SECOND QUARTER 2007

(*unaudited - millions of dollars, except return on equity and operating statistics*)	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	**2007**	2006
Total revenues	**$ 418.2**	$ 318.5	**$ 944.1**	$ 681.0
Operating margin [1]	**111.2**	106.3	**220.2**	188.8
Net earnings	**32.1**	37.0	**64.7**	62.3
Return on equity (annualized) [2]			**9.4%**	9.5%
Operating statistics:				
Electricity sold (gigawatt hours)	**3,528**	2,870	**7,503**	5,865
Natural gas sold (terajoules)	**4,778**	2,396	**13,970**	8,273
Distribution volumes (gigawatt hours)	**2,109**	2,085	**4,328**	4,193

(1) Non-GAAP financial measure. See discussion that follows in MD&A.

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

	Six months ended June 30, 2007	Year ended December 31, 2006
Total Shareholder's Equity	**$ 1,378.3**	$ 1,385.5
Total Assets	**$ 2,227.8**	$ 2,160.4

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis, prepared as at August 14, 2007 should be read in conjunction with the accompanying unaudited interim consolidated financial statements of ENMAX Corporation (ENMAX or the Corporation) as at and for the three and six months ended June 30, 2007 and 2006, as well as the Corporation's 2006 Annual Report. All dollar amounts are stated in Canadian currency.

RESULTS OF OPERATIONS

Consolidated

ENMAX's consolidated net earnings for the six months ended June 30, 2007 totaled $64.7 million, of which $32.1 million was recorded in the second quarter. This compares to net earnings of $62.3 and $37.0 million for the six months and second quarter ended June 30, 2006, respectively. Net earnings for the six months ended June 30, 2007 were higher than 2006 due to sales volume increases in electricity and natural gas which were partially offset by operations, maintenance and administration costs incurred in the current period which relate to growing the business. For the three months ended June 30, 2007, net earnings have decreased compared to the same period last year primarily as a result of higher average costs of electricity during the three month period.

A reconciliation of net income for the three and six months ended June 30, 2007 compared to 2006 is as follows:

(millions of dollars)	Three months ended June 30	Six months ended June 30
Net Earnings, 2006	$ 37.0	$ 62.3
Increase / (decrease) in:		
Electricity and natural gas margin	3.9	31.6
Transmission and distribution margins	0.1	(3.6)
Other margins	0.9	3.4
Operations, maintenance and administration	(7.2)	(17.6)
Amortization	(2.7)	(9.1)
Interest	(0.5)	(3.2)
Income taxes	0.7	1.1
Non-controlling interest	(0.1)	(0.2)
Net earnings, 2007	$ 32.1	$ 64.7

Electricity and natural gas margins increased $31.6 million to $131.0 million for the six months ended June 30, 2007 compared to $99.4 million for the same period in 2006, an increase of 31.8%. For the quarter ended June 30, 2007, electricity and natural gas margins were $69.3 million, $3.9 million higher than the same quarter of 2006. Electricity and natural gas sales volumes increased as did natural gas margins due to lower purchase costs to meet demand volumes. During 2006, ENMAX completed key strategic transactions intent on managing volatility the Corporation is exposed to in the electricity marketplace. These included acquiring long term, low cost supply for on peak and off peak demand. The impact of these transactions is a narrowing of 2007 margins compared to prior years when demand was met primarily with generation from the Keephills Power Purchase Arrangement ("PPA"), one of the least cost sources of supply in the province. As a result of these strategic transactions, electricity margins in 2007 were considerably higher, and are expected to continue to be, than if ENMAX had to supply all new demand, as it grows its retail business, purely through the wholesale market. In addition, lower natural gas purchase costs when compared to the same three and six month periods in 2006, contributed to the increased margin.

For the regulated businesses, transmission and distribution margins decreased by $3.6 million to $69.3 million for the six months ended June 30, 2007 compared to $72.9 million for the same period in 2006. The decline is primarily attributable to reduced revenue resulting from operating under 2006 tariff rates because the applied for 2007 rates have not yet been approved by the regulator while the costs of running the regulated business have increased, compared to the same three and six month periods of 2006, reflecting pressures on material and labor costs in the Calgary market. In addition, decreased margins reflect lower allowed rates resulting from 2006 Alberta Energy and Utilities Board (”EUB”) decisions, which were partially offset by increased volumes delivered. In May 2007, the Corporation applied to the EUB to have 2007 rates set under a formula based ratemaking (“FBR”) approach. The corporation anticipates a decision on this application in early 2008. The financial impact of the EUB’s decisions will be recorded when received. For the quarter ended June 30, 2007, total transmission and distribution margins of $34.2 million were consistent with those for the same three month period in 2006 as lower rates were offset by increased volumes.

Contractual services margins and other income for the three and six months ended June 30, 2007 have increased by $0.9 and $3.4 million, respectively, over the same periods last year. The increase is driven by additional LRT system expansion projects combined with revenue growth, in the fibre-optic business.

Operating, maintenance and administrative (O,M & A) expenses have increased to $41.2 million in the second quarter of 2007 compared to $34.0 million for the same three month period in the prior year. For the six month period 2007, O,M & A expenses were $83.9 million compared to $66.3 million in the comparable period in 2006. The increases are due to higher staffing costs, volume driven increases in customer billing costs, regulatory hearing expenses and marketing costs. As well the transmission and distribution systems in Calgary and surrounding area are growing causing operations, maintenance and administration charges to increase on a comparative basis.

Amortization expense for the second quarter and six months ended June 30, 2007 totaled $25.1 million and $49.0 million, respectively, compared to $22.4 and $39.9 million for the same periods in 2006. The increases related to amortization of the Battle River PPA in which ENMAX acquired a 55% interest in June 2006 and a further 10% interest in January 2007.

Interest expense increased to $11.9 million for the first six months of 2007 from $8.7 million for the same period in 2006. For the quarter ending June 30, 2007, interest expense increased to $5.9 million compared to $5.4 million for the same period in 2006. The increases are primarily the result of six months interest on $154.3 million of long-term debt obtained from the City of Calgary through arrangements with the Alberta Capital Finance Authority issued in March 2006, compared to three months interest in 2006.

Income tax expense was $10.7 million during the first six months of 2007, including $6.9 million for the second quarter. This compares to $11.8 million in the same six month period of 2006, including $7.6 million in the second quarter. The decrease is attributable to lower future income tax charges in 2007 to recognize future tax deductions on certain hedge transactions partially offset by higher current income tax expenses on earnings in the Corporation’s taxable operations.

