2014 Annual Report

BORALEX
energy creator

Profile

Boralex is a power producer whose core business is dedicated to the development and the operation of renewable energy power stations. With about 250 employees, Boralex is known for its diversified expertise and in-depth experience in four power generation types — wind, hydroelectric, thermal and solar. Currently, the Corporation operates in Canada, France and the United States an asset base with a capacity of more than 1,100 MW, of which 940 MW are under its control. Boralex is also developing, both independently and with partners, a number of energy projects of which over 160 MW of power will be commissioned by the end of 2016. Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively.

Our vision

Boralex's goal is to be a **Canadian leader** in the development and operation of **renewable energy** in North America and Europe.

We plan to grow by generating **electricity** from natural or recycled sources in a manner that **respects** both **communities** and the **environment**.

Our strength lies in the **expertise**, **skills** and **innovative spirit** of our employees.

Our commitment is to manage our facilities ethically, to be a **good corporate citizen** and to provide a sustained financial performance to our shareholders and partners.

Table of Contents

Financial Highlights

(in thousands of dollars, unless otherwise specified)	2014 (1)	2013 (1)	2012 (1)	2011
OPERATIONS				
Revenues from energy sales	239,506	171,395	181,440	194,025
Adjusted EBITDA (2) (5)	151,979	101,836	98,238	100,756
Adjusted net earnings (loss) attributable to shareholders of Boralex (5)	(2,548)	(4,192)	(5,115)	2,883
Adjusted cash flows from operations (2) (5)	83,693	51,180	47,665	54,240
INVESTMENTS				
Additions to property, plant and equipment	251,562	323,415	103,138	34,419
Development projects	6,881	9,666	3,422	1,620
Business acquisitions	196,879	-	63,881	700
FINANCIAL POSITION				
Cash and cash equivalents (3)	106,659	187,667	118,788	162,991
Property, plant and equipment	1,644,313	1,179,653	812,830	643,047
Total assets	2,288,750	1,791,440	1,323,164	1,176,855
Debt (4)	1,477,020	977,993	593,660	506,184
Convertible debentures	232,977	229,578	226,299	223,347
Equity attributable to shareholders	302,674	356,094	319,868	321,764
CLASS A SHARE DATA				
Adjusted net earnings (loss) per share attributable to shareholders of Boralex (basic - in dollars)	(0.07)	(0.11)	(0.14)	0.08
Shareholders' equity per share outstanding at the end of the year (in dollars)	7.91	9.43	8.48	8.52
Weighted average number of shares outsdanding (in thousands)	38,284	37,745	37,729	37,753
Shres outstanding at the end of the year (in thousands)	38,424	37,768	37,735	37,726
Debentures outstanding at the end of the year (in thousands)	2,443	2,447	2,447	2,449
RATIO				
Net debt ratio (2)	66.3 %	57.1 %	46.6 %	39.8 %

(1) These 2014, 2013 and 2012 financial highlights have been prepared on a proportionate consolidation basis. The results of Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership and Seigneurie de Beaupré Wind Farm 4 GP (the "Joint Ventures"), which are 50% owned by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to present results according to this method to help investors understand the concrete impacts of decisions made by the Corporation. The 2011 and 2010 financial highlights are presented in accordance with IFRS given that the differences between the two presentations are not material.

(2) Earnings before interest, taxes, depreciation and amortization (EBITDA), cash flows from operations and net debt ratio are not measures of performance under IFRS as defined under *Non-IFRS Measures*.

(3) Including restricted cash.

(4) Including non-current debt, current portion of debt.

(5) See *Non-IFRS* Measures section for these conciliations.

STOCK DATA as at December 31, 2014

Exchange: Toronto (TSX)

Conversion ratio of debentures: 8.3 : 1

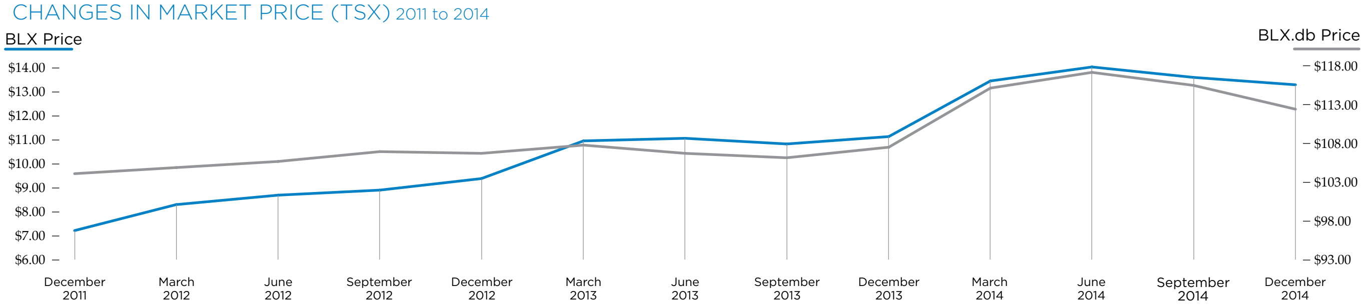
Conversion price: $12.02

Securities and symbols:
Class A shares (BLX)

Convertible debentures 6.75% - June 30, 2017 (BLX.db)

Principal Shareholder:
Cascades Inc.
(34 % of Class A shares)

CHANGES IN MARKET PRICE (TSX) 2011 to 2014



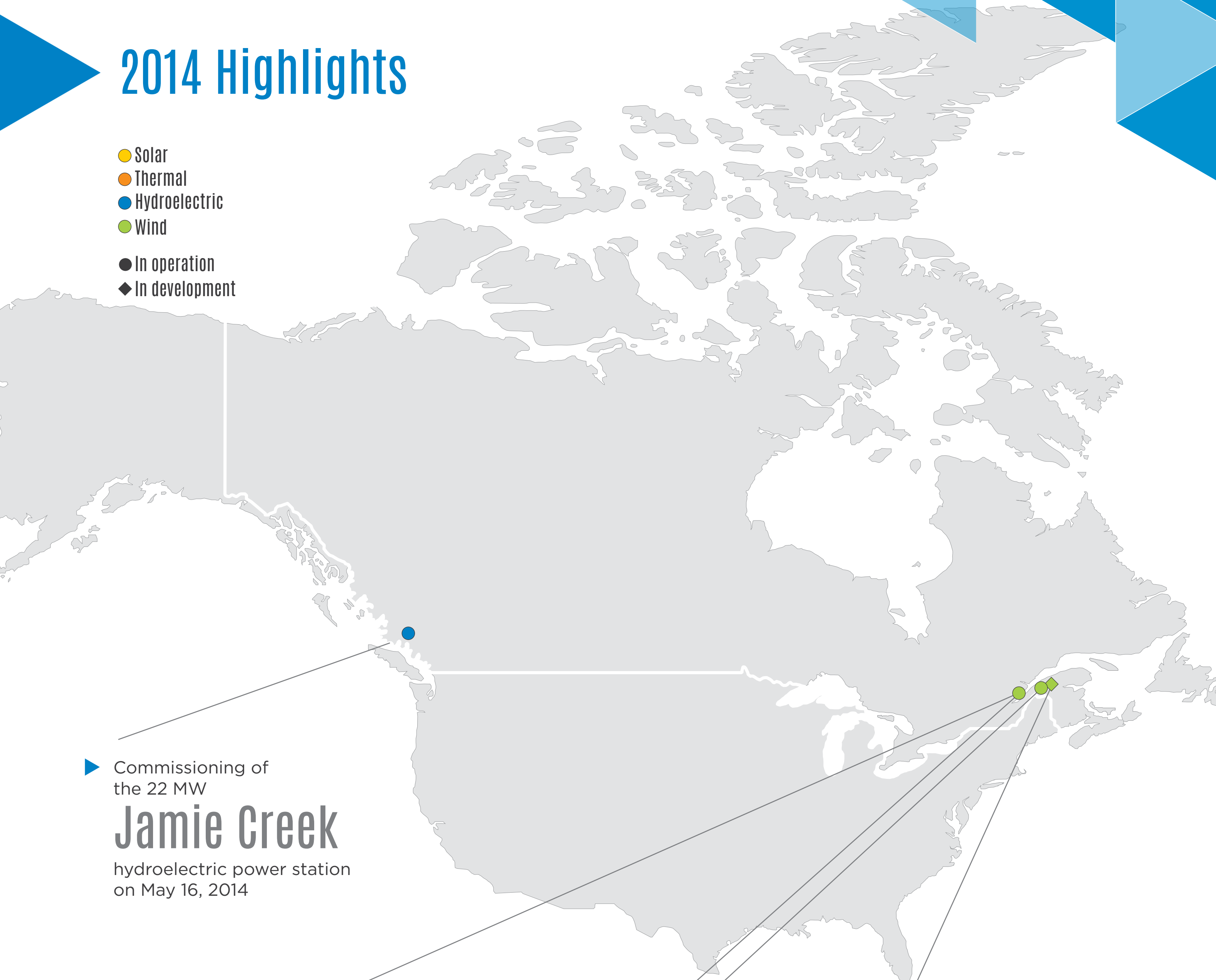
TRADING ON CLASS A SHARES

Year ended	Issued and oustanding	High	Low	Closing Price
December 31, 2014	38,424,430	$14.09	$10.75	$12.85
December 31, 2013	37,767,855	$11.84	$8.70	$10.82

TRADING ON CONVERTIBLE DEBENTURES

Year ended	Issued and oustanding	High	Low	Closing Price
December 31, 2014	2,443,367	$119.15	$106.26	$111.42
December 31, 2013	2,446,545	$111.00	$100.54	$106.75

2014 Highlights



Commissioning of the 22 MW

Jamie Creek

hydroelectric power station on May 16, 2014

Contribution beyond expectations of the 272 MW (net share of 136 MW for Boralex) Phase I of the

Seigneurie de Beaupré Wind Farms

commissioned in December 2013

In December 2014, commissioning of the 68 MW (net share of 34 MW for Boralex)

phase II

of the Seigneurie de Beaupré Wind Farms, in addition to the 23.5 MW

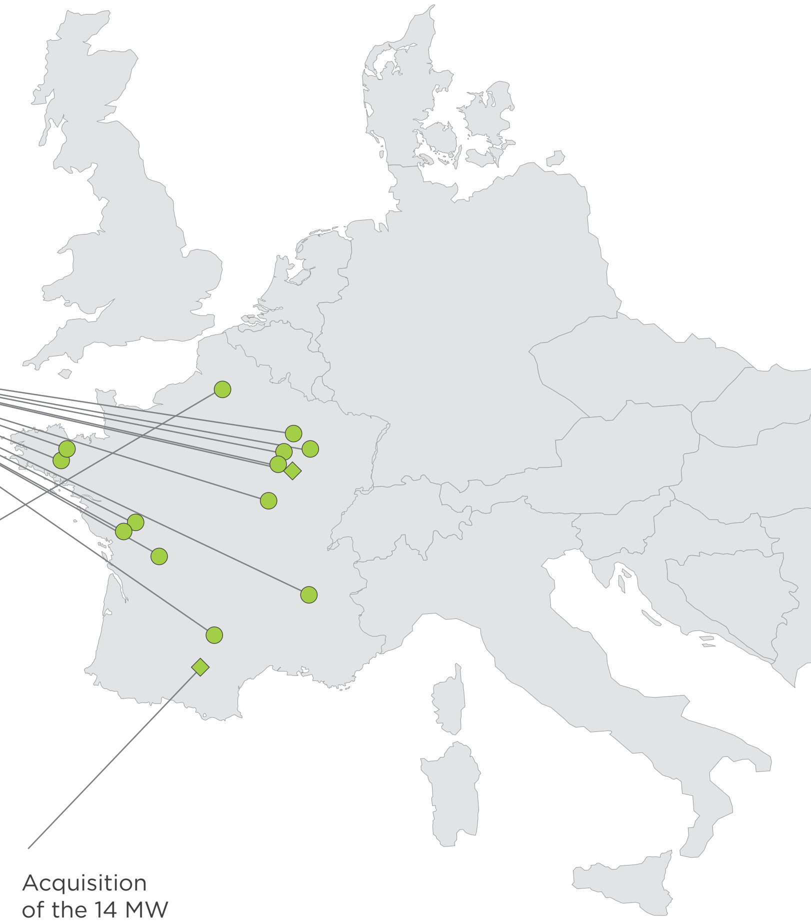
Témiscouata I

wind farm, on time and within budgeted capital expenditures

In January 2015, acquisition of a 67% interest in the 24 MW

Frampton

community wind power project, with commissioning slated for late 2015



Boralex becomes the largest private land-based wind power producer in France with the acquisition of

Enel Green Power France SAS

(186 MW in operation and 10 MW in construction)

Commissioning of the 23 MW

Fortel-Bonnières

wind farm

Acquisition of the 14 MW

Calmont

wind farm project to be commissioned at the end of 2015

Wind: Installed capacity in operation

of 728 MW as at December 31, 2014, up 58% from December 2013 and 155% from December 2012

Pursuit of development projects

totalling 160 MW in France and in Canada, and considerable pipeline of potential projects, particularly in France, to drive future growth

Nibas
- France

Fiscal 2014 at a glance

True to its value creation goals, in 2014 Boralex completed significant EXPANSION of its asset base in addition to introducing a DIVIDEND policy for its shareholders. The energetic and disciplined pursuit of development projects combined with one of its largest acquisitions ever increased its contracted installed capacity in operation by 44%, while securing a considerable project pipeline for future development.

2014 Highlights

$637 million
invested in expansion and development

Acquisition of Enel Green Power France, including 12 sites in operation and 1 site under construction, totalling
196 MW

Payment of dividends totalling
$0.52
per share or $20 million in 2014.

19%
increase in share price between December 31, 2013 and 2014 and 24% yield for the same period

New assets commissioned totalling
136 MW with a **102 MW**
net share for Boralex

Cash position of
$86.8 million
as at December 31, 2014

$855 million
in new financing put in place, including a share offering of $124 million completed at the beginning of 2015

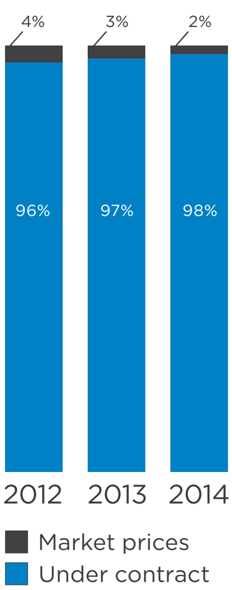
Cash flows from operations of
$102.3 million
in 2014, up 71% from 2013

Revenues of
$239.5 million
and adjusted EBITDA of
$152.0 million,
up **40%** and **49%**,
respectively, over 2013

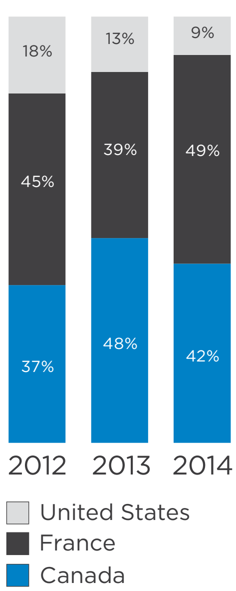
Adjusted EBITDA margin of
63.5%,
up from 59.4% in 2013, reflecting the quality of assets acquired and commissioned by the Corporation, in line with its value creation and growth strategy

160 MW
in projects currently under development, including
146 MW
to be commissioned in 2015

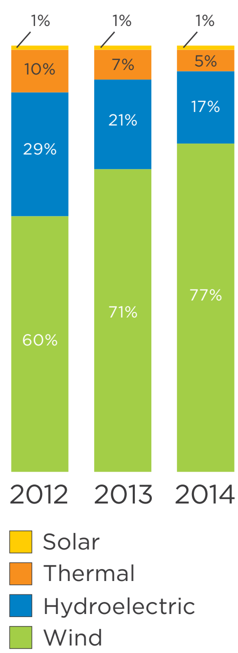
Contractual Breakdown



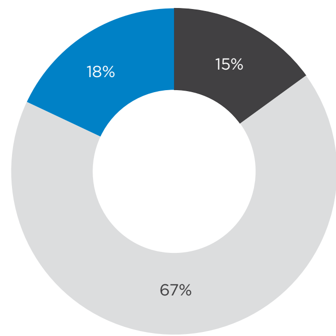
Geographic Breakdown



Segment Breakdown



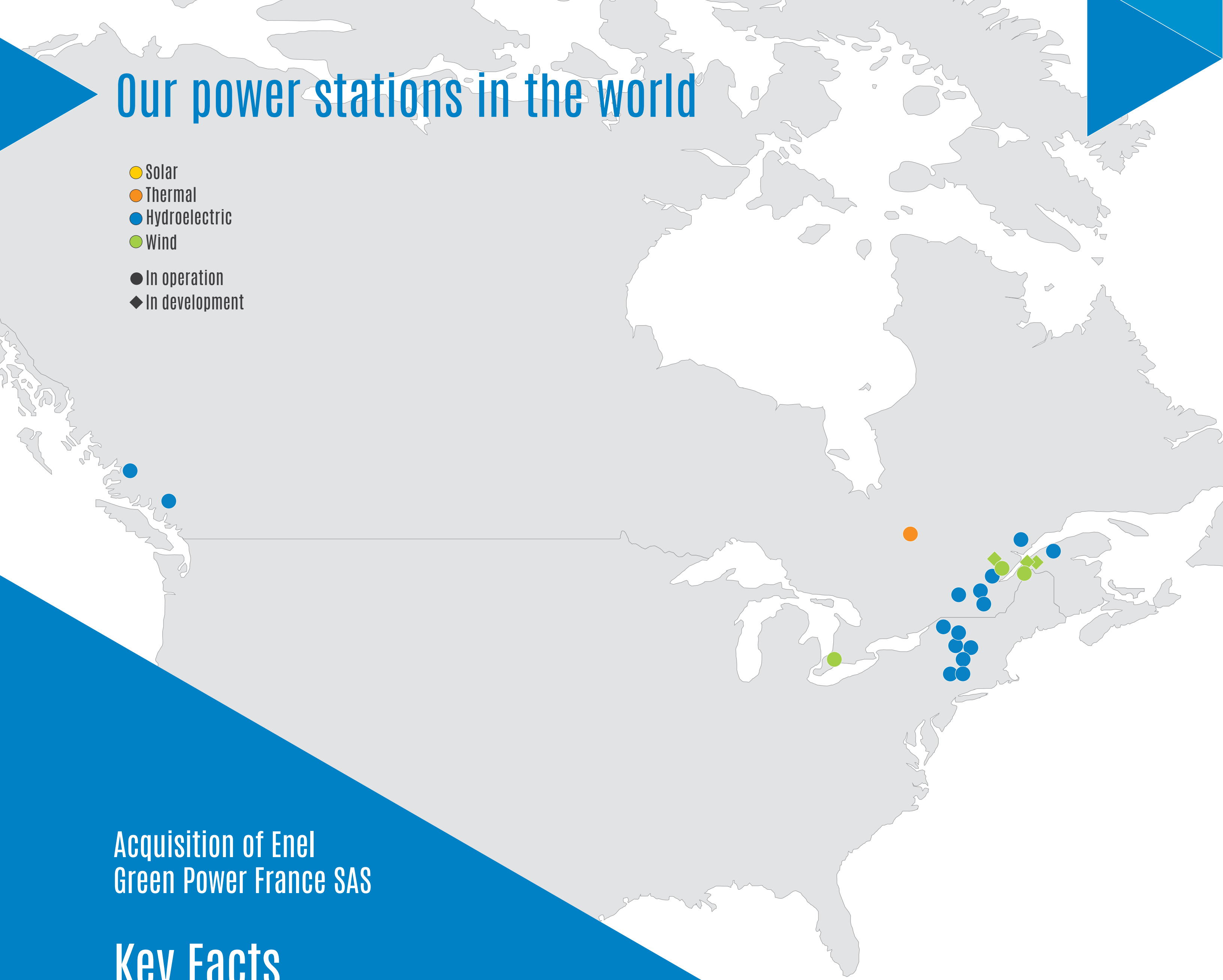
Remaining Terms of Power Purchase Agreements
(in terms of MWh)



Remaining average life: 16 years

Remaining term < 10 years
Remaining term between 10 & 20 years
Remaining term > 20 years

Our power stations in the world



Acquisition of Enel Green Power France SAS

Key Facts

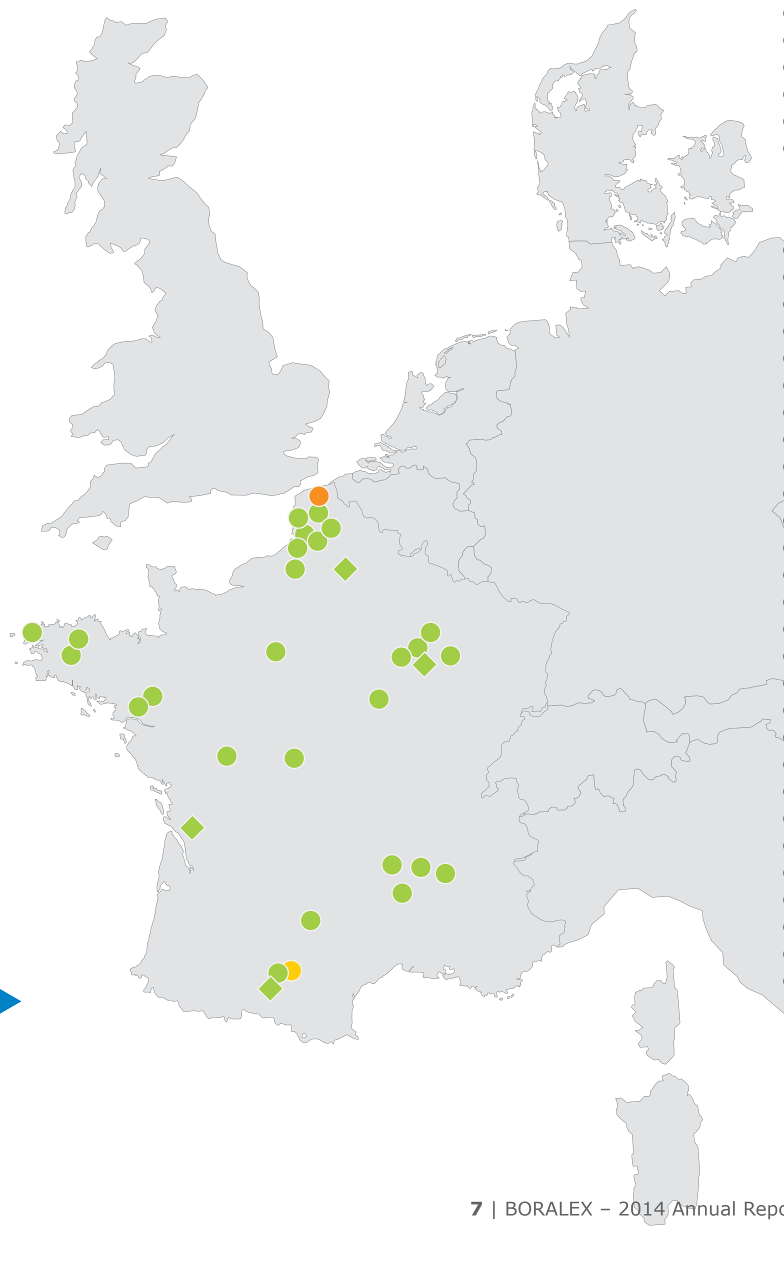
December 18, 2014, Boralex Inc. acquired 100% of Enel Green Power France SAS shares for C$400 million

Additions to Boralex's portfolio:

- 12 operational wind farms totalling 186 MW and covered by energy sales contracts with an average remaining life of 11 years
- One 10 MW wind farm under construction (slated for commissioning in the second quarter of 2015)
- Pipeline of some 300 MW potential projects, including 120 MW at an advanced stage of development

Sites in development

	Potential Installed capacity	Planned commissioning
France		
St-François	22.8 MW	2015
Calmont	14 MW	2015
Comes de l'Arce	10 MW	2015
Touvent	13.8 MW	2016
Canada		
Côte-de-Beaupré	23.5 MW	2015
Témiscouata II	51.7 MW	2015
Frampton	24 MW	2015



Sites in operation

	Installed capacity
Canada	
Thames River (ON)	90 MW
Beauport (QC)	4.5 MW
Buckingham (QC)	10 MW
East Angus (QC)	2 MW
Forestville (QC)	12.5 MW
Ocean Falls (BC)	14.5 MW
Rimouski (QC)	3.5 MW
St-Lambert (QC)	6 MW
Senneterre (QC)	35 MW
Seigneurie de Beaupré- phase I et II (QC)	340 MW*
Jamie Creek (BC)	22 MW
Témiscouata I (QC)	23.5 MW
United-States	
Fourth Branch (NY)	3 MW
Hudson Falls (NY)	46 MW
Middle Falls (NY)	2.5 MW
New York State Dam (NY)	11.5 MW
Sissonville (NY)	3 MW
South Glens Falls (NY)	14 MW
Warrensburg (NY)	3 MW
France	
Ally-Mercoeur	39 MW
Avignonet-Lauragais	12.6 MW
Avignonet-Lauragais	5 MW
Cham Longe	22.6 MW
Chasse Marée	9.2 MW
Chépy	4 MW
La Citadelle	13.8 MW
Le Grand Camp	10 MW
Nibas	12 MW
Plouguin	8 MW
Ronchois	30 MW
St-Patrick	34.5 MW
Blendecques	12 MW
Vron	8 MW
La Vallée	32 MW
Fortel-Bonnières	22.8 MW
Coat Conval	8 MW
Leign Ar Gasprenn	8 MW
Les Eparmonts	12 MW
Pannecé - Beauséjour	10 MW
Vallée de l'Arce	30 MW
Pannecé - La Vallière	8 MW
La Bouleste	10 MW
Haut de Conge	28 MW
Coulonges	36 MW
Moulin à vent	10 MW
Sources de la Loire	18 MW
Pays d'Othe	8 MW

* Total installed capacity, however the net share for Boralex is 50%

Values

Boralex's values reflect the attitude and culture instilled in all of our employees. Our values inspire our development, inform our decision-making and guide our actions.

Respect

- Listen to and heed the interests of our employees and the communities we call home to develop long-lasting relationships.
- Show the highest regard for the natural resources we work with.
- Maintain stakeholder trust through consistent and equitable actions in line with our business model.

Team spirit

- Highlight collaboration, channel talents and encourage information sharing to build an enriching work environment and achieve the Company's business goals.
- Recognize the contributions of all internal and external actors.

Innovation

- Stimulate creativity and embrace new ideas to improve the way we do things.
- Seek out exceptional solutions tailored to each situation.

Témiscouata I - Canada

Entrepreneurship

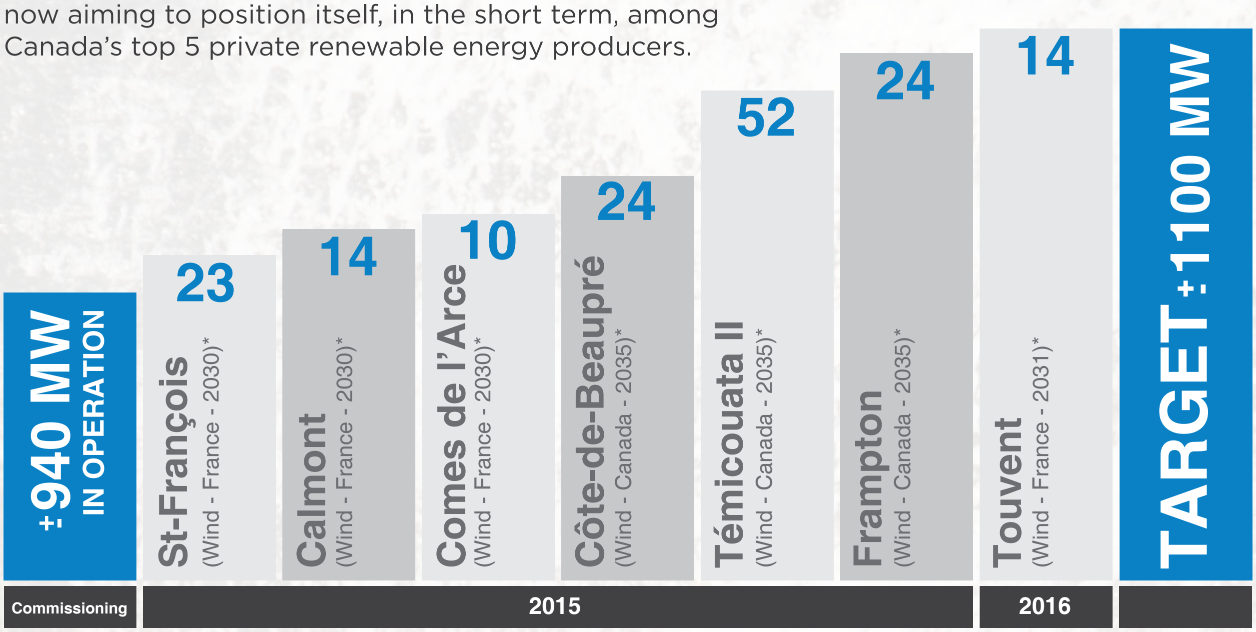
- Engage all employees, encourage them to use their judgment, make decisions that reflect the context and assess the risks.
- Maintain a flexible structure to allow all to be proactive and independent.

Communication

- Encourage listening and dialogue to foster openness and consultation as a clear expression of Boralex's values.

Outlook and Objectives

Boralex's significant expansion in 2014 will allow it to reach its target set for the end of 2016 one year ahead of schedule: to have renewable energy production assets totalling 950 MW with the capacity to generate approximately $200 million in annual EBITDA. Backed by a well diversified operating base in both Canada and France, with an installed capacity under its control exceeding 1,000 MW in operation in 2015, Boralex is now aiming to position itself, in the short term, among Canada's top 5 private renewable energy producers.



* Represent, in order, the segment, the country and the contract end-date.

Message to Shareholders

Driven by strong expansion in our asset base during fiscal 2014, Boralex has taken growth to the next level with an installed capacity in operation of almost 1,000 MW. For a third consecutive year, ever since we redeployed most of our resources toward specific strategic targets, our operational expansion has generated substantial growth in the operating results and cash position of Boralex: ideal conditions for growing and sustainable shareholder value creation. This was evidenced by the dividend policy introduced back in February 2014 and the considerable growth in the Corporation's market value over the past three years.

Key Achievements in 2014

The acquisition of Enel Green Power France and continued execution on the Corporation's projects under development have allowed Boralex to become the largest private land based wind power producer in France, and narrow the gap with Canada's major industry players.

Decisive Year in Europe

On December 18, 2014, Boralex completed one the largest acquisitions in its history when it agreed to acquire Enel Green Power France. For Boralex and its shareholders, this acquisition marks a major milestone and a beneficial transaction from all standpoints. In terms of price, financing, timing and, above all, its perfect alignment with Boralex strategic aims, every part of this acquisition bolsters the Corporation's current foundations and growth potential. In the near term, we expect its contribution to annual consolidated EBITDA to exceed $40 million, thereby generating significant cash flows that will stand Boralex in better stead to fund development initiatives and compensate shareholders.

In short, this acquisition boosts our asset base by nearly 200 MW in additional capacity fully covered by long-term energy sales contracts. As a result, we now have some 450 MW of installed wind power capacity in operation in France. Boralex has also acquired a sizeable pipeline of wind power projects at various stages of development, including several with potential commissioning dates in 2016 through 2018.

Strategically, we have bolstered our leadership position and considerably strengthened our competitive position and potential in France: one of the most conducive markets to wind power development in Europe, where Boralex currently sources most of its short- and medium-term growth opportunities.

In addition to this major transaction, France was also where Boralex acquired the 14 MW Calmont wind power project and commissioned its 23 MW Fortel Bonnières wind farm. Nearly 50 MW in additional capacity is also under development to date, which will be accretive to Boralex's bottom line as of 2015.

Moreover, the Corporation announced the closing of a financial settlement whereby Cube Energy SCA ("Cube") agreed to convert its entire 25% equity interest in Boralex Europe S.A. into a loan. This transaction underscores our intention to position Boralex as a French wind power leader and generates the full leeway required to pursue our growth strategy.

Sustained Development in Canada

Fiscal 2014 was a very active year in Canada as well.

First, we would be remiss in not highlighting the success of the 272 MW Phase I of the Seigneurie de Beaupré Wind Farms, in Québec, commissioned in late 2013, whose contribution to Boralex's results has exceeded our expectations in terms of production and profitability. Performance at this outstanding sight underscores Boralex's capacity to not only identify the most promising projects but also to develop, finance, construct and operate large-scale energy production infrastructure. In early December 2014, we commissioned the 68 MW Phase II of the Seigneurie de Beaupré wind farms in high effective conditions that are promising for future performance.

Also, in December 2014, operations also commenced at the 23.5 MW Témiscouata I community wind farm, developed jointly with the area's regional county municipality. An additional 99 MW is under development in Québec, including our 24 MW Frampton wind power project, in which we acquired a 67% interest in January 2015. All of those new assets will be commissioned in the course of 2015.

Financial Benefits

Although only a partial reflection of the expansion achieved in 2014, particularly given that Enel Green Power France was acquired only a few days prior to year-end, the operating results of the past fiscal year clearly underscore the advantages of the development strategy Boralex has energetically and rigorously pursued over the past few years, as well as its impact on shareholder value creation.

Building on the momentum of the two preceding fiscal years, 2014 saw significant increases in the Corporation's revenues and adjusted EBIDTA on the order of 40% and 49%, respectively, with adjusted EBITDA margin touching a historic high of 63.5%. Cash flows from operations surged 71% to total $100 million. While all operating segments contributed to those results, the wind power segment was far and away our top performance driver, due in particular to the excellent contribution from the Seigneurie de Beaupré wind farms, which now aggregate 340 MW of installed capacity in operation.

Taking into account investments of $637 million in 2014, partially funded out of cash flows, and despite nearly $20 million in dividends paid to shareholders, Boralex maintains a sound and flexible financial position both in terms of liquidities and capital structure. This financial flexibility has again improved in January 2015 following the offering of 9.5 million new shares of Boralex for gross proceeds totalling $124 million.

In a nutshell, fiscal 2014 was profitable for shareholders of Boralex, who not only benefited from the introduction of a dividend policy but also from a 19% increase in the Corporation's share price. That represents 40% growth relative to December 2012 and 80% over December 2011. Boralex's market capitalization, as at March 9, 2015, stands at $630 million, up 134% from three years ago.

During 2015, it is highly likely that the convertible debentures will be converted as they are redeemable at par starting on September 30, 2015, and given the current stock trading price, the holders should be encouraged to convert. If this scenario materializes, the stock's liquidity will be increased by nearly 21 million additional shares, thereby creating greater depth for our stock.

Boralex continues to foster favourable conditions for a fair market valuation of its shares, primarily through the quality of its operations and the strength of its growth strategies. Based on the stock trends of the past few years, the aforementioned strengths are increasingly understood and appreciated by investors, including the Enel Green Power France acquisition, which was met with a positive market response.

2015-2017 Objectives

Boralex intends to be one of Canada's top five renewable energy producers and among the most profitable, most experienced and best diversified companies in in its industry. We will achieve this goal by optimizing performance at our newly acquired assets, executing on current projects and delivering on our strong development potential, particularly in France.

In our 2013 Annual Report, we outlined the following objectives to shareholders: to aggregate energy infrastructure assets totalling 950 MW by the end of 2016 with the capacity to generate $200 million in EBITDA. We are pleased to confirm today that those objectives will be met or even exceeded over the course of 2015. The Corporation expects to report robust growth in operating results in fiscal 2015 and the years that follow. That growth will be fuelled by the integration of the assets acquired in France and the gradual synergies that will be generated, by full-year contributions from assets totalling 102 MW commissioned in 2014 and by assets totalling 160 MW currently under development, to be brought online by the end of 2016. To be clear, that does not factor in any additional expansion projects that could arise in the interim.

With an installed capacity to shortly exceed the 1,000 MW mark, we now play in the major leagues and we will be among Canada's top-five renewable energy players before 2018. To get there, we will leverage a host of strong competitive advantages, such as being one of Canada's only private renewable energy producers to boast operational and strategic bases over such well diversified geographies.

By basing our development strategy on two main geographies, France and Canada as well as keeping eyes on other markets, we deftly reduce our vulnerability to random weather events, while also garnering access to winder range of growth opportunities, as well as the means to fine-tune our strategies in step with our differently evolving target markets. In light of current condition, our strong position in France constitutes an invaluable advantage for Boralex's development.

Our financial strength, our growing ability to generate cash flows from operations, our targeted development approach, and especially, the excellence of our team are the driving forces of growing and sustainable shareholder value creation. To make it happen, we will continue to foster and strengthen strategic, operational and financial conditions conducive to generating profit and cash flow growth for Boralex, while enhancing its market value and supporting its dividend policy.

In closing, we wish to express our heartfelt gratitude and respect to all Boralex employees for the outstanding progress achieved over these past few years, but particularly in 2014. We also extend our thanks the Corporation's Board members for their informed contributions, to our shareholders for their support and trust and to our business partners.

(s) Patrick Lemaire

Patrick Lemaire

President and Chief Executive Officer

(s) Robert F. Hall

Robert F. Hall

Chairman of the Board

March 2015

Management's Discussion and Analysis

For the year ended December 31, 2014

Table of Contents

Introductory Comments

General

This Management's Discussion and Analysis ("MD&A") reviews the operating results for the three-month period and fiscal year ended December 31, 2014, compared with the corresponding periods of 2013, the cash flows for the year ended December 31, 2014 compared with the year ended December 31, 2013, as well as the Corporation's financial position as at December 31, 2014 compared with December 31, 2013. This report should be read in conjunction with the audited consolidated financial statements and related notes found in this Annual Report for the fiscal year ended December 31, 2014.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and audited consolidated financial statements, as well as press releases, is published separately and is available on the Boralex (www.boralex.com) and SEDAR (www.sedar.com) websites.

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to March 9, 2015, the date on which the Board of Directors approved this annual MD&A and the audited consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the *CPA Canada Handbook*. The audited consolidated financial statements included in this annual MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2013.

In general, Boralex consolidates all of the assets and operations over which it exercises control. Under IFRS, for assets over which Boralex does not exercise control (50% or less), the share in results must be reported on a separate line in the consolidated statement of earnings (loss). This MD&A also includes a section, *Proportionate Consolidation*, where the results of Seigneurie de Beaupré Wind Farms 2 and 3 ("Joint Venture Phase I") and Seigneurie de Beaupré Wind Farm 4 ("Joint Venture Phase II") (collectively, "the Joint Ventures" or "Joint Ventures Phases I and II") owned at 50% by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to integrate this *Proportionate Consolidation* section into the MD&A to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the MD&A.

As discussed under *Non-IFRS Measures*, this MD&A also contains information that is non-IFRS measures. All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars.

Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at March 9, 2015.

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, raw material price increases and availability, currency fluctuations, volatility in the selling price of energy, the Corporation's financing capacity, negative changes in general market conditions and regulations affecting the industry, as well as other factors described later in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in this MD&A.

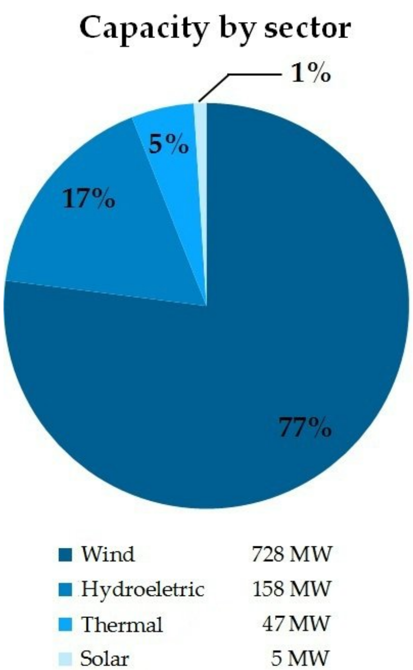
Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made. There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

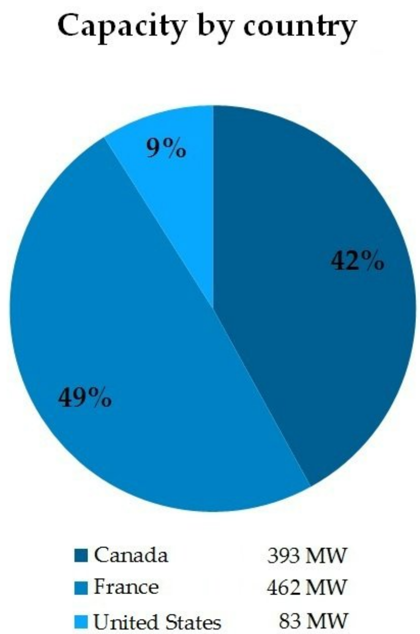
Description of Business

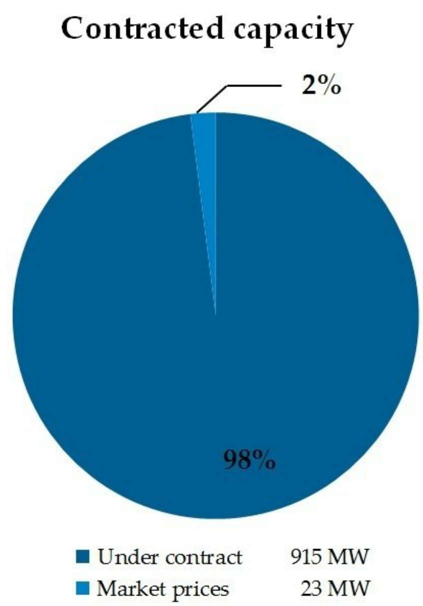
Boralex Inc. ("Boralex" or the "Corporation") is a Canadian power producer that develops, constructs and operates renewable energy power stations. As at December 31, 2014, the Corporation had approximately 250 employees and operated an asset base with an installed capacity of **1,108 megawatts** ("MW"), of which 938 MW[1] were under its control, consisting of 393 MW in Canada, 462 MW in France and 83 MW in the Northeastern United States. In addition, Boralex has new production sites under development representing an additional 160 MW, mostly for commissioning by the end of 2015.

- Boralex currently operates a **728 MW**[1] **wind power** portfolio of assets in France and Canada. In recent years, Boralex has become France's leading independent wind power producer with 445 MW in operation and an additional 61 MW to be commissioned soon. In addition, Boralex owns the rights to a large portfolio of wind power projects in France in various phases of development. Boralex is also a well-established wind power operator in Canada with an installed capacity of 454 MW (with 283 MW under its control) in Ontario and in Québec where wind power stations totalling an additional 99 MW are soon to be commissioned.
- Boralex has been a **hydroelectric power** producer for over two decades, operating **158 MW** in Québec and British Columbia, Canada, and in the Northeastern United States.
- Boralex owns two **thermal power** stations with a total installed capacity of **47 MW**, consisting of a 35 MW wood-residue power station in Québec and a 12 MW natural gas cogeneration power station in France.
- Boralex operates a **solar power** facility in France with a **5 MW** installed capacity.

The following charts[1] provide information about the makeup of the Corporation's energy portfolio in operation as at December 31, 2014. As they show, one of Boralex's driving forces is its geographic and segment diversification. The cornerstone of Boralex's strategy: substantially all of its assets in operation are covered by long-term indexed, fixed-price energy sales contracts. That is also the case for 100% of its sites under development.







TOTAL: 938 MW

Average remaining contracts term: 16 years

Boralex's shares, 27% of which are held by Cascades Inc. ("Cascades"), and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively.

[1] These data, and all of the data contained in this MD&A, reflect Boralex's net share in various assets and exclude, accordingly, its partner's 50% share in the Joint Venture Phases I and II operating the Seigneurie de Beaupré Wind Farms in Québec with a total installed capacity of 340 MW.

Executive Summary

Financial Highlights

Proportionate Consolidation[1]

- ↗ Acquisition of Enel Green Power France S.A.S. in the fourth quarter for €280 million ($400 million)
- ↗ Increase in wind power installed capacity of 72% in France and 25% for the Corporation as a whole
- ↗ Production, revenues, adjusted EBITDA and adjusted cash flows from operations up 38%, 40%, 49% and 64%, respectively

(in thousands of dollars, except production, EBITDA margin and per share amounts)	Years ended December 31 2014	2013
Production (MWh)	2,029,504	1,474,625
Revenues from energy sales	239,506	171,395
Adjusted EBITDA[2]	151,979	101,836
Adjusted EBITDA margin (%)	63%	59%
Adjusted net loss [2] [3]	(2,548)	(4,192)
Adjusted net loss - per share (basic) [3]	($0.07)	($0.11)
Adjusted cash flows from operations - in dollars[2]	83,693	51,180
Adjusted cash flows from operations - per share (basic)	$2.19	$1.36

Financial Highlights

IFRS

- ↗ Production, revenues, adjusted EBITDA and adjusted cash flows from operations up 10%, 14%, 18% and 16%, respectively

(in thousands of dollars, except production, EBITDA margin and per share amounts)	Years ended December 31 2014	2013
Production (MWh)	1,603,872	1,452,544
Revenues from energy sales	193,401	169,023
Adjusted EBITDA[2]	115,883	98,137
Adjusted EBITDA margin (%)	60%	58%
Adjusted net loss [2] [3]	(2,385)	(3,838)
Adjusted net loss - per share (basic) [3]	($0.06)	($0.10)
Adjusted cash flows from operations - in dollars[2]	59,021	50,916
Adjusted cash flows from operations - per share (basic)	$1.54	$1.35

[1] On a proportionate consolidated basis; see the *Reconciliations between IFRS and Proportionate Consolidation* and *Non-IFRS Measures* sections of this MD&A.

[2] See Non-IFRS Measures section for these conciliations

[3] Attributable to shareholders of Boralex.

