

power **growth** precision



Quarterly Report of

MAXIM POWER CORP.

Second Quarter Ended June 30, 2009 and 2008
(unaudited)



**FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE**

I, John R. Bobenic, President and Chief Executive Officer of Maxim Power Corp., certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Maxim Power Corp. (the "issuer") for the interim period ended June 30, 2009.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- 5.1 **Control framework:** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations.



5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2009 and ended on June 30, 2009, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 13, 2009

"signed"

John R. Bobenic
President and Chief Executive Officer



**FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE**

I, Michael R. Mayder, Vice President, Finance and Chief Financial Officer of Maxim Power Corp., certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Maxim Power Corp. (the "issuer") for the interim period ended June 30, 2009.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- 5.1 **Control framework:** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations.



5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2009 and ended on June 30, 2009, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 13, 2009

"signed"

Michael R. Mayder
Vice President, Finance and Chief Financial Officer

Quarterly Report of

MAXIM POWER CORP.

Second Quarter Ended June 30, 2009 and 2008
(unaudited)

MAXIM POWER CORP.

Consolidated Balance Sheets
(In Thousands of Dollars)
(Unaudited)

	June 30, 2009	December 31, 2008
Assets	(see basis of presentation - note 1)	
Current assets:		
Cash	\$ 11,996	\$ 11,791
Accounts receivable	16,778	42,288
Prepaid expenses and deposits	2,107	1,733
Inventory (note 7)	5,824	6,447
Current portion of risk management assets (note 13 b and c)	347	-
Current portion of future income tax asset	1,538	-
	<u>38,590</u>	<u>62,259</u>
Property, plant and equipment (note 8)	271,179	282,017
Prepaid expenses and deposits	1,201	337
Future income tax asset	1,998	3,942
Intangibles (note 9)	31,386	31,533
Goodwill	15,632	15,632
	<u>\$ 359,986</u>	<u>\$ 395,720</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,064	\$ 37,662
Income taxes payable	4,237	2,221
Deferred revenue	491	-
Current portion of long-term debt (note 10)	6,729	7,873
Current portion of capital lease obligations (note 11)	7,751	7,725
Current portion of long-term contracts	196	441
Current portion of future income tax liability	-	3,479
Current portion of risk management liability (note 13 a)	85	-
	<u>38,553</u>	<u>59,401</u>
Long-term debt (note 10)	55,376	59,287
Capital lease obligations (note 11)	13,286	18,352
Long-term contracts	245	372
Asset retirement obligation	3,032	3,048
Future income tax liability	16,252	15,166
Risk management liability (note 13 a)	163	-
Non-controlling interest	-	142
Shareholders' equity:		
Share capital (note 12)	155,700	156,416
Contributed surplus (note 12)	6,698	5,322
Retained earnings	58,525	57,749
Accumulated other comprehensive income (note 4)	12,156	20,465
	<u>70,681</u>	<u>78,214</u>
	<u>233,079</u>	<u>239,952</u>
Subsequent events (note 16)		
	<u>\$ 359,986</u>	<u>\$ 395,720</u>

See accompanying notes to interim consolidated financial statements.

On behalf of the Board:

(Signed) _____ Director
John R. Bobenic

(Signed) _____ Director
M. Bruce Chernoff

MAXIM POWER CORP.

Consolidated Statements of Operations and Retained Earnings

Three and six months ended June 30, 2009 and 2008

(In Thousands of Dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 (restated - note 3)	2009	2008
	(see basis of presentation - note 1)			
Revenue:				
Electricity sales	\$ 18,856	\$ 14,797	\$ 74,132	\$ 62,211
Expenses:				
Plant operations	16,358	18,215	53,958	48,909
General and administration	1,941	2,258	3,313	3,599
Depreciation and amortization	3,744	2,300	11,607	7,470
	22,043	22,773	68,878	59,978
Income (loss) before the following items	(3,187)	(7,976)	5,254	2,233
Interest expense:				
Long-term debt	923	1,192	1,992	2,143
Capital lease obligation	393	304	901	576
Other	62	47	89	61
Interest income	(11)	(177)	(26)	(324)
Foreign exchange loss (gain)	209	8	172	(2)
Unrealized risk management gain (note 13 b and c)	(347)	-	(347)	-
Other (income) expense	706	-	(231)	-
Income (loss) before income taxes from continuing operations	(5,122)	(9,350)	2,704	(221)
Income taxes (recovery):				
Current	(5)	(289)	4,903	7,164
Future	(883)	(2,451)	(2,826)	(6,950)
Non-controlling interest	(7)	29	(149)	75
Net income (loss) from continuing operations	(4,227)	(6,639)	776	(510)
Net income from discontinued operations (note 6)	-	(537)	-	(498)
Net income (loss) for the period	(4,227)	(6,102)	776	(12)
Retained earnings, beginning of period (as restated – note 3)	62,752	53,031	57,749	46,941
Normal course issuer bid	-	(197)	-	(197)
Retained earnings, end of period	\$ 58,525	\$ 46,732	\$ 58,525	\$ 46,732
Basic and diluted income (loss) per share – continuing operations	\$ (0.08)	\$ (0.15)	\$ 0.01	\$ (0.01)
Basic and diluted loss per share – discontinued operations	-	0.01	-	0.01
Basic and diluted income (loss) per share	\$ (0.08)	\$ (0.14)	\$ 0.01	\$ -

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Comprehensive Income (Loss)

Three and six months ended June 30, 2009 and 2008

(In Thousands of Dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 (restated – note 3)	2009	2008 (restated – note 3)
Net income (loss) for the period	\$ (4,227)	\$ (6,102)	\$ 776	\$ (12)
Other comprehensive income:				
Unrealized gains (losses) on translation of self- sustaining operations	(11,138)	(1,439)	(8,061)	5,788
Unrealized gain (loss) on derivatives designated as cash flow hedges	435	-	(248)	-
Comprehensive income (loss)	\$ (14,930)	\$ (7,541)	\$ (7,533)	\$ 5,776

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Cash Flows

Three and six months ended June 30, 2009 and 2008

(In Thousands of Dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 (restated – note 3)	2009	2008 (restated – note 3)
Cash provided by (used in):	(see basis of presentation - note 1)			
Operations:				
Net income (loss) from continuing operations	\$ (4,227)	\$ (6,639)	\$ 776	\$ (510)
Items not involving cash:				
Depreciation and amortization	3,744	2,300	11,607	7,470
Amortization of deferred financing costs	63	390	128	688
Write-off of deferred costs	-	475	-	475
Asset retirement obligation	51	6	106	20
Stock-based compensation	632	701	1,261	1,330
Non-controlling interest	(7)	29	(149)	75
Risk management gain	(347)	-	(347)	-
Long-term contracts	(41)	(331)	(347)	(654)
Future income tax recovery	(883)	(2,451)	(2,826)	(6,950)
	(1,015)	(5,520)	10,209	1,944
Change in non-cash working capital (note 14)	110	(3,177)	9,047	6,303
Cash flows from continuing operations	(905)	(8,697)	19,256	8,247
Net income (loss) from discontinued operations	-	537	-	498
Items not involving cash:				
Depreciation and amortization	-	5	-	10
Future income tax recovery	-	(3)	-	(18)
Gain on disposal of discontinued operations	-	(552)	-	(552)
Change in non-cash working capital (note 14)	-	60	-	60
Cash flows from discontinued operations	-	47	-	(2)
	(905)	(8,650)	19,256	8,245
Financing:				
Issuance of long-term debt	1,470	-	1,470	14,923
Repayment of long-term debt	(2,082)	(1,951)	(4,986)	(2,827)
Issuance of capital lease obligation	-	-	617	-
Repayment of capital lease obligation	(2,035)	(1,628)	(4,574)	(2,836)
Shares purchased under normal course issuer bid	(401)	(423)	(657)	(423)
Issuance of common shares	-	186	-	299
Cash flows from continuing financing activities	(3,048)	(3,816)	(8,130)	9,136
Investing:				
Property, plant and equipment expenditures	(4,680)	(10,312)	(7,608)	(17,468)
Acquisitions, net of cash acquired	-	(20,522)	(2,690)	(20,522)
Intangible assets	(183)	(1,366)	(388)	(1,911)
	(4,863)	(32,200)	(10,686)	(39,901)
Change in non-cash working capital (note 14)	-	3,242	-	8,350
Cash flows used in investing in continuing operations	(4,863)	(28,958)	(10,686)	(31,551)
Change in cash related to discontinued operations	-	-	-	-
Proceeds on discontinued operations	-	885	-	885
	(4,863)	(28,073)	(10,686)	(30,666)
Foreign exchange gain (loss)	127	(438)	(235)	456
Increase (decrease) in cash	(8,689)	(40,977)	205	(12,829)
Cash, beginning of period	20,685	48,315	11,791	20,167
Cash, end of period	\$ 11,996	\$ 7,338	\$ 11,996	\$ 7,338

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three months ended June 30, 2009 and 2008

(Amounts in thousands of dollars except as otherwise noted, and shares and per share amounts)

1. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared by management of Maxim Power Corp. ("MAXIM" or the "Corporation") in accordance with accounting principles generally accepted in Canada and should be read in conjunction with MAXIM's audited consolidated financial statements and notes for the fiscal year ended December 31, 2008. The accounting policies and methods of application used in the preparation of these unaudited interim consolidated financial statements are consistent with the accounting policies used in MAXIM's most recent audited year-end consolidated financial statements, with the exception of the change in accounting policy indicated in note 2.

The Corporation consolidates the accounts of its 95% interest in Basin Creek Holdco LLC, 90% interest in Pouchon Cogen SARL and 50% interest in Mirail Cogen SARL. Using this method, the Corporation has reflected 100% of the accounts of these entities in its consolidated financial statements with a deduction provided for the non-controlling interest's proportion of the accounts.

2. Change in Accounting Policy

Effective January 1, 2009, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Goodwill and Intangible Assets (Section 3064) which replaced CICA Handbook for Goodwill and Other Intangible Assets (Section 3062). Section 3064 provides guidance on the recognition of intangible assets, as well as, the recognition and measurement of internally developed intangible assets. As a result of these new requirements, the Corporation has found it necessary to specify a policy for assets under construction.

Assets under construction are projects undertaken by the Corporation. Costs include third party charges as well as specific direct costs. Capitalization of costs associated with these projects commences once technical feasibility is established and if the recovery of the cost is more likely than not. If the project is subsequently abandoned, all costs are expensed in the period. Costs associated with assets under construction have been reclassified from deferred charges to property, plant and equipment to accommodate the change in accounting policy.

During the first quarter, deferred costs associated with acquisitions were reclassified to intangible assets. This reclassification was to accommodate the change in accounting policy.

