Interim Report 2
As at June 30

09

BORALEX

Profile

Boralex is a major private electricity producer whose core business is the development and operation of power stations that generate renewable energy.

Employing over 300 people, the Corporation owns and operates 22 power stations with a total installed capacity of 365 MW in Canada, in the Northeastern United States and in France. In addition, the Corporation has more than 300 MW in power projects under development. Boralex stands out for its diversified expertise and in-depth experience in three power generation segments—**wind**, **hydroelectric** and **thermal**. Boralex shares are listed on the Toronto Stock Exchange under the ticker symbol BLX.

Boralex also holds a 23% interest in Boralex Power Income Fund, which has ten power stations with a total installed capacity of 190 MW in Québec and the United States. These sites are managed by Boralex.

More information is available at www.boralex.com or www.sedar.com.

Interim Management's Discussion and Analysis 2

as at June 30, 2009

DESCRIPTION OF BUSINESS

Boralex Inc. ("Boralex" or the "Corporation") is a private electricity producer whose core business is the development and operation of power stations that generate renewable energy. Employing over 300 people, the Corporation owns and operates 22 power stations with a total installed capacity of 365 megawatts ("MW") in Canada, in the Northeastern United States and in France.

Boralex is distinguished by its diversified expertise and in-depth experience in three power generation segments:

- In recent years, Boralex has become one of the biggest and most experienced wind power producers in France, where it currently operates seven wind farms, including 68 wind turbines, with a total installed capacity of 108 MW; the Corporation will soon be developing an eighth wind farm in France adding 9 MW to its installed capacity. In addition, Boralex is currently developing major wind power projects in Canada, including the Seigneurie de Beaupré wind farms in Québec, with a total capacity of 272 MW to be commissioned in 2013, as well as the Thames River wind farm in Ontario with a total potential capacity of 90 MW, whose Phase I (40 MW) is expected to come on stream in 2009.
- Boralex has over 15 years of expertise as a hydroelectric power producer. It owns eight hydroelectric power stations—five in the United States, two in Québec and one in British Columbia—with a total installed capacity of nearly 40 MW of which 27 MW are currently being generated. The Corporation also acquired the development rights to two other projects in Northern B.C., representing an additional 10 MW.
- Boralex owns and operates seven thermal power stations, with a total installed capacity of 218 MW. The Corporation is North America's largest producer of renewable wood-residue energy, with six thermal power stations for a combined capacity of 204 MW. Boralex also operates a natural gas cogeneration power station, rated at 14 MW, located in France.

In addition to its own power stations, Boralex manages ten power stations in Québec and the Northeastern U.S. with a total installed capacity of 190 MW for the Boralex Power Income Fund (the "Fund"), in which it holds a 23% interest.

Boralex's stock, in which Cascades Inc. holds a 34% interest, trades on the Toronto Stock Exchange under the ticker symbol BLX.

INTRODUCTORY COMMENTS

GENERAL

This interim Management's discussion and analysis ("MD&A") reviews the operating results and cash flows for the three- and six-month periods ended June 30, 2009, compared with the corresponding three- and six-month periods ended June 30, 2008, as well as the Corporation's financial position as at these dates. This report should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes appearing in this interim report, as well as with the audited consolidated financial statements and accompanying notes appearing in the Corporation's most recent annual report for the year ended December 31, 2008.

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

The interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditors.

In this interim MD&A, Boralex or the Corporation means, as applicable, either Boralex Inc. and its subsidiaries and divisions or Boralex Inc. and or one of its subsidiaries or divisions, as well as the variable interest entities of which it is the primary beneficiary.

The information contained in this interim MD&A reflects all material events up to August 6, 2009, the date on which the Board of Directors approved the interim consolidated financial statements and interim MD&A.

Unless otherwise indicated, all financial information presented below, 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 August 6, 2009.

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, increases in the costs of raw materials, currency fluctuations, volatility in the selling price of electricity, the Corporation's financing capacity, adverse changes in general market and industry conditions, as well as other factors presented under *Outlook* in this MD&A as well as under *Risk Factors and Uncertainties* in the MD&A for the year ended December 31, 2008. Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities of transactions, non-recurring items or 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.

COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A also contains measures that are not standardized measures according to GAAP. For management purposes, Boralex uses earnings before interest, taxes, depreciation and amortization ("EBITDA"), as this method allows management to assess the operating and financial performance of the Corporation's various segments.

In addition, in analyzing changes in its financial position, the Corporation uses cash flows from operations, which is equal to cash flows related to operating activities before change in non-cash working capital items. Both management and investors use this indicator to measure the Corporation's ability to finance its expansion projects through its operating activities.

Please see *Additional Information about Non-GAAP Performance Measures* in this interim MD&A for a reconciliation between EBITDA and cash flows from operations with certain line items in Boralex's consolidated statements of earnings and consolidated statements of cash flows.

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, *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.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of the date of the 2008 annual report and have concluded that they are adequate and effective. During the second quarter ended June 30, 2009, no changes were made to disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, disclosure controls and procedures.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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 Canadian GAAP.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's internal control over financial reporting as of the date of the 2008 annual report and have concluded that it is effective. During the second quarter ended June 30, 2009, no changes were made to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

SEASONAL FACTORS

(in thousands of dollars, except per share amounts and number of shares)	SEPTEMBER 30, 2008	DECEMBER 31, 2008	MARCH 31, 2009	**JUNE 30, 2009**
REVENUES FROM ENERGY SALES				
Wind power stations	5,859	7,942	9,083	**8,018**
Hydroelectric power stations	1,920	2,844	2,760	**2,842**
Wood-residue thermal power stations	37,866	37,040	38,181	**28,338**
Natural gas thermal power station	3,165	6,490	7,174	**2,558**
Corporate and eliminations	1	-	-	**-**
	48,811	54,316	57,198	**41,756**
EBITDA				
Wind power stations [(1)]	4,361	6,059	7,215	**6,242**
Hydroelectric power stations	847	1,647	1,709	**1,785**
Wood-residue thermal power stations	13,558	9,064	11,803	**8,148**
Natural gas thermal power station	(157)	1,378	1,511	**(145)**
Corporate and eliminations	(1,844)	(2,544)	(1,286)	**(3,088)**
	16,765	15,604	20,952	**12,942**
NET EARNINGS[(1)]	5,679	4,398	7,212	**1,817**
per share (basic)	$0.15	$0.12	$0.19	**$0.05**
per share (diluted)	$0.15	$0.12	$0.19	**$0.05**
Weighted average number of common shares outstanding (basic)	38,247,112	37,740,921	37,740,921	**37,740,921**

(in thousands of dollars, except per share amounts and number of shares)	SEPTEMBER 30, 2007	DECEMBER 31, 2007	MARCH 31, 2008	JUNE 30, 2008
REVENUES FROM ENERGY SALES				
Wind power stations	5,977	8,554	10,065	6,677
Hydroelectric power stations	677	2,524	3,790	3,200
Wood-residue thermal power stations	25,689	29,973	33,877	27,113
Natural gas thermal power station	1,933	4,857	6,723	2,675
Corporate and eliminations	-	(1)	-	(1)
	34,276	45,907	54,455	39,664
EBITDA				
Wind power stations [(1)]	4,883	7,021	8,504	5,043
Hydroelectric power stations	(489)	1,651	3,034	2,391
Wood-residue thermal power stations	7,452	10,674	11,071	6,795
Natural gas thermal power station	(225)	717	1,321	(204)
Corporate and eliminations	(1,697)	(1,388)	(39)	(1,449)
	9,924	18,675	23,891	12,576
NET EARNINGS [(1)]	1,017	5,913	9,232	1,101
per share (basic)	$0.03	$0.16	$0.25	$0.03
per share (diluted)	$0.03	$0.15	$0.24	$0.03
Weighted average number of common shares outstanding (basic)	37,454,625	37,454,625	37,566,967	37,818,503

(1) Certain amounts have been restated to reflect the retroactive adoption of CICA *Handbook* Section 3064.

Operations and results for some of the Corporation's power stations are subject to seasonal cycles that vary by segment. Moreover, the impact of seasonal variations differs, depending on whether the power stations have power sales contracts or not.

For the 13 Boralex sites that have long-term fixed-price power sales contracts, seasonal cycles mainly affect the volume of power generated. The nine power stations that do not have long-term fixed-price contracts and that sell their power on the open market in the Northeastern U.S. are more vulnerable to seasonal fluctuations which, in addition to influencing output volumes, also have an impact on prices obtained. Generally, electricity consumption increases in the winter and summer, which corresponds to Boralex's first and third quarters. This means that, for those two periods, the power stations that sell on the open market usually obtain higher average prices. Because the wood-residue power stations can regulate their output level, they generate more power during such peak periods. For this reason, these power stations perform regular maintenance in the spring or fall, which impacts their operating results for those periods.

In addition, the Corporation uses financial instruments for periods of up to three years for hedging purposes to fix part of the prices of power stations without long-term power sales contracts, which partially offsets the seasonal impact on prices.

Hydroelectric output depends on water flow, which in Canada and the Northeastern U.S. tends to be at its maximum in spring and generally good in the fall, which represents Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs that would permit the regulation of water flows.

In the wind power segment, where Boralex's activities are for the time being focused in France, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a higher risk of downtime caused by weather conditions, such as icing at high-altitude sites.

The natural gas cogeneration power station's long-term power sales contract with Électricité de France ("EDF") contains a clause that caps electricity prices from April to October. When the cost of natural gas is high, the profit margin for this period is not sufficient to offset the ceiling on electricity prices. The cogeneration equipment may therefore be shut down, in which case the Corporation supplies its steam client from an auxiliary boiler. Accordingly, in the past four fiscal years, the Corporation operated its cogeneration equipment only during the five winter months.

Furthermore, Boralex's investment in the Fund is also subject to a seasonal cycle. Approximately 50% of the Fund's output is hydroelectric and is thus subject to the same effects on its volume as Boralex's hydroelectric power stations. However, as all of the Fund's power stations have long-term power sales contracts, they are not subject to a seasonal price cycle. Nevertheless, some of the Fund's power stations receive a premium for power generated from December to March, which typically results in higher profitability for the Fund in the first and fourth quarters.

To sum up, although Boralex's performance is affected by seasonal cycles, their impact is mitigated to some extent by the increasing diversification in its power generation sources, the partial use of financial instruments for price hedging purposes, the growing proportion of revenues derived from fixed-price and price-indexed contracts and the geographic positioning of its assets. The Corporation is also developing complementary revenue streams in order to increase and secure revenues. It participates, for example, in the Renewable Energy Certificates ("RECs") market and the Forward Capacity Market in the Northeastern U.S., as well as in the carbon dioxide ("CO_2") quota trading and green certificate markets in France.