In each of the first two quarters of 2007, ENMAX paid $12.5 million to The City of Calgary as part of its annual dividend of $50.0 million declared earlier in the year, which is consistent with 2006.

SELECTED QUARTERLY FINANCIAL DATA

	2007		2006				2005	
	Second	First	Fourth	Third	Second	First	Fourth	Third
(millions of dollars)								
Total revenue	418.2	525.9	562.9	423.6	318.5	362.5	397.3	299.8
Operating Margin	111.2	109.0	104.2	104.8	106.3	82.5	88.2	90.4
Net earnings	32.1	32.6	33.7	34.1	37.0	25.3	28.5	31.0
Shareholder's equity	1,378.3	1,357.6	1,385.5	1,351.8	1,317.7	1,280.7	1,305.4	1,276.9
Funds generated from operations [1]	65.1	63.5	47.7	61.1	61.6	43.4	42.1	49.9
Cash provided by (used in) operating activities	121.3	(68.2)	112.9	29.7	57.1	(7.2)	30.1	28.2

(1) Non-GAAP financial measure. See discussion that follows in MD&A.

NON-GAAP FINANCIAL MEASURES

The Corporation provides non-GAAP financial measures in the Management's Discussion and Analysis. These measures do not have any standard meaning prescribed by Canadian generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other companies. The purpose of these financial measures and their reconciliation to GAAP financial measures are shown below.

Operating margin	**Three months ended June 30**		**Six months ended June 30**	
(millions of dollars)	**2007**	2006	**2007**	2006
Electricity and natural gas margins	$ 69.3	$ 65.4	$ 131.0	$ 99.4
Transmission and distribution margins	34.2	34.1	69.3	72.9
Other margins	7.7	6.8	19.9	16.5
Operating margin (Non-GAAP financial measure)	111.2	106.3	220.2	188.8
Add: Cost of sales	307.0	212.2	723.9	492.2
Revenue (GAAP financial measure)	$ 418.2	$ 318.5	$ 944.1	$ 681.0

Operating margins are a more useful measure of business performance than revenue, as changes in the market price of electricity and natural gas purchased for resale affect both revenue and costs of sales.

Earnings before interest, income tax, depreciation, amortization and non-controlling interest (EBITDA)	**Three months ended June 30**		**Six months ended June 30**	
(millions of dollars)	**2007**	2006	**2007**	2006
Non-GAAP financial measure	$ 70.0	$ 72.3	$ 136.3	$ 122.5
Deduct (add): amortization and depreciation	25.1	22.4	49.0	39.9
Non-controlling interest	-	(0.1)	-	(0.2)
Earnings before interest and taxes	44.9	50.0	87.3	82.8
Deduct: interest	5.9	5.4	11.9	8.7
Income taxes	6.9	7.6	10.7	11.8
Net earnings (GAAP financial measure)	$ 32.1	$ 37.0	$ 64.7	$ 62.3

Earnings before interest, income taxes, depreciation, amortization and non-controlling interest (EBITDA) is a more useful measure of business performance than net earnings as management believes it provides an indication of the results generated by the Corporation's primary business activities without consideration as to how those activities are financed, amortized or how the results are taxed in various business jurisdictions.

Funds generated from operations	**Three months ended June 30**		**Six months ended June 30**	
(millions of dollars)	**2007**	2006	**2007**	2006
Funds generated from operations (Non-GAAP financial measure)	$ 65.1	$ 61.6	$ 128.6	$ 105.0
Changes in non-cash working capital [(1)]	56.2	(4.5)	(75.5)	(55.1)
Cash provided by operating activities (GAAP financial measure)	$ 121.3	$ 57.1	$ 53.1	$ 49.9

(1) Relates to timing of 2006 year-end accrual payments for energy supply costs whereby two months were paid in the first quarter of 2007, compared to only one month in 2006, as a result of business closures during year-end holidays.

Funds generated from operations is provided to assist in determining the ability of ENMAX to generate cash from operations without regard to changes in the Corporation's non-cash working capital in the period.

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

(millions of dollars)	**June 30, 2007**	December 31, 2006
Long-term debt [1]	**$ 446.4**	$ 360.3
Shareholder's equity		
Share capital	**280.1**	280.1
Retained earnings	**1,120.1**	1,105.4
Accumulated other comprehensive income	**(21.9)**	-
Total shareholder's equity	**1,378.3**	1,385.5
Total capitalization	**$ 1,824.7**	$ 1,745.8

(1) Includes current portion of $35.9 million (2006– $39.6 million). Maturity dates range from August 2007 to December 2026.

Coverage ratios

	For the Six Months Ended June 30, 2007	For the Year Ended December 31, 2006
Debt to total capitalization [1]	**24.5%**	20.6%
Interest coverage ratio[2]	**7.3X**	9.5X

(1) As at period end, debt to total capitalization is equal to long-term debt divided by long-term debt plus shareholder's equity.

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

Cash provided by operating activities

Cash provided by operating activities was $53.1 million in the first six months of 2007 compared to $49.9 million in the same period of 2006. For the second quarter, cash provided by operating activities increased to $121.3 million for 2007 compared to $57.1 million in 2006. Increased cash flow from operations is due to decreased working capital reflecting collection of accounts receivable amounts from the first quarter, net of timing differences associated with payments of operating accruals.

ENMAX continues to generate adequate cash flow from operations and has sufficient lines of credit and a commercial paper program available to meet its requirements.

Investing activities

Capital spending was $157.0 million in the first six months of 2007, of which $62.2 million related to the second quarter. In addition to the first quarter acquisition of a further 10% interest in the Battle River PPA, capital expenditures included amounts relating to the growing transmission and distribution network in Calgary and surrounding area and continued costs for the construction of the Taber Wind Farm. In 2007, ENMAX expects to invest in excess of $100.0 million in system expansion of its transmission and distribution networks, including $60.0 million in the next six months.

Financing activities

During the six months ended June 30, 2007, $107.4 million of long-term debt was obtained from the City of Calgary through arrangements with the Alberta Capital Finance Authority, the proceeds of which will be used to fund capital growth in the regulated transmission and distribution businesses. During the second quarter, $136.5 million of short-term financing issued in the first quarter of 2007 was repaid. In addition, ENMAX repaid $6.2 million and $21.3 million of debt in regularly scheduled principal payments during the three and six months ended June 30, 2007, respectively.

