Brookfield Renewable Power

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009
(Unaudited)

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED BALANCE SHEETS

$US millions	notes	March 31 2009 (unaudited)	December 31 2008
Assets			
Current assets			
Cash and cash equivalents		**$ 133**	$ 144
Accounts receivable and other		**263**	240
Derivative assets	6	**106**	62
Due from related party	5	**629**	346
Short-term investments		**142**	146
		1,273	938
Due from related party	5	**439**	1,564
Power generating assets		**4,473**	4,498
Other assets		**1,042**	1,033
		$ 7,227	$ 8,033
Liabilities			
Current liabilities			
Accounts payable and other		**$ 307**	$ 242
Derivative liabilities	6	**10**	11
Credit facilities	7	**100**	101
Current portion of property specific borrowings and other long-term debt	7	**600**	697
		1,017	1,051
Due to related party	5	**208**	1,329
Property specific borrowings	7	**2,378**	2,424
Other long-term debt	7	**1,403**	1,179
Future income tax liability		**224**	201
Other long-term liabilities		**211**	237
		5,441	6,421
Non-controlling interests	5	**292**	239
Shareholder's equity	8	**1,494**	1,373
		$ 7,227	$ 8,033

See accompanying notes to the consolidated financial statements.

Approved on behalf of Brookfield Renewable Power Inc.:

/s/ Richard Legault

Richard Legault
President and
Chief Executive Officer

/s/ Donald Tremblay

Donald Tremblay
Executive Vice-President and
Chief Financial Officer

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited) *$US millions*	notes		**Three months ended March 31** **2009**		2008
Revenues		**$**	**300**	$	321
Operating expenses (excluding depreciation and amortization)					
Operations, maintenance and administration			**53**		49
Fuel and power purchases			**14**		19
Property, capital and other generation taxes			**22**		16
			211		237
Investment and other income			**38**		2
Unrealized derivative gain (loss)	6		**36**		(47)
			285		192
Expenses					
Interest and financing fees			**82**		78
Interest on capital securities			**-**		31
Depreciation and amortization			**49**		41
Non-controlling interests			**22**		14
Provision for (recovery of) income taxes			**32**		(19)
			185		145
Net income		**$**	**100**	$	47

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF DEFICIT

(Unaudited) *$US millions*	notes		**Three months ended March 31** **2009**		2008
Deficit, beginning of period		**$**	**(536)**	$	(261)
Impact of amalgamation			**-**		(439)
Net income			**100**		47
Distributions to holder of common shares and capital securities	5		**(1,114)**		(14)
Deficit, end of period		**$**	**(1,550)**	$	(667)

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited) *$US millions*	Three months ended March 31 **2009**	 2008
Net income	**$ 100**	$ 47
Foreign currency translation		
Unrealized foreign currency translation losses of self-sustaining foreign operations	**(12)**	(20)
Net unrealized gains on hedges of investments in self-sustaining foreign operations	**16**	12
	4	(8)
Derivatives designated as cash flow hedges		
Unrealized net gains (losses) on derivatives designated as cash flow hedges, net of income taxes of $17 (2008 - $15)	**31**	(34)
Recognition in income of losses on derivatives designated as cash flow hedges, net of income taxes of $1 (2008 – $nil)	**(2)**	-
	29	(34)
Other comprehensive income (loss)	**33**	(42)
Comprehensive income	**$ 133**	$ 5

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(Unaudited) *$US millions*	Three months ended March 31 **2009**	 2008
Accumulated other comprehensive loss, beginning of period	**$ (104)**	$ (22)
Other comprehensive income (loss)	**33**	(42)
Accumulated other comprehensive loss, end of period	**$ (71)**	$ (64)

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)		**Three months ended March 31**	
$US millions	notes	**2009**	2008
Operating activities			
Net income		**$ 100**	$ 47
Add (deduct) non-cash items:			
Depreciation and amortization		**49**	41
Unrealized derivative (gain) loss		**(36)**	47
Non-controlling interests		**22**	14
Future income tax expense (recovery)		**10**	(22)
Gain on disposition of assets		**(29)**	-
Other		**14**	10
		130	137
Net change in non-cash working capital	9	**81**	3
		211	140
Financing activities and shareholder distributions			
Borrowings		**343**	1
Debt repayments		**(197)**	(10)
Financing fees		**(1)**	-
Issuance of common shares		**-**	200
Proceeds of equity issuance to non-controlling interest	5	**34**	-
Distributions:			
- To non-controlling interests		**(12)**	(12)
- To common shareholder and holder of capital securities		**(14)**	(14)
		153	165
Investing activities			
Additions to power generating assets		**(43)**	(31)
Acquisitions of power generating assets		**-**	(48)
Disposition of businesses		**-**	92
Due to/from related party		**(283)**	(269)
Other assets		**(53)**	(33)
		(379)	(289)
Effect of foreign exchange rate changes on cash and cash equivalents		**4**	1
Cash and cash equivalents			
(Decrease) increase		**(11)**	17
Balance, beginning of period		**144**	61
Balance, end of period		**$ 133**	$ 78
Supplementary information			
Interest paid		**$ 40**	$ 63
Taxes paid		**$ 7**	$ 2

See accompanying notes to the consolidated financial statements.