3. Restatement

During the prior year, the Corporation determined it was necessary to revise the accounting for future income taxes for certain transactions. Future income tax asset and future income tax liability include amounts related to the Corporation's property, plant and equipment. It was determined that a portion of amounts do not reflect a future benefit to the Corporation. Accordingly, a reduction was required to future income tax asset and an increase was required to future income tax liability. Prior periods have been restated to reflect this change. The effect of the restatement is outlined below:

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

3. Restatement (*continued*)

Six month period ending June 30, 2008	Previously		
	Reported	Adjustment	Restated
Retained earnings, beginning of period	\$ 49,489	\$ (2,548)	\$ 46,941
Retained earnings, end of period	49,255	(2,523)	46,732
Future income tax recovery	(6,925)	(25)	(6,950)
Net income	(37)	25	(12)
Other comprehensive income	5,929	(141)	5,788
Earnings per share	\$ -	\$ -	\$ -

Three month period ending June 30, 2008	Previously		
	Reported	Adjustment	Restated
Retained earnings, beginning of period	\$ 55,445	\$ (2,414)	\$ 53,031
Retained earnings, end of period	49,255	(2,523)	46,732
Future income tax recovery	(2,560)	109	(2,451)
Net income	(5,993)	(109)	(6,102)
Other comprehensive income	(1,465)	26	(1,439)
Earnings per share	\$ (0.13)	\$ (0.01)	\$ (0.14)

4. Accumulated Other Comprehensive Income

The composition of accumulated other comprehensive (loss) income is as follows:

	June 30, 2009	December 31, 2008
Balance, beginning of period	\$ 20,465	\$ (6,055)
Unrealized (losses) gains on translation of net foreign operations	(8,061)	26,520
Unrealized losses on derivatives designated as cash flow hedges	(248)	-
Balance, end of period	\$ 12,156	\$ 20,465

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

5. Acquisitions

(a) 2009

On February 27, 2009, Comax France SAS, MAXIM's wholly-owned French subsidiary ("COMAX") purchased two cogeneration plants in France ("Sebi" and "Chabossiere"). These acquisitions were funded through a new capital lease on an existing COMAX facility for \$617 (378 Euro) and internal cash flow of \$2,099 (1,310 Euro). For the purposes of reporting segmented information, the facilities are included in the France segment.

The acquisitions are accounted for at fair value using the purchase method of accounting for business combinations and operating results from acquired facilities are recognized subsequent to the date of acquisition. The total purchase consideration, including acquisition costs, has been allocated as follows:

	Sebi	Chabossiere
Current assets	\$ 78	\$ 1,223
Property, plant and equipment	1,045	956
Intangible assets	296	354
Future income taxes recoverable	6	66
	1,425	2,599
Bank indebtedness, net of cash	-	(135)
Other current liabilities	(22)	(66)
Future income tax liability	(402)	(683)
	(424)	(884)
Total cash consideration including acquisition costs	\$ 1,001	\$ 1,715

The amounts recorded on the acquisitions above are based upon preliminary information available to management as of the date of this report. The above amounts are subject to change if the information obtained by management changes subsequent to the date of this report.

(b) 2008

On August 6, 2008, MAXIM completed the acquisition of Pittsfield Generating Company LP ("Pittsfield") and its 170 MW electric generating facility located in Pittsfield, Massachusetts. Pittsfield was acquired from affiliates of GE Energy Financial Services, a unit of General Electric Company ("GE") for \$59,047 (US\$56,407), including acquisition costs. The Pittsfield facility is contracted under a Reliability Must Run ("RMR") agreement with ISO New England ("ISO-NE") which expires at the earlier of May 31, 2010 or within sixty days from receiving the written notice from ISO-NE. Under this agreement, the facility is available to provide power to the regional power grid when requested by ISO-NE. Following the expiration of the RMR agreement, the facility will be eligible for the Forward Capacity Market Payments from the ISO-NE, as well as the sale of energy into the day-ahead and real-time energy markets of ISO-NE. For the purposes of reporting segmented information, Pittsfield is included in the United States segment.

On July 24, 2008, COMAX purchased a cogeneration plant in France ("Beauprau"), which has a capacity of 3.1 MW electrical and 2.4 MW thermal. The acquisition was funded through MAXIM's internally generated cash to the extent of \$415 (262 Euro) and through the assumption of capital lease obligations of \$3,295 (2,081 Euro). For the purposes of reporting segmented information, Beauprau is included in the France segment.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

5. Acquisitions (*continued*)

On April 17, 2008, MAXIM acquired the 86 MW Forked River Power Plant ("Forked River") located in Ocean County, New Jersey. The plant was acquired from Jersey Central Power and Light Company ("JCP&L") for \$21,362 (US\$21,104), including acquisition costs, and was financed through MAXIM's internally generated cash. In conjunction with this purchase, a ten year tolling agreement has been entered into with FirstEnergy Solutions Corp. ("FirstEnergy"), a subsidiary of FirstEnergy Corp. and an affiliate of JCP&L, for the entire capacity of the plant. For the purposes of reporting segmented information, Forked River is included in the United States segment.

On April 1, 2008, COMAX purchased a cogeneration plant in France ("Somal"), which has a capacity of 7 MW electrical and 7 MW thermal. The acquisition was funded through MAXIM's internally generated cash to the extent of \$241 (150 Euro) and through the assumption of capital lease obligations of \$3,424 (2,135 Euro). For the purposes of reporting segmented information, Somal is included in the France segment.

The acquisitions were accounted for at fair value using the purchase method of accounting for business combinations and operating results from acquired facilities were recognized subsequent to the date of acquisition. The total purchase consideration, including acquisition costs, has been allocated as follows:

	Pittsfield	Beauprau	Forked River	Somal
Current assets	\$ 4,752	\$ 7	\$ 1,482	\$ -
Deposits	289	-	-	-
Property, plant and equipment	54,687	472	16,695	-
Intangibles	974	-	3,629	241
Equipment under capital leases	4,815	3,661	-	3,424
Future income taxes	308	-	-	-
	65,825	4,140	21,806	3,665
Bank indebtedness, net of cash	-	(111)	-	-
Other current liabilities	(1,243)	(192)	-	-
Capital lease obligation	(4,742)	(3,295)	-	(3,424)
Future income tax liability	-	(127)	-	-
Asset retirement obligation	(793)	-	(444)	-
	(6,778)	(3,725)	(444)	(3,424)
Total cash consideration including acquisition costs	\$ 59,047	\$ 415	\$ 21,362	\$ 241

6. Discontinued Operations

Effective June 1, 2008, the Corporation sold the 0.8 MW Gift Lake Power Plant ("Gift Lake") located in north-central Alberta. The disposition included the sale of all the generating equipment and spare parts inventory related to the plant. The proceeds from the sale of the assets resulted in total proceeds of \$885 and a pre-tax gain of \$552. For the purposes of the reporting of segmented information, the operations of Gift Lake were previously included in the Canada segment.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

6. Discontinued Operations (continued)

A summary of discontinued operations is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Electricity sales	\$ -	\$ 76	\$ -	\$ 131
Plant operations	-	(28)	-	(73)
General and administration	-	(61)	-	(120)
Depreciation and amortization	-	(5)	-	(10)
Loss before income taxes	-	(18)	-	(72)
Gain on sale of discontinued operations	-	552	-	552
Income tax recovery	-	3	-	18
Net income from discontinued operations	\$ -	\$ 537	\$ -	\$ 498

7. Inventory

	June 30, 2009	December 31, 2008
Coal	\$ 3,502	\$ 3,919
Fuel oil	2,322	2,528
Balance, end of period	\$ 5,824	\$ 6,447

The cost of inventories recognized as an expense in plant operations during the period was \$9,289 (2008 - \$5,527).

8. Property, Plant and Equipment

June 30, 2009	Cost	Accumulated Depreciation	Net book value
Land	\$ 12,023	\$ -	\$ 12,023
Generating facilities – other	172,462	28,790	143,672
Generating facilities – under tolling agreement	65,273	9,141	56,132
Office furniture and equipment	2,074	580	1,494
Assets under construction	10,786	-	10,786
Spare parts	9,725	-	9,725
Capital leases	46,571	9,224	37,347
	\$ 318,914	\$ 47,735	\$ 271,179
December 31, 2008			
Land	\$ 12,778	\$ -	\$ 12,778
Generating facilities – other	175,445	24,920	150,525
Generating facilities – under tolling agreement	66,563	8,614	57,949
Office furniture and equipment	1,718	478	1,240
Assets under construction	10,347	-	10,347
Spare parts	8,420	-	8,420
Capital leases	47,865	7,107	40,758
	\$ 323,136	\$ 41,119	\$ 282,017

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

9. Intangibles

June 30, 2009	Costs	Addition	Reclassified under Purchase Price Allocation	Accumulated Amortization	Net book Value
Coal supply contract	\$ 6,000	\$ -	\$ -	\$ 2,832	\$ 3,168
Power sale contracts	28,757	658	-	4,426	24,989
Ground lease contract	349	-	-	7	342
Acquisition costs	671	1,619	-	-	2,290
Other	221	376	-	-	597
	\$ 35,998	\$ 2,653	\$ -	\$ 7,265	\$ 31,386

December 31, 2008	Costs	Addition	Reclassified under Purchase Price Allocation	Accumulated Amortization	Net book Value
Coal supply contract	\$ 6,000	\$ -	\$ -	\$ 2,499	\$ 3,501
Power sale contracts	24,695	5,390	-	3,307	26,778
Ground lease contract	-	365	-	3	362
Acquisition costs	1,328	2,981	2,621	1,017	671
Other	-	221	-	-	221
	\$ 32,023	\$ 8,957	\$ 2,621	\$ 6,826	\$ 31,533

10. Long-term Debt

	June 30, 2009	December 31, 2008
Canada (note 10(a))	\$ 27,859	\$ 30,133
United States	29,737	31,680
France (note 10(b))	6,261	7,295
	63,857	69,108
Less deferred financing costs	(1,752)	(1,948)
	62,105	67,160
Less current portion	(6,729)	(7,873)
	\$ 55,376	\$ 59,287

(a) On June 2, 2009, the Corporation amended its existing credit facility with the Bank of Montreal ("BMO"). The new loan agreement is comprised of three facilities as follows:

Facility A	\$ 10,000
Facility B	35,000
Facility C	3,500
	\$ 48,500

MAXIM POWER CORP.

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(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

10. Long-term Debt (continued)

Facility A is a demand revolving facility which bears interest at either the bank's prime interest rate plus 1.00% to 1.50% or the bank's US base interest rate plus 1.00% to 1.50%. Bankers' acceptances under this facility bear a stamping fee at +2.00% to +2.75% per annum and letters of credit and letters of guarantee, up to an aggregate face amount of \$5,000 bear interest at 1.00% to 1.50% per annum. This facility bears standby fees of 0.20% to 0.25% on amounts available for draw. At June 30, 2009, the Corporation had issued \$1,434 (December 31, 2008 - \$2,120) letters of credit.