Growth Strategy and Key Developments of the Past Three Fiscal Years

Growth Strategy

To lay the foundations of above-average, balanced and sustainable growth, Boralex has been executing its strategy since 2009 to develop its asset base and increasingly secure steady and predictable revenue and cash flow streams, while lowering its business risk exposures. As a result, the Corporation has made the following strategic choices:

- Acquire and develop renewable energy assets covered by long-term indexed, fixed-price energy sales contracts;
- Prioritize renewable energy assets with above-average profit margins, particularly in the wind and hydroelectric power segments; and
- Focus development initiatives on Canada and France.

Dynamic and orderly execution of this strategy has mainly resulted in a surge in Boralex's wind power segment development, lifting installed capacity to 728 MW as at December 31, 2014 from 251 MW in December 2011. The hydroelectric power segment has also reported strong expansion, with installed capacity up nearly fourfold over the past five fiscal years. Boralex also made its first foray into solar energy production through the operation of a power station since 2011, thereby deepening its solar expertise.

At the same time, the Corporation has divested most of its assets not covered by long-term energy sales contracts and considerably reduced the weight of its thermal power segment in its energy portfolio. Proceeds from the sale of assets have been reinvested in the development of its wind and hydroelectric power segments.

In addition, every single energy asset acquired or developed by Boralex since 2009 has been covered by long-term indexed, fixed-price energy sales contracts.

Key Developments and Strategic Achievements of the Past Three Fiscal Years

2012

An extra 194 MW through acquisitions to Boralex's portfolio of assets in operation or under development

- In France, acquisition of the St-Patrick wind power farm in operation (35 MW) and four wind power projects under development: La Vallée (32 MW), Fortel-Bonnières (23 MW), St-François (23 MW) and Vron (8 MW); and
- In Canada, acquisition of the Témiscouata II wind power project (52 MW) and the Jamie Creek hydroelectric power station project (22 MW) in British Columbia.

2013

Increase of 176 MW or 62% in the wind power segment's installed capacity in operation due to new sites commissioned

- In France, commissioning of La Vallée (32 MW) and Vron (8 MW) wind farms
- In Canada, commissioning by the Joint Venture Phase I of the Seigneurie de Beaupré Wind Farms 2 and 3 totalling 272 MW (136 MW share for Boralex), covered by a 20-year energy sales contract with Hydro-Québec. This project-the most ambitious ever undertaken by Boralex-was delivered on time and within the budgeted capital expenditure. After 15 months in operation, its production and profitability levels to date have exceeded management's expectations. As discussed later in this MD&A, this power station contributed a significant revenue stream for Boralex in 2014, particularly on a proportionate consolidation basis (see the *Proportionate Consolidation* section in this MD&A).

2014

Adoption of a dividend policy and increase of 288 MW or 44% in Boralex's installed capacity in operation, particularly through the largest acquisition in the Corporation's history

Dividends

On February 19, 2014, Boralex's Board of Directors authorized and declared the Corporation's first-ever dividend, namely a quarterly dividend of $0.13 per outstanding common share. The first dividend pay-out occurred on March 17, 2014. Three additional dividends of the same amount per share were paid out on June 16, September 15 and December 15, 2014.

The introduction of a dividend policy is a reflection of Boralex's commitment to enhancing shareholder value. This decision is also a milestone in the Corporation's development as it enjoys a strong cash position, supported by stable cash flows generated by quality assets under long-term indexed, fixed-price energy sales contracts.

In the medium term, Boralex expects to pay common share dividends on an annual basis representing a ratio of 40% to 60% of its discretionary cash flows, defined as its cash flows from operations less capital investments required to maintain its production capacity and less project-related non-current debt payments.

Acquisition of Enel Green Power France S.A.S.

On December 18, 2014, Boralex completed the acquisition of this wholly owned subsidiary of Enel Green Power International B.V., renamed "Boralex Énergie Verte" ("BEV"), for a consideration of €280 million ($400 million), with €132 million ($189 million) in cash. This acquisition made Boralex France's leading independent producer of land-based wind power and grew total installed capacity by 25% to 938 MW. More specifically, the BEV acquisition bolstered Boralex's portfolio with added high-quality assets offering strong geographic diversification, consisting of 12 wind farms in operation totalling 186 MW and a 10 MW wind farm under construction, to be commissioned in the second quarter of 2015. The assets acquired are all covered by long-term energy sales contracts with Électricité de France ("EDF") with average remaining terms of 11 years. Moreover, the BEV acquisition afforded Boralex a significant portfolio of wind power projects at various stages of development, including several that could be commissioned from 2016 to 2018, as well as a number of solar projects.

This acquisition delivers significant financial and strategic advantages. In particular, the Corporation expects the new assets to generate approximately €30 million ($43 million) in annual EBITDA (before development costs). They will generate an immediate and substantial increase in cash flows, improving the Corporation's liquidity and providing additional flexibility to fund future development and achieve its dividend policy objectives. In addition, Boralex's expanded critical mass in the French wind power market will generate certain operating synergies and step up its purchasing power for the acquisition of wind turbines and replacement parts, and result in lower management fees and insurance costs. In terms of strategic positioning, the acquisition has increased Boralex's geographic diversification and substantially strengthened its competitive position and long-term growth potential in France, a particularly favourable market for Boralex, given its leadership role and that developing the wind power industry is a clear and ambitious government policy objective.

Financing the Acquisition of Boralex Énergie Verte

The BEV acquisition was financed as follows:

- Cash on hand.
- A €180 million ($257 million) borrowing facility with a 15-year term at an annual interest rate of approximately 3%. This facility provides for an additional €25 million tranche to be drawn down after closing of the acquisition for the purposes of financing a distribution to Boralex once certain conditions are met.
- A $45 million increase in the existing revolving credit facility bringing its limit to $175 million.
- A $100 million bridge financing facility, repaid on January 12, 2015, out of the $110 million in gross proceeds from the public offering via an underwriting agreement of 8,430,000 common shares of Boralex at a price of $13.05 per share (see the *Subsequent Events* section later in this MD&A). On January 30, 2015, Boralex announced that the over-allotment option in the aforementioned public offering had been 85% exercised. The syndicate of underwriters purchased 1,075,000 shares at a price of $13.05 per share for gross proceeds to Boralex of $14.0 million, bringing the aggregate gross offering proceeds to $124.0 million.

Accordingly, Boralex enjoys a sound and flexible cash position and capital structure with a view to pursuing its development objectives.

Other Developments in Fiscal 2014

- Commissioning of the Jamie Creek hydroelectric power station (22 MW) in British Columbia in May 2014. Covered by 40-year energy sales contract with BC Hydro with a 20-year renewal period, this new power station has served to strengthen Boralex's presence in British Columbia, where the Corporation now aggregates 37 MW of hydroelectric installed capacity. Performance at the new power station has been in line with its potential.
- In France, acquisition on July 31, 2014 of the Calmont wind project (14 MW), covered by a 15-year energy sales contract with EDF. The commissioning of these assets in France's Midi-Pyrénées region is slated for the fourth quarter of 2015.
- Commissioning in October and November 2014 of French wind farm Fortel-Bonnières (23 MW), covered by a 15-year energy sales contract with EDF.

- On December 1, 2014, commissioning of the Joint Venture Phase II of the Seigneurie de Beaupré Wind Farm 4 in Québec, totalling 68 MW (34 MW share for Boralex), covered by a 20-year energy sales contract with Hydro-Québec. This site, which offers logistical synergies with the Joint Venture Phase I already in operation, was delivered within the capital investment budget and was commissioned slightly ahead of its deadline. Performance at this power station to date has met management's expectations.
- Commissioning, also on December 1, 2014, of the 23.5 MW Témiscouata I community wind farm developed jointly with Témiscouata Regional County Municipality ("RCM") in Québec. This power station is covered by a 20-year contract with Hydro-Québec.

Effect of Boralex's Strategy on the Makeup of its Energy Portfolio

As the following charts show, Boralex's strategic decisions made in recent years have substantially transformed and enhanced its positioning.

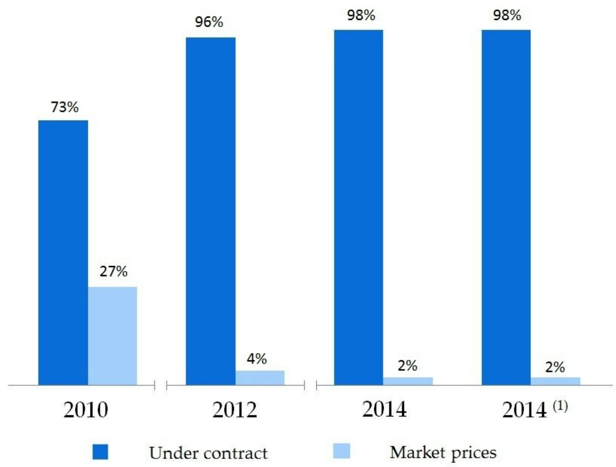
In **contractual** terms, Boralex's long-term covered portion of installed capacity in operation grew to 98% in 2014 from 51% in 2009. In addition, all of its development projects are also covered by long-term contracts, ensuring higher, more predictable future profitability and cash flows.

From a **segment** perspective, these developments mainly resulted in a higher relative weight of the wind and hydroelectric power segments, which generate higher profit margins than Boralex's thermal power segment. The combined share of assets in operation in those two segments now amounts to 94% and will reach 95% with the commissioning of various projects under development. In contrast, the thermal power segment's share of Boralex's overall installed capacity has fallen to 5% in 2014 from 57% in 2009. One of the main benefits of this trend is that the Corporation's results will become more stable and predictable by reducing its exposure to fluctuations in the cost and potential scarcity of fuel used in the thermal power stations, namely natural gas and wood residue.

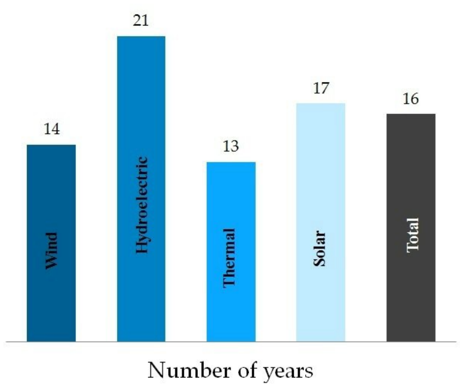
Developments over recent fiscal years have strengthened the Corporation's **geographic** positioning in Canada, where 42% of Boralex's capacity in operation is now located, compared with 10% in 2009. France and the United States accounted for 49% and 9%, respectively, of the Corporation's capacity in operation as at December 31, 2014.

These charts provide information about the makeup of the Corporation's energy portfolio as at December 31, 2014 and its changes compared with the end of previous fiscal years.

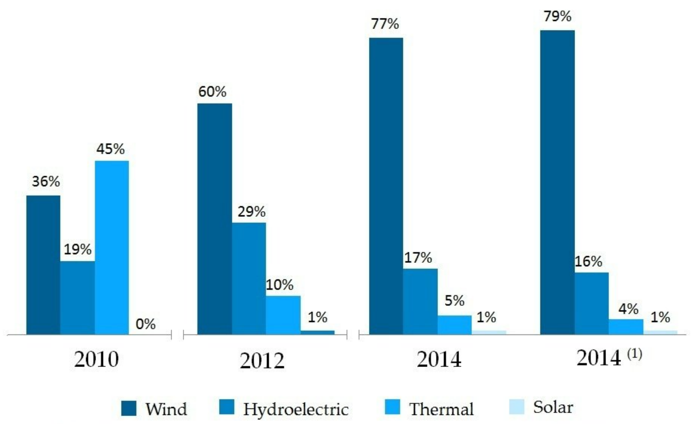
Contracted capacity



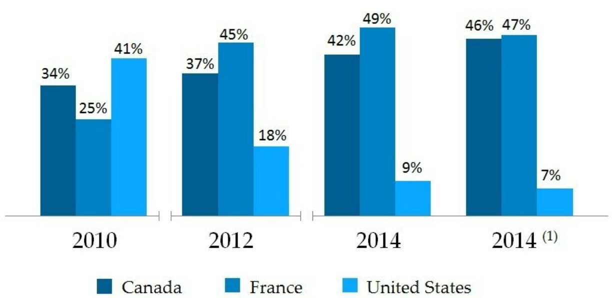
Average contracts residual term[2]



Capacity by sector



Capacity by country

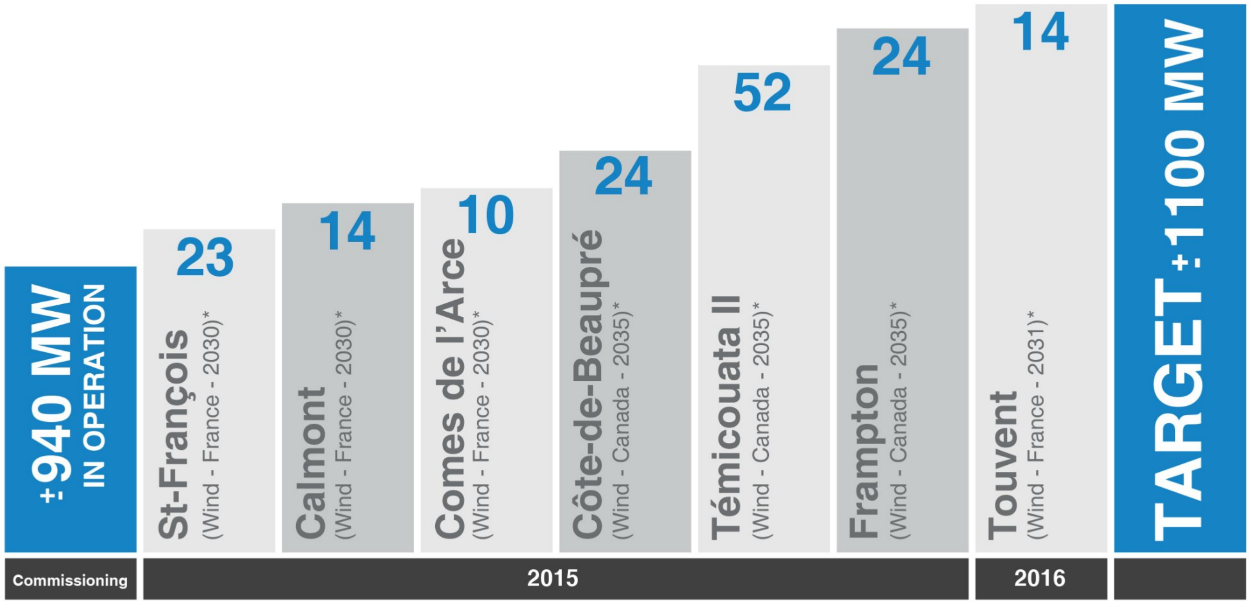


(1) Pro forma, including Boralex's share of 160 MW in development projects as at December 31, 2014.

(2) Based on annual production in MWh.

Outlook and Development Objectives

Growth Path



* Represent, in order, the segment, the country and the contract end-date.

Wind Power

This segment has been Boralex's top growth driver over the past five years and will remain so over the short and medium terms. Currently accounting for 77% of Boralex's total installed capacity, wind power will account for nearly 80% of the Corporation's energy portfolio by early 2016. In addition to its team's expertise and skills in identifying, financing, developing and operating high-quality wind farms, some of which are very large in scale, Boralex has a unique development strategy based on two geographic areas: France and Canada. This strategy affords it geographic and climate diversification that has a smoothing effect on its results, but also gives it access to wider range of growth opportunities and the leeway to adjust to its differently evolving target markets.

2015-2016 Outlook

Boralex expects wind power results to grow significantly over the next two fiscal years. As shown in the Growth Path and Financial Target charts in this section, this growth will stem from the following sources:

- Immediate contributions from the 12 BEV power stations in operation acquired on December 18, 2014, coupled with the synergies generated by this acquisition to be achieved gradually over the next few quarters;
- The full contribution from wind farms totalling 80 MW (Boralex's share) commissioned during 2014 as discussed above, consisting of French wind farm Fortel-Bonnières, and Phase II of the Seigneurie de Beaupré Wind Farms and Témiscouata I; and
- Wind power stations totalling 160 MW to be commissioned during 2015 and 2016, which are discussed below (not including the other expansion projects that could materialize in the meantime).

France

An additional 61 MW in 2015 and 2016, covered by a 15-year energy sales contract with EDF

- Boralex is currently developing a 23 MW wind farm, **St-François**, with €65 million ($91 million) in financing repayable over a 15-year amortization period, which was announced on April 22, 2014. Construction on the project is underway. As of the date of this MD&A, most of the wind turbines had been erected, with commissioning slated for the second quarter of 2015.

- On July 30, 2014, Boralex announced the acquisition of the 14 MW **Calmont** wind power project, in France, covered by a 15-year energy sales contract with EDF. Located in the Midi-Pyrénées region of France, this new power station will build on Boralex's strong existing presence and geographical diversification in France: a market particularly conducive to wind power development. In addition, Calmont is located a few kilometers from Boralex's Avignonet-Lauragais power station, offering attractive synergies. Construction will begin in the next few months with commissioning anticipated by the end of 2015. The Corporation is currently finalizing financing and supplier agreements.
- On December 18, 2014, Boralex acquired the 10 MW **Comes de l'Arce** wind power project, in France, covered by a 15-year energy sales contract with EDF. Construction is underway, with commissioning anticipated in second quarter of 2015.
- Boralex acquired the 13.8 MW Touvent wind power project in France in early 2015 covered by a 15-year contract with EDF. Management expects **Touvent** to generate an annual volume of 30 GWh and EBITDA of about $2.2 million per year. Construction on the project will begin during the third quarter of 2015 with commissioning slated for third quarter of 2016

Canada

An extra 99 MW in 2015 and early 2016, covered by 20-year energy sales contracts with Hydro-Québec

- The 23.5 MW **Côte-de-Beaupré** community wind farm, developed jointly with La Côte-de-Beaupré RCM. This wind farm is located on Seigneurie de Beaupré lands, thereby benefitting from logistical synergies with the existing wind farms operated by Boralex, totalling 340 MW. It will be commissioned in December 2015 at a cost ranging from $65 million to $70 million. Financing is underway.
- Abutting the Témiscouata I wind farm, the **Témiscouata II** project, wholly owned by Boralex, will aggregate an installed capacity of 52 MW and is covered by a 20-year contract with Hydro-Québec. In January 2014, the project was green-lighted by the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques ("MDDELCC"). Boralex began construction in the first half of 2014 to leverage logistical synergies with Témiscouata I. As a result, the construction of roadways, foundations and the collector system has been completed. The power transformer has been installed and work on the integration substation has also been completed. On June 26, 2014, the Corporation announced that $142.7 million in financing has been arranged for Témiscouata II. The financing consists of a $127.0 million construction loan which will convert into a repayable term loan amortized over an 18-year period following commercial commissioning, together with $15.7 million in short-term facilities.
- On January 15, 2015, Boralex announced the acquisition of an interest in the **Frampton** community wind power project with a 24 MW capacity ("Frampton"). The Municipality of Frampton holds a 33.3% interest in the Frampton project, and as of the closing date of the transaction, Boralex owns a 66.7% interest. The project will be located on private lands of the Municipality of Frampton, in Québec's Chaudières-Appalaches region. Upon completion, Frampton will consist of 12 wind turbines. The project, which is covered by a 20-year energy sales contract with Hydro-Québec, has received authorization from the MDDELCC. Construction on the Frampton project will begin in the first quarter of 2015 to allow for commissioning within a 12-month period.

In addition to the orderly integration of BEV assets, segment performance will continue to be supported over the coming quarters by a tight focus on optimizing wind turbine availability and performance, due in particular to the team's expertise in preventive and corrective maintenance and remote management of wind turbines.

Longer-term Outlook

Despite intense competition in the global wind power market, certain external factors are conducive to development in this energy niche, including a relatively stable financial and interest-rate environment that is expected to remain so in the foreseeable future, and technological breakthroughs in wind turbines that, by enhancing equipment productivity, allow Boralex to maintain its profit margins in spite of competitive pressures.

Moreover, as the global wind power industry has consolidated over the past few years, certain major players have refined their target positioning and withdrawn from certain markets to redeploy resources accordingly. This trend generates acquisition opportunities for Boralex, such as when multinational Enel Green Power decided to divest of its subsidiary Enel Green Power France S.A.S.

Boralex's wind power segment is bolstered by its presence in two separate geographic markets, which allows the Corporation to fine-tune its strategy in response to the specific trends of its target markets.

Europe

France currently offers the highest concentration of development opportunities for Boralex's wind power segment. It is firmly committed to the development of wind power, having set the clear objective of increasing to 30% by 2030 the share of renewable energy in French national electricity production. In June 2014, the French Minister of Ecology, Sustainable Development and Energy signed a new rate decree maintaining the rate for purchasing electricity produced by on-shore wind turbines at its 2008 level, ensuring the same profitability conditions for wind power producers. The new ministerial rate decree is excellent news for Boralex and the wind power industry in France. Furthermore, Boralex is now France's largest private land-based wind power producer and holds the rights to a sizeable portfolio of projects, primarily in wind power, through BEV. A number of those projects are in relatively advanced stages of development and could be commissioned between 2016 and 2018.

In 2012, Boralex entered into a five-year agreement with InnoVent, in France, to secure options to acquire 130 MW in additional wind power projects currently under development by InnoVent.

In July 2014, Boralex and a Danish developer entered into an equally owned joint venture to develop an offshore wind power project in Denmark over a three- to five-year horizon. Management sees Denmark as a welcoming and favourable market for this type of project.

Canada

In Canada, although provincial governments have offered some support for wind power, the business environment has significantly hardened over the past few years owing to a number of factors including Québec's current electricity surplus, the overall weakness of the economy and especially, a growing trend by provincial governments to rely on requests for proposals, stepping up pressure on prices.

Nevertheless, Boralex remains confident in the medium- and long-term outlook for its wind power segment in Canada, particularly in light of a potential economic recovery and the solid positioning the Corporation has already built. In the shorter term, development in Canada will focus in particular on finding opportunities to acquire wind power projects at various stages of development that are covered by energy sales contracts, such as the Frampton project, which Boralex recently acquired in Québec. The Corporation has also acquired the rights to wind power projects in Ontario and British Columbia, whose potential is currently under review.

Boralex's Competitive Advantages

Boralex's management team generally believes that the quality of the wind power segment's medium- and long-term outlook is based on the Corporation's intrinsic strengths, such as:

- Its solid and flexible financial position;
- Its geographic diversification across all regions of France, as well as several Canadian provinces;
- The scope and quality of its assets in operation and its projects under development, which are all covered by long-term energy sales contracts;
- Its highly skilled, multidisciplinary and entrepreneurial team with a constant eye out for the best development opportunities;
- Its growing expertise in project development and for structuring the required financing, as well as in the construction and operation of wind farms, based on rigorous financial management and proactive and disciplined operational management; and
- Its growing reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale wind power facilities.

Hydroelectric Power

Boralex's hydroelectric power segment will get a boost from a full-year contribution from the Jamie Creek power station in fiscal 2015 compared with 7.5 months in 2014, including the run-in period.

Moreover, by the end of 2015, Boralex expects to have completed most of the work at its Buckingham power station in Québec, Canada, to comply with the *Dam Safety Act*. To this end, after a $2.8 million investment in 2014, the Corporation expects to invest more than $8 million in 2015. Concurrently with this work, management is still reviewing various investment scenarios aimed at expanding the power station's installed capacity to 20 MW from its current 10 MW.

The Corporation is currently reviewing a number of acquisition opportunities to grow its hydroelectric power segment in markets in which it has an established presence so as to generate operating synergies. With over twenty years' experience in hydroelectric power, a skilled team and high quality assets, Boralex believes it is poised to make further inroads into the hydroelectric market. The Corporation has a large hydroelectric power base with good geographic distribution, attractive profit margins, and steady and predictable cash flows. This balanced profile softens the impact on segment results of weather or economic conditions, including fluctuations in open market selling prices in the United States, and U.S. and Canadian dollar exchange rate fluctuations. Given the quality of the assets and the ongoing maintenance program underway at all Boralex hydroelectric power stations, there is no indication that production will not be in line with historical averages. In addition, Canadian power stations will continue to benefit from indexation under energy sales contracts, throughout the contract term.

Thermal Power

Since 2011, Boralex has considerably reduced the relative weight of the thermal power segment in its energy portfolio. While thermal power is not a preferred development target under Boralex's growth strategy, the Corporation is still open to business opportunities that could arise in the sector, provided the assets are covered by long-term energy sales and raw material supply contracts, and meet Boralex's market position and performance objectives.

The Corporation is also interested in new green and renewable energy production technologies based on biomass. To that effect, in 2014, the Corporation acquired for a $1.4 million consideration a 27% interest in a young Nova Scotia, Canada company that is developing a technology to produce renewable synthetic diesel fuel from wood fibre.

Senneterre Power Station - Canada

Under a new agreement entered into with Hydro-Québec for fiscal years 2014 to 2018 inclusively, the Senneterre power station generates electricity eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability relative to previous years. As demonstrated by the performance reported in 2014 by this power station, the new agreement affords operating conditions conducive to stable and predictable profitability. In particular, this eight-month operating period, compared with six-month periods in 2012 and 2013, facilitates access to better quality and lower cost raw material supply arrangements.

Blendecques Power Station - France

With the end of the Blendecques power station's initial energy sales contract with EDF, a new contract was entered into for an additional 12-year term ending on October 31, 2025. To honour this new agreement, the power station underwent modernization work, representing an investment of approximately €6 million, which was completed in 2014. New equipment has been operational since November 1, 2014.

Solar Power

Boralex's only solar power station in operation has performed to management's expectations since its commissioning in June 2011. The Corporation expects an average electricity production of approximately 5,000 MWh for the first ten years, with an expected average EBITDA margin of 80%-85% over the period, as supported by the favourable results for 2014.

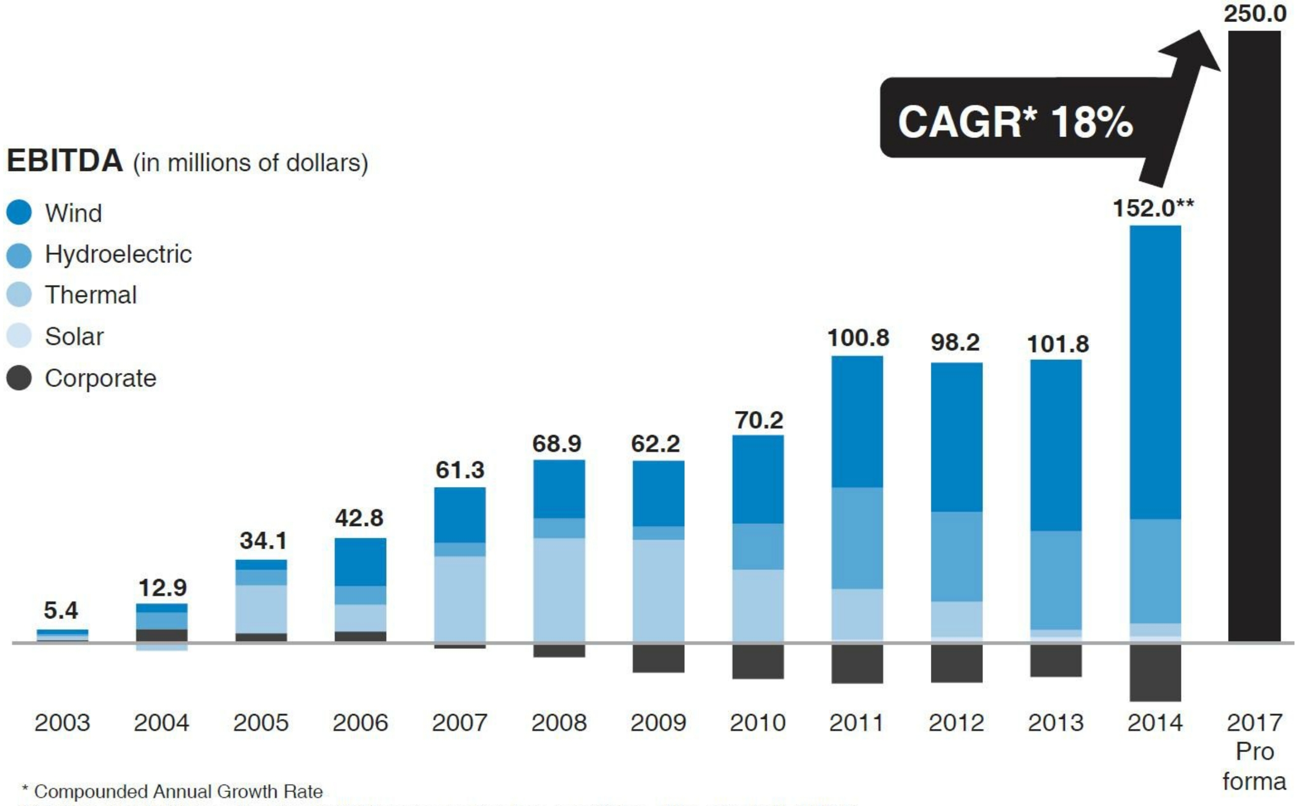
Solar power generation is a growth industry with market rules and government positions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has potential, particularly as technological breakthroughs gradually push down equipment costs, thereby making solar power a more competitive energy alternative.

In France, Boralex also draws on a skilled solar project development team and holds the rights to a number of projects under development.

Boralex Inc.: Taking Growth to the Next Level

As shown in the graph below, Boralex's short- and medium-term growth outlook is closely linked to prospects in the wind power industry, given its dominant position in the Corporation's current energy portfolio and the strong growth potential of its project pipeline and business environment, particularly in France. In fact, the BEV acquisition has taken Boralex to a new level of growth, placing it among Canada's top-five independent renewable energy producers.

Financial Target



* Compounded Annual Growth Rate
** Adjusted EBITDA (see the *Non-IFRS Measures* section for a conciliation of the adjusted EBITDA)

2015-2017 Outlook

In its 2013 annual report, the Corporation disclosed the following objectives to its shareholders: aggregate energy assets totalling 950 MW by the end of 2016, to generate $200 million in EBITDA on a proportionate consolidation basis.

In fact, that objective was achieved one year ahead of time, owing primarily to the BEV acquisition in France. On a proportionate consolidation basis, Boralex's installed capacity stood at 938 MW as at December 31, 2014 and will exceed the 1,000 MW mark in 2015. The Corporation also expects to meet and even exceed its objective of $250 million in EBITDA by the end of 2017.

Driven mainly by the expansion in the wind power segment, the Corporation's financial growth over the next two fiscal years will be fuelled principally by the following:

- The integration of the 12 power stations in operation acquired from BEV;
- The full-year contribution from assets totalling 102 MW commissioned in 2014, of which three wind farms and the Jamie Creek hydroelectric power station; and
- Wind farms totalling 160 MW to be commissioned between 2015 and 2016 (not including the other expansion projects that could materialize in the meantime).

Boralex's project execution and shareholder dividends are buttressed by a solid statement of financial position with a cash position of $75 million as at December 31, 2014. Given its expertise acquired over many years in the development, financing, construction, commissioning and profitable operation of increasingly large-scale energy assets, Boralex is confident its full slate of projects under development will be delivered successfully.

Priority Objective: Create Value

For Boralex, the ultimate goal is to create growing and sustainable economic value for its shareholders through the right mix of strategic, operating and financial conditions to increase profits and cash flows, and in turn market value, while supporting its dividend policy.

By 2018, the Corporation intends to become one of the five largest, most experienced and best diversified independent renewable energy producers in its key markets. What's more, Boralex is dedicated to offering competitive shareholder returns, by delivering on its current project pipeline and tapping into its strong future development potential, particularly in France.

The Corporation will continue exclusively targeting operating assets or projects covered by long-term energy sales contracts to secure steady and predictable cash flows. More specifically, its expansion targets are as follows:

- The wind power segment, primarily in France and Canada (Québec, Ontario and British Columbia);
- The hydroelectric segment, mainly in jurisdictions where Boralex already operates power stations; and
- The solar power segment in Canada and France.

At the same time, the Corporation will closely monitor new international developments in green and renewable energy production.

Boralex believes that along with its solid presence in these markets conducive to further expansion, it commands strong competitive advantages to continue seizing market opportunities in terms of asset quality and available development projects, in line with its strategy. The Corporation's main strengths lie in its robust finances, its growing ability to generate cash flows from operations, its targeted development approach, its solid multidisciplinary team and its entrepreneurial culture. It is thus able to act on arising business opportunities with speed and precision and complete increasingly large-scale projects while meeting budgets, deadlines and financial performance targets.

To meet its growth goals and maintain its operating and development capacity, Boralex will remain a solid and innovative organization, driven by clear objectives with rigorous attention to meeting target returns and guided by a long-term vision setting out its sources of production, its target markets and its approach to project development. It will continue to strengthen its business model based on:

- Maintaining comprehensive in-house expertise in developing and operating renewable energy production assets, supported by leading-edge management tools;
- A disciplined and targeted development approach based on meeting financial performance targets in step with the risks inherent in each project; and
- Maintaining sound capital management and sufficient financial flexibility to seize potential growth opportunities and ensure uninterrupted access to capital markets.

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	Year ended December 31, 2014
POWER PRODUCTION (MWh)					
Wind power stations	264,859	163,508	112,029	245,601	785,997
Hydroelectric power stations	123,587	223,702	139,938	154,752	641,979
Thermal power stations	71,116	18,521	45,909	34,092	169,637
Solar power station	1,185	2,042	1,952	1,080	6,259
	460,747	407,773	299,828	435,525	1,603,872
REVENUES FROM ENERGY SALES					
Wind power stations	35,356	21,296	14,133	31,278	102,063
Hydroelectric power stations	13,996	17,622	12,236	14,312	58,166
Thermal power stations	12,976	3,885	5,660	7,569	30,090
Solar power station	602	1,021	945	514	3,082
	62,930	43,824	32,974	53,673	193,401
EBITDA					
Wind power stations	32,211	16,610	9,567	28,123	86,511
Hydroelectric power stations	10,167	14,002	8,816	9,730	42,715
Thermal power stations	4,572	(1,101)	588	1,188	5,247
Solar power station	491	902	850	391	2,634
	47,441	30,413	19,821	39,432	137,107
Corporate and eliminations	(5,236)	(6,897)	(5,057)	(9,374)	(26,564)
	42,205	23,516	14,764	30,058	110,543
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	7,112	(5,044)	(9,506)	(6,981)	(14,419)
Discontinued operations	839	785	312	716	2,652
	7,951	(4,259)	(9,194)	(6,265)	(11,767)
NET EARNINGS (LOSS) PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.19	($0.13)	($0.25)	($0.18)	($0.38)
Discontinued operations	$0.02	$0.02	$0.01	$0.02	$0.07
	$0.21	($0.11)	($0.24)	($0.16)	($0.31)
NET EARNINGS (LOSS) PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.18	($0.13)	($0.25)	($0.18)	($0.38)
Discontinued operations	$0.02	$0.02	$0.01	$0.02	$0.07
	$0.20	($0.11)	($0.24)	($0.16)	($0.31)
CASH FLOWS FROM OPERATIONS					
In dollars	29,326	7,739	2,633	13,983	53,681
Per share (basic)	$0.77	$0.20	$0.07	$0.36	$1.40
Weighted average number of shares outstanding (basic)	37,980,635	38,346,572	38,390,851	38,411,980	38,283,988

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	Year ended December 31, 2013
POWER PRODUCTION (MWh)					
Wind power stations	191,028	166,992	96,921	227,195	682,136
Hydroelectric power stations	148,473	197,923	131,786	142,912	621,094
Thermal power stations	70,879	7,191	33,851	31,448	143,369
Solar power station	1,079	1,788	2,098	980	5,945
	411,459	373,894	264,656	402,535	1,452,544
REVENUES FROM ENERGY SALES					
Wind power stations	23,598	20,384	11,822	29,305	85,109
Hydroelectric power stations	14,113	15,691	11,206	12,746	53,756
Thermal power stations	12,546	3,268	4,657	6,976	27,446
Solar power station	479	798	966	469	2,712
	50,736	40,141	28,651	49,496	169,023
EBITDA					
Wind power stations	19,875	15,569	6,872	24,279	66,594
Hydroelectric power stations	11,284	12,532	7,595	9,002	40,413
Thermal power stations	4,668	(1,070)	(614)	26	3,010
Solar power station	382	706	853	438	2,379
	36,209	27,737	14,706	33,745	112,396
Corporate and eliminations	(2,956)	(4,544)	(2,054)	(4,706)	(14,259)
	33,253	23,193	12,652	29,039	98,137
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	4,007	(1,685)	(8,390)	455	(5,612)
Discontinued operations	161	622	917	74	1,774
	4,168	(1,063)	(7,473)	529	(3,838)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED					
Continuing operations	$0.11	($0.04)	($0.22)	$0.01	($0.15)
Discontinued operations	—	$0.02	$0.02	—	$0.05
	$0.11	($0.02)	($0.20)	$0.01	($0.10)
CASH FLOWS FROM OPERATIONS*					
In dollars	22,954	17,775	(5,135)	15,322	50,916
Per share (basic)	$0.61	$0.47	($0.14)	$0.41	$1.35
Weighted average number of shares outstanding (basic)	37,735,065	37,740,004	37,748,196	37,757,835	37,745,345

* In 2013, as the scheduled payment date of the $8.3 million interest on the convertible debentures was on June 30, a Sunday, the payment was made on the following business day on July 2, 2013.

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for 2% of the Corporation's total installed capacity in operation, are not covered by long-term energy sales contracts.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

Wind

For the wind power assets currently in operation in which Boralex's share totals 728 MW, wind conditions are usually more favourable in winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

The wind power segment now accounts for 77% of Boralex's aggregate installed capacity and represents by far the Corporation's key driver of revenues, EBITDA and cash flows, particularly with full-year contributions from the assets recently acquired in France as of 2015. This segment will account for an even larger share of the Corporation's energy portfolio in upcoming years, as 160 MW of wind farms under development in Canada and France are progressively commissioned, boosting Boralex's wind power asset capacity to 888 MW by the outset of 2016, and the Corporation taps further into its substantial project pipeline. In particular, this expansion will intensify the impact of the seasonality of this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

Hydroelectricity

For Boralex's hydroelectric assets totalling 158 MW, power output depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, in Boralex's second and fourth quarters, respectively. Historically, water flow tends to decrease in winter and summer. In general, management estimates that approximately 60% of annual production in its hydroelectric power segment is generated in the second and fourth quarters and 40% in the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream yet not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

As previously discussed, five U.S. power stations sell their power in the New York State open market. These facilities have an installed capacity of 23 MW, which currently accounts for under 15% of the hydroelectric power segment's total capacity as at the date of this MD&A, and 2% of Boralex's total installed capacity. These power stations have greater exposure to seasonal fluctuations which, in addition to influencing power production volumes, also impact the selling prices they obtain. They are partly influenced by seasonal demand, which is traditionally higher during winter and summer. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is highly volatile, has a significant influence on New York State electricity selling prices.

Thermal

Boralex owns and operates two thermal power stations for an aggregate 47 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec energy sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec covering the years 2014 to 2018 under which the Senneterre power station is limited to producing power eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. With the end of the Blendecques power station's initial energy sales contract with EDF, a new contract was entered into for an additional 12-year term ending on October 31, 2025. To honour this new agreement, the power station underwent modernization work. New equipment has been operational since November 1, 2014.

Solar

The Corporation's only solar power station, of 5 MW, currently in operation is located in Southwestern France. For this facility, which benefits from a long-term energy sales contract, sunlight conditions are usually more favourable in the spring and summer, which fall during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power station will be generated in the second and third quarters.

Generally, while Boralex's performance in a given fiscal year remains partially exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are now derived from assets covered by indexed fixed-price contracts, thereby mitigating their effect. The Corporation also capitalizes on solid diversification in its power generation sources and favourable geographic positioning. Furthermore, Boralex exercises sound capital management to ensure financial health and flexibility to effectively manage the seasonality of its business. These factors will contribute to strong, stable results for Boralex in the coming years.

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
POWER PRODUCTION (MWh)				
Wind power stations	245,601	227,195	785,997	682,136
Hydroelectric power stations	154,752	142,912	641,979	621,094
Thermal power stations	34,092	31,448	169,637	143,369
Solar power station	1,080	980	6,259	5,945
	435,525	402,535	1,603,872	1,452,544
REVENUES FROM ENERGY SALES				
Wind power stations	31,278	29,305	102,063	85,109
Hydroelectric power stations	14,312	12,746	58,166	53,756
Thermal power stations	7,569	6,976	30,090	27,446
Solar power station	514	469	3,082	2,712
	53,673	49,496	193,401	169,023
EBITDA				
Wind power stations	28,123	24,279	86,511	66,594
Hydroelectric power stations	9,730	9,002	42,715	40,413
Thermal power stations	1,188	26	5,247	3,010
Solar power station	391	438	2,634	2,379
	39,432	33,745	137,107	112,396
Corporate and eliminations	(9,374)	(4,706)	(26,564)	(14,259)
	30,058	29,039	110,543	98,137
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(6,981)	455	(14,419)	(5,612)
Discontinued operations	716	74	2,652	1,774
	(6,265)	529	(11,767)	(3,838)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.18)	$0.01	($0.38)	($0.15)
Discontinued operations	$0.02	—	$0.07	$0.05
	($0.16)	$0.01	($0.31)	($0.10)
CASH FLOWS FROM OPERATIONS				
In dollars	13,983	15,322	53,681	50,916
Per share (basic)	$0.36	$0.41	$1.40	$1.35
Weighted average number of shares outstanding (basic)	38,411,980	37,757,835	38,283,988	37,745,345

Operating Results Data

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Years ended December 31 2014	2013	2012
POWER PRODUCTION (MWh)	1,603,872	1,452,544	1,521,421
REVENUES FROM ENERGY SALES	193,401	169,023	181,440
EBITDA	110,543	98,137	98,357
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(14,419)	(5,612)	(8,836)
Discontinued operations	2,652	1,774	3,721
	(11,767)	(3,838)	(5,115)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.38)	($0.15)	($0.24)
Discontinued operations	$0.07	$0.05	$0.10
	($0.31)	($0.10)	($0.14)
CASH FLOWS FROM OPERATIONS			
In dollars	53,681	50,916	47,721
Per share (basic)	$1.40	$1.35	$1.26
Weighted average number of shares outstanding (basic)	38,283,988	37,745,345	37,729,137

Statement of Financial Position Data

(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013	As at December 31, 2012
Total assets	1,917,959	1,422,727	1,229,871
Debt*	1,161,131	662,948	522,186
Convertible debentures	232,977	229,578	226,299
Total liabilities	1,581,640	1,036,593	887,502
Total equity	336,319	386,134	342,369

* Including non-current debt, the $100 million bridge financing facility and current portion of debt. The bridge financing facility was repaid following the public issuance of shares in January 2015.

Analysis of Operating Results for the Three-Month Period Ended December 31, 2014

The fourth quarter of 2014 saw significant growth in Boralex's operating results, due mainly to expansion in the wind power segment. However, growth in consolidated EBITDA and net earnings (loss) was adversely affected by the recognition of specific costs incurred with the BEV acquisition in France, as well as by a $6.0 million net loss on financial instruments, which had no impact, however, on the Corporation's cash flows.

The following table shows major changes in net earnings (loss) attributable to shareholders of Boralex:

	Net earnings (loss) (in thousands of $)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED DECEMBER 31, 2013	529	$0.01
Change:		
EBITDA	1,019	$0.03
Amortization	(1,845)	($0.05)
Financing costs	(2,865)	($0.08)
Foreign exchange effect	(545)	($0.01)
Financial instruments	(6,100)	($0.16)
Other gains	846	$0.02
Income taxes	2,147	$0.06
Non-controlling shareholders	(93)	—
Discontinued operations	642	$0.02
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014	(6,265)	($0.16)
Net loss on undesignated financial instruments, net of taxes	5,067	$0.13
Acquisition and other costs related to the acquisition of BEV, net of taxes	4,315	$0.11
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014 - ADJUSTED	3,117	$0.08

For the three-month period ended December 31, 2014, Boralex incurred a net loss attributable to shareholders of $6.3 million or $0.16 per share (basic and diluted), compared with net earnings of $0.5 million or $0.01 per share (basic and diluted) for the same quarter of 2013.

This decline of $6.8 million or $0.17 per share in net earnings (loss) between the two comparative periods resulted from an unfavourable change of $6.1 million or $0.16 per share, in losses on financial instruments, discussed later in this section. In addition, despite being up $1.0 million from the corresponding period of 2013, the change in EBITDA was impacted by a $4.4 million net increase in development costs, arising primary from the major acquisition completed in France on December 18, 2014.

In addition to a $0.5 million unfavourable exchange effect, the Corporation's net earnings (loss) were adversely affected by a combined increase of $4.7 million in amortization expense and financing costs resulting from recent expansion in the wind and hydroelectric power segments, partially offset by the favourable change in income taxes and other gains.

However, excluding the two unfavourable and non-recurring items, a $5.1 million net loss on undesignated financial instruments and $4.3 million in acquisition and other costs related to the BEV acquisition, the Corporation would have posted adjusted net earnings of $3.1 million or $0.08 per share.

The following table shows major changes in revenues from energy sales and EBITDA:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2013	49,496		29,039	
Power stations commissioned*	4,281	8.6%	2,562	8.8%
BEV operations**	2,107	4.3%	1,023	3.5%
Pricing	(655)	(1.3)%	(655)	(2.2)%
Volume	(2,220)	(4.5)%	(2,195)	(7.6)%
Foreign exchange effect	354	0.7%	269	0.9%
Development - prospecting	—	—	952	3.3%
Development - BEV acquisition costs	—	—	(5,340)	(18.4)%
Share of Joint Ventures	—	—	2,905	10.0%
Other	310	0.6%	1,498	5.2%
Change	4,177	8.4%	1,019	3.5%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014	53,673		30,058	
Acquisition costs related to acquisition of BEV	—		5,340	18.4%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014 - ADJUSTED	53,673		35,398	

* Commissioning of the French wind farm La Vallée in December 2013, Jamie Creek hydroelectric power station in Canada in May 2014, French wind farm Fortel-Bonnières in October and November 2014 and Témiscouata I wind farm in Canada in December 2014.