1. NATURE AND DESCRIPTION OF THE COMPANY

Brookfield Renewable Power Inc. ("BRPI" or the "Company"), formed upon the amalgamation of Brookfield Power Inc. and Brookfield Power Corporation, is incorporated under the laws of Ontario and develops and operates hydroelectric, wind and other power generating facilities in Canada, the United States and Brazil, as well as an electricity distribution system in Northern Ontario. The Company is wholly owned by Brookfield Asset Management Inc. ("Brookfield").

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's unaudited interim consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to interim consolidated financial statements. All amounts are reported in United States dollars, unless otherwise noted. These unaudited interim consolidated financial statements should be read in conjunction with the 2008 annual audited consolidated financial statements.

The preparation of these unaudited interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and the accompanying notes. In the opinion of management, these unaudited interim consolidated financial statements reflect all adjustments (which include normal, recurring adjustments) that are necessary to state fairly the results for the periods presented. During the periods presented, management has made a number of estimates and valuation assumptions in the determination of accruals, levelized accounting, valuation of financial instruments including derivatives, useful lives, asset impairment, future income tax liabilities, purchase price allocations and pension amounts. Actual results could differ from these estimates and the results reported for the interim periods presented are not necessarily indicative of results that may be expected for the full year.

These unaudited interim consolidated financial statements have been prepared on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2008, with the exception of the change in accounting policy disclosed in note 3.

3. CHANGE IN ACCOUNTING POLICY

On January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook ("Handbook") Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. Handbook Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. Implementation of Handbook Section 3064 did not have any material impact on the Company's financial statements.

4. FUTURE ACCOUNTING POLICY CHANGES

Adoption of International Financial Reporting Standards ("IFRS")

The Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Canadian Securities Administrators ("CSA") in Staff Notice 52-321 – Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB indicated that it would be prepared to provide exemptive relief to a Canadian reporting issuer permitting it to prepare its financial statements in accordance with IFRS for financial periods beginning before January 1, 2011. The Company applied to the CSA for exemptive relief to prepare its financial statements in accordance with IFRS for periods earlier than January 1, 2011. The application is under review.

IFRS is premised on a conceptual framework similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS will not change the cash flows generated by the Company, it will result in changes to the reported financial position and results of operations of the Company, the effects of which will be material.

5. RELATED PARTY TRANSACTIONS

On February 4, 2009, the Company completed the previously announced sale of a 49.9% interest in a newly formed holding company, Great Lakes Power Holding Corporation ("GLPHC") to a subsidiary, Great Lakes Hydro Income Fund ("GLHIF" or "the Fund"). GLPHC's financial position and results of operations will be consolidated by the Fund as GLPHC is a variable interest entity and the Fund is GLPHC's primary beneficiary. GLPHC now owns the 189 MW Prince Wind farm in Ontario and the 50% joint venture interest in the 45 MW Pingston Hydro station in British Columbia. Consideration for the transaction was CDN$135 million, including a CDN$5 million working capital adjustment. The transaction was financed through the issuance of CDN$65 million of Fund units to the public, as well as subscription by the Company for CDN$65 million of GLPHC shares that are exchangeable into 4,062,500 units of the Fund. Following the close of the sale, the Company owns a 50.01% interest in the Fund on a fully-exchanged basis. The transaction also includes a ten year agreement between the Company and the Fund in which any generation in excess of 506 GWh annually from the Prince Wind farm is to the benefit of the Company, however any shortfall of generation in relation to the 506 GWh annually must be compensated to the Fund by the Company. The Company's gain of $29 million as a result of the transactions has been recorded as investment and other income in the consolidated statement of income.

In February 2009, the Company declared and paid a special one-time dividend to Brookfield in the amount of $1,100 million. Payment of the dividend was effected by reducing the amount receivable from Brookfield. Immediately prior to declaring the dividend, the Company issued preferred shares to Brookfield in the amount of $1,100 million with proceeds being a reduction in the balance owing to Brookfield. Each of these transactions were effected on a non-cash basis. Refer to note 8 for additional details regarding the issuance of preferred shares to Brookfield.

The Company had demand deposits in the amount of $629 with Brookfield at March 31, 2009 (December 31, 2008 - $346).

6. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Carrying value approximates fair value for the Company's financial assets and liabilities, with the exception of certain short and long-term investments which are held at cost, as well as property specific borrowings and other long-term debt (excluding the finance debt obligation), whose fair values at March 31, 2009 were $2,564 million and $1,025 million, respectively (December 31, 2008 – $2,662 million and $759 million, respectively). Fair value is calculated based on current market prices for debt with similar terms and risks.

The Company has exposure to market risk, credit risk, and liquidity risk from its use of financial instruments. Only material changes in exposure to these risks from the 2008 annual audited consolidated financial statements have been disclosed in these quarterly unaudited consolidated financial statements. Refer to note 7 in the 2008 annual audited consolidated financial statements for more details on the Company's exposure to these risks.

Market Risk

Market risk, the risk that the fair value of future cash flows of financial assets or liabilities will fluctuate due to movements in market prices, is comprised of the following:

Commodity Prices

At March 31, 2009 and December 31, 2008, the current and long-term portions of the fair value of the Company's commodity derivative assets and liabilities and the fair value methodologies used to calculate those values were as follows:

$US millions	**March 31, 2009**	December 31, 2008
Short-term derivative assets	**$ 106**	$ 62
Long-term derivative assets	**93**	88
Short-term derivative liabilities	**(10)**	(11)
Long-term derivative liabilities	**(28)**	(48)
	$ 161	$ 91
Fair value methodology		
Net position determined using actively quoted prices	**$ (5)**	$ (6)
Net position determined using observable data or market corroboration	**(1)**	8
Net position determined using extrapolated data	**167**	89
	$ 161	$ 91

For the three months ended March 31, 2009, the realized component of the Company's commodity derivatives included in revenues was a $21 million gain (2008 - $5 million gain).

For the three months ended March 31, 2009, the Company's unrealized commodity derivative gain was $36 million. The gain is comprised of the following components:

$US millions	**2009**	2008
Gain (loss) related to the LIPA contract	**$ 19**	$ (21)
Gain (loss) on commodity derivatives not qualifying for hedge accounting	**14**	(15)
Gain (loss) related to the long-term PPA with an industrial company owned by Brookfield	**3**	(10)
(Loss) gain related to hedge ineffectiveness on derivatives qualifying for hedge accounting	**-**	(1)
	$ 36	$ (47)

The unrealized gain included in other comprehensive income ("OCI") for the three month period ended March 31, 2009 related to the Company's commodity derivatives, net of the reclass to net income of gains or losses on derivatives that settled during the period, was $29 million, net of income taxes (2008 – $26 million loss).

7. FINANCING ACTIVITIES

In February 2009, the Company completed an offering of CDN$300 million of Series 5 medium term notes (the "notes") issued under a short form base shelf prospectus dated July 28, 2008. The Series 5 notes mature in February 2012, rank pari passu with all other existing debt, have semi-annual interest payments, and bear interest at a rate of 8.75% per annum. The notes have been assigned a rating of BBB (high) with a Stable trend by Dominion Bond Rating Service Limited, and ratings of BBB with a Stable outlook by both Standard & Poor's and Fitch Ratings Ltd. A portion of the proceeds of this offering were used to retire CDN$105 million of the Series 1 Canadian corporate debentures that were scheduled to mature in December 2009. The remaining balance of the Series 1 Canadian corporate debentures was CDN$345 million at March 31, 2009.

In January 2009, the Company repaid the $100 million outstanding balance of its revolving unsecured credit facility and the $1 million outstanding balance of the Lièvre Power LP credit facility. In March 2009, the Company drew $100 million from its revolving unsecured credit facility at a base rate of 3.75%. The funds have been utilized for general corporate purposes and were repaid on April 1, 2009.

In March 2009, Powell River Energy Inc. ("PREI"), a subsidiary of the Company, obtained a term sheet from a third party lender to provide a non-revolving bridge facility of up to CDN$75 million. If the term sheet is accepted in its current form, PREI would be able to access the bridge facility for the purpose of refinancing its first mortgage bonds that mature on July 24, 2009 in the event that a longer term refinancing arrangement cannot be negotiated by that date. The third party lender's commitment would be effective up to July 24, 2009 and funds would be available from the bridge facility in Canadian dollars at prime rate plus a spread of 200 basis points ("bps") or Canada Deposit Offering Rate plus a spread of 300 bps. Any portion of the bridge facility that is not drawn by July 24, 2009 would no longer be available to the Company.

8. SHAREHOLDER'S EQUITY

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. In February 2009, the Company issued 54,705,200 Class A preferred shares in exchange for a $1,100 million reduction of the balance of promissory notes owed to Brookfield.

