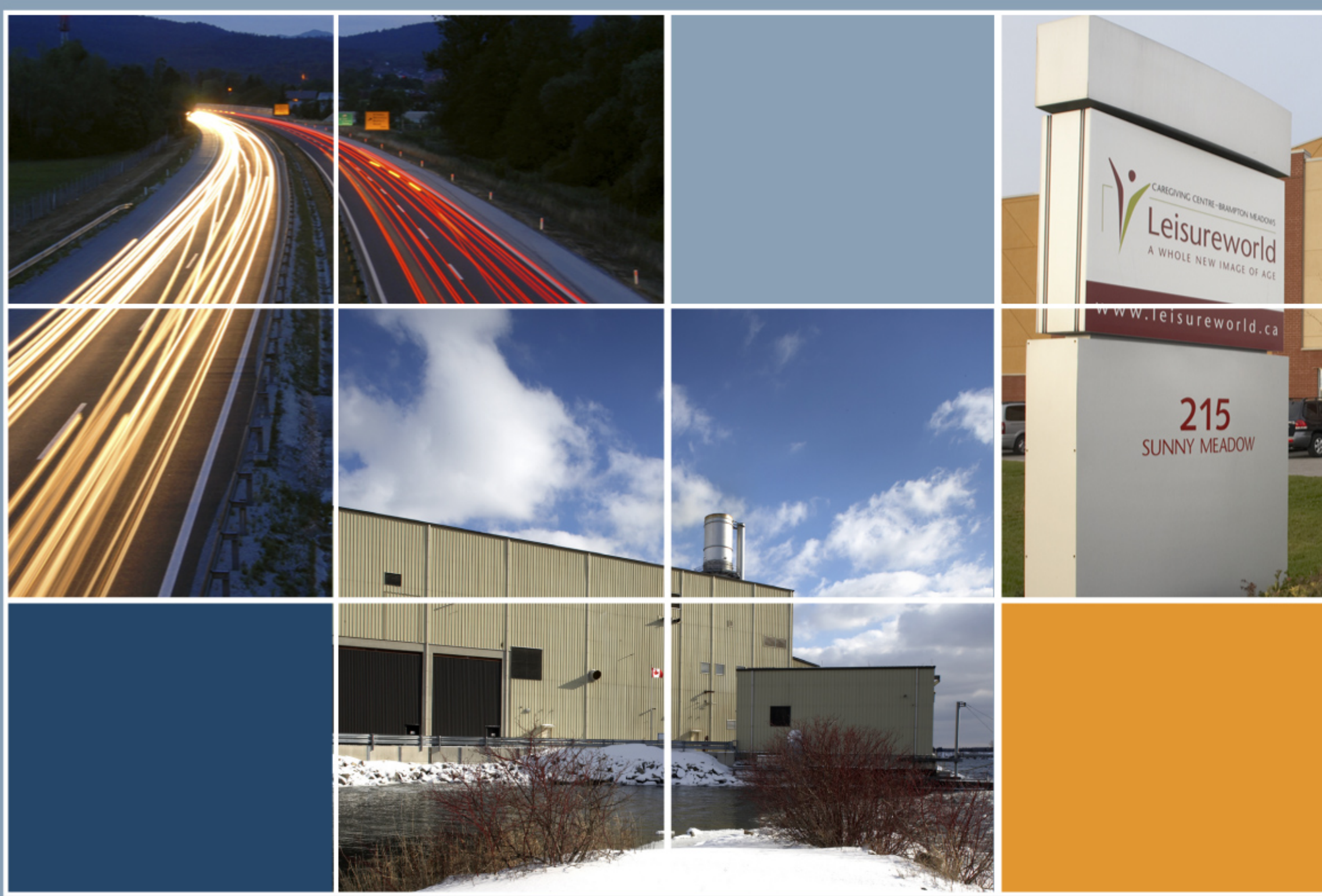
MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
RESTATED FINANCIAL REPORT

FOR THE QUARTER ENDED
MARCH 31, 2009

MACQUARIE



Macquarie Power & Infrastructure Income Fund ("MPT" or the "Fund") is not a trust company and is not registered under applicable legislation governing trust companies, as it does not carry on or intend to carry on the business of a trust company. The units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that act or any other legislation.

Macquarie Power Management Ltd. ("MPML" or the "Manager") is the Manager of the Fund and is an indirect, wholly owned subsidiary of Macquarie Group Limited, an Australian public company listed on the Australian Stock Exchange.

Investments in the Fund are not deposits with or other liabilities of Macquarie Group Limited, the Manager or of any member company of the Macquarie group (Macquarie Group Limited and its subsidiaries and affiliates) and are subject to investment risk, including loss of income and equity invested or delays in redemption. None of Macquarie Group Limited, the Manager or any other member company of the Macquarie group guarantees the performance of the Fund, distributions from the Fund or the redemption or repayment of capital from the Fund.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in the Fund, the investor or prospective investor should consider whether such investment is appropriate to their particular needs, objectives and financial circumstances and consult an investment advisor if necessary.

MPML, as the manager of the Fund, is entitled to certain fees for so acting. Macquarie Group Limited and its related companies, together with their officers and directors, may hold units in the Fund from time to time.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

RESTATED MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED
MARCH 31, 2009

This report for Macquarie Power & Infrastructure Income Fund (the "Fund") summarizes the consolidated operating results and cash flows for the quarter ended March 31, 2009 and the Fund's financial position as at that date. This discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements of the Fund and accompanying notes as at and for the periods ended March 31, 2009, as well as the Fund's management's discussion and analysis ("MD&A") included in the Fund's annual report for the year ended December 31, 2008. Additional information about the Fund, including its Annual Information Form dated March 27, 2009, quarterly reports and other public releases, is available at www.sedar.com.

The information contained in this report reflects all material events up to May 6, 2009, the date on which the report was approved by the Fund's Board of Trustees.

This report was restated on November 4, 2009 to reflect an adjustment in the Fund's embedded derivative asset and the related future income tax impact. This restatement results from certain corrections that have been made to the option pricing model that is used to calculate the fair value of the Fund's embedded derivative asset. Additional information is provided on page 19 of the MD&A.

NON-GAAP MEASURES

While the consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), this report also contains figures that are not performance measures as defined by GAAP. For instance, the Fund measures distributable cash, payout ratio and contribution margin to assess the financial performance of the Fund's operations. Please see Distributable Cash and Payout Ratio and Contribution Margin for additional information and a comparison of these non-GAAP figures with the most comparable GAAP measures.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in the following discussion and analysis may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements. When used in the following discussion and analysis, such statements use such words as "may," "will," "expect," "believe," "plan" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this discussion and analysis. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risks and uncertainties described in this report under the heading "Risks and Uncertainties."

The risks and uncertainties described in this report should not be construed as exhaustive. Other events and risk factors in addition to those discussed herein, including risk factors disclosed in the Annual Information Form of the Fund, could cause actual results to differ materially from the results discussed in the forward-looking statements. The forward-looking statements contained in this discussion and analysis are based on information currently available and what the Fund currently believes are reasonable assumptions. However, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this discussion and analysis and the Fund does not undertake to update any forward-looking information that may be made from time to time by or on its behalf, except as required under applicable securities legislation. The forward-looking information contained in this report is presented for the purposes of assisting investors and analysts in understanding our financial position as at and for the periods ended at the dates presented and our stated priorities and objectives may not be appropriate for other purposes. The Fund cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

TO THE UNITHOLDERS OF MACQUARIE POWER & INFRASTRUCTURE INCOME FUND:

I am pleased to report that Macquarie Power & Infrastructure Income Fund continued to deliver stable distributions to unitholders in the first quarter of 2009.

I am also pleased to be serving the Fund in the capacity of President and Chief Executive Officer and look forward to the opportunity to build on the success achieved by MPT under the stewardship of Gregory Smith and our Board of Trustees.

A key strength of MPT lies in the essential nature, inelastic demand and predictable cash flow that characterize our power and social infrastructure assets. Furthermore, MPT's portfolio is well diversified by asset type and geography. Together, these attributes contribute to the reliability of MPT's cash flow throughout the economic cycle and position the Fund to sustain an attractive yield in the years ahead.

Financial Highlights

During the quarter, our Cardinal gas cogeneration facility ("Cardinal") performed generally in line with our expectations. Leisureworld likewise performed predictably, with stable average occupancy of 98.1% across its 26 long-term care ("LTC") homes and a 2.5% increase in the average occupancy of private rooms, which brought the rate to 94.4%.

While our businesses remained fundamentally strong in the first quarter, our results were primarily affected by the following factors:

- Lower wind speed and density at Erie Shores Wind Farm ("Erie Shores");
- Lower water flows across our hydro power facilities, reflecting colder conditions and less precipitation than usual; and
- Outages at both our Whitecourt biomass facility ("Whitecourt") (276 hours) and Cardinal (22 hours) facilities for maintenance work.

Revenue for the quarter was $40.3 million compared with $43.7 million in the first quarter of 2008, reflecting an approximately 4.8% decrease in power produced. A detailed analysis by asset is provided on pages 10 to 13 of this report. The decrease in production was partially offset by higher power prices at Cardinal under its Power Purchase Agreement ("PPA"). It is also important to note that revenue in the first three months of 2008 reflected a $1.1-million payment received from the Ontario Electricity Financial Corporation ("OEFC") due to an adjustment in the Direct Consumer Rate ("DCR") while the fund paid a $0.3-million DCR adjustment to the OEFC in the first quarter of 2009.

Distributable cash was $15.0 million ($0.300 per unit) compared with $16.5 million ($0.330 per unit) in the same period of 2008. Declared distributions to unitholders were $13.1 million ($0.262 per unit), representing a payout ratio of 87.6%. In the first quarter of 2008, declared distributions to unitholders were also $13.1 million ($0.262 per unit), representing a payout ratio of 79.5%.

The Fund's balance sheet at March 31, 2009 remained strong, including positive working capital of $45.5 million, cash on hand and short-term investments of $30.3 million, and fully funded general, major maintenance and capital expenditure reserve accounts in the aggregate amount of $14.9 million. The Fund continues to be conservatively leveraged relative to the low risk profile and long life of our assets, with a debt to capital ratio of 46.6%.

For 2009, the Fund currently anticipates maintaining distributions to unitholders of $1.05 per unit, barring any significant events or growth initiatives. Based on our current operational outlook for the balance of the year, we currently expect our 2009 payout ratio to slightly exceed 100% of the Fund's distributable cash. If required, the Fund's general reserve account ensures our ability to support distributions to unitholders in 2009.