FINANCIAL HIGHLIGHTS

(in thousands of dollars, unless otherwise specified)	THREE-MONTH PERIODS ENDED JUNE 30, 2009	2008	SIX-MONTH PERIODS ENDED JUNE 30, 2009	2008
REVENUES FROM ENERGY SALES				
Wind power stations	**8,018**	6,677	**17,101**	16,742
Hydroelectric power stations	**2,842**	3,200	**5,601**	6,989
Wood-residue thermal power stations	**28,338**	27,113	**66,520**	60,990
Natural gas thermal power station	**2,558**	2,675	**9,732**	9,398
Corporate and eliminations	**-**	(1)	**-**	-
	41,756	39,664	**98,954**	94,119
EBITDA				
Wind power stations	**6,242**	5,043	**13,456**	13,547
Hydroelectric power stations	**1,785**	2,391	**3,494**	5,425
Wood-residue thermal power stations	**8,148**	6,795	**19,951**	17,866
Natural gas thermal power station	**(145)**	(204)	**1,366**	1,117
Corporate and eliminations	**(3,088)**	(1,449)	**(4,372)**	(1,489)
	12,942	12,576	**33,895**	36,466
NET EARNINGS	**1,817**	1,101	**9,029**	10,333
per share (basic)	**$0.05**	$0.03	**$0.24**	$0.27
per share (diluted)	**$0.05**	$0.03	**$0.24**	$0.27
Weighted average number of shares outstanding	**37,740,921**	37,818,503	**37,740,921**	37,692,735

	JUNE 30, 2009	DECEMBER 31, 2008
FINANCIAL POSITION		
Total assets	**630,759**	622,955
Total debt (1)	**196,186**	187,445
Shareholders' equity	**355,270**	362,720

(1) Including long-term debt and its current portion, as well as bank loans and advances.

ADDITIONAL INFORMATION ABOUT NON-GAAP PERFORMANCE MEASURES

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA and cash flows from operations. Although not performance measures under GAAP, management believes that EBITDA and cash flows from operations are widely accepted financial measures used by investors to assess the performance of a company and its ability to generate cash through operations.

Nevertheless, since EBITDA is not a GAAP performance measure, 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, or as a measure of operating results or cash flows, or as a parameter for measuring liquidity. In Boralex's consolidated statement of earnings, EBITDA corresponds to *Operating earnings before amortization.*

The following table reconciles EBITDA to net earnings:

	THREE-MONTH PERIODS ENDED JUNE 30,		SIX-MONTH PERIODS ENDED JUNE 30,	
(in thousands of dollars)	**2009**	2008	**2009**	2008
		(restated)		(restated)
Net earnings	**1,817**	1,101	**9,029**	10,333
Non-controlling interests	**(4)**	23	**56**	117
Income taxes	**1,479**	1,625	**5,435**	7,069
Financing costs	**3,448**	2,991	**6,867**	6,455
Net loss (gain) on financial instruments	**(290)**	785	**(404)**	1,104
Foreign exchange loss (gain)	**9**	56	**(35)**	(418)
Amortization	**6,483**	5,995	**12,947**	11,806
Consolidated EBITDA	**12,942**	12,576	**33,895**	36,466

Cash flows from operations are equal to cash flows related to operating activities before change in working capital. Management and investors use 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 working capital items can vary considerably. In addition, development activities result in significant changes in accounts payable during the construction period, as well as an initial injection of working capital at project start-up. Trade accounts receivable can also vary significantly when the Corporation qualifies for entry into new renewable energy markets. Accordingly, the Corporation deems it preferable not to integrate changes in working capital in this performance measure. However, investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, a measure consistent with GAAP.

The following table reconciles cash flows from operations to cash flows related to operating activities:

	THREE-MONTH PERIODS ENDED JUNE 30,		SIX-MONTH PERIODS ENDED JUNE 30,	
(in thousands of dollars)	**2009**	2008	**2009**	2008
Cash flows related to operating activities	**26,019**	18,005	**40,297**	33,539
Cash flows provided by change in non-cash working capital items	**(14,442)**	(8,578)	**(13,397)**	(3,364)
CASH FLOWS FROM OPERATIONS	**11,577**	9,427	**26,900**	30,175

ANALYSIS OF OPERATING RESULTS FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2009

The following table shows the main favourable (unfavourable) variances explaining the change in net earnings for the three-month periods ended June 30, 2009 and 2008:

	NET EARNINGS (IN MILLIONS OF DOLLARS)	PER SHARE (IN $) (BASIC)
THREE-MONTH PERIOD ENDED JUNE 30, 2008	**1.1**	**0.03**
Change in EBITDA	0.3	0.01
Amortization	(0.5)	(0.01)
Net loss (gain) on financial instruments	1.1	0.03
Financing costs	(0.4)	(0.01)
Income taxes	0.2	-
THREE-MONTH PERIOD ENDED JUNE 30, 2009	**1.8**	**0.05**

During the second quarter of fiscal 2009, Boralex generated net earnings of $1.8 million or $0.05 per share (basic and diluted) compared with $1.1 million or $0.03 per share (basic and diluted) for the same quarter in 2008. As shown in the above table and discussed in greater detail below, while growth in net earnings for the quarter was aided by improved operating profitability, it was mainly driven by a $0.3 million gain on financial instruments for the year compared with a $0.8 million loss on financial instruments for the same period of 2008. Boralex also benefited from a reduction in income tax expense. These favourable items offset the rise in amortization expense and financing costs resulting from expansion projects initiated or completed in the previous 12 months.

Analysis of major variances in consolidated revenues from energy sales and EBITDA:

(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA
THREE-MONTH PERIOD ENDED JUNE 30, 2008	**39.7**	**12.6**
Commissioning – Ocean Falls hydroelectric power station	0.5	0.4
Pricing	(3.2)	(3.2)
Volume	1.2	1.2
RECs and green certificates	(0.9)	(0.4)
Translation of self-sustaining subsidiaries	4.8	1.3
Renewable energy tax credits	-	0.7
Raw material costs	-	1.2
Maintenance	-	1.6
Boralex Power Income Fund	-	(1.4)
Other	(0.3)	(1.1)
THREE-MONTH PERIOD ENDED JUNE 30, 2009	**41.8**	**12.9**

REVENUES FROM ENERGY SALES

Revenues from energy sales for the quarter rose $2.1 million or 5.3% to $41.8 million from $39.7 million for the same quarter in 2008, due to the following:

– A $4.8 million exchange gain, prompted by the Canadian dollar's depreciation against its U.S. counterpart; and

– $1.7 million in additional revenues from higher output, of which $1.2 million was derived from operating power stations, mainly in the wind power segment, and $0.5 million from bringing the Ocean Falls (British Columbia) hydroelectric power station on stream following its acquisition at the beginning of April 2009. Boralex generated 353,967 megawatt hours ("MWh") in electricity in the second quarter of 2009, up 5.7% from 334,955 MWh in the same period of 2008.

However, excluding the exchange gain for the quarter, revenues from energy sales fell $2.7 million or 6.8% due to the following two main factors:

– A $3.2 million revenue shortfall caused by lower selling prices, mainly related to free-market average electricity selling prices in the Northeastern U.S. at the hydroelectric and wood-residue power stations, yet the latter managed to significantly offset lower market prices through forward sales strategies (electricity price financial swaps) implemented in 2008; and
– A $0.9 million decline in REC sales prompted by lower REC selling prices in the Connecticut market.

OTHER REVENUES

Boralex generated $2.1 million in revenues other than revenues from energy sales during the second quarter of 2009 compared with $3.6 million for the same period in 2008. The decline resulted primarily from a $1.2 million decrease in Boralex's share of the Fund's earnings due to a more challenging environment than last year, such as wood-residue supply difficulties and lower steam prices resulting from falling oil prices. In addition, in the second quarter of 2008, Boralex received non-recurring fees in France for managing the construction of a wind farm.

EBITDA

Consolidated EBITDA for the second quarter of fiscal 2009 rose 2.4% to $12.9 million from $12.6 million for the same period last year. The main factors behind this improvement are as follows:

– A $1.6 million decline in maintenance costs, primarily in the wood-residue segment. Boralex recognized lower costs for all wood-residue power stations, but particularly at Livermore Falls, where in spring 2008, maintenance work lasted 29 days;
– A $1.6 million increase owing to higher power output at existing power stations, principally in the wind power segment, and to the commissioning of the Ocean Falls hydroelectric power station;
– A $1.3 million foreign exchange gain, owing mainly to a weakening of the Canadian dollar against the U.S. unit;
– A $1.2 million reduction in raw material costs, particularly wood residues in the U.S. and natural gas in France; and
– A $0.7 million increase in U.S. renewable energy tax credits, stemming mainly from the rise in the unit rate used for the tax credits to US$11/MWh from US$10/MWh.

Together, these favourable factors fully offset the following adverse changes:

– A $3.2 million shortfall caused by lower electricity selling prices and, to a lesser extent, steam prices, which directly affected EBITDA;
– A $1.4 million decrease owing primarily to a decline in Boralex's share of the Fund's earnings;
– A $0.4 million decline in REC and green certificate sales; and
– Miscellaneous factors totalling $1.1 million, including approximately $0.5 million in asset write-offs in the wood-residue segment and a write-down of approximately $0.4 million pertaining to the ineffective portion of electricity price financial swaps.

(A more detailed analysis of changes in revenues and EBITDA of the various segments may be found under *Analysis of the Segmented Performance for the Three- and Six-Month Periods Ended June 30, 2009*.)

AMORTIZATION, FINANCIAL INSTRUMENTS, FINANCING COSTS AND EARNINGS BEFORE INCOME TAXES

The Corporation reported $6.5 million in amortization expense for the second quarter of 2009 compared with $6.0 million for the same period of 2008. This $0.5 million or 8.3% increase resulted partly from the strengthening of the U.S. dollar against its Canadian counterpart, which raised amortization expense for Boralex's assets in the U.S., and partly from the additional amortization expense arising from investments in the past 12 months, including the acquisition of the Ocean Falls power station.

Financing costs rose $0.4 million or 13.3% to $3.4 million. Boralex used its cash on hand and greater drawdowns under its credit facilities to fund its construction projects. In addition, returns on short-term investments have been minimal of late. Therefore, Boralex recognized lower investment income and higher interest expense on bank advances. Financing costs were also increased by the Ocean Falls power station acquisition, which includes a significant purchase price balance.

Boralex reported a $0.3 million gain on financial instruments for the second quarter of fiscal 2009 compared with a $0.8 million loss on financial instruments for the same period of 2008. Gains and losses on financial instruments pertain primarily to the ineffective portion of electricity price financial swaps for the period. It should be noted that all of the swaps used by the Corporation qualify for hedge accounting and are highly effective for managing exposure to electricity market prices. However, since the swaps are not 100% effective, accounting standards require that a portion of gains or losses arising from their measurement at fair value be recognized in earnings.

As a result, Boralex recorded $3.3 million in earnings before income taxes for the second quarter of 2009 compared with $2.7 million for the same period of 2008.

INCOME TAX EXPENSE

Boralex reported a $1.5 million income tax expense for the second quarter of 2009 compared with $1.6 million for the same period last year.

Given the various jurisdictions in which the Corporation currently operates and develops future power station projects, management estimates that Boralex's combined tax rate should range from 35% to 40% over a medium-term horizon.

The development of a number of projects in Canada should eventually lower this rate to around 35%. In the short run, however, Boralex's consolidated income tax rate may vary significantly from one period to another in light of changes in its results according to its various operating jurisdictions and due to the fact that the ratio of dividends included in the Fund's distributions varies according to the amounts of U.S. dollar cash resources that the Fund repatriates to Canada to fund its distributions and that the dividends received from the Fund are not taxable for Boralex.

NET EARNINGS

Boralex ended the second quarter of fiscal 2009 with $1.8 million in net earnings or $0.05 per share (basic and diluted) compared with $1.1 million or $0.03 per share (basic and diluted) for the same period of 2008.

The weighted average number of shares outstanding stood at 37.7 million for the second quarter of 2009 compared with 37.8 million for the same period of 2008, given that share repurchases made by the Corporation over the past few quarters exceeded the number of shares issued on exercise of stock options.

