the first quarter of 2004 which decreased ENMAX's future income tax asset balance by \$5.6 million through a charge to net earnings in that quarter. No comparable charge was recorded in 2005. Also contributing to lower income tax expense was lower earnings from the taxable portion of ENMAX's operations.

The average Power Pool price was \$49 per megawatt-hour (MWh) in the first six months of 2005 compared to \$55 per MWh in the same period of 2004.

Natural gas prices averaged \$7 per gigajoule (GJ) in the second quarter of 2005, the same average price as in the second quarter of 2004 and up from about \$6.50 per GJ in the first quarter of 2005.

ENMAX Energy sold 4,510 gigawatt hours (GWh) of electricity to customers in the six months ended June 30, 2005 compared to 4,493 GWh in the second quarter of 2004.



ENMAX filed the RRT application with the EUB in the first quarter of 2005 and a decision was made by the EUB to hold a written process with the exception of an oral session for the shared services and margin components. The decision for the RRT is expected in January of 2006.

In June of 2005 the Department of Energy, after almost 12 months of discussion, issued a policy paper that contemplated changes in the wholesale and retail market design. Although there was risk of significant changes, the outcome has been consistent with expectations – modest changes to short term wholesale market design, an extension of hedging of Regulated Rate Tariffs on a declining basis for 5 years, and a continuation of the energy only wholesale market design with ongoing monitoring for adequacy. ENMAX continues to participate in implementation discussions with the Alberta Electric System Operator and the Department of Energy. Final regulation changes are not expected for several months.

ENMAX Power

ENMAX Power recorded net earnings of \$15.8 million in the first six months of 2005, including \$5.8 million in the second quarter of 2005. This compared to net earnings of \$26.1 million during the first half of 2004, of which \$12.7 million was recorded in the second quarter of 2004. The decreased earnings recorded in 2005 are primarily a result of the impact of the EUB decision in the third quarter of 2004 which reduced distribution revenue in ENMAX Power by approximately \$9 million in the first six months of 2005.

Total revenue during the first half of 2005 was \$168.5 million, including \$82.3 million in the second quarter of 2005. In the comparable periods in 2004, total revenue was \$175.6 million and \$85.4 million respectively. Revenues declined primarily due to the impact of the 2004 EUB decision on the Distribution Tariff.

ENMAX Power delivered 4,077 GWh of electricity during the first six months of 2005, including 1,994 GWh in the second quarter of 2005. This compared to 3,976 GWh delivered in the first half of 2004, of which 1,912 GWh was delivered in the second quarter of 2004. Growing customer demand in and around Calgary accounted for the increased delivered volumes in the first half of 2005 compared to the same period in 2004.

Grid charges were \$27.9 million in the first six months of 2005 and \$13.3 million in the second quarter of 2005. In the first six months of 2004, ENMAX Power recorded \$30.4 million for grid charges, including \$13.9 million in the second quarter. Grid charge price variances from the Alberta Electric System Operator are now accumulated in a regulatory deferral account. ENMAX received regulatory approval to recover these incremental charges from the customer.

ENMAX Power measures reliability performance based on frequency of system interruptions and total duration of interruptions over a 12-month period. On average, customers experienced 0.69 interruptions, which totaled 19 minutes of interruption time for the 12 months ended June 30, 2005. This compares to an average of 1.06 interruptions, which totaled 27 minutes of interruption time during the previous 12-month period. The Distribution Automation (DA) system has reduced ENMAX's System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) by 17% and 14% year-to-date, respectively. Although southern Alberta did experience severe weather in the month of June, unplanned outage impact to Enmax customers was minimal.

During the first quarter of 2005, ENMAX Power filed its 2005/2006 Distribution Tariff with the EUB for customers within The City of Calgary. A decision on ENMAX Power's application is expected in January of 2006. Year-to-date financial results for 2005 are based on approved interim rates. Any financial impact of the regulatory decision will be recorded when the decision is received.