Outlook

We are continuing to enhance our businesses by focusing on those factors that are within our control. This includes maintaining and operating our power facilities in a manner that ensures the long-term quality and reliability of each asset.

Cardinal is expected to generate lower revenue in 2009, which primarily reflects a planned hot gas path inspection that required 13 days of outage in April. While Cardinal continues to experience high gas transportation costs in 2009, the confirmed rate for the year of $1.19/GJ is below the average 2008 level. As a result of these factors, we expect cash flow from Cardinal in 2009 to be slightly lower than in 2008, although better than previously expected.

We expect Erie Shores to generate average annual long-term production of 249,800 MWh, subject to wind speed and density, which are typically strongest during the fall and winter months. During April, Erie Shores completed work on a connection to a second transmission line, which will enable the facility to continue delivering its power to the grid during periods of outage on the existing Hydro One line, thereby helping to maximize availability.

The hydro power facilities are expected to produce average long-term annual production of 166,360 MWh, subject to water flows, which are typically strongest in the spring and fall months. A key efficiency initiative in 2009 is to automate the storage and release of water in the lake that serves the 16 MW Sechelt facility, which will enable the facility to remotely control water flows, and, accordingly, maximize production. This project is expected to be undertaken during a seasonally low period.

Whitecourt, which experienced approximately 12 days of outage during the first quarter, is scheduled for an approximately 24-day outage commencing in June to address a higher than normal vibration of the turbine that was first identified in the fourth quarter of 2008. Regular maintenance work, typically requiring four days of outage, is also scheduled for the fall.

In early February, the Millar Western Group of Companies ("Millar Western") informed Whitecourt of its intention to reduce the scale of its operations as a result of the challenging economic environment, which could affect the volume of wood waste fuel that Millar Western provides to Whitecourt. Under the terms of Whitecourt's supply contract with Millar Western, in the event that Millar Western does not supply the minimum required quantity of wood waste it must pay Whitecourt's cost to source replacement fuel subject to certain exceptions. Whitecourt has historically maintained a strong relationship with Millar Western and we are working closely together to ensure an adequate and stable supply of wood waste. For the year, we continue to expect Whitecourt to achieve an availability of approximately 86% to 90%, which is generally consistent with 2008.

At Leisureworld, our continuing focus is on enhancing the quality of care and accommodation for residents, which contributes to the continuing high occupancy of Leisureworld's homes. In addition, Leisureworld is continuing to attract more residents to private accommodation, which contributes to operating profitability. We currently anticipate that Leisureworld's distribution policy will be maintained for fiscal 2009. Leisureworld's consistent performance reflects the growing need for long-term care in the Province of Ontario, where there are currently about 25,000 individuals on waiting lists for an LTC bed.

While current market conditions demand that we be selective about what growth opportunities we evaluate and choose to pursue, the infrastructure landscape in Canada is currently presenting some potentially attractive opportunities that would allow us to further diversify our portfolio, extend the average life of our assets and improve the stability of our long-term cash flow profile.

Approximately 50% of Canada's infrastructure will reach the end of its serviceable life by 2027, which is creating an urgent need for investment and renewal. MPT retains the flexibility and capital to pursue small- to mid-sized growth opportunities that could include power generation assets, particularly in the renewable energy sector; electricity transmission and distribution; additional long-term care homes; and other essential infrastructure assets across a range of categories, including through public-private partnerships ("P3s").

Another key priority for management in 2009 is to develop a specific strategy for MPT that addresses the impact of the federal government's pending taxation of Specified Investment Flow-Through entities (SIFTs), which commences in 2011. We continue to hold the view that conversion to a high dividend-paying corporation in 2011 is likely the most reasonable approach for MPT and its unitholders and expect to provide further guidance regarding our future structure and distribution profile by the end of 2009. Our goal is to provide investors with unique access to high quality infrastructure assets that deliver a compelling yield and attractive total return.

In closing, I look forward to meeting MPT's unitholders at our annual general meeting on May 7, 2009 and other future investor events. In the meantime, we invite unitholders to visit the Fund's website regularly at www.macquarie.com/mpt to access recent presentations and other information about our assets. We also produce a bi-monthly Investor eNewsletter that offers updates on our assets and management's view on industry or market developments. To sign up, please email us at mpt@macquarie.com.

Thank you for your continuing confidence and support as we work to build Canada's leading infrastructure investment vehicle. We look forward to keeping you updated on our progress.

Sincerely,

Michael Bernstein
Interim President and Chief Executive Officer

CONSOLIDATION AND COMPARISON OF OPERATING RESULTS

MPT is an unincorporated, open-ended limited purpose trust established by a declaration of trust dated March 15, 2004 as amended and restated on April 16, 2004 and as further amended on February 21, 2006. Through its subsidiaries, the Fund owns, operates and has investments in power infrastructure assets, including gas cogeneration, wind, hydro and biomass power generating facilities, and has an investment in social infrastructure through its 45% interest in Leisureworld Senior Care LP ("Leisureworld"), a provider of long-term care ("LTC").

This MD&A is designed to provide readers with an informed discussion of the activities and operating results of the Fund and its principal subsidiaries: Macquarie Power & Infrastructure Income Trust (the "Trust"), Cardinal Power Inc. ("Cardinal GP"), Cardinal Power of Canada, LP ("Cardinal"), MPT LTC Holding Ltd. ("LTC GP"), MPT LTC Holding LP ("LTC Holding LP") and Clean Power Operating Trust ("CPOT"). LTC Holding LP has an indirect 45% interest in Leisureworld and CPOT has an indirect 31.3% interest in one of the two classes of preferred shares of Chapais Électrique Limitée ("Chapais") and is also a lender to Chapais Énergie, Société en Commandite ("CHESEC"), the owner of the Chapais facility. The Fund accounts for its Leisureworld and Chapais investments using the equity method.

The following discussion and analysis compares the actual results of the Fund for the quarter ended March 31, 2009 with the results for the quarter ended March 31, 2008. All amounts have been expressed in thousands of Canadian dollars unless otherwise stated.

Selected Consolidated Financial and Operating Information of the Fund

($000s except for trust units and per trust unit amounts)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Revenue	40,255	43,700
Income before the following:	6,131	10,676
Unrealized gain (loss) on swap contracts	1,823	(2,311)
Unrealized gain on embedded derivative instruments	1,010	6,863
Net interest expense	(3,267)	(3,301)
Equity accounted loss from long-term investments	(526)	(25)
Foreign exchange loss	(7)	(3)
Income before income taxes	5,164	11,899
Current income tax recovery	-	18
Future income tax expense	(3,067)	(6,528)
Net income	2,097	5,389
Basic and diluted net income per Unit	0.042	0.108
Cash flows from operating activities	13,309	14,891
Distributable cash [i]	14,955	16,498
Per Unit	0.300	0.330
Distributions declared to Unitholders	13,104	13,117
Per Unit [ii]	0.262	0.262
Payout ratio [iii]	87.6%	79.5%
Basic and diluted weighted average number of trust units and Class B exchangeable units outstanding ("Units")	49,921	49,972
Total assets	728,686	795,603
Total long-term liabilities	382,838	369,029
Sale of electricity (MWh)	541,603	568,838
Sale of steam (M lbs)	200,545	196,039
Average total occupancy	98.1%	98.1%
Average private occupancy	94.4%	91.9%

[i] See "Distributable Cash and Payout Ratio" for a reconciliation of distributable cash to cash flows from operating activities for the quarter. Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
[ii] All unitholders were paid distributions equivalent to the amount shown.
[iii] Payout ratio is defined by the Fund as distributions declared as a proportion of distributable cash. Payout ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, it may not be comparable to similar measures presented by other issuers.

Revenue

Revenue for the quarter ended March 31, 2009 was $40,255 compared with $43,700 in the same period last year. Total power generation for the quarter decreased by 4.8% from 568,838 MWh in 2008 to 541,603 MWh, primarily reflecting lower water flows at the hydro facilities, lower wind speed at Erie Shores and increased outages at Whitecourt compared with the same period last year. Revenue was also impacted by lower revenue at Cardinal due to a Direct Customer Rate ("DCR") adjustment of $1,089 received from the OEFC in the first quarter of 2008 compared to a DCR adjustment in 2009 resulting in a payment of $245.

Income Before the Following

Income before unrealized gains and losses on swap contracts and embedded derivatives, net interest expense, income or loss from equity accounted investments, foreign exchange, and income taxes for the quarter ended March 31, 2009 was $4,545 lower than the same period last year. The decrease in the quarter was primarily driven by lower revenue combined with higher operating expenses, partially offset by lower administrative expenses. Operating expenses for the quarter increased as a result of increased outages at Whitecourt as well as higher major maintenance expense and gas transportation costs at Cardinal compared with the same period last year. Administrative expenses were lower primarily due to lower business development costs combined with a reduction in incentive fees, reflecting lower distributable cash for the quarter. This was partially offset by higher cost reimbursement expenses as $112 of the prior year's cost reimbursement was capitalized in deferred charges. The following table details administrative expense categories for the quarter.

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Management fees	440	435
Administrative fees	27	27
Cost reimbursement [i]	707	669
Incentive fees	1,033	1,543
Other administrative expenses	680	1,863
Administrative expenses	2,887	4,537

[i] In addition to the cost reimbursement included in administrative expenses, $22 (Q1 2008 - $112) of cost reimbursement for the quarter ended March 31, 2009 was capitalized as deferred charges. The Manager receives reimbursement for cost of services provided to the Fund in relation to, but not limited to, administration, regulatory, finance, rent and information technology.

Unrealized Gain (Loss) on Swap Contracts

The fair value of the Fund's swap contracts has been recorded on the consolidated statement of financial position for the quarter ended March 31, 2009. The movement in the fair value of the gas swaps in the quarter was primarily due to lower forward gas prices as of March 31, 2009. The movement in the interest rate swaps reflects swap settlements in the quarter partially offset by a lower forward interest rate forecast. Since these swap contracts are not designated for hedge accounting, the movement in the fair value of these contracts has been reflected in the consolidated statement of operations for the quarter ended March 31, 2009 as follows:

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Unrealized gain (loss) on gas swap contracts	1,710	(2,057)
Unrealized gain (loss) on interest rate swap contracts	113	(254)
Total unrealized gain (loss) on swap contracts	1,823	(2,311)

Unrealized Gain on Embedded Derivative Instruments

The fair value of the Fund's embedded derivative instruments has been recorded on the consolidated statement of financial position for the quarter ended March 31, 2009. The unrealized gain on the embedded derivative asset in the quarter has been restated and reflects updated assumptions based on an amendment to Cardinal's gas purchase agreement during the quarter, which allowed for a more favourable profit sharing arrangement on net proceeds from gas mitigation. This was partially offset by lower forward gas prices as of March 31, 2009. Refer to page 19 for additional information on the restatement. The movement in the fair value of the embedded derivative liability reflects the change in valuation date from December 31, 2008 to March 31, 2009. The movement in the fair value of these embedded derivatives has been reflected in the consolidated statement of operations as follows:

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Unrealized gain on embedded derivative asset	1,996	5,612
Unrealized gain (loss) on embedded derivative liability	(986)	1,251
Total unrealized gain on embedded derivative instruments	1,010	6,863

Net Interest Expense

Net interest expense for the quarter ended March 31, 2009 was $3,267 (Q1 2008 - $3,301). Lower net interest expense was primarily due to interest rate swaps that the Fund entered into in the third quarter of 2008, which reduced the effective interest rate on its floating rate debt, compared with the same period last year. This was offset by higher borrowings compared with the same period last year as well as lower interest income earned on cash and short-term investments due to lower prevailing interest rates.