Facility B is a three year committed reducing term loan facility amortizing until May 31, 2016 which \$27,859 is drawn and additional \$6,383 is undrawn. MAXIM may borrow by way of prime rate loan, US base rate loan, bankers' acceptance, LIBOR based advances, or any combination hereof. The facility bears interest at the bank's prime interest rate or LIBOR rate plus 1.00% to 1.50% for prime rate and US base rate loans. Bankers' acceptances and LIBOR based advances issued under this facility bear interest at bankers' acceptance or LIBOR rates plus a stamping fee of +2.00% to +2.75% per annum. Standby fees of 0.20% to 0.25% are applied on amounts available for draw. The facility currently requires monthly principal payments of \$379 plus interest. At June 30, 2009, the Corporation had an outstanding balance of \$27,859 (December 31, 2008 - \$30,133) under this facility all drawn by way of bankers' acceptances.

Facility C is a risk management facility to provide credit support for interest rate and foreign exchange derivatives. See note 13 for derivative activities.

The Corporation has granted security, which includes a general security agreement constituting a first priority security interest on all of its present and after acquired property and assets in Canada and the United States ("US") (excluding the Basin Creek, Forked River and Pittsfield generation facilities), a \$60,000 fixed and floating charge demand debenture on Canadian assets and a \$20,000 fixed and floating charge demand debenture on US assets. The Corporation also pledged as collateral its limited partnership interest in Milner Power Limited Partnership, a limited recourse guarantee from Maxim Power (USA), Inc., and the assignment of the CDECCA steam and chilled water agreement.

- (b) On April 28, 2009, COMAX entered into a loan agreement with Banque Courtois to borrow 920 Euro to finance the acquisitions of Sebi and Chabossierre. This loan bears interest at 5.1% with monthly principal and interest payments of EUR 13 and matures in April 2016. Certain property, plant and equipment and land-related lease contracts have been pledged as security along with insurance on certain officers of COMAX.

The Corporation's anticipated repayment obligations as at June 30, 2009 related to its loans over the next five years are as follows:

2009	\$	3,088
2010		6,993
2011		7,067
2012		7,093
2013		6,729
Remaining		32,887
	\$	63,857

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11. Capital Leases

During the six months ending June 30, 2009, MAXIM, through its French subsidiaries, entered into a capital lease agreement related to production equipment. The lease bears interest at 5.14% with quarterly repayments of EUR 16 and expires on March 10, 2016. Upon termination of the lease, there is a bargain purchase option.

Future minimum payments under the capital leases at June 30, 2009 are as follows:

2009	\$	3,879
2010		9,032
2011		3,768
2012		2,928
2013		1,056
Remaining		3,843
Total minimum lease payments		24,506
Amounts representing interest		(3,469)
Present value of net minimum lease payments		21,037
Less: current portion		(7,751)
	\$	13,286

12. Share Capital

(a) Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of preferred shares

(b) Issued:

Share capital:

	Number		Amount
Common shares of MAXIM			
Balance, December 31, 2008	54,348,991	\$	156,416
Normal course issuer bid (note 12 (c))	(184,700)		(566)
Common shares held for cancellation	(57,000)		(150)
Common shares, June 30, 2009	54,107,291		155,700
Contributed surplus			
Balance, December 31, 2008			5,322
Fair value of stock based compensation			1,315
Normal course issued bid (note 12 (c))			61
Contributed surplus, June 30, 2009			6,698
Balance, June 30, 2009	54,107,291	\$	162,398

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

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(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

12. Share Capital (continued)

(c) Normal course issuer bid

MAXIM received approval on March 31, 2008 from the Toronto Stock Exchange (the "Exchange") to commence a normal course issuer bid. At MAXIM's discretion, the Corporation could purchase up to 2,220,000 (approximately 5% of its issued and outstanding common shares) of its common shares through the facilities of the Exchange at the prevailing market price during a twelve month period commenced on April 2, 2008. The bid was officially terminated on April 1, 2009. Any acquired common shares were cancelled and returned to treasury.

On March 30, 2009, MAXIM received an approval from the Exchange for a normal course issuer bid which commenced on April 2, 2009. The bid will terminate on April 1, 2010 or such earlier time as the bid is completed or terminated at the option of MAXIM. During the twelve month period, MAXIM is authorized to purchase up to 2,700,000 of its common shares through the facilities of the Exchange at the prevailing market price. Any acquired common shares will be cancelled and returned to treasury.

During the six month period, the Corporation purchased 241,700 shares and cancelled 184,700 shares. Subsequent to June 30, 2009, to July 24, 2009, MAXIM had also purchased 29,300 shares and cancelled 57,000 shares.

(d) Stock options:

The Corporation has one employee stock option plan under which employees, directors and key consultants are eligible to receive grants. Under the stock option plan, the granted stock options vest to the grantee over a three year period and the grantee has the right to exercise those stock options for five years from the date of the granting. The maximum number of outstanding stock options under the plan is limited to 10% of the number of common shares outstanding. The number of stock options and the exercise price is set by the Corporation's Board of Directors based on market value at the time of granting.

Stock options issued and outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2008	4,027,052	\$ 5.26
Forfeited	(133,000)	5.64
Granted	35,000	2.46
Expired	(68,500)	4.00
Balance, June 30, 2009	3,860,552	\$ 5.24

MAXIM POWER CORP.

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Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

12. Share Capital (continued)

Details of the stock options outstanding at June 30, 2009 are as follows:

Range of Exercise Prices	Options Outstanding at June 30, 2009			Options Exercisable at June 30, 2009	
	Number of Options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price
\$2.30 to \$3.50	648,625	4.34	\$ 2.69	-	\$ -
\$3.51 to \$5.99	1,430,893	2.71	\$ 4.84	676,560	\$ 4.41
\$6.00 to \$8.00	1,781,034	2.68	\$ 6.49	987,366	\$ 6.37
	3,860,552	2.97	\$ 5.24	1,663,926	\$ 5.57

The Corporation accounts for its stock option plan using the fair value method. Under this method, the Corporation recorded non-cash stock-based compensation of \$632 (2008 - \$701) for the three months ended June 30, 2009 and \$1,261 (2008 - \$1,330) for the six months ended June 30, 2009 as an expense for the options granted to employees and directors.

The fair value of each option granted is estimated at the date of grant using the Black-Scholes option pricing method with weighted average assumptions for grants at June 30, 2009 as follows:

Risk free interest rate (%)	2.41
Time to expiration (years)	5.00
Volatility (%)	64.85
Expected dividend	-

During the six month period, the Corporation granted 35,000 (2008 - 240,000) stock options to purchase common shares at an average price of \$2.46 (2008 - \$5.84) under the Corporation's stock option plan and the weighted average fair value of each option was calculated to be \$1.38 (2008 - \$2.71). The Corporation used the Black-Scholes option pricing model and the assumptions above to calculate the weighted average fair value.

(e) Income per share:

The weighted average number of shares outstanding for purposes of calculating basic income per share for the three and six months ended June 30, 2009 was 54,171,599 (2008 - 44,406,304) and 54,221,778 (2008 - 44,386,867).

For the three and six months ended June 30, 2009, the diluted income per share calculation included Nil (2008 - 107,071) shares and Nil (2008 - 92,383) shares, respectively, related to stock options in the average number of common shares outstanding as they were determined to be dilutive.

MAXIM POWER CORP.

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(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

13. Risk Management

(a) Cash flow hedge

On January 30, 2009, MAXIM entered into an interest rate swap agreement with BMO. This agreement effectively changes the BMO Facility B interest from a floating interest rate based on bankers' acceptances to a fixed interest rate of 1.99% plus stamping fees of 2.00% to 2.25% for amounts currently drawn under this facility. This agreement is effective February 2, 2009 until May 31, 2012, which coincides with the maturity date of Facility B. The purpose and objective of swapping a floating rate of interest for a fixed rate of interest is to reduce the exposure of cash flow volatility caused by changes in the interest rate. All components of the change in fair value of this derivative have been included in the assessment of cash flow hedge effectiveness.

The derivative has been recorded at fair value at June 30, 2009. Fair value is the amount of consideration, which would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act.

For the six-month period ended June 30, 2009, a pre-tax unrealized loss of \$248 (2008 – nil), representing the fair value of the derivative, was recorded in other comprehensive income for the effective portion of the agreement. At June 30, 2009, there was not an ineffective portion of the derivative as a hedge and as a result, no amounts have been realized in earnings for the period.

(b) Foreign currency costless collar

On February 25, 2009, MAXIM entered into a costless collar agreement with BMO for the purpose of selling U.S. dollars for a total aggregate amount of US\$5,000 for the period commencing March 2009 to December 2009. The range of the costless collar is \$1.21 to \$1.28. For the period ended June 30, 2009, a pre-tax unrealized gain of \$178 (2008 – nil), representing the fair value of the derivative, was recorded in income.

(c) Foreign currency purchases

On May 25, 2009, MAXIM entered into an agreement with BMO for the purpose of purchasing Euros for a total aggregate amount of EUR 3,000 for the period commencing July 2009 to November 2009. The purchases range between \$1.58 and \$1.57. For the period ended June 30, 2009, a pre-tax unrealized gain of \$169 (2008 – nil), representing the fair value of the derivative, was recorded in income.

14. Change in Non-Cash Working Capital

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Operations:				
Accounts receivable	\$ 19,591	\$ 17,432	\$ 27,614	\$ 13,936
Prepaid expenses, deposits and other	297	(2,221)	(1,158)	(2,393)
Inventory	1,216	(3,284)	737	(2,807)
Accounts payable and accrued liabilities	(20,744)	(10,512)	(20,648)	(4,196)
Deferred revenue	137	-	491	-
Income taxes (payable)/receivable	(387)	(4,592)	2,011	1,763
	\$ 110	\$ (3,177)	\$ 9,047	\$ 6,303

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

14. Change in Non-Cash Working Capital (continued)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Discontinued operations:				
Accounts payable and accrued liabilities	\$ -	\$ 60	\$ -	\$ 60
Investing:				
Accounts payable and accrued liabilities	\$ -	\$ 3,242	\$ -	\$ 8,350

The following cash payments have been paid or received:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Taxes paid	\$ 212	\$ 4,256	\$ 2,732	\$ 5,497
Interest paid	\$ 1,374	\$ 1,505	\$ 2,915	\$ 2,790

15. Segmented Information

MAXIM is an independent power producer that develops, owns and operates power generation facilities through which it derives revenue from the sale of electricity, generation capacity and thermal energy. Details by geographic area are as follows:

	Three months ended June 30, 2009		Three months ended June 30, 2008	
	Revenue	Income (loss) before the following items*	Revenue	Income (loss) before the following items*
Canada	\$ 7,223	\$ (7,547)	\$ 8,304	\$ (6,643)
United States	11,141	4,396	6,539	573
France	492	(36)	(46)	(1,906)
Total	\$ 18,856	\$ (3,187)	\$ 14,797	\$ (7,976)

	Six months ended June 30, 2009		Six months ended June 30, 2008	
	Revenue	Income (loss) before the following items*	Revenue	Income (loss) before the following items*
Canada	\$ 24,466	\$ (4,240)	\$ 27,627	\$ (188)
United States	22,547	8,035	10,619	324
France	27,119	1,459	23,965	2,097
Total	\$ 74,132	\$ 5,254	\$ 62,211	\$ 2,233

* As disclosed in the consolidated statements of Operations and Retained Earnings.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2009 and 2008

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

15. Segmented Information (continued)

MAXIM's operations are impacted by seasonality. All French operations are cogeneration facilities and annually operate only from November through March. Operations in the United States not under tolling agreements function as peak power facilities and operate more frequently when heating and cooling requirements increase. Canadian operations are impacted when annual maintenance programs are performed. The annual maintenance programs are normally completed during the second quarter of each year.