In the third quarter of 2005, ENMAX anticipates filing an application for the Transmission Tariff. As this is the first year that this tariff is to be regulated by the EUB, an oral process is anticipated. The outcome of this application is not expected to have any affect on 2005 earnings.

ENMAX Corporate

During the second quarter of 2005, net earnings for ENMAX Corporate were \$37.5 million compared to \$1.7 million in the same period in 2004. Higher net earnings are a result of higher intercompany interest revenue as a result of the 2004 recapitalization.

RISK MANAGEMENT AND UNCERTAINTIES

ENMAX has an integrated approach to risk management across all ENMAX companies. The Risk Management Committee, consisting of ENMAX senior executives, oversees risk management and reports risk exposures to the board of directors. Beginning in the second quarter of 2005, the risk assessment work performed by the Energy Trading and Sales Advisory Committee and the Enterprise Advisory Committee is now being performed by the Risk Management Committee. For further information on risks, refer to Management's Discussion and Analysis in the 2004 Annual Report, available on the ENMAX website at enmax.com.

OUTLOOK

Based on information available from public sources, ENMAX expects that wholesale electricity prices will be in the area of \$55 per MWh in 2005 while natural gas prices are expected to average \$7 per GJ in 2005.

On July 4, ENMAX announced plans to build and operate an 80MW wind power generating facility in the Municipal District of Taber in southern Alberta. The move represents a significant step forward in one of the company's key growth strategies - to increase clean power generating capacity. Construction of the Taber Wind Power generation facility is expected to begin in the fourth quarter of 2005 and be completed by the end of 2006 at a total capital cost of approximately \$140 million.

A key element of the ENMAX wind power facility will be a 20-year supply agreement with The City of Calgary. The City has agreed to purchase 100% of the electricity and renewable energy certificates from the Taber Wind Power facility.

The Company also announced that it won a five-year contract to supply electricity to 35 school boards across Alberta. The contract represents supply for more than 50% of the schools in the province.

In June, ENMAX Energy introduced a new natural gas plan to compete with the existing regulated natural gas option for small business and residential customers across Alberta. The ENMAX plan requires no retroactive price adjustments.

COMMUNITY AND ENVIRONMENT

In the second quarter of 2005 ENMAX invested just over \$550,000 into community programs. Contributions were allocated in the following categories: 53% community development, 37% sports and recreation and 10% youth and education. In April, Kjell Nordstrom spoke at the second of five "ENMAX/Thomas Wood Distinguished Speakers Series" at Mount Royal College. The ENMAX Rinklighter Pond Hockey Rebates were presented to communities in Calgary, Red Deer and Edmonton to help off-set costs of lighting outdoor rinks during the winter months. ENMAX scholarships were awarded to Calgary students involved with environmental studies in the Calgary Board of Education and the Calgary Separate School Division. Additionally, the ENMAX Alberta High School Rodeo Scholarships were presented for the third year.

ENMAX is committed to educating the public about the safe use of electricity. A key component of our commitment is safety education for school age children. At the end of the 2004-05 school year in June, ENMAX had, through five different programs, delivered its safety message to approximately 45,000 students, teachers and administrators.

For 2005, ENMAX has adopted three new corporate environmental key performance indicators, two of which measure performance in preventing liquid releases, and one that monitors air emissions from key generation sources in the supply portfolio. At the end of the second quarter 2005, ENMAX was well on track to meet or reduce emissions and releases below target levels for all three indicators.

FORWARD-LOOKING INFORMATION

Certain information in this quarterly report is forward-looking information and related, among other things, to anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as “anticipate”, “believe”, “expect”, “plan”, “target” or similar words suggesting future outcomes. By their nature, such statements are subject to various risks and uncertainties, which could cause ENMAX’s actual results and experience to differ materially from the anticipated results. Such risks and uncertainties include, but are not limited to, competitive factors and pricing pressures, regulatory decisions and the impact of deregulation on the industry.