Equity Accounted Loss from Long-term Investments

The Fund has an indirect 45% interest in Leisureworld and an indirect 31.3% interest in one of the two classes of preferred shares of Chapais, which are accounted for using the equity method. Included in the consolidated statement of operations for the quarter ended March 31, 2009 is the equity accounted loss of $526 (Q1 2008 - $181) from Leisureworld and the equity accounted income of $nil (Q1 2008 – $156) from Chapais.

Income Taxes

As a result of amendments to the *Income Tax Act (Canada)* that became law on June 22, 2007, future income tax assets and liabilities have been recognized on the consolidated statement of financial position based on temporary differences between the accounting and tax bases of existing assets and liabilities that are expected to reverse after 2010. For the quarter ended March 31, 2009, the Fund recorded a future income tax expense of $3,067 (Q1 2008 – expense of $6,528) in the consolidated statement of operations in respect of these assets and liabilities.

Cash Flows from Operating Activities

Cash flows from operating activities for the quarter were $1,582 lower than in the same period last year. The decrease in the quarter was primarily due to a decrease in earnings before non-cash expense items for the reasons described above, offset by changes in working capital and lower interest expense.

Distributable Cash and Payout Ratio

Distributable cash and payout ratio are not recognized performance measures under GAAP. The Fund believes that distributable cash and payout ratio are useful supplemental measures that may assist investors in assessing the Fund's financial performance. Distributable cash is based on cash flows from operating activities, the GAAP measure that is reported in the Fund's consolidated statement of cash flows, and adjusted for changes in the reserve accounts, non-discretionary receipts and payments and distributions received from Leisureworld. In addition, the impact of changes in working capital is excluded (the movements in trade-related current assets and liabilities, excluding cash) as management believes it should not be considered in a period calculation intended to demonstrate the degree to which cash flow from earnings supports the financial obligations of the Fund. Payout ratio is defined as distributions declared as a proportion of distributable cash.

The nature of power infrastructure assets require scheduled maintenance programs to optimize their efficiency and operating life. The Fund has established reserves that are funded based on planned requirements. Cash from these reserves is released to meet maintenance and capital requirements. Adjustments for scheduled receipts and payments are made according to the Fund's investment and financing decisions regarding ongoing commitments.

The Fund continues to calculate and measure distributable cash excluding changes in working capital. The OEFC, the Fund's primary customer, is billed once monthly. As there are only 12 payments each year, the timing of each payment has a significant impact on the Fund's working capital. Monthly payments are received at month end or on the first business day following a month end, which could result in a situation where two bills are paid in the same month. Such circumstances could cause significant fluctuations in working capital, distributable cash and payout ratio that are not reflective of the Fund's ongoing distributable cash or stability of operations.

For the quarter ended March 31, 2009, distributable cash exceeded distributions to unitholders. The Fund makes monthly distributions at a constant amount per unit during the year. Given seasonal fluctuations in the business, it is possible for distributions to exceed distributable cash from time to time. In such a situation, the variance is funded from the Fund's existing cash resources.

In any given period, the amount of distributions declared may exceed the net income of the Fund as a result of non-cash charges, most significantly, amortization and non-cash movements in future income taxes, swap contracts, and embedded derivative balances. Except for allocations to capital expenditure and major maintenance reserve accounts, the Fund does not retain additional amounts for these movements as they do not require periodic investments to maintain existing levels of activity. The amount of distributions declared may also exceed cash flows from operating activities and net income in any given period as a result of distributions received from Leisureworld.

($000s except for trust units and per trust unit amounts)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Cash flows from operating activities	13,309	14,891
Maintenance of productive capacity:		
Release from major maintenance reserve account	2,818	175
Allocation to major maintenance reserve account	(618)	(556)
Allocation to capital expenditure reserve account	(239)	(213)
	15,270	14,297
Other adjustments:		
Scheduled repayment of debt	(263)	(527)
Scheduled receipt of loans receivable	171	154
Distributions received from Leisureworld	2,588	2,588
Changes in working capital	(2,811)	(14)
Distributable cash for the period (i)	14,955	16,498
Per Unit	0.300	0.330
Distributions declared to Unitholders	13,104	13,117
Per Unit (ii)	0.262	0.262
Payout ratio (iii)	87.6%	79.5%
Basic and diluted weighted average number of Units outstanding	49,921	49,972

(i) Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
(ii) All unitholders were paid distributions equivalent to the amount shown.
(iii) Payout ratio is defined by the Fund as distributions declared as a proportion of distributable cash. Payout ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, it may not be comparable to similar measures presented by other issuers.

For the quarter ended March 31, 2009, distributable cash was $14,955 (Q1 2008 - $16,498). The Fund declared distributions to unitholders of $13,104 (Q1 2008 - $13,117) for the quarter. This represents a payout ratio of 87.6% (Q1 2008 – 79.5%) for the quarter. The higher payout ratio reflects lower cash flows generated from each of the facilities, partially offset by lower administrative expenses in the quarter, while distributions were maintained at the same level. The quarterly payout ratio reflects the seasonality of the Fund's business. On a year to date basis, the Fund expects to achieve a payout ratio of greater than 100%.

HIGHLIGHTS BY OPERATING SEGMENT

The discussion and analysis of the Fund's summarized results is organized by its two operating segments: power infrastructure and social infrastructure.

($000s unless otherwise noted)	Quarter ended March 31, 2009			Quarter ended March 31, 2008		
	Power	Social	Total	Power	Social	Total
Revenue	40,255	-	40,255	43,700	-	43,700
Operating expenses	24,062	-	24,062	21,386	-	21,386
Contribution margin (i)	16,193	-	16,193	22,314	-	22,314
Interest income on loans receivable (ii)	187	-	187	205	-	205
Depreciation and amortization on capital assets	5,232	-	5,232	5,149	-	5,149
The Fund's pro rata share of equity accounted income (loss)	-	(526)	(526)	156	(181)	(25)
Sale of electricity (MWh) (iii)	541,603	-	541,603	568,838	-	568,838
Sale of steam (M lbs)	200,545	-	200,545	196,039	-	196,039
Average total occupancy	-	98.1%	98.1%	-	98.1%	98.1%
Average private occupancy	-	94.4%	94.4%	-	91.9%	91.9%

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.
(ii) The Fund's interest income consists of interest earned on Chapais loans. This amount is included in net interest expense on the consolidated statement of operations for the respective periods.
(iii) The sale of electricity for the quarter ended March 31, 2009 includes full production from Chapais of 61,232 MWh (Q1 2008 – 58,615 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the quarter.

Power Infrastructure

The power infrastructure segment includes gas cogeneration, wind, hydro and biomass power generation assets. The Fund's power assets are diversified by fuel source and have a weighted average remaining PPA term of approximately 10 years.

Asset/Facility	Percentage Ownership	Location	Net Installed Capacity (MW)	Utility/Electricity Purchaser	Expiry of PPA	Fuel Supply Contract Expiry
Gas Cogeneration						
Cardinal	100%	ON	156 MW	Ontario Electricity Financial Corporation ("OEFC")	2014	2015
Wind						
Erie Shores	100%(i)	ON	99 MW	Ontario Power Authority ("OPA")	2026	n/a
Hydro						
Sechelt	100%	BC	16 MW	BC Hydro	2017	n/a
Hluey Lakes	100%	BC	3 MW	BC Hydro	2020	n/a
Wawatay	100%	ON	14 MW	OEFC	2042	n/a
Dryden (ii)	100%	ON	3 MW	OEFC	2020	n/a
Biomass						
Whitecourt	100%	AB	25 MW	TransAlta Utilities Corp. ("TransAlta")	2014	2016
Chapais(iii)		QC	28 MW	Hydro Quebec	2015, with option to extend to 2020 under certain conditions	2015, with option to extend to 2020 under certain conditions

(i) One of the wind turbines is owned by a local landowner. Erie Shores maintains operational and managerial control of this wind turbine.
(ii) Comprised of the Wainwright, Eagle River and McKenzie Falls hydro power stations.
(iii) The Fund has a 31.3% interest in one of the two classes of preferred shares of Chapais and holds a 24.8% interest in Tranche A and B debt and a 50% interest in Tranche C debt all issued by CHESEC.

The operating results of the Fund's power infrastructure assets are provided in the analysis below:

Gas Cogeneration Power Operations:

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Revenue	28,427	29,548
Operating expenses	19,562	17,317
Contribution margin (i)	8,865	12,231
Depreciation and amortization on capital assets	1,957	1,952
Sale of electricity (MWh)	340,594	346,244
Sale of steam (M lbs)	200,545	196,039

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Revenue for the quarter was $1,121 lower than in the same period last year, primarily due to a DCR adjustment of $1,089 received from the OEFC in the first quarter of 2008 compared to a DCR adjustment in 2009 resulting in a payment of $245. The decrease in revenue was also attributable to 22 hours of outage (Q1 2008 – nil hours) for repairs and maintenance as well as higher average ambient temperatures, which resulted in lower production, compared with the same period last year. This was partially offset by higher steam revenue from Canada Starch Operating Company ("CASCO") of $315 (Q1 2008 - $304) in the quarter. The facility achieved an availability of 98.9% (Q1 2008 - 99.9%) and a capacity factor of 97.9% (Q1 2008 - 98.5%). Operating expenses were $2,245 higher than in the same period last year due to increased gas transportation costs as well as higher major maintenance expense as a result of the purchase of parts and materials in the quarter for the 13-day hot gas path inspection that occurred in April.