On February 20, 2007, ENMAX declared a dividend of $50.0 million to The City of Calgary, its sole shareholder, consistent with the 2006 level. The amount is payable in equal quarterly amounts during 2007.

BUSINESS SEGMENT RESULTS

The operating businesses of ENMAX Corporation are managed in principally two segments, ENMAX Power and ENMAX Energy. The results of those segments are discussed in the comments that follow.

In 2007, ENMAX realigned its reportable segments to be consistent with its revised internal management structure. The significant changes were to include the results of the Encompass business line, which is responsible for the delivery of billing and customer care, in the ENMAX Energy business segment rather than the ENMAX Power segment. Comparative amounts have been restated.

ENMAX Power

ENMAX Power's (EPC) results are driven by tariffs allowed by the EUB for regulated transmission, distribution and regulated rate option businesses as well as earnings from its non-regulated power services and fibre-optic business lines.

ENMAX Power recorded net earnings before interest and income taxes of $15.2 million in the first six months of 2007, including $6.5 million in the second quarter. This compared to net earnings of $25.7 million in the first half of 2006 including $8.4 million in the second quarter. The decreases were partially driven by the impact of lower than anticipated 2006 Distribution Tariff (DT) and Transmission Tariff (TT) rates approved by the EUB. In addition, 2007 revenues continue to be based on 2006 tariff rates because the applied for 2007 rates have not yet been approved by the regulator while the costs of running the regulated business have increased, compared to the same three and six month periods of 2006, due to upward pressure on material and labor costs in the Calgary market. These unfavorable impacts were partially offset by higher earnings from increased activity levels in the power services and fibre-optic businesses.

For the six months ended June 30, 2007, electricity sales to Regulated Rate Option (RRO) customers generated margins of $4.1 million, including $1.9 million in the second quarter. This compares to $1.1 million for the six months ended June 30, 2006, including a loss of $1.0 million in the second quarter. ENMAX Power earns a margin as a percentage of electricity revenue from customers. Higher electricity rates in 2007 drove margins up. Total RRO electricity volumes sold were 1,344 gigawatt hours (GWh) in the first half of 2007, including 603 GWh in the second quarter of 2007. This compared to 1,472 GWh in the first half of 2006, including 667 GWh is the second quarter. The lower volumes reflect the movement of Calgary RRO customers to competitive retail offers.

Transmission and distribution margins result from allowed tariff rates charged for wires services, net of electrical grid charges and local access fees. The transmission and distribution margins were $34.2 million and $69.3 million in the three and six month periods ended June 30, 2007 compared to $34.1 million and $72.9 million for the comparative periods of 2006. The main driver of the lower 2007 margin is a delay in 2007 rate increases which have not yet been approved by the regulator while the costs of running the regulated business have increased, over the prior year, due to pressures on material and labor costs in the Calgary market. In addition volumes increased by three percent, with 4,328 GWh of electricity delivered during the first half of 2007 compared to 4,193 GWh delivered in the first half of 2006. Volume increases are attributed to growth in Calgary and surrounding area and were partially offset by the impacts of lower transmission and distribution tariff rates arising from EUB decisions received in 2006. The net result is margins have improved by $0.1 million, and declined by $3.6 million, for the three and six months ended June 30, 2007, respectively, compared to the same periods in 2006.

The volume of electricity distributed by ENMAX Power and the associated transmission and distribution revenues are closely linked to Calgary's economic growth. Forecasts from the Conference Board of Canada's Metropolitan Outlook and the City of Calgary's Economic Outlook suggest that the population of Calgary and surrounding communities will grow by approximately 2.5% for 2007. ENMAX Power's delivered energy volumes and, therefore wires revenues, are expected to track this growth.

Power services and fibre-optic businesses margins, reported as contractual services, increased by $2.3 million and $4.2 million in the first three and six months of 2007, respectively, compared to the same periods last year. The improvement is the result of additional LRT system expansion projects in 2007 for power services combined with increased capacity utilization by the fibre-optic customer base.

Operations, maintenance and administrative expenses were $56.1 million in the first half of 2007, including $28.2 million in the second quarter. This compared to $41.4 million in the first half of 2006, including $20.9 million in the second quarter. The higher costs are attributable in part to regulatory costs relating to FBR applications, increased billing charges driven by higher customer counts, and additional staffing levels and non-labor costs associated with the expanding transmission and distribution systems in Calgary and surrounding area.

Amortization for ENMAX Power totaled $20.4 million in the first half of 2007, including $10.6 million in the second quarter. These amounts are consistent with amortization expense of $20.6 million in the first half of 2006, including $10.3 million in the second quarter of 2006. Lower approved amortization rates for the regulated business were offset by an increased asset base in which ENMAX Power has invested $100.9 million since June 30, 2006.

ENMAX Power filed a request with the EUB to establish an FBR plan for distribution and transmission for the period beginning January 1, 2007 and ending December 31, 2016. EPC also requested approval under EUB Directive 018 to initiate a Negotiated Settlement Process ("NSP") with interested parties, in respect to the FBR application. ENMAX Power conducted information sessions in July to inform and educate interested parties, which will be followed by the NSP commencing in September 2007. If the negotiated settlement process is successful ENMAX Power anticipates that the EUB would release a final decision on the FBR Application in mid 2008. A Phase II component of the Application, which sets rates amongst customer classes, is planned to be filed by November 30, 2007.

The EUB also approved the initiation of an NSP with the Consumer's Coalition of Alberta, the Utility Consumer Advocate and the Public Institutional Consumers of Alberta in respect to all aspects of the Non-Energy portion of the RRO rates for the period from January 1, 2007 to December 31, 2008. In June 2007, an Agreement in Principle was reached with the customer groups and this agreement is being finalized by the parties.

ENMAX Power requested an order in April from the EUB approving a rider which reallocates the funds it collects by EPC on existing rates in a manner which would have occurred if the rates approved in the Phase II decision had been in effect from January 1, 2006 onwards. In May 2007, the EUB approved EPC's DT Adjustment Rider as filed. The adjustment rate rider will apply from June 1, 2007 to May 31, 2008.