CONTACT INFORMATION

ENMAX Corporation is celebrating its 100th year of providing Albertans with safe and reliable electricity. A wholly owned subsidiary of The City of Calgary, ENMAX provides electricity, natural gas, renewable energy and value-added services to more than 435,000 residential, commercial and industrial customers in Alberta through its subsidiary companies. In addition, ENMAX owns 50% of Canada’s largest wind farm and has the first and largest green power marketing program of its kind in Canada. For more information, visit our website at enmax.com.

ENMAX welcomes questions from stakeholders.

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Visit the ENMAX website at enmax.com

CONSOLIDATED BALANCE SHEETS

(millions of dollars) (unaudited)	June 30, 2005	December 31, 2004
ASSETS		
Cash and cash equivalents	\$ 282.0	\$ 353.3
Accounts receivable	205.6	226.5
Inventories	16.3	13.6
Current portion of 2000 deficiency rider receivable	-	5.3
Other current assets	3.3	1.5
	<u>507.2</u>	<u>600.2</u>
Capital assets	836.7	786.8
Power purchase arrangements	154.9	160.0
Future income tax asset	170.2	173.6
Other long-term assets	11.4	9.8
TOTAL ASSETS	<u>\$ 1,680.4</u>	<u>\$ 1,730.4</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 118.6	\$ 203.8
Dividends payable	25.0	-
Customer guarantee deposits	13.5	15.3
Current portion of long-term debt	34.4	32.8
	<u>191.5</u>	<u>251.9</u>
Long-term debt	218.9	219.5
Future income tax liability	9.0	2.1
Other long-term liabilities	14.1	18.2
TOTAL LIABILITIES	<u>433.5</u>	<u>491.7</u>
NON-CONTROLLING INTEREST	<u>1.0</u>	<u>-</u>
SHAREHOLDER'S EQUITY		
Share capital	280.1	280.1
Retained earnings	965.8	958.6
TOTAL SHAREHOLDER'S EQUITY	<u>1,245.9</u>	<u>1,238.7</u>
COMMITMENTS AND CONTINGENCIES (Note 6)		
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 1,680.4</u>	<u>\$ 1,730.4</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(millions of dollars) (unaudited)	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
REVENUE				
Sales of electricity and natural gas	\$ 199.1	\$ 185.2	\$ 397.6	\$ 386.2
Transmission and distribution revenue	67.1	70.5	136.1	142.5
Contractual services and other	23.0	20.5	49.1	45.8
TOTAL REVENUE	289.2	276.2	582.8	574.5
COST OF SERVICES PROVIDED				
Electric and natural gas costs	132.4	120.2	269.7	251.6
Grid charges	32.1	33.5	63.6	69.5
Local access fees	17.7	17.6	36.2	34.7
Operations, maintenance and administration	56.3	48.4	108.1	98.2
TOTAL COST OF SERVICES PROVIDED	238.5	219.7	477.6	454.0
EARNINGS BEFORE AMORTIZATION, INTEREST AND INCOME TAX CHARGES				
	50.7	56.5	105.2	120.5
Amortization	14.5	14.2	29.1	27.6
Interest	3.7	3.7	7.2	6.5
EARNINGS BEFORE INCOME TAX AND NON-CONTROLLING INTEREST				
	32.5	38.6	68.9	86.4
Income tax	6.9	9.3	11.8	24.7
Non-controlling interest	(0.1)	-	(0.1)	-
NET EARNINGS	25.7	29.3	57.2	61.7
RETAINED EARNINGS, BEGINNING OF PERIOD				
	940.1	838.8	958.6	856.8
Dividends declared	-	-	(50.0)	(50.4)
RETAINED EARNINGS, END OF PERIOD	\$ 965.8	\$ 868.1	\$ 965.8	\$ 868.1