Wind Power Operations:

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Revenue	6,997	7,943
Operating expenses	1,367	1,465
Contribution margin (i)	5,630	6,478
Depreciation and amortization on capital assets	2,075	2,061
Sale of electricity (MWh)	71,910	81,933

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

The average wind speed during the quarter was unseasonably low, resulting in an 11.9% decrease in revenue and a 12.2% decrease in production at Erie Shores. During the quarter, the facility achieved a capacity factor of 33.6% (Q1 2008 - 38.1%) and an availability of 96.1% (Q1 2008 - 97.4%). The lower availability for the quarter was due to more repairs and maintenance compared with the same period last year.

Hydro Power Operations:

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Revenue	1,844	2,582
Operating expenses	716	925
Contribution margin (i)	1,128	1,657
Depreciation and amortization on capital assets	543	555

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Sale of electricity (MWh) Asset/Facility	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Sechelt	13,699	14,633
Hluey Lakes	2,259	2,250
Wawatay	3,280	7,228
Dryden	4,397	5,826
Sale of electricity	23,635	29,937

Overall revenue and production at the hydro facilities were 28.6% and 21.1% lower, respectively, than in the same period last year due to a decrease in water flows as a result of colder temperatures and lower precipitation. Revenue was also reduced by a $300 cumulative power price adjustment from BC Hydro as provided under the Hluey Lakes PPA. During the quarter, the hydro facilities operated at a weighted average availability of 99.2% (Q1 2008 – 92.9%) and a capacity factor of 30.7% (Q1 2008 – 38.6%). Operating expenses were 22.6% lower than in the same period last year due to fewer hours of outage for repairs and maintenance. Outage hours of 197 (Q1 2008 – 384) were 48.7% lower than the comparable quarter due to differences in the timing of scheduled repairs and maintenance in 2009.

Biomass Power Operations:

	Quarter ended March 31, 2009			Quarter ended March 31, 2008		
($000s unless otherwise noted)	Whitecourt	Chapais	Total Biomass	Whitecourt	Chapais	Total Biomass
Revenue	2,987	-	2,987	3,627	-	3,627
Operating expenses	2,417	-	2,417	1,679	-	1,679
Contribution margin (i)	570	-	570	1,948	-	1,948
Interest income on loans receivable	-	187	187	-	205	205
Depreciation and amortization on capital assets	657	-	657	581	-	581
The Fund's pro rata share of equity accounted loss	-	-	-	-	156	156

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Sale of electricity (MWh) Asset/Facility	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Whitecourt	44,232	52,109
Chapais	61,232	58,615
Sale of electricity (i)	105,464	110,724

(i) The sale of electricity for the quarter ended March 31, 2009 includes full production from Chapais of 61,232 MWh (Q1 2008 – 58,615 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the respective periods.

Whitecourt

Revenue and production during the quarter were 17.6% and 15.1% lower, respectively, than the same period last year. This reflected 276 hours of outage (Q1 2008 – nil hours) for repairs and maintenance, which attributed to a 44.0% increase in operating expenses. The lower production was also due to lower wood waste supply during an unplanned outage for maintenance at Millar Western, Whitecourt's primary supplier of wood waste. As a result, Whitecourt operated at an availability of 87.2% (Q1 2008 - 100.0%) and achieved a capacity factor of 86.6% (Q1 2008 - 98.7%). Revenue was also impacted by a decrease in the average Alberta Power Pool price from $76.75 per MWh in the first quarter of 2008 to $63.29 per MWh in 2009.

Chapais

For the quarter ended March 31, 2009, the Chapais facility achieved a capacity factor of 99.5% (Q1 2008 – 95.0%) and an availability of 100.0% (Q1 2008 – 96.6%), reflecting zero outage hours (Q1 2008 - 75 hours) and a 4.5% increase in production. Chapais receives a monthly capacity premium during the four-month period from December to March provided that the facility meets the minimum 95% capacity requirement for both peak and off-peak hours. As a result, Chapais operated at full production capacity during the quarter.

Social Infrastructure

Leisureworld owns and operates 26 LTC homes (4,314 beds), one retirement home (29 beds) and one independent living home (53 beds) located in the Province of Ontario. In addition, through various entities, Leisureworld operates two related businesses, Preferred Health Care Services ("PHCS"), which provides professional nursing and personal support services for both community-based home care and LTC homes, and Ontario Long-Term Care Providers, which provides purchasing services to Leisureworld's LTC homes.

Leisureworld is currently the third largest provider of long-term care in Ontario. The composition of Leisureworld's LTC portfolio as of March 31, 2009 by structural classification was as follows:

Beds by Class [i]	Number of Beds	Percentage of Portfolio
New or A	2,260	52.4%
B	299	6.9%
C	1,755	40.7%
Total	4,314	100.0%

[i] All of Leisureworld's Class A homes are designated as new homes and qualify for capital funding of $10.35 per day, per bed. These homes meet or exceed 1998 design standards. Class B homes exceed 1972 standards but do not meet 1998 design standards. Class C homes meet 1972 standards.

The Fund's investment in Leisureworld is accounted for as an equity investment. As such, the Fund records its pro rata share of any income or loss for the period.

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Revenue	64,328	55,814
Operating expenses	58,056	49,579
Net loss	1,171	404
The Fund's pro rata share of equity accounted loss	526	181
Distributions paid to the Fund	2,588	2,588
Average total occupancy	98.1%	98.1%
Average private occupancy	94.4%	91.9%

For the quarter ended March 31, 2009, Leisureworld generated revenue of $64,328 compared with $55,814 in the same period last year, primarily reflecting a full quarter of results from the seven homes acquired on January 31, 2008 as well as increases in private accommodation and government funding rates, which were 2.7% higher than the same period last year. Operating expenses for the quarter were also higher, reflecting the seven newly acquired homes and increased government funding, which led to associated increases in staff and operating costs.

Net loss for the quarter ended March 31, 2009 was $1,171 compared with a net loss of $404 in the same period last year. The variance was mainly due to increases in depreciation and amortization charges, higher net interest expense relating to the seven newly acquired homes as well as an unrealized loss recognized on Leisureworld's interest rate swap. These variances were partially offset by increases in operating income.

Contribution Margin

Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Contribution margin can be defined as revenue net of direct operating expenses. Contribution margin provides useful information that may assist investors in assessing the operational performance of the Fund's underlying assets and their contribution to the Fund's financial results. The following provides a reconciliation of contribution margin from income before income taxes for the quarter ended March 31, 2009.

($000s unless otherwise noted)	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Income before income taxes	5,164	11,899
Add back:		
Unrealized loss (gain) on swap contracts	(1,823)	2,311
Unrealized gain on embedded derivative instruments	(1,010)	(6,863)
Net interest expense	3,267	3,301
Equity accounted loss from long-term investments	526	25
Foreign exchange loss	7	3
	6,131	10,676
Administrative expenses	2,887	4,537
Depreciation and amortization	7,175	7,101
Contribution margin	16,193	22,314

LIQUIDITY AND FINANCIAL RESOURCES

Demand associated with the Fund's assets is relatively stable across business cycles and most assets have long-term agreements to enhance revenue certainty. This mitigates some of the liquidity risk and uncertainties inherent in the current economic environment.

The Fund expects to meet all of its operating obligations in 2009 and to make distributions to unitholders from cash flows generated from operating activities and from distributions received from Leisureworld. As of March 31, 2009, the Fund had positive working capital of $45,494 (December 31, 2008 - $51,874). Cash and short-term investments totalled $45,245 (December 31, 2008 - $51,904), of which $30,317 (December 31, 2008 - $34,803) was not designated for major maintenance, capital expenditure or general reserves.

	March 31, 2009	December 31, 2008
Major maintenance reserve	7,590	9,791
Capital expenditure reserve	2,338	2,310
General reserve	5,000	5,000
Total reserve accounts	14,928	17,101
Other cash and cash equivalents	25,186	29,716
Total cash and cash equivalents	40,114	46,817
Short-term investments	5,131	5,087
Total unrestricted cash and cash equivalents and short-term investments	45,245	51,904

With the continued funding of major maintenance and capital expenditure reserves, the Fund believes it has more than sufficient funds to meet all anticipated maintenance and capital requirements for 2009. As of March 31, 2009, the following funds were available under existing credit facilities:

($000s unless otherwise noted)	Credit Limits	Amounts Authorized or Drawn	Available
Cardinal credit facility (i)	50,000	36,983	13,017
CPOT credit facility (ii)	150,000	85,550	64,450

(i) Included in the amounts authorized or drawn under the Cardinal credit facility are two letters of credit totalling $1,983 for Erie Shores.

(ii) Included in the amounts authorized or drawn under the CPOT credit facility are a letter of credit for $550 and a $10,000 unsecured guarantee provided to the lenders under the Tranche C loan for Erie Shores.

RELATED PARTY TRANSACTIONS

Under the terms of the various administration and management agreements for each of the Fund, the Trust, Cardinal, LTC Holding LP and CPOT, the Fund makes payments to the Manager for administrative and management services, incentive fees and cost reimbursement.

The following table summarizes total amounts recorded with respect to services provided by MPML:

	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Management fees	440	435
Administrative fees	27	27
Incentive fees	1,033	1,543
Cost reimbursement (i)	729	817

(i) $22 of cost reimbursement for the quarter ended March 31, 2009 was capitalized in deferred charges. The Manager receives reimbursement for cost of services provided to the Fund in relation to, but not limited to, administration, regulatory, finance, rent and information technology.

The Fund has gas swap agreements with an affiliate of Macquarie Group Limited ("MGL") to hedge against fluctuations in the price of excess gas sold under the gas mitigation clause of Cardinal's gas purchase contract for the seven-month period from April to October for each of the years from 2009 to 2011. The gas swap contracts require Cardinal to pay variable payments to MGL based on 436,814 MMBtu of gas at the market rate of natural gas in exchange for receiving payments based on 436,814 MMBtu of gas at a fixed price per MMBtu. These transactions are carried out under normal arm's length commercial terms.