To sum up, despite major challenges sparked by the global economic slowdown—which resulted in particular in a significant decline in electricity selling prices at Boralex's power stations that sell on the U.S. open market—the Corporation nevertheless reported earnings growth for the second quarter of fiscal 2009 driven mainly by the following:

– Higher output in the wind power segment and the integration of a new power station in the hydroelectric segment;
– A significant decline in maintenance and raw material costs, particularly in the wood-residue segment;
– Effective forward power sales and REC strategies, a form of hedging, adopted in the wood-reside segment; and
– An easing of the Canadian dollar against its U.S. counterpart.

ANALYSIS OF OPERATING RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009

The following table shows the main favourable (unfavourable) variances explaining the change in net earnings for the six-month periods ended June 30, 2009 and 2008:

	NET EARNINGS (IN MILLIONS OF DOLLARS)	PER SHARE (IN $) (BASIC)
SIX-MONTH PERIOD ENDED JUNE 30, 2008	**10.3**	**0.27**
Change in EBITDA	(2.6)	(0.07)
Amortization	(1.1)	(0.03)
Foreign exchange gain	(0.4)	(0.01)
Net loss (gain) on financial instruments	1.5	0.04
Financing costs	(0.4)	(0.01)
Income taxes	1.6	0.05
Non-controlling interests	0.1	-
SIX-MONTH PERIOD ENDED JUNE 30, 2009	**9.0**	**0.24**

For the first half of fiscal 2009, Boralex generated net earnings of $9.0 million or $0.24 per share (basic and diluted) compared with $10.3 million or $0.27 per share (basic and diluted) for the same period of 2008. This decline resulted mainly from a $2.6 million decrease in EBITDA, owing primarily to lower output in the first quarter of fiscal 2009 prompted, in particular, by less favourable water flow and wind conditions than in the same period of 2008. Net earnings for the first half of 2009 were also negatively impacted, among other things, by increases in amortization expense and financing costs. However, these factors were mitigated by the gain on financial instruments (compared with a loss for the same period of 2008) and lower income taxes.

Analysis of major variances in consolidated revenues from energy sales and EBITDA:

(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA
SIX-MONTH PERIOD ENDED JUNE 30, 2008	**94.1**	**36.5**
Commissioning and expansion – Avignonet-Lauragais wind farm and Ocean Falls hydroelectric power station	0.8	0.6
Pricing	(2.6)	(2.6)
Volume	(3.8)	(1.9)
RECs and green certificates	(4.6)	(3.5)
Capacity premiums	0.1	0.1
Translation of self-sustaining subsidiaries	15.1	5.4
Renewable energy tax credits	-	0.3
CO_2 quotas	-	0.6
Raw material costs	-	0.3
Maintenance	-	0.8
Development expenses – prospecting	-	(0.7)
Boralex Power Income Fund	-	(2.5)
Other	(0.1)	0.5
SIX-MONTH PERIOD ENDED JUNE 30, 2009	**99.0**	**33.9**

REVENUES FROM ENERGY SALES

Revenues from energy sales for the first six months of 2009 totalled $99.0 million compared with $94.1 million for the same period in 2008. The depreciation of the Canadian dollar against the U.S. dollar and the euro had a favourable impact of $15.1 million on revenues, without which revenues would have been down $10.2 million or 10.8% at constant exchange rates. This resulted mainly from the following three factors:

- A $4.6 million decrease in sales of RECs, mainly attributable to their lower average market price in Connecticut, as well as to lower output at certain wood-residue power stations, particularly in the first quarter;
- A $3.0 million shortfall caused by a net decrease in total electricity output (factoring in the addition of the Ocean Falls hydroelectric power station and expansion at the Avignonet-Lauragais wind farm), mainly as a result of less favourable weather conditions in the first quarter for the wind and hydroelectric power segments than in the same period of 2008, combined with a voluntary reduction in off-peak output at certain wood-residue power stations. Boralex generated 769,695 MWh of electricity in the first half of fiscal 2009 compared with 804,558 MWh for the same period of 2008; and
- A $2.6 million shortfall caused by a decline in electricity selling prices at the U.S. power stations and in steam selling prices at the French natural gas cogeneration plant.

OTHER REVENUES

Boralex generated $7.3 million in revenues other than revenues from energy sales during the first half of 2009 compared with $8.4 million for the same period of 2008. Boralex reported a $2.2 million decline in its share of the Fund's earnings for the reasons set out in the previous section.

Conversely, Boralex reported growth of $1.0 million in other revenues stemming mainly from a $0.7 million gain on the disposal of an investment in a hydroelectric power station in France in the first quarter and $0.6 million in sales of excess CO_2 quotas at the Blendecques natural gas power station in France also in the first quarter.

EBITDA

Boralex reported $33.9 million in consolidated EBITDA for the first half of fiscal 2009 compared with $36.5 million for the same period last year. This $2.6 million or 7.1% decrease resulted mainly from the following:

– A $3.5 million decline attributable to lower REC sales;
– A $2.5 million decrease owing primarily to a decline in Boralex's share of the Fund's earnings;
– A $2.6 million shortfall due to lower electricity selling prices, which was mitigated, however, by the use of financial swaps in the wood-residue segment;
– A $1.3 million adverse effect due to lower electricity output (net of the Avignonet-Lauragais wind farm expansion and the addition of the Ocean Falls hydroelectric power station); and
– A $0.7 million increase in development project and prospecting costs, mainly for the wind power segment in Italy during the first quarter of 2009.

On the upside, cumulative EBITDA for the first six months of 2009 benefited from the following:

– A $5.4 million foreign exchange gain due to the Canadian dollar's depreciation against the U.S. dollar and the euro;
– A $0.8 million decrease in maintenance costs;
– $0.6 million in sales of excess CO_2 quotas at the French natural gas cogeneration plant;
– A $0.3 million decrease in raw material costs;
– A $0.3 million increase in U.S. renewable energy tax credits; and
– Miscellaneous other favourable elements, including higher capacity premiums, lower costs for certain chemicals used in the wood-residue segment, a gain on the disposal of an investment in France, and lower oil product prices and variable wage costs.

(A more detailed analysis of changes in revenues and EBITDA of the various segments may be found under *Analysis of Segmented Performance for the Three- and Six-Month Periods ended June 30, 2009*.)

AMORTIZATION, FOREIGN EXCHANGE GAIN, FINANCIAL INSTRUMENTS, FINANCING COSTS AND EARNINGS BEFORE INCOME TAXES

Boralex reported $12.9 million in amortization expense for the first half of 2009 compared with $11.8 million for the first six months of 2008, due to the strengthening of the U.S. dollar and the euro against the Canadian dollar and investments in the past year, including the Avignonet-Lauragais wind farm expansion in 2008, the acquisition of the Ocean Falls power station and equipment upgrades in the wood-residue segment.

The caption *Financial instruments* consists mainly of the ineffective portion of the derivative financial instruments. Although all of the financial instruments used by Boralex are highly effective, they always include a small ineffective portion. Generally, instruments whose value is favourable to Boralex give rise to a favourable ineffective amount. Conversely, instruments whose value is unfavourable to Boralex result in an unfavourable ineffective amount.

Financing costs rose $0.4 million to $6.9 million. As discussed in the quarterly analysis, Boralex recorded a lower return on its investments, thereby requiring greater use of bank borrowings and advances since the beginning of fiscal 2009. Boralex reported an insignificant foreign exchange gain in the first quarter of 2009 compared with a $0.4 million gain in the same period last year. A $0.4 million gain on financial instruments was recorded for the first six months of 2009 compared with $1.1 million loss on financial instruments for the same period of 2008.

In light of the foregoing, Boralex posted $14.5 million in earnings before income taxes for the first half of 2009 compared with $17.5 million for the same period of 2008.

INCOME TAX EXPENSE

Boralex recorded $5.4 million in income tax expense for the first half of fiscal 2009 compared with $7.1 million for the same period last year. This $1.4 million improvement resulted from lower earnings before income taxes in the first half of 2009 than in the same period of 2008.

NET EARNINGS

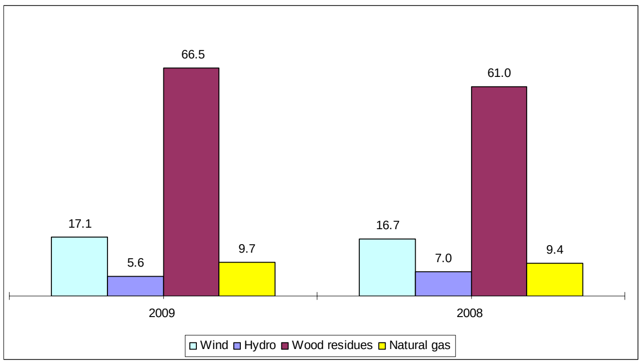
Boralex ended the first half of fiscal 2009 with $9.0 million in net earnings or $0.24 per share (basic and diluted) compared with $10.3 million or $0.27 per share (basic and diluted) for the same period of 2008. The weighted average number of shares outstanding stood at 37.7 million for the first six months of 2009, in line with the same period of 2008.

To sum up, as regards the operations of both the Corporation and the Fund, financial performance remained robust over the first six months of fiscal 2009 despite a more difficult business environment, particularly in the first quarter of 2009, which ushered in lower selling prices at certain power stations and less favourable weather conditions for the French wind power and North American hydroelectric segments. However, the financial impact of these adverse factors was offset by foreign exchange gains and effective strategies as to forward electricity sales—a form of hedging—and REC sales implemented by Boralex in the wood-residue segment.

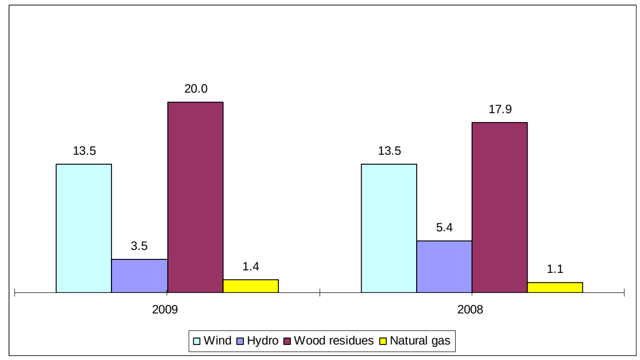
ANALYSIS OF SEGMENTED PERFORMANCE FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2009

SEGMENT BREAKDOWN
(cumulative results for the first six months of 2009)

REVENUES FROM ENERGY SALES (IN MILLIONS OF DOLLARS)



EBITDA (IN MILLIONS OF DOLLARS) [(1)]



(1) Excluding corporate and eliminations

During the first half of fiscal 2009, the wind power segment accounted for 17.3% of Boralex's consolidated revenues from energy sales compared with 17.8% for the same period of 2008. This slight decrease was partially attributable to unfavourable weather conditions that impacted output in the first quarter of 2009. This segment generated 35.2% of consolidated EBITDA (before corporate expenses and intersegment eliminations) in the first half of 2009 compared with 35.7% for the same period last year.

Lower electricity selling prices in the New York State open market, as well as less favourable water flow conditions in the first quarter of 2009 than in the same period of 2008 in Northeastern North America, have had an adverse affect on revenues and EBITDA in the hydroelectric segment since the beginning of fiscal 2009. As a result, the hydroelectric segment's contribution to Boralex's consolidated revenues for the first half of 2009 fell to 5.7% from 7.4% for the same period of 2008, while its share of consolidated EBITDA declined to 9.1% from 14.3%.

On the upside, the wood-residue segment has reported growth in revenues and EBITDA since the outset of fiscal 2009, with its share of consolidated revenues for the first six months rising to 67.2% from 64.8% for the same period of 2008, while its share of consolidated EBITDA grew to 52.1% from 47.1%.