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Revenues from Energy Sales

For the three-month period ended December 31, 2014, revenues from energy sales totalled $53.7 million, up $4.2 million or 8.4% year over year. This growth emanated primarily from $4.3 million in additional revenues from the commissioning of three wind farms and the hydroelectric power station listed in the footnotes of the previous table, coupled with $2.1 million in revenues generated in the last few days of fiscal 2014 by the 12 new BEV wind farms in France. To a lesser extent, the change in revenues got a boost from a $0.4 million favourable foreign exchange effect and miscellaneous positive items totalling $0.3 million, particularly an increase in capacity premiums. Conversely, revenues from energy sales were curtailed by a $2.2 million unfavourable volume effect owing to less advantageous wind conditions in Europe than in the fourth quarter of 2013, as well as by a $0.7 million unfavourable price effect attributable to the hydroelectric and thermal power segments.

Note that in accordance with IFRS, revenues from energy sales do not include Boralex's $13.6 million share in the revenues generated by Joint Venture Phases I and II, commissioned in December 2013 and December 2014, respectively, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A.

In total, Boralex generated 435,525 MWh of electricity in the fourth quarter of 2014 (excluding its share of the production of Joint Venture Phases I and II, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A), up 8.2% from 402,535 MWh for the same period of 2013. This growth resulted from the addition of the new French wind farms commissioned and acquired in the last few quarters, as well as the commissioning of the Canadian hydroelectric power station. Excluding those new assets, production at the Corporation's existing assets was down 3.6% from the same period of the previous year, owing to less favourable wind conditions in France and maintenance shutdowns at certain hydroelectric power stations in the United States.

EBITDA and EBITDA Margin

Fourth-quarter consolidated EBITDA stood at $30.1 million in 2014, up 3.5% from $29.0 million in 2013. This relatively modest growth resulted in large part from the $4.4 million net increase in development costs arising from actions related to the BEV acquisition, which was successfully completed on December 18, 2014. This acquisition will result in a substantial boost in EBITDA for Boralex as of 2015. By way of a preview, the acquisition generated $1.0 million in EBITDA in less than a two-week period following the closing date of the transaction. Excluding the $5.3 million BEV acquisition costs, EBITDA would have amounted to $35.4 million, a year-over-year increase of 21.9%.

The change in EBITDA for the fourth quarter of 2014 was lifted higher by a $2.9 million increase in Boralex's share in results of the Joint Ventures and a $2.6 million contribution from the new power stations commissioned in 2014 and late in 2013. In other words, the assets most recently added to Boralex's portfolio of facilities in operation contributed an aggregate $6.5 million to consolidated EBITDA in the fourth quarter of 2014, some albeit for only a few days of the period. Lastly, growth in EBITDA was fuelled by a $0.3 million favourable foreign exchange effect and a set of favourable factors totalling $1.5 million, including savings on raw material costs, maintenance costs and professional fees, as well as an increase in the capacity premiums granted to certain power stations.

These various favourable factors offset the increase in development and prospecting costs, and the unfavourable volume and price effects totalling $2.9 million discussed earlier.

The Corporation's EBITDA margin as a percentage of revenues stood at 56.0% in the fourth quarter of 2014, compared with 58.7% in prior year, owing primarily to the specific costs incurred to acquire BEV. Excluding these acquisition costs totalling $5.3 million, the Corporation would have reported an EBITDA margin for the fourth quarter of 2014 of 66.0%.

Note that the consolidated EBITDA item *Share in earnings (losses) of the Joint Ventures* includes items not related to the EBITDA of Joint Venture Phases I and II, which totalled $9.4 million in the fourth quarter of 2014, consisting primarily of amortization expense and financing costs (see the *Proportionate Consolidation* section of this MD&A).

Amortization

Amortization expense for the fourth quarter of 2014 rose $1.8 million to $15.8 million. The impact of the addition of the newly commissioned and acquired assets in fourth and preceding quarters comprised most of the difference.

Other Gains

Other gains, amounting to $0.8 million, arose primarily from tax credits granted for wind power projects in Québec.

Financing Costs, Foreign Exchange Loss (Gain) and Net Loss (Gain) on Financial Instruments

Financing costs rose $2.9 million to $15.9 million in the fourth quarter of 2014, owing primarily to new borrowings contracted for the construction and commissioning of the Jamie Creek power station and the new wind farms in France and Canada, as well as for the BEV acquisition in the last few days of the fiscal year. Those items were partly offset however by the repayment of the $35 million Canadian note in July 2014 and the decrease in debt related to existing power stations, particularly the Thames River wind farm in Canada.

Boralex recognized a slight foreign exchange loss for the fourth quarter of 2014 compared with a $0.5 million foreign exchange gain in the same period of the previous year.

The Corporation recognized a $6.0 million net loss on financial instruments, compared with a $0.1 million net gain in 2013. The loss in 2014 consisted primarily of fair value remeasurement adjustments on financial instruments totalling a net unfavourable amount of $6.8 million. Since December 2014, certain interest-rate swaps, previously designated as hedges of potential projects in Canada, are no longer designated by the Corporation under hedge accounting.

It is also important to indicate that this loss on financial instruments had no effect on cash flows for fiscal 2014 and the cash position of the Corporation as at December 31, 2014.

Net Earnings (Loss) from Continuing and Discontinued Operations

Boralex ended the fourth quarter of 2014 with a $5.5 million net loss from continuing operations compared with $1.0 million in net earnings for the same period of 2013, as well as with $0.7 million in net earnings from discontinued operations compared with $0.1 million in 2013. Earnings from discontinued operations were generated by the sale of Renewable Energy Certificates ("RECs") generated by the U.S. wood-residue power stations that Boralex sold at the end of 2011; under the conditions of the sale transaction, Boralex is entitled to 50% of sales of RECs of these power stations in excess of a defined threshold for 2012, 2013 and 2014 inclusively.

Analysis of Operating Results for the Year Ended December 31, 2014

Fiscal 2014 saw a significant increase in the operating profitability of Boralex's energy portfolio contributed by all segments, most particularly wind power, despite only partial reflection of contributions from the Joint Ventures under IFRS. However, certain non-recurring items not related to current operations impacted consolidated EBITDA and net loss as compared with the previous year, including the fair value remeasurement adjustment on financial instruments discussed in the previous section, the BEV acquisition costs and the non-recurrence of specific favourable items totalling nearly $4 million included in 2013 EBITDA.

The following table shows major changes in net loss attributable to shareholders of Boralex:

	Net loss (in thousands of $)	Per share (in $, basic)
YEAR ENDED DECEMBER 31, 2013	(3,838)	($0.10)
Change:		
EBITDA	12,406	$0.33
Amortization	(6,522)	($0.17)
Impairment of property, plant and equipment	266	$0.01
Financing costs	(7,404)	($0.20)
Foreign exchange effect	(1,194)	($0.03)
Financial instruments	(8,929)	($0.25)
Other gains	1,730	$0.05
Income taxes	1,391	$0.04
Non-controlling shareholders	(551)	($0.01)
Discontinued operations	878	$0.02
YEAR ENDED DECEMBER 31, 2014	(11,767)	($0.31)
Net loss on undesignated financial instruments, net of taxes	5,067	$0.13
Acquisition and other costs related to the acquisition of BEV, net of taxes	4,315	$0.11
YEAR ENDED DECEMBER 31, 2014 - ADJUSTED	(2,385)	($0.07)

For the fiscal year ended December 31, 2014, Boralex generated a net loss attributable to shareholders of $11.8 million or $0.31 per share (basic and diluted), compared with a net loss of $3.8 million or $0.10 per share (basic and diluted) for fiscal 2013. This $7.9 million or $0.21 per share decline originated primarily from an adverse change of $8.9 million in financial instruments, arising mainly from the fair value remeasurement adjustment on financial instruments recorded in the fourth quarter and discussed previously. Furthermore, expansion of Boralex's asset base gave rise to an aggregate increase of $13.9 million in amortization and financing costs (owing in part to a $3.6 million unfavourable foreign exchange effect related to those items).

The increase in EBITDA contributed $12.4 million to 2014 net loss despite substantial development costs in 2014 and the inclusion of significant favourable non-recurring items in 2013, which are detailed later in this section.

Excluding these two unfavourable and non-recurring items of $5.1 million and $4.3 million, adjusted net loss would have totalled $2.4 million or $0.07 per share, an improvement compared to 2013.

The main differences in revenues from energy sales and EBITDA are as follows:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	169,023		98,137	
Power stations commissioned*	15,066	8.9%	10,434	10.6%
BEV operations**	2,107	1.2%	1,023	1.0%
Pricing	(768)	(0.4)%	(768)	(0.8)%
Volume	382	0.2%	359	0.4%
Foreign exchange effect	7,356	4.4%	4,542	4.6%
Raw material costs	—	—	1,346	1.4%
Development - prospecting	—	—	163	0.2 %
Development - BEV acquisition costs	—	—	(5,340)	(5.5)%
Share of Joint Ventures	—	—	5,548	5.7%
Other	235	0.1%	(4,901)	(5.0)%
Change	24,378	14.4%	12,406	12.6%
YEAR ENDED DECEMBER 31, 2014	193,401		110,543	
Acquisition costs related to acquisition of BEV	—		5,340	5.4%
YEAR ENDED DECEMBER 31, 2014 - ADJUSTED	193,401		115,883	

* Commissioning of the Vron wind farm in France in September 2013, La Vallée wind power facility in France in December 2013, Jamie Creek hydroelectric power station in Canada in May 2014, Fortel-Bonnières wind farm in France in October and November 2014 and Témiscouata I wind farm in Canada in December 2014 .

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Revenues from Energy Sales

For the year ended December 31, 2014, revenues from energy sales totalled $193.4 million, up $24.4 million or 14.4% compared with fiscal 2013 (excluding Boralex's $46.1 million share in the revenues generated by the Joint Ventures; see the *Proportionate Consolidation* section of this MD&A).

As shown in the previous table, 70% of the growth in revenues under IFRS is attributable to the expansion of Boralex's asset base, $15.1 million of which was driven by the commissionings listed in the footnotes of the previous table, including four wind power assets in 2014 and in the second half of 2013 and the hydroelectric power station started up in 2014. Furthermore, the 12 French wind farms acquired on December 18, 2014 contributed an additional $2.1 million in the last few days of the fiscal year.

Among the other factors that boosted revenue growth were a $7.4 million favourable foreign exchange effect prompted by the strengthening of the euro and the U.S. dollar against the Canadian currency, $0.4 million favourable volume effect and an increase in capacity premiums. However, revenue growth was curbed by a slight $0.8 million unfavourable price effect related to the hydroelectric and thermal power segments.

Boralex generated 1,603,872 MWh of electricity (excluding its share of the production of the Joint Ventures), up 10.4% from 1,452,544 MWh in fiscal 2013. This was driven by the addition of the new assets described above. Excluding these, output rose slightly by 1% at the Corporation's existing sites.

EBITDA and EBITDA Margin

Consolidated EBITDA for 2014 amounted to $110.5 million, compared with $98.1 million from 2013, up $12.4 million or 12.6%. EBITDA margin as a percentage of revenues stood at 57.2 % compared with 58.1% for the previous year. This slight pullback is due to a number of non-recurring factors further discussed below. Excluding the $5.3 million BEV acquisition costs, EBITDA would have amounted to $115.9 million, representing an increase of 18.1% and an EBITDA margin of 59.9%.

Apart from the $4.5 million favourable foreign exchange effect, EBITDA growth originated mainly from Boralex's recent expansion, namely:

- A $10.4 million contribution from the new sites commissioned in 2013 and 2014;
- A $5.5 million increase in Boralex's share in the results of the Joint Ventures (although these include expenses of $36.3 million not related to EBITDA, in particular amortization and financing costs); and
- A $1.0 million contribution from the 12 sites in France acquired late in fiscal 2014.

Boralex's profitability was also boosted by a $1.3 million decrease in raw material costs for the thermal power segment as well as a $0.4 million volume effect.

In contrast, beyond a slight unfavourable price effect of $0.8 million, Boralex reported a $5.2 million net increase in development costs, primarily related to the BEV acquisition, as well as a number of other unfavourable changes totalling $4.9 million. These arose mainly from favourable non-recurring items recognized in 2013, including revenues of $1.6 million on receipt of shares of Resolute, a $1.6 million provision reversal related to an employee compensation plan amendment and the receipt of insurance proceeds.

Amortization

Amortization expense rose $6.5 million to $60.4 million for fiscal 2014, due to the expansion of the wind and hydroelectric power asset base discussed above and the $2.4 million unfavourable exchange effect related to the Canadian dollar's weakening against the euro and the U.S. dollar. These items were partly offset however by favourable adjustments related to the amortization of a number of other assets.

Other Gains

Other gains amounting to $2.0 million resulted mainly from the realization of gains on the contract related to the agreement with French partner Cube, and income tax credits secured in Québec.

Financing Costs, Foreign Exchange Loss (Gain) and Net Loss (Gain) on Financial Instruments

Financing costs climbed $7.4 million to $58.1 million in 2014, owing primarily to new debt contracted in connection with the expansion in the wind power segment in France and Québec and construction of the Jamie Creek power station as well as to the $1.2 million impact of the euro's appreciation on financing costs incurred in France. However, these items were partly offset by the decrease in debt related to existing sites, by the repayment of the $35 million Canadian note in 2014, and the refinancing of the U.S. debt in 2013.

Boralex recorded a $0.4 million foreign exchange loss and an $8.2 million net loss on financial instruments, representing a total adverse change of $10.1 million compared with previous year. Note that this loss, which had no effect on the Corporation's liquidity, is due mainly to the fair value remeasurement adjustment on financial instruments carried out in the fourth quarter. *Net loss (gain) on financial instruments* also includes amounts related to the ineffective portion of financial instruments. Although all of the financial instruments used by Boralex are highly effective, they always include a very small ineffective portion.

Net Earnings (Loss) from Continuing and Discontinued Operations

Boralex ended fiscal 2014 with a $12.8 million net loss from continuing operations compared with a $5.5 million net loss for 2013, as well as with $2.7 million in net earnings from discontinued operations compared with $1.8 million in 2013 from the sale of RECs produced by the U.S. wood-residue power stations that Boralex sold at the end of 2011. In accordance with the 2011 agreement, this source of income expired on December 31, 2014.

Review of Operating Segments

Wind Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	85,109		66,594	
Power station commissioned*	10,457	12.3%	7,792	11.7%
BEV operations**	2,107	2.5%	1,023	1.5%
Pricing	436	0.5%	436	0.7%
Volume	533	0.6%	533	0.8%
Foreign exchange effect	3,481	4.1%	2,677	4.0%
Maintenance	—	—	(237)	(0.3)%
Share of Joint Ventures	—	—	7,529	11.3%
Other	(60)	(0.1)%	164	0.2 %
Change	16,954	19.9%	19,917	29.9%
YEAR ENDED DECEMBER 31, 2014	102,063		86,511	

* Commissioning of the Vron wind farm in France in September 2013, La Vallée wind power facility in France in December 2013, Fortel-Bonnières wind farm in France in October and November 2014 and Témiscouata I wind farm in Canada in December 2014 .

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Boralex's main growth driver, the wind power segment reported increases in production and revenues for fiscal 2014 of 15.2% and 19.9%, respectively, without factoring in the contribution of the Joint Ventures. Segment EBITDA rose 29.9%, in reflection of its higher profit margin. The solid overall performance of the wind power segment is fuelled by the recent expansion in Boralex's asset base in France and Québec, which added 264 MW to its operating base in the fourth quarter of 2014, as well as sustained productivity at its existing sites.

Operating Results

Production

For the fiscal year ended December 31, 2014, the wind power segment produced 785,997 MWh compared with 682,136 MWh for 2013 (excluding the contribution of Joint Ventures Phases I and II, whose impact is discussed in the *Proportionate Consolidation* section of this MD&A). Commissioning of the French Vron and La Vallée sites in the second half of 2013, the Fortel-Bonnières site in France and the Témiscouata I site in Canada in the fourth quarter of 2014 and the acquisition of the 12 BEV sites in France only days before the close of fiscal 2014 together generated most of this increase. Production at existing sites rose slightly.

Broken down geographically, production from Boralex's wind power asset base in France grew 22.8% through the addition of 15 new sites, two in 2013 and 13 in the last few months of 2014, and a 1.5% increase in production at existing sites. Despite maintaining excellent equipment availability rates, existing sites experienced less favourable wind conditions in the second half of 2014 compared with 2013. Boralex's wind power production in Canada grew 1% as less favourable wind conditions than in 2013 in Ontario were offset by high equipment availability at the Thames River sites and the commissioning of Témiscouata I in Québec in December 2014.

Revenues

Excluding Joint Ventures Phases I and II, wind power segment revenues for fiscal 2014 totalled $102.1 million, up $17.0 million or 19.9% from fiscal 2013. As shown in the table, revenue growth was fuelled largely by an additional $12.6 million contribution from the commissioning and acquisition of 16 new sites, 15 of them in France. Furthermore, revenues from the French sites got a boost from a $3.5 million favourable foreign exchange effect prompted by the rise in the euro against Canada's currency, as well as from most of the favourable volume and price effects totalling $1.0 million recognized for the wind power segment.

Broken down geographically, excluding the foreign exchange effect, revenues in euros at French power stations were up 22.8% while revenues at the Canadian sites grew 1.0% (excluding the Joint Ventures), due to the contribution from Témiscouata I in December 2014.

EBITDA

Wind power segment EBITDA was up $19.9 million or 29.9% compared with 2013, while EBITDA margin grew to 84.8% in 2014 from 78.2% in fiscal 2013. It is noteworthy that this solid performance is the direct result of the expansion and value creation strategy implemented by Boralex.

All the more significant is that it reflects only in very small part the contribution of the new assets in Boralex's wind power portfolio, the majority of which were added at the end of fiscal 2014. More specifically, growth in wind power segment EBITDA and EBITDA margin is driven by the following main items:

- A $7.8 million contribution from the four sites commissioned in the second halves of 2013 and 2014;
- A $7.5 million increase in Boralex's share of the results of Joint Ventures, although Phase II contributed to results for less than one month; and
- A $1.0 million contribution generated in the last 14 days of the fiscal year by the 12 sites acquired in France.

On a geographical basis, EBITDA at the Corporation's French operations rose 21.7% in euros, that is, excluding the $2.7 million favourable foreign exchange effect, mainly due to the addition of 15 new sites and the favourable volume and price effects discussed previously. These items more than offset the slight increase in maintenance costs. In Canada, EBITDA was up 29.5% due, largely, to the increase in Boralex's share in the results of the Joint Ventures, and to a lesser extent, the commissioning of Témiscouata I in December 2014.

Hydroelectric Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	53,756		40,413	
Power station commissioned*	4,609	8.6%	2,642	6.5%
Pricing	(636)	(1.1)%	(636)	(1.5)%
Volume	(2,076)	(3.9)%	(2,076)	(5.1)%
Foreign exchange effect	2,278	4.2%	1,752	4.3%
Other	235	0.4%	620	1.5%
Change	4,410	8.2%	2,302	5.7%
YEAR ENDED DECEMBER 31, 2014	58,166		42,715	

* Commissioning of the Jamie Creek hydroelectric power station in Canada in May 2014.

The following table shows recent and historical statistical data concerning hydroelectric power segment production:

HYDROELECTRIC PRODUCTION (MWh)	2014	2013
Three-month periods ended December 31:		
Actual	154,752	142,912
Historical average [(1)]	171,129	163,813
Years ended December 31:		
Actual	641,979	621,094
Annual historical average [(1)]	682,330	623,490

(1) Historical averages are calculated using all production data available for each power station up to the end of Boralex's previous fiscal year. As historical data were unavailable for the Jamie Creek power station, estimated long term production data were used to calculate the historical averages.

Boralex's second largest segment, the hydroelectric power segment maintained its role in 2014 as a major and reliable contributor to earnings and cash flows for the Corporation by generating EBITDA of $42.7 million and a profit margin of 73.4%. Commissioning of the Jamie Creek hydroelectric power station in British Columbia in May 2014 particularly contributed to growth in segment results. The hydroelectric power segment reported production, revenue and EBITDA growth of 3.4%, 8.2% and 5.7%, respectively, notwithstanding water flow conditions generally less favourable than in 2013 and in spite of a slight decline in market price for the electricity sold by U.S. power stations not benefiting from long-term indexed, fixed-price energy sales contracts.

Operating Results

Production

Hydroelectric power segment production for 2014 totalled 641,979 MWh compared with 621,094 MWh for 2013, with the 3.4% increase mainly due to the additional contribution of the Jamie Creek power station beginning in mid-May 2014. Excluding Jamie Creek, production at existing power stations declined 3.4%. In all, hydroelectric power segment production was 6.3% shy of historical averages.

Excluding Jamie Creek, the production volume of Canadian power stations fell by 5.8% from the 2013 level. Including Jamie Creek, volume was shy of historical averages by 9.1%. Production volume of the U.S. power stations was 3.6% below historical averages, showing a decline of 2.0% from 2013 levels. These declines are in large part due to exceptionally favourable water flow conditions in fiscal 2013. Also, work was carried out at certain U.S. power stations which required longer shutdowns than in fiscal 2013.

Revenues

Hydroelectric power segment revenues were up $4.4 million or 8.2% owing mainly to a $4.6 million contribution from the Jamie Creek power station, a $2.3 million favourable foreign exchange effect attributable to the U.S. dollar's strength against Canada's currency and a number of less significant items, including increased capacity premiums received by certain power stations. In contrast, revenue growth was adversely impacted by a $2.1 million negative volume effect arising from decreased output compared with the particularly high levels of 2013, as well as an unfavourable price effect of $0.6 million. The price effect is caused largely by lower average electricity selling prices obtained by five U.S. power stations in the New York State open market compared with the previous year, as well as the expiry, in 2013, of the energy sales contract that had been beneficial for the Middle Falls power station. Note that electricity market prices, which are correlated to natural gas prices, can fluctuate significantly from period to period.

Breaking down results geographically, the Canadian power stations posted 18.3% growth in their revenues including Jamie Creek, but a 2.5% decline in revenues excluding this power station. Revenues at U.S. power stations decreased 5.6% in U.S. dollars, that is, excluding the foreign exchange effect, due to the combined effect of lower output and the fall in their average selling price.

EBITDA

Hydroelectric power segment EBITDA was up $2.3 million or 5.7% due to the addition of Jamie Creek, with a contribution of $2.6 million, a favourable foreign exchange effect, contributing $1.8 million, and a number of other positive factors totalling $0.7 million, including increased capacity premiums. These gains were partially offset, however, by the unfavourable volume and price effects discussed previously amounting to $2.7 million, as well as by a slight increase in maintenance costs of the U.S. power stations. Combined EBITDA at the U.S. power stations declined 6.0% in U.S. dollars, while EBIDTA at Canadian power stations rose 13.3%, including Jamie Creek, but were comparable to 2013 EBITDA excluding that power station.

Settlement of a Contingency

Subsequent to a settlement entered into at the end of February 2015, in relation to a lawsuit brought against one of the Corporation's subsidiaries for charges claimed under Section 68 of the *Watercourses Act*, it was agreed that the net amount payable would be approximately $0.7 million instead of the $1.0 million provisioned, representing a favourable net impact of $0.3 million, to be recognized in the first quarter of 2015.

Thermal Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	27,446		3,010	
Pricing	(576)	(2.1)%	(576)	(19.1)%
Volume	1,770	6.4%	1,746	58.0%
Foreign exchange effect	1,392	5.1%	206	6.8%
Raw material costs	—	—	1,346	44.7%
Other	58	0.2%	(485)	(16.1)%
Change	2,644	9.6%	2,237	74.3%
YEAR ENDED DECEMBER 31, 2014	30,090		5,247	

Operating Results

Note that in light of the thermal power stations' operating patterns, as discussed in the *Seasonal Factors* section of this MD&A, the Senneterre, Québec facility produced electricity for eight months during 2014, from January to March, from June to September as well as in December, compared with six months during 2013. The Blendecques power station in France generated electricity for five months during 2014, from January to March and in November and December, compared with six months during 2013. Note that this facility continues nevertheless to supply its industrial client with steam during the seasonal shutdown of electricity production. A significant portion of the changes in results for the period arose from these differences in production timing between 2013 and 2014 at the two power stations.

Production

The thermal power segment produced 169,637 MWh of electricity in 2014 compared with 143,369 MWh for 2013, an 18.3% increase. This was due exclusively to the 35.0% production increase at the Senneterre power station given the two additional months of production provided under its amended contract and the power station's solid overall productivity. However, the Blendecques power station's production declined 20.4%, owing primarily to an extra month of production in 2013. Nonetheless, steam production at Blendecques was up 5.0% over 2013.

Revenues

Thermal power segment revenues rose $2.6 million or 9.6% to $30.1 million for fiscal 2014, driven by the Senneterre power station whose revenues grew $2.8 million or 29.2% due to the higher production volume discussed previously and increased capacity premiums combined with its selling price indexation.

Despite a $1.4 million favourable foreign exchange effect, revenues at the Blendecques power station were down slightly. This is due to the decline in production volume and capacity premiums owing mainly to the fact that the power station operated for a month less than in 2013, as well as to the decrease in average selling prices for steam and electricity produced by the power station. The decrease in electricity prices stems from the signature of a new energy sales contract with EDF for a term of 12 years at less favourable terms than the previous contract. Note, however, that the agreement provides Boralex with the opportunity to generate attractive returns on the €6 million investment earmarked in 2014 for the power station's modernization. The lower average price of steam sold by the power station arises from the correlation of steam prices to natural gas prices, which declined in 2014.

EBITDA

For the year ended December 31, 2014, thermal power segment EBITDA totalled $5.2 million, up $2.2 million or 74.3% from $3.0 million in fiscal 2013. This is attributable to the Senneterre power station whose EBITDA more than doubled compared with 2013, driven by higher output, capacity premiums and selling price discussed previously and coupled with the $0.8 million decline in raw material costs. As management had anticipated, the amended agreement with Hydro-Québec, under which the Senneterre power station generates electricity during eight months per year for fiscal years 2014 to 2018 inclusively, provides the power station with wood-residue supplies of better quality at a lower cost. These items more than offset the increase in certain costs, including maintenance costs.

The Blendecques power station reported EBITDA comparable with 2013, as the unfavourable effect of the decline in the average selling price and capacity premiums was fully offset by the $0.6 million decrease in the cost of the natural gas used by this power station and by a number of other factors including a $0.2 million favourable foreign exchange effect, a $0.2 million favorable volume effect and decreased maintenance costs.

Solar Power Station

The main differences in revenues from energy sales and EBITDA are as follows:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	2,712		2,379	
Pricing	9	0.3%	9	0.4%
Volume	156	5.7%	156	6.5%
Foreign exchange effect	205	7.6%	178	7.5%
Other	—	—	(88)	(3.7)%
Change	370	13.6%	255	10.7%
YEAR ENDED DECEMBER 31, 2014	3,082		2,634	

Operating Results

Boralex's only solar power station currently in operation generated 6,259 MWh for the fiscal year ended December 31, 2014, up from 5,945 MWh in 2013, owing to a generally improved rate of irradiation over 2013. This generated $0.2 million in additional revenues which, combined with a $0.2 million favourable foreign exchange effect, added $0.4 million or 13.6% to the site's annual revenues compared with the previous year. For the same reasons, solar power station EBITDA was up $0.3 million or 10.7% to total $2.6 million. This represents a profit margin of 85.5% for fiscal 2014, compared with 87.7% for 2013.

Since the mid-June 2011 commissioning, productivity and profitability at Boralex's first solar power station have met management's expectations. Although production increased in 2014, a gradual decline in solar equipment productivity must be expected as a normal phenomenon in the life cycle of this type of production facility. While the facility's contribution to the Corporation's consolidated results remains marginal, Boralex's management believes that its strong performance reflects the intrinsic quality of this first solar project with regard to choice of technology, location and contractual benefits, as well as the growing expertise of the Boralex team.

Cash Flows

(in thousands of dollars)	2014	2013
Cash flows from operations	53,681	50,916
Change in non-cash items related to operating activities	(2,020)	8,350
Net cash flows related to operating activities	51,661	59,266
Net cash flows related to investing activities	(364,105)	(158,383)
Net cash flows related to financing activities	259,218	110,866
Cash from discontinued operations	3,122	2,054
Translation adjustment on cash and cash equivalents	556	4,001
NET CHANGE IN CASH AND CASH EQUIVALENTS	(49,548)	17,804
CASH AND CASH EQUIVALENTS - END OF YEAR	75,394	124,942

In line with the trend in recent years, cash flows for the year ended December 31, 2014 highlighted Boralex's solid capacity to generate cash flows from operations, owing to its tight focus on operations covered by indexed, fixed-price energy sales contracts and superior profit margins. Furthermore, they demonstrate the Corporation's intention to increase shareholder value, particularly by paying dividends totalling $19.9 million in 2014 and, above all, by developing and optimizing its energy asset base. In 2014, the Corporation invested nearly $600 million in its expansion, including additions to property, plant and equipment and business acquisitions, increasing its interest in the Joint Ventures and development costs. As at December 31, 2014, the Corporation had grown its installed capacity in operation by 44% since December 2013 in addition to securing a considerable pool of development projects.

Operating Activities

During the year ended December 31, 2014, Boralex reported $53.7 million or $1.40 per share (basic) in cash flows from operations compared with $50.9 million or $1.35 per share in 2013. Excluding non-cash items from net loss for both years, the $2.8 million increase in cash flows from operations resulted primarily from improved EBITDA and *Other gains*, partially offset by higher payments related to financing costs and the foreign exchange impact.

The change in non-cash items related to operating activities used $2.0 million in cash (compared with cash inflows of $8.4 million in 2013). Cash was mostly used in fiscal 2014 for higher prepaid expenses resulting from the increase in maintenance costs for the wind power farms in Ontario and France as stipulated in the contract.

In light of the foregoing, operating activities generated net cash flows totalling $51.7 million for fiscal 2014 compared with $59.3 million for the previous year.

Investing Activities

Investing activities during fiscal 2014 resulted in total cash outflows of $364.1 million, net of $7.3 million in restricted cash drawdowns, particularly for the construction of the Jamie Creek hydroelectric power station and the La Vallée wind farm, and $22.0 million in proceeds from the disposal of assets held for sale. The largest portion of this amount, that is, $188.9 million, was used to acquire, on December 18, 2014, all the shares of French company Enel Green Power France S.A.S., previously wholly owned subsidiary of Enel Green Power International B.V. The benefits of this acquisition are described in under the *Growth Strategy and Key Developments of the Last Three Fiscal Years* section of this MD&A.

In addition, an amount of $167.7 million was earmarked for additions to property, plant and equipment. The main investments in property, plant and equipment for 2014 are detailed as follows:

- $139.8 million for developing the wind power segment (excluding $84.0 million for Boralex's share of investments earmarked for the Joint Ventures), including a total of $82.6 million for the Témiscouata I and II projects and $54.2 million for the Fortel-Bonnières, St-François and La Vallée projects in France;
- $14.9 million for the construction of the Jamie Creek hydroelectric power station in British Columbia and for upgrading the Buckingham power station in Québec;
- $8.2 million for upgrading the Blendecques natural gas power station in France; and
- $4.8 million for maintaining and improving existing segment and corporate infrastructure.

The other investments in fiscal 2014 required an amount of $36.7 million, mainly:

- $13.3 million to increase Boralex's share of the Joint Ventures, comprising $7.2 million for Joint Venture Phase I, $3.4 million for Joint Venture Phase II and $2.7 million for the Joint Venture in Denmark;
- $7.9 million to acquire the Calmont wind farm in France;
- $6.9 million for various development projects of the Corporation, primarily the Témiscouata II wind power project in Québec;
- $6.8 million in the reserve fund for wind power projects in France; and
- $1.4 million to acquire 27% of the share capital of CelluFuel Inc.

Financing Activities

During the year ended December 31, 2014, financing activities generated net total cash flows of $259.2 million, including a $589.0 million increase in current and non-current debt, less repayments of $84.6 million on non-current debt and $233.3 million on debt assumed on the BEV acquisition in December 2014.

New Financing

On June 27, 2014, Boralex refinanced its revolving credit facility in the amount of $130.0 million, replacing its $60.0 million revolving credit facility expiring on June 30, 2014. The increase in its revolving credit facility provides the Corporation with greater financial flexibility to further support its development. The new revolving credit facility with an initial term of four years is renewable annually thereafter. As at December 31, 2014, $110.6 million in cash had been drawn down under this credit facility.

In December 2014, concurrently with the BEV acquisition, the revolving credit facility was increased again by $45.0 million, bringing the maximum amount to $175.0 million, together with a new $50.0 million accordion clause.

Also concurrently with the BEV acquisition, Boralex implemented a long-term financing facility of €180.0 million ($254.7 million) comprising a 15-year non-recourse term loan at an annual rate of approximately 2.5%. Also, under the non-recourse term loan facility, a third tranche in the amount of €25 million may be drawn down following the closing of the acquisition for the purpose of financing a distribution to the shareholder of EGP France, once certain conditions are met. In December 2014, €170.0 million ($241.7 million) was drawn down from this loan. Boralex also entered into a $100.0 million bridge financing facility, which was repaid in January 2015 using the proceeds from the offering of Boralex common shares via an underwriting agreement as discussed below in the *Subsequent Events* section of this MD&A.

Last, Boralex contracted further non-current debt in the amount of $136.7 million (net of financing costs), primarily for the construction of the Fortel-Bonnières and St-François wind farms in France and the Témiscouata I and II wind farms in Canada.

Repayments

On June 27, 2014, Boralex repaid the $35.0 million Canadian note due to mature in July 2014. In addition to this note, the Corporation also repaid $49.6 million on non-current debt in the normal course of its operations during fiscal 2014, bringing total repayments for the year to $84.6 million.

Dividends and Other

In 2014, the Corporation disbursed a total amount of $19.9 million to pay four quarterly dividends of $0.13 per share each to its shareholders. The Corporation also distributed $2.1 million to its European partner, which holds an approximate 25% interest in the European operations of our Luxembourg-based subsidiary Boralex Europe S.A.

Also, Boralex received a $5.2 million capital injection by the Témiscouata and La Côte-de-Beaupré RCMs, Boralex's partners in two wind power projects currently under development in Québec, and an amount of $4.9 million from the exercise of stock options held by executives.

Discontinued Operations

For the year ended December 31, 2014, discontinued operations generated $3.1 million in cash, primarily from the sale of RECs at the Corporation's former U.S. wood-residue power stations, compared with $2.1 million in fiscal 2013. Note that 2014 is the last year in which Boralex will receive proceeds under this agreement.

Net Change in Cash and Cash Equivalents

In light of the foregoing, total cash movements for fiscal 2014 resulted in a $49.5 million decrease in the balance of cash and cash equivalents, which stood at $75.4 million as at December 31, 2014, compared with $124.9 million as at December 31, 2013.

Financial Position

The following table shows condensed information from the Consolidated Statements of Financial Position:

(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013
ASSETS		
Cash and cash equivalents	75,394	124,942
Restricted cash	12,459	19,366
Miscellaneous current assets	71,345	49,072
CURRENT ASSETS	159,198	193,380
Property, plant and equipment	1,215,411	799,213
Intangible assets	254,007	257,058
Goodwill	134,044	49,890
Miscellaneous non-current assets	155,299	123,186
NON-CURRENT ASSETS	1,758,761	1,229,347
TOTAL ASSETS	1,917,959	1,422,727
LIABILITIES		
CURRENT LIABILITIES	265,377	158,785
Non-current debt	989,087	578,914
Miscellaneous non-current liabilities	327,176	298,894
NON-CURRENT LIABILITIES	1,316,263	877,808
TOTAL LIABILITIES	1,581,640	1,036,593
EQUITY		
TOTAL EQUITY	336,319	386,134
TOTAL LIABILITIES AND EQUITY	1,917,959	1,422,727

Summary of Significant Changes

Changes in Boralex's statement of financial position between December 31, 2013 and 2014 were driven primarily by the investments and their financing arrangements, as discussed in the previous section, resulting from significant growth in the Corporation's energy portfolio, particularly the acquisition of the 12 operational sites of BEV in December 2014 and the commissioning of four wind power farms and one hydroelectric power station during the year. Note that since most of the 2014 expansion took place at the very end of the year, it made only a very limited contribution to annual results while the bridge financing facility put in place to fund part of the acquisition was refinanced by an issuance of shares in January 2015.

Assets

Boralex's total assets as at December 31, 2014 increased $495.2 million or 34.8% to $1,918.0 million from $1,422.7 million as at December 31, 2013.

Non-current assets rose by $529.4 million owing primarily to the commissioning of new assets and the BEV acquisition. In particular, this growth prompted increases in *Intangible assets* and *Goodwill* of $416.2 million (net of amortization for the period) and $84.2 million, respectively. *Goodwill* of $134.0 million includes the total goodwill arising on the BEV acquisition, according to the preliminary purchase price allocation. Boralex will finalize this allocation by the end of 2015 at which time goodwill will be reallocated to identifiable intangible assets such as energy sales contracts.

Total current assets decreased by $34.2 million following a $49.5 million decline in cash and cash equivalents as discussed in the previous section, a net drawdown of $6.9 million from restricted cash for various projects of the Corporation. *Miscellaneous current assets* increased $22.3 million, primarily due to growth of $17.5 million in *Trade and other receivables* driven by expansion in the Corporation's operating base.

As at December 31, 2014, Boralex's had a working capital deficit of $106.2 million for a coefficient of 0.59:1 stemming from the inclusion in current liabilities of the $100 million bridge financing facility which was arranged concurrently with the BEV acquisition and was repaid on January 12, 2015 using the proceeds from the issuance of Boralex common shares as discussed later in the *Subsequent events* section.

Excluding this bridge financing facility, the Corporation's working capital ratio was nearly neutral, or 0.96:1, as at December 31, 2014 compared with 1.22:1 as at December 31, 2013.

Total Debt and Equity

As at December 31, 2014, excluding the above mentioned bridge financing facility repaid in January 2015, the Corporation's total debt, consisting of *Non-current debt* including the current portion of debt, as well as the liability component of *Convertible debentures*, amounted to $1,294.1 million compared with $892.5 million as at December 31, 2013 owing to the financing of the BEV acquisition and the Corporation's various development projects. Breaking down the Corporation's non-current debt, excluding the bridge financing facility, as at December 31, 2014 geographically, 37% was in Canada, 54% in France and 9% in the United States, compared with 40%, 46% and 14%, respectively, as at December 31, 2013.

Also, as at December 31, 2014, for its projects under construction, Boralex had $193.4 million in debt contracted but not yet drawn.

Net debt, as defined under *Non-IFRS Measures*, amounted to $995.0 million as at December 31, 2014 compared with $529.4 million as at December 31, 2013. Excluding non-current debt drawn down for projects under construction, net debt stood at $956.3 million as at December 31, 2014, compared with $492.2 million as at December 31, 2013.

Also, total equity declined $49.8 million to $336.3 million as at December 31, 2014 from $386.1 million as at December 31, 2013. As a result, the net debt ratio, as defined under *Non-IFRS Measures*, rose to 63.2% as at December 31, 2014 from 46.2% as at December 31, 2013. Excluding non-current debt drawn down for projects under construction, the net debt ratio increased to 62.8% as at December 31, 2014 from 44.4% as at December 31, 2013.

Information About the Corporation's Equity Securities

As at December 31, 2014, Boralex's capital stock consisted of 38,424,430 Class A shares issued and outstanding (37,767,855 as at December 31, 2013) while stock options outstanding numbered 1,566,871, of which 1,169,343 were exercisable. During fiscal 2014, 26,118 shares were issued in connection with the conversion of 3,178 debentures and 630,457 shares were issued on exercise of stock options held by executives. As at December 31, 2014, Boralex had 2,443,367 issued and outstanding convertible debentures (2,446,545 as at December 31, 2013). Since their issuance in 2010, a cumulative amount of 8,133 debentures have been converted into 65,758 shares.

Between January 1, 2015 and March 9, 2015, 9,517,495 new shares were issued including 9,505,000 in connection with the offering under the January 12, 2015 underwriting agreement, 1,188 on conversion of debentures and 11,307 on exercise of stock options.

Related Party Transactions

The Corporation has entered into a management agreement with R.S.P. Hydro inc, an entity in which Richard and Patrick Lemaire, directors of the Corporation, are two of three shareholders. For the year ended December 31, 2014, revenues from this agreement totalled $0.5 million ($0.6 million for 2013).

The Corporation has entered into a four-year consulting agreement with Bernard Lemaire, a director of Cascades, an entity exercising significant influence over the Corporation. The agreement for an amount of $0.1 million per year began in May 2013.

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For the year ended December 31, 2014, these services totalled $0.6 million ($1.1 million for 2013).

Transactions with the Joint Ventures

Joint Venture Phase I

For the year ended December 31, 2014 and 2013, Joint Venture Phase I recorded $12.3 million in net earning and $2.8 million in net loss, respectively, of which Boralex's share was $6.1 million and $1.4 million, respectively. In addition, amortization of the unrealized loss on financial instruments generated an expense of $2.7 million ($0.7 million in 2013). Accordingly, for fiscal 2014, the Corporation's *Share in earnings (losses) of the Joint Ventures* represented earnings of $3.4 million (loss of $2.1 million in 2013).

Also, during the year ended December 31, 2014, Boralex charged back $1.1 million in salaries, management fees and other costs to this joint venture in connection with operation of the wind farm ($2.6 million in 2013).

Joint Venture Phase II

For the years ended December 31, 2014 and 2013, Joint Venture Phase II recorded a net loss of $0.1 million and an insignificant net loss, respectively, of which Boralex's share was insignificant in 2014 and 2013. Boralex charged back $1.7 million in salaries and management fees to this joint venture in connection with construction of the wind farm ($0.5 million in 2013).

Interests in the Joint Ventures

In June 2011 and May 2013, Boralex and its equal partner in the development of the first two 272 MW and 68 MW phases of the Seigneurie de Beaupré Wind Farms in Québec, created Joint Ventures Phases I and II in which each partner has a 50% interest. Under IFRS, the Corporation's investment in Joint Ventures Phases I and II is reported under *Interests in the Joint Ventures* in the Consolidated Statement of Financial Position and the Corporation's share in results of Joint Ventures Phases I and II is accounted for using the equity method and reported separately under *Share in earnings (losses) of the Joint Ventures* in Boralex's Consolidated Statement of Loss.

Given the strategic nature and scale of these assets and the significant results that these wind farms are expected to generate, Boralex's management has considered it relevant to include a new section, *Proportionate Consolidation*, in this MD&A, where the results of Joint Ventures Phases I and II are proportionately consolidated. This section is added to make it easier for investors to understand the concrete impacts of strategic and operating decisions made by the Corporation.

Also, the acquisition of 50% of the shares of a Danish developer completed in July 2014 by Boralex represents an interest in a joint venture. Currently, the development project is reported in the Consolidated Statement of Financial Position under *Interests in the Joint Ventures* (IFRS) and under *Other non-current assets* (proportionate consolidation). Upon completion, the project will be included in the proportionate consolidation section if the holding percentage stays the same.

These amounts are clearly identified as "proportionate consolidation" and are reconciled in the *Non-IFRS Measures* and the *Reconciliations between IFRS and Proportionate Consolidation* sections.

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	Year ended December 31, 2014
POWER PRODUCTION (MWh)					
Wind power stations	381,389	255,728	203,769	370,742	1,211,629
Hydroelectric power stations	123,587	223,702	139,938	154,752	641,979
Thermal power stations	71,116	18,521	45,909	34,092	169,637
Solar power station	1,185	2,042	1,952	1,080	6,259
	577,277	499,993	391,568	560,666	2,029,504
REVENUES FROM ENERGY SALES					
Wind power stations	47,948	31,264	24,042	44,913	148,168
Hydroelectric power stations	13,996	17,622	12,236	14,312	58,166
Thermal power stations	12,976	3,885	5,660	7,569	30,090
Solar power station	602	1,021	945	514	3,082
	75,522	53,792	42,883	67,308	239,506
EBITDA					
Wind power stations	41,161	24,626	17,466	36,846	120,096
Hydroelectric power stations	10,167	14,002	8,816	9,730	42,715
Thermal power stations	4,572	(1,101)	588	1,188	5,247
Solar power station	491	902	850	391	2,634
	56,391	38,429	27,720	48,155	170,692
Corporate and eliminations	(4,634)	(6,252)	(4,439)	(8,731)	(24,053)
	51,757	32,177	23,281	39,424	146,639
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	7,048	(5,069)	(9,551)	(7,011)	(14,582)
Discontinued operations	839	785	312	716	2,652
	7,887	(4,284)	(9,239)	(6,295)	(11,930)
NET EARNINGS (LOSS) PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.19	($0.13)	($0.25)	($0.18)	($0.38)
Discontinued operations	$0.02	$0.02	$0.01	$0.02	$0.07
	$0.21	($0.11)	($0.24)	($0.16)	($0.31)
NET EARNINGS (LOSS) PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.18	($0.13)	($0.25)	($0.18)	($0.38)
Discontinued operations	$0.02	$0.02	$0.01	$0.02	$0.07
	$0.20	($0.11)	($0.24)	($0.16)	($0.31)
CASH FLOWS FROM OPERATIONS					
In dollars	36,568	12,200	7,577	22,008	78,353
Per share (basic)	$0.96	$0.32	$0.20	$0.57	$2.05
Weighted average number of shares outstanding (basic)	37,980,635	38,346,572	38,390,851	38,411,980	38,283,988

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	Year ended December 31, 2013
POWER PRODUCTION (MWh)					
Wind power stations	191,028	166,992	96,921	249,276	704,217
Hydroelectric power stations	148,473	197,923	131,786	142,912	621,094
Thermal power stations	70,879	7,191	33,851	31,448	143,369
Solar power station	1,079	1,788	2,098	980	5,945
	411,459	373,894	264,656	424,616	1,474,625
REVENUES FROM ENERGY SALES					
Wind power stations	23,598	20,384	11,822	31,676	87,481
Hydroelectric power stations	14,113	15,691	11,206	12,746	53,756
Thermal power stations	12,546	3,268	4,657	6,976	27,446
Solar power station	479	798	966	469	2,712
	50,736	40,141	28,651	51,867	171,395
EBITDA					
Wind power stations	20,035	16,439	7,347	26,136	69,957
Hydroelectric power stations	11,284	12,532	7,595	9,002	40,413
Thermal power stations	4,668	(1,070)	(614)	26	3,010
Solar power station	382	706	853	438	2,379
	36,369	28,607	15,181	35,602	115,759
Corporate and eliminations	(3,054)	(4,642)	(2,001)	(4,226)	(13,923)
	33,315	23,965	13,180	31,376	101,836
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	3,909	(1,783)	(8,489)	394	(5,966)
Discontinued operations	161	622	917	74	1,774
	4,070	(1,161)	(7,572)	468	(4,192)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.10	($0.05)	($0.22)	$0.01	($0.16)
Discontinued operations	$0.01	$0.02	$0.02	—	$0.05
	$0.11	($0.03)	($0.20)	$0.01	($0.11)
CASH FLOWS FROM OPERATIONS*					
In dollars	22,806	17,624	(5,333)	16,086	51,180
Per share (basic)	$0.60	$0.47	($0.14)	$0.43	$1.36
Weighted average number of shares outstanding (basic)	37,735,065	37,740,004	37,748,196	37,757,835	37,745,345

* In 2013, as the scheduled payment date of the $8.3 million interest on the convertible debentures was on June 30, a Sunday, the payment was made on the following business day on July 2, 2013.