SUPPLEMENTAL QUARTERLY INFORMATION

Selected Consolidated Financial and Operating Information of the Fund

($000s except for trust units and per trust unit amounts) For the quarters ended	Mar 31, 2009	Dec 31, 2008	Sept 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sept 30, 2007	Jun 30, 2007
Revenue	40,255	42,190	32,434	34,862	43,700	42,115	31,222	22,414
Net income (loss)	2,097	(36,560)	3,811	826	5,389	34,677	(4,947)	(31,662)
Cash flows from operating activities	13,309	9,836	8,549	17,240	14,891	7,694	(2,567)	7,249
Distributable cash (i)	14,955	14,705	9,839	11,201	16,498	20,394	8,991	7,331
Distributions declared to Unitholders	13,104	13,106	13,114	13,117	13,117	12,869	12,882	9,454
Basic and diluted net income (loss) per Unit	0.042	(0.732)	0.076	0.017	0.108	0.694	(0.099)	(1.024)
Cash flows from operating activities per Unit	0.267	0.197	0.171	0.345	0.298	0.154	0.051	0.234
Distributable cash per Unit	0.300	0.294	0.197	0.224	0.330	0.408	0.180	0.237
Distributions declared per Unit (ii)	0.262	0.262	0.262	0.262	0.262	0.257	0.257	0.257

(i) Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
(ii) For the quarter ended March 31, 2009, all unitholders were paid distributions of $0.0875 per unit per month.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The following describes the significant contractual obligations and commitments of the Fund as of March 31, 2009:

Electricity Supply Contracts

The Fund has PPAs expiring between 2014 and 2042 to sell substantially all electricity produced at its facilities, less the amount of electricity consumed in the operation of the facilities, to creditworthy customers including government agencies. Rates of power sales are fixed in the PPAs and most include escalation clauses.

Steam Supply Contract

Under the terms of an energy savings agreement between Cardinal and CASCO, the facility can sell up to 723 million pounds of steam per year to CASCO for its plant operations. The energy savings agreement matures on January 31, 2015, but may be extended by up to two years at the option of Cardinal.

Wood Waste Supply Agreement

The Whitecourt biomass facility has entered into a long-term agreement to ensure an adequate supply of wood waste. The agreement expires in 2016.

Gas Purchase Contract

Cardinal has a long-term purchase agreement for natural gas that expires on May 1, 2015. The minimum purchase commitment for natural gas under the agreement is 9,289,104 MMBtu per year through to expiration in 2015, which is equivalent to 80% of the contract maximum.

Operations, Management and Maintenance Agreements

CPOT has an Operations and Management agreement with Regional Power Inc. ("Regional") to operate and maintain the hydro facilities, expiring on November 30, 2011 with automatic renewal terms. Regional is paid a monthly management fee and is eligible for an annual incentive fee.

Chapais has a management agreement with Probyn Power Services Inc. ("PPSI") expiring on November 30, 2011 to operate and maintain the Chapais biomass facility. PPSI receives a monthly management fee.

Under a fixed-price service and maintenance agreement that expires on July 25, 2010, General Electric Canada provides operating and management services to Erie Shores. Under a separate agreement, General Electric Company agreed to provide the project with a four-year revenue reimbursement and performance warranty commencing July 26, 2006.

Effective January 5, 2009, Whitecourt Power Limited Partnership ("WPLP"), an indirect, wholly-owned subsidiary of the Fund and the owner of the Whitecourt biomass facility, terminated the operations and maintenance agreement for the facility. Services previously provided under the agreement have been assumed by the facility's internal staff.

Long-term Debt

	Interest Rate	Maturity	March 31, 2009	December 31, 2008
Cardinal credit facility (i)	1.22% - 1.38%	May 16, 2011	35,000	35,000
CPOT credit facility (ii)	1.46% - 1.73%	June 26, 2010	75,000	75,000
Erie Shores project debt				
Tranche A	5.96%	April 1, 2026	66,324	66,873
Tranche B	5.28%	April 1, 2016	6,078	6,249
Tranche C	5.05%	April 1, 2011	40,000	40,000
			112,402	113,122
			222,402	223,122
Less: Deferred financing fees				
CPOT credit facility			(374)	(441)
Total debt, net of deferred financing fees			222,028	222,681
Less: Current portion of long-term debt			(2,985)	(2,942)
Total long-term debt			219,043	219,739

(i) Advances under the Cardinal credit facility are made in the form of a series of three-month BAs. Interest paid is based on the then current BA rate plus a stamping fee based on Cardinal's ratio of consolidated debt to earnings before interest, taxes, depreciation and amortization and unrealized gains and losses ("EBITDA"). The Fund has interest rate swap contracts in place on a notional amount of $35,000 to mitigate its interest rate risk on the term loan until maturity.

ii) Advances under the CPOT credit facility are made in the form of a series of one and three-month BAs. Interest paid is based on the then current BA rate plus a stamping fee based on CPOT's ratio of EBITDA and a minimum interest coverage ratio. The Fund has interest rate swap contracts in place on a notional amount of $50,000 to mitigate some of its interest rate risk on this facility until maturity.

The following table summarizes total principal payments required under each of the Fund's facilities in the next five years and thereafter:

Year of Repayment	Cardinal Credit Facility	CPOT Credit Facility	Erie Shores Project Debt	Total
2009	-	-	2,222	2,222
2010	-	75,000	3,117	78,117
2011	35,000	-	43,302	78,302
2012	-	-	3,497	3,497
2013	-	-	3,705	3,705
Thereafter	-	-	56,559	56,559
	35,000	75,000	112,402	222,402

Swap Contracts

As of March 31, 2009, the Fund has interest rate swap contracts on a notional amount of $85,000 to mitigate its interest rate risk on the Cardinal and CPOT credit facilities until maturity. Under each agreement, the Fund will pay a fixed rate in return for a floating rate equal to the then current three-month BA rate.

The terms of the swap agreements are as follows:

	Maturity	Notional amount	Fixed rate	Stamping fees	Effective interest rate
Cardinal	May 16, 2011	11,700	3.39%	0.55%	3.94%
	May 16, 2011	11,600	3.39%	0.55%	3.94%
	May 16, 2011	11,700	3.41%	0.55%	3.96%
CPOT	June 26, 2010	10,000	3.04%	0.75%	3.79%
	June 28, 2010	40,000	3.07%	0.75%	3.82%

CPOT has an interest rate swap contract on a notional amount of $20,000 to mitigate some of the refinancing risk associated with the Erie Shores project debt. Under the contract, CPOT will pay a fixed rate of 5.63% for a period of five years following the maturity of the Erie Shores project debt from December 1, 2011 to December 1, 2016. In return, CPOT will be paid a floating rate equal to the then current three-month BA rate.

Cardinal has gas swap contracts for the seven-month period from April to October in the years 2009 to 2011. Each fiscal year, these contracts require Cardinal to make payments to the counterparties based on 436,814 MMBtu of gas at the then market rate of natural gas in exchange for receiving payments based on 436,814 MMBtu of gas at a fixed price per MMBtu.

None of the swap contracts above have been designated for hedge accounting.

Leases

Cardinal leases the site on which the facility is located from CASCO. Under the lease, Cardinal pays nominal rent. The lease expires concurrently with the energy savings agreement between CASCO and Cardinal. The energy savings agreement currently expires on January 31, 2015 but may be extended by up to two years at the option of Cardinal.

CPOT has lease agreements with the Provinces of Ontario and British Columbia with respect to lands, lands under water and water rights necessary for the operation of its hydro facilities. The payments with respect to these agreements vary based on actual power production. The terms of the lease agreements extend between 2023 and 2042.

The Fund has capital leases with terms ranging from four to six years, expiring between 2010 and 2012 and bearing interest rates from 6.6% to 7.0%. The following table summarizes total principal and interest payments on the Fund's capital leases for the next four years:

Year	Annual Payment	Interest	Principal
2009	165	23	142
2010	141	22	119
2011	133	13	120
2012	133	5	128
Total	572	63	509

Guarantees

As of March 31, 2009, the Fund had an unsecured guarantee in the amount of $10,000 to the lenders under the Tranche C loan to Erie Shores. This guarantee may be reduced from time to time by an amount equal to 75% of any releases from the escrow accounts established upon CPIF's disposition of Gas Recovery Systems, LLC ("GRS") prior to the acquisition of CPIF by the Fund, in excess of a certain amount. At March 31, 2009, there had been no reduction in the guarantee amount.

The Fund also provides three guarantees relating to CPIF's former investment in GRS. As of March 31, 2009, no claims have been made on these guarantees.

CLIMATE CHANGE AND THE ENVIRONMENT

The Fund's assets are subject to a complex and increasingly stringent environmental, health and safety regime, which includes environmental laws, regulations and guidelines at the federal, provincial and local levels. As the Fund's electricity generation business emits carbon dioxide ("CO_2"), it must also comply with emerging federal and provincial requirements, including programs to offset emissions. The Fund complies, in all material respects, with current federal, provincial and local environmental legislation and guidelines.

Federal Requirements

On March 10, 2008, the Canadian federal government released a broad framework for the regulation of greenhouse gas emissions and air pollution entitled *Turning the Corner: Taking Action to Fight Climate Change*, in which it established the structure of greenhouse gas ("GHG") targets and compliance mechanisms for the years 2010 to 2020. In early 2009, the federal government indicated that the proposed federal framework will likely be amended to reflect a common North American approach to GHG management, including the implementation of a cap-and-trade system and targets that are consistent with GHG reduction targets established by the United States ("U.S."). On March 31, 2009, the draft American Clean Energy and Security Act of 2009 was introduced in the U.S. House of Representatives, which sets out the framework for a U.S. cap-and-trade system. The federal Minister of Environment has stated that Canadian federal regulations and enforcement mechanisms will be reviewed to ensure they are comparable with any U.S. climate change legislation that is eventually implemented.

The current proposed federal framework calls for an 18% reduction in GHG emission intensity for existing facilities, increasing by 2% per year until 2020, at which point a 20% absolute reduction will be required. Some other elements of the plan include:

- the ability for electricity companies to comply based on their corporate emissions intensity rather than on a plant-by-plant basis;
- the favourable treatment of cogeneration facilities such that only modest reductions are required;
- the establishment of a technology fund designed to allow companies investing in transformative technologies to use those funds for compliance purposes. Firms can comply with the plan by investing $15.00/tonne into the fund from 2010 to 2012, $20.00/tonne in 2013 and increasing by the rate of nominal GDP growth in each subsequent year;
- the ability of firms to obtain offset credits for compliance purposes; and
- the intent to establish a Clean Electricity Task Force to determine where additional reductions from the sector can be found.

The approach outlined in the framework is designed to provide an incentive for high-efficiency cogeneration. This is achieved by treating the baseline for cogeneration as equal to the emission levels if the electricity and heat were produced separately. For the heat component, the baseline will be equivalent to a stand-alone conventional boiler at 80% efficiency. Existing facilities would face a target in 2010 of 18% below this baseline, with 2% continuous improvement thereafter. For the electricity component, the baseline intensity would be that of natural gas combined cycle generation, or 0.418 tonne/MWh, with no further reduction requirement. All current equipment at Cardinal is designed to produce emissions below these applicable standards.