Lastly, the share of consolidated revenues posted by the natural gas power station for the first half of 2009 decreased to 9.8% from 10.0% for the same period of 2008, while its share of consolidated EBITDA increased to 3.6% from 2.9%.

WIND POWER STATIONS

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		SIX-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT JUNE 30, 2008	**6.7**	**5.0**	**16.7**	**13.5**
Commissioning – expansion of Avignonet-Lauragais facility	-	-	0.3	0.2
Pricing	0.2	0.2	0.4	0.4
Volume	1.1	1.1	(1.4)	(1.4)
Translation of self-sustaining subsidiaries	0.1	-	0.9	0.7
Maintenance	-	0.1	-	-
Other	(0.1)	(0.2)	0.2	0.1
AS AT JUNE 30, 2009	**8.0**	6.2	**17.1**	**13.5**

During the second quarter of 2009, the wind power segment generated revenues of $8.0 million in electricity sales, up $1.3 million or 19.4% over the second quarter of 2008. Apart from the contractual indexation of electricity selling prices, this increase stems primarily from a 16.5% increase in quarterly output which totalled 55,157 MWh compared with 47,331 MWh for the corresponding period of the previous year. Substantially all of the wind power stations, in particular the Ally-Mercoeur and Cham de Cham Longe facilities, contributed to this increase. Only the Avignonet-Lauragais facility experienced a slight drop in output as a result of preventive maintenance work on one of the turbines and less favourable wind conditions than for the segment as a whole.

The same favourable factors, coupled with lower maintenance costs, contributed to a $1.2 million or 24.0% improvement in second quarter EBITDA for the segment, despite higher variable wage costs tied to the strong performance of this segment in the second quarter of 2009. Segment EBITDA totalled $6.2 million compared with $5.0 million for the corresponding period of the previous year.

The wind power segment generated total electricity output of 115,919 MWh in the first six months of 2009, down 5.9% from 123,153 MWh in the same period of 2008. Excluding the expansion of the Avignonet-Lauragais facility, commissioned on April 1, 2008, output at the other wind farms fell 8.3% in the first six months of 2009 (including a 23% drop in the first quarter), as a result of subnormal wind conditions during the first quarter of 2009, coupled with icy periods that required frequent equipment shutdowns.

Management wishes to point out in this respect that a long-term perspective is required when evaluating wind power performance in a given region. For this reason, Boralex uses historical data from benchmark sites and data collected on-site in the development of its wind power segment budgets and investment projects. This data must cover a sufficiently long period and must be correlated with the data observed directly on-site to be developed over a period longer than 12 months.

Despite lower output in the first quarter of 2009, which resulted in a $1.4 million revenue shortfall for the six-month period ended June 30, 2009, revenues nonetheless rose by $0.4 million or 2.4% based on a number of factors, including the expansion of the Avignonet-Lauragais power station, higher electricity selling prices, the favourable impact of the strengthening of the euro against the Canadian dollar, and various other factors including the reversal of provisions for compensation in 2008 and green certificate sales in the first quarter of 2009.

The same factors that have negatively or positively impacted wind power segment revenues since the beginning of fiscal 2009 also affected segment EBITDA to varying degrees. Accordingly, EBITDA stood at $13.5 million for the six-month period ended June 30, 2009, in line with 2008 levels. The segment's EBITDA/revenue margin stood at 78.7% for the first six months of 2009 (80.9% for the first six months of 2008) compared with an average EBITDA margin of 38.7% (40.3% in 2008) for all of Boralex's segments.

On July 27, 2009, the Council of State, the final level of appeal in the French legal system, upheld the decision quashing the building permit for the two-turbine expansion at the Avignonet wind farm. This decision does not jeopardize the power sales contract with EDF nor operation of the expansion. Furthermore, this situation does not place us in default under any credit agreement. As of the date hereof, management is unaware of the ultimate consequences of the quashing of said permit on the expansion's future operations, but deems the risk of a full shutdown of the two turbines unlikely and is reviewing all of its options, including the possibility of litigating against the issuer of said permit.

HYDROELECTRIC POWER STATIONS

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		SIX-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT JUNE 30, 2008	**3.2**	**2.4**	**7.0**	**5.4**
Commissioning – Ocean Falls	0.5	0.4	0.5	0.4
Pricing	(1.7)	(1.7)	(2.7)	(2.7)
Volume	0.1	0.1	(0.7)	(0.7)
RECs	0.2	0.2	0.2	0.2
Translation of self-sustaining subsidiaries	0.5	0.4	1.3	1.1
Maintenance	-	-	-	(0.2)
AS AT JUNE 30, 2009	**2.8**	**1.8**	**5.6**	**3.5**

HISTORICAL AVERAGE OF HYDROELECTRIC OUTPUT (MWh)*	
Three-month period ended June 30, 2009	34,599
Six-month period ended June 30, 2009	68,347
Annual average	115,358

* The historical average is determined using all output data available for each power station up to Boralex's previous fiscal year-end. This average data excludes the newly acquired Ocean Falls power station.

Boralex's hydroelectric segment posted $2.8 million in revenues in the second quarter of 2009, down $0.4 million or 12.5%. Segment EBITDA also declined by $0.6 million or 25.0% to $1.8 million.

These results are mainly attributable to a significant decline of 63% in electricity selling prices (in US$) in the New York State open market due to the economic slowdown and lower natural gas prices. However, average selling prices in Canadian dollars fell only 34% across Boralex's North American hydroelectric segment, largely as a result of the favourable impact of the Canadian-U.S. dollar exchange rate, currently higher contractual selling prices in Canada than in the U.S. open market, and the contribution of the new Ocean Falls power station. Overall, lower average selling prices had a $1.7 million effect on quarterly revenues for the segment, which directly affected EBITDA.

As mentioned previously, this was mitigated by certain favourable factors, including the integration in early April 2009 of the newly acquired Ocean Falls power station in British Columbia, where Boralex currently operates 2 MW of a total installed capacity of 14.5 MW. The performance of this power station to date is in line with management's aim to optimize the first 2 MW in an initial phase and bring the balance of the installed capacity on stream subsequently.

In addition, apart from this new power station, Boralex's hydroelectric power stations increased its output by close to 18% in the second quarter of 2009, driven by generally favourable water flow conditions. Excluding the Ocean Falls power station, hydroelectric segment output surpassed second quarter historical averages by 10%. The hydroelectric segment, including the Ocean Falls power station, generated total electricity output of 41,066 MWh in the second quarter of 2009, up 27% over 32,322 MWh in the second quarter of 2008.

Other factors that had a favourable effect on segment revenues and EBITDA in the second quarter of 2009 include the positive impact of fluctuations in the Canadian dollar against the U.S. dollar and REC sales of $0.2 million by power stations in New York State under a voluntary program implemented in that state.

For the first six months of fiscal 2009, hydroelectric segment revenues were down $1.4 million or 20.0% while EBITDA declined by $1.9 million or 35.2% as a result of significantly lower average selling prices obtained by the U.S. power stations. This decline in selling prices had a $2.7 million unfavourable impact on revenues and EBITDA. Average selling prices in Canadian dollars fell by approximately 24% across the North American hydroelectric segment.

In addition, output at the power stations (excluding Ocean Falls) was down 2.6% due to less favourable water flow conditions in the first quarter of 2009 than in the first quarter of 2008. These factors were partially offset by the addition of the Ocean Falls power station, the favourable impact of currency fluctuations and REC sales under the State of New York voluntary program.

(For further details regarding hydroelectric segment projects, please refer to *Outlook by Segment for Fiscal 2009* in this interim MD&A.)

WOOD-RESIDUE THERMAL POWER STATIONS

Analysis of major variances in revenues from energy sales and EBITDA:

	THREE-MONTH PERIODS		SIX-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT JUNE 30, 2008	**27.1**	**6.8**	**61.0**	**17.9**
Pricing	(1.5)	(1.5)	0.1	0.1
Volume	(0.2)	-	(1.9)	0.2
RECs	(1.0)	(0.6)	(4.8)	(3.6)
Translation of self-sustaining subsidiaries	4.2	0.9	12.3	3.7
Renewable energy tax credits	-	0.7	-	0.3
Raw material costs	-	0.9	-	0.3
Maintenance	-	1.6	-	1.4
Other	(0.3)	(0.7)	(0.2)	(0.3)
AS AT JUNE 30, 2009	**28.3**	**8.1**	**66.5**	**20.0**

In the second quarter, wood-residue power station revenues totalled $28.3 million, up $1.2 million or 4.4 % from $27.1 million for the same quarter in 2008. This increase is almost entirely attributable to the weakening of the Canadian dollar against the U.S. unit which had a $4.2 million favourable impact on quarterly revenues. Excluding this factor, revenues would have fallen 11.1% due to more difficult market conditions than in the previous year linked to the current economic slowdown. More specifically, the decrease in revenues at constant exchange rates is explained by the following:

– A $1.5 million shortfall due to a decline in selling prices in the Northeastern U.S. electricity market. The decrease in the average electricity selling price at Boralex's power stations was held to less than 9% (in US$) thanks to forward sales transactions (electricity price financial swaps) carried out in 2008. Boralex also entered into a two-year contract for the sale of electricity at a fixed price above current market levels from its Fort Fairfield, Maine power station;

– A $1.0 million decline in REC sales which stood at $US6.9 million in the second quarter of 2009 due to a weakening of REC selling prices in the current economic climate. Nonetheless, REC output levels were in line with the previous year, as increased output at the Livermore Falls, Maine power station, and particularly at the Ashland, Maine power station, offset lower output at the Stratton, Maine and Chateaugay, New York power stations. Note that as of July 22, 2009, Boralex had firm commitments of US$30.3 million ($35.2 million) for REC deliveries to be made by December 31, 2012, including nearly US$12 million ($13.9 million) for 2009 output, which accounts for approximately 90% of expected output for the remainder of 2009. Management continues to believe that despite the temporary weakening of prices compared with 2008, the potential for the REC market in the medium and long term remains excellent; and

- A $0.2 million shortfall attributable to lower output at the Stratton and Chateaugay power stations. As in the first quarter, the Stratton power station voluntarily reduced output in off-peak periods in response to weak selling prices in the electricity market. The Chateaugay power station was also shut down in May in response to weak selling prices and remains idle to date. Conversely, the Ashland, Livermore Falls and Fort Fairfield power stations substantially increased their output, due primarily to shorter downtime for maintenance than in the same period in 2008. In this respect, note that at Fort Fairfield and other power stations, semi-annual maintenance work normally performed in the second quarter was brought forward to March 2009. In the aggregate, the hydroelectric segment generated 257,714 MWh for the second quarter of 2009 compared with 225,226 MWh for the same quarter of 2008.

Quarterly EBITDA for the wood-residue segment totalled $8.1 million, up $1.3 million or 19.1% from $6.8 million for the corresponding period in 2008. This improvement was achieved despite the $2.1 million negative impact of lower selling prices in the electricity and REC markets and other unfavourable factors totalling $0.7 million, including a write-off of certain equipment damaged by corrosion. The following key factors had a positive impact on the wood-residue segment's EBITDA:

- A $1.6 million decrease in maintenance costs for power stations as a whole. This decrease stems from selected changes in the scheduling of major maintenance work and the development of in-house maintenance capabilities at Boralex;
- A $0.9 million foreign exchange gain;
- A $0.9 million decrease in cost of raw materials, arising primarily from a higher combustion rate compared with the same quarter in 2008 and lower transportation costs as a result of lower fuel prices; and
- A $0.7 million increase in renewable energy tax credits, stemming mainly from a unit rate increase from US$10/MWh to US$11/MWh for 2009.