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31		Years ended December 31	
	2014	2013	2014	2013
POWER PRODUCTION (MWh)				
Wind power stations	370,742	249,276	1,211,629	704,217
Hydroelectric power stations	154,752	142,912	641,979	621,094
Thermal power stations	34,092	31,448	169,637	143,369
Solar power station	1,080	980	6,259	5,945
	560,666	424,616	2,029,504	1,474,625
REVENUES FROM ENERGY SALES				
Wind power stations	44,913	31,676	148,168	87,481
Hydroelectric power stations	14,312	12,746	58,166	53,756
Thermal power stations	7,569	6,976	30,090	27,446
Solar power station	514	469	3,082	2,712
	67,308	51,867	239,506	171,395
EBITDA				
Wind power stations	36,846	26,136	120,096	69,957
Hydroelectric power stations	9,730	9,002	42,715	40,413
Thermal power stations	1,188	26	5,247	3,010
Solar power station	391	438	2,634	2,379
	48,155	35,602	170,692	115,759
Corporate and eliminations	(8,731)	(4,226)	(24,053)	(13,923)
	39,424	31,376	146,639	101,836
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(7,011)	394	(14,582)	(5,966)
Discontinued operations	716	74	2,652	1,774
	(6,295)	468	(11,930)	(4,192)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.18)	$0.01	($0.38)	($0.16)
Discontinued operations	$0.02	—	$0.07	$0.05
	($0.16)	$0.01	($0.31)	($0.11)
CASH FLOWS FROM OPERATIONS				
In dollars	22,008	16,086	78,353	51,180
Per share (basic)	$0.57	$0.43	$2.05	$1.36
Weighted average number of shares outstanding (basic)	38,411,980	37,757,835	38,283,988	37,745,345

Operating Results Data

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Years ended December 31 2014	2013	2012
POWER PRODUCTION (MWh)	2,029,504	1,474,625	1,521,421
REVENUES FROM ENERGY SALES	239,506	171,395	181,440
EBITDA	146,639	101,836	98,238
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(14,582)	(5,966)	(8,836)
Discontinued operations	2,652	1,774	3,721
	(11,930)	(4,192)	(5,115)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.38)	($0.16)	($0.24)
Discontinued operations	$0.07	$0.05	$0.10
	($0.31)	($0.11)	($0.14)
CASH FLOWS FROM OPERATIONS			
In dollars	78,353	51,180	47,665
Per share (basic)	$2.05	$1.36	$1.26
Weighted average number of shares outstanding (basic)	38,283,988	37,745,345	37,729,137

Statement of Financial Position Data

(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013	As at December 31, 2012
Total assets	2,288,750	1,791,440	1,323,164
Debt*	1,477,020	977,993	593,660
Convertible debentures	232,977	229,578	226,299
Total liabilities	1,952,948	1,405,660	980,795
Total equity	335,802	385,780	342,369

* Including non-current debt, the $100 million bridge financing facility and current portion of debt. The bridge financing facility was repaid following the public issuance of shares in January 2015.

Analysis of Operating Results for the Three-Month Period Ended December 31, 2014

Consolidated Results

At the consolidated level, the proportionate consolidation of the results of Joint Ventures Phases I and II, for the fourth quarter as well as for the entire fiscal 2014, mainly affected production volume, revenues, EBITDA and cash flows from operations, and had very little effect on net loss compared with the IFRS equity method.

In the table below, which shows the major changes in revenues from energy sales and EBITDA for the three-month period ended December 31, 2014, proportionate consolidation primarily affected the *Power Stations Commissioned* and *Volume* items.

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2013	51,867		31,376	
Power stations commissioned*	14,090	27.2%	11,326	36.1%
BEV operations**	2,107	4.1%	1,023	3.3%
Pricing	(651)	(1.3)%	(651)	(2.1)%
Volume	(771)	(1.5)%	(745)	(2.4)%
Capacity premiums	397	0.8%	397	1.3%
Foreign exchange effect	354	0.7%	269	0.9%
Raw material costs	—	—	458	1.5%
Maintenance	—	—	46	0.1%
Development - prospecting	—	—	951	3.0%
Development - BEV acquisition costs	—	—	(5,340)	(17.0)%
Other	(85)	(0.2)%	314	1.0%
Change	15,441	29.8%	8,048	25.7%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014	67,308		39,424	
Acquisition costs related to acquisition of BEV	—		5,340	17.0%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014 - ADJUSTED	67,308		44,764	

* Commissioning of the La Vallée wind power facility in France in December 2013, Joint Venture Phase I in Canada in November and December 2013, Jamie Creek hydroelectric power station in May 2014, Fortel-Bonnières wind farm in France in October and November 2014, Joint Venture Phase II in Canada in December 2014 and the Témiscouata I wind farm in Canada in December 2014.

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Operating Results for the Fourth Quarter Ended December 31, 2014

Since Joint Venture Phase I was commissioned gradually between November 28 and December 10, 2013, it contributed less than a month's results to the fourth quarter of 2013 compared to the full three months in 2014. Moreover, its commissioning and the first few weeks of its run-in period in 2013 took place during difficult weather, namely severe icing conditions. Accordingly, on a proportionate consolidation basis, in addition to the full impact of the commissioning of this large wind farm, the comparative analysis of fourth quarter 2014 results also includes a favourable volume effect compared with the same period in 2013. Joint Venture Phase II was commissioned in early December 2014, its contribution on a proportionate consolidation basis is included only under *Power stations commissioned*.

Production

During the fourth quarter of 2014, Boralex's 50% share in the production of Joint Ventures Phases I and II amounted to 125,141 MWh compared with 22,081 MWh in the fourth quarter of 2013. Note that in addition to the full fourth quarter contribution of Joint Venture Phase I and the inclusion of Joint Venture Phase II as of December 2014, approximately 12% of the increase in the production of Joint Ventures is attributable to organic growth in volume produced by Joint Venture Phase I.

For the fourth quarter of 2014, proportionate consolidation of the production of Joint Ventures resulted in an additional contribution of 28.7% compared with the total production of Boralex based on the IFRS equity method. Including its share of the Joint Venture's, the Corporation's consolidated production for the fourth quarter of 2014 increased 32.0% compared with the same quarter of 2013 (compared with 8.2% growth under IFRS).

Revenues

Boralex's share in the revenues of Joint Ventures increased to $13.6 million for the fourth quarter of 2014 from $2.4 million for the same period of 2013. Besides the additional revenues of $9.8 million generated by the commissioning of the two sites, this increase was partly driven by the favourable volume effect of nearly $1.5 million attributable to Joint Venture Phase I.

The proportionate consolidation of the results of Joint Ventures represents a 25.4% increase in Boralex's quarterly revenues compared with IFRS. Including its share of the Joint Ventures, the Corporation's total revenues for the fourth quarter of 2014 grew 29.8% compared with the same quarter of 2013 (compared with 8.4% growth under IFRS).

EBITDA

	Three-month periods ended December 31	
(in thousands of dollars)	2014	2013
EBITDA (IFRS)	30,058	29,039
Less: Share in earnings (losses) of Joint Ventures Phases I and II	2,570	(329)
Plus: EBITDA of Joint Ventures Phases I and II	11,965	2,069
Other	(29)	(61)
EBITDA (Proportionate Consolidation)	39,424	31,376

In the last quarter of 2014, Boralex's share in the EBITDA of Joint Ventures amounted to $12.0 million, up $9.9 million from $2.1 million in 2013, stemming mainly from the commissioning of the two sites as well as the previously discussed volume effect of $1.5 million.

As shown in the table above, proportionate consolidation had a net favourable impact of $9.4 million or 31.2% on consolidated EBITDA in the fourth quarter of 2014, compared with IFRS. This impact stemmed mainly from the elimination of the *Share in earnings (loss) of Joint Ventures Phases I and II*, which comprises non-EBITDA items of the Joint Ventures such as amortization and financing costs, and the addition of the EBITDA of the Joint Ventures.

Under proportionate consolidation, which in management's view is more representative of the actual performance of Boralex's assets, consolidated EBITDA for the fourth quarter grew $8.0 million or 25.7% over the same period in 2013, compared with a $1.0 million or 3.5% growth using the IFRS equity method.

Net Loss

Given the amortization, financing costs, other items and income tax, proportionate consolidation of results of Joint Ventures Phases I and II had virtually no impact on net loss attributable to shareholders and no impact at all on net loss per share.

Wind

For the wind power segment, the impact of proportionate consolidation is reflected in production volume, revenues and EBITDA, mainly under *Power stations commissioned*. Besides the additional contribution of the Vron, La Vallée and Fortel-Bonnières wind farms in France and the Témiscouata I wind farm in Québec, this item includes 50% of the production, revenues and BAIIA generated by the gradual commissioning of the Joint Venture Phase I towards the end of the fourth quarter of 2013 and the commissioning of the Joint Venture Phase II in December 2014. Moreover, as explained in the previous section, the increase in productivity at Phase I between December 2013 and December 2014 generated a favourable volume effect.

The following table shows major changes in revenues from energy sales and EBITDA for the three-month period ended December 31, 2014:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2013	31,676		26,136	
Power stations commissioned*	12,880	40.7%	11,235	43.0%
BEV operations**	2,107	6.7%	1,023	3.9%
Pricing	138	0.4%	138	0.5%
Volume	(1,615)	(5.1)%	(1,615)	(6.1)%
Foreign exchange effect	(175)	(0.6)%	(150)	(0.6)%
Maintenance	—	—	(44)	(0.2)%
Other	(98)	(0.3)%	123	0.5%
Change	13,237	41.8%	10,710	41.0%
THREE-MONTH PERIOD ENDED DECEMBER 31, 2014	44,913		36,846	

* Commissioning of the La Vallée wind power facility in France in December 2013, Joint Venture Phase I in Canada in November and December 2013, Fortel-Bonnières wind farm in France in October and November 2014, Joint Venture Phase II in Canada in December 2014 and the Témiscouata I wind farm in Canada in December 2014

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Production

During the fourth quarter of 2014, including Boralex's 125,141 MWh share in the production of Joint Ventures Phases I and II (22,081 MWh in the fourth quarter of 2013), the wind power segment reported 48.7% growth in production (8.1% growth under the IFRS equity method). In addition, under proportionate consolidation, wind power production represented an additional contribution of 51.0% compared with IFRS.

Revenues

On the same basis of comparison, including Boralex's $13.6 million share in the revenues of the Joint Ventures for the fourth quarter of 2014 ($2.4 million for the same period in 2013), the wind power segment reported 41.8% growth in revenues, compared with 6.7% growth under IFRS. Under proportionate consolidation, quarterly wind power segment revenues increased 43.6% compared with IFRS.

EBITDA

	Three-month periods ended December 31	
(in thousands of dollars)	**2014**	**2013**
EBITDA (IFRS)	28,123	24,279
Less: Share in earnings (losses) of Joint Ventures Phases I and II	3,242	212
Plus: EBITDA of Joint Ventures Phases I and II	11,965	2,069
EBITDA (Proportionate Consolidation)	36,846	26,136

In the fourth quarter of 2014, Boralex's $12.0 million share in the EBITDA of the Joint Ventures ($2.1 million in 2013) resulted a 40.9% increase in EBITDA for the segment over the same period in 2013 under proportionate consolidation (15.8% increase under the IFRS equity method).

As shown in the table above, proportionate consolidation had a net favourable impact of $8.7 million or 31.0% on segment EBITDA in the fourth quarter of 2014, compared with IFRS. This impact stemmed mainly from the elimination of the *Share in earning (losses) of Joint Ventures Phases I and II*, which comprises non-EBITDA items of the Joint Ventures such as amortization and financing costs, and the addition of the EBITDA of the Joint Ventures.

Analysis of Operating Results for the Year Ended December 31, 2014

Consolidated Results

The following table shows major changes in revenues from energy sales and EBITDA for the year ended December 31, 2014:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	171,395		101,836	
Power stations commissioned*	57,346	33.4%	47,058	46.2%
BEV operations**	2,107	1.2%	1,023	1.0%
Pricing	(764)	(0.4)%	(764)	(0.8)%
Volume	1,833	1.1%	1,809	1.8%
Capacity premiums	281	0.2%	281	0.3%
Foreign exchange effect	7,356	4.2%	4,542	4.4%
Raw material costs	—	—	1,346	1.3%
Maintenance	—	—	(600)	(0.6)%
Development - prospecting	—	—	155	0.2 %
Development - BEV acquisition costs	—	—	(5,340)	(5.2)%
Other	(48)	—	(4,707)	(4.6)%
Change	68,111	39.7%	44,803	44.0%
YEAR ENDED DECEMBER 31, 2014	239,506		146,639	
Acquisition costs related to acquisition of BEV	—		5,340	5.2%
YEAR ENDED DECEMBER 31, 2014 - ADJUSTED	239,506		151,979	

* Commissioning of the Vron wind farm in France in September 2013, La Vallée wind power facility in France in December 2013, Joint Venture Phase I in Canada in November and December 2013, Jamie Creek hydroelectric power station in May 2014, Fortel-Bonnières wind farm in France in October and November 2014, Joint Venture Phase II in Canada in December 2014 and Témiscouata I wind farm in Canada in December 2014.

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Operating Results for the Year Ended December 31, 2014

Joint Venture Phase I was fully operational throughout fiscal 2014 compared with only a part of the fourth quarter of fiscal 2013 while Joint Venture Phase II contributed only to December's results in the fourth quarter of fiscal 2014.

Production

Boralex's share in the production of Joint Ventures Phases I and II totalled 425,632 MWh in 2014, compared with 22,081 MWh in 2013. Although the increase stemmed essentially from the commissioning of power stations, a slight portion was attributable to the favourable volume effect recorded by Joint Venture Phase I.

For fiscal 2014 as a whole, proportionate consolidation of the production of the Joint Ventures represented an additional contribution of 26.5% compared with IFRS. Including its share of the Joint Ventures, the Corporation's total production for 2014 increased by 37.6% over 2013 (compared with 10.4% growth under IFRS).

Revenues

Boralex's share in the production of the Joint Ventures totalled $46.1 million in 2014, compared with $2.4 million in 2013. The increase was nearly entirely driven by the commissioning of the two sites, combined with a favourable volume effect of $1.5 million attributable to Joint Venture Phase I.

Proportionate consolidation of the revenues of the Joint Ventures represents a 23.8% increase in Boralex's annual revenues compared with IFRS. On a proportionate consolidation basis, the Corporation's total revenues for fiscal 2014 grew 39.7% over 2013 (compared with 14.4% growth under IFRS).

EBITDA

(in thousands of dollars)	Years ended December 31 2014	2013
EBITDA (IFRS)	110,543	98,137
Less: Share in earnings (losses) of Joint Ventures Phases I and II	3,426	(2,116)
Plus: EBITDA of Joint Ventures Phases I and II	39,684	1,937
Other	(162)	(354)
EBITDA (Proportionate Consolidation)	146,639	101,836

During fiscal 2014, Boralex's share in the EBITDA of the Joint Ventures increased to $39.7 million from $1.9 million in 2013, stemming from the commissioning of the two sites and the favourable volume effect of $1.5 million.

As shown in the EBITDA table, proportionate consolidation had a net favourable impact of $36.1 million or 32.7% on consolidated EBITDA for fiscal 2014, compared with IFRS. Under proportionate consolidation, 2014 consolidated EBITDA was up $44.8 million or 44.0% from fiscal 2013, compared with growth of $12.4 million or 12.6% under IFRS.

Net Loss

The proportionate consolidation of results of Joint Ventures Phases I and II had a slightly unfavourable effect of $0.2 million or $0.01 per share on net loss attributable to shareholders.

Wind

The following table shows major changes in revenues from energy sales and EBITDA for the year ended December 31, 2014:

	Revenues from energy sales		EBITDA	
	(in thousands of $)	%	(in thousands of $)	%
YEAR ENDED DECEMBER 31, 2013	87,481		69,957	
Power stations commissioned*	52,737	60.3%	44,416	63.5%
BEV operations**	2,107	2.4%	1,023	1.5%
Pricing	440	0.5%	440	0.6%
Volume	1,984	2.3%	1,984	2.8%
Foreign exchange effect	3,481	4.0%	2,677	3.8%
Maintenance	—	—	(351)	(0.5)%
Other	(62)	(0.1)%	(50)	—
Change	60,687	69.4%	50,139	71.7%
YEAR ENDED DECEMBER 31, 2014	148,168		120,096	

* Commissioning of the Vron wind farm in France in September 2013, La Vallée wind power facility in France in December 2013, Joint Venture Phase I in Canada in November and December 2013, Fortel-Bonnières wind farm in France in October and November 2014, Joint Venture Phase II in Canada in December 2014 and Témiscouata I wind farm in operation in Canada in December 2014.

** Acquisition of 12 wind farms in operation in France on December 18, 2014, with capacity of 186 MW.

Joint Venture Phase I was fully operational throughout fiscal 2014 compared with under a third of the fourth quarter of 2013, while Joint Venture Phase II contributed only to December's results in the fourth quarter of fiscal 2014.

Production

For the wind power segment, proportionate consolidation of Boralex's share of the production of Joint Ventures Phases I and II totalled 425,632 MWh for fiscal 2014 (22,081 MWh in 2013), representing an additional contribution of 54.2% compared with IFRS. Including its share of the Joint Ventures, the wind power segment's total production for 2014 grew 72.1% over 2013 (compared with 15.2% growth under IFRS).

Revenues

Proportionate consolidation of Boralex's share in the revenues of the Joint Ventures in the amount of $46.1 million in 2014 ($2.4 million in 2013) represents a 45.2% increase in the wind power segment's annual revenues compared with IFRS. On a proportionate consolidation basis, the segment's total revenues for fiscal 2014 grew 69.4% over 2013 (compared with 19.9% growth under IFRS).

EBITDA

	Years ended December 31	
(in thousands of dollars)	2014	2013
EBITDA (IFRS)	86,511	66,594
Less: Share in earnings (losses) of Joint Ventures Phases I and II	6,099	(1,426)
Plus: EBITDA of Joint Ventures Phases I and II	39,684	1,937
EBITDA (Proportionate Consolidation)	120,096	69,957

During fiscal 2014, the proportionate consolidation of Boralex's $39.7 million share in the EBITDA of the Joint Ventures ($1.9 million in 2013) had a net favourable effect of $33.6 million or 38.8% on segment EBITDA for 2014 compared with IFRS. Under proportionate consolidation, fiscal 2014 wind power segment EBITDA was up 71.6% from fiscal 2013, compared with 29.9% growth under IFRS.

Boralex's management is satisfied with the results to date of these large-scale facilities, whose productivity augurs well for the future.

Cash Flows

Under proportionate consolidation, cash flows related to operating activities for fiscal 2014 showed a total $50.6 million increase compared with the IFRS equity method, detailed as follows:

- A $24.7 million increase in cash flows from operations, stemming primarily from the addition of EBITDA of Joint Ventures Phases I and II, offset by payments related to the financing costs of the Joint Ventures; and
- A $25.9 million increase in funds generated by the change in non-cash items related to operating activities, stemming primarily from the receipt in the third quarter of a $25.8 million reimbursement from Hydro-Québec for costs incurred in connection with the construction of the transformer substation and collector system of Joint Venture Phase I.

The funds required by investing activities rose by $39.9 million, owing mainly to an additional amount of $83.9 million earmarked for additions to property, plant and equipment, net of the $33.4 million drawdown from restricted cash for this purpose and the elimination of the *Increase in interest in the Joint Ventures* item.

Last, cash flows generated by financing activities were $1.9 million lower compared with IFRS, primarily due to the fact that the repayments on non-current debt of the Joint Ventures slightly exceeded the amount of new debt contracted.

In the aggregate, proportionate consolidation resulted in adding $11.5 million to cash and cash equivalents as at December 31, 2014.

Financial Position

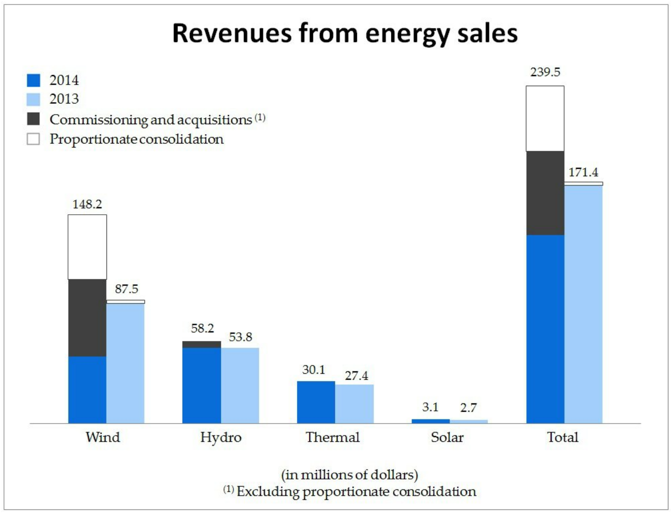
The main changes in the statement of financial position resulting from proportionate consolidation are as follows:

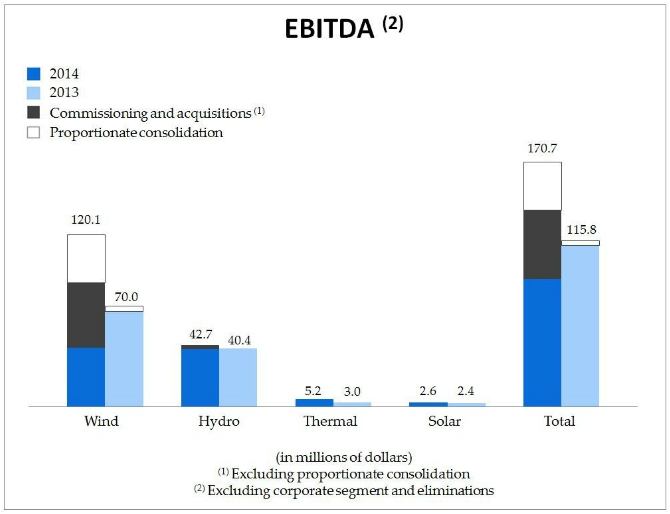
- A $339.8 million of 19.3% increase in total non-current assets, driven primarily by a $428.9 million increase in the value of property, plant and equipment, partly offset by the elimination of the *Interests in the Joint Ventures* item in the amount of $91.5 million;
- A $31.0 million or 19.1% increase in total current assets, including an $18.8 million increase in the sum of restricted cash and cash and cash equivalents and a $12.2 million increase in *Trade and other receivables*;
- A $344.5 million or 26.2% increase in total non-current liabilities, mainly including a $296.2 million increase in non-current debt and an increase in deferred revenues of $30.4 million; and
- A $26.8 million increase in total current liabilities, mainly in the current portion non-current debt.

Accordingly, under proportionate consolidation, short-term cash resources (including cash and cash equivalents and restricted cash) totalled $106.7 million as at December 31, 2014, compared with $87.9 million under IFRS.

Segment and Geographic Breakdown of Results of Continuing Operations for the Years Ended December 31, 2014 and 2013

Segment breakdown





The following is a discussion of changes in segment breakdown of revenues and EBITDA for the year ended December 31, 2014 compared with fiscal 2013.

Wind

For fiscal 2014, revenues in the wind power segment grew 69.4% from the previous year, boosting its share of consolidated revenues to 61.9% in 2014 from 51.1% in 2013. The strong growth in segment revenues was driven primarily by the expansion in its asset base, including:

- Commissioning of 176 MW (Boralex's net share) towards the end of 2013 (Joint Venture Phase I and the Vron and La Vallée sites in France);
- Commissioning of an additional 80 MW (Boralex's net share) during the fourth quarter of 2014 (Fortel-Bonnières site in France and the Joint Venture Phase II and Témiscouata I sites in Canada); and
- The acquisition of 12 wind farms in operation of BEV in France on December 18, 2014, with a total capacity of 186 MW.

Wind power segment's EBITDA rose 71.6% in fiscal 2014 compared with the previous year, increasing its share of consolidated EBITDA (before the corporate segment and eliminations) to 70.4% in 2014 from 60.4% in 2013, thereby confirming the segment's position as Boralex's most significant source of EBITDA. The segment's EBITDA margin is also higher than the average for Boralex's energy asset portfolio, amounting to 81.0% in 2014 (80.0% in 2013). Considering the full impact starting in 2015 of the BEV acquisition made at the very end of 2014, wind power projects under development representing a total additional contracted capacity of 146 MW and the large pool of potential wind power projects available to Boralex, this segment's dominant contribution to the Corporation's profitability is expected to increase in the coming quarters and years, consolidating the strength of its average profit margin.

Hydroelectric

Revenues in the hydroelectric power segment rose 8.2% between the two comparative years. However, its share of consolidated revenues fell to 24.3% in 2014 from 31.4% in 2013, given the significant expansion in the wind power segment. Hydroelectric power segment EBITDA rose 5.7% compared with 2013, accounting for 25.0% of consolidated EBITDA (before the corporate segment and eliminations), compared with 34.9% in 2013, due primarily to the higher relative weight of the wind power segment. As a percentage of revenues, the hydroelectric power segment's EBITDA margin declined to 73.4% in 2014 from 75.2 % in 2013.

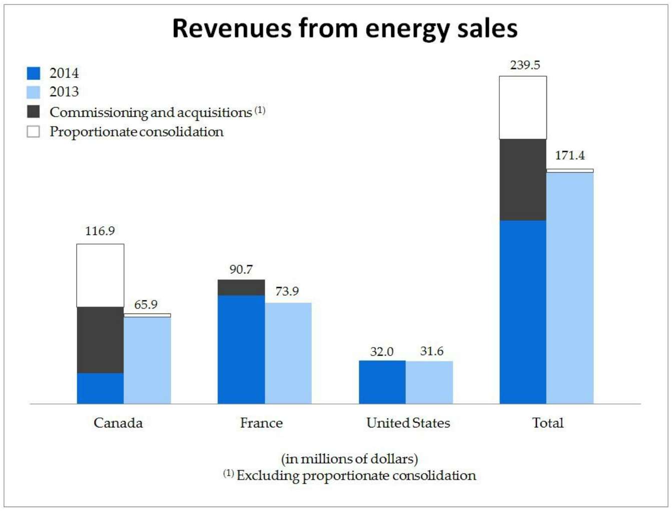
Thermal

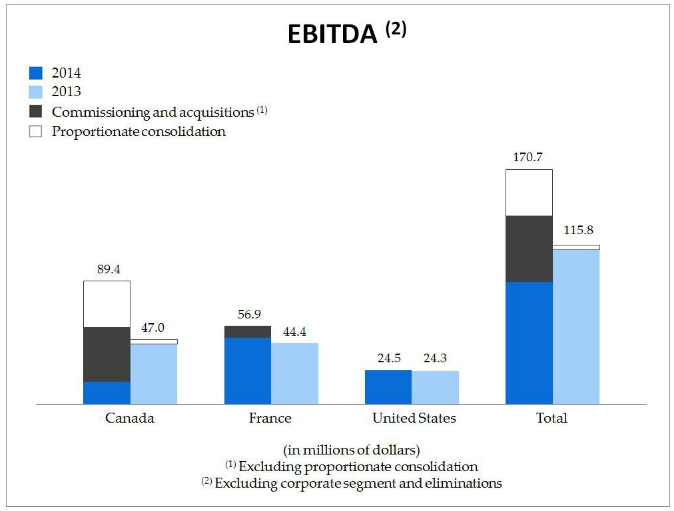
Revenues in the thermal power segment rose 9.5% between the two comparative years. The segment accounted for 12.6% of consolidated revenues in 2014, compared with 16.0% in 2013, due mainly to expansion in the wind power segment. Thermal power segment EBITDA grew 73.3% compared with 2013, driven primarily by the sound performance of the Senneterre power station in Québec. The segment's share of consolidated EBITDA (before the corporate segment and eliminations) stood at 3.0 % compared with 2.6% for the previous year. EBITDA margin rose to 17.3% in 2014 from 10.9% in 2013.

Solar

Boralex's only solar power site generated EBITDA of $2.6 million on revenues of $3.1 million in 2014, representing an EBITDA margin of 83.9 %. In the same period of 2013, EBITDA and revenues totalled $2.4 million and $2.7 million, respectively, with a margin of 88.9%. The solar power segment, which currently accounts for only a marginal share of Boralex's energy portfolio, generated 1.2% of revenues and 1.6% of consolidated EBITDA (before the corporate segment and eliminations) in fiscal 2014.

Geographic breakdown





For the year ended December 31, 2014, the geographic breakdown of Boralex's revenues from energy sales was as follows:

- 48.8% in Canada compared with 38.5% in 2013;
- 37.9% in France, compared with 43.1% in 2013; and
- 13.3% in the United States compared with 18.4% in 2013.

The increase in the Canadian assets' relative share of revenues resulted above all from the commissioning of Joint Venture Phase I in December 2013 and Joint Venture Phase II and Témiscouata I in December 2014. The decline in the relative weight of the European market, despite the commissioning of the Vron, La Vallée and Fortel-Bonnières sites and the BEV acquisition at the end of 2014, stemmed from the significant expansion in Canadian assets. However, the full impact of the BEV acquisition starting in 2015 will even out the revenues generated in France and Canada. The decline in the relative share of U.S. revenues stemmed from the Canadian market's higher weight and the decline in production and the average selling price at U.S. hydroelectric power stations.

Non-IFRS Measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA, cash flows from operations and the ratio of net debt as performance measures. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations.

These non-IFRS measures are derived primarily from the audited consolidated financial statements, but do not have a standardized meaning under IFRS; accordingly, they may not be comparable to similarly named measures used by other companies.

This section also shows proportionately consolidated EBITDA, cash flows from operations and net debt ratio where the results of Joint Venture Phases I and II are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is prepared on a proportionate consolidation basis, management has considered it relevant to include these amounts to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are provided.

EBITDA

EBITDA does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA is reconciled to the most comparable IFRS measure, namely, net earnings (loss), in the following table:

IFRS

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2014	2013	2014	2013
Net earnings (loss)	(5,661)	1,040	(11,089)	(3,711)
Net earnings from discontinued operations	(716)	(74)	(2,652)	(1,774)
Income tax expense (recovery)	(523)	1,624	(854)	537
Net loss (gain) on financial instruments	6,031	(69)	8,187	(742)
Foreign exchange loss (gain)	15	(530)	406	(788)
Financing costs	15,926	13,061	58,097	50,693
Impairment of property, plant and equipment	—	—	—	266
Other gains	(846)	—	(1,962)	(232)
Amortization	15,832	13,987	60,410	53,888
EBITDA	30,058	29,039	110,543	98,137
Acquisition costs related to acquisition of BEV	5,340	—	5,340	—
ADJUSTED EBITDA	35,398	29,039	115,883	98,137

Proportionate Consolidation

(in thousands of dollars)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
Net earnings (loss)	(5,691)	979	(11,252)	(4,065)
Net earnings from discontinued operations	(716)	(74)	(2,652)	(1,774)
Income tax expense (recovery)	(523)	1,624	(854)	537
Net loss (gain) on financial instruments	5,938	(1,309)	8,192	(553)
Foreign exchange loss (gain)	17	(521)	410	(700)
Financing costs	20,975	15,082	77,787	52,861
Impairment of property, plant and equipment	—	—	—	266
Other gains	(1,192)	—	(3,272)	(232)
Amortization	20,616	15,595	78,280	55,496
EBITDA	39,424	31,376	146,639	101,836
Acquisition costs related to acquisition of BEV	5,340	—	5,340	—
ADJUSTED EBITDA	44,764	31,376	151,979	101,836

Net earnings (loss) attributable to shareholders of Boralex

IFRS

(in thousands of dollars)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
Net earnings (loss) attributable to shareholders of Boralex	(6,265)	529	(11,767)	(3,838)
Net loss on undesignated financial instruments, net of taxes	5,067	—	5,067	—
Acquisition and other costs related to the acquisition of BEV, net of	4,315	—	4,315	—
ADJUSTED NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	3,117	529	(2,385)	(3,838)

Proportionate Consolidation

(in thousands of dollars)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
Net earnings (loss) attributable to shareholders of Boralex	(6,295)	468	(11,930)	(4,192)
Net loss on undesignated financial instruments, net of taxes	5,067	—	5,067	—
Acquisition and other costs related to the acquisition of BEV, net of	4,315	—	4,315	—
ADJUSTED NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	3,087	468	(2,548)	(4,192)

Cash Flows from Operations

Cash flows from operations are equal to net cash flows related to operating activities before change in non-cash items related to operating activities. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and development activities, changes in non-cash items can vary considerably. In addition, development activities result in significant changes in *Trade and other payables* during the construction period, as well as an initial injection of working capital at project start-up. Accordingly, the Corporation considers it more representative not to integrate changes in non-cash items in this performance measure.

Investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, which is an IFRS measure.

Cash flows from operations are reconciled to the most comparable IFRS measure, namely net cash flows related to operating activities, in the following table:

IFRS

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2014	2013	2014	2013
Net cash flows related to operating activities	3,204	2,712	51,661	59,266
Change in non-cash items related to operating activities	(10,779)	(12,610)	(2,020)	8,350
CASH FLOWS FROM OPERATIONS	13,983	15,322	53,681	50,916
Acquisition costs related to the acquisition of BEV	5,340	—	5,340	—
ADJUSTED CASH FLOWS FROM OPERATIONS	19,323	15,322	59,021	50,916

Proportionate Consolidation

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2014	2013	2014	2013
Net cash flows related to operating activities	9,454	17,130	102,265	59,878
Change in non-cash items related to operating activities	(12,554)	1,044	23,912	8,698
CASH FLOWS FROM OPERATIONS	22,008	16,086	78,353	51,180
Acquisition costs related to the acquisition of BEV	5,340	—	5,340	—
ADJUSTED CASH FLOWS FROM OPERATIONS	27,348	16,086	83,693	51,180

Net Debt Ratio

The Corporation defines net debt as follows:

	IFRS		Proportionate Consolidation	
(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Non-current debt	989,087	578,914	1,285,258	855,484
Current portion of debt	172,044	84,034	191,762	122,509
Borrowing costs, net of accumulated amortization	21,713	10,737	39,252	30,714
Less:				
Bridge financing facility*	100,000	—	100,000	—
Cash and cash equivalents	75,394	124,942	86,845	127,541
Restricted cash	12,459	19,366	19,814	60,126
Net debt	994,991	529,377	1,309,613	821,040
Net debt excluding non-current debt drawn for projects under construction	956,311	492,166	1,270,933	771,891

* The bridge financing facility was excluded from net debt as it related to temporary financing.

The Corporation defines total book capitalization as follows:

	IFRS		Proportionate Consolidation	
(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Total equity	336,319	386,134	335,802	385,780
Bridge financing facility	100,000	—	100,000	—
Net debt	994,991	529,377	1,309,613	821,040
Convertible debentures	232,977	229,578	232,977	229,578
Convertible debenture issuance costs, net of accumulated amortization	2,765	3,522	2,765	3,522
Deferred taxes on convertible debentures	5,158	5,158	5,158	5,158
Imputed interest calculated on convertible debentures	(10,942)	(7,982)	(10,942)	(7,982)
Total book capitalization	1,661,268	1,145,787	1,975,373	1,437,096

The Corporation computes the net debt ratio as follows:

	IFRS		Proportionate Consolidation	
(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Net debt	994,991	529,377	1,309,613	821,040
Total book capitalization	1,661,268	1,145,787	1,975,373	1,437,096
NET DEBT RATIO	59.9%	46.2%	66.3%	57.1%
NET DEBT RATIO, excluding non-current debt drawn for projects under construction*	58.9%	44.4%	65.6%	55.6%

* Given the significant growth in recent years with the addition of long-term contracted capacity and fixed-rate debt, the portion of non-current debt drawn for projects under development was excluded.

Financial Instruments

Foreign Exchange Risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces its risk exposure to a minimum, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises from the residual liquidity that can be distributed to the parent company. Given those conditions and in light of the major BEV acquisition carried out in December 2014, Boralex entered into a series of long-term foreign exchange forward contracts for a portion of approximately 75% of the euros it expects to translate into dollars through January 2025. In addition, the Corporation has fixed the exchange rate on a €15.1 million receivable on the asset held for sale of a 10 MW wind farm and on the additional amount of €25.0 million to be issued on project debt once the conditions precedent have been met.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in future in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. Where applicable, the Corporation's objective is to protect its anticipated return on its invested equity by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as wind turbines.

Price Risk

In the Northeastern United States, a portion of the Corporation's power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in electricity prices. Electricity prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at December 31, 2014, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls in the United States, have long-term energy sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, only 23 MW or 2% of Boralex's installed capacity is exposed to price risk.

Interest Rate Risk

Under IFRS, as at December 31, 2014, approximately 41% of non-current debt issued bears interest at variable rates, excluding the revolving credit facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its exposure to interest rate fluctuations is reduced to only 9% of total debt under IFRS and 8% under proportionate consolidation.

IFRS

As at December 31,

2014		Current notional		Fair value	
	Currency	(currency of origin)	(C$)	(currency of origin)	(C$)
Financial swaps - interest rates	EUR	244,852	343,723	(22,264)	(31,254)
Financial swaps - interest rates	CAD	142,514	142,514	(34,116)	(34,116)
Foreign exchange forward contracts	EUR	139,000	195,128	1,479	2,075
			681,365		(63,295)

Proportionate Consolidation

As at December 31,

2014		Current notional		Fair value	
	Currency	(currency of origin)	(C$)	(currency of origin)	(C$)
Financial swaps - interest rates	EUR	244,852	343,723	(22,264)	(31,254)
Financial swaps - interest rates	CAD	383,667	383,667	(50,868)	(50,868)
Foreign exchange forward contracts	EUR	139,000	195,128	1,479	2,075
			922,518		(80,047)

The Corporation does not plan to sell these instruments, since they were entered into to reduce the Corporation's risk related to interest rate and exchange rate fluctuations, and to protect, to all extent possible, the anticipated return on those projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates or exchange rates have fallen and has no bearing on the effectiveness of the instrument as part of the Corporation's risk management strategy.

A significant portion of financial swaps-interest rate in Canadian currency, with a notional value of $120 million and a negative fair value of $28.5 million were designated as hedges for potential projects in Canada. As these projects did not materialize, the swaps are no longer designated. Management intends to redesignated these swaps for other development projects. Substantially all other contracts qualify for hedge accounting.

Commitments and Contingencies

The Corporation entered into the following commitments during the year ended December 31, 2014:

Energy Sales Contracts - Power Stations in Operation

Canada

For the Canadian power stations, the Corporation is committed to selling 100% of its power output (subject to certain minimum criteria) under long-term contracts maturing from 2015 to 2054. These contracts provide for annual indexation based on the Consumer Price Index ("CPI"). However, under long-term contracts for the Québec hydroelectric power stations (except for the Forces Motrices St-François power station, which is indexed at an annual fixed rate), the indexation rate should not be lower than 3% or higher than 6%.

France

For the wind power stations, thermal power station and solar power facility in France, the Corporation is committed to selling 100% of its power output under long-term contracts maturing from 2017 to 2031. The contracts provide for annual indexation based on changes in hourly labour costs and industry activity levels.

United States

In the United States, under a long-term contract expiring in 2029, the Corporation is committed to selling 100% of the power output of its Middle Falls hydroelectric power station. A price equal to 90% of the market price is stipulated in the contract.

For the South Glens Falls and Hudson Falls hydroelectric power stations in the United States, the Corporation is committed to sell the electricity it generates under long-term contracts expiring in 2034 and 2035. These contracts provide for contract payment rates for most of the electricity it generates. The price structure is as follows:

	South Glens Falls US$/MWh	Hudson Falls US$/MWh
2015 - 2017	84.94 - 86.65	82.85- 80.58
2018 - 2024	86.65	48.27
2025	121.79 or market*	48.27
2026 and thereafter	121.79 or market*	56.28 or market*

* The client has the option of replacing the contract price with the market price until the contract terminates in 2025 for the South Glens Falls facility and in 2026 for the Hudson Falls facility.

Energy Sales Contracts - Projects Under Development

Canada

The Corporation has entered into 20-year energy sales contracts for the Côte-de-Beaupré and Témiscouata II wind farms projects. Those contracts will begin when the wind farms are commissioned and will be indexed annually.

France

The Corporation has entered into 15-year energy sales contracts for the St-François, Calmont and Comes de l'Arce wind farms projects. These contracts will begin when the wind farms are commissioned and the selling price will be indexed annually.

Construction Contracts - Power Stations in Operation

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	**Total**
Construction contracts	1,085	—	—	1,085

Canada

(a) For the Buckingham hydroelectric power station, the Corporation has entered into a contract for repair work at the facility to comply with the Dam Safety Act.

(b) The Corporation has entered into contracts for civil engineering works on the Témiscouata I wind farms site and the Jamie Creek hydroelectric power station.

Purchase and Construction Contracts - Projects Under Development

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	**Total**
Purchase and construction contracts	179,287	—	—	179,287

Canada

(a) The Corporation has entered into a wind turbine purchase and installation contract, an engineering and electrical study contract and a contract for the construction of the transformer substation and control building for the Témiscouata II wind power project.

(b) The Corporation has entered into a wind turbine purchase and installation contract, and a contract for the construction of roads and foundations, and electrical work for the Côte-de-Beaupré wind power project.

France

(a) The Corporation has entered into a wind turbine purchase and installation contract for the St-François wind power project.

(b) The Corporation has entered into contracts for the purchase and installation of wind turbines and construction of the connection grid for the Calmont and Comes de l'Arce wind power projects.

Maintenance contracts

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	Total
Maintenance contracts	17,634	36,841	23,478	77,953

Canada

(a) The Corporation has entered into 12-year wind turbine maintenance contracts expiring in 2022 for the Thames River wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years.

(b) The Corporation has entered into a 15-year wind turbine maintenance contract expiring in 2029 for the Témiscouata I wind farm. The contract includes a cancellation option at the Corporation's discretion after five years.

(c) The Corporation has entered into 15-year wind turbine maintenance contracts expiring in 2030 for the Témiscouata II wind power project. Those contracts include a cancellation option at the Corporation's discretion after seven years.

France

(a) The Corporation has entered into wind turbine maintenance contracts for its power stations in operation in France. The contracts have initial terms of two to 15 years.

(b) The Corporation has entered into 5-year wind turbine maintenance contracts expiring in 2020 for the St-François and Comes de l'Arce wind power projects.

Operating Leases on Property

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	Total
Land lease contracts	3,064	17,539	33,851	54,454

Canada

(a) For the Thames River wind farms, the Corporation leases land on which wind turbines are installed under 20-year lease agreements, renewable once only at the Corporation's option under the same lease terms.

(b) The Corporation leases the sites on which the six Canadian hydroelectric power stations are located, as well as the water rights over the hydraulic power required to operate them. Under the terms of these agreements, expiring from 2015 to 2020, the Corporation's lease payments are based on power generation levels.

France

The land on which the French wind power stations and the solar power facility are located is leased under emphyteutic leases over terms ranging from 11 to 99 years. Payments under these leases are due annually and are indexed each year, based on the CPI and the Construction Cost Index published by the National Institute of Statistics and Economic Studies.

United States

(a) For its Middle Falls power station, the Corporation leases the land on which the power station is located from the Niagara Mohawk Power Corporation ("NMPC") under a lease expiring in 2029. As of 2014, lease payments are variable, totalling 30% of the power station's gross revenue.

(b) The land on which the Corporation's U.S. South Glens Falls and Hudson Falls hydroelectric facilities are located is leased from NMPC. The leases expire at the same time as the energy sales contracts, namely in 2034 and 2035, respectively. Rental expense for non-contingent lease payments is recognized in earnings (loss) on a straight-line basis based on the average rental payment over the lease terms. Total minimum future lease payments for the South Glens Falls power station in New York State do not include contingent lease payments for years 26 through 40, inclusively, of the lease agreement given the uncertainty surrounding the amounts. Rental expense in those years is based on a percentage of gross revenues. In addition, the leases provide NMPC a right of first refusal to acquire the hydroelectric facilities at fair value at the end of the lease term. The leases also require the Corporation to convey title to the hydroelectric facilities if abandoned during the lease term and require NMPC to acquire, and the Corporation to sell, the hydroelectric facilities at the end of the lease term at the lower of fair value or US$10.0 million (Hudson Falls power station) and US$5.0 million (South Glens Falls power station).