ENMAX Energy

ENMAX Energy ("EEC") is in the retail business, for electricity and natural gas, and wholesale electricity marketing. ENMAX Energy controls coal fired electricity supply through Power Purchase Arrangements (PPAs), natural gas fired generation through a tolling agreement and ownership of wind generating capacity all of which is required to support demand from EEC's retail electricity customers. Natural gas is purchased to meet the sales commitments made by retail marketing operations. Rigorous risk management processes and systems are in place to carefully monitor and manage price and commodity risks inherent in the business.

ENMAX Energy recorded earnings before interest and income taxes of $68.4 million for the six months ended June 30, 2007 compared to $54.7 million for the same six months in 2006. Sales volumes were higher for both electricity and natural gas. However, higher operating, maintenance and administrative costs and increased amortization charges partially offset these gains. Earnings totaled $36.6 million for the three months ended June 30, 2007 compared to $41.2 million for the same period in 2006. The reduction is attributable to higher amortization, increased operating, maintenance and administrative costs partially offset by increased sales volumes in both electricity and natural gas.

Electricity and natural gas margins for the six months ended June 30, 2007 were $126.4 million, of which $66.9 million was earned during the second quarter. These compared to $94.8 million and $63.3 million, respectively, for the same periods of 2006. The increase in electricity and natural gas margins is primarily due to 33% growth in sales volumes of electricity and 99% in natural gas compared to the same quarter last year. These increases in electricity and natural gas volumes resulted from the continued success of the EasyMax program and strong marketing efforts for the Commercial, Institutional and Industrial customer segments in late 2006 and 2007. Enhancing the volume impacts were lower natural gas supply costs as prices declined following North American demand and supply fundamentals. While commodity margins increased with volumes, as a percentage of revenue they were less in the second quarter of 2007 than in 2006 due in large part to lower electricity prices received on volumes not sold at fixed prices. As well, higher costs to supply new fixed price customers impacted margins. ENMAX Energy entered into strategic supply transactions in 2006 which raised its marginal cost of supply in exchange for reduced exposure to volatile market prices that have occurred and are expected to continue to do so in Alberta's deregulated market.

ENMAX Energy sold 2,925 GWh and 6,159 GWh of electricity to customers in the three and six months ended June 30, 2007 compared to 2,203 GWh and 4,393 GWh, respectively, for the same periods of 2006. Our natural gas customers purchased 13,970 terajoules (TJs), of which 4,778 TJ were purchased in the second quarter of 2007. This compared to 8,273 TJ and 2,396 TJ, respectively, for the same periods of 2006. The increased volumes reflect the continued success of the EasyMax program as well as growing sales to commercial and industrial customers.

Operations, maintenance and administrative expenses were $49.5 million in the first half of 2007, including $24.6 million in the second quarter, compared to $42.7 million in the first half of 2006, including $21.3 million in the second quarter. Higher marketing activity in the first half of 2007 compared to 2006 resulted in substantial growth late in the second quarter in EasyMax customers for which the revenue impact will be realized in the third quarter. In addition, billing and customer care costs increased in 2007 when compared to the prior year due to higher customer counts.

Amortization for ENMAX Energy totaled $25.8 million in the first half of 2007, including $13.1 million in the second quarter. For the first half of 2006, amortization totaled $16.6 million, of which $10.8 million related to the second quarter. The increase is due to the acquisition of a 55% interest in the Battle River PPA in June 2006 and an additional 10% in January 2007 for a total investment of $404.6 million.

ENMAX Corporate

ENMAX Corporate incurs all costs related to the provision of shared services to ENMAX Power and ENMAX Energy and provides financing to those business segments. During the three and six months ended June 30, 2007, net earnings before interest and taxes for ENMAX Corporate were $1.8 million and $3.7 million, compared to $0.4 million and $2.4 million in the same periods in 2006. Higher salary and benefit costs were offset by higher interest charges on increased debt provided to the Power and Energy segments.

FINANCIAL INSTRUMENTS

On January 1, 2007, ENMAX adopted five new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These were Handbook Section 1530: Comprehensive Income; Section 3251: Equity; Section 3855: Financial Instruments – Recognition and Measurement; Section 3861: Financial Instruments – Disclosure and Presentation and Section 3865: Hedges.

Handbook Section 1530 establishes comprehensive income, which consists of net earnings determined by historical standards plus/minus other comprehensive income/losses. Other comprehensive income is defined as the change in shareholder's equity from transactions and other events from non-owner sources and includes unrealized gains and losses on available-for-sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments.

Handbook Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that all financial instruments, including derivatives, be included on the consolidated balance sheet and measured at fair value with the exception of loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments will depend on their initial classification.

CONTROLS AND PROCEDURES

As of the end of the period covered by this quarterly report, the Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of the corporation's disclosure controls and procedures (DCP). They concluded that Enmax Corporation's DCP were effective.

ENMAX's internal controls over financial reporting changed during the first half of 2007 as a result of adopting new accounting standards for financial instruments and other comprehensive income. These changes affected our accounting system and processes and enhancements were facilitated through new and existing controls and processes.

RISK MANAGEMENT AND UNCERTAINTIES

ENMAX follows an integrated approach to risk management across all ENMAX companies. For further information on risks, refer to Management's Discussion and Analysis in the 2006 Annual Report, available on the ENMAX website at www.enmax.com.

OUTLOOK

ENMAX expects 2007 full year earnings to compare favourably to 2006 based on expectations for electricity and natural gas prices, generation acquisition opportunities and the strength of the Alberta economy.

ENVIRONMENT

In 2007, the Government of Alberta introduced the Climate Change and Emissions Management Amendment Act aimed at taking action on climate change by establishing emission intensity reduction targets for greenhouse gasses ("GHG"). Companies that emit more than 100,000 tonnes of GHGs a year must reduce their emissions intensity by 12 per cent. The legislation, introduced on March 8, was substantially enacted on June 27 and became effective July 1, 2007.

On April 26, 2007, the Federal government released details of its proposed environmental legislation. The federal plan calls for an 18 per cent reduction in GHG emission intensity starting in 2010, increasing to a 20 per cent absolute reduction requirement by 2020.

Compliance can be met in several ways, including in-house reductions, donating to a Climate Change Technology fund at a fixed price or purchasing offsets from clean energy alternatives. As these Alberta and Federal government initiatives have the potential to significantly impact the energy industry, the Corporation continues to assess and monitor the implications to ENMAX's business.