For the six-month period ended June 30, 2009, wood-residue power station revenues totalled $66.5 million, up $5.5 million or 9.0%, from the same period in 2008. Excluding the $12.3 million favourable effect of the weakening of the Canadian dollar against its U.S. counterpart, revenues for the six-month period would have fallen 11.1%, due to the following two main factors:

- A $4.8 million decline in REC sales arising from the combined impact of lower average selling prices in the Connecticut market and lower output during the first quarter of 2009, due mainly to the voluntary reduction in off-peak demand output at the Stratton and Livermore Falls power stations. Note that REC sales for the first quarter of 2008 included a retroactive amount of approximately $0.6 million attributable to REC production in 2007; and
- A $1.9 million shortfall due to a decline of close to 5% in electricity output which stood at 554,402 MWh in first six months of 2009 compared with 583,134 MWh in the same period of 2008. This decline is explained in large part by the voluntary reduction in off-peak output at the Stratton power station since the beginning of the fiscal year in response to market conditions and by the shutdown of the Chateaugay power station as of May 2009. The impact of these factors on segment revenues was partly offset by an increase in output at the Ashland power station and by a two-month output in the first quarter of 2009 at the Stacyville power station, which was idle in the first six months of 2008. As current market conditions do not allow this power station to achieve satisfactory returns, management expects it to remain idle for the remainder of fiscal 2009. Note that while lower output reduced revenues in the first six months of fiscal 2009, it had a positive impact on segment profitability. This reflects Boralex's management philosophy which focuses on optimizing returns on assets by adjusting its operations to market conditions wherever possible.

Despite the $3.6 million unfavourable impact of lower REC sales, EBITDA for the first six months of fiscal 2009 rose $2.1 million or 11.7% to $20.0 million as a result of the following factors:

- An $3.7 million favourable effect on EBITDA for the six-month period due to the strengthening of the U.S. dollar against the Canadian unit;
- A $1.4 million decline in maintenance costs combined with a $0.3 million decline in cost of raw materials;
- A $0.3 million increase in renewable energy tax credits;
- A $0.2 million favourable impact attributable to Boralex's strategy of adjusting output levels at its wood-residue power stations to conditions in their respective markets. Despite its impact on revenues, the voluntary reduction of output at certain power stations made it possible to achieve a higher margin by eliminating less profitable production time and generating some operating cost savings; and
- A $0.1 million favourable impact arising from a 1.4% increase in the average electricity selling price (in US$) achieved by the wood-residue power stations. This favourable variance in the average selling price achieved by Boralex's wood-residue segment reflects the effectiveness of its forward sales strategies which enable it to set the price on a substantial portion of its output.

(For further details regarding this segment, please refer to *Outlook by Segment for Fiscal 2009* in this interim MD&A.)

NATURAL GAS COGENERATION POWER STATION

Analysis of major variances in revenues from energy sales and EBITDA

	THREE-MONTH PERIODS		SIX-MONTH PERIODS	
(in millions of dollars)	REVENUES FROM ENERGY SALES	EBITDA	REVENUES FROM ENERGY SALES	EBITDA
AS AT JUNE 30, 2008	**2.7**	**(0.2)**	**9.4**	**1.1**
Pricing	(0.3)	(0.3)	(0.4)	(0.4)
Volume	0.1	-	0.2	-
CO_2 quotas	-	-	-	0.6
Translation of self-sustaining subsidiaries	-	-	0.5	0.1
Natural gas prices	-	0.3	-	-
Other	0.1	0.1	-	-
AS AT JUNE 30, 2009	**2.6**	**(0.1)**	**9.7**	**1.4**

For the quarter ended June 30, 2009, revenues from energy sales at the natural gas power station in France totalled $2.6 million compared with $2.7 million for the same period in 2008. This decrease stemmed from lower steam prices due to a drop in natural gas prices to which steam prices are indexed. This factor was partially offset by an increase in steam output sold to the power station's industrial client. Note that in 2009, as in previous years, the cogeneration equipment at the Blendecques power station was shut down in April and will remain idle until October.

The power station posted an operating loss, consisting of negative EBITDA of $0.1 million compared with negative EBITDA of $0.2 million for the same quarter in the previous year. The $0.3 million shortfall arising from lower steam price was more than offset by lower natural gas prices and maintenance costs amounting to nearly $0.4 million.

For the six-month period ended June 30, 2009, revenues from energy sales at this power station totalled $9.7 million, up $0.3 million or 3.2% from the same period in 2008. This increase is mainly attributable to the $0.5 million favourable impact arising from the strengthening of the euro against the Canadian dollar, together with increases in steam output and capacity premiums, contributing an additional amount of over $0.2 million to revenues.

The power station generated $1.4 million in cumulative EBITDA in the first six months of 2009 compared with $1.1 million in the same period in 2008. This increase is primarily attributable to the sale of $0.6 million in excess CO_2 quotas in the first quarter of 2009 combined with the favourable impact of the strengthening of the euro against the Canadian dollar. These factors more than offset the $0.4 million shortfall arising mainly from the $0.6 million price discount, granted to the power station's client in light of difficult economic conditions, for steam delivered during the first quarter of 2009. Under the agreement entered into with this client, Boralex will recover this discount over the following quarters through various offsetting mechanisms.

ANALYSIS OF MAJOR CASH FLOWS FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2009

OPERATING ACTIVITIES

During the second quarter of 2009, Boralex reported $11.6 million or $0.31 per share in cash flows from operations compared with $9.4 million or $0.25 per share in the second quarter of 2008. This $2.2 million increase is mainly due to higher EBITDA, excluding non-cash items such as share in earnings of the Fund and write-off of assets. The change in non-cash working capital items generated $14.4 million in cash inflows compared with $8.6 million for the corresponding period of the previous year. This is explained primarily by a decrease in accounts receivable and inventories since March 31, 2009, due in large part to seasonal cycles, lower selling prices in electricity and REC markets in the wood-residue segment, and higher accounts payable and accrued liabilities attributable to construction of Phase I of the Thames River wind farm. As a result, operating activities in the second quarter of 2009 generated cash flows totalling $26.0 million compared with $18.0 million in the second quarter of 2008.

Boralex reported $26.9 million or $0.71 per share in cash flows from operations for the first six months of 2009 compared with $30.2 million or $0.80 per share for the first six months of 2008. This $3.3 million decline resulted mainly from the decrease in EBITDA discussed above, the decrease in distributions received from the Fund and the increase in income taxes payable as a result of the depletion of tax loss carry-forwards for Boralex's U.S. power stations during fiscal 2008. The change in non-cash working capital items generated cash inflows of $13.4 million compared with $3.4 million for the corresponding period of the previous year. Stronger cash generation in 2009 than in 2008 is explained in large part by lower accounts receivable resulting from lower REC output and prices and lower electricity selling prices in the wood-residue segment, together with higher accounts payable and accrued liabilities discussed above. As a result, operating activities in the first half of 2009 generated cash flows totalling $40.3 million compared with $33.5 million in the first half of 2008.

INVESTING ACTIVITIES

Boralex made investments totalling $37.9 million in the second quarter of 2009 compared with $11.6 million in the second quarter of 2008. Under the investment strategy implemented by the Corporation to deal with current economic conditions, almost all investments for the period were allocated to projects that will generate cash flows in the short term. Main investments during the second quarter were as follows:

– An amount of $28.0 million allocated to the purchase of new property, plant and equipment, including $24.4 million for the construction of the 40 MW Phase I of the Thames River wind farm in Ontario, which will be commissioned as anticipated in the third quarter of fiscal 2009. Other additions to property, plant and equipment during the second quarter, primarily equipment purchased for the improvement of wood-residue segment productivity and the optimization of the new Ocean Falls hydroelectric power station;
– An amount of $4.8 million, including a cash payment of $4.5 million, paid on the April 6, 2009 signing of the purchase agreement for the acquisition of the Ocean Falls power station in Northern British Columbia, where Boralex currently operates 2 MW of a total installed capacity of 14.5 MW. The total purchase price is $19.0 million. In addition to the initial payment of $4.8 million, an additional $5.0 million will be paid on April 1, 2010 and the balance on April 1, 2011. Under the purchase agreement, if Boralex is able to obtain financing for this project before April 1, 2011, net proceeds will be paid to the seller as a reduction of the balance of purchase price. Note that as part of this transaction, Boralex also acquired the development rights for two other hydroelectric projects, representing an additional 10 MW, in the same region; and
– A net amount of $2.5 million allocated to other investments, consisting mainly of the acquisition cost of additions to crushing equipment net of amounts received from the leasing of this equipment to wood-residue suppliers; and.
– An amount of $1.5 million consisting primarily of reserves set aside for improvements to the Ocean Falls power station.

Boralex has made total net investments of $53.9 million since the beginning of fiscal 2009 compared with $30.6 million during the same period in 2008, allocated as follows:

– $34.7 million in additions to property, plant and equipment, allocated in large part to the construction of Phase I of the Thames River wind farm, with the balance utilized to purchase various equipment for the improvement of wood-residue segment productivity and the optimization of the newly acquired Ocean Falls hydroelectric power station;
– $6.0 million for the Corporation's development projects, almost the total amount of which for deposits on the purchase of turbines for the 20 MW Phase II of the Thames River wind farm; and
– $5.8 million in other investments, consisting primarily of the net amount under lease agreements for crushing equipment in the wood-residue segment;
– $4.8 million, including the initial payment of $4.5 million on the acquisition of the Ocean Falls hydroelectric power station;
– $1.5 million in reserves set aside for improvements to the Ocean Falls power station; and
– $1.0 million paid as part of the acquisition of the remaining minority interest in Forces Motrices Saint-François.

FINANCING ACTIVITIES

Financing activities generated net cash of $6.2 million in the quarter ended June 30, 2009 compared with a $1.0 million use of cash in the same quarter of 2008. Among the key transactions during the period, the Corporation took out an additional short-term bank loan of $10.6 million to finance part of its cash requirements for the period and repaid $4.3 million on its long-term debt.

Financing activities since the beginning of fiscal 2009 have generated net cash of $3.1 million compared with an $8.5 million use of cash during the same period in 2008 mainly due to the $14.3 million increase in the Corporation's short-term bank loan and the $11.0 million repayment of long-term debt.

Further, since the beginning of the fiscal year, currency fluctuations, particularly that of the euro but also the U.S. dollar, reduced cash and cash equivalents by $6.8 million (including a reduction of $4.8 million during the second quarter due in relatively equal parts to the strengthening of the euro and the U.S. dollar against the Canadian dollar.) Total changes in cash and cash equivalents for the six-month period represented a $17.3 million cash outflow. As a result, cash and cash equivalents totalled $51.9 million as at June 30, 2009 compared with $69.2 million as at December 31, 2008.

To sum up, cash flows in the first six months of fiscal 2009 show that Boralex has maintained its strong capacity to generate cash flows from operations despite less favourable operating conditions than in the previous year, and has also complied with its objectives of prudent management of its investments and its capital structure in the current economic environment. As a result, while pursuing specific development projects, the Corporation once again reduced long-term debt and maintained a solid cash position.