Contingency

Canada

Since January 2011, O'Leary Funds Management LP et al. has been suing the Corporation in the Superior Court of Québec. The suit alleges that the November 1, 2010 business combination between Boralex and the Fund was illegal and, accordingly, demands payment of damages amounting to nearly $6.7 million (the initial suit was for an amount of nearly $14.4 million). The Corporation considers that this procedure has no basis in fact or in law and is defending itself vigorously. Therefore, the Corporation has not recorded any provision in respect of this litigation. In its defence, the Corporation has filed a counterclaim for over $1.4 million.

Other

Canada

Hydroelectric power stations in Québec are subject to the *Dam Safety Act*. Depending on the region where the power stations are located, dams will have to comply with some criteria defined in this Act. With regards to the Buckingham power station, the Corporation expects that investments of more than $8.0 million will be required in 2015 to comply with the Act. Concurrently with this work, management is still reviewing various investment scenarios aiming to increase the power station's current installed capacity by up to 10 MW.

Boralex's Share of the Commitments of Joint Ventures Phases I and II

	Payments			
	Current portion	1 to 5 years	Over 5 years	Total
Service Contracts	617	2,591	12,805	16,013
Maintenance contracts	2,734	20,995	1,466	25,195
Land lease contracts	957	3,972	16,072	21,001
Total	4,308	27,558	30,343	62,209

Energy Sales Contracts

The Joint Ventures are committed to selling 100% of their power output (subject to certain minimum criteria) under 20-year contracts maturing in 2033 and 2034. Contract prices are partially indexed annually based on the Consumer Price Index ("CPI").

Service Contracts

Under the terms of service contracts entered into with Joint Ventures Phases I and II, Boralex will be the operator of the wind farms and will be responsible for their operation, maintenance and administration. The 21-year term contracts expire in 2033 and 2034. The amounts payable under those agreements are limited to operating and maintenance expenses and include fixed and variable management fees. Fixed management fees are indexed annually based on the CPI.

Maintenance Contracts

The Joint Ventures entered into 15-year wind turbine maintenance contracts maturing in 2028 and 2029. These contracts include a cancellation option at the Joint Venture's discretion after seven years.

Land Lease Contracts

The Joint Ventures have land lease contracts maturing in 2033 and 2034, renewable each year at the lessee's option. The land on which the wind turbines are installed is leased for an annual amount of approximately $1.9 million, indexed annually at a rate of 1.5%.

Financing

Joint Venture Phase I

Joint Venture Phase I financing, secured by the project's assets without recourse against the partners, consists in non-current debt, a bridge financing facility and letter of credit facilities. Non-current debt, at a variable rate based on CDOR plus a margin, is repayable in semi-annual instalments over a period of 18 years maturing in 2031. As of July 28, 2014, the Corporation met all conditions required for the conversion of construction loans into non-current debt. As stipulated in the loan agreement, the $560.0 million initial debt amount was recalculated on the basis of current financial data and assumptions, and the authorized amount was reduced to $535.0 million, resulting in a payment of $8.7 million of the tranche not hedged by project cash flows. A $260.0 million tranche of the debt is hedged by a guarantee pledged in favour of the lenders by the Federal Republic of Germany through its export credit agency, Euler-Hermes. In August, Boralex was reimbursed by Hydro-Québec for the costs incurred by the Corporation in the construction of the transformer substation and collector system. The amount received was used to repay, on August 20, 2014 the $51.6 millions bridge financing facility entered into to finance these costs during the construction period.

As at December 31, 2014, the gross amount of non-current debt stood at $511.5 million and letters of credit amounting to $46.3 million had been issued.

Joint Venture Phase I entered into swap transactions with interest rates ranging from 3.18% to 3.22% to set the financing rate for a significant portion of the project over the expected term of the underlying financing. As at December 31, 2014, the swaps had a notional balance of $482.3 million ($551.7 million in 2013) and an unfavourable fair value of $33.5 million (favourable fair value of $1.9 million in 2013).

Non-current debt contains certain restrictive covenants typical for this type of financing and, as at December 31, 2014, the Joint Venture was in compliance with all these commitments.

Joint Venture Phase II

Joint Venture Phase II financing, fully secured by all the project's assets without recourse against the partners, consists in short-term bridge financing facility of $12.9 million, a letter of credit facility totalling $10.8 million and a $142.4 million construction loan which will convert into a term loan repayable in quarterly instalments over a period of 19.5 years at a fixed rate of interest of 5.66% over the term of the loan. As at December 31, 2014, amounts of $12.9 million and $142.4 million were drawn from the short-term bridge financing facility and the construction loan, respectively, and letters of credits amounting to $2.8 million were issued.

Contingency

On October 24, 2013, a motion for authorization to institute a class action and to obtain representative status was filed with the Superior Court of Québec against the Joint Ventures. The applicants of the motion are requesting authorization from the Court to institute a class action on behalf of a group of persons regarding allegations of, without limitation, neighbourhood disturbances (noise, dust, etc.) experienced as a result of the construction of Seigneurie de Beaupré Wind Farms Phases I and II. The motion for authorization to institute a class action and to obtain representative status was heard before the Court on September 17, 2014 and the judge has taken the matter under advisement.

Subsequent Events

Acquisition of the Frampton Wind Power Project and Signature of a Construction Contract

On January 12, 2015, Boralex announced the acquisition of an interest in the Frampton community wind power project with a 24 MW capacity for a total of $11.5 millions in cash. Boralex has a 66.7% interest and the Municipality of Frampton a 33.3% interest in the project, which is covered by a 20-year energy sales contract with Hydro-Québec. Construction on the project will begin in the first quarter of 2015 with commissioning anticipated within the next 12 months.

In February 2015, the Corporation entered into an engineering, roadway and collector system construction contract for the Frampton wind power project for a total amount of $9.0 millions. Payments under the contract are made on a percentage of completion basis.

Closing of an Offering via an Underwriting Agreement and Exercise of an Option

On January 12, 2015, Boralex announced the closing of the offering via an underwriting agreement of Class A common shares of Boralex for gross proceeds of approximately $110.0 millions. The offering was carried out by a syndicate of underwriters who purchased an aggregate of 8,430,000 common shares of the Corporation at a price of $13.05 per share. The common shares were offered under a simplified prospectus dated January 5, 2015 in all Canadian provinces. The offering proceeds were used to fully repay the $100.0 millions bridge facility.

On January 30, 2015, Boralex announced the exercise of 85% of the over-allotment option under the aforementioned public offering. The syndicate of underwriters purchased 1,075,000 shares at a price of $13.05 per share for gross proceeds to Boralex of $14.0 millions, bringing the aggregate gross offering proceeds to $124.0 millions.

Purchase, Construction and Maintenance Contracts - Calmont Wind Power Project

In January 2015, the Corporation entered into a wind turbine construction and installation contract, a road construction contract and a maintenance contract for the Calmont wind power project for a total amount of $19.5 millions (€13.9 millions). Payments under the contracts are made on a percentage of completion basis.

Maintenance Contract - Côte-de-Beaupré Wind Power Project

In January 2015, the Corporation entered into a 15-year wind turbine maintenance contract expiring in 2030 for the Côte-de-Beaupré wind power project. The contract includes a cancellation option at the Corporation's discretion after five years. The Corporation's net commitment under this contract amounts to $2.9 millions, taking into account only the first five years of the contract.

Boralex acquires 100% of Boralex Europe

On February 27, 2015, the Corporation announced the closing of a financial settlement (the "Settlement") whereby Cube agreed to exchange its entire 25.33% equity interest in Boralex Europe for two notes payable. Under the Settlement, in consideration for the Corporation acquiring 100% control of Boralex Europe, Cube will receive a preferential payment of €16,0 millions, bearing interest at 5%-6.5%, payable by the end of 2015, and two notes payable totalling €40,0 millions issued by two European subsidiaries of the Corporation and bearing interest at a fixed rate of 6.5%, with no repayments prior to maturity in January 2019.

Risk Factors and Uncertainties

Risk Factors

Seasonal Factors

By the nature of its business, the Corporation's earnings are sensitive to changes in climate and weather conditions from period to period. Changes in winter weather affect demand for electrical heating requirements. Changes in summer weather affect demand for electrical cooling requirements. These fluctuations in demand, primarily in the Northeastern United States where the Corporation operates hydroelectric facilities, translates into spot market price volatility, which affects approximately 2% of the Corporation's total installed capacity.

Hydrology, Wind and Sunshine

The amount of power generated by the Corporation's hydroelectric power stations is dependent on available water flow. Accordingly, revenues and cash flows may be affected by low and high water flow in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that no material hydrologic event will impact water conditions in a particular watershed. Annual deviations from the long-term average are sometimes significant.

The amount of power generated by the Corporation's wind farms and solar power station is dependent on wind and sunlight, which are naturally variable. Increases or decreases in the wind regime at the Corporation's different wind farms could reduce its revenues and profitability and prevent the Corporation from meeting its objectives.

Raw Material Supply

The operation of wood-residue power stations, which represents 5% of the total installed capacity as at December 31, 2014, requires fuel in the form of wood residue or natural gas. If there is an interruption in the supply or a change in the price of wood residue or natural gas for the Corporation's power stations, their ability to generate power or produce it in a profitable manner will be adversely affected. The Corporation mitigates this risk by establishing partnerships with suppliers and seeking alternatives to virgin residue as fuel, as well as by adopting storage strategies that help avoid purchasing during periods when raw materials are scarce and prices therefore are high.

Power Station Operation and Equipment Failure

The ability of the power stations to generate the maximum amount of power is a key determinant of the Corporation's profitability. If the power stations require longer downtime than expected for maintenance and repairs, or if power production is suspended for other reasons, it could adversely affect the Corporation's profitability.

Development, Construction and Design

The Corporation participates in the construction and development of new power stations. Delays and cost overruns may occur during the construction phase of development projects, in particular delays in obtaining permits, increases in construction prices or changes in engineering design. Even when complete, a power station may not operate as planned, or design and manufacturing flaws may occur, which could conceivably not be covered by warranty. Development projects have no operating history and may employ recently developed, technologically complex equipment. Moreover, energy sales contracts entered into with counterparties early in the development phase of a project may enable counterparties to terminate the agreement or retain security posted as liquidated damages, if a project fails to achieve commercial operation or certain operating levels by specified dates or if the Corporation fails to make specified payments. As a result, a new power station may be unable to fund principal and interest payments under its financing obligations. A default under such a financing obligation could result in the Corporation losing its interest in a power station.

Dam Safety

Hydroelectric power stations in Québec, which represented 8% of total installed capacity as at December 31, 2014, are subject to the *Dam Safety Act* and its regulation. Depending on the region where the power stations are located, dams must comply with some criteria defined in this Act. Generally speaking, once the Corporation's recommendations are accepted by the MDDELCC, an action plan is prepared reflecting the relative urgency of the work required. The Corporation is also subject to disclosure requirements and regulations relating to the monitoring of structural integrity of the power stations it operates in British Columbia and the United States.

The consequence of a dam failure at any of the Corporation's hydroelectric power stations could result in a loss of production capacity, and repairing such failures could require the Corporation to incur significant expenditures of capital and other resources. Such failures could expose the Corporation to significant liability for damages. Other dam safety regulations could change from time to time, potentially impacting the Corporation's costs and operations. Upgrading all dams to enable them to withstand all events could require the Corporation to incur significant expenditures of capital and other substantial resources, particularly on occurrence of an extraordinary event or a case of force majeure. In conclusion, a dam failure could have a material adverse effect on the Corporation's business, operating results, financial condition and outlook. Compliance with dam safety laws (and any future changes to these laws) and the requirements of licences, permits and other approvals will remain material to the Corporation's business.

That being said, apart from the Buckingham power station where work is planned over the next two years, all of Boralex's power stations meet the criteria defined in the Act and its regulations.

Energy Sales Contracts

Obtaining new energy sales contracts is a key component for the sustainability of the Corporation's profits and cash resources. In several instances, the Corporation obtains new energy sales contracts by submitting offers in response to requests for proposals issued by large clients. There is no assurance that the Corporation will be selected as energy supplier following requests for proposals or that existing energy sales contracts will be renewed, or will be renewed under equivalent terms and conditions on expiry.

Key Employees

Holders of securities of the Corporation must rely on the experience and expertise of several key employees of the Corporation. The Corporation's continued success is dependent on its ability to attract and retain experienced officers. Should the Corporation prove unable to do so, such failure could have a material adverse effect on its business, operating results, financial condition and outlook.

Natural Disasters and Force Majeure Events

The Corporation's power stations and operations are exposed to damage and/or destruction resulting from environmental disasters (for example, floods, high winds, fires and earthquakes), equipment failure and the like. The occurrence of a significant event which disrupts the production capacity of the Corporation's assets or prevents it from selling its energy for an extended period, such as an event that precludes existing clients from purchasing energy, could have a material adverse impact on the Corporation. The Corporation's generation assets could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident at the Corporation's generation assets or a generating plant owned by a third party to which the transmission assets are connected. In certain cases, there is the potential that some events may not excuse the Corporation from performing its obligations pursuant to agreements with third parties. In addition, many of the Corporation's generation assets are located in remote areas, which makes access for repair of damage difficult. Any such scenario could have a material adverse effect on the Corporation's business, operating results and financial condition.

Insurance Limits

While the Corporation believes that its insurance coverage addresses all material insurable risks, provides adequate coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits and exclusions which are customary or reasonable. However, given the cost of procuring insurance, current operating conditions and the credit quality of the different insurance companies on the market, there can be no assurance that such insurance will continue to be offered on an economically affordable basis, or that such insurance will cover all events which could give rise to a loss or claim involving the assets or operations of the Corporation.

Non-performance by Counterparties

The Corporation sells the majority of its energy to a limited number of clients. It is exposed to credit risk which stems primarily from the potential inability of clients to meet their obligations and their energy sales contracts. The Corporation minimizes credit risk with counterparties to financial instruments and physical energy and gas trades through the selection, monitoring and diversification of counterparties by regularly assessing credit risk exposure and changes in their financial position, use of standard trading contracts, collateral and other credit risk mitigation techniques.

Further, the Corporation's energy sales contracts are almost exclusively with clients with longstanding credit histories or investment grade ratings. Where a client does not have a public credit rating, the Corporation assesses risk exposure and may require financial guarantees.

Industry Risk and Competition

The Corporation currently operates in the energy segment in Canada, France and the United States. These areas of operation are affected by competition ranging from large utilities to independent energy producers. The Corporation competes with other companies with significantly greater financial and other resources than itself for energy generation contracts as well as for the recruitment of qualified personnel. This can adversely affect implementation of the Corporation's long-term vision and prevent it from seizing opportunities available via its project pipeline.

Debt

Since the Corporation's projects require significant capital, it uses a project-based financing approach to maximize its leverage. Moreover, the Corporation generally sets the debt terms according to the terms of the energy sales contracts. There is a risk that a loan may go into default if the Corporation does not fulfill its commitments and obligations, which may result in the lender realizing on its security and, indirectly, causing the Corporation to lose its ownership or possession of such power station, which could have a material adverse effect on the Corporation's business, operating results and financial condition.

Interest Rates and Refinancing

Interest rate fluctuations may affect the profitability of the Corporation as it has non-current debt which bears interest at variable rates. In light of the financial swaps, only 9% (8% on a proportionate consolidation basis) of the non-current debt securities issued as at December 31, 2014 bore interest at variable rates. A sharp increase in interest rates could affect the liquid assets available to fund the Corporation's development projects. In addition, the ability of the Corporation to refinance debt when due is dependent on capital market conditions which can change over time. If the Corporation were to be unsuccessful in refinancing any components of its debt, such failure could have a material adverse effect on the Corporation's business, operating results and financial condition.

Additional Financing

To the extent that external sources of capital, including the issuance of additional securities of the Corporation, become limited or unavailable, the Corporation's ability to make the necessary capital investments to build new power stations or maintain its existing power stations and remain in business would be impaired. There can be no assurance that additional financing would be obtained or obtained under reasonable terms and conditions. If financing were to be obtained by issuing additional Class A shares of the Corporation, investors could suffer dilution to their holdings of securities of the Corporation.

Foreign Exchange Risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces its risk exposure to a minimum, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises from the residual liquidity that can be distributed to the parent company. Given those conditions and in light of the major BEV acquisition carried out in December 2014, Boralex entered into a series of foreign exchange forward contracts for a portion of approximately 75% of the euros it expects to translate into dollars through January 2025. In addition, the Corporation has fixed the exchange rate on a €15.1 million receivable on the asset held for sale of a 10 MW wind farm and on the additional €25.0 million amount to be issued on project debt once the conditions precedent have been met.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in future in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. Where applicable, the Corporation's objective is to protect its anticipated return on its invested equity by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

With respect to currency translation for the foreign subsidiaries, since all subsidiaries are self-sustaining, the impact of exchange rate fluctuations reflects on the Corporation's net investment in its subsidiaries and variances are reported in *Accumulated other comprehensive income (loss)*, not in the statement of earnings (loss), until the Corporation disposes of its total investment in the country concerned.

Declaration of Dividends at the Discretion of the Board of Directors

The declaration of dividends is at the sole discretion of the Board of Directors regardless of whether the Corporation has sufficient funds, less indebtedness, to pay dividends. The Corporation may neither declare nor pay dividends if it has reasonable grounds to believe that (i) the Corporation cannot, or could not thereby, pay its liabilities as they become due; or (ii) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated outstanding share capital.

As a result, no assurance can be given as to whether Boralex will continue to declare and pay dividends in the future, or the frequency or amount of any such dividend.

Health, Safety and Environmental Risks

The ownership and operation of the Corporation's generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licences, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future amendments to these laws) and the requirements of licences, permits and other approvals will remain material to the Corporation's business, and potential penalties or other remedy orders could have a material adverse effect on the Corporation's business and results of operations.

Regulatory and Political Environment

The Corporation currently operates in three countries, which are Canada, France and the United States. Moreover, the Corporation continuously assess opportunities available in other regions. Any changes in government policies could have a significant impact on the Corporation's business ventures in such jurisdictions. Business risks include, but are not limited to, changes of laws affecting foreign ownership, government participation and regulation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings and civil unrest.

There can be no assurance that economic and political conditions in the countries in which the Corporation operates or intends to operate will continue as they are at present. The effect of such factors is unpredictable.

The Corporation's operations are also subject to changes in governmental regulatory requirements or applicable governing statutes, including environment and energy related regulations, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Corporation.

The operation of power stations is subject to extensive regulation by various government agencies at the municipal, provincial and federal levels. There is always a risk of changes in government policies and laws, including the various taxes the Corporation is subject to.

Currently unregulated operations may become regulated. Because legal requirements change frequently and are subject to interpretation, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Some of the Corporation's operations are regulated by government agencies that exercise statutory discretion. Because the scope of such authority is uncertain and may be inconsistently applied, the Corporation is unable to predict the ultimate cost of compliance with such requirements or their effect on operations. Failure of the Corporation to obtain or maintain all necessary licences, leases or permits, including renewals thereof or modifications thereto, may adversely affect its ability to generate revenues.

The Corporation holds permits and licences from various regulatory authorities for the construction and operation of its power stations. These licences and permits are critical to the Corporation's operations. The majority of these permits and licences are long-term in nature, reflecting the anticipated useful life of the facilities. These permits and licences are dependent upon the Corporation's compliance with the terms thereof. In addition, delays may occur in obtaining government approvals required for future energy projects.

The Hudson Falls hydroelectric power station currently benefits from a surplus water flow of about 500 cubic feet per second under a U.S. Federal Energy Regulatory Commission exemption, which was renewed at the beginning of 2011 for an additional five years or until third-party cleanup work is completed. Were this exemption to be withdrawn or expire, this power station's production could be reduced by approximately 16,000 MWh, which could adversely affect on the Corporation's business and results of operations.

Social Acceptance of Renewable Energy Projects

Social acceptance by local stakeholders, including local communities, First Nations and other aboriginal peoples, is critical to the Corporation's ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project.

Relationships with Stakeholders

The Corporation enters into various types of arrangements with communities or joint venture partners for the development of its projects. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of the Corporation. Any such differences could have a negative impact on the success of the Corporation's projects. The Corporation is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, First Nations and municipalities. Any unforeseen delays in this process may negatively impact the ability of the Corporation to complete any given project on time or at all.

Ability to Secure Appropriate Land

There is significant competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and obtain given that geographic features, legal restrictions and ownership rights naturally limit the areas available for site development. There can be no assurance that the Corporation will be successful in obtaining any particular site in the future.

Availability and Reliability of Transmission Systems

The Corporation's ability to sell electricity is impacted by the availability of the various transmission systems in each jurisdiction in which it operates. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Corporation's ability to deliver electricity to its various counterparties, thereby unfavourably impacting the Corporation's operating results, financial condition or prospects.

Increase in Water Rental Cost or Changes to Regulations on Water Use

The Corporation is required to make rental payments for water rights once its hydroelectric projects are in commercial operation. A significant increase in water costs or changes to the way the governments of Québec, British Columbia and Northeastern United States regulate water supply or how they apply such regulation could have an unfavourable effect on the organization, its operating results, financial situation or outlook.

Litigation

In the normal course of its operations, the Corporation may become involved in various legal actions, typically involving claims relating to personal injuries, property damage, property taxes, land rights and contract disputes. The Corporation maintains adequate provisions for outstanding claims with merit. The final outcome with respect to outstanding or future disputes cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on the financial position or operating results of the Corporation in a particular quarter or fiscal year. The Corporation believes that it is not currently involved in any litigation, claim or proceedings whose negative outcome could have a material adverse effect on its consolidated financial position or results, but this could arise in the future.

Segment and Geographical Diversification

The Corporation capitalizes on diversification in its power generation sources and favourable geographic positioning. This diversification is reflected in the Corporation's operating revenues and EBITDA. Given the size of some of its operating segments, the Corporation could however be exposed to significant financial consequences in the event of a substantial downturn in any of its areas of operation.

Main Sources of Uncertainty Relating to Management's Estimates and Key Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect the recognized amounts of revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements.

The following items require management to make the most critical estimates and judgments:

Main Sources of Uncertainty Relating to Management's Estimates

Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

Impairment of Assets
Every year, on October 31, the Corporation tests its cash-generating units ("CGUs") and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation must perform impairment tests on its assets with indefinite and finite useful lives and their goodwill to assess whether their carrying amounts are recoverable. Impairment tests require the use of various assumptions based on management's best estimates.

Recoverable Amount
Recoverable amounts are determined using value-in-use calculations based on cash flows discounted over a five-year period that factor in current economic conditions and management's estimates. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as selling prices, production cost estimates, future capital expenditure, after-tax discount rates, the growth rate and useful lives.

Discount Rate
The discount rate estimated and used by management represents the weighted average cost of capital determined for a group of CGUs. The growth rate is determined based on past experience, economic trends as well as market and industry trends.

Useful Lives of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives
In determining the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates are reviewed annually and the impacts of any changes are accounted for prospectively.

Deferred Taxes
Management is required to estimate the amounts to be recognized as deferred income tax assets and liabilities. In particular, management must assess the timing of the reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is considered likely to be realized, is estimated by taking into account future taxable income.

Decommissioning Liability
Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected undiscounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and pre-tax interest rates that reflect current market conditions or the time value of money, as well as risks specific to the liability. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

Fair Value of Financial Instruments
Fair value is determined using discounted cash flow models. Fair value determined using such valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments.

Derivative financial instruments designated as cash flow hedges are accounted for at fair value in the statement of financial position and changes in fair value are reported in comprehensive income (loss).

Fair Value of Business Combinations
The Corporation makes a number of estimates when allocating fair values to the assets and liabilities acquired in a business acquisition. Fair values are estimated using valuation techniques that take into account several assumptions such as production, earnings and expenses, interest rate and discount rate.

Main Sources of Uncertainty Relating to Management's Key Judgments
Evidence of Asset Impairment
At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

Determining the Development Phase

The Corporation capitalizes project development costs during the period preceding commissioning. Recognition of an intangible asset resulting from the development phase starts when a given project meets IFRS capitalization criteria. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its ability to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

Accounting Policies

Significant Accounting Policies

Changes in Accounting Policies

IFRIC 21, *Levies*

In May 2013, the IASB issued IFRIC 21, *Levies*, which is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting for levies imposed by governments. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. On January 1, 2014, the Corporation adopted this new standard, and this change had no material impact on the Corporation's consolidated financial statements.

IFRS 2, *Share-based Payment*

In December 2013, the IASB amended IFRS 2 to clarify the definition of "vesting conditions" by setting out separate definitions of the terms "performance conditions" and "service conditions." On June 1, 2014, the Corporation early adopted this amended standard, and this change had no impact on the Corporation's consolidated financial statements.

IFRS 3, *Business Combinations*

In December 2013, the IASB amended IFRS 3 to clarify that a contingent consideration in a business combination must be classified as a financial liability or an equity instrument and that a consideration not classified as equity must be subsequently measured at fair value. On June 1, 2014, the Corporation early adopted this amended standard, and this change had no impact on the Corporation's consolidated financial statements.

IFRS 13, *Fair Value Measurement*

In December 2013, the IASB amended IFRS 13 to clarify that an entity is not required to recognize short-term receivables and current debt with no stated interest rate at an amount lower than the stated invoice amount when the impact of discounting is immaterial.

The IASB also amended this standard to clarify that the exception for portfolios applies to all contracts that fall within the scope of IAS 39, *Financial Instruments: Recognition and Measurement*, or IFRS 9, *Financial Instruments*, whether or not these contracts meet the definition of a financial asset or liability pursuant to IAS 32, *Financial Instruments: Presentation*.

On June 1, 2014, the Corporation early adopted this amended standard, and this change had no impact on the Corporation's consolidated financial statements.

Future Changes in Accounting Policies

IFRS 9, *Financial Instruments*

In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9 addresses the classification and measurement of financial assets and liabilities, and introduces a forward-looking expected credit loss impairment model and a substantially reformed hedge accounting model.

To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in *Accumulated other comprehensive income (loss)* instead of in the statement of earnings (loss).

IFRS 9 also sets out an expected credit loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses upon initial recognition of financial instruments, and to recognize lifetime credit losses on a timely basis.

Last, IFRS 9 introduces a new hedge accounting model together with corresponding disclosure requirements about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

IFRS 9 will be effective for the Corporation's fiscal year beginning on or after January 1, 2018, but earlier adoption is permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*

IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* were revised to incorporate amendments published in September 2014. The amendments require recognizing in full gains and losses on a transaction involving assets that constitute a business between an investor and an associate or a joint venture. The amendments further require recognizing partial gains and losses arising from a transaction involving assets that do not constitute a business between an investor and an associate or a joint venture. The amendments are effective for fiscal years beginning on or after January 1, 2016 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This standard supersedes IFRS 11, *Construction Contracts*, IAS 18, *Revenue*, as well as various interpretations regarding revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IAS 16, *Property, plant and equipment*, and IAS 38, *Intangible assets*

In May 2014, the IASB amended IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, to provide clarification of the acceptable methods of amortization under those standards. The use of revenue-based amortization is prohibited for property, plant and equipment. However, the use of this method remains acceptable for intangible assets, but is significantly limited. The amended standards must be applied prospectively for fiscal years beginning on or after January 1, 2016, with earlier adoption permitted. The Corporation assessed their impact and will early adopt the standards as of January 1, 2015. Currently, energy sales contracts for the South Glens Falls and Hudson Falls hydroelectric power stations in the United States are amortized using a method based on contract revenues. To comply with the amended standards, the aforementioned contracts will be amortized prospectively on a straight-line basis over their remaining terms, namely 20 and 21 years or until 2034 and 2035, respectively. The annual impact of this change for South Glens Falls is a decrease in amortization expense for the years 2015 to 2024 of $0.3 million (US$0.3 million) and an increase in amortization expense from 2025 to 2034 of $0.3 million (US$0.3 million). The annual impact of this change for Hudson Falls is a decrease in amortization expense for the years 2015 to 2025 of $0.6 million (US$0.5 million) and an increase in amortization expense from 2026 to 2035 of $0.7 million (US$0.6 million).

Internal Controls and Procedures

In accordance with Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of December 31, 2014, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date, and have concluded that they are effective.

During the year ended December 31, 2014, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Limitation on Scope of Design of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The evaluation and conclusions regarding the design and operational effectiveness of Boralex's disclosure controls and procedures and internal control over financial reporting ("DC&P" and "ICFR") as at December 31, 2014, did not cover the controls and procedures of the activities of Enel Green Power France S.A.S., acquired on December 18, 2014, and which are included in the consolidated financial statements of December 31, 2014. The Corporation has elected to apply section 3.3(1)(b) of Regulation 52-109, which allows this acquisition to be excluded from the evaluation of the design and effectiveness of DC&P and ICFR for a maximum of 365 days from the acquisition date.

Consolidated Statements of Financial Position

(in thousands of dollars)	As at December 31, 2014	As at December 31, 2013
ASSETS		
Cash and cash equivalents	86,845	127,541
Restricted cash	19,814	60,126
Trade and other receivables	71,338	72,758
Inventories	5,631	4,502
Other current financial assets	1,213	—
Prepaid expenses	5,358	2,945
CURRENT ASSETS	190,199	267,872
Property, plant and equipment	1,644,313	1,179,653
Intangible assets	254,007	257,058
Goodwill	134,044	49,890
Deferred income tax asset	13,141	—
Other non-current financial assets	3,230	1,262
Other non-current assets	49,816	35,705
NON-CURRENT ASSETS	2,098,551	1,523,568
TOTAL ASSETS	2,288,750	1,791,440
LIABILITIES		
Trade and other payables	64,698	81,607
Current portion of debt	191,762	122,509
Current income tax liability	1,601	1,516
Other current financial liabilities	34,116	15,243
CURRENT LIABILITIES	292,177	220,875
Non-current debt	1,285,258	855,484
Convertible debentures	232,977	229,578
Deferred income tax liability	30,780	37,493
Decommissioning liability	11,936	8,160
Other non-current financial liabilities	50,374	19,704
Other non-current liabilities	49,446	34,366
NON-CURRENT LIABILITIES	1,660,771	1,184,785
TOTAL LIABILITIES	1,952,948	1,405,660
EQUITY		
Equity attributable to shareholders	302,674	356,094
Non-controlling shareholders	33,128	29,686
TOTAL EQUITY	335,802	385,780
TOTAL LIABILITIES AND EQUITY	2,288,750	1,791,440

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
REVENUES				
Revenues from energy sales	67,308	51,867	239,506	171,395
Other income	393	342	1,223	2,726
	67,701	52,209	240,729	174,121
COSTS AND OTHER EXPENSES				
Operating	18,571	16,294	70,162	54,699
Administrative	3,213	3,295	13,581	13,381
Development	6,465	1,181	10,327	4,142
Amortization	20,616	15,595	78,280	55,496
Other gains	(1,192)	—	(3,272)	(232)
Impairment of property, plant and equipment	—	—	—	266
	47,673	36,365	169,078	127,752
OPERATING INCOME	20,028	15,844	71,651	46,369
Financing costs	20,975	15,082	77,787	52,861
Foreign exchange loss (gain)	17	(521)	410	(700)
Net loss (gain) on financial instruments	5,938	(1,309)	8,192	(553)
Other	28	63	20	63
INCOME (LOSS) BEFORE INCOME TAXES	(6,930)	2,529	(14,758)	(5,302)
Income tax expense (recovery)	(523)	1,624	(854)	537
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(6,407)	905	(13,904)	(5,839)
Net earnings from discontinued operations	716	74	2,652	1,774
NET EARNINGS (LOSS)	(5,691)	979	(11,252)	(4,065)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(6,295)	468	(11,930)	(4,192)
Non-controlling shareholders	604	511	678	127
NET EARNINGS (LOSS)	(5,691)	979	(11,252)	(4,065)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(7,011)	394	(14,582)	(5,966)
Discontinued operations	716	74	2,652	1,774
	(6,295)	468	(11,930)	(4,192)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.18)	$0.01	($0.38)	($0.16)
Discontinued operations	$0.02	—	$0.07	$0.05
	($0.16)	$0.01	($0.31)	($0.11)

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
Net earnings (loss)	(5,691)	979	(11,252)	(4,065)
Less: Net earnings from discontinued operations	716	74	2,652	1,774
Net earnings (loss) from continuing operations	(6,407)	905	(13,904)	(5,839)
Financing costs	20,975	15,082	77,787	52,861
Interest paid	(18,552)	(15,515)	(68,155)	(50,136)
Income tax expense (recovery)	(523)	1,624	(854)	537
Income taxes paid	(64)	(647)	(2,940)	(3,372)
Non-cash items in earnings (loss):				
Net loss (gain) on financial instruments	5,938	(1,309)	8,192	(553)
Amortization	20,616	15,595	78,280	55,496
Impairment of property, plant and equipment	—	—	—	266
Other	25	351	(53)	1,920
	22,008	16,086	78,353	51,180
Change in non-cash items related to operating activities	(12,554)	1,044	23,912	8,698
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	9,454	17,130	102,265	59,878
Business acquisitions, net of cash acquired	(188,948)	—	(196,879)	—
Additions to property, plant and equipment	(76,146)	(82,942)	(251,562)	(323,415)
Change in restricted cash	14,990	(46,921)	40,682	(53,063)
Increase in non-current assets	—	—	(4,006)	—
Change in reserve funds	(6,252)	23	(6,825)	(13,956)
Development projects	(1,279)	(2,177)	(6,881)	(9,666)
Proceeds from the disposal of assets held for sale	21,983	—	21,983	—
Other	(60)	(232)	(491)	(74)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(235,712)	(132,249)	(403,979)	(400,174)
Net increase in non-current debt	457,217	105,958	629,358	453,517
Repayment of debt assumed on business acquisition	(233,314)	—	(233,314)	—
Repayments on non-current debt	(9,214)	(4,097)	(126,812)	(101,471)
Contribution of non-controlling shareholders	539	1,856	5,235	2,593
Distribution to non-controlling shareholders	(2,050)	—	(2,050)	—
Dividends paid to shareholders of Boralex	(4,993)	—	(19,896)	—
Options exercised	151	66	4,860	115
Other	(1)	—	(41)	(110)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	208,335	103,783	257,340	354,644
Cash from discontinued operations	843	84	3,122	2,054
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	301	1,906	556	4,001
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,779)	(9,346)	(40,696)	20,403
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	103,624	136,887	127,541	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD	86,845	127,541	86,845	127,541

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
POWER PRODUCTION (MWh)				
Wind power stations	370,742	249,276	1,211,629	704,217
Hydroelectric power stations	154,752	142,912	641,979	621,094
Thermal power stations	34,092	31,448	169,637	143,369
Solar power station	1,080	980	6,259	5,945
	560,666	424,616	2,029,504	1,474,625
REVENUES FROM ENERGY SALES				
Wind power stations	44,913	31,676	148,168	87,481
Hydroelectric power stations	14,312	12,746	58,166	53,756
Thermal power stations	7,569	6,976	30,090	27,446
Solar power station	514	469	3,082	2,712
	67,308	51,867	239,506	171,395
EBITDA				
Wind power stations	36,846	26,136	120,096	69,957
Hydroelectric power stations	9,730	9,002	42,715	40,413
Thermal power stations	1,188	26	5,247	3,010
Solar power station	391	438	2,634	2,379
Corporate and eliminations	(8,731)	(4,226)	(24,053)	(13,923)
	39,424	31,376	146,639	101,836

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month periods ended December 31 2014	2013	Years ended December 31 2014	2013
POWER PRODUCTION (MWh)				
Canada	292,466	169,293	1,062,561	593,143
France	184,020	168,452	586,573	493,540
United States	84,180	86,871	380,370	387,942
	560,666	424,616	2,029,504	1,474,625
REVENUES FROM ENERGY SALES				
Canada	33,824	19,688	116,873	65,940
France	26,785	24,884	90,672	73,854
United States	6,699	7,295	31,961	31,601
	67,308	51,867	239,506	171,395
EBITDA				
Canada	18,313	11,467	69,837	37,253
France	16,352	14,760	52,962	40,719
United States	4,759	5,149	23,840	23,864
	39,424	31,376	146,639	101,836

Consolidated Statements of Financial Position

(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
	As at December 31, 2014		
ASSETS			
Cash and cash equivalents	75,394	11,451	86,845
Restricted cash	12,459	7,355	19,814
Trade and other receivables	59,154	12,184	71,338
Inventories	5,620	11	5,631
Other current financial assets	1,213	—	1,213
Prepaid expenses	5,358	—	5,358
CURRENT ASSETS	159,198	31,001	190,199
Property, plant and equipment	1,215,411	428,902	1,644,313
Intangible assets	254,007	—	254,007
Goodwill	134,044	—	134,044
Interests in the Joint Ventures	91,483	(91,483)	—
Deferred income tax asset	13,141	—	13,141
Other non-current financial assets	3,230	—	3,230
Other non-current assets	47,445	2,371	49,816
NON-CURRENT ASSETS	1,758,761	339,790	2,098,551
TOTAL ASSETS	1,917,959	370,791	2,288,750
LIABILITIES			
Trade and other payables	57,616	7,082	64,698
Current portion of debt	172,044	19,718	191,762
Current income tax liability	1,601	—	1,601
Other current financial liabilities	34,116	—	34,116
CURRENT LIABILITIES	265,377	26,800	292,177
Non-current debt	989,087	296,171	1,285,258
Convertible debentures	232,977	—	232,977
Deferred income tax liability	30,780	—	30,780
Decommissioning liability	10,773	1,163	11,936
Other non-current financial liabilities	33,622	16,752	50,374
Other non-current liabilities	19,024	30,422	49,446
NON-CURRENT LIABILITIES	1,316,263	344,508	1,660,771
TOTAL LIABILITIES	1,581,640	371,308	1,952,948
EQUITY			
Equity attributable to shareholders	303,191	(517)	302,674
Non-controlling shareholders	33,128	—	33,128
TOTAL EQUITY	336,319	(517)	335,802
TOTAL LIABILITIES AND EQUITY	1,917,959	370,791	2,288,750

Consolidated Statements of Financial Position

(in thousands of dollars)	As at December 31, 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
ASSETS			
Cash and cash equivalents	124,942	2,599	127,541
Restricted cash	19,366	40,760	60,126
Trade and other receivables	41,625	31,133	72,758
Inventories	4,502	—	4,502
Prepaid expenses	2,945	—	2,945
CURRENT ASSETS	193,380	74,492	267,872
Property, plant and equipment	799,213	380,440	1,179,653
Intangible assets	257,058	—	257,058
Goodwill	49,890	—	49,890
Interests in the Joint Ventures	90,880	(90,880)	—
Other non-current financial assets	289	973	1,262
Other non-current assets	32,017	3,688	35,705
NON-CURRENT ASSETS	1,229,347	294,221	1,523,568
TOTAL ASSETS	1,422,727	368,713	1,791,440
LIABILITIES			
Trade and other payables	57,992	23,615	81,607
Current portion of debt	84,034	38,475	122,509
Current income tax liability	1,516	—	1,516
Other current financial liabilities	15,243	—	15,243
CURRENT LIABILITIES	158,785	62,090	220,875
Non-current debt	578,914	276,570	855,484
Convertible debentures	229,578	—	229,578
Deferred income tax liability	37,493	—	37,493
Decommissioning liability	7,198	962	8,160
Other non-current financial liabilities	19,704	—	19,704
Other non-current liabilities	4,921	29,445	34,366
NON-CURRENT LIABILITIES	877,808	306,977	1,184,785
TOTAL LIABILITIES	1,036,593	369,067	1,405,660
EQUITY			
Equity attributable to shareholders	356,448	(354)	356,094
Non-controlling shareholders	29,686	—	29,686
TOTAL EQUITY	386,134	(354)	385,780
TOTAL LIABILITIES AND EQUITY	1,422,727	368,713	1,791,440

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Three-month period ended December 31 2014 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	53,673	13,635	67,308
Other income	545	(152)	393
	54,218	13,483	67,701
COSTS AND OTHER EXPENSES			
Operating	17,045	1,526	18,571
Administrative	3,195	18	3,213
Development	6,465	—	6,465
Amortization	15,832	4,784	20,616
Other gains	(846)	(346)	(1,192)
	41,691	5,982	47,673
OPERATING INCOME	12,527	7,501	20,028
Financing costs	15,926	5,049	20,975
Foreign exchange loss (gain)	15	2	17
Net loss (gain) on financial instruments	6,031	(93)	5,938
Share in earnings (loss) of the Joint Ventures	2,570	(2,570)	—
Other	25	3	28
LOSS BEFORE INCOME TAXES	(6,900)	(30)	(6,930)
Income tax expense (recovery)	(523)	—	(523)
NET LOSS FROM CONTINUING OPERATIONS	(6,377)	(30)	(6,407)
Net earnings from discontinued operations	716	—	716
NET LOSS	(5,661)	(30)	(5,691)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(6,265)	(30)	(6,295)
Non-controlling shareholders	604	—	604
NET LOSS	(5,661)	(30)	(5,691)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(6,981)	(30)	(7,011)
Discontinued operations	716	—	716
	(6,265)	(30)	(6,295)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.18)	—	($0.18)
Discontinued operations	$0.02	—	$0.02
	($0.16)	—	($0.16)

Consolidated Statements of Earnings (Loss)

	Three-month period ended December 31		
	2013		
(in thousands of dollars, except per share amounts)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	49,496	2,371	51,867
Other income	331	11	342
	49,827	2,382	52,209
COSTS AND OTHER EXPENSES			
Operating	15,952	342	16,294
Administrative	3,263	32	3,295
Development	1,181	—	1,181
Amortization	13,987	1,608	15,595
	34,383	1,982	36,365
OPERATING INCOME	15,444	400	15,844
Financing costs	13,061	2,021	15,082
Foreign exchange loss (gain)	(530)	9	(521)
Net loss (gain) on financial instruments	(69)	(1,240)	(1,309)
Share in earnings (loss) of the Joint Ventures	(329)	329	—
Other	63	—	63
EARNINGS (LOSS) BEFORE INCOME TAXES	2,590	(61)	2,529
Income tax expense (recovery)	1,624	—	1,624
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	966	(61)	905
Net earnings from discontinued operations	74	—	74
NET EARNINGS (LOSS)	1,040	(61)	979
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	529	(61)	468
Non-controlling shareholders	511	—	511
NET EARNINGS (LOSS)	1,040	(61)	979
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	455	(61)	394
Discontinued operations	74	—	74
	529	(61)	468
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	$0.01	—	$0.01
Discontinued operations	—	—	—
	$0.01	—	$0.01

Consolidated Statements of Earnings (Loss)

	Year ended December 31		
	2014		
(in thousands of dollars, except per share amounts)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	193,401	46,105	239,506
Other income	1,827	(604)	1,223
	195,228	45,501	240,729
COSTS AND OTHER EXPENSES			
Operating	64,296	5,866	70,162
Administrative	13,479	102	13,581
Development	10,319	8	10,327
Amortization	60,410	17,870	78,280
Other gains	(1,962)	(1,310)	(3,272)
	146,542	22,536	169,078
OPERATING INCOME	48,686	22,965	71,651
Financing costs	58,097	19,690	77,787
Foreign exchange loss (gain)	406	4	410
Net loss (gain) on financial instruments	8,187	5	8,192
Share in earnings (loss) of the Joint Ventures	3,426	(3,426)	—
Other	17	3	20
LOSS BEFORE INCOME TAXES	(14,595)	(163)	(14,758)
Income tax expense (recovery)	(854)	—	(854)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(13,741)	(163)	(13,904)
Net earnings from discontinued operations	2,652	—	2,652
NET EARNINGS (LOSS)	(11,089)	(163)	(11,252)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(11,767)	(163)	(11,930)
Non-controlling shareholders	678	—	678
NET EARNINGS (LOSS)	(11,089)	(163)	(11,252)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(14,419)	(163)	(14,582)
Discontinued operations	2,652	—	2,652
	(11,767)	(163)	(11,930)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.38)	—	($0.38)
Discontinued operations	$0.07	—	$0.07
	($0.31)	—	($0.31)

Consolidated Statements of Earnings (Loss)

	Year ended December 31		
	2013		
(in thousands of dollars, except per share amounts)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	169,023	2,372	171,395
Other income	3,009	(283)	2,726
	172,032	2,089	174,121
COSTS AND OTHER EXPENSES			
Operating	54,357	342	54,699
Administrative	13,214	167	13,381
Development	4,145	(3)	4,142
Amortization	53,888	1,608	55,496
Other gains	(232)	—	(232)
Impairment of property, plant and equipment	266	—	266
	125,638	2,114	127,752
OPERATING INCOME (LOSS)	46,394	(25)	46,369
Financing costs	50,693	2,168	52,861
Foreign exchange loss (gain)	(788)	88	(700)
Net loss (gain) on financial instruments	(742)	189	(553)
Share in earnings (loss) of the Joint Ventures	(2,116)	2,116	—
Other	63	—	63
LOSS BEFORE INCOME TAXES	(4,948)	(354)	(5,302)
Income tax expense (recovery)	537	—	537
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(5,485)	(354)	(5,839)
Net earnings from discontinued operations	1,774	—	1,774
NET EARNINGS (LOSS)	(3,711)	(354)	(4,065)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(3,838)	(354)	(4,192)
Non-controlling shareholders	127	—	127
NET EARNINGS (LOSS)	(3,711)	(354)	(4,065)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(5,612)	(354)	(5,966)
Discontinued operations	1,774	—	1,774
	(3,838)	(354)	(4,192)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.15)	($0.01)	($0.16)
Discontinued operations	$0.05	—	$0.05
	($0.10)	($0.01)	($0.11)