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of dollars) (unaudited)	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net earnings	\$ 25.7	\$ 29.3	\$ 57.2	\$ 61.7
Amortization	17.0	16.6	34.2	32.4
Future income taxes	1.7	1.8	3.6	9.3
Non-controlling interest	(0.1)	-	(0.1)	-
Change in unrealized market value of financial contracts	3.2	(1.3)	(1.2)	3.5
	<u>47.5</u>	<u>46.4</u>	<u>93.7</u>	<u>106.9</u>
Change in non-cash working capital items	(5.9)	12.2	(72.2)	21.0
	<u>41.6</u>	<u>58.6</u>	<u>21.5</u>	<u>127.9</u>
INVESTING ACTIVITIES				
Purchase of capital assets	(24.5)	(18.4)	(47.8)	(38.5)
Contributions in aid of construction	1.7	1.4	4.5	3.9
2000 deficiency rider receivable collected	-	11.1	5.3	23.1
Acquisitions, net of cash acquired (Note 4)	(2.2)	-	(9.4)	-
Customer guarantee deposits	(0.5)	3.2	(1.8)	1.0
Other long-term assets	(1.5)	0.2	(1.3)	0.4
	<u>(27.0)</u>	<u>(2.5)</u>	<u>(50.5)</u>	<u>(10.1)</u>
FINANCING ACTIVITIES				
Long-term debt (repaid) / issued	(6.2)	44.2	(14.4)	111.1
Other long-term liabilities	(4.5)	0.8	(2.9)	2.4
Dividends paid	(12.5)	(12.6)	(25.0)	(25.2)
	<u>(23.2)</u>	<u>32.4</u>	<u>(42.3)</u>	<u>88.3</u>
(Decrease) / increase in cash and cash equivalents	(8.6)	88.5	(71.3)	206.1
Cash and cash equivalents, beginning of period	290.6	218.5	353.3	100.9
Cash and cash equivalents, end of period	<u>\$ 282.0</u>	<u>\$ 307.0</u>	<u>\$ 282.0</u>	<u>\$ 307.0</u>
Interest paid	<u>\$ 4.0</u>	<u>\$ 2.8</u>	<u>\$ 8.0</u>	<u>\$ 5.9</u>
Income taxes paid	<u>\$ 2.5</u>	<u>\$ 1.1</u>	<u>\$ 43.0</u>	<u>\$ 8.4</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Unaudited)

1. Significant Accounting Policies

The interim consolidated financial statements of ENMAX Corporation (ENMAX or the corporation) have been prepared in accordance with Canadian generally accepted accounting principles. Except as disclosed in Note 3, the accounting policies applied are consistent with those outlined in the corporation's annual financial statements for the year ended December 31, 2004. These interim consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements included in ENMAX's 2004 Annual Report. Amounts are stated in Canadian dollars.

ENMAX is subject to fluctuations in the demand for and price of electricity and natural gas, therefore interim results are not necessarily indicative of annual results.

2. Segmented Information ⁽¹⁾

Three months ended June 30 (unaudited) (millions of dollars)	ENMAX Energy		ENMAX Power		ENMAX Corporate (and intersegment eliminations)		Consolidated Totals	
	2005	2004	2005	2004	2005	2004	2005	2004
REVENUE								
Sales of electricity and natural gas	\$ 246.1	\$ 236.4	\$ -	\$ -	\$ (47.0)	\$ (51.2)	\$ 199.1	\$ 185.2
Transmission and distribution revenue	-	-	67.1	70.5	-	-	67.1	70.5
Contractual services and other	8.7	7.7	15.2	14.9	(0.9)	(2.1)	23.0	20.5
TOTAL REVENUE	254.8	244.1	82.3	85.4	(47.9)	(53.3)	289.2	276.2
COST OF SERVICES PROVIDED								
Electric and natural gas costs ⁽²⁾	132.4	120.2	-	-	-	-	132.4	120.2
Grid charges	66.4	71.5	13.3	13.9	(47.6)	(51.9)	32.1	33.5
Local access fees	-	-	17.7	17.6	-	-	17.7	17.6
Operations, maintenance and administration	27.7	22.6	30.7	26.8	(2.1)	(1.0)	56.3	48.4
TOTAL COST OF SERVICES PROVIDED	226.5	214.3	61.7	58.3	(49.7)	(52.9)	238.5	219.7
EARNINGS BEFORE AMORTIZATION, INTEREST, INCOME TAX AND NON-CONTROLLING INTEREST	28.3	29.8	20.6	27.1	1.8	(0.4)	50.7	56.5
Amortization	5.0	4.4	10.1	10.6	(0.6)	(0.8)	14.5	14.2
Interest	15.7	0.5	4.7	3.8	(16.7)	(0.6)	3.7	3.7
Income tax	6.7	9.2	-	-	0.2	0.1	6.9	9.3
Non-controlling interest	(0.1)	-	-	-	-	-	(0.1)	-
NET EARNINGS	\$ 1.0	\$ 15.7	\$ 5.8	\$ 12.7	\$ 18.9	\$ 0.9	\$ 25.7	\$ 29.3
CAPITAL ADDITIONS	\$ 4.5	\$ 0.6	\$ 19.4	\$ 17.6	\$ 0.6	\$ 0.2	\$ 24.5	\$ 18.4