FINANCIAL POSITION AS AT JUNE 30, 2009

ASSETS

As at June 30, 2009, Boralex's total assets amounted to $630.8 million compared with $623.0 million as at December 31, 2008, due to the following:

- A $32.5 million increase in long-term assets mainly attributable to additions to property, plant and equipment related to Phase I of the Thames River wind power project in Ontario and the Ocean Falls power station. The value of other assets also increased following the Ocean Falls acquisition, the investments made over the period in leasing agreements for crushing equipment and in development projects, and the increase in restricted funds. The impact of this increase was partially offset by a decrease in renewable energy tax credits and the decline in the fair value of derivative financial instruments. Other long-term asset items remained relatively unchanged;
- A $24.7 million decrease in current assets resulting from the utilization of a portion of cash and cash equivalents to meet certain funding needs during the period, combined with the reduction of accounts receivable discussed above; and
- The Canadian dollar's appreciation against its U.S. counterpart and the euro reduced the Corporation's assets by almost $23 million.

WORKING CAPITAL

As at June 30, 2009, the Corporation's working capital amounted to $23.9 million with a ratio of 1.30:1, compared with $70.2 million and a ratio of 2.19:1 as at December 31, 2008. This decrease is attributable to the following factors:

- A $17.3 million outflow from cash and cash equivalents;
- A $9.2 million decrease in accounts receivable, as discussed previously;
- A short-term bank loan of $14.3 million; and
- A $7.4 million increase in accounts payable and accrued liabilities, as discussed previously.

TOTAL DEBT AND SHAREHOLDERS' EQUITY

As at June 30, 2009, the Corporation's total debt amounted to $196.2 million compared with $187.4 million as at December 31, 2008. This $8.8 million increase is due to the short-term bank loan of $14.3 million, the new $14 million debt following the Ocean Falls acquisition, as well as the adverse impact of approximately $8.5 million on the long-term debt due to the strengthening of the euro against the Canadian dollar, net of repayments of $11.0 million on the long-term debt made since the beginning of fiscal 2009.

Net of cash and cash equivalents, including outflows during the period, the total net debt (excluding deferred financing costs), stood at $148.8 million as at June 30, 2009 compared with $122.5 million as at December 31, 2008.

Despite the cumulative net earnings for the six-month period, shareholders' equity decreased by $7.4 million or 2.0% between December 31, 2008 and June 30, 2009, from $362.7 million to $355.3 million. This decline is due to the $17.0 million reduction in accumulated other comprehensive income resulting from the strengthening of the euro and the U.S. dollar against the Canadian dollar and the change in the fair value of hedging instruments as the gains realized during the period exceeded the net gains of future portions.

As a result, the total net debt to capitalization ratio (total net debt plus shareholders' equity) rose to 29.5% as at June 30, 2009 from 25.3% as at December 31, 2008. With a share price of $8.00 as at June 30, 2009, Boralex's total net debt to enterprise value ratio stood at 33.0% as at that date, compared with 30.1% as at December 31, 2008 when the share price was $7.55.

As at June 30, 2009, the Corporation had an undrawn balance of approximately €170.8 million ($278.4 million) under the €265 million master credit agreement entered into with BNP Paribas in Europe in June 2007. Note that in July 2009, Boralex announced the signing, through its French subsidiary, of an acquisition contract to build and operate an eighth wind farm in the Somme region in France, with an installed capacity of 8 MW to 10 MW, expected to come on stream in the second quarter of 2010. The total investment will amount to €15.2 million ($24 million). The financing for this project will be subject to the terms and conditions of the master agreement**.** The future facility will be made up of four wind turbines with a capacity of 2 MW each, which could be increased to 2.3 MW, depending on the type of turbines installed. All of the power generated will be sold to EDF under 15-year agreements. Boralex continues its efforts to identify and implement other wind power development projects in France and elsewhere.

Given the letters of credit already issued and the value of Boralex Power Income Fund units held by Boralex, the Corporation has a borrowing capacity of approximately $6.5 million under the revolving credit facility.

Lastly, Boralex expects to finalize in August 2009 financing arrangements that will help bring on stream the first few wind farms in Ontario with a total capacity of 40 MW. The entire project will require outlays of approximately $105 million, of which nearly $53 million has already been disbursed by Boralex. In this respect, the Corporation has invested all the amounts required under planned project financing.

SUBSEQUENT EVENT AS AT JUNE 30, 2009

In July 2009, in addition to the signing of a purchase agreement described above to bring on stream, within a few quarters, the eighth wind farm facility in France, Boralex and Gaz Métro Limited Partnership (the "Consortium") jointly announced the issuance of a decree by the Québec government granting environmental approval for two wind power projects with a total installed capacity of 272 MW to be built and commissioned in 2013 in the Seigneurie de Beaupré wind farms. Having successfully completed the key step of obtaining environmental approvals, the Consortium can now move ahead with applications for construction permits and site development.

OUTLOOK BY SEGMENT FOR FISCAL 2009

Although it will be difficult to match our record 2008 operating results in 2009, Boralex management expects strong overall performance in most segments.

WIND POWER SEGMENT

By the end of fiscal 2009, the segment's output will increase as the new wind farms in Ontario come on stream starting in the third quarter. Operations in France are also expected to continue improving as the Corporation can count on a full-year contribution from the expansion at the Avignonet-Lauragais facility commissioned on April 1, 2008.

On July 16, 2009, Boralex announced that its French subsidiary had entered into purchase agreement to build and operate an eighth wind farm in France, with an installed capacity of 9 MW. The commissioning of this new wind farm, slated for the second quarter of 2010, will bring Boralex's total installed capacity in the wind power segment in France to close to 120 MW. In addition to ongoing development initiatives in France, Boralex is working on major wind power development projects in Canada. The new wind power project in France and projects in the wind power segment in Canada are described below in this interim MD&A.

In Canada, Boralex is closely following the implementation of Ontario's new Feed-in Tariff ("FIT") program for renewable energy, under which developers could obtain 20-year contracts at a tariff of $135 per MWh. This program is now in the public consultation phase to finalize the terms and conditions, and Boralex hopes to qualify thereunder its Thames River facilities and the 90 MW acquired in 2008 in the Merlin-Buxton project.

HYDROELECTRIC SEGMENT

Although this segment is currently adversely affected by electricity price declines in the New York State open market, this factor is partially offset by the strengthening of the U.S. dollar against the Canadian currency since a year ago and the recent acquisition of the Ocean Falls power station in British Columbia. The hydroelectric segment output, however, is difficult to forecast, since it primarily depends on water flow conditions. Note however that the segment benefits from a low and generally fixed cost structure.

Apart from the effective management of current operations, in 2009, the hydroelectric segment will focus on integrating the new power station in British Columbia into the remote control centre at Kingsey Falls, Québec. A portion of the output of this power station is sold to British Columbia Hydro ("BC Hydro") under a long-term power sales contract. Given its hydroelectric potential, the installed capacity of this power station could be increased to more than 35 MW. At the same time, Boralex acquired the development rights for two other hydroelectric projects in the same region, representing an additional 10 MW. Boralex intends to develop the high additional potential of this power station over the medium term.

The Corporation will also invest approximately $3 million between 2009 and 2011 to upgrade the dam and related systems.

WOOD-RESIDUE THERMAL POWER SEGMENT

Electricity selling prices in the Northeastern U.S. open market have dropped sharply since the end of the third quarter of 2008, tracking declines in demand and gas prices resulting from the economic slowdown. Boralex management believes that electricity selling prices will hold steady at their current levels.

However, given that that Boralex has implemented forward sales contracts and hedging mechanisms in recent years, it has locked in sales, for fiscal 2009, the equivalent of 65% of the expected output at the Ashland, Stratton and Livermore Falls power stations at set prices exceeding current market prices. A new two-year power sales contract was also entered into for the Fort Fairfield power station as of March 1, 2009 at a price above the current market level. Lastly, the Stacyville power station, whose contract ended in February 2009, has shut down and is expected to remain idle for the remainder of 2009. The Chateaugay power station also shut down in May 2009 and will resume operations in mid-August, continuing through the end of September.

Management will subsequently reassess the situation based on market conditions.

Although transportation costs have been falling in recent months, wood-residue supplies continue to be subject to upward price pressure, particularly due to the regional nature of the market. Thanks to its strategy of leasing crushing equipment (chippers) to contractors, for which the Corporation earmarked more than $5 million in the first six months of 2009, Boralex expects to benefit from continuous and sufficient supplies in 2009.

Note also that it is the Corporation's strategy to adjust its wood-residue power output to market conditions, thereby ensuring some flexibility in managing costs.

Although REC market prices have fallen since the end of 2008, Boralex believes that this market's potential remains unchanged. As at June 30, 2009, the Stratton, Livermore Falls and Ashland power stations had firm commitments totalling US$30.3 million ($35.2 million) for REC deliveries on the Connecticut market up to December 31, 2012, including US$12 million ($13.9 million) for the remaining 2009 output, which accounts for about 90% of the expected output for the remainder of fiscal 2009. Boralex management believes that the REC market outlook remains particularly encouraging over the medium and long term, especially since Connecticut has not only extended the REC program to 2020, but also announced that the minimum green energy portion imposed on distributors will rise to 20% by 2020, compared with 1.5% when the program was launched in 2005 and 7% in 2010. Moreover, the current financial crisis could limit the entry of new competitors to the REC market over coming quarters, which could help maintain and even bolster prices.

Generally, Boralex will move forward with optimization initiatives to enhance profitability in this segment. However, given the generally less favourable market conditions than in 2008, results are likely to fall short of the 2008 record, but this decline could be mitigated by the strengthening of the U.S. dollar against the Canadian dollar.

Lastly, the Corporation will claim renewable energy tax credits until the program's anticipated December 31, 2009 end date. These credits generated $12.5 million and $7.0 million in revenues for 2008 and the first six months of 2009, respectively. Note that the unit rate for these credits was increased by 10% in the second quarter of 2009. In collaboration with the Biomass Power Association, Boralex is persevering with its efforts with U.S. federal authorities to extend this program beyond its current end date. Despite all efforts deployed, it is currently difficult to assess the likelihood of the program's extension.

NATURAL GAS THERMAL POWER STATION

For this power station in France, the current economic slowdown could mainly result in some volatility in steam purchases by its industrial client and sluggish demand for sales of its excess CO_2 quotas. To this end, Boralex discounted its steam price by approximately €400,000 for deliveries in the first quarter of 2009. Under the agreement, Boralex will recover this amount over the following quarters through various offsetting mechanisms. Electricity sales, however, are expected to remain in line with 2008 levels. In view of high natural gas prices in France, the cogeneration equipment at the Blendecques power station was shut down again in April and the power station will remain idle until October 2009, as in the past.