A number of material details in the federal plan are still to be determined, including its interaction with provincial programs, in order to reasonably determine the impact of future compliance costs. Change in law provisions in our PPA contract has the potential to expose ENMAX to significant portions of these compliance costs. The Corporation is assessing the impact these regulations may have on its operations as a result of its ownership interests in coal-fired generation facilities through its PPA's and the tolling agreement under the Calgary Energy Centre.

ENMAX continues to focus on renewable sources of energy, including hydro and wind generating facilities.

FORWARD-LOOKING INFORMATION

Certain information in this quarterly report is forward-looking information 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 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. Management does not intend and does not assume any obligation to update these forward looking statements.

CONTACT INFORMATION

ENMAX Corporation and its predecessors have provided Albertans with safe and reliable electricity for over 100 years. ENMAX provides electricity, natural gas, renewable energy and value-added services to more than 500,000 residential, commercial and industrial customers in Alberta through its subsidiary companies. In addition to owning 50 per cent of the McBride Lake Wind Farm – one of Canada's largest wind power facilities – the Corporation has the first and largest green power marketing program of its kind in Canada. In 2006, ENMAX Energy Corporation received the Consumer Champion Award for its ground-breaking EasyMax program. For more information, visit our website at www.enmax.com.

ENMAX welcomes questions from stakeholders.
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Visit the ENMAX website at www.enmax.com

CONSOLIDATED BALANCE SHEETS

(unaudited)		**June 30, 2007**		December 31, 2006
(millions of dollars)				
ASSETS				
Cash and cash equivalents	**$**	**10.0**		55.1
Accounts receivable (note 3)		**336.9**		409.5
Inventories		**20.3**		21.6
Income taxes receivable		**40.6**		40.6
Future income tax asset		**12.1**		12.4
Other current assets		**55.6**		18.6
		475.5		557.8
Property, plant and equipment (note 3)		**996.4**		927.9
Power purchase arrangements (note 4)		**509.6**		469.5
Intangible assets		**21.9**		21.1
Employee future benefits		**8.0**		6.8
Future income tax asset		**153.8**		150.8
Other long-term assets		**62.6**		26.5
TOTAL ASSETS	**$**	**2,227.8**	$	2,160.4
LIABILITIES				
Short-term financing (note 5)	**$**	**55.5**	$	51.0
Accounts payable and accrued liabilities		**228.8**		312.3
Dividend payable		**25.0**		-
Income taxes payable		**11.0**		10.7
Customer guarantee deposits		**14.2**		14.5
Future income tax liability		**1.7**		2.7
Current portion of long-term debt		**35.9**		39.6
		372.1		430.8
Long-term debt (note 7)		**410.5**		320.7
Future income tax liability		**10.7**		8.6
Other long-term liabilities (note 3)		**56.2**		14.6
Non-controlling interest (note 9)		**-**		0.2
SHAREHOLDER'S EQUITY				
Share capital		**280.1**		280.1
Retained earnings		**1,120.1**		1,105.4
Accumulated other comprehensive income		**(21.9)**		-
		1,378.3		1,385.5
Commitments and contingencies (note 10)				
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$**	**2,227.8**	$	2,160.4

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(unaudited)	Three months ended June 30 2007	Three months ended June 30 2006	Six months ended June 30 2007	Six months ended June 30 2006
(millions of dollars)				
REVENUE				
Electricity	**$ 273.5**	$ 196.6	**$ 605.8**	$ 403.7
Natural gas	**46.8**	26.8	**134.4**	81.3
Transmission and distribution	**75.2**	72.8	**155.9**	152.5
Contractual services	**22.3**	20.2	**44.2**	38.2
Other	**0.4**	2.1	**3.8**	5.3
TOTAL REVENUE	**418.2**	318.5	**944.1**	681.0
COST OF SERVICES PROVIDED				
Electricity	**205.2**	124.7	**475.9**	291.3
Natural gas	**45.8**	33.3	**133.3**	94.3
Local access fees and grid charges	**41.0**	38.7	**86.6**	79.6
Contractual services	**15.0**	15.5	**28.1**	27.0
Operations, maintenance and administration (note 6)	**41.2**	34.0	**83.9**	66.3
TOTAL COST OF SERVICES PROVIDED	**348.2**	246.2	**807.8**	558.5
EARNINGS BEFORE AMORTIZATION, INTEREST, INCOME TAXES AND NON-CONTROLLING INTEREST	**70.0**	72.3	**136.3**	122.5
Amortization	**25.1**	22.4	**49.0**	39.9
Interest	**5.9**	5.4	**11.9**	8.7
Income taxes	**6.9**	7.6	**10.7**	11.8
Non-controlling interest	**-**	(0.1)	**-**	(0.2)
NET EARNINGS	**32.1**	**37.0**	**64.7**	**62.3**
OTHER COMPREHENSIVE INCOME, NET OF TAX (note 2)				
Unrealized gains on available-for-sale financial assets arising during the period	**0.5**	-	**1.0**	-
Unrealized losses on derivatives designated as cash flow hedges	**(13.1)**	-	**(7.0)**	-
Losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period (note 2)	**1.2**	-	**0.6**	-
Other comprehensive income, net of tax benefit of $2.5	**(11.4)**	-	**(5.4)**	-
COMPREHENSIVE INCOME	**$ 20.7**	$ 37.0	**$ 59.3**	$ 62.3