As part of this framework, on June 29, 2008, the federal government subsequently released its *Credit for Early Action Program*, which is designed to recognize and provide a limited number of carbon credits to certain facilities that took steps to reduce their greenhouse gas emissions between 1992 and 2006 and that will likely find themselves subject to mandatory greenhouse gas reductions. Credits will be available for reductions of CO2, methane ("CH_4") and nitrous oxide ("NOx"), among other gases. The Fund has determined that no projects carried out at its facilities during this period of time are eligible to earn credits under the *Credit for Early Action Program*.

Numerous design details of the federal framework are yet to be released and the coordination of this approach with provincial plans has not yet been negotiated. As mentioned above, the federal framework will be made consistent with any climate change legislation that is implemented in the U.S. As a result, at this time the Fund cannot estimate the full impact of this framework on its operations. The Fund's exposure to evolving GHG regulations is mitigated by various clean technology initiatives and a growing portfolio of renewable power generation facilities, which could create viable GHG offset credits provided that the Fund's assets meet the applicable eligibility requirements under the federal offset program.

Concurrently, the federal government is developing a parallel framework for managing air pollutant emissions such as NOx, sulphur oxides, volatile organic compounds and particulate matter. Specific caps on pollutants for each sector, including electricity generation, are expected to be set in 2009 and are currently scheduled to come into effect between 2012 and 2015. Until the federal government announces the targets and compliance mechanisms for these air pollutants, the Fund cannot estimate the impact of such targets and compliance mechanisms on its operations.

Provincial Requirements

Alberta's government enacted the Specified Gas Emitters Regulation for GHG reductions in 2007. The Whitecourt biomass facility is in the process of updating its reporting to ensure it remains in compliance with this regulation.

Ontario legislation that came into effect in 2004 introduced a cap-and-trade system with respect to NOx emissions. Under this system, facilities subject to the legislation receive a maximum yearly emission compliance limit, which may be achieved by source emission control or reduction, or by trading NOx allowances. For 2008, Cardinal received 888 tonnes of NOx allowances based on actual generation in 2006. Cardinal expects to retire 380 tonnes of NOx allowances for 2008, leaving a cumulative allowance balance of 4,230 tonnes. NOx emissions from Cardinal's existing generating equipment fall below the levels mandated by legislation.

On June 2, 2008, the Ontario and Quebec governments announced a memorandum of understanding on a regional cap-and-trade system to reduce GHG emissions. Further, on July 18, 2008, the Ontario government announced that it had joined the Western Climate Initiative ("WCI"), an organization that also includes British Columbia ("B.C."), Quebec, Manitoba and seven U.S. states. The WCI seeks to develop regional strategies to address climate change, including setting an overall regional goal to reduce GHG emissions and the design of a market-based mechanism to help achieve the reduction goal.

Ontario's *Climate Action Plan*, which was released in August 2007, sets out GHG emission reduction targets of 6% by 2014 and 15% by 2020 from 1990 levels across a range of sectors, including electricity generation. As a member of the WCI, Ontario will implement a cap-and-trade system as part of its strategy to reduce GHG emissions. The Ontario government has indicated that it intends to have a cap-and trade system in place by 2010 for large emitters (which include facilities emitting more than 100,000 tonnes of CO_2 per year) and once the WCI cap-and-trade system begins trading as anticipated on January 1, 2012, Ontario's trading system will be linked to the WCI system. On December 10, 2008, the Ontario Ministry of the Environment and the Ministry of Economic Development launched a consultation process on Ontario's cap-and-trade program which will continue through early 2009. The Cardinal facility may be captured by the Ontario cap-and-trade regime as it emits in excess of 100,000 tonnes of CO_2 per year.

In B.C., the provincial government introduced legislation in April 2008 to create a cap-and-trade system for GHGs. This enabling legislation provides the framework for the province to participate in the WCI's cap-and-trade system. The details of B.C.'s cap-and-trade system will be developed in conjunction with the WCI, which released its draft design recommendations for the WCI's regional cap-and-trade program (the "WCI Program") in September 2008. The WCI Program limits the use of offsets as a compliance mechanism to 49% of total emission reductions from 2012 to 2020. It is anticipated that the WCI Program will start trading on January 1, 2012. The existence of the WCI Program is expected to increase liquidity for carbon instruments across its member jurisdictions and create potential opportunities for eligible Fund assets to generate offset credits.

The details of these agreements and the impact on emitting entities have not yet been determined. Moreover, it is not yet clear how these initiatives would coordinate with federal and other provincial plans. As a result, at this time the Fund cannot estimate the impact of these agreements on its operations.

RISKS AND UNCERTAINTIES

To effectively manage MPT's business and execute its strategy to create value for unitholders, the Manager analyzes all risks and uncertainties associated with the Fund's operations and objectives. These risks and uncertainties could have an adverse impact on MPT's business, operating results and financial condition, which could negatively affect MPT's ability to pay distributions to its unitholders.

MPT seeks to mitigate the risks and uncertainties that may affect its performance through a process of identifying, assessing, reporting and managing risks of significance. The Manager continuously monitors risks and uncertainties at both the Fund and asset level and reports annually to the Board of Trustees about risk management actions and plans. Every year, the Manager re-evaluates risks and addresses new risks resulting from operational changes or external factors.

For an overview of the risks and uncertainties associated with the Fund's business, please refer to the "Risks and Uncertainties" section of the Fund's annual report for the fiscal year ended December 31, 2008 and in the Fund's Annual Information Form dated March 27, 2009, both of which are available on the Canadian Securities Administrators system for electronic document analysis and retrieval ("SEDAR") website at www.sedar.com. It is management's view that the risk factors disclosed in the annual report and Annual Information Form remain substantially unchanged.

RESTATEMENT OF MARCH 31, 2009 INTERIM RESULTS

The consolidated financial statements of the Fund as at and for the quarter ended March 31, 2009 have been restated to provide for an adjustment in the Fund's embedded derivative asset and the related future income tax impact. This restatement results from certain refinements that have been made to the option pricing model that is used to calculate the fair value of the Fund's embedded derivative asset. In January 2009, the Fund amended Cardinal's gas purchase agreement with Husky, which allows for a more favourable profit sharing arrangement on net proceeds from the mitigation of excess gas. The Fund's previous option pricing model did not properly capture the impact of these changes in the first quarter of 2009. Management has determined that the revised model more accurately calculates the fair value of the Fund's embedded derivative asset and a restatement of the interim consolidated financial statements is appropriate.

The following tables summarize the impact of the adjustments to the consolidated financial statements for the quarter:

Consolidated statement of financial position category	Debit (Credit)
Embedded derivative asset	(5,987)
Future income tax liability	1,133
Unitholders' equity	4,854

Consolidated statement of unitholders' equity category	Debit (Credit)
Total comprehensive income (loss)	4,854

Consolidated statement of operations category	Debit (Credit)
Unrealized gain on embedded derivative instruments	5,987
Future income tax expense	(1,133)
Net income	4,854

These adjustments decrease the Fund's basic and diluted net income per unit from \$0.139 to \$0.042 for the quarter ended March 31, 2009. These adjustments had no impact on the Fund's previously reported distributable cash, payout ratio or cash flows from operating, investing and financing activities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The unaudited interim consolidated financial statements have been prepared in accordance with GAAP. The significant accounting policies are described in note 2 to the unaudited interim consolidated financial statements and note 2 of the 2008 annual report. The critical accounting policies and estimates are detailed on pages 43 to 47 of the 2008 annual report.

Adoption of New Accounting Policies

On January 1, 2009, the Fund adopted two new standards that were issued by The Canadian Institute of Chartered Accountants ("CICA"): Section 3064, Goodwill and Intangible Assets and Section 1000, Financial Statement Concepts.

Section 3064, Goodwill and Intangible Assets, clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset and as a result, certain costs previously capitalized will be expensed as incurred. Section 1000, Financial Statement Concepts was also amended to provide consistency with the new standard. Management has determined that the adoption of these sections had no material impact on the Fund's consolidated financial statements as of January 1, 2009.

During the quarter, the CICA issued Emerging Issue Committee Abstract 173 ("EIC 173") Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. EIC 173 requires that a company take into account its own credit risk and the credit risk of its counterparties in determining the fair value of financial assets and liabilities. This Abstract must be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this new standard resulted in the following adjustments to the opening consolidated statement of financial position and consolidated statement of unitholders' equity as of January 1, 2009.

Consolidated statement of financial position category	Debit (Credit)
Swap contracts at fair value, net	516
Embedded derivative asset	(1,777)
Embedded derivative liability	1,491
Long-term investments	88
Future income tax liability	3,038

Consolidated statement of unitholders' equity category	(Credit)
Opening cumulative earnings	(3,287)
Opening accumulated comprehensive income (loss)	(69)

Change in Accounting Policies

During the quarter, Cardinal amended its gas purchase agreement with Husky. Under the new agreement, Cardinal will benefit from a more favourable profit sharing arrangement on net proceeds from gas mitigation. As a result, Cardinal may increase the facility's curtailment activities in order to capitalize on favourable spot market prices for gas. Accordingly, the Fund has changed its accounting policy to record net proceeds from gas mitigation as revenue, rather than previously as a reduction in operating expenses. The change in accounting policy has been applied retroactively with no impact on the Fund's net income or retained earnings other than the following change in classification on the consolidated statement of operations:

	March 31, 2008 As reported	March 31, 2008 Restated
Revenue	43,663	43,700
Operating expenses	21,349	21,386

New Pronouncements

International Financial Reporting Standards ("IFRS")

In 2005, the Accounting Standards Board ("AcSB") announced that accounting standards in Canada are to be converged with IFRS. In February 2008, the AcSB confirmed that the use of IFRS will be required by January 1, 2011 with appropriate comparative data from the prior year for all Canadian publicly accountable enterprises. Under IFRS, there are significantly more disclosure requirements, especially for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are differences in accounting policy that must be addressed.

MPT commenced its IFRS conversion project in 2008 by establishing a formal project governance structure and a detailed conversion plan. The governance structure includes a working group as well as a steering committee consisting of senior management, finance, operations, legal and investor relations staff. Progress reports are being provided to senior management and the Audit Committee of the Fund's Board of Trustees on a regular basis.

MPT's conversion plan consists of three phases: diagnostic, design and implementation. During the fourth quarter of 2008 management completed the diagnostic phase, which involved reviewing the major differences between Canadian GAAP and IFRS relevant to the Fund, identifying accounting policy choices permitted under IFRS and making preliminary implementation decisions. In this phase, management also made an initial assessment of the impact of the required changes on the existing accounting systems and internal controls and the potential magnitude of the financial statement adjustments.