GENERAL OUTLOOK

MANAGEMENT COMMENTARY ON THE CURRENT ECONOMIC SITUATION

The current global economic and financial crisis and stock market volatility are of concern to Boralex. However, management believes that certain aspects inherent in the Corporation's operations, expertise and assets, as well as its capital structure and risk management mechanisms, and changes in its industry, help mitigate its business risks in an economic slowdown, and could even spark a number of opportunities. Management would like to underscore the following main factors:

- Currently, more than 48% of the Corporation's total installed capacity is covered by long-term power sales contracts ranging from 20 months to 15 years. In particular, these contracts currently cover all the wind farms, as well as the natural gas thermal cogeneration power station in France, two hydroelectric power stations in Québec, the new hydroelectric power station in British Columbia, and a hydroelectric power station and a wood-residue power station in the U.S. The clients served by these power stations are EDF, Hydro-Québec, BC Hydro and New Brunswick Power, which are regulated public utility companies with very high credit ratings, as well as Niagara Mohawk Power in the U.S. The portion of Boralex's installed and operating capacity under long-term contracts will increase to more than 53% by the end of fiscal 2009 with the commissioning of the first wind power facilities of the Thames River site in Southern Ontario with a total capacity of 40 MW, which are covered by 20-year power sales contracts with the Ontario Power Authority, a crown corporation**.** The expected commissioning in the second quarter of fiscal 2010 of an eighth 8 MW wind power facility in France with a 15-year contract with EDF will bring Boralex's proportion of installed and operating capacity under long-term contracts to 54%. With respect to assets under long-term contracts primarily in the wind power and hydroelectric segments, current business risk exposures are mainly climate-related and depend little on prevailing economic conditions. However, tighter access to credit due to the current financial crisis could limit future development in these segments if conditions were to prove other than temporary (the Corporation's development projects are discussed later in this section). The 52% of Boralex's current installed capacity not covered by long-term contracts consists primarily of the five thermal power stations in the wood-residue segment and four hydroelectric power stations, all of which are located in the Northeastern U.S. and sell their power on the open market. Boralex has implemented certain measures to alleviate the impact of the economic slowdown on the performance of several of its power stations, as discussed below in this section. In addition, these power stations are practically debt free.

– Unlike several global energy industry players operating mainly in project development, Boralex, which has some development expertise, specializes first and foremost in operating energy assets, with a near 20-year track record. Over the years, Boralex has built a 365 MW, 22-site portfolio whose performance and reliability it has tirelessly optimized by developing leading-edge expertise, high-performance management tools and effective operating strategies. Furthermore, the Corporation's assets are diversified both in terms of the types of renewable power generation and geographic dispersion, which mitigates operating risks. As a result, Boralex has a high-quality asset portfolio that generates significant and predictable operating profits and cash flows.
- Boralex's ability to raise substantial cash from operations is a major asset in managing its capital and planning its projects. As at June 30, 2009, Boralex enjoyed a solid financial position of $51.9 million in cash resources and a total net debt ratio representing less than 29.5% of its book capitalization and 33.0% of its enterprise value.
- Boralex operates in what is arguably the most promising energy market niche: green and renewable energy. Supporting and providing incentives for development in this niche is a common policy platform for governments of most industrialized nations, including E.U. Member States and the current U.S. administration.
- Lastly, the current crisis has its share of advantages and could create opportunities for Boralex. For instance, recent declines in oil prices, prime rates and equipment prices, including wind power turbines, could be beneficial to the operating profitability of certain power stations and the Corporation's future development project costs. In addition, the current credit crisis will likely result in sales of development projects or operational energy assets, which Boralex could buy at attractive prices, capitalizing on its strong financial position and extensive operating expertise.

CORPORATE DEVELOPMENT PROJECTS IN PROGRESS AND INVESTMENT STRATEGY IN THE CURRENT ENVIRONMENT

Boralex management recently adjusted its investment strategy in light of the prevailing economic uncertainty. Accordingly, until the current crisis dissipates, the Corporation will mainly target development projects providing potential for a short-term return on investment and/or requiring a reasonable financial commitment from it. Currently, the Corporation's main projects are as follows:

- *Commissioning of Phase I (40 MW) of the 90 MW Thames River wind farm in Southern Ontario*: The first four wind farms, with an installed capacity of 40 MW, will be commissioned as anticipated during the third quarter of the current fiscal year. Project financing will be arranged soon. Boralex is moving ahead with the financing arrangements required to commission the project's Phases II and III, with a total capacity of 50 MW. Following the recent announcement of the new program for renewable energy in Ontario with a $135/MWh tariff, the Corporation is currently in discussions with the Ontario government regarding the project's eligibility. While Boralex would like to see its second wind farm, namely Merlin-Buxton in Southern Ontario, with a potential installed capacity of approximately 90 MW qualify for this program as well, this facility could also be included in a future submission under a request for proposals from Ontario over the next few years.
- *The commissioning of an eighth new wind farm in France*: This newly announced development project will bring Boralex's total installed capacity in the wind power segment in France to close to 120 MW by June 2010. Note that this facility will be made up of four wind turbines with a capacity of 2 MW to 2.3 MW each. This new development project demonstrates the Corporation's capacity to carry out and complete an acquisition and financing process despite difficult global economic and credit conditions.
- *272 MW Seigneurie de Beaupré wind farms:* The commissioning of these projects, jointly developed by Boralex and Gaz Métro, is slated for the end of 2013, with the main cash outlays earmarked for 2012 and 2013 in particular. This timeline provides the partners with a certain measure of financial leeway to decide on the timing for the financing required to carry out the project.
- *Hydroelectric project in British Columbia:* Boralex aims to initially optimize the 2 MW currently being generated by this newly acquired Northern B.C. power station, with an installed capacity of 14.5 MW, and subsequently bring on stream the additional 12.5 MW. The upgrades required to develop this power station to its full potential and execute the development rights for two other hydroelectric projects in the same area, representing an additional 10 MW, are scheduled over a medium-term horizon.

Moreover, Boralex is closely monitoring development project acquisition opportunities for which long-term power sales contracts and financing arrangements are already in place and/or, where possible, energy assets are already operational. The Corporation's search initiatives mainly target Canada as well as France, where the Corporation can draw down up to $258 million under a financing facility (taking into account the upcoming financing of the eighth wind power facility in France) available until the end of 2010.

Despite the current recession, Boralex also continues to map out its longer-term future. For instance, the Corporation is currently working on a portfolio of development projects, including a pilot gasification project in Québec, laying the groundwork to potentially facilitate the implementation of a solar energy generation facility in France and a wind power project in Italy. However, in line with its investment strategy in response to current economic conditions, the Corporation is moving forward with extreme prudence with these projects, which do not require any significant cash outlays, or major financial or other commitments.

To sum up, with hedging instruments implemented in the wood-residue segment, the contribution of the new hydroelectric power station in B.C. and the expected expansion in its wind power segment (assuming normal climate conditions), management anticipates that its cash flows for fiscal 2009 and subsequent quarters will allow Boralex to meet its cash requirements for ongoing operations. In general, given current economic conditions, Boralex will continue as it always has to take a rigorous and highly disciplined approach to its investment projects and to the management of its assets. Its main objectives for fiscal 2009 are to:

- Maximize operating income generated by its power stations as well as cash flows from operations, through the rigorous management of its operations and the informed management of its business risks;
- Optimize its sources of financing, including non-traditional sources;
- Complete the development and commissioning of its first 40 MW Ontario wind farms and move ahead with the construction of its eighth wind power facility in France;
- Remain open to acquisition opportunities available in the market, particularly those with short-term return potential; and
- Continue to focus on and pursue initiatives to consolidate its long-term leadership position in the green and renewable energy market.

Boralex's outlook is positive in the longer term, thanks to the quality and diversification of its assets and its expertise in green and renewable energy production, reflecting a growing worldwide trend. Boralex will continue to prudently capitalize on opportunities that arise in its fields of expertise while keeping abreast of new technologies and paying close attention to the responsible management of its operating costs, business risks and capital structure.

CAPITAL STOCK INFORMATION

As at June 30, 2009, Boralex’s capital stock consisted of 37,740,921 Class A shares issued and outstanding, unchanged from December 31, 2008. There were 1,337,610 stock options outstanding as at June 30, 2009, of which 713,391 were exercisable.

Between June 30, 2009 and August 6, 2009, no new shares were issued on exercise of stock options and no shares were repurchased in the normal course of business.

FINANCIAL INSTRUMENTS

MARKET RISK

As at June 30, 2009, the Corporation had entered into three electricity-related financial swaps for total deliveries of 497,280 MWh over periods of 6 to 20 months. All financial electricity swaps as at June 30, 2009 were designated as hedges of future variable cash flows related to future deliveries of electricity, and their favourable fair value amounted to $17.5 million (US$15.1 million). These contracts qualify for hedge accounting.

INTEREST RATE RISK

The Corporation carries long-term debts bearing interest at variable rates. As at June 30, 2009, approximately 80% of long-term debt issued bore interest at variable rates. 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, its exposure to interest rate fluctuations is reduced to only 15% of total debt. As at June 30, 2009, the nominal balance of these swaps stood at $122.4 million (€75.1 million) while their unfavourable fair value was $4.3 million (€2.7 million).

The Corporation does not plan to sell these instruments, since they were entered into in order to reduce the Corporation’s risk related to interest rate fluctuations. Therefore, the fact that fair value is favourable only indicates that forward interest rates have fallen, and has no bearing on the effectiveness of the instrument as part of the Corporation’s risk management strategy.

FOREIGN EXCHANGE RISK

In the normal course of business, Boralex is not significantly exposed to currency fluctuations because its foreign operations are self-sustaining and the Corporation prefers to retain its liquid assets to develop these subsidiaries. However, the turbine supplier for the 40 MW Phase I of the Ontario Thames River wind power project is European, which means that purchases will be paid in euros, whereas site operations will generate cash flows in Canadian dollars. To protect the expected project return, the Corporation has entered into foreign exchange forward contracts, setting an exchange rate of approximately 1.42 Canadian dollar per euro purchased. The foreign exchange gain realized on the settlement of the options, combined with a subsequent gain on the resulting cash amount in euros, totalled $1.8 million as at June 30, 2009. To complete the hedging of the expected purchase of these turbines, the Corporation entered into foreign exchange forward contracts in the second quarter of 2009, allowing it to set an exchange rate of approximately 1.56 Canadian dollar per euro purchased. These contracts with settlement dates ranging from August 4 to October 31, 2009 have all been designated in hedging relationships. Accordingly, an unrealized gain of $1.4 million before tax as at June 30, 2009 related to these contracts was recognized in *Other comprehensive income*.

In the second quarter of 2009, Boralex also committed itself to exchange U.S. dollars for Canadian dollars at the rate of 1.1194 every two weeks from July 9, 2009 to February 17, 2011 to protect its wood-residue purchases in Canadian dollars from a U.S. subsidiary against an appreciation of the Canadian dollar. Hedge accounting was used by Boralex for all its foreign exchange contracts, resulting in the recognition, as at June 30, 2009, of an unrealized exchange loss of $0.3 million before tax in *Other comprehensive income*.

RELATED PARTY TRANSACTIONS

In addition to holding 23.3% of the Fund’s trust units, the Corporation, through one of its wholly owned subsidiaries, is linked to the Fund under long-term management and administration contracts. For the six-month period ended June 30, 2009, these management and administration agreements generated $2.7 million ($2.7 million in 2008), while its share of the Fund’s results amounted to $2.9 million ($5.0 million in 2008). Lastly, Boralex received Fund distributions totalling $4.8 million ($5.5 million in 2008).

One of Boralex’s power stations in France supplies steam to a French division of Cascades Inc., which has significant influence over Boralex since it holds 34% of the Corporation’s share capital. For the first six months of 2009, revenues from this division totalled $5.2 million ($5.5 million in 2008).

The Corporation also entered into a management agreement with an entity controlled by Bernard Lemaire, one of Boralex’s directors and officers, and his family. For the first six months of 2009, revenues from this agreement totalled $0.3 million ($0.2 million in 2008).

As part of the acquisition of minority interests in Forces Motrices Saint-François (see note 11 to the financial statements), Bernard Lemaire, Executive Chairman of the Board of Boralex Inc. purchased a portion for $0.3 million (€0.2 million). His interest in this company represented 8% of its capital stock. This transaction was carried out on the same basis as for the other arm’s length shareholders.

Related party transactions are recorded at the exchange value, which corresponds to the amount negotiated and agreed to by the related parties in the normal course of business. The terms and conditions are comparable to those that would have been established by non-related parties.