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

(unaudited)	Share capital	Retained earnings	Accumulated other compre-hensive income	Total
(millions of dollars)				
BALANCE, JANUARY 1, 2006	**$ 280.1**	**$ 1,025.3**	**$ -**	**$ 1,305.4**
Net earnings for the period		**62.3**	**-**	**62.3**
Dividends		**(50.0)**	**-**	**(50.0)**
BALANCE, JUNE 30, 2006	**280.1**	**1,037.6**	**-**	**1,317.7**
Net earnings for the period	**-**	**67.8**	**-**	**67.8**
BALANCE, DECEMBER 31, 2006	**280.1**	**1,105.4**	**-**	**1,385.5**
Change in accounting policy (note 2)	**-**	**-**	**(16.5)**	**(16.5)**
BALANCE, JANUARY 1, 2007, AS ADJUSTED	**280.1**	**1,105.4**	**(16.5)**	**1,369.0**
Net earnings for the period	**-**	**64.7**	**-**	**64.7**
Dividends	**-**	**(50.0)**	**-**	**(50.0)**
Unrealized gains on available-for-sale financial assets arising during the period	**-**	**-**	**1.0**	**1.0**
Unrealized losses on derivatives desingated as cash flow hedges	**-**	**-**	**(7.0)**	**(7.0)**
Losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period (note 2)	**-**	**-**	**0.6**	**0.6**
Other comprehensive income, net of tax benefit of $2.5	**-**	**-**	**(5.4)**	**(5.4)**
BALANCE, JUNE 30, 2007	**$ 280.1**	**$ 1,120.1**	**$ (21.9)**	**$ 1,378.3**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended June 30 **2007**	2006	Six months ended June 30 **2007**	2006
(millions of dollars)				
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net earnings	**$ 32.1**	$ 37.0	**$ 64.7**	$ 62.3
Items not involving cash:				
Amortization	**25.1**	22.4	**49.0**	39.9
Future income taxes	**7.1**	4.6	**8.7**	7.7
Non-controlling interest	**-**	(0.1)	**-**	(0.2)
Change in unrealized market value of financial contracts	**(2.9)**	(2.3)	**(0.8)**	(4.7)
Other	**3.7**	-	**7.0**	-
	65.1	61.6	**128.6**	105.0
Change in non-cash working capital	**56.2**	(4.5)	**(75.5)**	(55.1)
	121.3	57.1	**53.1**	49.9
INVESTING ACTIVITIES				
Proceeds on disposition of marketable securities	**-**	174.8	**-**	174.8
Additions to power purchase arrangements	**-**	(345.0)	**(59.1)**	(345.0)
Purchase of property, plant and equipment	**(67.7)**	(29.1)	**(108.4)**	(51.4)
Receipt (refund) of customer guarantee deposits	**0.4**	(0.2)	**(0.3)**	(0.2)
Other long-term assets	**(1.1)**	(0.3)	**(2.9)**	(0.4)
Contributions in aid of construction	**5.5**	1.7	**10.5**	1.8
Employee future benefits	**0.1**	(3.2)	**(1.2)**	-
Acquisitions, net of cash acquired (note 8)	**(1.6)**	-	**(1.6)**	-
Shareholder contributions relating to property, plant and equipment	**-**	-	**-**	33.3
	(64.4)	(201.3)	**(163.0)**	(187.1)
FINANCING ACTIVITIES				
Repayment of short-term financing	**(136.5)**	**-**	**(136.5)**	**-**
Proceeds of short-term financing	**-**	-	**141.0**	154.3
Proceeds of long-term debt	**107.4**	-	**107.4**	-
Long-term debt repaid	**(6.2)**	(4.1)	**(21.3)**	(13.0)
Dividend paid	**(12.5)**	(12.5)	**(25.0)**	(25.0)
Other long-term liabilities	**0.9**	1.0	**(0.8)**	1.4
	(46.9)	(15.6)	**64.8**	117.7
Increase / (decrease) in cash and cash equivalents	**10.0**	(159.8)	**(45.1)**	(19.5)
Cash and cash equivalents, beginning of period	**-**	167.4	**55.1**	27.1
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 10.0**	$ 7.6	**$ 10.0**	$ 7.6
Interest paid	**$ 7.0**	$ 3.6	**$ 11.2**	$ 7.2
Income taxes paid	**$ 0.6**	$ 1.8	**$ 2.0**	$ 7.6

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. The accounting policies applied are consistent, except as explained in note 2, with those outlined in the Corporation's annual financial statements for the year ended December 31, 2006. These interim consolidated financial statements do not include all disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements included in ENMAX's 2006 Annual Report. Amounts are stated in millions of 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. Change in Accounting Policy

Effective January 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530: Comprehensive Income, CICA Handbook Section 3251: Equity, CICA Handbook Section 3855: Financial Instruments – Recognition and Measurement, CICA Handbook Section 3861: Financial Instruments – Disclosure and Presentation and CICA Handbook Section 3865: Hedges. These new Handbook sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards describing when and how hedge accounting may be applied.

Handbook Section 1530 also establishes standards for reporting and presenting comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A new financial statement has been presented in relation to the new standards.

According to these new standards, all financial instruments must be classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured at fair value with the exception of loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments will depend on their initial classification. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet.

2. Change in Accounting Policy (cont'd)

The standards also require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. For the period ended June 30, 2007, net earnings include a loss of $1.2 million, relating to derivatives designated as cash flow hedges in prior periods that settled during the period, and include a gain of $0.5 million relating to hedge ineffectiveness. These amounts are included in the electricity component of costs of services provided.

As a result of prospectively adopting these new standards, the Corporation recorded a transitional adjustment of $16.5 million for the change in accounting for derivatives designated as cash flow hedges as follows:

(millions of dollars)	
Accounts receivable	$ 13.7
Other long-term assets	23.0
Accounts payable and accrued liabilities	(28.4)
Other long-term liabilities	(32.6)
Future income taxes on above	(7.8)
	$ (16.5)

These amounts are reported as a one-time cumulative effect of a change in accounting policy in opening accumulated other comprehensive income on January 1, 2007.

The Corporation's financial instruments are comprised of cash and cash equivalents, accounts receivable, income taxes receivable, other assets, short-term financing, accounts payable, customer guarantee deposits, other liabilities and long-term debt. With the exception of long-term debt, the carrying amounts of these financial instruments approximate fair values due to their short-term nature. At June 30, 2007, the fair value of the long-term debt is $451.7 million (December 31, 2006 - $382.7 million). Calculation of the estimated fair value of the debt is based on current lending rates of the Alberta Capital Finance Authority, the lender of these funds, for debentures with comparable terms and maturities.

ENMAX uses industry standard mark-to-market (MTM) techniques to determine the fair value of financial instruments. Fair values are determined directly or validated independently by reference to published market price quotations.

3. Financial statement effects of rate regulation

Under regulatory accounting, the timing of recognition of certain assets, liabilities, revenues and expenses may differ from what is otherwise expected under Canadian GAAP for non-regulated operations. ENMAX has recorded the following regulatory assets and liabilities:

Regulatory assets

(millions of dollars)	**June 30, 2007**	December 31, 2006
Regulatory assets		
Accounts receivable – Purchased power price variance [1]	**14.6**	14.2
Distribution assets – intercompany profit on underground residential development [2]	**$ 24.3**	$ 22.7
Total regulatory assets	**$ 38.9**	$ 36.9
Regulatory liability		
Other long-term liabilities – pension funding [3]	**$ 3.5**	$ 2.2
Total regulatory liabilities	**$ 3.5**	$ 2.2

[1] Purchased power costs are included in allowed rates on a forecast basis. For rate-setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year, when their final disposition is decided. ENMAX recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to, future customers. The regulatory receivable represents the excess of actual over forecast purchased power costs. In the absence of rate regulation, generally accepted accounting principles would require that actual purchased power costs be recognized as an expense when incurred. In this case, net earnings for the three and six months ended June 30, 2007 would have been $2.2 million lower (2006 – $1.1 million higher) and $4.7 million lower (2006 – $1.2 million higher). The regulatory asset is included in accounts receivable.