1. In December 2004, ENMAX recapitalized its subsidiaries through a combination of inter-company loan arrangements and dividends. The recapitalization was undertaken to match the regulator approved capital structure in ENMAX Power and to make the ENMAX Energy capital structure more consistent with the fair market value of its assets. To reflect this new structure, ENMAX has revised its segmented reporting. Beginning with the first quarter of 2005, external and intercompany interest revenue and expense incurred by ENMAX Corporation is reported as part of ENMAX Corporate. Previously these amounts were included within the operating segment results. Comparative periods have been restated to reflect these changes.

2. Included in electric costs is \$2.5 million (2004 - \$2.4 million) pertaining to the amortization of PPAs.

2. Segmented Information (continued)

Six months ended June 30 (unaudited) (millions of dollars)	ENMAX Energy		ENMAX Power		ENMAX Corporate (and intersegment eliminations)		Consolidated Totals	
	2005	2004	2005	2004	2005	2004	2005	2004
REVENUE								
Sales of electricity and natural gas	\$ 494.8	\$ 491.4	\$ -	\$ -	\$ (97.2)	\$ (105.2)	\$ 397.6	\$ 386.2
Transmission and distribution revenue	-	-	136.1	142.5	-	-	136.1	142.5
Contractual services and other	18.2	17.2	32.4	33.1	(1.5)	(4.5)	49.1	45.8
TOTAL REVENUE	513.0	508.6	168.5	175.6	(98.7)	(109.7)	582.8	574.5
COST OF SERVICES PROVIDED								
Electric and natural gas costs ⁽¹⁾	269.7	251.6	-	-	-	-	269.7	251.6
Grid charges	133.8	145.2	27.9	30.4	(98.1)	(106.1)	63.6	69.5
Local access fees	-	-	36.2	34.7	-	-	36.2	34.7
Operations, maintenance and administration	53.4	44.4	59.1	56.6	(4.4)	(2.8)	108.1	98.2
TOTAL COST OF SERVICES PROVIDED	456.9	441.2	123.2	121.7	(102.5)	(108.9)	477.6	454.0
EARNINGS BEFORE AMORTIZATION, INTEREST, INCOME TAX AND NON-CONTROLLING INTEREST	56.1	67.4	45.3	53.9	3.8	(0.8)	105.2	120.5
Amortization	10.1	8.7	20.2	20.5	(1.2)	(1.6)	29.1	27.6
Interest	30.8	1.1	9.3	7.3	(32.9)	(1.9)	7.2	6.5
Income tax	11.4	23.7	-	-	0.4	1.0	11.8	24.7
Non-controlling interest	(0.1)	-	-	-	-	-	(0.1)	-
NET EARNINGS	\$ 3.9	\$ 33.9	\$ 15.8	\$ 26.1	\$ 37.5	\$ 1.7	\$ 57.2	\$ 61.7
CAPITAL ADDITIONS	\$ 8.7	\$ 2.7	\$ 39.0	\$ 34.9	\$ 0.1	\$ 0.9	\$ 47.8	\$ 38.5