As this time, management has determined that the differences with the highest potential impact on the Fund's consolidated financial statements include the treatment of capital assets, equity with redeemable features and the initial adoption of IFRS under the provision of IFRS 1, First-time Adoption of IFRS.

The Fund is now in the second phase of the conversion project, which involves the selection of IFRS policies and transition elections and the quantification of the impact of IFRS on the Fund's consolidated financial statements. In doing so, the Fund's objective is not only to be IFRS compliant but to provide the most meaningful and transparent information to its unitholders and other stakeholders.

The Fund will continue to review all proposed and continuing projects of the International Accounting Standards Board ("IASB") to determine their impact on the Fund, and will continue to invest in training and resources throughout the transition period to facilitate a timely and meaningful conversion.

CONTROLS AND PROCEDURES

The Fund's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on behalf of the Fund's Board of Trustees, are required by various of the provincial securities regulators to certify annually that they have designed, or caused to be designed, the Fund's disclosure controls and procedures, as defined in the Canadian Securities Administrators' National Instrument 52-109, and that they have evaluated the effectiveness of these controls and procedures in the applicable period. Disclosure controls are those controls and other procedures that are designed to provide reasonable assurance that relevant information that the Fund is required to disclose is recorded, processed and reported within the time frames specified by such securities regulators.

The Fund's management, under the supervision of and with the participation of the CEO and CFO, have designed internal controls over financial reporting, as defined in NI 52-109. The purpose of internal controls over financial reporting is to provide reasonable assurance regarding the reliability of the Fund's financial reporting, in accordance with GAAP, focusing in particular on controls over information contained in the audited annual and unaudited interim consolidated financial statements. The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

There were no changes made in the Fund's internal controls over financial reporting during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Fund's internal controls over financial reporting.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
RESTATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited, $000s unless otherwise noted)	March 31, 2009 (Restated – note 9)	December 31, 2008
Current assets		
Cash and cash equivalents	40,114	46,817
Restricted cash (note 8)	2,304	-
Short-term investments	5,131	5,087
Accounts receivable	14,582	18,309
Inventory	245	211
Prepaid expenses	2,727	2,421
Current portion of loans receivable	733	713
Current portion of swap contracts at fair value	1,422	369
Deferred charges	83	99
Cash in escrow related to GRS	5,977	6,088
	73,318	80,114
Loans receivable	6,708	6,899
Long-term investments (note 3)	59,145	55,328
Capital assets	408,502	413,527
Intangible assets	147,975	150,315
Embedded derivative asset	20,611	20,392
Swap contracts at fair value	805	181
Future income tax asset	11,622	10,631
Total assets	728,686	737,387
Current liabilities		
Accounts payable and accrued liabilities (note 6)	12,066	12,657
Distributions payable	4,368	4,368
Current portion of long-term debt	2,985	2,942
Current portion of capital lease obligations	176	188
Current portion of swap contracts at fair value	2,252	1,997
Accounts payable and accrued liabilities related to GRS	5,977	6,088
	27,824	28,240
Long-term debt	219,043	219,739
Convertible debentures	38,918	38,918
Levelization amounts	20,412	19,581
Capital lease obligations	333	367
Future income tax liability	83,886	82,866
Embedded derivative liability	5,986	6,491
Swap contracts at fair value	3,001	3,918
Liability for asset retirement	1,873	1,848
Electricity supply and gas purchase contracts	9,386	9,788
Total liabilities	410,662	411,756
Unitholders' equity (note 4)	318,024	325,631
Total liabilities and Unitholders' equity	728,686	737,387

Commitments and contingencies (note 7)

See accompanying notes to the consolidated financial statements.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
RESTATED CONSOLIDATED STATEMENT OF UNITHOLDERS' EQUITY

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2009 (Restated – note 9)	Quarter ended March 31, 2008
Unitholders' capital		
Opening balance	466,697	467,006
Trust units redeemed (note 4)	(3)	(25)
Ending balance	466,694	466,981
Class B exchangeable units	35,500	35,500
Accumulated other comprehensive income (loss)		
Opening balance as previously stated	(361)	1,628
Adjustment due to adoption of new standards (note 2)	69	-
Opening balance - restated	(292)	1,628
Equity share of other comprehensive income (loss) of Leisureworld (note 3)	47	(365)
Ending balance	(245)	1,263
Cumulative earnings		
Opening balance – as reported	(14,703)	11,831
Adjustment due to adoption of new standard (note 2)	3,287	-
Opening balance - restated	(11,416)	11,831
Net income for the period	2,097	5,389
Ending balance	(9,319)	17,220
Total comprehensive income (loss)	(9,564)	18,483
Cumulative distributions		
Opening balance	(161,502)	(109,048)
Distributions declared to Unitholders for the period	(13,104)	(13,117)
Ending balance	(174,606)	(122,165)
Total Unitholders' equity	318,024	398,799

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

RESTATED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2009 (Restated – note 9)	Quarter ended March 31, 2008 (Restated – note 2)
Revenue	40,255	43,700
Costs and expenses		
Operating expenses	24,062	21,386
Administrative expenses	2,887	4,537
Depreciation and amortization	7,175	7,101
	34,124	33,024
	6,131	10,676
Unrealized gain (loss) on swap contracts	1,823	(2,311)
Unrealized gain on embedded derivative instruments	1,010	6,863
Net interest expense	(3,267)	(3,301)
Equity accounted loss from long-term investments (note 3)	(526)	(25)
Foreign exchange loss	(7)	(3)
Income before income taxes	5,164	11,899
Income taxes		
Current income tax recovery	-	18
Future income tax expense	(3,067)	(6,528)
Total income tax expense	(3,067)	(6,510)
Net income	2,097	5,389
Basic and diluted weighted average number of trust units and Class B exchangeable units outstanding ("Unit")	49,921	49,972
Basic and diluted net income per Unit	0.042	0.108

RESTATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2009 (Restated – note 9)	Quarter ended March 31, 2008
Net income	2,097	5,389
Equity share of comprehensive income (loss) of Leisureworld (note 3)	47	(365)
Total comprehensive income	2,144	5,024

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2009 (Restated – note 9)	Quarter ended March 31, 2008
Cash flows from operating activities:		
Net income	2,097	5,389
Add back:		
Depreciation and amortization	7,175	7,101
Unrealized (gain) loss on swap contracts	(1,823)	2,311
Unrealized gain on embedded derivative instruments	(1,010)	(6,863)
Equity accounted loss from long-term investments (note 3)	526	25
Future income tax expense	3,067	6,528
Unpaid interest on levelization amounts	374	300
Amortization of deferred financing costs	67	63
Accretion of asset retirement obligations	25	23
Non-cash changes in working capital		
Decrease in accounts receivable	3,727	746
Increase in inventory	(34)	(77)
(Increase) decrease in prepaid expenses	(306)	1,718
Decrease in deferred charges	16	307
Decrease in accounts payable and accrued liabilities	(592)	(2,680)
Total cash flows from operating activities	13,309	14,891
Cash flows from investing activities:		
Purchase of short-term investments	(44)	-
Investment in Leisureworld (note 3)	(6,750)	-
Transaction costs paid	(46)	-
Receipt of loans receivable	171	154
Distributions received from long-term investments (note 3)	2,588	2,588
Investment in capital assets	(211)	(369)
Total cash flows from investing activities	(4,292)	2,373
Cash flows from financing activities:		
Repayment of debt	(720)	(680)
Redemption of units (note 4)	(3)	(25)
Repayment of capital lease obligations	(46)	(49)
Proceeds from levelization amounts	457	153
Increase in restricted cash (note 8)	(2,304)	-
Distributions paid to Unitholders	(13,104)	(13,034)
Total cash flows from financing activities	(15,720)	(13,635)
Increase (decrease) in cash and cash equivalents	(6,703)	3,629
Cash and cash equivalents, beginning of period	46,817	21,934
Cash and cash equivalents, end of period	40,114	25,563
Supplemental information :		
Interest paid	2,509	2,334
Taxes paid	-	-

1. ORGANIZATION

Macquarie Power & Infrastructure Income Fund (the "Fund") is an unincorporated open-ended trust established on March 15, 2004, under the laws of the Province of Ontario. The Fund began its operations on April 30, 2004 and indirectly acquired a 100% interest in Cardinal Power of Canada LP ("Cardinal"). On October 18, 2005, the Fund acquired an indirect 45% interest in Leisureworld Senior Care LP ("Leisureworld"), a long-term care ("LTC") provider in Ontario. On June 27, 2007, the Fund acquired a 100% interest in Clean Power Income Fund ("CPIF"), an open-ended investment trust that had indirect investments in power infrastructure assets employing technologies in wind, hydro and biomass. The Fund indirectly owns the CPIF investments through a 100% interest in Clean Power Operating Trust ("CPOT"), which includes an indirect 31.3% interest in one of the two classes of preferred shares of Chapais Électrique Limitée ("Chapais") and a subordinated debt interest in Chapais Énergie, Société en Commandité ("CHESEC"), a subsidiary of Chapais.

Macquarie Power Management Ltd. ("MPML" or the "Manager") is an indirect wholly owned subsidiary of Macquarie Group Limited ("MGL"), an Australian public company listed on the Australian Stock Exchange. MPML provides administrative services to the Fund and Macquarie Power & Infrastructure Income Trust ("Trust") in accordance with an administration agreement, and management services to the Fund, the Trust, Cardinal, MPT LTC Holding LP ("LTC Holding LP"), and CPOT in accordance with management agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Fund.

Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods described in the audited consolidated financial statements for the year ended December 31, 2008, except as described below. Under GAAP, additional disclosures are required in annual financial statements, therefore, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows of the Fund as of March 31, 2009 and 2008 have been included.

Adoption of New Accounting Standards

On January 1, 2009, the Fund adopted two new standards that were issued by The Canadian Institute of Chartered Accountants ("CICA"): Section 3064, Goodwill and Intangible Assets and Section 1000, Financial Statement Concepts.

Section 3064, Goodwill and Intangible Assets, clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset and as a result, certain costs previously capitalized will be expensed as incurred. Section 1000, Financial Statement Concepts was also amended to provide consistency with the new standard. Management has determined that the adoption of these sections had no material impact on the Fund's consolidated financial statements as of January 1, 2009.

During the quarter, the CICA issued Emerging Issue Committee Abstract 173 ("EIC 173") Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. EIC 173 requires that a company take into account its own credit risk and the credit risk of its counterparties in determining the fair value of financial assets and liabilities. This Abstract must be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009.