Consolidated Statements of Cash Flows

	Three-month period ended December 31		
	2014		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	(5,661)	(30)	(5,691)
Less: Net earnings from discontinued operations	716	—	716
Net earnings (loss) from continuing operations	(6,377)	(30)	(6,407)
Financing costs	15,926	5,049	20,975
Interest paid	(14,632)	(3,920)	(18,552)
Income tax expense (recovery)	(523)	—	(523)
Income taxes paid	(64)	—	(64)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	6,031	(93)	5,938
Share in results of the Joint Ventures	(2,570)	2,570	—
Amortization	15,832	4,784	20,616
Other	360	(335)	25
	13,983	8,025	22,008
Change in non-cash items related to operating activities	(10,779)	(1,775)	(12,554)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	3,204	6,250	9,454
Business acquisitions, net of cash acquired	(188,948)	—	(188,948)
Additions to property, plant and equipment	(47,620)	(28,526)	(76,146)
Change in restricted cash	(5,146)	20,136	14,990
Increase in interest in Joint Ventures	(7,181)	7,181	—
Change in reserve funds	(6,252)	—	(6,252)
Development projects	(1,279)	—	(1,279)
Proceeds from the disposal of assets held for sale	21,983	—	21,983
Other	(60)	—	(60)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(234,503)	(1,209)	(235,712)
Net increase in non-current debt	451,881	5,336	457,217
Repayment of debt assumed on business acquisition	(233,314)	—	(233,314)
Repayments on non-current debt	(4,761)	(4,453)	(9,214)
Contribution of non-controlling shareholders	539	—	539
Distribution to non-controlling shareholders	(2,050)	—	(2,050)
Dividends paid to shareholders of Boralex	(4,993)	—	(4,993)
Options exercised	151	—	151
Other	(1)	—	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	207,452	883	208,335
Cash from discontinued operations	843	—	843
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	301	—	301
NET CHANGE IN CASH AND CASH EQUIVALENTS	(22,703)	5,924	(16,779)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	98,097	5,527	103,624
CASH AND CASH EQUIVALENTS - END OF PERIOD	75,394	11,451	86,845

Consolidated Statements of Cash Flows

(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
	Three-month period ended December 31 2013		
Net earnings (loss)	1,040	(61)	979
Less: Net earnings from discontinued operations	74	—	74
Net earnings (loss) from continuing operations	966	(61)	905
Financing costs	13,061	2,021	15,082
Interest paid	(14,280)	(1,235)	(15,515)
Income tax expense (recovery)	1,624	—	1,624
Income taxes paid	(647)	—	(647)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	(69)	(1,240)	(1,309)
Share in results of the Joint Ventures	329	(329)	—
Amortization	13,987	1,608	15,595
Other	351	—	351
	15,322	764	16,086
Change in non-cash items related to operating activities	(12,610)	13,654	1,044
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	2,712	14,418	17,130
Additions to property, plant and equipment	(28,395)	(54,547)	(82,942)
Change in restricted cash	(9,529)	(37,392)	(46,921)
Increase in interest in Joint Ventures	(2,781)	2,781	—
Change in reserve funds	23	—	23
Development projects	(2,177)	—	(2,177)
Other	(232)	—	(232)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(43,091)	(89,158)	(132,249)
Net increase in non-current debt	29,439	76,519	105,958
Repayments on non-current debt	(4,097)	—	(4,097)
Contribution of non-controlling shareholders	1,856	—	1,856
Options exercised	66	—	66
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	27,264	76,519	103,783
Cash from discontinued operations	84	—	84
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	1,906	—	1,906
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,125)	1,779	(9,346)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	136,067	820	136,887
CASH AND CASH EQUIVALENTS - END OF PERIOD	124,942	2,599	127,541

Consolidated Statements of Cash Flows

	Year ended December 31		
	2014		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	(11,089)	(163)	(11,252)
Less: Net earnings from discontinued operations	2,652	—	2,652
Net earnings (loss) from continuing operations	(13,741)	(163)	(13,904)
Financing costs	58,097	19,690	77,787
Interest paid	(53,298)	(14,857)	(68,155)
Income tax expense (recovery)	(854)	—	(854)
Income taxes paid	(2,940)	—	(2,940)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	8,187	5	8,192
Share in results of the Joint Ventures	(3,426)	3,426	—
Amortization	60,410	17,870	78,280
Other	1,246	(1,299)	(53)
	53,681	24,672	78,353
Change in non-cash items related to operating activities	(2,020)	25,932	23,912
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	51,661	50,604	102,265
Business acquisition	(196,879)	—	(196,879)
Additions to property, plant and equipment	(167,686)	(83,876)	(251,562)
Change in restricted cash	7,277	33,405	40,682
Increase in interest in Joint Ventures	(13,253)	13,253	—
Increase in non-current assets	(1,350)	(2,656)	(4,006)
Change in reserve funds	(6,825)	—	(6,825)
Development projects	(6,881)	—	(6,881)
Proceeds from the disposal of assets held for sale	21,983	—	21,983
Other	(491)	—	(491)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(364,105)	(39,874)	(403,979)
Net increase in non-current debt	589,006	40,352	629,358
Repayment of debt assumed on business acquisition	(233,314)	—	(233,314)
Repayments on non-current debt	(84,582)	(42,230)	(126,812)
Contribution of non-controlling shareholders	5,235	—	5,235
Distribution to non-controlling shareholders	(2,050)	—	(2,050)
Dividends paid to shareholders of Boralex	(19,896)	—	(19,896)
Options exercised	4,860	—	4,860
Other	(41)	—	(41)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	259,218	(1,878)	257,340
Cash from discontinued operations	3,122	—	3,122
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	556	—	556
NET CHANGE IN CASH AND CASH EQUIVALENTS	(49,548)	8,852	(40,696)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	124,942	2,599	127,541
CASH AND CASH EQUIVALENTS - END OF YEAR	75,394	11,451	86,845

Consolidated Statements of Cash Flows

	Year ended December 31		
	2013		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	(3,711)	(354)	(4,065)
Less: Net earnings from discontinued operations	1,774	—	1,774
Net earnings (loss) from continuing operations	(5,485)	(354)	(5,839)
Financing costs	50,693	2,168	52,861
Interest paid	(48,905)	(1,231)	(50,136)
Income tax expense (recovery)	537	—	537
Income taxes paid	(3,372)	—	(3,372)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	(742)	189	(553)
Share in results of the Joint Ventures	2,116	(2,116)	—
Amortization	53,888	1,608	55,496
Impairment of property, plant and equipment	266	—	266
Other	1,920	—	1,920
	50,916	264	51,180
Change in non-cash items related to operating activities	8,350	348	8,698
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	59,266	612	59,878
Additions to property, plant and equipment	(107,479)	(215,936)	(323,415)
Change in restricted cash	(18,890)	(34,173)	(53,063)
Increase in interest in Joint Ventures	(8,318)	8,318	—
Change in reserve funds	(13,956)	—	(13,956)
Development projects	(9,666)	—	(9,666)
Other	(74)	—	(74)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(158,383)	(241,791)	(400,174)
Net increase in non-current debt	209,739	243,778	453,517
Repayments on non-current debt	(101,471)	—	(101,471)
Contribution of non-controlling shareholders	2,593	—	2,593
Options exercised	115	—	115
Other	(110)	—	(110)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	110,866	243,778	354,644
Cash from discontinued operations	2,054	—	2,054
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	4,001	—	4,001
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,804	2,599	20,403
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	107,138	—	107,138
CASH AND CASH EQUIVALENTS - END OF YEAR	124,942	2,599	127,541

Information by Operating Segment

	Three-month period ended December 31		
	2014		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	245,601	125,141	370,742
Hydroelectric power stations	154,752	—	154,752
Thermal power stations	34,092	—	34,092
Solar power station	1,080	—	1,080
	435,525	125,141	560,666
REVENUES FROM ENERGY SALES			
Wind power stations	31,278	13,635	44,913
Hydroelectric power stations	14,312	—	14,312
Thermal power stations	7,569	—	7,569
Solar power station	514	—	514
	53,673	13,635	67,308
EBITDA			
Wind power stations	28,123	8,723	36,846
Hydroelectric power stations	9,730	—	9,730
Thermal power stations	1,188	—	1,188
Solar power station	391	—	391
	39,432	8,723	48,155
Corporate and eliminations	(9,374)	643	(8,731)
	30,058	9,366	39,424

	Three-month period ended December 31		
	2013		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	227,195	22,081	249,276
Hydroelectric power stations	142,912	—	142,912
Thermal power stations	31,448	—	31,448
Solar power station	980	—	980
	402,535	22,081	424,616
REVENUES FROM ENERGY SALES			
Wind power stations	29,305	2,371	31,676
Hydroelectric power stations	12,746	—	12,746
Thermal power stations	6,976	—	6,976
Solar power station	469	—	469
	49,496	2,371	51,867
EBITDA			
Wind power stations	24,279	1,857	26,136
Hydroelectric power stations	9,002	—	9,002
Thermal power stations	26	—	26
Solar power station	438	—	438
	33,745	1,857	35,602
Corporate and eliminations	(4,706)	480	(4,226)
	29,039	2,337	31,376

Information by Operating Segment

(in thousands of dollars, except MWh)	Year ended December 31 2014 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	785,997	425,632	1,211,629
Hydroelectric power stations	641,979	—	641,979
Thermal power stations	169,637	—	169,637
Solar power station	6,259	—	6,259
	1,603,872	425,632	2,029,504
REVENUES FROM ENERGY SALES			
Wind power stations	102,063	46,105	148,168
Hydroelectric power stations	58,166	—	58,166
Thermal power stations	30,090	—	30,090
Solar power station	3,082	—	3,082
	193,401	46,105	239,506
EBITDA			
Wind power stations	86,511	33,585	120,096
Hydroelectric power stations	42,715	—	42,715
Thermal power stations	5,247	—	5,247
Solar power station	2,634	—	2,634
	137,107	33,585	170,692
Corporate and eliminations	(26,564)	2,511	(24,053)
	110,543	36,096	146,639

(in thousands of dollars, except MWh)	Year ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	682,136	22,081	704,217
Hydroelectric power stations	621,094	—	621,094
Thermal power stations	143,369	—	143,369
Solar power station	5,945	—	5,945
	1,452,544	22,081	1,474,625
REVENUES FROM ENERGY SALES			
Wind power stations	85,109	2,372	87,481
Hydroelectric power stations	53,756	—	53,756
Thermal power stations	27,446	—	27,446
Solar power station	2,712	—	2,712
	169,023	2,372	171,395
EBITDA			
Wind power stations	66,594	3,363	69,957
Hydroelectric power stations	40,413	—	40,413
Thermal power stations	3,010	—	3,010
Solar power station	2,379	—	2,379
	112,396	3,363	115,759
Corporate and eliminations	(14,259)	336	(13,923)
	98,137	3,699	101,836

Information by Geographic Segment

	Three-month period ended December 31		
	2014		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	167,325	125,141	292,466
France	184,020	—	184,020
United States	84,180	—	84,180
	435,525	125,141	560,666
REVENUES FROM ENERGY SALES			
Canada	20,189	13,635	33,824
France	26,785	—	26,785
United States	6,699	—	6,699
	53,673	13,635	67,308
EBITDA			
Canada	8,947	9,366	18,313
France	16,352	—	16,352
United States	4,759	—	4,759
	30,058	9,366	39,424

	Three-month period ended December 31		
	2013		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	147,212	22,081	169,293
France	168,452	—	168,452
United States	86,871	—	86,871
	402,535	22,081	424,616
REVENUES FROM ENERGY SALES			
Canada	17,317	2,371	19,688
France	24,884	—	24,884
United States	7,295	—	7,295
	49,496	2,371	51,867
EBITDA			
Canada	9,130	2,337	11,467
France	14,760	—	14,760
United States	5,149	—	5,149
	29,039	2,337	31,376

Information by Geographic Segment

(in thousands of dollars, except MWh)	Year ended December 31 2014 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	636,929	425,632	1,062,561
France	586,573	—	586,573
United States	380,370	—	380,370
	1,603,872	425,632	2,029,504
REVENUES FROM ENERGY SALES			
Canada	70,768	46,105	116,873
France	90,672	—	90,672
United States	31,961	—	31,961
	193,401	46,105	239,506
EBITDA			
Canada	33,741	36,096	69,837
France	52,962	—	52,962
United States	23,840	—	23,840
	110,543	36,096	146,639

(in thousands of dollars, except MWh)	Year ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	571,062	22,081	593,143
France	493,540	—	493,540
United States	387,942	—	387,942
	1,452,544	22,081	1,474,625
REVENUES FROM ENERGY SALES			
Canada	63,568	2,372	65,940
France	73,854	—	73,854
United States	31,601	—	31,601
	169,023	2,372	171,395
EBITDA			
Canada	33,554	3,699	37,253
France	40,719	—	40,719
United States	23,864	—	23,864
	98,137	3,699	101,836

Consolidated Financial Statements

Management's Report

The consolidated financial statements and other financial information included in this Annual Report are the responsibility of, and have been prepared by, the management of Boralex Inc. within reasonable limits of materiality. To fulfill this responsibility, management maintains appropriate systems of internal control, policies and procedures. These systems of internal control, policies and procedures help ensure that the Corporation's reporting practices and accounting and administrative procedures provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are safeguarded and transactions are executed in accordance with proper authorization. These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are summarized in the consolidated financial statements. Where appropriate, these consolidated financial statements reflect estimates based on management's best judgment. Financial information presented elsewhere in this Annual Report is consistent, where applicable, with that reported in the accompanying consolidated financial statements.

The audited consolidated financial statements have been reviewed by the Board of Directors and by its Audit Committee. The Audit Committee consists exclusively of independent directors and meets periodically during the year with the independent auditor. The independent auditor has full access to and meets with the Audit Committee both in the presence and absence of management.

PricewaterhouseCoopers LLP has audited the consolidated financial statements of Boralex Inc. The independent auditor's responsibility is to express a professional opinion on the fairness of the consolidated financial statement presentation. The Independent Auditor's Report outlines the scope of its audits and sets forth its opinion on the consolidated financial statements.

(s) Patrick Lemaire

Patrick Lemaire

President and Chief Executive Officer

(s) Jean-François Thibodeau

Jean-François Thibodeau

Vice-President and Chief Financial Officer

Montréal, Québec

March 9, 2015

Independent Auditor's Report

To the Shareholders of Boralex Inc.

We have audited the accompanying consolidated financial statements of Boralex Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of loss, comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boralex Inc. and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with IFRS.

(s) PricewaterhouseCoopers LLP[1]

Montréal, Québec

March 9, 2015

[1] CPA auditor, CA, public accountancy permit No. A126402

Table of Contents

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	Note	As at December 31, 2014	As at December 31, 2013
ASSETS			
Cash and cash equivalents		75,394	124,942
Restricted cash		12,459	19,366
Trade and other receivables	6	59,154	41,625
Inventories	7	5,620	4,502
Other current financial assets	27	1,213	—
Prepaid expenses		5,358	2,945
CURRENT ASSETS		159,198	193,380
Property, plant and equipment	8	1,215,411	799,213
Intangible assets	9	254,007	257,058
Goodwill	9	134,044	49,890
Interests in the Joint Ventures	10	91,483	90,880
Deferred income tax asset	15	13,141	—
Other non-current financial assets	27	3,230	289
Other non-current assets	11	47,445	32,017
NON-CURRENT ASSETS		1,758,761	1,229,347
TOTAL ASSETS		1,917,959	1,422,727
LIABILITIES			
Trade and other payables	12	57,616	57,992
Current portion of debt	13	172,044	84,034
Current income tax liability		1,601	1,516
Other current financial liabilities	27	34,116	15,243
CURRENT LIABILITIES		265,377	158,785
Non-current debt	13	989,087	578,914
Convertible debentures	14	232,977	229,578
Deferred income tax liability	15	30,780	37,493
Decommissioning liability	16	10,773	7,198
Other non-current financial liabilities	27	33,622	19,704
Other non-current liabilities		19,024	4,921
NON-CURRENT LIABILITIES		1,316,263	877,808
TOTAL LIABILITIES		1,581,640	1,036,593
EQUITY			
Equity attributable to shareholders		303,191	356,448
Non-controlling shareholders		33,128	29,686
TOTAL EQUITY		336,319	386,134
TOTAL LIABILITIES AND EQUITY		1,917,959	1,422,727

The accompanying notes are an integral part of these consolidated financial statements.

The Board of Directors approved these audited annual consolidated financial statements on March 9, 2015.

(s) Robert F. Hall

Robert F. Hall, Director

(s) Pierre Seccareccia

Pierre Seccareccia, Director

Consolidated Statements of Loss

(in thousands of Canadian dollars, except per share amounts)	Note	2014	2013
REVENUES			
Revenues from energy sales		193,401	169,023
Other income		1,827	3,009
		195,228	172,032
COSTS AND OTHER EXPENSES			
Operating	21	64,296	54,357
Administrative	21	13,479	13,214
Development		10,319	4,145
Amortization		60,410	53,888
Other gains	22	(1,962)	(232)
Impairment of property, plant and equipment	8	—	266
		146,542	125,638
OPERATING INCOME		48,686	46,394
Financing costs	23	58,097	50,693
Foreign exchange loss (gain)		406	(788)
Net loss (gain) on financial instruments		8,187	(742)
Share in earnings (losses) of the Joint Ventures	10	3,426	(2,116)
Other		17	63
LOSS BEFORE INCOME TAXES		(14,595)	(4,948)
Income tax expense (recovery)	15	(854)	537
NET LOSS FROM CONTINUING OPERATIONS		(13,741)	(5,485)
Net earnings from discontinued operations	24	2,652	1,774
NET LOSS		(11,089)	(3,711)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex		(11,767)	(3,838)
Non-controlling shareholders		678	127
NET LOSS		(11,089)	(3,711)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		(14,419)	(5,612)
Discontinued operations	24	2,652	1,774
		(11,767)	(3,838)
NET EARNINGS (LOSS) PER SHARE BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		($0.38)	($0.15)
Discontinued operations		$0.07	$0.05
	25	($0.31)	($0.10)

The accompanying notes are an integral part of these consolidated financial statements.

Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Note	2014	2013
NET LOSS		(11,089)	(3,711)
Other comprehensive income (loss) to be subsequently reclassified to net loss when certain conditions are met	19		
Translation adjustments:			
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations		(2,613)	18,026
Hedge of net investment:			
Change in fair value		1,103	—
Income taxes		(147)	—
Cash flow hedges:			
Change in fair value		(32,680)	7,917
Hedging items realized and recognized in net loss		11,615	8,361
Income taxes		6,462	(4,819)
Cash flow hedges - Joint Ventures:			
Change in fair value		(23,394)	16,319
Hedging items realized and recognized in net loss		4,798	—
Hedging items realized and recognized in statement of financial position		—	2,336
Income taxes		4,819	(4,855)
Available-for-sale financial asset:			
Change in fair value		—	858
Items realized and recognized in net loss		—	(149)
Total other comprehensive income (loss)		(30,037)	43,994
COMPREHENSIVE INCOME (LOSS)		(41,126)	40,283
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex		(39,070)	35,665
Non-controlling shareholders		(2,056)	4,618
COMPREHENSIVE INCOME (LOSS)		(41,126)	40,283
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		(41,722)	33,891
Discontinued operations		2,652	1,774
		(39,070)	35,665

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

2014

(in thousands of Canadian dollars)	Capital stock (note 17)	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (note 19)	Total	Non-controlling shareholders	Total equity
	Equity attributable to shareholders							
BALANCE AS AT JANUARY 1, 2014	223,079	14,379	7,730	140,575	(29,315)	356,448	29,686	386,134
Net earnings (loss)	—	—	—	(11,767)	—	(11,767)	678	(11,089)
Other comprehensive loss	—	—	—	—	(27,303)	(27,303)	(2,734)	(30,037)
COMPREHENSIVE LOSS	—	—	—	(11,767)	(27,303)	(39,070)	(2,056)	(41,126)
Dividends (note 17)	—	—	—	(19,896)	—	(19,896)	(2,050)	(21,946)
Conversion of convertible debentures (note 14)	318	—	—	—		318	—	318
Exercise of options (note 17)	4,860	—	—	—	—	4,860	—	4,860
Stock option expense (note 18)	—	—	536	—	—	536	—	536
Excess of proceeds on repurchase of non-controlling shareholders	—	—	—	(5)	—	(5)	(2)	(7)
Contribution of non-controlling shareholders (note 20)	—	—	—	—	—	—	7,550	7,550
BALANCE AS AT DECEMBER 31, 2014	228,257	14,379	8,266	108,907	(56,618)	303,191	33,128	336,319

2013

(in thousands of Canadian dollars)	Capital stock (note 17)	Equity component of convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (note 19)	Total	Non-controlling shareholders	Total equity
	Equity attributable to shareholders							
BALANCE AS AT JANUARY 1, 2013	222,870	14,379	6,945	144,492	(68,818)	319,868	22,501	342,369
Net earnings (loss)	—	—	—	(3,838)	—	(3,838)	127	(3,711)
Other comprehensive income	—	—	—	—	39,503	39,503	4,491	43,994
COMPREHENSIVE INCOME (LOSS)	—	—	—	(3,838)	39,503	35,665	4,618	40,283
Conversion of convertible debentures (note 14)	94	—	—	—	—	94	—	94
Exercise of options (note 17)	115	—	—	—	—	115	—	115
Stock option expense (note 18)	—	—	785	—	—	785	—	785
Excess of proceeds on repurchase of non-controlling shareholders	—	—	—	(79)	—	(79)	(26)	(105)
Contribution of non-controlling shareholders (note 20)	—	—	—	—	—	—	2,593	2,593
BALANCE AS AT DECEMBER 31, 2013	223,079	14,379	7,730	140,575	(29,315)	356,448	29,686	386,134

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Note	2014	2013
Net loss		(11,089)	(3,711)
Less: Net earnings from discontinued operations	24	2,652	1,774
Net loss from continuing operations		(13,741)	(5,485)
Financing costs		58,097	50,693
Interest paid		(53,298)	(48,905)
Income tax expense (recovery)		(854)	537
Income taxes paid		(2,940)	(3,372)
Non-cash items in loss:			
Net loss (gain) on financial instruments		8,187	(742)
Share in results of the Joint Ventures	10	(3,426)	2,116
Amortization		60,410	53,888
Impairment of property, plant and equipment	8	—	266
Other		1,246	1,920
		53,681	50,916
Change in non-cash items related to operating activities	26	(2,020)	8,350
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		51,661	59,266
Business acquisition, net of cash acquired	5	(196,879)	—
Additions to property, plant and equipment		(167,686)	(107,479)
Change in restricted cash		7,277	(18,890)
Increase in interest in Joint Ventures	10	(13,253)	(8,318)
Increase in non-current assets		(1,350)	—
Change in reserve funds		(6,825)	(13,956)
Development projects		(6,881)	(9,666)
Proceeds from the disposal of assets held for sale	5	21,983	—
Other		(491)	(74)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(364,105)	(158,383)
Net increase in non-current debt		589,006	209,739
Repayment of debt assumed on business acquisition	5	(233,314)	—
Repayments on non-current debt		(84,582)	(101,471)
Contribution of non-controlling shareholders	20	5,235	2,593
Distribution to non-controlling shareholders	20	(2,050)	—
Dividends paid to shareholders of Boralex	17	(19,896)	—
Exercise of options	17	4,860	115
Other		(41)	(110)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		259,218	110,866
Cash from discontinued operations	24	3,122	2,054
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		556	4,001
NET CHANGE IN CASH AND CASH EQUIVALENTS		(49,548)	17,804
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		124,942	107,138
CASH AND CASH EQUIVALENTS - END OF YEAR		75,394	124,942

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

As at December 31, 2014

(Tabular amounts are in thousands of Canadian dollars, unless otherwise specified)

Note 1. Incorporation and Nature of Business

Boralex Inc., its subsidiaries and its joint ventures ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. The Corporation has interests in 40 wind power stations, 15 hydroelectric power stations, two thermal power stations and a solar power facility representing an asset base with a total installed capacity of 1,108 megawatts ("MW") of which 938 MW are under its control. Boralex is also committed under power development projects, both independently and with partners, to add 160 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Hydro inc., an entity of which two of the three shareholders, Richard Lemaire and Patrick Lemaire, are directors of the Corporation. The generated power is sold mainly in Canada, France and the United States.

The Corporation is incorporated under the Canada Business Corporations Act. Boralex's head office is located at 36 Lajeunesse St., Kingsey Falls, Québec, Canada and its shares and convertible debentures are listed on the Toronto Stock Exchange ("TSX").

(The data expressed in MW and MWh contained in notes 1, 5, 30, 32 and 33 have not been audited by the auditors.)

Note 2. Basis of Presentation

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB") and set out in the CPA Canada Handbook, including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of financial statements, and IAS 1, *Presentation of Financial Statements*. The Corporation has consistently applied the same accounting policies for all of the periods presented except for the new standards adopted during the year.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Note 3. Significant Accounting Policies

The significant accounting policies used to prepare these audited consolidated financial statements are as follows:

Measurement Basis

The consolidated financial statements have been prepared on a going concern basis, under the historical cost method, except for financial assets and financial liabilities that are remeasured at fair value through profit or loss.

Basis of Consolidation

The consolidated financial statements include the following accounts of the Corporation:

Subsidiaries

The subsidiaries are entities over which the Corporation exercises control. The Corporation controls an entity when it has power to direct the relevant activities, when it is exposed, or has rights to variable returns, and when it has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date the Corporation acquires control and are deconsolidated on the date control ends. Intercompany transactions and balances and unrealized gains and losses on transactions between these entities are eliminated.

The Corporation's main subsidiaries as at December 31, 2014 were as follows:

Name of subsidiary	Voting rights held	Location
Boralex Europe S.A.[1]	74.67%	Luxembourg
Boralex Énergie Verte S.A.S. ("BEV")	100%	France
Boralex US Energy Inc.	100%	United States
Boralex Ontario Energy Holdings LP	100%	Canada
Boralex Ontario Energy Holdings 2 LP	100%	Canada
Boralex Power Limited Partnership	100%	Canada

[1] On February 27, 2015, the Corporation announced the closing of a financial settlement under which Boralex acquired the entire 25.33% equity interest of Cube Energy SCA ("Cube") in Boralex Europe. See note 33 for more details on this transaction.

Joint Ventures

A joint venture is a joint arrangement in which the parties are bound by a contractual agreement that gives them joint control over the net assets. The decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties that exercise joint control. The Corporation's interest in the Joint Ventures is accounted for using the equity method. The Corporation's *Share in earnings (loss) of the Joint Ventures* is recorded as a separate line item in the consolidated statement of loss. Unrealized gains and losses on transactions between the Corporation and the joint ventures are eliminated to the extent of the Corporation's interest in the joint ventures.

The Corporation's main joint ventures as at December 31, 2014 were as follows:

Name of Joint Venture	% interest	Location
Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("Joint Venture Phase I")	50 %	Canada
Seigneurie de Beaupré Wind Farm 4 General Partnership ("Joint Venture Phase II")	50 %	Canada

Non-controlling Shareholders

The non-controlling shareholders represent the interest held by third parties in subsidiaries. The net assets of the subsidiary attributable to non-controlling shareholders are reported as a component of equity. Their share in net earnings (loss) and comprehensive income (loss) is recognized directly in equity. Any change in the Corporation's interest in a subsidiary that does not result in an acquisition or a loss of control is accounted for as a capital transaction.

Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed to earnings (loss) as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is determined after separate recognition of identifiable assets acquired. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling shareholders in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (gain on a bargain purchase) is recognized through earnings immediately.

Foreign Currency Translation

Functional and Reporting Currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is Boralex's functional currency.

The financial statements of entities with a different functional currency from that of Boralex (foreign companies) are translated into Canadian dollars as follows: the assets and liabilities are translated at the exchange rate prevailing at the reporting date. Revenues and expenses are translated at the average exchange rate for each period. Translation gains or losses are deferred and included in *Accumulated other comprehensive income (loss)*. When a foreign company is disposed of, translation gains or losses accumulated in *Accumulated other comprehensive income (loss)* are maintained in comprehensive loss until the Corporation's net investment in that country has been entirely sold. Where applicable, exchange differences are recognized under *Foreign exchange loss (gain)* in net loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Exchange differences resulting from transactions are recognized under *Foreign exchange loss (gain)* in net loss except for those relating to qualifying cash flow hedges, which are deferred under *Accumulated other comprehensive income (loss)* in equity.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are removed from the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is extinguished, cancelled or terminated.

Classification of Financial Instruments

The Corporation classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification of its financial assets and liabilities upon initial recognition. The Corporation classifies its financial assets and liabilities in the following categories:

(a) Financial Assets and Liabilities at Fair Value Through Profit or Loss

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Financial instruments classified in this category are reported under current assets or current liabilities. The financial instrument is recorded initially and subsequently at fair value determined using market prices. Directly attributable transaction costs and any changes in fair value are recognized in net loss.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets when recoverable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current assets. Financial instruments classified in this category include *Cash and cash equivalents*, *Restricted cash*, *Trade and other receivables* and *Reserve funds*. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method less allowances for doubtful accounts.

(c) Available-for-sale Assets

Available-for-sale assets are non-derivative instruments that are either classified in this category or not classified in any of the other categories. They are presented in current financial assets when recoverable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current financial assets. Available-for-sale assets are initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at fair value with unrealized gains and losses recognized under *Accumulated other comprehensive income (loss)*. Upon sale or impairment, fair value adjustments recorded in *Accumulated other comprehensive income (loss)* are recognized in net loss.

(d) Other Liabilities at Amortized Cost

Other liabilities are recognized initially at fair value and transaction costs are deducted from this fair value. Subsequently, other liabilities are measured at amortized cost. The difference between the initial carrying amount of other liabilities and their repayment value is recognized in net loss over the term of the contract using the effective interest method. Other liabilities are presented in current liabilities when they are repayable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current liabilities. This item includes *Trade and other payables, Non-current debt* and *Convertible debentures*.

(e) Compound Financial Instruments

Compound financial instruments issued by the Corporation, namely convertible debentures, are split into separate liability and equity components in accordance with the substance of the contractual arrangement. At the issue date, the fair value of the liability component was measured using the prevailing market interest rate for a similar non-convertible instrument. This amount is recognized as a liability at amortized cost using the effective interest method until conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component from the total fair value of the compound instrument. This amount, less the tax impact, is accounted for in equity and is not subsequently remeasured.

Hedge Accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Corporation designates these derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge).

The Corporation documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Corporation also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The full fair value of a derivative financial instrument is classified as a non-current asset or liability when the remaining life of the hedged item is more than 12 months and as a current asset or liability when the remaining life of the hedged item is less than 12 months. Held-for-trading derivative financial instruments are classified as current assets or liabilities.

Cash Flow Hedges

The Corporation designates interest rate financial swaps as cash flow hedges. In a cash flow hedge relationship, the change in value of the effective portion of the derivative is recognized in *Accumulated other comprehensive income (loss)*. The gain or loss relating to the ineffective portion is recognized immediately in net loss under *Net loss (gain) on financial instruments*.

Amounts accumulated in equity are reclassified to net loss in the periods in which the hedged item affects net loss (for example, when a forecasted interest expense that is hedged occurs). The effective portion of the hedging derivative is recognized in the statement of loss under *Financing costs*. The ineffective portion is recognized in the statement of loss under *Net loss (gain) on financial instruments*. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, *Property, plant and equipment*), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts in property, plant and equipment are subject to amortization.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognized when the forecasted transaction affects earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reversed through earnings (loss) under *Net loss (gain) on financial instruments*.

Hedge of a Net Investment in Self-sustaining Foreign Operations

The Corporation designates its foreign exchange forward contracts as hedges of a net investment in self-sustaining foreign operations in foreign currency. In this hedge relationship of a net investment in foreign currency, the change in value of the effective portion of the derivative financial instrument is recognized in *Accumulated other comprehensive income (loss)* and the change in the ineffective portion is recorded in net earnings (loss), under *Net loss (gain) on financial instruments*.

The amounts recognized in *Accumulated other comprehensive income (loss)* are reclassified to net earnings (loss) when the corresponding foreign exchange gains or losses resulting from the translation of self-sustaining foreign operations are recognized in net earnings (loss).

Cash and Cash Equivalents

Cash includes cash on hand and bank balances. Cash equivalents are short-term investments that mature within three months and comprise bankers' acceptances or deposit certificates guaranteed by banks. These instruments include highly liquid instruments that are readily convertible into known amounts of cash and subject to non-significant risk of changes in value.

Restricted Cash

Restricted cash comprises highly liquid investments along with reserves to finance capital expenditures within a one-year period following each year-end.

Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value corresponds to replacement cost in the normal course of business. Inventories mainly consist of replacement parts.

Property, Plant and Equipment

Property, plant and equipment, consisting mainly of power stations and power station sites, are recorded at cost less accumulated amortization and impairment losses, including interest incurred during the construction period of new power stations or wind power facilities. Amortization begins on the date the assets are commissioned using the following methods:

Wind Power Stations

Wind power stations are amortized by component using the straight-line method over their useful life ranging from 5 to 40 years.

Hydroelectric Power Stations

Hydroelectric power stations are amortized by component using the straight-line method over their useful life ranging from 20 to 40 years.

Thermal Power Stations

Thermal power stations are amortized by component using the straight-line method over their useful life ranging from 20 to 30 years.

Solar Power Station

The solar power station is amortized by component using the straight-line method over its useful life of 20 years.

Major Maintenance

Major maintenance work is capitalized and amortized using the straight-line method over the scheduled maintenance frequency, that is a useful life of approximately five years.

Useful lives, residual values and amortization methods are reviewed every year according to asset type, expected usage and changes in technology. Impairment losses and reversals are recognized in net earnings (loss) under *Impairment of property, plant and equipment*.

Other Intangible Assets

Energy Sales Contracts

Acquisition costs for energy sales contracts are amortized on a straight-line basis over the remaining contract terms, including one renewal period, if applicable, which range from 15 to 40 years, except for those relating to the Hudson Falls and South Glens Falls hydroelectric power stations in the United States. These costs are amortized using a method based on contract revenues up to contract expiry in 2034 and 2035, respectively. As of January 1, 2015, these power stations will be amortized on a straight-line basis over the remaining term of contracts of 20 and 21 years.

Water Rights

The water rights related to all the hydroelectric power stations except for Buckingham (as this asset has an indefinite useful life) are amortized on a straight-line basis over the remaining contract terms, including one renewal period, which range from 20 to 30 years. Assets with indefinite lives, specifically the water rights at the Buckingham power station, are not amortized but are tested for impairment annually on October 31 or as soon as there is evidence of impairment. Any impairment loss is charged to earnings (loss) in the period in which it arises.

Development projects

Project development costs include design and acquisition costs related to new projects. These costs are deferred until construction begins on the new power station or expansion of an existing power station, at which time they are included in the cost of the power station or recorded as property, plant and equipment and intangible assets, as appropriate. The Corporation defers costs for projects when it believes they are more likely than not to be completed. If this probability subsequently declines, the costs deferred to that date are expensed.

Goodwill

Goodwill, representing the excess of the consideration paid for businesses acquired over the net amount allocated to assets acquired and liabilities assumed, is not amortized. Goodwill is tested for impairment annually on October 31. Tests are also carried out when events or circumstances indicate a possible impairment. Any impairment loss is charged to earnings (loss) in the period in which it arises.

Other non-current assets

Renewable Energy Tax Credits

Renewable energy tax credits which were attributed on the basis of incurred operating expenses were recorded as a reduction of operating expenses for the period in which the credits were earned to the extent that it is more likely than not that they will be recoverable during their useful lives. This program came to an end on December 31, 2009.

Reserve Funds

Reserve funds represent funds held in trust for the purpose of meeting the requirements of certain non-current debt agreements including the maintenance of reserves for debt servicing and to maintain property, plant and equipment. The reserve funds, consisting of deposit certificates, are valued at amortized cost.

Borrowing Costs

The Corporation capitalizes costs directly attributable to the acquisition, construction or production of qualifying assets during their active construction. Other borrowing costs are expensed during the period in which they are incurred.

Leases

Leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the Corporation. Leases are classified as operating leases when the lease arrangement does not transfer substantially all the risks and rewards of ownership to the Corporation. Payments made under operating leases are charged to the statement of earnings (loss) on a straight-line basis over the lease term.

Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. Such lease obligations, net of financing costs, are included under *Other non-current liabilities*. The interest component of the financing costs is charged to earnings (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is amortized over the shorter of the useful life of the asset and the lease term.

Impairment of Assets

Non-current assets with indefinite useful lives, specifically the goodwill and water rights of the Buckingham power station, as well as intangible assets that are not yet ready for use, are tested for impairment annually on October 31 or if trigger events occur. These assets are tested for impairment when particular events or changes in circumstances indicate that their carrying amount might not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is the higher of that asset's fair value less costs of disposal and its value in use.

At the end of each reporting period, if there is any indication that an impairment loss recognized in a prior period, for an asset other than goodwill, no longer exists or has decreased, the loss is reversed up to its recoverable amount. The carrying amount following the reversal must not be higher than the carrying amount that would have prevailed (net of amortization) had the original impairment not been recognized in prior periods. Goodwill impairment charges are not reversed.

Impairment testing of assets is conducted at the level of the cash-generating units ("CGUs"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Corporation's assets are monitored separately by site, which corresponds to the CGUs of the smallest identifiable group.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. To calculate value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects changes in the time value of money and the risks specific to the asset or the CGU. When determining fair value less costs of disposal, the Corporation considers whether there is a current market price for the asset. Otherwise, the Corporation uses a revenue approach, which is based on the present value of future cash flows generated by an asset or a CGU. The discounted cash flow method consists of projecting cash flows and converting them into present values by applying discount rates.

Provisions

A provision is recognized in the statement of financial position when the Corporation has a legal or constructive obligation as a result of a past event and it is probable that settlement of the obligation will require a financial payment or cause a financial loss, and a reliable estimate can be made of the amount of the obligation. If the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recorded in the statement of financial position as a separate asset, but only if it is virtually certain that reimbursement will be received. Provisions are measured using Boralex management's best estimate as to the outcome based on known facts as at the reporting date.

Litigation Provisions

Litigations are monitored regularly, case by case, by the legal department of the Corporation with the assistance of external legal advisors for major and complex litigation. A provision is recognized as soon as it becomes likely that a current obligation resulting from a past event will require a settlement whose amount can be reliably estimated.

Decommissioning Liability

A decommissioning liability is recognized at fair value in the period during which a legal or constructive obligation is incurred, when the amount of the liability can be reliably estimated and it is probable that the settlement of the obligation will require a financial payment. Decommissioning costs are capitalized into the value of the related asset and are amortized over the asset's remaining useful life. The liability is discounted using a risk-free interest rate.

The Corporation has no obligation to decommission hydroelectric power stations located on public land. Under site leases, these power stations must be handed back to the lessor at the end of the lease term without any decommissioning. For the other hydroelectric power stations located on private properties belonging to Boralex, the likelihood of such an obligation arising is low since the decommissioning of such facilities would have significant consequences on the ecosystem and economic life in surrounding areas. It is usually more beneficial for the environment, local residents and companies to keep the dam. Given this low likelihood, no provision has been recognized.

For the wind power sites, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as the revegetation.

The Corporation has environmental obligations with respect to its wood-residue thermal power station. If the power station were to be sold, the Corporation would be responsible for removing the piles of wood residue and environmental protection membranes. The Corporation has determined that the wood residue would be burned to produce electricity and that additional cleaning costs would not be material. Accordingly, the fair value of the liability is not material.

Last, the Corporation has an obligation to decommission its solar power site at the end of the lease term. The decommissioning costs are non-significant.

Income Taxes

The Corporation accounts for its income taxes using the deferred tax assets and liabilities method. Deferred income tax assets and liabilities are determined based on the difference between the carrying amount and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is charged to earnings (loss). Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to taxable income for the periods in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is likely they will be realized. Deferred tax assets and liabilities are reported under non-current assets and liabilities.

The tax expense includes current and deferred taxes. This expense is recognized in net earnings (loss), except for income tax related to the components of *Accumulated other comprehensive income (loss)* or in equity, in which case the tax expense is recognized in *Accumulated other comprehensive income (loss)* or in equity, respectively.

Current income tax assets or liabilities are obligations or claims for the current and prior periods to be recovered from (or paid to) taxation authorities that are still outstanding at the end of the reporting period and included under current assets or liabilities. Current tax is computed on the basis of tax profit which differs from net earnings (loss). This calculation is made using tax rates and laws enacted at the end of the reporting period.

The Corporation recognizes a deferred income tax asset or liability for all temporary differences generated by interests in subsidiaries and in the joint ventures, except where it is likely that the temporary difference will not reverse in the foreseeable future and the Corporation is able to control the date of the reversal of the temporary difference.

Equity

Capital stock is presented at the value at which the shares were issued. Costs related to the issuance of stock or stock options are presented in equity, net of taxes, as a deduction from issuance proceeds.

Stock-based Compensation

Stock options granted to senior management are measured at fair value. This fair value is then recognized in net earnings (loss) over the vesting period based on service conditions for senior management with an offsetting increase in *Contributed surplus*. Fair value is determined using the Black-Scholes option pricing model, which was designed to estimate the fair value of exchange-traded options that have no restrictions as to vesting and are entirely transferable. Some of the outstanding options carry restrictions but, in the Corporation's opinion, the Black- Scholes model provides an appropriate estimate of fair value in these cases. Any consideration paid by employees on the exercise of stock options is credited to *Capital stock*.

Expenses related to stock options are recorded under *Administrative* and the cumulative value of unexercised options outstanding is included under *Contributed surplus*.

Revenue Recognition

The Corporation recognizes its revenue under the following policies:

Revenues from Energy Sales

The Corporation recognizes its revenues, which consist of product sales, when persuasive evidence of an arrangement exists, the goods are delivered, the significant risks and benefits of ownership are transferred, the price is fixed or determinable and collection of the resulting receivable is reasonably assured.

Other Income

Other income is recognized when the service is provided and collection is considered likely.

Net Earnings (Loss) per Share

Net earnings (loss) per share is determined based on the weighted average number of Class A shares outstanding during the year. The calculation of diluted earnings (loss) per share takes into account the potential impact of the exercise of all dilutive instruments, i.e., stock options and the impact of convertible debentures on the theoretical number of shares. Diluted earnings (loss) per share is calculated using the treasury stock method to determine the dilutive effect of the stock options and the "if converted" method for convertible debentures. For options that have a dilutive effect, i.e., when the average share price for the period is higher than the exercise price of the options, these methods assume that the options have been exercised at the beginning of the period and that the resulting proceeds have been used to buy back common shares of the Corporation at their average price during the period.

Changes in Accounting Policies

IFRIC 21, *Levies*

In May 2013, the IASB issued IFRIC 21, *Levies*, which is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting for levies imposed by governments. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. On January 1, 2014, the Corporation adopted this new standard, and this change had no material impact on the Corporation's consolidated financial statements.

IFRS 2, *Share-based Payment*

In December 2013, the IASB amended IFRS 2 to clarify the definition of "vesting conditions" by setting out separate definitions of the terms "performance conditions" and "service conditions." On June 1, 2014, the Corporation early adopted this amended standard, and this change had no impact on the Corporation's consolidated financial statements.

IFRS 3, *Business Combinations*

In December 2013, the IASB amended IFRS 3 to clarify that a contingent consideration in a business combination must be classified as a financial liability or an equity instrument and that a consideration not classified as equity must be subsequently measured at fair value. On June 1, 2014, the Corporation early adopted this amended standard, and this change had no impact on the Corporation's consolidated financial statements.

IFRS 13, *Fair Value Measurement*

In December 2013, the IASB amended IFRS 13 to clarify that an entity is not required to recognize short-term receivables and current debt with no stated interest rate at an amount lower than the stated invoice amount when the impact of discounting is immaterial.

The IASB also amended this standard to clarify that the exception for portfolios applies to all contracts that fall within the scope of IAS 39, *Financial Instruments: Recognition and Measurement*, or IFRS 9, *Financial Instruments*, whether or not these contracts meet the definition of a financial asset or liability pursuant to IAS 32, *Financial Instruments: Presentation*.

On June 1, 2014, the Corporation early adopted this amended standard, and this change had no impact on the Corporation's consolidated financial statements.

Future Changes in Accounting Policies

IFRS 9, *Financial Instruments*

In July 2014, IASB completed its three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, by issuing IFRS 9, *Financial Instruments*. IFRS 9 addresses the classification and measurement of financial assets and liabilities, and introduces a forward-looking expected credit loss impairment model and a substantially reformed hedge accounting model.

To determine whether a financial asset should be measured at amortized cost or at fair value, IFRS 9 uses a new approach that replaces the multiple rules of IAS 39. The approach recommended by IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of financial assets. Most of the requirements of IAS 39 for the classification and measurement of financial liabilities are carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in *Accumulated other comprehensive income (loss)* instead of in the statement of earnings (loss).

IFRS 9 also sets out an expected credit loss impairment model that will require more timely recognition of credit losses. More specifically, the new standard requires entities to account for expected credit losses upon initial recognition of financial instruments, and to recognize lifetime credit losses on a timely basis.