1. Included in electric costs is \$5.1 million (2004 - \$4.8 million) pertaining to the amortization of PPAs.

Segmented Total Assets (millions of dollars) (unaudited)	June 30, 2005	December 31, 2004
ENMAX Energy	\$ 705.4	\$ 706.9
ENMAX Power	663.2	657.0
ENMAX Corporate	311.8	366.5
	\$ 1,680.4	\$ 1,730.4

3. Accounting Change

Intercompany Profit relating to Rate-Regulated Operations

Commencing in the first quarter of 2005, the intercompany profit related to capital asset construction work performed by an ENMAX subsidiary for the regulated operations of ENMAX is deemed to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator. Comparative periods have been adjusted to conform to this treatment. The impact on capital assets and retained earnings at December 31, 2004 is an increase of \$14.7 million. The impact on net earnings for the six months ended June 30, 2004 is an increase of \$1.8 million.

4. Acquisitions

In the first quarter of 2005, ENMAX purchased 100% of the outstanding shares of Valeo Power Corporation, a privately held electricity retailer and services company. The primary assets of the company are commercial and industrial electricity contracts.

In April 2005, the corporation acquired 99% of Furry Creek Power Ltd. ("Furry Creek"), which owns a run-of-river 11 megawatt hydro-electric facility located north of Vancouver. In addition, ENMAX and Vancouver-based Eaton Power Corporation entered into a newly formed business venture to develop run-of-river hydro projects in British Columbia over the next five years. ENMAX invested \$2.0 million in exchange for a 65% interest in the newly formed company, Hydromax Energy Ltd. The company's assets include run-of-river hydro projects in the early stages of development.

ENMAX accounted for these acquisitions using the purchase method and the results of operations have been included in the consolidated financial statements since the effective dates of the acquisitions. The allocation of the purchase prices are as follows:

Net assets acquired (millions of dollars):

Current assets	\$ 1.3
Capital assets	35.7
Other long-term assets	0.3
Current liabilities	(4.7)
Long-term debt	(15.4)
Future income tax liabilities	(6.7)
Non-controlling interest	(1.1)
Total cash consideration, net of cash acquired	<u>\$ 9.4</u>

5. Employee Future Benefits

The corporation established a registered pension plan on January 1, 2001 to provide future pension benefits for its employees. The registered pension plan covers substantially all employees and includes both defined benefit and defined contribution provisions. The corporation also sponsors a supplemental pension plan providing an additional pension to members whose benefits are limited by maximum pension rules under the Income Tax Act. In addition, the corporation provides employees with other post retirement benefits including extended health and dental benefits beyond those provided by government-sponsored plans, life insurance and a lump sum allowance payable at retirement.

The total benefit cost recorded in the consolidated statement of earnings for the three and six months ended June 30, 2005 is \$2.3 million (2004 - \$2.2 million) and \$4.7 million (2004 - \$4.4 million), respectively.

6. Commitments and Contingencies

Income Tax

Alberta Finance, Tax and Revenue Administration (Alberta Finance) is responsible for assessing the income tax returns filed under the payment in lieu of taxes (PILOT) regulation to the Electric Utilities Act (EUA). In August 2004, Alberta Finance notified the corporation that it was reviewing the value of certain assets established for the purpose of this regulation. At January 1, 2001 the balance of the future income tax asset associated with the assets in question was \$195 million, based on an estimated fair market value of \$855 million.

In June 2005, the corporation received a notice of assessment from Alberta Finance in respect of the 2001 taxation year. The assessment amounts to \$16.9 million, including \$3.2 million of interest. The assessment relates primarily to the value of certain assets established for the purpose of the PILOT regulation and the allocation of costs and benefits of the energy supply portfolio between taxable and non-taxable operations.

The corporation does not agree with the assessment and is working with Alberta Finance to reach an acceptable resolution on the issues. If no resolution is reached, ENMAX intends to defend its position through the formal appeals process. The amount of possible adjustment, which could have a material impact on net earnings, cannot be reasonably estimated at this time and no provision has been made in the consolidated financial statements for any additional income tax expense which may be payable relating to this assessment.

7. Comparative Figures

Certain comparative figures have been reclassified to conform with the current period's presentation.