The locations of the Corporation's property, plant and equipment, excluding discontinued operations are as follows:

	Three months ended June 30, 2009			Three months ended June 30, 2008		
	Acquisitions	PP&E Additions	Depreciation and Amortization	Acquisitions	PP&E Additions	Depreciation and Amortization
Canada	\$ -	\$ 4,018	\$ 2,046	\$ -	\$ 10,011	\$ 1,471
United States	-	518	1,688	20,281	(13)	751
France	-	144	10	241	314	78
Total	\$ -	\$ 4,680	\$ 3,744	\$ 20,522	\$ 10,312	\$ 2,300

	Six months ended June 30, 2009			Six months ended June 30, 2008		
	Acquisitions	PP&E Additions	Depreciation and Amortization	Acquisitions	PP&E Additions	Depreciation and Amortization
Canada	\$ -	\$ 5,216	\$ 3,894	\$ -	\$ 16,874	\$ 2,737
United States	-	2,039	3,476	20,281	273	1,203
France	2,690	353	4,237	241	321	3,530
Total	\$ 2,690	\$ 7,608	\$ 11,607	\$ 20,522	\$ 17,468	\$ 7,470

The allocation of the Corporation's total assets by geographic area is as follows:

	June 30, 2009	December 31, 2008
Canada	\$ 114,978	\$ 116,650
United States	149,125	157,322
France	95,883	121,748
Total	\$ 359,986	\$ 395,720

The goodwill balance of \$15,632 (December 31, 2008 - \$15,632) is attributed to the Canadian segment of the Corporation.

16. Subsequent Events

On July 3, 2009, COMAX closed the purchase of two peaking facilities in France for consideration of \$1,626 (EUR 1,000). The peaking facilities have a combined capacity of 15 MWs electrical. The acquisition was funded through existing cash balances. The allocation of the purchase price to the acquired assets and liabilities will be finalized after certain post-closing adjustments have been completed and the fair values of the assets and liabilities have been finalized.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

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(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

16. Subsequent Events *(continued)*

On July 29, 2009, COMAX closed the financing for the purpose of repowering the Sebi and Chabossiere facilities acquired February 27, 2009. COMAX has entered into a twelve year term loan with BNP Paribas to provide financing of \$9,474 (EUR 6,200).

On July 29, 2009, COMAX closed the purchase of four power project sites for consideration of \$2,445 (EUR 1,600) financed through existing cash balances. These sites include land, buildings, and electrical and natural gas infrastructure. COMAX intends to repower these sites and sell electricity under term contract arrangements. COMAX has received a financing commitment from a French bank for the full amount of this purchase and anticipates closing the financing during August 2009.

17. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated August 13, 2009 and should be read in conjunction with the unaudited interim consolidated financial statements of Maxim Power Corp. ("MAXIM" or "Corporation") for the three and six months ended June 30, 2009 and the audited annual consolidated financial statements for MAXIM for the year ended December 31, 2008. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Corporation to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the power industry and prevailing economic conditions in the regions that the Corporation operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

Readers are cautioned that management's expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, MAXIM has made the following assumptions:

- Future capital expenditures are estimates based upon planned maintenance projects and production levels at each facility.
- The development projects of Deerland, #14 Mine and Milner Expansion are based upon current estimates of capital cost, projected returns on investment, the duration of the regulatory approval process, and the ability to obtain the necessary financing.
- Management estimates cash flows from operations will meet commitments and scheduled maintenance programs for the remainder of 2009. Management also provides estimated net income, cash flow from operations, and earnings before interest, taxes and depreciation (EBITDA - refer to Non-GAAP Measure - EBITDA) for the fiscal year ending December 31, 2009. These estimates are based upon current budgets and forecasts. Interruptions to production, higher than anticipated operating costs, lower realized electricity prices, unfavourable changes in interest rates and foreign exchange rates, failure of counterparties to meet obligations, and various other factors may inhibit the Corporation from meeting its obligations.
- MAXIM has two credit facilities to support liquidity requirements of the Corporation. The facilities are margined on accounts receivable; therefore, the ability to draw on these facilities is dependent upon operating performance.
- Management estimates the total cost to renovate the Sebi and Chabossiere facilities will be approximately EUR 6.2 million which will be funded entirely with debt financing.

- The Corporation estimates the cost of capital and development expenditures of \$12.0 million to be incurred in 2009. These costs are based upon estimates and may differ from the actual costs to complete.
- In determining potential development sites, management estimates future electricity demand in that area. The actual future demand in these areas may be different than expected.
- MAXIM anticipates all necessary provincial, state and federal regulations for environmental and climate change legislation will be met. Changes to environmental legislation may affect the ability of MAXIM to comply with regulations.
- MAXIM anticipates that it will be able to comply with the requirement to implement International Financial Reporting Standards.
- Management believes the normal course issuer bid will enhance shareholder value.

OVERALL PERFORMANCE

MAXIM's 2009 second quarter results were MAXIM's best second quarter results in terms of revenue. These results were positively impacted by the full quarter results of the acquisitions of Pittsfield and Forked River generating stations and the two cogeneration facilities acquired in France during 2008. These positive results were offset by lower average Alberta power prices during the quarter.

Performance Highlights

(\$000's except per share and generation amounts)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Revenue	18,856	14,797	74,132	62,211
EBITDA ⁽¹⁾	713	(5,536)	18,148	9,954
Net income (loss) – continuing operations	(4,227)	(6,639)	776	(510)
Basic and diluted net income (loss) per share – continuing operations	\$ (0.08)	\$ (0.15)	\$ 0.01	\$ (0.01)
Net income – discontinued operations	-	537	-	498
Basic and diluted net income per share – discontinued operations	\$ -	\$ 0.01	\$ -	\$ 0.01
Net income (loss) for the period	(4,227)	(6,102)	776	(12)
Basic and diluted net income per share	\$ (0.08)	\$ (0.14)	\$ 0.01	\$ -
Cash flow provided by (used in) operations ⁽¹⁾	(905)	(8,650)	19,256	8,245
Total assets	359,986	282,759	359,986	282,759
Total long-term financial liabilities	68,907	71,224	68,907	71,224
Megawatt hours ("MWh") generated	199,778	95,567	534,787	391,113

⁽¹⁾ Selected annual financial information was derived from the audited consolidated financial statements for the most recent years with certain comparative figures reclassified to conform with the financial presentation adopted for the present year and is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), except EBITDA. EBITDA is provided to assist management and investors in determining the Corporation's cash flow provided by operations before interest, does not have any meaning prescribed in Canadian GAAP and may not be comparable to similar measures presented by other companies. Refer to Non-GAAP measures - EBITDA for the reconciliation between this non-GAAP financial measure and comparable measures calculated in accordance with Canadian GAAP.

The key highlights from the second quarter of 2009 compared to the second quarter of 2008 were revenue of \$18.9 million, an increase of \$4.1 million or 27%, over 2008 revenue of \$14.8 million; EBITDA of \$0.7 million, an increase of \$6.2 million or 113%, over 2008 EBITDA of \$(5.5) million; and net loss of \$(4.2) million, a decrease of \$1.9 million or 31% over 2008 net loss of \$(6.1) million.

The increase in revenue and EBITDA and decrease in net loss reflects a full quarter of operating results from the 2008 acquisitions of the Pittsfield and Forked River generating stations. Generation production was 199,778 MWh, up 104,211 MWh or 109% over 2008 generation of 95,567 MWh. The quarter over quarter comparison also reflects lower average Alberta power price during the second quarter of 2009 of \$32 per MWh versus \$108 per MWh for the same quarter of 2008, a decrease of \$76 per MWh. The average price realized for electricity generated by Milner was \$33 per MWh in the second quarter of 2009, compared to \$98 per MWh in the same quarter of 2008, a decrease of \$65 per MWh.

On June 12, 2009 MAXIM amended its existing credit agreement with the Bank of Montreal ("BMO"). The amended agreement provides for term debt financing of \$35 million, a \$10 million revolving facility for general corporate purposes, and a \$3.5 million risk management facility to support treasury requirements. The term facility will be used to support MAXIM's capital requirements and \$6.4 million remains undrawn at June 30, 2009.

On March 30, 2009, MAXIM obtained an approval from the Toronto Stock Exchange (the "Exchange") for a normal course issuer bid ("NCIB"), which commenced on April 2, 2009. The bid will terminate on April 1, 2010 or such earlier time as the bid is completed or terminated at the option of MAXIM. During the twelve month period, MAXIM is authorized to purchase up to 2,700,000 of its common shares through the facilities of the Exchange at the prevailing market price. Any acquired common shares will be cancelled and returned to treasury. During the first half of 2009 MAXIM purchased 146,200 common shares under the new NCIB and 95,500 common shares under the previous NCIB which officially terminated on April 1, 2009. MAXIM cancelled 184,700 common shares during the first half of 2009.

RESULTS OF OPERATIONS

Generation of electricity by location for all plants except those plants solely receiving tolling or capacity payments is shown in the following table.

Summary of second quarter and year-to-date 2009 and 2008 generation by location (MWh)

Three months ended June 30	2009 Generation (MWh)	2009 % of Generation	2008 Generation (MWh)	2008 % of Generation
Facility				
Canada - Milner power plant	181,031	91	65,505	68
Canada - other power plants	15,888	8	18,480	19
United States	2,859	1	11,003	12
France	-	-	-	-
Total – Continuing Operations	199,778	100	94,988	99
Discontinued Operations	-	-	579	1
Total MWh Generation	199,778	100	95,567	100

Six months ended June 30	2009	2009	2008	2008
Facility	Generation (MWh)	% of Generation	Generation (MWh)	% of Generation
Canada - Milner power plant	416,853	78	289,880	74
Canada - other power plants	31,975	6	41,009	10
United States	6,757	1	14,521	4
France	79,202	15	44,448	11
Total – Continuing Operations	534,787	100	389,858	99
Discontinued Operations	-	-	1,255	1
Total MWh Generation	534,787	100	391,113	100

- The above tables exclude Forked River, Basin Creek and Alberta Power Projects (“APP”) as these facilities provide capacity in exchange for monthly capacity payments. Also note that the France cogeneration season runs from November through March.