Last, IFRS 9 introduces a new hedge accounting model together with corresponding disclosure requirements about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

IFRS 9 will be effective for the Corporation's fiscal year beginning on or after January 1, 2018, but earlier adoption is permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*

IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* were revised to incorporate amendments published in September 2014. The amendments require recognizing in full gains and losses on a transaction involving assets that constitute a business between an investor and an associate or a joint venture. The amendments further require recognizing partial gains and losses arising from a transaction involving assets that do not constitute a business between an investor and an associate or a joint venture. The amendments are effective for fiscal years beginning on or after January 1, 2016 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This standard supersedes IFRS 11, *Construction Contracts*, IAS 18, *Revenue*, as well as various interpretations regarding revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

IAS 16, *Property, plant and equipment*, and IAS 38, *Intangible assets*

In May 2014, the IASB amended IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, to provide clarification of the acceptable methods of amortization under those standards. The use of revenue-based amortization is prohibited for property, plant and equipment. However, the use of this method remains acceptable for intangible assets, but is significantly limited. The amended standards must be applied prospectively for fiscal years beginning on or after January 1, 2016, with earlier adoption permitted. The Corporation assessed their impact and will early adopt the standards as of January 1, 2015. Currently, energy sales contracts for the South Glens Falls and Hudson Falls hydroelectric power stations in the United States are amortized using a method based on contract revenues. To comply with the amended standards, the aforementioned contracts will be amortized prospectively on a straight-line basis over their remaining terms, namely 20 and 21 years or until 2034 and 2035, respectively. The annual impact of this change for South Glens Falls is a decrease in amortization expense for the years 2015 to 2024 of $290,000 (US$250,000) and an increase in amortization expense from 2025 to 2034 of $290,000 (US$250,000). The annual impact of this change for Hudson Falls is a decrease in amortization expense for the years 2015 to 2025 of $600,000 (US$520,000) and an increase in amortization expense from 2026 to 2035 of $660,000 (US$570,000).

Note 4. Main Sources of Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect the recognized amounts of revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements.

The following items require management to make the most critical estimates and judgments:

Main Sources of Uncertainty Relating to Management's Estimates

Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

Impairment of Assets

Every year, on October 31, the Corporation tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation must perform impairment tests on its assets with indefinite and finite useful lives and their goodwill to assess whether their carrying amounts are recoverable. Impairment tests require the use of various assumptions based on management's best estimates.

Recoverable Amount

Recoverable amounts are determined using value-in-use calculations based on cash flows discounted over a five-year period that factor in current economic conditions and management's estimates based on the Corporation's past experience. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as selling prices, production cost estimates, future capital expenditure, after-tax discount rates, the growth rate and useful lives.

Discount Rate

The discount rate estimated and used by management represents the weighted average cost of capital determined for a group of CGUs. The growth rate is determined based on past experience, economic trends as well as market and industry trends.

Useful Lives of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives

In determining the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates are reviewed annually and the impacts of any changes are accounted for prospectively.

Deferred Taxes

Management is required to estimate the amounts to be recognized as deferred income tax assets and liabilities. In particular, management must assess the timing of the reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is considered likely to be realized, is estimated by taking into account future taxable income.

Decommissioning Liability

Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected undiscounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and pre-tax interest rates that reflect current market conditions or the time value of money, as well as risks specific to the liability. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

Fair Value of Financial Instruments

Fair value is determined using discounted cash flow models. Fair value determined using such valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments. See note 27 for a more detailed explanation of the bases for the calculations and estimates used.

Derivative financial instruments designated as cash flow hedges are accounted for at fair value in the statement of financial position and changes in fair value are reported in comprehensive income (loss).

Fair Value of Business Combinations

The Corporation makes a number of estimates when allocating fair values to the assets and liabilities acquired in a business acquisition. Fair values are estimated by using valuation techniques using several assumptions such as production, earnings and expenses, interest rates and discount rates.

Main Sources of Uncertainty Relating to Management's Key Judgments

Evidence of Asset Impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

Determining the Development Phase

The Corporation capitalizes project development costs during the period preceding commissioning. Recognition of an intangible asset resulting from the development phase starts when a given project meets IFRS capitalization criteria. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its ability to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

Note 5. Business Combinations

Acquisition of Enel Green Power France S.A.S.

On December 18, 2014, Boralex Inc. acquired all of the issued and outstanding shares of Enel Green Power France S.A.S. from Enel Green Power International B.V., a wholly-owned subsidiary of Enel Green Power SpA, for a cash consideration of $188,948,000 (€132,272,000). The company has been renamed Boralex Énergie Verte S.A.S. (“BEV”). BEV is an independent power producer headquartered in Lyon, France. As a result of the acquisition, Boralex added to its portfolio (i) 12 operational wind farms with an installed capacity of 186 MW, (ii) one wind farm currently under construction with a projected installed capacity of 10 MW, and (iii) a pipeline of additional wind and solar energy projects.

The total cash consideration paid was financed through cash funds, a $45,000,000 increase to the existing revolving credit facility to $175,000,000, and a $100,000,000 bridge credit facility.

This transaction gave rise to acquisition costs of $5,340,000, which were expensed. This entity was acquired under Boralex’s growth strategy through acquisitions aimed at expanding its market share in the French wind power market. The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3R, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of December 18, 2014.

The following table shows the preliminary purchase price allocation:

	Preliminary allocation	
	(in thousands of $)	(in thousands of €)
Cash	2,138	1,497
Trade and other receivables	7,047	4,934
Other current assets	1,426	998
Assets held for sale	21,983	15,389
Property, plant and equipment	310,232	217,177
Energy sales contracts	2,355	1,649
Goodwill	86,053	60,241
Deferred income tax assets	4,474	3,132
Other non-current assets	110	77
Current liabilities	(8,562)	(5,994)
Assumed non-current debt	(233,314)	(163,331)
Other non-current liabilities	(2,856)	(2,000)
Net assets	191,086	133,769
Less:		
Cash at acquisition	2,138	1,497
Total consideration paid for the acquisition	188,948	132,272

Trade and other receivables acquired at the time of the transaction had a fair value of $7,047,000 (€4,934,000) and the Corporation expects they will all be received during 2015. Goodwill represents the renewal potential of the energy sales contracts for the 12 operational wind farms, the wind farm currently under construction with a projected installed capacity of 10 MW, the potential for completion of the pipeline of projects, and the expected synergies of consolidating these operations within Boralex. Goodwill will not be deductible for tax purposes.

Assets held for sale comprising a 10 MW wind farm were sold to a third party for $21,983,000 (€15,389,000) on December 23, 2014.

This preliminary purchase price allocation was based on the fair value at the acquisition date and converted using a weighted average rate. The average rate was calculated using the average exchange rate in effect on the date of acquisition and the exchange rate of the financial instrument entered into by the Corporation to hedge €126,000,000 of the acquisition. Following the final purchase price allocation, the *Energy sales contracts, Goodwill* and *Deferred income tax assets* items are likely to be adjusted.

Since the acquisition date, the acquired business has contributed $2,109,000 (€1,483,000) to revenues from energy sales and generated net earnings attributable to shareholders of Boralex of $78,000 (€55,000). Had the acquisition occurred on January 1, 2014, the equivalent of 12 months of the earnings would have been included in the consolidated results, and management estimates that consolidated revenues from energy sales and net loss attributable to shareholders of Boralex would have amounted to $239,222,000 and $12,751,000, respectively, for the fiscal year ended December 31, 2014. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2014.

Calmont Acquisition

On July 30, 2014, Boralex announced the closing of a transaction through which it acquired, through its subsidiary, Boralex Europe S.A., 100% of the shares of an entity owning a 14 MW wind power project under development in France (the "Calmont" wind power project) for a total cash consideration paid of €5,500,000. The payment was made in two instalments, consisting of $4,840,000 (€3,315,000) in July and $3,091,000 (€2,185,000) in September 2014. This transaction gave rise to non-significant acquisition costs, which were expensed. This entity was acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in the French wind power market.

The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquired entity are consolidated as of July 30, 2014.

The following table shows the preliminary purchase price allocation:

	Preliminary allocation	
	(in thousands of $)	(in thousands of €)
Current assets	13	9
Property, plant and equipment	517	354
Energy sales contracts	8,004	5,482
Current liabilities	(504)	(345)
Net assets	8,030	5,500

The preliminary purchase price allocation was based on the fair value at the acquisition date and the exchange rate in effect at that date. Following the final purchase price allocation, the *Energy sales contracts* item is likely to be adjusted.

Since the acquisition date, the acquired entity has contributed a nil amount to revenues from energy sales and generated non-significant net earnings attributable to the shareholders of Boralex as the project is under construction and the costs are capitalized.

Note 6. Trade and Other Receivables

	As at December 31, 2014	As at December 31, 2013
Trade receivables - net	32,209	26,026
Receivables from related parties (note 31)	1,328	1,058
Tax receivables	9,057	9,086
Payment receivable for property, plant and equipment (note 11(c))	6,157	—
Other receivables	10,403	5,455
	59,154	41,625

All these amounts have current maturities. Their net carrying amounts reasonably approximate their fair values.

The Corporation has recorded an immaterial provision for the accounts in the above table given the clients' high credit ratings. As at December 31, 2014, approximately 9% of trade and other receivables (4% as at December 31, 2013) were outstanding for more than 90 days since invoice date, while approximately 70% of accounts (88% as at December 31, 2013) were current (under 30 days).

Note 7. Inventories

	As at December 31, 2014	As at December 31, 2013
Replacement parts	4,941	3,721
Wood residue	614	745
Other raw materials	65	36
	5,620	4,502

Inventory costs of $3,124,000 ($3,144,000 in 2013) were expensed in 2014 under *Operating* in the statement of loss.

Note 8. Property, Plant and Equipment

	Wind power stations	Hydroelectric power stations	Thermal power stations	Solar power station	Corporate	Total
Year ended December 31, 2013						
Balance - beginning of year	456,149	183,448	25,836	18,586	5,005	689,024
Translation adjustment	34,389	6,537	265	2,102	(21)	43,272
Additions	77,775	31,373	2,638	—	2,393	114,179
Disposals	(354)	—	(918)	—	—	(1,272)
Amortization	(32,485)	(6,518)	(4,310)	(1,061)	(400)	(44,774)
Impairment	—	—	(266)	—	—	(266)
Other changes	(379)	—	—	—	(571)	(950)
Balance - end of year	535,095	214,840	23,245	19,627	6,406	799,213
As at December 31, 2013						
Cost	693,941	242,143	51,348	22,550	11,196	1,021,178
Accumulated amortization	(158,846)	(27,303)	(28,103)	(2,923)	(4,790)	(221,965)
Net carrying amount	535,095	214,840	23,245	19,627	6,406	799,213
Year ended December 31, 2014						
Balance - beginning of year	535,095	214,840	23,245	19,627	6,406	799,213
Translation adjustment	(20,553)	8,876	(448)	(777)	6	(12,896)
Additions	137,807	13,664	9,198	—	376	161,045
Additions through business combinations (note 5)	310,749	—	—	—	—	310,749
Transfer of assets from development projects	7,571	—	—	—	—	7,571
Disposals	(42)	—	(270)	—	—	(312)
Amortization	(37,963)	(7,656)	(3,367)	(1,134)	(525)	(50,645)
Other changes	686	—	—	—	—	686
Balance - end of year	933,350	229,724	28,358	17,716	6,263	1,215,411
As at December 31, 2014						
Cost	1,124,037	268,620	59,053	21,601	11,533	1,484,844
Accumulated amortization	(190,687)	(38,896)	(30,695)	(3,885)	(5,270)	(269,433)
Net carrying amount	933,350	229,724	28,358	17,716	6,263	1,215,411

Amortization of property, plant and equipment is presented under *Amortization*. Amortization of property, plant and equipment amounted to $50,645,000 for the year ended December 31, 2014 ($44,774,000 in 2013) including $279,000 related to finance leases ($870,000 in 2013). Cost and accumulated amortization of assets under finance leases totalled $5,523,000 and $3,617,000, respectively, as at December 31, 2014 ($17,738,000 and $10,800,000 as at December 31, 2013). Assets include replacement parts amounting to $2,839,000 ($2,850,000 as at December 31, 2013) and power stations under construction totalling $76,795,000 ($72,068,000 as at December 31, 2013). These assets are not amortized until they are commissioned.

An amount of $9,591,000 relating to additions to property, plant and equipment was still unpaid as at December 31, 2014 ($16,697,000 in 2013) and included under *Trade and other payables*.

Note 9. Other Intangible Assets and Goodwill

	Other intangible assets					
	Energy sales contracts	Water rights	Development projects	Other intangible assets	**Total**	**Goodwill**
Year ended December 31, 2013						
Balance - beginning of year	108,411	108,944	31,295	4,465	253,115	48,663
Translation adjustment	5,716	—	2,872	152	8,740	1,027
Additions	—	19	10,536	—	10,555	200
Disposals - Joint Venture Phase II	—	—	(6,382)	—	(6,382)	—
Amortization	(5,827)	(2,965)	—	(322)	(9,114)	—
Other changes	2,906	—	(2,762)	—	144	—
Balance - end of year	111,206	105,998	35,559	4,295	257,058	49,890
As at December 31, 2013						
Cost	140,986	115,871	35,559	6,980	299,396	49,890
Accumulated amortization	(29,780)	(9,873)	—	(2,685)	(42,338)	—
Net carrying amount	111,206	105,998	35,559	4,295	257,058	49,890
Year ended December 31, 2014						
Balance - beginning of year	111,206	105,998	35,559	4,295	257,058	49,890
Translation adjustment	(427)	—	(884)	30	(1,281)	(1,899)
Additions	—	—	5,821	680	6,501	—
Additions through business combinations (note 5)	10,359	—	—	110	10,469	86,053
Transfer of assets to property, plant and equipment	—	—	(7,571)	—	(7,571)	—
Amortization	(6,473)	(2,964)	—	(328)	(9,765)	—
Other changes	13,322	—	(13,975)	(751)	(1,404)	—
Balance - end of year	127,987	103,034	18,950	4,036	254,007	134,044
As at December 31, 2014						
Cost	166,844	115,871	18,950	7,049	308,714	134,044
Accumulated amortization	(38,857)	(12,837)	—	(3,013)	(54,707)	—
Net carrying amount	127,987	103,034	18,950	4,036	254,007	134,044

Amortization of energy sales contracts, water rights and other intangible assets is included under *Amortization*.

The weighted average amortization period of intangible assets with finite useful lives is as follows (in number of years):

Energy sales contracts	17 years
Water rights	26 years

Water rights of the Buckingham hydroelectric power station, which represent an amount of $38,214,000 ($38,214,000 in 2013), are not amortized given their indefinite useful life.

Development projects consist primarily of wind and hydroelectric power projects in Québec, Ontario, British Columbia and France.

Other intangible assets comprise mostly CO_2 quotas held by the Blendecques natural gas power station in France and integrated management software.

For annual impairment testing purposes, *Goodwill* was allocated to three groups of CGUs, namely (i) the seven hydroelectric power stations, (ii) the St-Patrick, Vron, Fortel-Bonnières wind farms and the St-François project, and (iii) the 12 operational wind farms and the development project acquired in the December 18, 2014 business combination, based on their respective values as at December 31, 2014 of $38,063,000, $9,379,000 (€6,681,000) and $84,567,000 (€60,241,000).

The goodwill and water rights of the Buckingham power station were tested for impairment on October 31, 2014. Currently, according to analyses, their carrying amounts are supported by the recoverable amounts determined using cash flow projections. A discount rate between 5% and 6% as well as a growth rate of 2% were used in this impairment test.

Note 10. Interests in the Joint Ventures

Joint Ventures Phases I and II

The Corporation entered into partnership agreements with a subsidiary of Gaz Métro L.P. and Valener Inc. and created Seigneurie de Beaupré 2 and 3 Wind Farms General Partnership ("Joint Venture Phase I") and Seigneurie de Beaupré 4 Wind Farm General Partnership ("Joint Venture Phase II") located in Canada, of which each party owns 50%. Under these agreements, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the joint ventures are shared jointly but not severally. The Corporation's interest in these joint ventures is accounted for using the equity method. The year-end date of these joint ventures is December 31. The Phase II wind farm was commissioned on December 1, 2014.

Joint Venture in Denmark

In July 2014, Boralex entered into a joint venture agreement with a Danish developer to develop an offshore wind farm in Denmark. Boralex invested €1,818,000 ($2,656,000) to acquire a 50% share in the joint venture and to finance development activities.

Interests in the Joint Ventures

	2014				2013		
	Phase I	Phase II	Denmark	Total	Phase I	Phase II	Total
Balance - beginning of period	75,442	15,438	—	90,880	58,994	—	58,994
Cash contribution	3,416	7,181	2,656	13,253	—	8,318	8,318
Capital contribution	—	—	—	—	—	6,382	6,382
Share in net earnings (loss)	6,147	(45)	(3)	6,099	(1,412)	(12)	(1,424)
Share in other comprehensive income (loss)	(17,718)	(794)	(84)	(18,596)	17,860	795	18,655
Other	—	(153)	—	(153)	—	(45)	(45)
Balance - end of period	67,287	21,627	2,569	91,483	75,442	15,438	90,880

Financial Statements of Joint Ventures Phases I and II (100%)

	As at December 31, 2014			As at December 31, 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	21,534	1,367	22,901	552	4,646	5,198
Restricted cash	970	13,741	14,711	35,279	46,241	81,520
Other current assets	8,571	16,514	25,085	61,306	960	62,266
Non-current financial assets	—	—	—	1,947	—	1,947
Non-current assets	676,785	182,050	858,835	707,082	61,969	769,051
TOTAL ASSETS	707,860	213,672	921,532	806,166	113,816	919,982
Current portion of debt	23,156	16,280	39,436	76,951	—	76,951
Other current liabilities	9,197	5,646	14,843	42,861	4,370	47,231
Non-current debt	456,914	135,430	592,344	482,248	70,890	553,138
Non-current financial liabilities	33,504	—	33,504	—	—	—
Other non-current liabilities	50,516	12,652	63,168	53,224	7,589	60,813
TOTAL LIABILITIES	573,287	170,008	743,295	655,284	82,849	738,133
NET ASSETS	134,573	43,664	178,237	150,882	30,967	181,849

	2014			2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	90,612	1,597	92,209	4,743	—	4,743
Operating	12,443	169	12,612	755	—	755
Administrative	144	64	208	265	63	328
Development	—	15	15	—	—	—
Amortization	34,988	746	35,734	3,217	—	3,217
Other gains	(2,569)	(51)	(2,620)	(215)	—	(215)
OPERATING INCOME (LOSS)	45,606	654	46,260	721	(63)	658
Financing costs (Interest income)	33,310	727	34,037	2,982	(28)	2,954
Foreign exchange loss	2	8	10	173	2	175
Net loss (gain) on financial instruments	—	10	10	390	(13)	377
NET INCOME (LOSS)	12,294	(91)	12,203	(2,824)	(24)	(2,848)
Accumulated other comprehensive income (loss)	(35,435)	(1,588)	(37,023)	35,719	1,590	37,309
COMPREHENSIVE INCOME (LOSS)	(23,141)	(1,679)	(24,820)	32,895	1,566	34,461

Share in Earnings (Losses) of the Joint Ventures

The following table reconciles the total share in results of the Joint Ventures as reported in the consolidated statements of loss of Boralex:

	2014				2013		
	Phase I	Phase II	Danemark	Total	Phase I	Phase II	Total
Share in results	6,147	(45)	(3)	6,099	(1,412)	(12)	(1,424)
Other [(1)]	(2,664)	(9)	—	(2,673)	(692)	—	(692)
Share in earnings (losses) of the Joint Ventures	3,483	(54)	(3)	3,426	(2,104)	(12)	(2,116)

(1) *Other* represents the amortization of Boralex's unrealized gains (losses) on financial swaps - interest rates designated for Phases I and II wind power projects. These unrealized gains (losses), which had been accumulated in *Accumulated other comprehensive income (loss)* upon termination of the hedging relationships, are accounted for in net loss over the life of the Joint Venture's debt financing.

Share in Comprehensive Income (Loss) of the Joint Ventures

The following table reconciles the change in fair value of financial instruments of the Joint Ventures as reported in the consolidated statements of comprehensive income (loss) of Boralex:

	2014				2013		
	Phase I	Phase II	Danemark	Total	Phase I	Phase II	Total
Share in comprehensive income (loss)	(17,718)	(794)	(84)	(18,596)	17,860	795	18,655

Boralex's Share of the Commitments of Joint Ventures Phases I and II

	2014			
	Payments			
	Current portion	1 to 5 years	Over 5 years	Total
Service Contracts	617	2,591	12,805	16,013
Maintenance contracts	2,734	20,995	1,466	25,195
Land lease contracts	957	3,972	16,072	21,001
Total	4,308	27,558	30,343	62,209

Energy Sales Contracts

The Joint Ventures are committed to selling 100% of their power output (subject to certain minimum criteria) under 20-year contracts maturing in 2033 and 2034. Contract prices are partially indexed annually based on the Consumer Price Index ("CPI").

Service Contracts

Under the terms of service contracts entered into with Joint Ventures Phases I and II, Boralex will be the operator of the wind farms and will be responsible for their operation, maintenance and administration. The 21-year term contracts expire in 2033 and 2034. The amounts payable under those agreements are limited to operating and maintenance expenses and include fixed and variable management fees. Fixed management fees are indexed annually based on the CPI.

Maintenance Contracts

The Joint Ventures entered into 15-year wind turbine maintenance contracts maturing in 2028 and 2029. These contracts include a cancellation option at the Joint Venture's discretion after seven years.

Land Lease Contracts

The Joint Ventures have land lease contracts maturing in 2033 and 2034, renewable each year at the lessee's option. The land on which the wind turbines are installed is leased for an annual amount of approximately $1,890,000, indexed annually at a rate of 1.5%.

Financing

Joint Venture Phase I

Joint Venture Phase I financing, secured by the project's assets without recourse against the partners, consists in non-current debt, a bridge financing facility and letter of credit facilities. Non-current debt, at a variable rate based on CDOR plus a margin, is repayable in semi-annual instalments over a period of 18 years maturing in 2031. As of July 28, 2014, the Corporation met all conditions required for the conversion of construction loans into non-current debt. As stipulated in the loan agreement, the $560,000,000 initial debt amount was recalculated on the basis of current financial data and assumptions, and the authorized amount was reduced to $535,000,000, resulting in a payment of $8,655,000 of the tranche not hedged by project cash flows. A $260,000,000 tranche of the debt is hedged by a guarantee pledged in favour of the lenders by the Federal Republic of Germany through its export credit agency, Euler-Hermes. In August, Boralex was reimbursed by Hydro-Québec for the costs incurred by the Corporation in the construction of the transformer substation and collector system. The amount received was used to repay, on August 20, 2014 the $51,639,000 bridge financing facility entered into to finance these costs during the construction period.

As at December 31, 2014, the gross amount of non-current debt stood at $511,511,000 and letters of credit amounting to $46,253,000 had been issued.

Joint Venture Phase I entered into swap transactions with interest rates ranging from 3.18% to 3.22% to set the financing rate for a significant portion of the project over the expected term of the underlying financing. As at December 31, 2014, the swaps had a notional balance of $482,306,000 ($551,732,000 in 2013) and an unfavourable fair value of $33,504,000 (favourable fair value of $1,947,000 in 2013).

Non-current debt contains certain restrictive covenants typical for this type of financing and, as at December 31, 2014, the Joint Venture was in compliance with all these commitments.

Joint Venture Phase II

Joint Venture Phase II financing, fully secured by all the project's assets without recourse against the partners, consists in short-term bridge financing facility of $12,901,000, a letter of credit facility totalling $10,773,000 and a $142,445,000 construction loan which will convert into a term loan repayable in quarterly instalments over a period of 19.5 years at a fixed rate of interest of 5.66% over the term of the loan. As at December 31, 2014, amounts of $12,901,000 and $142,445,000 were drawn from the short-term bridge financing facility and the construction loan, respectively, and letters of credits amounting to $2,833,000 were issued.

Contingency

On October 24, 2013, a motion for authorization to institute a class action and to obtain representative status was filed with the Superior Court of Québec against the Joint Ventures. The applicants of the motion are requesting authorization from the Court to institute a class action on behalf of a group of persons regarding allegations of, without limitation, neighbourhood disturbances (noise, dust, etc.) experienced as a result of the construction of Seigneurie de Beaupré Wind Farms Phases I and II. The motion for authorization to institute a class action and to obtain representative status was heard before the Court on September 17, 2014 and the judge has taken the matter under advisement.

Note 11. Other Non-current Assets

	Note	As at December 31, 2014	As at December 31, 2013
Reserve funds	a)	29,987	22,850
Renewable energy tax credits	b)	7,609	8,705
Payment receivable for property, plant and equipment	c)	6,956	40
Investments	d)	1,576	422
Borrowing cost, net of accumulated amortization		1,071	—
Other		246	—
		47,445	32,017

(a) *Reserve funds* consist primarily of reserves for servicing non-current debt. The reserves guarantee financing arrangements in France, the United States and Canada and are sufficient to service the debt for three to nine months, depending on the project. Those reserves amounted to $26,169,000 (€9,659,000, US$7,414,000 and $4,008,000) as at December 31, 2014 and $19,170,000 (€5,156,000, US$7,160,000 and $3,999,000) as at December 31, 2013. A reserve to finance maintenance of property, plant and equipment amounted to $3,369,000 (US$2,816,000 and $102,000) as at December 31, 2014 and $3,317,000 (US$3,072,000 and $50,000) as at December 31, 2013.

(b) *Renewal energy tax credits* represent the balance of tax credits earned by the Corporation in the United States and will be used to reduce the Corporation's future tax burden in that country. Financial projections indicate that the amount recorded may be realized by the expiration date, that is, from 2025 to 2029.

(c) The *Payment receivable for property, plant and equipment* consisted of a due from Hydro-Québec for repayment of the transformer substation and collector system for certain projects under development.

(d) *Investments* consisted primarily of a 27% interest in CelluFuel Inc.

Note 12. Trade and Other Payables

	As at December 31, 2014	As at December 31, 2013
Trade payables	10,039	12,804
Related party payables (note 31)	220	2,872
Accrued liabilities	23,242	17,544
Other payables	24,115	24,772
	57,616	57,992

Note 13. Non-current Debt

	Note	Maturity	Rate (1)	Currency of origin	As at December 31, 2014 C$	As at December 31, 2013 C$
Term loan payable – Ocean Falls power station	a)	2024	6.55		8,848	9,514
Term loan payable – Thames River wind farms	b)	2031	7.05		160,094	166,974
Term loan payable – Témiscouata I wind farm	c)	2032	3.46		49,639	—
Term loan payable – Témiscouata II wind farm	d)	2033	3.42		10,533	—
Term loan payable – Jamie Creek power station	e)	2054	5.42		55,250	55,250
Revolving credit facility	f)	2018	—		110,561	—
Bridge facility	g)	2015	—		100,000	—
Canadian senior secured note, repaid		—	—		—	35,450
Other debt		—	—		6,776	3,623
CANADA					501,701	270,811
Finance leases (France)	h)	2015	5.74	323	453	2,088
Term loan payable - Nibas wind farm	i)	2016	5.00	2,054	2,883	4,406
Master agreement - wind farms (France)	j)	2017-2025	4.69	101,732	142,811	164,788
Term loan payable – St-Patrick wind farm	k)	2025	4.94	31,185	43,778	49,500
Term loan payable – Lauragais solar power station	l)	2025-2028	4.00	10,760	15,105	16,961
Term loan payable – La Vallée wind farm	m)	2028	4.42	32,203	45,207	48,673
Term loan payable – Fortel-Bonnières and St-François wind farms	n)	2028-2029	3.55	55,455	77,848	—
Term loan payable – Vron wind farm	o)	2030	3.34	10,820	15,189	19,130
Term loan payable – Boralex Énergie Verte wind farms	p)	2030	2.33	170,000	238,646	—
Other debt		—	—	4,270	5,989	1,604
FRANCE				418,802	587,909	307,150
U.S. senior secured note	q)	2026	3.51	80,367	93,234	95,724
UNITED STATES				80,367	93,234	95,724
			3.94		1,182,844	673,685
Current portion of debt					(172,044)	(84,034)
Borrowing cost, net of accumulated amortization					(21,713)	(10,737)
					989,087	578,914

(1) Weighted average rates adjusted to reflect the impact of interest rate swaps, where applicable.

(a) This loan payable, secured by all of the **Ocean Falls** power station's assets, bears interest at a fixed rate of 6.55% with monthly payments of principal and interest.

(b) This loan payable, secured by all of the **Thames River** wind farms' assets in Ontario, bears interest at a fixed rate of 7.05% with quarterly payments of principal and interest. In addition, this financing arrangement has a credit facility for issuing letters of credit renewable on March 15, 2016, at the lenders' discretion. Any amounts drawn bear interest at the Canadian bankers' acceptance rate ("BA") plus 2%. If the facility is undrawn, Boralex pays a standby fee of 2%.

(c) On June 26, 2014, the Corporation announced the closing of long-term financing for the **Témiscouata I** wind farm. The loan, secured by the wind farm's assets, consists of a $51,997,000 construction loan that will convert into a repayable term loan amortized over an 18-year period following a defined period subsequent to commissioning that took place in December 2014. Approximately 90% of the total debt will bear interest at a fixed rate of 5.41% upon conversion of the construction loan into a term loan payable. From the construction phase up until the conversion date, the construction loan bears interest at a variable rate based on CDOR plus a margin of slightly over 2%. The credit facilities also include amounts available for the issuance of the required letters of credit, as well as a bridge financing facility to finance certain costs that are repayable by Hydro-Québec, totalling $12,066,000.

(d) On June 26, 2014, the Corporation also announced the closing of long-term financing for the **Témiscouata II** wind farm. The loan, secured by the wind farm's assets, consists of a $127,031,000 construction loan that will convert into a repayable term loan amortized over an 18-year period following commercial commissioning planned for December 2015. Approximately 90% of the total debt will bear interest at a fixed rate of 5.72% upon conversion of the construction loan into a term loan payable. During the construction phase, up until the conversion date, the construction loan bears interest at a variable rate based on CDOR plus a margin of slightly over 2%. The credit facilities also include amounts available for the issuance of the required letters of credit, as well as a bridge financing facility to finance certain costs that are repayable by Hydro-Québec, totalling $15,633,000.

(e) The loan is secured by all of the assets of the **Jamie Creek**, Ontario hydroelectric power station. The loan enjoys a grace period of over nine years for principal payments and will be fully amortized thereafter, in semi-annual payments, over a 31-year period. The interest rate on the financing is fixed at 5.42% over the loan term.

(f) On December 18, 2014, Boralex increased its revolving credit facility by $45,000,000 to a $175,000,000 limit with an initial four-year term renewable annually thereafter. For drawdowns in U.S. dollars, the interest rate is based on LIBOR or the U.S. prime rate plus a margin while interest on Canadian dollar drawdowns is calculated using the Canadian bankers' acceptance rates or prime rate plus their respective margins. This facility is secured by the assets of Boralex Inc., its power stations in Québec and its investments in its U.S. operations. As at December 31, 2014, $110,561,000 in cash had been drawn down under this credit facility and a total of $27,679,000 was drawn down to issue letters of credit. The authorized amount could be increased by $50,000,000 under certain conditions.

(g) To finance a portion of the BEV purchase price, the Corporation entered into a $100,000,000 bridge facility on December 18, 2014, which was repaid on January 12, 2015 using the proceeds from the sale of Class A common shares of Boralex. Boralex issued 8,430,000 shares at a price of $13.05 per share for gross proceeds of $110,011,000. The variable interest rate for the $100,000,000 facility was based on the prime rate plus 2.25% margin.

(h) Finance leases consist of finance leases on assets located in France. As at December 31, 2014 and 2013, the finance leases had balances of €323,000 ($453,000) and €1,425,000 ($2,088,000), respectively. The finance lease obligations bear interest at a fixed rate and are repayable on a quarterly basis. As at December 31, 2014 and 2013, the associated property, plant and equipment had a net carrying amount of €1,358,000 ($1,906,000) and €4,734,000 ($6,938,000), respectively.

(i) This loan payable, secured by all of the **Nibas** wind farm's assets, bears interest at a fixed rate of 5.00% with quarterly payments of principal and interest.

(j) The master agreement comprises financing for several wind farms in France. The agreement provides for a senior credit facility (the "Senior Facility") and a junior credit facility (the "Junior Facility"), both of which are secured by all project assets. However, the Junior Facility is subordinated to the Senior Facility. The Senior Facility and Junior Facility bear interest at variable rates based on EURIBOR, plus a margin, but the Corporation used interest rate swaps to reduce its exposure to rate fluctuations. Payments of principal and interest are made semi-annually over a 15-year period for the Senior Facility and a 10-year period for the Junior Facility, as of each project's commercial commissioning date. As at December 31, 2014 and 2013, the Senior Facility balance stood at €95,643,000 ($134,263,000) and €105,187,000 ($154,152,000), with a Junior Facility balance of €6,089,000 ($8,548,000) and €7,258,000 ($10,636,000), respectively. As at December 31, 2014, letters of credit amounting to €9,994,000 ($14,030,000) were issued to cover the various reserves required under the master agreement.

(k) This loan payable, secured by the **St-Patrick**, France wind farm's assets, calls for semi-annual payments of principal and interest. The variable interest rate for this financing is based on EURIBOR, plus a margin. The margin amounts to 2.25% for the next year, then 2.50% for the five subsequent years and, lastly, 3.00%. The Corporation has entered into interest rate financial swaps to reduce its exposure to rate fluctuations. Under these swaps, a fixed rate is provided for approximately 75% of total debt. At present, the variable interest rate is 2.47%, while the fixed rate is approximately 5.83%. The portion of debt hedged by the interest rate financial swaps will gradually fall from 74% to 68% from the third to the seventh year. Then, it will gradually decline over the five remaining years.

(l) This loan payable, secured by the **Lauragais**, France solar power station's assets, consists of €3,000,000 ($4,211,000) amortized over 15 years and €10,000,000 ($14,038,000) amortized over 18 years. Payments of principal and interest are made semi-annually. The interest rate for the €3,000,000 ($4,211,000) facility is variable and based on EURIBOR, plus a margin, but the Corporation used interest rate swaps to reduce its exposure to rate fluctuations. The interest rate for the €10,000,000 ($14,038,000) facility is fixed at 2.05% plus a margin, over a 10-year period through 2020. The rate will then be revised to a fixed rate for the remaining loan term. The Corporation also uses an interest rate swap to reduce its exposure to the change in the future rate for years 11 to 18 and covers 80% of the debt during that period.

(m) This loan payable, secured by the **La Vallée**, France wind farm's assets, consists of €27,000,000 ($37,903,000) amortized over 15 years and €6,400,000 ($8,984,000) amortized over 15 years. The Corporation makes quarterly payments of principal and interest. The variable interest rate for this financing is based on EURIBOR, plus a margin of 2.6%. To reduce its exposure to rate fluctuations, the Corporation has entered into interest rate financial swaps consisting of a first swap with a notional amount of €27,000,000 ($37,903,000) at a rate of 1.86% over 15 years, and a second swap with a notional amount of €6,400,000 ($8,984,000) at a rate of 1.64% over 15 years. The swaps fix the combined average rate including the margins at 4.47% over 15 years for 100% of the total debt.

(n) On April 22, 2014, the Corporation announced the closing of long-term financing for the **Fortel-Bonnières** and **St-François** wind farms in France. This loan payable, secured by the assets of these wind farms, consists of €48,980,000 ($69,758,000) over 14 years, €12,239,000 ($17,181,000) over 15 years and €4,000,000 ($5,615,000) drawn down under a revolving VAT financing facility. The Corporation will make quarterly payments of principal and interest. The initial quarterly payment will be made on March 31, 2015. The interest rate for the €48,980,000 facility is fixed at 3.65% for a 10-year term through 2024, and will then be revised as of the 11th year. The interest rate for the €12,239,000 facility is variable and based on EURIBOR, plus a margin; however, the Corporation used interest rate swaps to reduce its exposure to rate fluctuations on 100% of this facility, over its full term.

(o) The loan payable, secured by the **Vron**, France wind power station's assets, consists of a tranche of €1,550,000 ($2,176,000), a tranche of €9,640,000 ($13,533,000) and an undrawn reserve fund for dismantling of €360,000 ($505,000), for financing totalling €14,150,000 ($19,864,000). The loan is fully amortized over a 15-year period with quarterly payments. The variable interest rate for the €1,550,000 ($2,176,000) financing facility is based on EURIBOR, plus a margin. The interest rate for the €9,640,000 ($13,533,000) facility is fixed for a 10-year period through 2023. The rate will then be revised to a fixed rate for the remaining loan term. The Corporation used interest rate swaps to reduce its exposure to rate fluctuations for years 1 to 15, thereby hedging 100% of debt during that period. The swaps that were implemented fix the combined average rate including the margin adjustments at 3.47% over 15 years.

(p) On December 18, 2014, the Corporation also announced the closing of long-term financing for the acquisition of **Boralex Énergie Verte**. The €180,000,000 ($252,684,000) non-recourse loan, amortized over a 15-year period, consists of three tranches. The first tranche, amounting to €60,000,000 ($84,228,000), bears interest at a variable rate based on EURIBOR, plus a 1.50% margin for the next five years, 1.75% for the following five years, and 2.00% for the final five years. The second tranche, amounting to €10,000,000 ($14,038,000), bears interest at a variable rate based on EURIBOR, plus a 1.50% margin for the next five years, 1.75% for the following five years, and 2.00% for the final five years. Lastly, the third tranche, amounting to €110,000,000 ($154,418,000), bears interest at a fixed rate of 2.23%. However, this rate will increase every five years by 25 basis points. In addition, the loan will be increased by €25,000,000 ($35,095,000) once certain conditions have been met within the 12 months following the acquisition's closing date. To reduce its exposure to interest rate movements, the Corporation has entered into interest rate financial swaps to hedge 100% of the €60,000,000 debt and a portion of the €25,000,000 tranche.

(q) The U.S. note, secured by all of the **South Glens Falls** and **Hudson Falls** hydroelectric power stations' assets, is subject to a number of covenants, including the maintenance of certain financial ratios. The loan agreement requires the Corporation to maintain two reserve accounts at all times. The first account, amounting to at least US$3,072,000 ($3,564,000), serves to fund capital expenditures. The second account is a debt servicing reserve, the minimum amount of which has been set at six months of payments of capital and interest on the debt, representing US$7,159,000 ($8,305,000). As at December 31, 2014, deposits in trust totalled US$10,231,000 ($11,869,000). The loan bears interest at a fixed rate of 3.51% and will be fully amortized by semi-annual payments over a 13-year period through 2026.

The U.S. senior secured note and the term loans for the Ocean Falls and Jamie Creek hydroelectric power stations and the Boralex Énergie Verte and Thames River wind farms may be repaid early subject to the payment of a premium. Under current market conditions, this would result in a significant premium.

Financial Ratios and Guarantees

The debt agreements include certain restrictions governing the use of cash resources of the Corporation's subsidiaries. As well, certain financial ratios, such as debt service ratios, must be met on a quarterly, semi-annual or annual basis.

Substantially all of the Boralex's borrowings include requirements to establish and maintain reserve accounts or accounts for issuing letters of credit for current debt servicing, equipment maintenance or income taxes at various times over the terms of the agreements. As at December 31, 2014 and 2013, the amounts maintained in reserve fund accounts for that purpose stood at $26,906,000 and $22,850,000, respectively (see note 11).

As at December 31, 2014, Boralex and its subsidiaries met all of their financial ratios.

Minimum Future Payments

Estimated aggregate non-current debt payments as at December 31, 2014 are detailed as follows:

Current portion	172,044
1 to 5 years	396,846
Over 5 years	614,326

Note 14. Convertible Debentures

In 2010, the Corporation closed its bought deal financing of extendible convertible unsecured subordinated debentures with a syndicate of underwriters. The debentures issued in 2010 had a total value of $245,150,000, of which $19,537,000 (before taxes) was allocated to the equity component.

Using acceptable pricing models and the 8.50% interest rate prevailing at the date of issuance for instruments with similar conditions and risk, the debt and equity components of the debentures were separately recognized based on their respective fair values. The debt component, representing the value allocated to the liability at inception, is accounted for as a non-current liability. To accrete the debt to its face value, the Corporation records additional interest expense in the debt component through to maturity, which is a seven-year period.

The debentures mature on June 30, 2017. The convertible debentures bear interest at an annual rate of 6.75% payable semi-annually, in arrears, on June 30 and December 31 each year. In accordance with the trust indenture, each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time prior to the close of business on the earlier of the final maturity date and the business day immediately preceding the date fixed for redemption of the debentures at the initial conversion price of $12.50 per common share, subject to adjustments. The trust indenture provides that the conversion rate must be reduced by the current yield of the declared dividend. The debenture conversion price is currently $12.02 per common share. Holders converting their debentures will receive accrued and unpaid interest thereon for the period from the last interest payment date on their debentures, to, but not including, the date of conversion.

The value of convertible debentures was determined as follows:

	2014	2013
Balance - beginning of year	229,578	226,299
Conversion of debentures	(318)	(94)
Amortization of convertible debenture issuance costs	757	643
Imputed interest on convertible debentures of 8.50 %	2,960	2,730
Balance - end of year	232,977	229,578

As at December 31, 2014 and 2013, Boralex had respectively 2,443,367 and 2,446,545 issued and outstanding convertible debentures with a nominal value of $100 each.

Note 15. Income Taxes

The impact of income tax expense (recovery) is as follows:

	2014	2013
Current taxes	4,249	4,137
Deferred taxes	(5,103)	(3,600)
	(854)	537

The reconciliation of income tax expense (recovery) on loss from continuing operations, calculated using the statutory income tax rates prevailing in Canada, with the income tax expense (recovery) reported in the financial statements is as follows:

	2014	2013
Pre-tax net loss from continuing operations	(14,595)	(4,948)
Combined basic Canadian and provincial income tax rate	26.59%	26.59%
Income tax recovery at the statutory rate	(3,881)	(1,316)
Increase (decrease) in income taxes arising from the following:		
Non-taxable/non-deductible items	499	(148)
Difference in foreign operations' statutory income tax rates	1,932	1,752
Change in unrecognized deferred tax asset and tax rates	343	(545)
Remeasurement of current and deferred tax assets and liabilities	(62)	83
Foreign income taxes payable on dividends and other items	315	711
Effective income tax expense (recovery)	(854)	537

	2014	2013
Deferred income tax asset	13,141	—
Deferred income tax liability	(30,780)	(37,493)
	(17,639)	(37,493)

The changes in deferred taxes by nature are as follows:

	As at January 1, 2014	Recorded in comprehensive income (loss)	Recorded in net loss	Business acquisition	As at December 31, 2014
Deferred income tax asset related to loss carryforward	75,983	—	553	32,602	109,138
Financial instruments	9,057	6,315	(676)	—	14,696
Provisions	2,469	—	2,675	110	5,254
Interests in the Joint Ventures	496	4,819	(1,612)	—	3,703
Temporary differences between accounting and tax amortization	(121,651)	—	4,777	(28,315)	(145,189)
Translation adjustments	(1,708)	(780)	1,705	—	(783)
Financing and other costs	(2,139)	—	(2,319)	—	(4,458)
Total deferred income tax liabilities	(37,493)	10,354	5,103	4,397	(17,639)

	As at January 1, 2013	Recorded in comprehensive income (loss)	Recorded in net loss	Business acquisition	As at December 31, 2013
Deferred income tax asset related to loss carryforward	82,828	—	(6,845)	—	75,983
Financial instruments	8,113	(4,819)	5,763	—	9,057
Provisions	1,847	—	622	—	2,469
Interests in the Joint Ventures	4,831	(4,855)	520	—	496
Temporary differences between accounting and tax amortization	(125,258)	—	3,807	(200)	(121,651)
Translation adjustments	(36)	(1,705)	33	—	(1,708)
Financing and other costs	(1,839)	—	(300)	—	(2,139)
Total deferred income tax liabilities	(29,514)	(11,379)	3,600	(200)	(37,493)

Given that future taxable income is expected to be sufficient, deductible temporary differences, unused loss carryforwards and tax credits have been recorded as a deferred tax asset in the statement of financial position. A deferred tax asset of $1,736,000 ($1,583,000 in 2013) was not imputed against the $13,000,000 capital loss carryforwards, as no unrealized capital gain is expected.

Note 16. Decommissioning Liability

For the wind power sites, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. The Corporation has considered the duration of the leases and of the energy sales contracts, as well as their renewal periods, if applicable, ranging from 31 to 81 years, to calculate the decommissioning liability. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as the revegetation. No disbursements are expected before 2043. As at December 31, 2014 cash flows were discounted using risk-free interest rates related to each wind power station, ranging from 2.67% to 7.05% to determine the non-current decommissioning liability.

The following table shows the changes in the liability during fiscal 2014:

	2014	2013
Balance - beginning of year	7,198	5,765
Translation adjustment	(267)	533
Liability assumed as part of the business acquisition	2,546	—
New obligations	790	719
Accretion expense included in financing costs	506	181
Balance - end of year	10,773	7,198

Note 17. Capital Stock, Contributed Surplus and Dividends

Boralex's capital stock is composed of an unlimited number of Class A common shares and an unlimited number of preferred shares, none of which had been issued as at December 31, 2014. The Class A shares have no par value and confer on each shareholder the right to vote at any meeting of shareholders, receive any dividends declared by the Corporation thereon and share in the residual property upon dissolution of the Corporation. The preferred shares have no par value and were created to provide the Corporation with additional flexibility with respect to future financing, strategic acquisitions and other transactions. The preferred shares are issuable in series with the number of shares in each series to be determined by the directors prior to issuance.

The Corporation's contributed surplus is equal to the cumulative value of unexercised stock options granted to senior management.

The following changes occurred in the Corporation's capital stock and contributed surplus between December 31, 2013 and 2014:

		Capital stock		Contributed surplus
	Note	Number of shares	Amount	Amount
Balance as at January 1, 2013		37,734,895	222,870	6,945
Issuance of share on debenture conversions	a)	7,536	94	—
Fair value of options recorded during the year	b)	—	—	785
Options exercised	b)	25,424	115	—
Balance as at December 31, 2013		37,767,855	223,079	7,730
Issuance of share on debenture conversions	a)	26,118	318	—
Fair value of options recorded during the year	b)	—	—	536
Options exercised	b)	630,457	4,860	—
Balance as at December 31, 2014		38,424,430	228,257	8,266

(a) Each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time under the terms and conditions described in note 14. Some debenture holders availed themselves of this option and converted 3,178 debentures with a value of $318,000 into 26,118 shares (942 debentures with a value of $94,000 into 7,536 shares in 2013).