The Company had 2,488,278 common shares and 111,782,312 preferred shares issued and outstanding at March 31, 2009 (December 31, 2008 – 2,488,278 common shares and 57,077,112 preferred shares issued and outstanding). The Company's shareholder's equity is comprised of the following components at:

$US millions	**March 31 2009**	December 31 2008
Common shares	**$ 622**	$ 622
Preferred shares	**2,491**	1,391
Deficit	**(1,550)**	(536)
Contributed surplus	**2**	-
Accumulated other comprehensive loss	**(71)**	(104)
	$ 1,494	$ 1,373

Stock based compensation expense related to the granting of stock options and deferred share units of Brookfield is recorded as a $2 million increase to contributed surplus during the first quarter of 2009.

9. CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital was composed of the following:

	Three months ended March 31	
$US millions	**2009**	2008
Accounts receivable and other	**$ 2**	$ (45)
Accounts payable and other	**93**	46
Effect of foreign exchange	**(14)**	2
	$ 81	$ 3

10. SEGMENTED INFORMATION

The Company operates mostly renewable power assets which include high quality conventional hydroelectric generating assets located in Canada, the United States and Brazil, as well as a pumped storage hydroelectric facility and a wind farm. The "Other" reporting segment consists of the activities of the Company's co-generating stations, distribution business and, up to March 12, 2008, the Company's transmission business. These segments represent the Company's reportable segments, which are used to manage the business. The accounting policies of these reportable segments are the same as those described in notes 2 and 3 to the 2008 annual audited consolidated financial statements and notes 2 and 3 of these interim consolidated financial statements.

The Company analyzes the performance of its operating segments based on operating cash flow, which consists of revenues from the Company's power operations, net of operating and maintenance costs, fuel purchases for its cogeneration plants, power purchases, marketing and administration expenses and municipal and other generation taxes on its facilities. Operating cash flow is not a measure of performance under Canadian GAAP. However, management uses this measure to assess the operating performance of its reportable segments.

Three months ended March 31, 2009

$US millions	**Hydroelectric**				**Wind**	**Total Renewable Power**	**Other**	**Total**
	Conventional Hydroelectric			**Pumped storage**				
	Canada	**United States**	**Brazil**					
Revenues	**$ 73**	**$ 141**	**$ 46**	**$ 16**	**$ 9**	**$ 285**	**$ 15**	**$ 300**
Operating cash flow	**52**	**109**	**33**	**9**	**7**	**210**	**1**	**211**
Interest and financing fees	**15**	**39**	**12**	**1**	**4**	**71**	**11**	**82**

Three months ended March 31, 2008

$US millions	Hydroelectric				Wind	Total Renewable Power	Other	Total
	Conventional Hydroelectric			Pumped storage				
	Canada	United States	Brazil					
Revenues	$ 94	$ 166	$ -	$ 18	$ 11	$ 289	$ 32	$ 321
Operating cash flow	73	130	-	8	9	220	17	237
Interest and financing fees	19	40	-	2	4	65	13	78

11. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Company has commitments, contingencies and guarantees as described in note 30 to the 2008 annual audited consolidated financial statements.

The Company and its subsidiaries also issue letters of credit under the various credit facilities to be used for general corporate purposes, which include, but are not limited to, guarantees for debt service reserve accounts and collateral for energy trading purposes. The Company had $138 million in letters of credit outstanding at March 31, 2009 (December 31, 2008 – $144 million).

At March 31, 2009, the total nominal amount of Parental Guarantees ("PGs") issued to Brookfield Energy Marketing Inc, a subsidiary of the Company, was CDN$379 million (December 31, 2008 – CDN$358 million). The Company's credit covenants require that the mark-to-market of PGs issued must be lower than CDN$350 million. The mark-to-market exposure of the PGs issued was CDN$80 million at March 31, 2009 (December 31, 2008 – CDN$63 million). Historically, the Company has not been obligated to make significant payments for these guarantees. No amount was included in the Company's consolidated balance sheet for March 31, 2009 and December 31, 2008 relating to these guarantees.

In the normal course of operations, the Company has committed as at March 31, 2009 to spend approximately $72 million (2008 - $93 million) on capital projects in the next year.

There have been no other material changes to the Company's commitments, contingencies and guarantees since December 31, 2008.

12. SUBSEQUENT EVENTS

On April 13, 2009, the Company completed the offering of an additional CDN$100 million of Series 5 notes issued under the short form base shelf prospectus dated July 28, 2008 and a second amended and restated prospectus supplement filed on April 9, 2009. The additional Series 5 notes offered on April 13, 2009 will have the same coupon of 8.75%, as well as the same terms and conditions as the Series 5 notes issued in February 2009, but have been issued at a price of $102.136. Refer to note 7 for the details associated with the Series 5 notes. On April 13, 2009, the Company utilized CDN$65 million of the proceeds to repay a portion of the Series 1 Canadian corporate debentures that are scheduled to mature in December 2009. After the partial repayment, the balance of Series 1 Canadian corporate debentures is CDN$280 million.