MAXIM’s generation capacity at June 30, 2009 was 773 MW which was comprised as follows: 192 MW in Canada (8 power plants), 433 MW in the United States (5 power plants) and 148 MW in France (24 power plants). At June 30, 2008 MAXIM’s generation capacity was 584 MW and was comprised as follows: 192 MW in Canada (9 power plants), 263 MW in the United States (4 power plants) and 129 MW in France (21 power plants).

Revenue

Summary of second quarter and year-to-date 2009 and 2008 revenue by form of sales contract

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Tolling or capacity payments at fixed prices	3,871	3,522	7,967	5,880
Electricity sales at spot prices per MWh	5,906	6,846	39,151	19,447
Combined fixed capacity and sales of electricity	8,568	2,873	26,042	9,284
Electricity sales at fixed prices per MWh under PPA’s	511	1,556	972	27,600
Total	18,856	14,797	74,132	62,211

The acquisition of the Pittsfield facility resulted in the increase in the "combined fixed capacity and sale of electricity" for the second quarter and first half of 2009. The Forked River acquisition resulted in the increase in the "tolling or capacity payments at fixed prices" for the second quarter and first half of 2009. The \$19.7 million increase in revenue from "electricity sales at spot prices per MWh" during the first half of 2009 was due to selling all Milner production at spot prices compared to 2008 when Milner production was partly sold at fixed prices, offset by a reduction to "electricity sales at fixed prices per MWh under PPA's. During the first quarter of 2009 MAXIM elected to operate certain France facilities in dispatch mode, which further contributed to the increase in “electricity sales at spot prices per MWh” and partially offset the increase in "combined fixed capacity and sale of electricity" during the first half of 2009.

Summary of second quarter and year-to-date 2009 and 2008 revenue by geographic location

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Canada	7,223	8,304	24,466	27,627
United States	11,141	6,539	22,547	10,619
France	492	(46)	27,119	23,965
Total	18,856	14,797	74,132	62,211

Revenue increased by \$4.1 million or 27% from \$14.8 million for the second quarter of 2008 to \$18.9 million for the second quarter of 2009. The increase was primarily due to the aforementioned acquisitions that added 259 MWs of capacity in the second and third quarters of 2008. This increase in revenue was offset by lower Alberta power prices which averaged \$32 per MWh during the second quarter of 2009 compared to \$108 per MWh during the second quarter of 2008.

Revenue for the first half of 2009 was \$74.1 million, an increase of \$11.9 million or 19% from the \$62.2 million recorded in the first half of 2008. The increase due to acquisitions was offset by a decrease in Alberta power prices from an average price of \$92 per MWh during the first half of 2008 to an average price of \$48 per MWh during the same period of 2009.

Canadian operations generated revenue of \$7.2 and \$24.5 million during the second quarter and first half of 2009, respectively, compared to \$8.3 million and \$27.6 million for the same periods of 2008 respectively. The decrease in revenue of \$1.1 million for the quarter is primarily due to Milner, which, on a stand alone basis, recorded \$5.9 million of revenue in 2009 compared to \$6.4 million in 2008, a decrease of \$0.5 million or 8%. The decrease is a result of the lower average Alberta power price realized in second quarter 2009 of \$33 per MWh compared to \$98 per MWh in 2008. The decrease in power prices was partially offset by an increase in electricity generated by Milner of 181,031 MWh and 416,853 MWh for the three and six months ended June 30, 2009, respectively, compared to generation of 65,505 MWh and 289,880 MWh generated in second quarter and first half of 2008, respectively. This increase was due to a reduction in the length of the Milner turnaround from eight weeks in 2008 to four weeks in 2009.

Revenue from United States operations increased for both the quarter and first half of 2009 to \$11.1 million and \$22.5 million, respectively, compared to \$6.5 million and \$10.6 million for the same periods of 2008, respectively. The increase in revenue for both periods is attributed to the acquisitions of Forked River and Pittsfield generating stations in the second and third quarter of 2008 respectively, along with the benefit of a strong US dollar compared to the Canadian dollar in the second quarter and first half of 2009 compared to 2008.

MAXIM's French cogeneration power plants generate electrical and thermal energy only from November to March. The \$0.5 million in revenue recorded for the three months ended June 30, 2009 relates to true-up adjustments to thermal energy customers for the 2008-2009 cogeneration season. Revenue for the second quarter of 2009 increased \$0.5 million compared to revenue of nil for second quarter of 2008 because similar true up adjustments were not required in 2008.

For the six months ended June 30, 2009 MAXIM's French power plants contributed \$27.1 million of revenue compared to \$24.0 million for the same period of 2008. The increase reflects a full quarter of operations from the two plants acquired in April 2008. Production was 79,202 MWh in the first quarter of 2009 compared to 44,448 MWh for the first quarter of 2008. The increase in production is attributed to MAXIM's election to operate certain units in "cogeneration mode" versus "dispatch mode" which resulted in higher run hours. The first half of 2008 also benefited from the strength of the Euro compared to the Canadian dollar.

Plant Operations

Summary of plant operations expense for the three months ended June 30, 2009 and 2008

(\$000's)	Three months ended June 30, 2009			Three months ended June 30, 2008		
	Fuel	O&M	Total	Fuel	O&M	Total
Canada	4,329	6,983	11,313	2,661	8,549	11,210
United States	512	4,535	5,047	2,110	3,172	5,282
France	(10)	8	(2)	29	1,666	1,695
Total	4,832	11,526	16,358	4,800	13,387	18,187
% of Plant operations expense	30%	70%	100%	26%	74%	100%

Plant operations expense decreased \$1.8 million or 10%, from \$18.2 million in the second quarter of 2008 to \$16.4 million in 2009.

Canadian Operations and Maintenance ("O&M") costs decreased \$1.6 million or 18% in the second quarter of 2009 to \$7.0 versus \$8.6 million in 2008. The decrease is due to a reduction in the length of the Milner turnaround to four weeks in 2009 from eight weeks in 2008.

Canadian fuel costs increased to \$4.3 million for the second quarter of 2009 versus \$2.7 million in 2008, an increase of \$1.7 million or 63% as a result of higher fuel consumption and coal prices at Milner. The increase relates to a reduction in length in the Milner turnaround from eight weeks in 2008 to four weeks in 2009. On a per MWh basis, Canadian fuel costs were \$21.98 in the second quarter of 2009 compared to \$31.46 for the same quarter of 2008. The higher per MWh fuel costs during the second quarter of 2008 were due to the consumption of relatively expensive natural gas during the extended Milner turnaround. The decrease in 2009 fuel costs on a per MWh basis is offset by increased coal costs per MWh due to the inflation allowed under fuel contracts. Milner purchases coal under a fixed price contract that requires MAXIM to purchase an annual minimum quantity at a price per tonne that escalates annually based on inflation.

Plant operation costs in the United States decreased \$0.2 million or 4% from \$5.3 million in the second quarter of 2008 to \$5.0 million in 2009. Operating and maintenance costs increased \$1.4 million or 43% to \$4.5 million in the second quarter of 2009 from \$3.2 million in the second quarter of 2008 as a result of the acquisitions of Forked River and Pittsfield generating stations in the second and third quarters of 2008, respectively, and were unfavorably impacted by the strength of the US dollar in the quarter.

Fuel costs in the United States decreased in 2009 to \$0.5 million versus \$2.1 million in 2008, a decrease of \$1.6 million or 76%. The reduction in fuel costs is a result of reduced production due to low power prices experienced during the quarter.

France O&M costs decreased in 2009 to nil from \$1.7 million in the second quarter of 2008. The decrease was attributable to undertaking several specific maintenance projects during the second quarter of 2008. No comparable maintenance costs were incurred during the second quarter of 2009. France fuel costs were approximately nil in the second quarter of 2009 and 2008.

Summary of plant operations expense for the six months ended June 30, 2009 and 2008

(\$000's)	Six months ended June 30, 2009			Six months ended June 30, 2008		
	Fuel	O&M	Total	Fuel	O&M	Total
Canada	9,703	12,591	22,294	7,454	14,304	21,758
United States	1,839	9,188	11,027	3,564	5,623	9,187
France	12,691	7,946	20,637	10,671	7,293	17,964
Total	24,233	29,725	53,958	21,689	27,220	48,909
% of Plant operations expense	45%	55%	100%	44%	56%	100%

Plant operations expense increased by \$5.0 million or 10%, from \$48.8 million in the first half of 2008 to \$54.0 million in 2009. The 2009 increase was primarily due to the impact from the acquisition of the four facilities purchased in 2008 and the strength of both the US dollar and the Euro.

Canadian fuel costs increased in 2009 to \$9.7 million versus \$7.5 million in 2008, an increase of \$2.2 million or 30% as a result of higher fuel consumption and coal prices at Milner. On a per MWh basis, Canadian fuel costs were \$21.62 per MWh in the first half of 2009 compared to \$22.44 per MWh for the same period of 2008. The decrease in fuel costs on a per MWh basis is due to increased natural gas consumption in the second quarter of 2008 as a result of the extended Milner turnaround.

Canadian O&M costs decreased \$1.7 million or 12% in the second quarter of 2009 to \$12.6 million in comparison to \$14.3 million in 2008. The decrease is due to the reduced length of the Milner turnaround and generally improved plant performance.

Operating and maintenance costs in the United States increased to \$9.2 million in the first half of 2009 from \$5.6 million in the first half of 2008 as a result of the acquisitions of Forked River and Pittsfield generating stations in the second and third quarters of 2008 respectively and were unfavorably impacted as a result of the strength of the US dollar in the period.

US fuel costs decreased to \$1.8 million for the first half of 2009 compared to \$3.6 million in 2008, a decrease of \$1.7 million or 48%. The decrease is due to reduced production during 2009 as a result of low power prices during the year in comparison to 2008.

France operating and maintenance costs increased by \$0.6 million from \$7.3 million in the first half of 2008 to \$7.9 million in the same period of 2009. The increase is the result of the 2008 acquisitions and the strength of the Euro in the quarter and is offset by decreased maintenance costs during the second quarter of 2009.

General and Administration

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Total general and administration	1,941	2,258	3,313	3,599

General and administration (“G&A”) expense was \$1.9 million and \$3.3 million for the second quarter and first half of 2009 compared to \$2.3 million and \$3.6 million for the same periods in 2008, respectively. The decrease represents lower internal costs associated with acquisitions during 2009.

Depreciation

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Total depreciation and amortization	3,744	2,300	11,607	7,470

Depreciation and amortization expense increased by \$1.4 million, or 63% to \$3.7 million for the three month period ended June 30, 2009 and increased by \$4.1 million or 55% to \$11.6 million for the first half of 2009 compared to \$7.5 million for the same period of 2008. The increases in depreciation and amortization expense for the periods are attributable to an increase in Milner depreciation as a result of \$14.7 million in capital expenditures during the 2008 turnaround and the acquisitions of Forked River and Pittsfield in 2008.

