

WaterFurnace Renewable Energy, Inc.

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For Immediate Release

**WaterFurnace Renewable Energy, Inc.
 Announces Second Quarter Results:
 Net Earnings Up 6.5% in the Second Quarter Versus Prior Year
 (U.S.\$)**

Fort Wayne, Indiana—WaterFurnace Renewable Energy, Inc. [WFI:TSX] announced second quarter results today. Tom Huntington, President and CEO stated, “Net profit was up 6.5% while sales were slightly lower than last year’s second quarter, sales through our higher margin channels and expense control enabled the Company to post an increase in profit for the period. While the Company is still bullish in long-term growth and continues to invest in key elements of infrastructure and new product development, the confusing economic environment has stunted sales growth in the short-term.” Chairman of the Board Tim Shields noted, “Increasing profit in a time of negative growth is the sign of a solid and well managed operation. We are moving forward on key elements of our strategic plan and expect that when the economy moves upward, WaterFurnace will be well positioned to meet greatly increased demand.”

During the last Board of Directors meeting, Tom Huntington was appointed to fill the director vacancy that occurred with the retirement of Bruce Ritchey in May 2009.

The Board of Directors approved a dividend of \$0.19 per share to be paid September 1, 2009, to shareholders of record at the market close of August 19, 2009. The complete quarterly report is posted on the Company’s website: www.waterfurnace.com. Management will conduct a webcast covering the results of the quarter at 11:00 am Eastern Daylight Time on Friday, August 7th. Interested parties can listen live or to the recorded version at www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2739660 or at the Company’s website: www.waterfurnace.com.

WaterFurnace Renewable Energy, Inc.				
Consolidated Statements of Income				
Prepared using Canadian generally accepted accounting principles (Unaudited—Thousands of U.S.\$ except per share data)				
	Three months ended June 30,		Six Months ended June 30,	
	2009	2008	2009	2008
Sales	\$ 29,772	\$ 31,330	\$ 53,446	\$ 55,143
Cost of sales	18,793	20,782	35,454	37,314
Gross profit	10,979	10,548	17,992	17,829
Operating expenses	4,885	4,728	10,250	9,508
Research and development expenses	552	575	1,215	944
Income before interest and income taxes	5,542	5,245	6,527	7,377
Interest income	2	34	8	93
Interest expense	(5)	(8)	(8)	(18)
Income before income taxes	5,539	5,271	6,527	7,452
Income taxes	1,891	1,846	2,049	2,445
Net income	<u>\$ 3,648</u>	<u>\$ 3,425</u>	<u>\$ 4,478</u>	<u>\$ 5,007</u>
Basic and diluted earnings per share U.S.\$	<u>\$ 0.30</u>	<u>\$ 0.28</u>	<u>\$ 0.37</u>	<u>\$ 0.41</u>

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WaterFurnace Renewable Energy, Inc.
Consolidated Balance Sheets

Prepared using Canadian Generally Accepted Accounting Principles
(Unaudited—Thousands of U.S.\$)

Assets	June 30, 2009	December 31, 2008
Current assets		
Cash and cash equivalents	\$ 3,808	\$ 6,029
Short-term investments	6,368	5,316
Receivables	15,393	18,797
Inventory	7,346	8,714
Other current assets	2,852	2,433
Total current assets	35,767	41,289
Capital assets	4,569	4,643
Other assets	2,575	2,080
Total Assets	\$ 42,911	\$ 48,012
Liabilities		
Current liabilities		
Payables and accruals	\$ 6,853	\$ 10,542
Income taxes payable	347	2,027
Provision for warranty claims - current portion	2,048	1,824
Total current liabilities	9,248	14,393
Deferred compensation	185	1,085
Provision for warranty claims	7,003	5,827
Total Liabilities	16,436	21,305
Shareholders' Equity		
Share capital	14,865	14,865
Retained earnings	11,610	11,842
Total Shareholders' Equity	26,475	26,707
Total Liabilities & Shareholders' Equity	\$ 42,911	\$ 48,012

More Information: Additional information is available on the Company's website: www.waterfurnace.com. WaterFurnace Renewable Energy, Inc. is traded in both Canadian dollars and U.S. dollars on the Toronto Stock Exchange under the symbol WFI for Canadian dollars and WFI.U for U.S. dollars.

Risk and Uncertainties: This news release contains certain forward-looking statements that may or may not be realized. Investors should not rely solely on this information to make investment decisions. The Company's sales are related to the cost and stability of electricity, fuel oil, propane and natural gas. Federal, state and provincial building codes and energy incentives can also impact sales. The Company is subject to standard risks associated with most companies, such as normal competitive pressures.

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