($000s except for Trust Units and per Trust Unit amounts)

The adoption of this new standard resulted in the following adjustments to the opening consolidated statement of financial position and consolidated statement of unitholders' equity as of January 1, 2009.

Consolidated statement of financial position category	Debit (Credit)
Swap contracts at fair value, net	516
Embedded derivative asset	(1,777)
Embedded derivative liability	1,491
Long-term investments	88
Future income tax liability	3,038

Consolidated statement of unitholders' equity category	(Credit)
Opening cumulative earnings	(3,287)
Opening accumulated comprehensive income (loss)	(69)

Change in Accounting Policies

During the quarter, Cardinal amended its gas purchase agreement with Husky. Under the new agreement, Cardinal will benefit from a more favourable profit sharing arrangement on net proceeds from gas mitigation. As a result, Cardinal may increase the facility's curtailment activities in order to capitalize on favourable spot market prices for gas. Accordingly, the Fund has changed its accounting policy to record net proceeds from gas mitigation as revenue, rather than previously as a reduction in operating expenses. The change in accounting policy has been applied retroactively with no impact on the Fund's net income or retained earnings other than the following change in classification on the consolidated statement of operations:

	March 31, 2008 As reported	March 31, 2008 Restated
Revenue	43,663	43,700
Operating expenses	21,349	21,386

3. LONG-TERM INVESTMENTS

Long-term investments consist of the Fund's investments in Leisureworld and Chapais. The changes in these investments during the year were as follows:

	Quarter ended March 31, 2009	Year ended December 31, 2008
Leisureworld		
Opening balance – as reported	55,328	67,584
Adjustment due to adoption of new standards (note 2)	88	-
Opening balance - restated	55,416	67,584
Equity accounted loss	(526)	(62)
Equity share of other comprehensive gain (loss)	47	(1,989)
Investment in Leisureworld	6,750	-
Transaction costs paid	46	-
Equity share of future income taxes	-	145
Distributions received	(2,588)	(10,350)
Ending balance	59,145	55,328
Chapais		
Opening balance	-	(156)
Equity accounted income	-	156
Ending balance	-	-
Total	59,145	55,328

4. UNITS ISSUED BY THE FUND

During the quarter ended March 31, 2009, 800 units (Q1 2008 – 3,306 units) were redeemed for a total cost of $3 (Q1 2008 – $25). In total, 46,671,394 units remain outstanding as at March 31, 2009 (December 31, 2008 – 46,672,194 units). In addition, LTC Holdings LP had 3,249,390 Class B exchangeable units outstanding as at March 31, 2009 (December 31, 2008 – 3,249,390 units). Each exchangeable unit is exchangeable into one unit of the Fund. The Class B exchangeable units are eligible to receive distributions under the same terms and conditions as units of the Fund.

($000s except for Trust Units and per Trust Unit amounts)

5. SEGMENTED INFORMATION

The Fund's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. The performance of these segments is evaluated by the Manager primarily on revenue, net income and operating cash flows.

The Fund operates in one geographic segment, Canada, and has two reportable segments:

(i) Power infrastructure, which consists of the Fund's investments in gas cogeneration, wind, hydro and biomass assets; and

(ii) Social infrastructure, which consists of the Fund's 45% indirect ownership of Leisureworld.

	Quarter ended March 31, 2009 (Restated – note 9)				Quarter ended March 31, 2008			
	Power	Social	Fund	Total	Power	Social	Fund	Total
Revenue	40,255	-	-	40,255	43,700	-	-	43,700
Net income (loss)	8,455	(706)	(5,652)	2,097	14,838	(459)	(8,990)	5,389
Total assets	659,468	59,145	10,073	728,686	722,712	64,414	8,477	795,603
Additions to capital assets	211	-	-	211	332	-	37	369
Depreciation and amortization of capital assets	5,232	-	5	5,237	5,149	-	6	5,155
Goodwill	-	-	-	-	43,279	-	-	43,279
Net interest expense	2,625	-	642	3,267	2,646	-	655	3,301
Future income tax recovery (expense)	57	-	(3,124)	(3,067)	(267)	-	(6,261)	(6,528)
Current income tax recovery	-	-	-	-	18	-	-	18

6. RELATED PARTY TRANSACTIONS

MPML provides management services to Cardinal, LTC Holding LP, the Fund, the Trust and CPOT under management agreements that expire on April 30, 2024. MPML provides the Fund and the Trust with certain administrative and support services. Annual management and administrative fees charged are escalated annually by the consumer price index ("CPI").

MPML also earns an annual incentive fee equal to 25% of the amount by which the distributable cash per unit in a calendar year exceeds $0.95, multiplied by the weighted average number of units of the Fund outstanding for the relevant fiscal year or part thereof.

MPML is entitled to be reimbursed for all reasonable costs and expenses incurred in carrying out such services as approved by the independent trustees.

The following table summarizes total amounts recorded with respect to services provided by MPML:

	Quarter ended March 31, 2009	Quarter ended March 31, 2008
Management fees	440	435
Administrative fees	27	27
Incentive fees	1,033	1,543
Cost reimbursement [i]	729	817

[i] $22 of cost reimbursement for the quarter ended March 31, 2009 was capitalized in deferred charges. The Manager receives reimbursement for cost of services provided to the Fund in relation to, but not limited to, administration, regulatory, finance, rent and information technology.

All related party transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Included in accounts payable and accrued liabilities on the consolidated statement of financial position was $1,812 (December 31, 2008 – $2,449) of amounts payable to MPML as of March 31, 2009.

The Fund has gas swap agreements with an affiliate of MGL to hedge against fluctuations in the price of excess gas sold under the gas mitigation clause of Cardinal's gas purchase contract for the seven-month period from April to October for each of the years from 2009 to 2011. The gas swap contracts require Cardinal to make payments to an affiliate of MGL based on 436,814 MMBtu of gas at the then market rate of natural gas in exchange for receiving payments based on 436,814 MMBtu of gas at a fixed price per MMBtu. These transactions were carried out under normal arm's length commercial terms.

($000s except for Trust Units and per Trust Unit amounts)

7. COMMITMENTS AND CONTINGENCIES

Effective January 5, 2009, Whitecourt Power Limited Partnership ("WPLP"), an indirect, wholly-owned subsidiary of the Fund and the owner of the Whitecourt biomass facility, terminated its operations and maintenance agreement with Probyn Power Services Inc. ("PPSI") for the facility. Services previously provided under the agreement have been assumed by the facility's internal staff.

8. CAPITAL DISCLOSURE

The Fund defines its capital as its long-term debt, convertible debentures, levelization amounts, Unitholders' equity, short-term investments and cash and cash equivalents.

The Fund's objectives when managing capital are to: (i) maintain a capital structure that provides financing options to the Fund when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity; (ii) maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments and distribution payments; and (iii) to deploy capital to provide an appropriate investment return to its Unitholders.

The Fund's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions. In order to maintain or adjust its capital structure, the Fund may issue additional units, issue additional debt, issue debt to replace existing debt with similar or different characteristics, and adjust the amount of distributions paid to Unitholders. The Fund's financing and refinancing decisions are made on a specific transaction basis and depend on such things as the Fund's needs and economic conditions at the time of the transaction.

The Board of Trustees of the Fund reviews the level of distributions paid to Unitholders on a quarterly basis. As of March 31, 2009, the Fund is in compliance with all financial and non-financial covenants on its credit facilities. Collateral for the Cardinal term loan facility is provided by a first ranking hypothec covering the assets of Cardinal. As at March 31, 2009, the carrying value of the assets of Cardinal exceeds total amounts drawn on the Cardinal credit facility. The Erie Shores project debt is secured only by the assets of Erie Shores, with no recourse to the Fund's other assets. As of March 31, 2009, the carrying value of the assets of Erie Shores exceeds the total amount of project debt. Under the agreement, Erie Shores is subject to certain financial and non-financial covenants including a debt service coverage ratio defined as operating income to debt service. As of March 31, 2009, the debt service coverage ratio was at a level that would require funding of a debt service reserve account in an amount equal to the next three-month's principal and interest payments which, for the quarter ended June 30, 2009, will be $2,304. The Fund has recorded this amount as restricted cash on the consolidated statement of financial position as of March 31, 2009.

There were no changes in the Fund's approach to capital management during the quarter.

9. RESTATEMENT OF MARCH 31, 2009 INTERIM RESULTS

The consolidated financial statements of the Fund as at and for the quarter ended March 31, 2009 have been restated to provide for an adjustment in the Fund's embedded derivative asset and the related future income tax impact. This restatement results from certain corrections that have been made to the option pricing model that is used to calculate the fair value of the Fund's embedded derivative asset. In January 2009, the Fund amended Cardinal's gas purchase agreement with Husky, which allows for a more favourable profit sharing arrangement on net proceeds from the mitigation of excess gas. The Fund's previous option pricing model did not properly capture the impact of these changes in the first quarter of 2009. Management has determined that the revised model more accurately calculates the fair value of the Fund's embedded derivative asset and a restatement of the interim consolidated financial statements is appropriate.

The following tables summarize the impact of the adjustments to the consolidated financial statements for the quarter:

Consolidated statement of financial position category	Debit (Credit)
Embedded derivative asset	(5,987)
Future income tax liability	1,133
Unitholders' equity	4,854

Consolidated statement of unitholders' equity category	Debit (Credit)
Total comprehensive income (loss)	4,854

Consolidated statement of operations category	Debit (Credit)
Unrealized gain on embedded derivative instruments	5,987
Future income tax expense	(1,133)
Net income	4,854

These adjustments also decrease the Fund's basic and diluted net income per unit from $0.139 to $0.042 for the quarter ended March 31, 2009. These adjustments had no impact on the Fund's previously reported cash flows from operating, investing and financing activities.

ADDITIONAL INFORMATION

Please refer to the SEDAR website (www.sedar.com) for additional information about the Fund, including the Fund's annual information form, dated March 27, 2009.

INVESTOR INFORMATION

TRANSFER AGENT, REGISTRAR

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1500 University St., Suite 700, Montreal, QC H3A 3S9
1 (800) 564 6253

FOR INVESTOR AND INVESTMENT ANALYST INQUIRIES, PLEASE CONTACT:

Harry Atterton, Vice President, Chief Financial Officer and Secretary, (416) 607 5198

FOR INVESTOR OR MEDIA INQUIRIES, PLEASE CONTACT:

Sarah Borg-Olivier, Vice President, Investor Relations, (416) 607 5009

EXCHANGE LISTING:

Macquarie Power & Infrastructure Income Fund's units are listed on the Toronto Stock Exchange and trade under the symbol MPT.UN. The Fund's convertible debentures trade under the symbol MPT.DB.

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