MAXIM reviews its facilities for indicators of impairment on a quarterly basis and will test for impairment when these reviews indicate that impairment may have occurred. It was determined that there were no indicators of impairment at its facilities in the first half of 2009 and 2008.

Interest Expense

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Long-term debt	923	1,192	1,992	2,143
Capital lease obligation	393	304	901	576
Other	62	47	89	61
Total	1,378	1,543	2,982	2,780

MAXIM incurred interest expense of \$1.4 million and \$3.0 million for the second quarter and first half of 2009, respectively, compared to \$1.5 million and \$2.8 million for the same periods of 2008. Interest expense is comprised of interest on long-term debt, capital lease obligations and interest and bank charges. The decrease in interest in second quarter 2009 compared to 2008 is due to a decrease in the market interest rates on floating-rate debt in both Canada and France. Rates in Canada under the BMO facility are locked in through an interest rate swap agreement MAXIM entered into with BMO on January 30, 2009. This agreement effectively changed the BMO Facility B interest from a floating interest rate based on bankers' acceptances to a fixed interest rate plus stamping fees for amounts currently drawn under this facility. These decreases were partially offset by the strength of the US dollar and Euro in the quarter compared to the Canadian dollar.

The increase in interest expense in the first half of 2009 compared to 2008 is due to overall higher levels of long-term debt and capital lease obligations related to addition of French cogeneration plants during 2009 and 2008 along with increased debt to finance the extended 2008 Milner turnaround. The strength of the US dollar and Euro in the year also had an unfavourable impact on the interest expense, which was offset by the decrease in market interest rates and the impact of the interest rate swap with BMO.

Unrealized Risk Management Gain

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Foreign currency costless collar	178	-	178	-
Foreign currency purchases	169	-	169	-
Unrealized risk management gain	347	-	347	-

The unrealized risk management gain of \$0.3 million in the second quarter and first half of 2009 is the result of unrealized gains on the US dollar foreign currency costless collar and the Euro foreign currency purchase agreement entered into during the first half of 2009. The unrealized gains represent the fair values of the derivatives at June 30, 2009. MAXIM had no comparable derivatives during the first half of 2008.

Other Income

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Other (income) expense	706	-	(231)	-

Other expense of \$0.7 million incurred during the second quarter of 2009 represents a settlement with an operating and maintenance company responsible for running three plants in France.

Other income of \$0.2 million for the first half of 2009 represents \$0.9 million in compensation from a supplier for lost production at one French cogeneration facility, offset by the settlement paid during the second quarter. No similar transactions occurred during the comparable periods of 2008.

Income Taxes

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Current expense (recovery)	(5)	(289)	4,903	7,164
Future expense (recovery)	(883)	(2,451)	(2,826)	(6,950)
Total	(888)	(2,740)	2,077	214

The second quarter income tax provision in 2009 was a recovery of \$0.9 million compared to a recovery of \$2.7 million for the second quarter of 2008. The decreased recovery was primarily attributable to increased profitability in US operations in the second quarter of 2009 in comparison to 2008 from the acquisitions of Pittsfield and Forked River in 2008.

For the first half of 2009 MAXIM recognized tax expense of \$2.1 million compared to \$0.2 million for the first half of 2008. This increase is primarily due to increased US taxable income during the first two quarters of 2009 as a result of the aforementioned acquisitions.

Net Income

(\$000's)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net income - discontinued operations	-	537	-	498
Net income (loss)	(4,227)	(6,102)	776	(12)

Net income from discontinued operations decreased to \$nil in second quarter and first half of 2009 from \$0.5 million in the same periods of 2008. The 2008 income from discontinued operations represents a gain on the sale of the 0.8 MW Gift Lake facility located in north-central Alberta on June 1, 2008.

Net loss for the second quarter of 2009 was \$4.2 million or \$(0.08) per share (basic and diluted) compared to a net loss of \$6.1 million or \$0.14 per share (basic and diluted) for the second quarter of 2008.

Net income for the first half of 2009 was \$0.8 million or \$0.01 per share (basic and diluted) compared to net loss of nil or \$0.00 per share (basic and diluted) for the first half of 2008.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

MAXIM utilizes existing cash, cash flows from operations and revolving credit facilities to provide liquidity, finance maintenance-of-business capital expenditures, and finance development initiatives up to the permit stage. MAXIM plans for significant maintenance initiatives and preserves cash and credit through its revolving credit facilities to finance such initiatives. In certain years it is possible that capital requirements will exceed these sources of financing. In these situations, MAXIM will arrange for debt financing as was done in 2008 to finance the capital expenditures related to the Milner turnaround. The current cash flow from operations is sufficient to meet future commitments and scheduled maintenance programs to maintain current generating capacity.

MAXIM has the capacity under the BMO debt Facility A to draw up to \$10.0 million based upon the Corporation's accounts receivable balance. At June 30, 2009, MAXIM had \$1.4 million outstanding on this facility by way of letters of credit. On June 2, 2009, the Corporation amended the agreement with BMO to increase the undrawn capacity of Facility B to \$6.4 million. The purpose of this facility is to finance capital expenditures and acquisitions.

In France, MAXIM has a working capital facility with Banque Courtois to provide financing up to EUR 0.8 million, repayable upon collection of certain accounts receivable balances. This facility is also margined on the MAXIM's accounts receivable balance. MAXIM had no amounts outstanding on this facility as at June 30, 2009. This facility is available to the Corporation to provide short term financing when unforeseeable events occur.

MAXIM also requires capital (debt and equity) to finance development initiatives beyond the permit stage and for larger acquisitions. The current global financial crisis places limitations on the ability of the Corporation to secure debt and equity financing. MAXIM is able to manage the timing of its acquisition and development initiatives to reduce liquidity risk.

The following table shows how the activities of the Corporation were financed.

(\$000's)	2009	2008
Cash on hand, January 1	11,791	20,167
Cash flow from operations	19,256	8,245
Cash flow from financing	(8,130)	9,136
Available for investments	22,917	37,548
Cash flow used in investing	(10,686)	(31,551)
Proceeds on discontinued operations	-	885
Effect of foreign exchange rates on cash (unrealized)	(235)	456
Cash on hand, June 30	11,996	7,338

The increase in cash flow from operations is the result of the acquisitions of Forked River and Pittsfield generating stations, and the two facilities in France in 2008. This was partially offset by lower income from Milner during both the three and six months ended June 30, 2009 compared to the same periods of 2008.

During the first half of 2009, MAXIM realized a net financing outflow of cash of \$8.1 million. The Corporation repaid \$5.0 million relating to long-term debt and \$4.6 million relating to capital lease obligations during the first half of 2009, and acquired 241,700 common shares for \$0.7 million through a normal course issuer bid ("NCIB"). These outflows were partially offset by the issuance of \$1.5 million of long-term debt in the second quarter of 2009 and by an additional draw of \$0.6 million through a capital lease at MAXIM's wholly owned French subsidiary during the first quarter of 2009.

In the first half of 2008, MAXIM obtained net financing of \$9.1 million. MAXIM drew \$14.9 million through its BMO Facility B and repaid \$2.8 million on the facility during the first half of the year. The Corporation has also repaid \$2.8 million relating to capital lease obligations. MAXIM acquired 69,600 common shares for \$0.4 million through a normal course issuer bid and issued 101,607 common shares as a result of the exercise of stock options for net proceeds of \$0.3 million.

During the first half of 2009, MAXIM spent \$10.7 million on investing activities. These activities included \$7.6 million on capital expenditures at various facilities in Canada, the United States and France, \$2.7 million on the acquisition of the Sebi and Chabossiere cogeneration facilities in France, and \$0.4 million on projects included in intangible assets.

During the first half 2008, MAXIM spent \$30.7 million on investing activities. These activities included \$20.5 million on the acquisitions of Forked River and Somal, \$17.5 million on capital expenditures and \$1.9 million on projects included in intangible assets. The outflows were offset by \$8.3 million in investing working capital and \$0.9 million in proceeds on the sale of Gift Lake.

The following table represents the net capital of the Corporation.

(\$000's)	June 30, 2009	December 31, 2008
Long-term debt	62,105	67,160
Capital lease obligation	21,037	26,077
Less: Cash	(11,996)	(11,791)
Net debt	71,146	81,446
Shareholders' equity	233,079	239,952
Net capital	304,225	321,398
Net debt to capital	23%	25%

The Corporation uses net debt to monitor leverage. The decrease in net debt in 2009 is the result of the scheduled debt repayments on the credit and lease facilities along with the generation of cash from operations. The decrease in shareholders' equity in the year is the result of the decrease in accumulated other comprehensive income due to unrealized losses on translation of net foreign operations.

On March 31, 2008 MAXIM received approval from the Exchange to commence a normal course issuer bid. At MAXIM's discretion, the Corporation could purchase up to 2,220,000 (approximately 5% of its issued and outstanding common shares) of its common shares through the facilities of the Exchange at the prevailing market price during a twelve month period which commenced on April 2, 2008. The bid was officially terminated on April 1, 2009. Any acquired common shares were cancelled and returned to treasury.

On March 30, 2009, MAXIM obtained an approval from the Exchange to for a normal course issuer bid which commenced on April 2, 2009. The bid will terminate on April 1, 2010 or such earlier time as the bid is completed or terminated at the option of MAXIM. During the twelve month period, MAXIM is authorized to purchase up to 2,700,000 of its common shares through the facilities of the Exchange at the prevailing market price. Any acquired common shares will be cancelled and returned to treasury.

During the six-month period ended June 30, 2009 MAXIM purchased 241,700 of its common shares at an average price of \$2.70 for a total cost of \$0.7 million and cancelled 184,700 shares.

Subsequent to June 30, 2009, MAXIM had also purchased 29,300 shares at an average price of \$2.67 per share for a total cost of \$0.1 million and cancelled 57,000 shares.

As at June 30, 2009, MAXIM was in compliance with all externally imposed financial debt covenants on all of its credit facilities.