[2] Distribution assets for the regulated operations of ENMAX include intercompany profit relating to construction work performed by an ENMAX subsidiary. Such profit is deemed to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator and included in the capital cost. In the absence of rate regulation, generally accepted accounting principles would require that intercompany profits be eliminated upon consolidation. The impact on earnings for the three and six months ended June 30, 2007 would be a reduction of $1.2 million (2006 – $1.5 million) and $1.6 million (2006 – $2.6 million), representing the profit on these services. The balances for property, plant and equipment and retained earnings at June 30, 2007 would further be reduced by $24.3 million (December 31, 2006 – $22.7 million) for accumulated intercompany profit from prior years.

3. Financial statement effects of rate regulation (cont'd)

(3) Pension costs are recorded using the accrual method as required by Canadian GAAP. The EUB approved the recovery of amounts relating to the unfunded liability for the defined benefit pension plan over 10 years. As a result, ENMAX has recorded a regulatory liability in the amount of $3.5 million (December 31, 2006 - $2.2 million) to reflect this regulatory treatment. In the absence of rate regulation earnings for the three months months ended June 30, 2007 would have been $0.7 million higher (2006 - nil) and other long-term liabilities would have been reduced and retained earnings would have been increased by $3.5 million (December 31, 2006 – $2.2 million), respectively.

Other items affected by rate regulation

The regulator permits an allowance for funds used during construction (AFUDC), based on ENMAX's weighted-average cost of capital, to be included in the rate base. AFUDC is also included in the cost of property, plant and equipment for financial reporting purposes, and is depreciated over future periods as part of the total cost of the related asset, based on the expectation that depreciation expense, including the AFUDC component, will be approved for inclusion in future customer rates. Since AFUDC includes not only an interest component, but also a cost-of-equity component, it exceeds the amount allowed to be capitalized in similar circumstances in the absence of rate regulation. For the three and six months ended June 30, 2007, AFUDC and capitalized interest totaling $1.5 million (2006 – $1.1 million) and $2.9 million (2006 – $2.0 million), respectively, were included in property, plant and equipment.

4. Power Purchase Arrangements

On January 1, 2007, the Corporation purchased an additional 10% interest in the Battle River PPA for $59.1 million. The agreement also provides that the Corporation will purchase the remaining 35% in annual increments of 10 – 15% over the next two and one-half years for total additional consideration of $162.9 million.

5. Short-term financing

Short-term financing is comprised of commercial paper and bankers' acceptances which are guaranteed by ENMAX's credit facilities. At June 30, 2007 the Corporation had issued $55.5 million (December 31, 2006 - $51.0 million) at average rates of 4.30%.

6. Long-term debt

During the quarter, the Corporation issued $107.4 million in ten, twenty and twenty five year debentures from the City of Calgary through arrangements with the Alberta Capital Finance Authority. Interest on the debentures is compounded semi-annually as follows, $3.7 million of the debt, which matures in June 2017, at 5.05%; $9.7 million, maturing in June 2027, at 5.00%; and the remaining $94.0 million of the debt, which matures in June 2032, at 4.95%. The funds will be used for capital expenditures in ENMAX Power.

7. 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 statements of earnings for the three and six months ended June 30, 2007 are $3.3 million (2006 – $3.2 million) and $6.5 million (2006 – $6.4 million), respectively.

8. Segmented information

	ENMAX Energy		ENMAX Power		Corporate & Intersegment Eliminations		Consolidated Totals	
Three months ended June 30 - [1] (unaudited)	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
(millions of dollars)								
REVENUE								
Electricity	**$ 305.1**	$ 246.2	**$ 50.3**	$ 37.8	**$ (81.9)**	$ (87.4)	**$ 273.5**	$ 196.6
Natural gas	**46.8**	26.8	**-**	-	**-**	-	**46.8**	26.8
Transmission and distribution	**-**	-	**75.2**	72.8	**-**	-	**75.2**	72.8
Contractual services	**7.1**	8.0	**23.3**	21.7	**(8.1)**	(9.5)	**22.3**	20.2
Other	**0.3**	1.9	**0.9**	0.4	**(0.8)**	(0.2)	**0.4**	2.1
TOTAL REVENUE	**359.3**	282.9	**149.7**	132.7	**(90.8)**	(97.1)	**418.2**	318.5
COST OF SERVICES PROVIDED								
Electricity	**239.2**	176.4	**48.4**	38.8	**(82.4)**	(90.5)	**205.2**	124.7
Natural gas	**45.8**	33.3	**-**	-	**-**	-	**45.8**	33.3
Local access fees and grid charges	**-**	-	**41.0**	38.7	**-**	-	**41.0**	38.7
Contractual services	**-**	-	**15.0**	15.6	**-**	(0.1)	**15.0**	15.5
Operations, maintenance and administration (note 6)	**24.6**	21.3	**28.2**	20.9	**(11.6)**	(8.2)	**41.2**	34.0
TOTAL COST OF SERVICES PROVIDED	**309.6**	231.0	**132.6**	114.0	**(94.0)**	(98.8)	**348.2**	246.2
EARNINGS BEFORE INTEREST, INCOME TAXES, AMORTIZATION AND NON-CONTROLLING INTEREST	**49.7**	51.9	**17.1**	18.7	**3.2**	1.7	**70.0**	72.3
Amortization	**13.1**	10.8	**10.6**	10.3	**1.4**	1.3	**25.1**	22.4
Non-controlling interest	**-**	(0.1)	**-**	-	**-**	-	**-**	(0.1)
EARNINGS BEFORE INTEREST AND INCOME TAXES	**$ 36.6**	$ 41.2	**$ 6.5**	$ 8.4	**$ 1.8**	$ 0.4	**44.9**	50.0
Interest							**5.9**	5.4
Income taxes							**6.9**	7.6
NET EARNINGS							**$ 32.1**	$ 37.0
CAPITAL ADDITIONS [2]	**$ 41.3**	$ 349.7	**$ 24.3**	$ 23.8	**$ 2.0**	$ 1.0	**$ 67.6**	$ 374.5