(b) The Corporation has a stock option plan as disclosed in note 18. During fiscal year 2014, 630,457 stock options held by current and past senior executives were exercised and a total amount of $4,860,000 was paid to the Corporation (25,424 stock options exercised totalling $115,000 in 2013).

Dividends

On February 19, 2014, the Corporation announced and declared its first ever dividend, namely a quarterly dividend of $0.13 per Class A common share. Boralex, at the sole discretion of the Board of Directors, expects to pay common share dividends on an annual basis that will represent in the medium term a ratio of 40% to 60% of its discretionary cash flows (defined as its cash flows from operations less capital investments required to maintain its production capacity less project-related non-current debt payments). On March 17, June 15, September 16 and December 15, 2014, the Corporation paid dividends totalling $19,896,000. On February 9, 2015, an additional dividend of $0.13 per common share was declared and will be paid out on March 16, 2015.

Note 18. Stock-based Compensation

The Corporation has a stock option plan for the benefit of directors, senior management and certain key employees under which 3,500,000 Class A shares have been reserved for issuance. The exercise price equals the market value on the day preceding the option grant date. Options vest at the rate of 25% per year beginning the year after they are granted and the options granted before May 2012 cannot be exercised if the market value of the share is lower than its carrying amount on the grant date. All the options have a ten-year term. This plan has been determined to be settled using equity securities.

The stock options are as follows for the years ended December 31:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of year	2,085,272	9.08	1,978,023	8.94
Granted	112,056	12.90	132,673	10.29
Exercised	(630,457)	7.71	(25,424)	4.53
Outstanding - end of year	1,566,871	9.91	2,085,272	9.08
Options exercisable - end of year	1,169,343	9.87	1,593,275	9.16

The following options were outstanding as at December 31, 2014:

	Options outstanding		Options exercisable		
Granted in	Number of options	Exercise price	Number of options	Exercise price	Year of expiry
2005	6,274	6.60	6,274	6.60	2015
2006	69,037	9.47	69,037	9.47	2016
2007	140,445	13.30	140,445	13.30	2017
2008	130,050	17.29	130,050	17.29	2018
2009	293,627	7.14	293,627	7.14	2019
2010	204,451	9.20	204,451	9.20	2020
2011	226,062	8.50	168,793	8.50	2021
2012	253,733	7.96	125,037	7.96	2022
2013	131,136	10.29	31,629	10.29	2023
2014	112,056	12.90	—	—	2024
	1,566,871	9.91	1,169,343	9.87	

The fair value of each option granted was determined using the Black-Scholes model. The assumptions used to calculate the fair values of options are detailed below:

	2014	2013
Share price on grant date	12.97	10.32
Exercise price	12.90	10.29
Expected annual dividend	5.58%	—
Term	10 years	10 years
Expected volatility	21.59%	26.11%
Risk-free interest rate	2.83%	2.33%
Weighted average fair value per option	2.17	4.14

Determining the volatility assumption is based on a historic volatility analysis over a period equal to the options' lifetime.

The Corporation applies the fair value method of accounting for options granted to officers and employees. These amounts are recorded under *Administrative* and *Contributed surplus*. A $536,000 compensation expense in respect of the stock option plans was recognized for fiscal 2014 ($785,000 in 2013).

Note 19. Accumulated Other Comprehensive Loss

2014

	Translation adjustments	Hedges net investment	Cash flow hedges Hedges Interest rates	Cash flow hedges Hedges interest rates - Joint Ventures	Total
Balance - beginning of year	3,621	—	(33,853)	917	(29,315)
Change in fair value	(1,812)	1,103	(30,747)	(23,394)	(54,850)
Reclassification to net loss	—	—	11,615	4,798	16,413
Income taxes	—	(147)	6,462	4,819	11,134
Balance - end of year	1,809	956	(46,523)	(12,860)	(56,618)

2013

	Translation adjustments	Cash flow hedges Hedges Interest rates	Cash flow hedges Hedges interest rates - Joint Ventures	Available-for-sale financial asset	Total
Balance - beginning of year	(11,228)	(43,998)	(12,883)	(709)	(68,818)
Change in fair value	14,849	6,603	16,319	858	38,629
Reclassification to net loss	—	8,361	—	(149)	8,212
Reclassification to statement of financial position	—	—	2,336	—	2,336
Income taxes	—	(4,819)	(4,855)	—	(9,674)
Balance - end of year	3,621	(33,853)	917	—	(29,315)

Note 20. Non-controlling Shareholders

Côte-de-Beaupré Wind Power Project

In 2014, our partner Côte-de-Beaupré RCM, which holds a 49% interest in the wind power project currently under development in Québec, made a cash contribution of $1,479,000 ($470,000 in 2013).

Témiscouata I Wind Power Project

In 2014, our partner Témiscouata RCM, which holds a 49% interest in the wind power project currently under development in Québec, made a cash contribution of $3,756,000 ($2,123,000 in 2013).

Boralex Europe S.A.

In 2014, our European partner, which holds a 25.33% interest in the European operations of our Boralex Europe S.A. subsidiary converted an advance received in 2013 amounting to $2,315,000 (€1,520,000) into an interest in our European operations. In December 2014, Boralex Europe S.A. paid a dividend to our partner totalling $2,050,000 (€1,451,000).

Assets, liabilities, revenues, net earnings, comprehensive income (loss) and cash flows pertaining to subsidiary Boralex Europe S.A. (100%) are detailed as follows:

	As at December 31, 2014	As at December 31, 2013
Current assets	39,084	44,853
Non-current assets	472,597	457,104
TOTAL ASSETS	511,681	501,957
Current liabilities	67,074	65,855
Non-current liabilities	356,515	331,666
TOTAL LIABILITIES	423,589	397,521
NET ASSETS	88,092	104,436

	2014	2013
Revenues	88,666	73,935
NET EARNINGS	2,482	109
COMPREHENSIVE INCOME (LOSS)	(8,204)	17,782
Net cash flows related to operating activities	47,445	31,130
Net cash flows related to investing activities	(74,620)	(73,931)
Net cash flows related to financing activities	29,905	42,895
Translation adjustments on cash and cash equivalents	(2,138)	1,840
NET CHANGE IN CASH AND CASH EQUIVALENTS	592	1,934
CASH AND CASH EQUIVALENTS - END OF YEAR	16,583	15,991

On February 27, 2015, the Corporation announced the closing of a financial settlement whereby Cube agreed to exchange its entire 25.33% equity interest in Boralex Europe for two notes payable (see note 33).

Note 21. Expenses by Nature

Operating and Administrative

	2014	2013
Raw material and consumables	17,518	16,832
Maintenance and repairs	15,708	12,933
Employee benefits	18,818	16,420
Rental expenses, taxes and permits	14,021	11,997
Other operating expenses	5,825	3,082
Professional fees	2,459	3,103
Other administrative expenses	3,426	3,204
	77,775	67,571

Employee Benefits

	2014	2013
Current salaries and benefits	16,667	14,315
Other post-employment benefits	1,615	1,320
Share-based benefits	536	785
	18,818	16,420

Note 22. Other Gains

	Note	2014	2013
Gains related to the contract with French partner Cube		(1,116)	—
Gain on sale of shares of Resolute Forest Products		—	(135)
Other	a)	(846)	(97)
Other gains		(1,962)	(232)

(a) *Other* consists primarily of tax credits received for various projects.

Note 23. Financing Costs

	Note	2014	2013
Interest on non-current debt, net of the impact of interest rate swaps	a)	35,848	32,393
Interest on convertible debentures		19,466	19,249
Interest and other interest income		(906)	(2,973)
Amortization of borrowing costs (note 13)		3,036	2,349
Accretion expense (note 16)		506	181
Other interest and banking fees	c)	3,156	989
		61,106	52,188
Interest capitalized to qualifying assets	b)	(3,009)	(1,495)
		58,097	50,693

(a) Interest expense on finance leases was $75,000 for fiscal 2014 ($129,000 in 2013).

(b) The weighted average rate for the capitalization of borrowing costs to qualifying assets was 3.24% per annum (4.65% per annum in 2013).

(c) *Other interest and banking fees* consist of financing costs on short-term borrowings, such as the $100,000,000 bridge facility, which was repaid in January 2015, and the revolving credit facility which was increased in December 2014.

Note 24. Discontinued Operations

On December 20, 2011, the Corporation closed the sale of its U.S. wood-residue thermal power stations; under the agreement, the purchaser is required to pay Boralex 50% of REC sales proceeds exceeding a set price threshold for 2012, 2013 and 2014.

	2014	2013
Revenues from energy sales - RECs	4,201	2,765
Pre-tax operating income from discontinued operations	4,201	2,765
Income tax expense	1,549	991
Net earnings from discontinued operations	2,652	1,774

Cash flows related to discontinued operations are reported separately in the statement of cash flows but their nature is related to operating activities.

Note 25. Net Loss per Share

Net Loss per Share (Basic and Diluted)

(in thousands of dollars, except per share amounts and number of shares)	2014	2013
Net loss attributable to shareholders of Boralex	(11,767)	(3,838)
Less:		
Net earnings from discontinued operations	2,652	1,774
Net loss (basic and diluted) from continuing operations attributable to shareholders of Boralex	(14,419)	(5,612)
Weighted average number of shares (basic and diluted)	38,283,988	37,745,345
Net loss per share (basic and diluted) from continuing operations attributable to shareholders of Boralex	($0.38)	($0.15)
Net earnings per share (basic and diluted) from discontinued operations	$0.07	$0.05
Net loss per share (basic and diluted) attributable to shareholders of Boralex	($0.31)	($0.10)

The table below shows the items that could dilute basic net earnings (loss) per common share in the future, but that were not reflected in the calculation of diluted net loss per common share due to their anti-dilutive effect:

	2014	2013
Convertible debentures excluded due to their anti-dilutive effect	20,327,494	19,576,790
Stock options excluded due to their anti-dilutive effect	1,566,871	2,085,272

Note 26. Change in Non-cash Items Related to Operating Activities

	2014	2013
Decrease (increase) in:		
Trade and other receivables	(1,898)	13,647
Inventories	—	128
Prepaid expenses	(1,861)	(577)
Increase (decrease) in:		
Trade and other payables	1,739	(4,848)
	(2,020)	8,350

Note 27. Financial Instruments

The classification of financial instruments, complete with the respective carrying amounts and fair values, is as follows:

	As at December 31, 2014		As at December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Non-current debt	1,161,131	1,234,873	662,948	674,442
Convertible debentures (including equity portion)	247,356	272,264	243,957	261,169

The fair value of the derivative financial instruments designated as cash flow hedges is as follows:

	As at December 31, 2014	As at December 31, 2013
OTHER CURRENT FINANCIAL ASSETS		
Foreign exchange forward contracts	1,213	—
OTHER NON-CURRENT FINANCIAL ASSETS		
Financial swaps - interest rates	—	289
Foreign exchange forward contracts	3,230	—
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	34,116	15,243
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	31,254	19,704
Foreign exchange forward contracts	2,368	—
	33,622	19,704

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, reserve funds, and trade and other payables approximate their carrying amounts due to their short-term maturities.

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates, ranging from 1.80% and 4.95%, were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange and their fair values are based on the prices as at December 31, 2014.

Financial Swaps - Interest Rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under interest rate swaps as at December 31, 2014:

As at December 31, 2014	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in C$)	Fair value (in C$)
Financial swaps - interest rates	EUR	0.93%–5.16%	6-month Euribor	2015-2030	343,723	(31,254)
Financial swaps - interest rates	CAD	5.40%–5.78%	3-month CDOR	2033-2035	142,514	(34,116)

Financial swaps - interest rates denominated in Canadian dollars contain an early termination clause that is mandatory in 2015. As a result, they are presented as current financial liabilities.

Foreign Exchange Forward Contracts

The fair values of foreign exchange forward contracts are determined using a generally accepted technique, namely the discounted value of the difference between the value of the contract at expiry calculated using the contracted exchange rate and the value determined using the exchange rate the financial institution would use if it renegotiated the same contract under the same conditions as at the statement of financial position date. Discount rates are adjusted for the credit risk of the Corporation or of the counterparty, as applicable. When determining credit risk adjustments, Boralex considers offsetting agreements, if any.

As at December 31, 2014	Exchange rate	Maturity	Current notional (in C$)	Fair value (in C$)
Foreign exchange forward contracts (€ for C$)	1.4397-1.5475	2015-2025	195,128	2,075

Hierarchy of Financial Assets and Liabilities Measured at Fair Value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments measured at fair value in the financial statements are classified according to the following hierarchy of levels:

- Level 1: Consists of measurements based on quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2: Consists of measurement techniques based mainly on inputs, other than quoted prices, that are observable either directly or indirectly in the market;
- Level 3: Consists of measurement techniques that are not based mainly on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the financial instrument fair value measurement in its entirety.

The Corporation classified the convertible debentures as Level 1, as their fair values are determined using quoted market prices.

For non-current debt and financial swaps - interest rates, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields and interest rates.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

		Fair value hierarchy levels		
	As at December 31, 2014	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Foreign exchange forward contracts	4,443	—	4,443	—
OTHER LIABILITIES				
Non-current debt	1,234,873	—	1,234,873	—
Convertible debentures	272,264	272,264	—	—
	1,507,137	272,264	1,234,873	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	65,370	—	65,370	—
Foreign exchange forward contracts	2,368	—	2,368	—
	67,738	—	67,738	—

		Fair value hierarchy levels		
	As at December 31, 2013	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Financial swaps - interest rates	289	—	289	—
OTHER LIABILITIES				
Non-current debt	674,442	—	674,442	—
Convertible debentures	261,169	261,169	—	—
	935,611	261,169	674,442	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	34,947	—	34,947	—

Note 28. Financial Risks

The Corporation is exposed in the normal course of business to various financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

Market Risk

Foreign Exchange Risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. First, the Corporation reduces its risk exposure to a minimum, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises from the residual liquidity that can be distributed to the parent company. Given those conditions and in light of the major acquisition of BEV carried out in December 2014, Boralex entered into a series of foreign exchange forward contracts for a portion of approximately 75% of the euros it expects to translate into dollars through January 2025. In addition, the Corporation has fixed the exchange rate on a €15,100,000 receivable on the asset held for sale of a 10 MW wind farm and on the additional €25,000,000 amount to be issued on project debt once the conditions precedent have been met.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in future in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. Where applicable, the Corporation's objective is to protect its anticipated return on its invested equity by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

On December 31, 2014, a $0.05 rise or fall in the Canadian dollar against the other currencies, assuming that all other variables had remained the same, would have resulted in a $577,000 ($480,000 in 2013) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2014, whereas *Accumulated other comprehensive loss* would have increased or decreased by an after-tax amount of $6,728,000 ($7,880,000 in 2013), respectively.

Price Risk

As at December 31, 2014, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls, have long-term power sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Approximately 2% of the Corporation's power production is sold at market prices or under short-term contracts in the Northeastern United States and is accordingly subject to fluctuations in energy prices. Energy prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

On December 31, 2014, a 5% rise or fall in the price of energy, assuming that all other variables had remained the same, would have resulted in a $204,000 ($205,000 in 2013) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2014, whereas *Accumulated other comprehensive loss* would have remained unchanged (nil in 2013).

Interest Rate Risk

Europe

In Europe, the vast majority of non-current debt bears interest at variable rates. To mitigate interest rate risk, the Corporation has entered into interest rate swaps to fix the interest rate on 74%-100% of the corresponding variable rate debt. These agreements involve the periodic exchange of interest payments without any exchange of the notional amount on which payments are calculated. Under these agreements, the Corporation receives a variable amount based on EURIBOR and pays fixed amounts at rates ranging from 0.93% to 5.16%. Since the credit is drawn gradually and the loans are periodically repaid when sites are commissioned, the swaps have been structured to mirror the terms of the underlying credit arrangements and to always cover a significant portion of the arrangements.

Canada

As at December 31, 2013, the Corporation held financial swaps - interest rates for the Témiscouata I and II wind power projects and Côte-de-Beaupré wind farm. All of the swaps were designated as hedges of variable interest rates under the anticipated financing programs. On the closing date of the Témiscouata I and II financing in June 2014, the Corporation ceased those designations with a notional amount of $127,000,000. For the hedging activities of those two projects, an unrealized loss of $6,473,000 in *Accumulated other comprehensive loss* will be recognized in net loss over the life of the projects' financing.

Since on that date, the Corporation expected to submit wind power project bids in connection with a 450 MW call for proposals in Québec and, as a result, to complete the financing of those projects, it redesignated the above-mentioned swaps as a hedge of those future projects. In December 2014, the Corporation was advised that its projects were not among the winning bids. Accordingly, all of the changes in the fair value of the instruments designated as hedges of future interest rates have been recognized in the loss under *Net loss (gain) on financial instruments* in an amount of $7,238,000. As at December 31, 2014, management intends to redesignate those swaps to various projects under development.

The Côte-de-Beaupré wind farm that the Corporation intends to build, finance and commission in 2015 is a source of interest rate risk exposure. As at December 31, 2014, the Corporation held a financial swap - interest rates that was designed as a hedge of variable interest cash flows associated with the anticipated financing programs with a notional amount of $22,000,000.

Total

These instruments have allowed the Corporation to reduce the percentage of variable rate debt from 41% to 9%. As at December 31, 2014 and 2013, the nominal balance of these swaps stood at $486,237,000 (€244,852,000 and $142,514,000) and $403,134,000 (€173,065,000 and $149,508,000), respectively, while their unfavourable fair value was $65,370,000 (€22,264,000 and $34,116,000) and $34,658,000 (€13,248,000 and $15,243,000), respectively. These swaps mature from 2015 to 2035 and are all subject to cash flow hedge accounting. Accordingly, unrealized gains and losses resulting from changes in fair value of the effective portion of these contracts are included in *Accumulated other comprehensive loss* until the corresponding hedged item is recognized in earnings (loss). They are then recognized in earnings (loss) as an adjustment to *Financing costs*. Over the next 12 months, the Corporation expects to reclassify a pre-tax expense of approximately $7,200,000 ($7,050,000 in 2013) from *Accumulated other comprehensive loss* to earnings (loss).

On December 31, 2014, a 5% rise or fall in the variable interest rates, assuming that all other variables had remained the same, would have resulted in a $88,000 ($22,000 in 2013) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2014, whereas *Accumulated other comprehensive loss* would have increased or decreased by an after-tax amount of $5,423,000 ($4,416,000 in 2013), respectively.

Credit Risk

Credit risk stems primarily from the potential inability of clients to meet their obligations. Given the nature of the Corporation's business, its clients are few in number. However, they generally have high credit ratings. The electricity markets that the Corporation serves in Canada and France are limited to monopolies. Steam generated in France is used in the papermaking process. Accordingly, the Corporation's client is in the private sector, which makes for a higher credit risk. The U.S. market is more deregulated, and the Corporation transacts some business through the New York State regional producers' association, NYISO, which enjoys a very high credit rating. In the U.S. market, the Corporation can also negotiate private agreements directly with electricity distributors, usually large corporations which typically have investment grade credit ratings. The Corporation regularly monitors the financial condition of these clients.

The Corporation's counterparties for derivative financial instruments, as well as cash and cash equivalents and restricted cash, consist mainly of large corporations. Before entering into a derivative transaction, the Corporation analyzes the counterparty's credit rating and assesses the overall risk based on the counterparty's weighting in the Corporation's portfolio.

Where these analyses return unfavourable results because the partner's credit rating has changed significantly or its portfolio weighting has become too high, the Corporation does not pursue the transaction. Furthermore, if a company does not have a public credit rating, the Corporation assesses the risk and may require financial guarantees.

Liquidity Risk

Liquidity risk is the risk that the Corporation will experience difficulty meeting its obligations as they fall due. The Corporation has a Treasury Department in charge, among other things, of ensuring sound management of available cash resources, of securing financing and meeting maturity obligations for all of the Corporation's activities. With senior management oversight, the Treasury Department manages the Corporation's cash resources based on financial forecasts and expected cash flows.

The contractual maturities of the Corporation's non-derivative financial liabilities and derivative financial instruments as at December 31, 2014 and 2013 are detailed in the following tables:

As at December 31,		Undiscounted cash flows (principal and interest)				
2014	Carrying amount	Under 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	57,616	57,616	—	—	—	57,616
Non-current debt	1,161,131	214,147	123,652	452,605	865,215	1,655,619
Convertible debentures	247,356	16,493	24,739	—	—	41,232
Derivative financial instruments:						
Financial swaps - interest rates	65,370	7,199	7,851	25,340	36,776	77,166
Foreign exchange forward contracts	2,368	—	—	—	3,517	3,517
	1,531,473	295,455	156,242	477,945	905,508	1,835,150

As at December 31, 2013	Carrying amount	Undiscounted cash flows (principal and interest) Under 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	57,992	57,992	—	—	—	57,992
Non-current debt	662,948	119,951	77,624	220,433	577,290	995,298
Convertible debentures	243,957	16,514	16,514	24,772	—	57,800
Derivative financial instruments:						
Financial swaps - interest rates	34,947	8,746	8,491	17,624	4,760	39,621
	999,844	203,203	102,629	262,829	582,050	1,150,711

Undiscounted cash flows of non-derivative financial liabilities are determined using expected principal repayments and interest payments and a conversion of convertible debentures in 2017. Undiscounted cash flows of derivatives are determined using the values of underlying indices at the reporting date. Since these indices are highly volatile, the undiscounted cash flows presented could vary significantly until realized.

Note 29. Capital Management

The Corporation's objectives when managing capital are as follows:

- Safeguard the Corporation's ability to pursue its operations and development;
- Maintain financial flexibility to enable the Corporation to seize opportunities when they arise;
- Safeguard the Corporation's financial flexibility with a view to offsetting the seasonal nature of its operations primarily for the cyclical variations in hydroelectric and wind power generation;
- Ensure continuous access to capital markets; and
- Diversify the project risks in its portfolio through project-specific financing arrangements without recourse to the other assets of the parent company to maximize its financial leverage in light of the significant capital requirements for project completion in the energy sector.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain its capital structure, the Corporation prioritizes the use of less costly financing sources, such as cash flows from operations, borrowings, hybrid instruments such as convertible debentures, equity issuance and, as a last resort, the sale of assets. In managing liquidity, the Corporation's policy is to earmark in priority its available cash resources for (i) growth projects and (ii) the payment of a quarterly dividend. Generally, Boralex expects to pay common share dividends on an annual basis that will represent in the medium term a ratio of 40% to 60% of its discretionary cash flows (defined as its cash flows from operations less capital investments required to maintain its production capacity less project-related non-current debt payments).

The Corporation's investment policy governing cash resources is limited to investments with maturities of less than one year that are guaranteed by financial institutions. For instance, bankers' acceptances guaranteed by a Canadian chartered bank meet these criteria. The Corporation deems its current financing sources to be sufficient to support its plans and its operating activities.

The Corporation monitors its capital on a quarterly and annual basis based on various financial ratios and non-financial performance indicators. It is also required to meet certain ratios under its non-current financial commitments.

More specifically, the Corporation must meet ratios pertaining to debt coverage, debt service and interest coverage in relation to the measures specified in the respective credit agreements.

As at December 31, 2014 and 2013, the Corporation was in compliance with its minimum ratio commitments. The Corporation is not subject to any regulatory capital requirements.

The Corporation's capital management objectives have remained unchanged from the previous year. The Corporation relies mainly on the net debt ratio for capital management purposes. Cash and cash equivalents available are also a key factor in capital management, as the Corporation must retain sufficient flexibility to seize potential growth opportunities. To achieve this objective, the Corporation establishes long-term financial forecasts to determine future financing requirements in line with its strategic business development plans

Note 29. Capital Management (cont'd)

For calculation purposes, net debt is defined as follows:

	As at December 31, 2014	As at December 31, 2013
Non-current debt	989,087	578,914
Current portion of debt	172,044	84,034
Borrowing costs, net of accumulated amortization	21,713	10,737
Less:		
Bridge facility*	100,000	—
Cash and cash equivalents	75,394	124,942
Restricted cash	12,459	19,366
Net debt	994,991	529,377

* The bridge facility was excluded from net debt since it constitutes temporary financing.

The Corporation defines total book capitalization as follows:

	As at December 31, 2014	As at December 31, 2013
Total equity	336,319	386,134
Bridge facility	100,000	—
Net debt	994,991	529,377
Convertible debentures	232,977	229,578
Convertible debenture issuance costs, net of accumulated amortization	2,765	3,522
Deferred taxes on convertible debentures	5,158	5,158
Imputed interest calculated on convertible debentures	(10,942)	(7,982)
Total book capitalization	1,661,268	1,145,787

Based on these definitions, the Corporation's performance relative to its capital management objectives was as follows:

	As at December 31, 2014	As at December 31, 2013
Net debt	994,991	529,377
Total book capitalization	1,661,268	1,145,787
Net debt to capitalization ratio	59.9%	46.2%
Net debt ratio, excluding non-current debt drawn for projects under development*	58.9%	44.4%

* In light of significant growth over the past few fiscal years through the addition of long-term contracted installed capacity and fixed-rate debt, the portion of non-current debt drawn for projects under development was excluded.

At present, the Corporation has a net debt to capitalization ratio of 59.9% and a long-term goal of keeping a ratio of approximately 40%. It is important to specify that the Corporation uses a project-based financing approach whereby each project leverage is maximized up to nearly 80% of amounts invested. However, those financing arrangements are generally repayable over the life of the contract. Consequently, as the Corporation adds several projects, the debt level tends to increase and subsequently readjust toward the long-term goal. Analysis of those ratios must take into account changes in items such as *Accumulated other comprehensive income (loss)*, which are affected by the notional amount of the interest rate swaps, which declines each year.

Furthermore, the Corporation would tolerate a ratio of up to approximately 60% were significant projects to warrant it, but would strive to reduce said ratio within a 24-month period. Despite the fact that the ratio exceeds the long-term target, in light of the aforementioned specific events and items, the Corporation's management is not concerned about this excess.

Note 30. Commitments and Contingency

In addition to the commitments of the Joint Ventures (discussed in note 10), the Corporation entered into the following transactions:

Energy Sales Contracts - Power Stations in Operation

Canada

For the Canadian power stations, the Corporation is committed to selling 100% of its power output (subject to certain minimum criteria) under long-term contracts maturing from 2015 to 2054. These contracts provide for annual indexation based on the Consumer Price Index ("CPI"). However, under long-term contracts for the Québec hydroelectric power stations (except for the Forces Motrices St-François power station, which is indexed at an annual fixed rate), the indexation rate should not be lower than 3% or higher than 6%.

France

For the wind power stations, thermal power station and solar power facility in France, the Corporation is committed to selling 100% of its power output under long-term contracts maturing from 2017 to 2031. The contracts provide for annual indexation based on changes in hourly labour costs and industry activity levels.

United States

In the United States, under a long-term contract expiring in 2029, the Corporation is committed to selling 100% of the power output of its Middle Falls hydroelectric power station. A price equal to 90% of the market price is stipulated in the contract.

For the South Glens Falls and Hudson Falls hydroelectric power stations in the United States, the Corporation is committed to sell the electricity it generates under long-term contracts expiring in 2034 and 2035. These contracts provide for contract payment rates for most of the electricity it generates. The price structure is as follows:

	South Glens Falls US$/MWh	Hudson Falls US$/MWh
2015 - 2017	84.94 - 86.65	82.85- 80.58
2018 - 2024	86.65	48.27
2025	121.79 or market*	48.27
2026 and thereafter	121.79 or market*	56.28 or market*

* The client has the option of replacing the contract price with the market price until the contract terminates in 2025 for the South Glens Falls facility and in 2026 for the Hudson Falls facility.

Energy Sales Contracts - Projects Under Development

Canada

The Corporation has entered into 20-year energy sales contracts for the Côte-de-Beaupré and Témiscouata II wind farms projects. Those contracts will begin when the wind farms are commissioned and will be indexed annually.

France

The Corporation has entered into 15-year energy sales contracts for the St-François, Calmont and Comes de l'Arce wind farms projects. These contracts will begin when the wind farms are commissioned and the selling price will be indexed annually.

Construction Contracts - Power Stations in Operation

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	**Total**
Construction contracts	1,085	—	—	1,085

Canada

(a) For the Buckingham hydroelectric power station, the Corporation has entered into a contract for repair work at the facility to comply with the Dam Safety Act.

(b) The Corporation has entered into contracts for civil engineering works on the Témiscouata I wind farms site and the Jamie Creek hydroelectric power station.

Purchase and Construction Contracts - Projects Under Development

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	Total
Purchase and construction contracts	179,287	—	—	179,287

Canada

(a) The Corporation has entered into a wind turbine purchase and installation contract, an engineering and electrical study contract and a contract for the construction of the transformer substation and control building for the Témiscouata II wind power project.

(b) The Corporation has entered into a wind turbine purchase and installation contract, and a contract for the construction of roads and foundations, and electrical work for the Côte-de-Beaupré wind power project.

France

(a) The Corporation has entered into a wind turbine purchase and installation contract for the St-François wind power project.

(b) The Corporation has entered into contracts for the purchase and installation of wind turbines and construction of the connection grid for the Calmont and Comes de l'Arce wind power projects.

Maintenance Contracts

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	Total
Maintenance contracts	17,634	36,841	23,478	77,953

Canada

(a) The Corporation has entered into 12-year wind turbine maintenance contracts expiring in 2022 for the Thames River wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years.

(b) The Corporation has entered into a 15-year wind turbine maintenance contract expiring in 2029 for the Témiscouata I wind farm. The contract includes a cancellation option at the Corporation's discretion after five years.

(c) The Corporation has entered into 15-year wind turbine maintenance contracts expiring in 2030 for the Témiscouata II wind power project. Those contracts include a cancellation option at the Corporation's discretion after seven years.

France

(a) The Corporation has entered into wind turbine maintenance contracts for its power stations in operation in France. The contracts have initial terms of two to 15 years.

(b) The Corporation has entered into 5-year wind turbine maintenance contracts expiring in 2020 for the St-François and Comes de l'Arce wind power projects.

Operating Leases on Property

	Payments			
	Current portion	From 1 to 5 years	Over 5 years	Total
Land lease contracts	3,064	17,539	33,851	54,454

Canada

(a) For the Thames River wind farms, the Corporation leases land on which wind turbines are installed under 20-year lease agreements, renewable once only at the Corporation's option under the same lease terms.

(b) The Corporation leases the sites on which the six Canadian hydroelectric power stations are located, as well as the water rights over the hydraulic power required to operate them. Under the terms of these agreements, expiring from 2015 to 2020, the Corporation's lease payments are based on power generation levels.

France

The land on which the French wind power stations and the solar power facility are located is leased under emphyteutic leases over terms ranging from 11 to 99 years. Payments under these leases are due annually and are indexed each year, based on the CPI and the Construction Cost Index published by the National Institute of Statistics and Economic Studies.

United States

(a) For its Middle Falls power station, the Corporation leases the land on which the power station is located from the Niagara Mohawk Power Corporation ("NMPC") under a lease expiring in 2029. As of 2014, lease payments are variable, totalling 30% of the power station's gross revenue.

(b) The land on which the Corporation's U.S. South Glens Falls and Hudson Falls hydroelectric facilities are located is leased from NMPC. The leases expire at the same time as the energy sales contracts, namely in 2034 and 2035, respectively. Rental expense for non-contingent lease payments is recognized in earnings (loss) on a straight-line basis based on the average rental payment over the lease terms. Total minimum future lease payments for the South Glens Falls power station in New York State do not include contingent lease payments for years 26 through 40, inclusively, of the lease agreement given the uncertainty surrounding the amounts. Rental expense in those years is based on a percentage of gross revenues. In addition, the leases provide NMPC a right of first refusal to acquire the hydroelectric facilities at fair value at the end of the lease term. The leases also require the Corporation to convey title to the hydroelectric facilities if abandoned during the lease term and require NMPC to acquire, and the Corporation to sell, the hydroelectric facilities at the end of the lease term at the lower of fair value or US$10,000,000 (Hudson Falls power station) and US$5,000,000 (South Glens Falls power station).

Contingency

Canada

Since January 2011, O'Leary Funds Management LP et al. has been suing the Corporation in the Superior Court of Québec. The suit alleges that the November 1, 2010 business combination between Boralex and the Fund was illegal and, accordingly, demands payment of damages amounting to nearly $6,700,000 (the initial suit was for an amount of nearly $14,400,000). The Corporation considers that this procedure has no basis in fact or in law and is defending itself vigorously. Therefore, the Corporation has not recorded any provision in respect of this litigation. In its defence, the Corporation has filed a counterclaim for over $1,400,000.

Other

Canada

Hydroelectric power stations in Québec are subject to the *Dam Safety Act*. Depending on the region where the power stations are located, dams will have to comply with some criteria defined in this Act. With regards to the Buckingham power station, the Corporation expects that investments of more than $8,000,000 will be required in 2015 to comply with the Act. Concurrently with this work, management is still reviewing various investment scenarios aiming to increase the power station's current installed capacity by up to 10 MW.

Note 31. Related Party Transactions

Related parties include the Corporation's subsidiaries, Joint Ventures and main senior executives. Details of related party transactions are as follows:

	2014	2013
OTHER REVENUES		
Fiducie RSP Hydro - Entity of which two of the three shareholders, Richard Lemaire and Patrick Lemaire, are directors of the Corporation	509	565
Joint Ventures Phases I and II	604	390
COSTS AND OTHER EXPENSES		
Operating		
Cascades Inc. - Entity having significant influence over the Corporation	640	1,071
Chargeback of salaries		
Joint Ventures Phases I and II	821	1,157
Capitalized expenses		
Cascades Inc. - Entity having significant influence over the Corporation	—	10
Interest income		
Fiducie RSP Hydro - Entity of which two of the three shareholders, Richard Lemaire and Patrick Lemaire, are directors of the Corporation	(18)	(30)

These transactions were made on terms equivalent to those that prevail under normal terms in arm's length transactions.

Receivables and payables arising from the above transactions at the end of the fiscal year were as follows:

	As at December 31, 2014	As at December 31, 2013
RELATED PARTY RECEIVABLES		
European partner	524	—
Cascades Inc. - Entity having significant influence over the Corporation	186	239
Fiducie RSP Hydro - Entity of which two of the three shareholders, Richard Lemaire and Patrick Lemaire, are directors of the Corporation	—	413
Joint Ventures Phases I and II	618	406
	1,328	1,058
RELATED PARTY PAYABLES		
Cascades Inc. - Entity having significant influence over the Corporation	148	643
Joint Venture Phase II	72	—
European partner	—	2,229
	220	2,872

Related party receivables and payables are due between 30 and 45 days following the sale or purchase. Receivables are unsecured and bear interest when past due. No allowance for doubtful accounts has been recognized in respect of receivables. Cascades receivables are related to charged back costs.

Executive Compensation

Compensation allocated to senior executives and to members of the Board of Directors is detailed in the following table:

	2014	2013
Current salaries and benefits	1,764	1,697
Other long-term benefits	1,798	1,005
Stock-based compensation	204	469
	3,766	3,171

Note 32. Segmented Information

The Corporation's power stations are grouped into four distinct operating segments — wind, hydroelectric, thermal and solar power. The Corporation operates under one identifiable industry sector: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as for the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on power production, revenues from energy sales and EBITDA.

EBITDA does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA is reconciled to the most comparable IFRS measure, namely, net loss, in the following table:

	2014	2013
Net loss	(11,089)	(3,711)
Net earnings from discontinued operations	(2,652)	(1,774)
Income tax expense (recovery)	(854)	537
Net loss (gain) on financial instruments	8,187	(742)
Foreign exchange loss (gain)	406	(788)
Financing costs	58,097	50,693
Impairment of property, plant and equipment	—	266
Other gains	(1,962)	(232)
Amortization	60,410	53,888
EBITDA	110,543	98,137

Information on Principal Clients

Revenue is allocated according to the client's country of domicile. In 2014 and 2013, the Corporation had four clients accounting for more than 10% of its revenues.

The tables below show the respective percentage of consolidated revenues from each client, as well as the segments in which they operate:

2014		2013	
% of sales attributable to one client	Segment(s)	% of sales attributable to one client	Segment(s)
39	Wind, thermal and solar	37	Wind, thermal and solar
16	Wind	19	Wind
16	Wind, hydroelectric and thermal	17	Hydroelectric and thermal
13	Hydroelectric	16	Hydroelectric

Information by Operating Segment

	2014	2013	2014	2013
	Power production (MWh)		Revenues from energy sales	
	(Unaudited)	(Unaudited)		
Wind power stations	785,997	682,136	102,063	85,109
Hydroelectric power stations	641,979	621,094	58,166	53,756
Thermal power stations	169,637	143,369	30,090	27,446
Solar power station	6,259	5,945	3,082	2,712
	1,603,872	1,452,544	193,401	169,023
	EBITDA		Additions to property, plant and equipment	
Wind power stations	86,511	66,594	139,785	71,169
Hydroelectric power stations	42,715	40,413	17,796	30,894
Thermal power stations	5,247	3,010	9,417	2,018
Solar power station	2,634	2,379	—	527
Corporate and eliminations	(26,564)	(14,259)	688	2,871
	110,543	98,137	167,686	107,479

	As at December 31, 2014	As at December 31, 2013
Total assets		
Wind power stations	1,326,133	783,729
Hydroelectric power stations	458,540	472,045
Thermal power stations	40,332	45,685
Solar power station	20,139	21,433
Corporate	72,815	99,835
	1,917,959	1,422,727
Total liabilities		
Wind power stations	896,996	531,269
Hydroelectric power stations	183,782	224,801
Thermal power stations	14,466	12,066
Solar power station	16,175	17,332
Corporate	470,221	251,125
	1,581,640	1,036,593

Information by Geographic Segment

	2014	2013	2014	2013
	Power production (MWh)		Revenues from energy sales	
	(Unaudited)	(Unaudited)		
Canada	636,929	571,062	70,768	63,568
France	586,573	493,540	90,672	73,854
United States	380,370	387,942	31,961	31,601
	1,603,872	1,452,544	193,401	169,023
	EBITDA		Additions to property, plant and equipment	
Canada	33,741	33,554	101,249	38,534
France	52,962	40,719	64,257	68,735
United States	23,840	23,864	2,180	210
	110,543	98,137	167,686	107,479

	As at December 31, 2014	As at December 31, 2013
Total assets		
Canada	778,165	716,118
France	952,148	501,884
United States	187,646	204,725
	1,917,959	1,422,727
Non-current assets, excluding *Interests in the Joint Ventures* and *Deferred income tax asset*		
Canada	622,064	523,993
France	866,986	457,104
United States	165,087	157,370
	1,654,137	1,138,467
Total liabilities		
Canada	765,528	538,310
France	677,994	377,765
United States	138,118	120,518
	1,581,640	1,036,593

Note 33. Subsequent Events

Acquisition of the Frampton Wind Power Project and Signing of a Construction Contract

On January 12, 2015, Boralex announced the acquisition of an interest in the Frampton community wind power project with a 24 MW capacity for a total of $11,500,000 in cash. Boralex has a 66.7% interest and the Municipality of Frampton a 33.3% interest in the project, which is covered by a 20-year energy sales contract with Hydro-Québec. Construction on the project will begin in the first quarter of 2015 with commissioning anticipated within the next 12 months.

In February 2015, the Corporation entered into an engineering, roadway and collector system construction contract for the Frampton wind power project for a total amount of $9,003,000. Payments under the contract are made on a percentage of completion basis.

Closing of an Offering via an Underwriting Agreement and Exercise of an Option

On January 12, 2015, Boralex announced the closing of the offering via an underwriting agreement of Class A common shares of Boralex for gross proceeds of approximately $110,011,500. The offering was carried out by a syndicate of underwriters who purchased an aggregate of 8,430,000 common shares of the Corporation at a price of $13.05 per share. The common shares were offered under a simplified prospectus dated January 5, 2015 in all Canadian provinces. The offering proceeds were used to fully repay the $100,000,000 bridge facility.

On January 30, 2015, Boralex announced the exercise of 85% of the over-allotment option under the aforementioned public offering. The syndicate of underwriters purchased 1,075,000 shares at a price of $13.05 per share for gross proceeds to Boralex of $14,000,000, bringing the aggregate gross offering proceeds to $124,000,000.

Purchase, Construction and Maintenance Contracts - Calmont Wind Power Project

In January 2015, the Corporation entered into a wind turbine construction and installation contract, a road construction contract and a maintenance contract for the Calmont wind power project for a total amount of $19,537,000 (€13,917,000). Payments under the contracts are made on a percentage of completion basis.

Maintenance Contract - Côte-de-Beaupré Wind Power Project

In January 2015, the Corporation entered into a 15-year wind turbine maintenance contract expiring in 2030 for the Côte-de-Beaupré wind power project. The contract includes a cancellation option at the Corporation's discretion after five years. The Corporation's net commitment under this contract amounts to $2,943,000, taking into account only the first five years of the contract.

Boralex acquires 100% of Boralex Europe

On February 27, 2015, the Corporation announced the closing of a financial settlement (the "Settlement") whereby Cube agreed to exchange its entire 25.33% equity interest in Boralex Europe for two notes payable. Under the Settlement, in consideration for the Corporation acquiring 100% control of Boralex Europe, Cube will receive a preferential payment of €16,000,000, bearing interest at 5%-6.5%, payable by the end of 2015, and two notes payable totalling €40,000,000 issued by two European subsidiaries of the Corporation and bearing interest at a fixed rate of 6.5%, with no repayments prior to maturity in January 2019.

General Information

Head Office

Boralex Inc.
36 Lajeunesse Street
Kingsey Falls, Québec
Canada J0A 1B0
Telephone: 819 363-6363
Fax: 819 363-6399
info@boralex.com

Website

www.boralex.com

@BoralexInc

Business Offices

Canada

772 Sherbrooke Street West
Office 200
Montréal, Québec
Canada H3A 1G1
Telephone:
514 284-9890
Fax:
514 284-9895

606-1155 Robson Street
Vancouver,
British Columbia
Canada V6E 1B5
Telephone:
1 855 604-6403

201-174 Mill Street
Milton, Ontario
Canada L9T 1S2
Telephone:
819 363-6430 /
1 844 363-6430

France

71, rue Jean-Jaurès
62 575 **Blendecques**
France
Telephone:
33 (0)3 21 88 07 27
Fax:
33 (0)3 21 88 93 92

8, rue Anatole
59 000 **Lille**
France
Telephone:
33 (0)3 28 36 54 95
Fax:
33 (0)3 28 36 54 96

20, rue de la Villette
69 328 **Lyon**
France
Telephone:
33 (0)4 78 92 68 70
Fax:
33 (0)4 78 42 03 44

25, rue de la République
13 002 **Marseille**
France
Telephone:
33 (0)4 91 01 64 40
Fax:
33 (0)4 91 01 64 46

Transfer Agent and Registrar

Computershare Investor Services Inc.
1500 University Street, Suite 700
Montréal, Québec
Canada H3A 3S8
Telephone:
514 982-7555 / 1 800 564-6253
Fax:
514 982-7635 / 1 888 453-0330
service@computershare.com

Shareholder Information

The **annual Meeting** of Shareholders will be held on Wednesday, May 6, 2015, at 11:00 a.m., at the following address:

Loft Hotel
314 Sherbrooke Street East
Montréal, Québec
Canada H2X 1E6
Telephone:
1 888 414-5638

Additional information may be obtained from:

Communications Department
Boralex Inc.
772 Sherbrooke Street West
Office 200
Montréal, Québec
Canada H3A 1G1
Telephone:
514 985-1353
Fax:
514 284-9895
info@boralex.com

Additional copies of the following documents and other information can also be obtained at the above address or on Boralex's and SEDAR's websites:

» Annual Report
» Quarterly Reports
» Annual Information Form
» Information Circular

Pour obtenir une version française du rapport annuel, veuillez communiquer avec le Service des communications.

Board of directors

(1) Member of the Audit Committee
(2) Member of the Environmental, Health and Safety Committee
(3) Member of the Corporate Governance Committee
(4) Member of the Human Resources Committee

Robert F. Hall
Chairman of the Board
Boralex Inc.

Patrick Lemaire
President and Chief Executive Officer
Boralex Inc.

Germain Benoit (4)
Chairman of the Board
Capital Benoit Inc.

Alain Ducharme (2) (4)
Consultant

Edward H. Kernaghan (3)
President
Principia Research Inc. and Kernwood Ltd
Senior Investment Advisor Kernaghan & Partners Ltd

Richard Lemaire (2)
President
Séchoirs Kingsey Falls Inc. and R.S.P. Énergie Inc.

Yves Rheault (2) (4)
Corporate Director and Consultant

Alain Rhéaume (1) (3)
Founder and Managing Partner
Trio Capital Inc.

Michelle Samson-Doel (1) (3)
President
Samson-Doel Group Ltd
Corporate Director

Pierre Seccareccia (1)
Corporate Director

Management Team

Patrick Lemaire
President and Chief Executive Officer

Jean-François Thibodeau
Vice-President and Chief Financial Officer

Sylvain Aird
Vice-President, Europe and Chief Legal Officer

Hugues Girardin
Vice-President, Development

Denis Aubut
General Manager, Operations

Patrick Decostre
General Manager, Boralex Europe

Guy D'Aoust
Director, Finance and Treasury

Guy Gagnon
Corporate Director, Human Resources

Patricia Lemaire
Director, Public Affairs and Communications

Gabriel Ouellet
Director, Biomass

Jean Virolle
IT Director

Text: Lefebvre communications financières inc.

New York State Dam - Hydroelectric 11,5 MW // United States
Avignonet-Lauragais - Wind 12,6 MW, Solar 5 MW // France

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