Working Capital

(\$000's)	June 30, 2009	December 31, 2008	Change
Cash	\$ 11,996	\$ 11,791	\$ 205
Accounts receivable	16,778	42,288	(25,510)
Prepaid expenses, deposits and other	2,107	1,733	374
Inventory	5,824	6,447	(623)
Current portion of risk management assets	347	-	347
Current portion of future income tax asset	1,538	-	1,538
Accounts payable and accrued liabilities	(19,064)	(37,662)	18,598
Income taxes payable	(4,237)	(2,221)	(2,016)
Deferred revenue	(491)	-	(491)
Current portion of long-term debt	(6,729)	(7,873)	1,144
Current portion of capital lease contracts	(7,751)	(7,725)	(26)
Current portion of long-term contracts	(196)	(441)	245
Current portion of future income tax liability	-	(3,479)	3,479
Current portion of risk management liability	(85)	-	(85)
	\$ 37	\$ 2,858	\$ (2,821)

Working capital at the end of the second quarter of 2009 decreased \$2.8 million to \$0.04 million from positive working capital of \$2.9 million at the end of 2008. The lower Alberta power pool price, which averaged \$33 per MWh in June 2009 compared to \$88 per MWh in December 2008, has resulted in a decrease in accounts receivable as has the seasonality of the France cogeneration business which operates for the five-month period from November to March. MAXIM decreased its inventory of coal and fuel oil by \$0.6 million during the period as a result of higher consumption compared to the rate of purchases. The decrease in accounts payable and accrued liabilities is the result of the timing of the cogeneration season in France. and the related reduction in operating costs during the second quarter of each year. The decrease in the current portion of long-term debt of \$1.1 million is the result of regular debt payments and repayment of the France working capital credit facility. The increase in the income taxes payable of \$2.0 million, the reduction of the current portion of future income tax liability of \$3.5 million and the increase in the current portion of future income tax asset of 1.5 million for a net increase in working capital of \$3.0 million is related to the lower taxable income earned at Milner.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Quarter Ended (Unaudited)

(\$000's except per share and per MWh amounts)	2009		2008 (Restated)				2007 (Restated)	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	18,856	55,276	53,429	31,042	14,797	47,414	37,945	33,616
EBITDA ⁽¹⁾	713	17,433	18,251	11,189	(5,536)	15,489	12,223	15,322
Net income (loss) from continuing operations	(4,227)	5,003	7,520	3,804	(6,639)	6,129	2,210	8,304
Net income (loss) from discontinued operations	-	-	-	-	537	(39)	128	(33)
Net income (loss)	(4,227)	5,003	7,520	3,804	(6,102)	6,090	2,338	8,271
Basic and diluted income (loss) per share – continuing operations	(0.08)	\$0.09	\$0.15	\$0.08	\$(0.15)	\$0.14	\$0.05	\$0.19
Basic and diluted income per share – discontinued operations	-	-	-	-	\$0.01	-	-	-
Basic and diluted income (loss) per share	(0.08)	\$0.09	\$0.15	\$0.08	\$(0.14)	\$0.14	\$0.05	\$0.19
Total assets	359,986	400,431	395,720	337,380	281,193	301,814	260,196	234,013
Average Alberta electricity price per MWh	\$ 32	\$ 63	\$ 95	\$ 80	\$ 108	\$ 77	\$ 62	\$ 92
Average Milner realized electricity price per MWh	\$ 33	\$ 69	\$ 98	\$ 85	\$ 98	\$ 77	\$ 73	\$ 94

⁽¹⁾ Refer to Non-GAAP – EBITDA measure below for reconciliation of EBITDA to comparable measure calculated in accordance with GAAP. Selected quarterly unaudited financial information was prepared in accordance with Canadian GAAP except EBITDA.

Quarter over quarter revenue, EBITDA and net income are affected by planned and unplanned outages, market demand, market prices, timing of acquisitions, weather conditions, and acquisitions and divestitures. Revenue, EBITDA and net income are generally higher in the first and fourth quarters as a result of the seasonal operations of the French facilities as the French cogeneration season operates from the start of November through to the end of March. Revenues, EBITDA and net income (loss) are also affected by seasonal Alberta power pool prices. Alberta pool prices tend to be higher during winter and summer peak load months and further impacted by supply constraints such as outages at other Alberta generation facilities.

In the second quarter of 2009, MAXIM recorded lower revenue, EBITDA and net income compared to the first quarter of 2009 as a result of the annual Milner turnaround and lower realized electricity prices at Milner resulting from lower natural gas prices. Typically the second quarter of each year experiences the lowest average Alberta power price. In the first quarter of 2009 and the fourth quarter of 2008, MAXIM recorded higher revenue and EBITDA as a result of the 2008 acquisitions of the Forked River and Pittsfield generating stations and a French cogeneration facility. This was partially offset by Milner realizing an average power price of \$69 per MWh in first quarter 2009 compared to \$98 per MWh in the fourth quarter of 2008. In 2008, Milner had an extended eight-week turnaround during the second quarter that resulted in a reduction of revenue, EBITDA and net income, which was offset by the acquisition of Forked River and a higher than average Alberta power price. In the third quarter of 2008, Milner realized an average power price of \$85 per MWh compared to the 2007 third quarter average of \$94 MWh, resulting in the reduction of revenue, EBITDA and net income, which was offset by the acquisition of the Pittsfield facility on August 5, 2008.

NON-GAAP MEASURE - EBITDA

(\$000's)	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
GAAP Measures from Consolidated Statements of Operations and Retained Earnings				
Net income (loss) for the period	(4,227)	(6,102)	776	(12)
Income taxes	(888)	(2,740)	2,077	214
Interest expense	1,378	1,543	2,982	2,780
Depreciation and amortization	3,744	2,300	11,607	7,470
Discontinued operations ⁽¹⁾	-	(537)	-	(498)
Litigation settlement (France)	706	-	706	-
Non-GAAP measure - EBITDA	713	(5,536)	18,148	9,954

⁽¹⁾ Discontinued operations consist of depreciation and amortization, gain on disposal and taxes.

Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it provides predictive value and performance trends.

OUTLOOK

Guidance

MAXIM's results are significantly impacted by Alberta spot power prices. In preparing its guidance, management uses Alberta forward electricity prices as a proxy for expected future Alberta spot electricity prices. The market for forward contracts is relatively illiquid and forward prices may not be a good predictor of settled prices as they may not factor in events such as unplanned outages that can cause a significant increase in settled power prices. Notwithstanding, MAXIM prepares its guidance using forward electricity prices from independent sources. Management has determined that it is necessary to update its guidance due to a reduction in forward electricity prices in Alberta and reduced margins in the United States due to a decrease in power demand and prices in the New England market, offset by an increase in MAXIM's generation in France resulting from the acquisitions completed in 2009.

Updated 2009 guidance

(\$000's, except per share amounts)	Guidance Provided on	
	May 14, 2009	Updated Guidance
EBITDA	48,000	39,000
Net income	14,500	7,800
Per share - basic and diluted	\$ 0.27	\$ 0.14
Cash provided by operations	42,000	34,000
Per share - basic and diluted *	\$ 0.78	\$ 0.63

* Share data per assumptions.

The guidance provided herein is based on the following assumptions:

(\$000's, except as otherwise noted)	Guidance Provided on May 14, 2009	Updated Guidance
Electricity deliveries (MWh)	1,330,000	1,276,000
Net generation capacity at year ending (MW)	773	788
Capital expenditures (excluding acquisitions)		
HR Milner	4,000	8,000
Other assets	6,000	3,000
Development projects	2,000	2,000
France facilities – investment and financing		
Acquire and repower	-	24,700
Financing	-	(23,400)
Net France facilities	-	1,300
Average Alberta spot electricity price	\$ 59.00	\$ 52.00
Average annual foreign exchange rates		
C\$/USD	\$ 1.20	\$ 1.15
C\$/EUR	\$ 1.50	\$ 1.50
Weighted average shares outstanding (000's)	54,182	54,182

The 2009 forecast assumes all sales of Milner output at projected Alberta spot market prices. In France, the cogeneration season ends on March 31, 2009 and a new season begins on November 1, 2009. Management estimates repowering certain assets in France will be completed before the start of the next cogeneration season. There are no acquisitions assumed to take place during 2009 other than the four France power plants and four sites acquired to date in 2009, and the Corporation is not exposed to refinancing risk until 2012. MAXIM continues its development initiatives related to the Milner Expansion, #14 Mine and Deerland projects. In addition, the 2009 guidance assumes actual results recorded up to June 30, 2009 and a balance-of-year forward electricity price of \$56 per MWh.

Operations

During the first six months, MAXIM acquired the Sebi and Chabossiere cogeneration facilities increasing MAXIM's generating capacity from 757 MW electric to 773 MW electric. Of these amounts, 157 MW of electric capacity is exposed to Alberta spot electricity prices during 2009. Subsequent to June 30, 2009, MAXIM acquired two peaking facilities in France for a combined capacity of 15 MW electrical. With these acquisitions of Sebi and Chabossiere and the two peaking facilities, MAXIM has twenty-six facilities in France for a total generating capacity of 163 MW electrical and 123 MW thermal. The next French cogeneration season begins November 1. MAXIM has initiated the process to extend the original twelve-year power sales contracts with Electricité de France ("EdF") for the 8 MW D'Arnas facility and anticipates this process will be concluded prior to November 1, 2009. Under current rules, the EdF contracts can be renewed for an additional twelve years upon investing EUR 350 per kilowatt towards improvement of the facilities.

MAXIM continued its strategy to carry out Milner's annual turnaround during the second quarter of the year which is when Alberta power prices are typically at their lowest during the year. The 2009 turnaround began on April 22 and lasted four weeks. This is significantly shorter than the extended turnaround of eight weeks that was carried out in 2008.

Milner Power Limited Partnership's ("MPLP") supply of thermal coal to the Milner Facility is primarily sourced and subject to Coal Valley Resources Inc.'s ("CVRI") ability to mine and deliver thermal coal from the Coal Valley mine located in Grande Cache, Alberta. In July of 2008, MPLP exercised its option

to extend the term of the coal supply agreement ("CSA") for an additional five years expiring on December 31, 2013. The price of coal during the extension term is established in the CSA and reflects an annual inflation adjustment over the prior years' price. The contract price for coal is below the current market price. It is CVRI's view that it has the right to initiate a price review and has given notice to MPLP that it wishes to review the price for the extension term. It is MAXIM's view that the price review can only be initiated if anticipated operating costs at the Coal Valley mine would not allow its profitable operation at the price levels set out in the CSA. MAXIM does not believe this condition has been satisfied and does not believe a price review is warranted under the CSA. If this condition was satisfied, pricing could be adjusted to an amount that provides the Coal Valley mine with a reasonable level of profit over its anticipated operating costs. CVRI has referred this matter to arbitration and a decision is not anticipated until late 2009.

Acquisition and development initiatives

MAXIM will continue its strategy of an independent power producer ("IPP") and is targeting growth through acquisitions and development of power plants in markets of Western Canada, United States and France. MAXIM will target opportunities with generating capacity of 50 MW or greater, except in France where MAXIM's distributed generation platform targets power plants which are smaller scale.

Demand for electricity will be the key fundamental factor in determining whether to pursue opportunities in a market. Demand is highly correlated to economic growth within the market. Under the current commodity price conditions, Alberta's oil and gas industry could realize reduced development which would then impact the growth and demand for electricity. Furthermore, IPP's may have obstacles to acquire capital to pursue growth objectives.

MAXIM received regulatory approvals from the Alberta Utilities Commission and Alberta Environment in 2008, to construct and operate the Deerland Peaking Station, a 190 MW natural gas-fired peaking facility. The station will be located immediately adjacent to the existing Deerland high voltage substation in Alberta's industrial heartland, an area expected to experience significant growth in electrical demand. MAXIM has an option to lease up to thirty acres of land for the station. This is an attractive asset as it provides land for future expansion. MAXIM expects peaking requirements to continue to grow to meet overall demand growth and to provide firm backup for additional intermittent wind resources. Construction of the facility is expected to take approximately twelve months once the key commercial arrangements necessary to support construction have been concluded. These arrangements are subject to improving natural gas prices.