8. Segmented information (cont'd)

Six months ended June 30 - [1] (unaudited)	ENMAX Energy 2007	ENMAX Energy 2006	ENMAX Power 2007	ENMAX Power 2006	Corporate & Intersegment Eliminations 2007	Corporate & Intersegment Eliminations 2006	Consolidated Totals 2007	Consolidated Totals 2006
(millions of dollars)								
REVENUE								
Electricity	**$ 669.2**	$ 491.7	**$ 117.4**	$ 82.3	**$ (180.8)**	$ (170.3)	**$ 605.8**	$ 403.7
Natural gas	**134.4**	81.3	**-**	-	**-**	-	**134.4**	81.3
Transmission and distribution	**-**	-	**155.9**	152.5	**-**	-	**155.9**	152.5
Contractual services	**14.1**	15.6	**45.3**	40.0	**(15.2)**	(17.4)	**44.2**	38.2
Other	**3.2**	3.4	**1.3**	0.9	**(0.7)**	1.0	**3.8**	5.3
TOTAL REVENUE	**820.9**	592.0	**319.9**	275.7	**(196.7)**	(186.7)	**944.1**	681.0
COST OF SERVICES PROVIDED								
Electricity	**543.9**	383.9	**113.3**	81.2	**(181.3)**	(173.8)	**475.9**	291.3
Natural gas	**133.3**	94.3	**-**	-	**-**	-	**133.3**	94.3
Local access fees and grid charges	**-**	-	**86.6**	79.6	**-**	-	**86.6**	79.6
Contractual services	**-**	-	**28.3**	27.2	**(0.2)**	(0.2)	**28.1**	27.0
Operations, maintenance and administration (note 6)	**49.5**	42.7	**56.1**	41.4	**(21.7)**	(17.8)	**83.9**	66.3
TOTAL COST OF SERVICES PROVIDED	**726.7**	520.9	**284.3**	229.4	**(203.2)**	(191.8)	**807.8**	558.5
EARNINGS BEFORE INTEREST, INCOME TAXES, AMORTIZATION AND NON-CONTROLLING INTEREST	**94.2**	71.1	**35.6**	46.3	**6.5**	5.1	**136.3**	122.5
Amortization	**25.8**	16.6	**20.4**	20.6	**2.8**	2.7	**49.0**	39.9
Non-controlling interest	**-**	(0.2)	**-**	-	**-**	-	**-**	(0.2)
EARNINGS BEFORE INTEREST AND INCOME TAXES	**$ 68.4**	$ 54.7	**$ 15.2**	$ 25.7	**$ 3.7**	$ 2.4	**87.3**	82.8
Interest							**11.9**	8.7
Income taxes							**10.7**	11.8
NET EARNINGS							**$ 64.7**	$ 62.3
CAPITAL ADDITIONS [2]	**$ 118.2**	$ 351.3	**$ 49.1**	$ 45.0	**$ 1.6**	$ 0.5	**$ 168.9**	$ 396.8

1. In 2007, ENMAX realigned its reportable segments to be consistent with changes in its internal management structure. This realignment transferred reporting of ENMAX Encompass from ENMAX Power to ENMAX Energy. Comparative amounts have been restated.

2. Capital additions for ENMAX Energy include non-cash amounts of $1.5 million (2006 - nil), for the three and six months ended June 30, 2007, relating to asset retirement obligations for the Taber wind farm.

Segmented Total Assets	June 30, 2007 (unaudited)	December 31, 2006
(millions of dollars)		
ENMAX Energy [3]	**$ 1,334.6**	$ 1,190.3
ENMAX Power	**862.6**	870.4
Corporate and eliminations	**30.6**	99.7
	$ 2,227.8	$ 2,160.4

3. Includes assets for ENMAX Encompass, previously reported in ENMAX Power, in the amount of $28.4 million (2006 - $32.4 million). Comparative amounts have been restated to conform to this presentation.

9. Acquisition

On April 2, 2007, the Corporation acquired the remaining 35% non-controlling interest in Hydromax Energy Ltd. a business venture it created with Eaton Power Corporation in April 2005 to develop run-of-river hydro projects in British Columbia.

ENMAX accounted for this acquisition using the purchase method and the results of operations have been included in the consolidated financial statements since the effective date of the acquisition. The purchase price of $1.6 million has been allocated to intangible assets.

10. 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 of the Alberta Electric Utilities Act (EUA) which became effective January 1, 2001.

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 $195.0 million, based on an estimated fair market value of $855.0 million.

In June 2005, ENMAX Energy Corporation ("EEC") received a Notice of Reassessment from Alberta Finance in respect of the 2001 taxation year, which amounted to $16.9 million, including $3.2 million of interest. In July and November 2006, EEC received additional Notices of Reassessment relating to the 2002 and 2003 taxation years, in the amount of $23.7 million, including $5.0 million of interest, and $58.0 million, including $10.4 million of interest, respectively. Subsequently, in July 2007, EEC received an amended notice of reassessment for the 2003 taxation year for an additional $1.8 million relating to items not previously assessed. The reassessments relate primarily to the value of certain power purchase arrangement assets established for the purpose of the Payment in Lieu of Taxes Regulation and the allocation of costs and benefits of the energy supply portfolio between taxable and non-taxable operations for those years.

The Corporation does not agree with the assessments and has commenced the necessary steps to defend its position through the formal appeals process. However, EEC voluntarily remitted certain amounts to minimize interest and penalties until the issues are resolved, which are recorded as income taxes receivable as at June 30, 2007 and December 31, 2006. The Corporation expects this process to be successful and will vigorously pursue all options available should the appeals process result in an unfavorable outcome. 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 that may be payable relating to these assessments.

11. Subsequent event

During the quarter, the provincial and federal governments announced new regulations aimed at reducing the levels of greenhouse gas emissions which take effect July 2007. As a result of these regulations, the Corporation may be required to incur certain costs to reduce greenhouse gas emissions associated with its interests in the PPA's. As the regulations and applicable compliance details have not yet been finalized, the total amount of these costs, 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.

12. Comparative figures

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