The process of obtaining mine permit and licenses is continuing for the #14 Mine. The technical review phase has been completed by the regulatory agencies and the Energy Resources Conservation Board ("ERCB") has set the application down for a hearing date on October 28, 2009. MAXIM expects that the approvals process will be complete within three months of the hearing date.

MAXIM is also proposing to develop a new generating facility at the existing Milner location with the addition of 500 MW of clean coal-fired generating capacity. Environmental and engineering studies were completed in the third quarter of 2008. MAXIM filed its regulatory applications with the Alberta Utilities Commission and Alberta Environment in January of 2009. The regulatory review process is expected to last up to fifteen months.

MAXIM requires capital (debt and equity) to finance development initiatives beyond the permit stage and for larger acquisitions. The current economic and financial conditions place limitations on the ability of the Corporation to secure debt and equity financing. MAXIM maintains the flexibility to manage the timing of its acquisition and development initiatives. MAXIM accounts for its development projects as assets under construction included in property, plant, and equipment. Capitalization of costs associated

with these projects commences once technical and economic feasibility is established and recovery of the cost is reasonably regarded as more likely than not. If a project were to no longer meet these criteria, any capitalized costs for the project would be expensed in the period.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

Provincial and state regulations

Pursuant to the Climate Change and Emissions Act (Alberta) which became effective on July 1, 2007, MAXIM is required to limit the production of carbon dioxide at the Milner facility to an approved baseline. MAXIM was fully compliant with the first six-months of 2009 baseline and was not obligated to make payments to the Alberta government's technology fund in the first six-months of 2009.

In 2006, the Alberta government enacted regulations under the Environmental Protection and Enhancement Act (Alberta) to specify target sulphur dioxide and nitrous dioxide emissions from industrial operations. Milner is affected by these regulations and is required to reduce its nitrous dioxide emissions by 75 percent commencing in 2013. MAXIM has determined that the most cost-effective means of achieving the targets for the three-year period of 2013 to 2015 is to take early action through an investment of approximately \$3.7 million in 2009, with reductions of nitrous dioxide prior to 2013 being used to satisfy target reductions in 2013. MAXIM continues to monitor nitrous dioxide emissions to ensure the appropriate measures are taken to meet externally imposed targets.

On January 24, 2008 the Government of Alberta announced a new climate change plan that is intended to cut Alberta's projected 400 million tonnes of emissions by 50 percent by 2050. To achieve this target, the plan focuses on carbon capture and storage, conservation and energy efficiency, and "greener" energy production. MAXIM continues to assess the impact of the plan on its operations and acquisition and development initiatives.

The Corporation's facilities in the northeast U.S. are subject to the Regional Greenhouse Gas Initiative ("RGGI"). During 2008, the Corporation purchased 26,000 tonnes of allowances, which were adequate to cover the generation during the first six-months of 2009. Management will monitor future generation levels and acquire allowances as necessary to comply with RGGI.

Federal government regulations

On April 26, 2007 the Government of Canada unveiled its action plan to reduce greenhouse gases and air pollution. The proposed framework for the Clean Air Regulatory Agenda ("CARA") targets stabilization then reduction of greenhouse gases and air pollutants. Short-term targets are to be expressed as reductions from 2006 levels. For existing facilities, emission "intensity" reduction targets are to be based on an improvement of 6% each year from 2007 to 2010 (for cumulative reduction of 18% of 2006 levels by 2010). Every year thereafter, a 2% continuous emission-intensity improvement will be required, resulting in an industrial emission-intensity reduction of 26% by 2015. Companies, including MAXIM, are expected to meet their obligations by reducing their own emissions, contributing to a technology fund, using emissions trading or offsets, or by using a one-time credit for verifiable "early" action undertaken between 1992 and 2006. On March 10, 2008 the Government of Canada released draft regulations addressing GHG emissions. The date that the finalized regulations will be issued is uncertain at this time. More recently, the federal government announced its intention to require new coal-fired facilities to include technology to capture and store greenhouse gas emissions and to establish an emissions and cap-and-trade system.

There are indications that the U.S. federal government is moving to take active steps to reduce greenhouse gas emissions. Various pieces of federal legislation that would limit greenhouse gas emissions have been introduced in the U.S. Congress, some form of which may be enacted at some point in the future. The

U.S. Environmental Protection Agency ("EPA") has proposed to find that greenhouse gases (six gases included carbon dioxide) endanger the public health and welfare of current and future generations. While the details of this emerging legislative regime are still in a state of flux, the outcome could have a material effect on the Corporation's operations, cash flows, and financial condition.

In the European Union, there exists a policy based on a principal of "polluter pays". Clean technologies and energy efficiency and energy conservation measures are important considerations, given the dense population and high energy demands in Europe. The Corporation's operations in France meet all current emission guidelines and the Corporation is not aware of any new legislation or environmental policies impacting current guidelines.

Climate change legislation continues to evolve. MAXIM does not have sufficient information to fully assess the financial implications of this area of legislation on the Corporation. The cost of compliance may be recovered through sales or through commercial opportunities that mitigate additional costs. If climate change legislation burdens coal-fired generation with significant new taxes that cannot be recovered from the market and there are not economic or commercial opportunities to reduce these taxes by investing in technology, efficiency and/or offsets, then management believes that MAXIM still has material value propositions in non-generation activities such as its metallurgical quality coal resource and possibly significant potential carbon offset values if Milner were to be decommissioned.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Goodwill and Intangible Assets (Section 3064) which replaced CICA Handbook for Goodwill and Other Intangible Assets (Section 3062). Section 3064 provides guidance on the recognition of intangible assets, as well as, the recognition and measurement of internally developed intangible assets. As a result of these new requirements, the Corporation has found it necessary to specify a policy for assets under construction.

Assets under construction are projects undertaken by the Corporation. Costs include third party charges as well as specific direct costs. Capitalization of costs associated with these projects commences once technical feasibility is established and if the recovery of the cost is more likely than not. If the project is subsequently abandoned, all costs are expensed in the period. Costs associated with assets under construction have been reclassified from deferred charges to property, plant and equipment to accommodate the change in accounting policy.

During the first quarter, deferred costs associated with acquisitions were reclassified to intangible assets. This reclassification was to accommodate the change in accounting policy.

International financial reporting standards ("IFRS")

On February 13, 2008, the CICA Accounting Standards Board ("AcSB") confirmed publicly accountable enterprises will be required to adopt IFRS in place of Canadian generally accepted accounting principles ("GAAP") for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011 with comparative information required for 2010. MAXIM is currently assessing the effect of IFRS on its accounting policies, financial statements, internal controls, information systems and business activities and is unable to determine the impact of adopting IFRS on its financial statements at this time.

MAXIM has developed a changeover plan which includes an initial assessment, detailed assessment and implementation phases. The Corporation has completed the initial assessment, which includes certain training initiatives, researching and documenting the significant differences between Canadian GAAP and IFRS, and a preliminary assessment of the information technology systems. Although Canadian GAAP and IFRS have certain similarities, significant differences exist which may have a high impact to the

Corporation's financial reporting. Those areas include, but are not limited to, property, plant and equipment, cash generating units, business combinations, future income taxes, and provisions under IFRS-1 First Time Adoption of IFRS.

MAXIM is currently in the detailed assessment stage. Work groups have been assigned various financial statement line items and these groups are focused on identifying detailed differences and assessing the impact on the Corporation. The detailed testing and implementation of IFRS, along with employee training and designing internal controls to support IFRS are expected to be completed by the end of 2009. In 2010, MAXIM expects to run parallel between Canadian GAAP and IFRS with a full IFRS implementation by January 1, 2011.

CONTROLS AND PROCEDURES

The President and Chief Executive Officer ("CEO") and the Vice President, Finance and Chief Financial Officer ("CFO"), together with other members of management have designed and maintained disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the CEO and the CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Such officers have concluded that the Corporation's disclosure controls and procedures are not effective for the foregoing purposes due to the weakness discussed below for internal control over financial reporting.

The CEO and the CFO are also responsible for designing and maintaining internal control over financial reporting, as defined under rules adopted by the Canadian Securities Administrators, within the Corporation which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP"). MAXIM has adopted the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations (COSO Framework) for the design of its internal controls over financial reporting.

The CEO and CFO have identified the following material weakness in the operational effectiveness of the Corporation's internal control over financial reporting as of June 30, 2009. The Corporation does not have a sufficient number of finance personnel with the required technical knowledge to address all complex accounting and tax issues that may arise and this may result in inaccuracies in financial reporting. Management mitigates this weakness from time to time by utilizing outside consultants for assistance as required to the fullest extent reasonable or by developing in-house expertise or recruiting personnel with the necessary expertise; however, such mitigating procedures do not constitute a compensating control for the purposes of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings. The Corporation has determined that it is not cost-effective to fully remediate this weakness and accordingly a weakness will continue in the foreseeable future. There has been no impact on amounts reported for the first half of 2009.

The Corporation is required to disclose herein any change in the Corporation's internal control over financial reporting that occurred during the period beginning on January 1, 2009 and ended on June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting. No material changes in the Corporation's internal controls over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the first quarter of 2009 or 2008.

SUBSEQUENT EVENTS

On July 3, 2009, COMAX closed the purchase of two peaking facilities in France for consideration of \$1,626 (EUR 1,000). The peaking facilities have a combined electrical generating capacity of 15 MWs. The acquisition was funded through existing cash balances. The allocation of the purchase price to the acquired assets and liabilities will be finalized after certain post-closing adjustments have been completed and the fair values of the assets and liabilities have been finalized.

On July 29, 2009, COMAX closed the financing for the purpose of repowering the Sebi and Chabossiere facilities acquired February 27, 2009. COMAX has entered into a twelve-year term loan with BNP Paribas to provide financing of \$9,474 (EUR 6,200). Repowering these facilities increases Maxim's thermal generating capacity by 10.8 MW.

On July 29, 2009, COMAX closed the purchase of four power project sites for consideration of \$2,445 (EUR 1,600) financed through existing cash balances. These sites include land, buildings, and electrical and natural gas infrastructure. COMAX intends to repower these sites and sell electricity under term contract arrangements. COMAX has received a financing commitment from a French bank for the full amount of this purchase and anticipates closing the financing during August 2009.

OTHER INFORMATION

Outstanding Share Data

Issued common shares at December 31, 2008	54,348,991
Normal course issuer bid	(241,700)
Total issued common shares at August 13, 2009	54,107,291
Normal course issuer bid	(29,300)
Outstanding share options	3,836,992
Total diluted common shares at August 13, 2009	57,914,983

Additional information relating to MAXIM, including the Annual Information Form, is posted on SEDAR at www.sedar.com under Maxim Power Corp. and at the Corporation's website www.maximpowercorp.com.