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are discussed in the MD&A section of the Corporation's 2008 annual report. No new commitments or significant contingencies arose during the first six months of 2009.

RISK FACTORS AND UNCERTAINTIES

Boralex has not observed any significant changes regarding the risks and uncertainties to which it is subject, and which are discussed under *Outlook* and *Risk Factors and Uncertainties* in the MD&A section of the annual report for the year ended December 31, 2008.

CHANGES IN ACCOUNTING POLICIES

New Accounting Policies Adopted in 2009

GOODWILL AND INTANGIBLE ASSETS

Effective January 1, 2009, Boralex adopted Canadian Institute of Chartered Accountants ("CICA") *Handbook* Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The primary reason for the issuance of this new standard is to provide clarity on the recognition and measurement of internally developed intangible assets, including research and development costs. Section 3064 reinforces a principle-based approach whereby assets are only accounted for if they meet the definition of an asset and the criteria for such classification. Following the application of this standard in 2008, *Other assets* decreased by $0.5 million, *Future income tax liabilities* decreased by $0.2 million and *Retained earnings* decreased by $0.3 million (see note 2 to the interim consolidated financial statements).

CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In January 2009, the CICA Emerging Issues Committee issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. EIC-173 provides guidance on determining the fair value of financial assets and financial liabilities, whereby the Corporation's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. This standard applies retrospectively, without restatement of prior periods, to interim and annual financial statements issued on or after January 20, 2009. As a result of the application of this new recommendation, on January 1, 2009, the fair value of derivative financial instruments presented under assets decreased by $0.8 million, the fair value of derivative financial instruments presented under liabilities decreased by $0.1 million, future income tax assets increased by $0.2 million and accumulated other comprehensive income decreased by $0.5 million.

Future Changes in Accounting Policies

BUSINESS COMBINATIONS, CONSOLIDATED FINANCIAL STATEMENTS AND NON-CONTROLLING INTERESTS

In January 2009, the CICA issued three new accounting standards: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. These new standards will be effective for financial statements for fiscal years beginning on or after January 1, 2011. The Corporation is currently assessing the requirements of these new standards.

Section 1582 replaces former Section 1581, *Business Combinations*, and establishes standards for the accounting of business combinations. The Section establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Section is the Canadian equivalent to International Financial Reporting Standard IFRS 3, *Business Combinations*, and applies prospectively to business combinations for which the acquisition date occurs at the beginning of the first annual fiscal year beginning on or after January 1, 2011.

Sections 1601 and 1602 supersede former Section 1600, *Consolidated Financial Statements*. Section 1601 establishes the standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements beginning on or after January 1, 2011. Section 1602 establishes standards for the accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This Section is the equivalent of International Accounting Standard IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements for periods beginning on or after January 1, 2011.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, will be superseded by IFRS for fiscal years beginning on or after January 1, 2011. In the year of adoption, companies will be required to provide comparative information as if the financial statements for the preceding year had been prepared in accordance with IFRS. The transition from Canadian GAAP to IFRS will be applicable to the Corporation's first quarter of operations for fiscal 2011, at which time the Corporation will prepare both its fiscal 2011 and fiscal 2010 comparative financial information using IFRS. These standards will require additional financial statement disclosures and, while the Corporation's conceptual framework will be similar to GAAP, it will have to reflect differences in accounting principles.

Boralex is currently preparing its IFRS changeover plan. The plan will particularly focus on identifying the differences between IFRS and the Corporation's accounting policies, assessing their impact and, where necessary, analyzing the various policies that Boralex could elect to adopt.

ADDITIONAL INFORMATION

Additional information about the Corporation, including its previous annual reports, annual information form, interim reports and press releases, is available on the SEDAR website (www.sedar.com).

Notice to shareholders

The interim consolidated financial statements as at June 30, 2009 and 2008 have not been reviewed by our auditors PricewaterhouseCoopers LLP. The financial statements are the responsibility of the management of Boralex Inc. and have been reviewed and approved by the Board of Directors on the recommendation of its Audit Committee.

Consolidated Balance Sheets

(in thousands of dollars) (unaudited)	NOTE	AS AT JUNE 30, 2009	AS AT DECEMBER 31, 2008
			(RESTATED – NOTE 2)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**51,916**	69,195
Accounts receivable		**39,563**	48,812
Future income taxes		**372**	238
Inventories		**9,965**	8,833
Prepaid expenses		**2,711**	2,106
		104,527	129,184
Investment		**66,342**	69,348
Property, plant and equipment		**349,839**	330,443
Power sales contracts		**24,864**	26,402
Other assets	4	**85,187**	67,578
		630,759	622,955
LIABILITIES			
CURRENT LIABILITIES			
Bank loans and advances	5	**14,326**	–
Accounts payable and accrued liabilities		**29,486**	22,115
Income taxes		**1,879**	1,716
Other liabilities		**4,111**	5,718
Current portion of long-term debt	5	**30,792**	29,410
		80,594	58,959
Long-term debt	5	**151,068**	158,035
Future income taxes		**38,996**	39,437
Fair value of derivative financial instruments	6	**4,701**	3,000
Non-controlling interests		**130**	804
		275,489	260,235
SHAREHOLDERS' EQUITY			
Capital stock		**222,694**	222,694
Contributed surplus		**3,584**	3,069
Retained earnings		**144,490**	135,461
Accumulated other comprehensive income	7	**(15,498)**	1,496
		355,270	362,720
		630,759	622,955

See accompanying notes.

Consolidated Statements of Earnings

(in thousands of dollars, except amounts per share and number of shares) (unaudited)	FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2009	2008 (RESTATED – NOTE 2)	FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009	2008 (RESTATED – NOTE 2)
Revenues from energy sales	**41,756**	39,664	**98,954**	94,119
Renewable energy tax credits	**3,488**	2,409	**6,976**	5,531
Operating costs	**29,201**	28,683	**68,854**	62,638
	16,043	13,390	**37,076**	37,012
Share in earnings of the Fund	**549**	1,790	**2,852**	5,038
Management revenues from the Fund	**1,369**	1,352	**2,749**	2,693
Other revenues	**153**	482	**1,658**	645
	18,114	17,014	**44,335**	45,388
OTHER EXPENSES				
Management and operation of the Fund	**1,208**	1,039	**2,337**	1,977
Administrative expenses	**3,964**	3,399	**8,103**	6,945
	5,172	4,438	**10,440**	8,922
OPERATING EARNINGS BEFORE AMORTIZATION	**12,942**	12,576	**33,895**	36,466
Amortization	**6,483**	5,995	**12,947**	11,806
Foreign exchange loss (gain)	**9**	56	**(35)**	(418)
Net loss (gain) on financial instruments	**(290)**	785	**(404)**	1,104
Financing costs	**3,448**	2,991	**6,867**	6,455
	9,650	9,827	**19,375**	18,947
EARNINGS BEFORE INCOME TAXES	**3,292**	2,749	**14,520**	17,519
Income taxes	**1,479**	1,625	**5,435**	7,069
	1,813	1,124	**9,085**	10,450
Non-controlling interests	**4**	(23)	**(56)**	(117)
NET EARNINGS	**1,817**	1,101	**9,029**	10,333
Net earnings per Class A share (basic)	**$0.05**	$0.03	**$0.24**	$0.27
Net earnings per Class A share (diluted)	**$0.05**	$0.03	**$0.24**	$0.27
Weighted average number of Class A shares outstanding (basic)	**37,740,921**	37,818,503	**37,740,921**	37,692,735

See accompanying notes.

Consolidated Statements of Retained Earnings

(in thousands of dollars) (unaudited)	NOTE	FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009	2008 (RESTATED – NOTE 2)
Balance – beginning of period, as previously reported		**135,783**	115,669
Application of Section 3064	2	**(322)**	(336)
Balance – beginning of period		**135,461**	115,333
Net earnings for the period		**9,029**	10,333
Balance – end of period		**144,490**	125,666

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)

		FOR THE THREE-MONTH PERIODS ENDED JUNE 30,		FOR THE SIX-MONTH PERIODS ENDED JUNE 30,	
(in thousands of dollars) (unaudited)	NOTE	2009	2008 (RESTATED – NOTE 2)	2009	2008 (RESTATED – NOTE 2)
Net earnings for the period		**1,817**	1,101	**9,029**	10,333
Other comprehensive income (loss)	7				
TRANSLATION ADJUSTMENTS					
Unrealized foreign exchange loss (gain) on translation of financial statements of self-sustaining foreign operations		**(15,869)**	(1,677)	**(11,118)**	7,376
Foreign exchange gain related to the reduction of net investment in self-sustaining foreign operations		–	–	**(65)**	–
Share of cumulative translation adjustments of the Fund		**(1,576)**	(422)	**(1,037)**	169
Taxes		**417**	74	**290**	(4)
CASH FLOW HEDGES					
Change in fair value of financial instruments		**2,474**	(15,874)	**9,200**	(16,337)
Hedging items realized and recognized in net earnings		**(6,083)**	1,340	**(12,760)**	1,219
Hedging items realized and recognized in balance sheet		**(1,164)**	–	**(2,261)**	–
Taxes		**1,279**	4,651	**1,237**	4,838
		(20,522)	(11,908)	**(16,514)**	(2,739)
Comprehensive income (loss) for the period		**(18,705)**	(10,807)	**(7,485)**	7,594

See accompanying notes.

Consolidated Statements of Cash Flows

(in thousands of dollars) (unaudited)	NOTE	FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2009	2008 (RESTATED – NOTE 2)	FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009	2008 (RESTATED – NOTE 2)
OPERATING ACTIVITIES					
Net earnings		**1,817**	1,101	**9,029**	10,333
Distributions received from the Fund		**2,410**	2,409	**4,819**	5,507
Adjustments for non-cash items					
Financial instruments		**114**	785	**(1)**	1,104
Share in earnings of the Fund		**(549)**	(1,790)	**(2,852)**	(5,038)
Amortization		**6,483**	5,995	**12,947**	11,806
Amortization of deferred financing costs and monetization program expenses		**735**	724	**1,507**	1,432
Renewable energy tax credits		**(850)**	(396)	**(1,717)**	(1,489)
Future income taxes		**508**	513	**2,650**	5,955
Other		**909**	86	**518**	565
		11,577	9,427	**26,900**	30,175
Change in non-cash working capital items		**14,442**	8,578	**13,397**	3,364
		26,019	18,005	**40,297**	33,539
INVESTING ACTIVITIES					
Business acquisitions	10	**(4,769)**	(625)	**(4,769)**	(625)
Additions to property, plant and equipment		**(27,985)**	(8,963)	**(34,747)**	(13,290)
Change in cash reserves		**(1,520)**	(25)	**(1,541)**	(54)
Development projects		**(151)**	(856)	**(6,036)**	(15,083)
Acquisition of minority interest	11	**(968)**	–	**(968)**	–
Other		**(2,502)**	(1,085)	**(5,825)**	(1,563)
		(37,895)	(11,554)	**(53,886)**	(30,615)
FINANCING ACTIVITIES					
Increase in bank loans and advances		**10,636**	–	**14,326**	–
Payments on long-term debt		**(4,266)**	(1,194)	**(10,957)**	(10,194)
Financing costs		**(219)**	(1)	**(219)**	(1)
Net proceeds from share issuance		**–**	239	**–**	1,705
		6,151	(956)	**3,150**	(8,490)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		**(4,750)**	1,913	**(6,840)**	4,274
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(10,475)**	7,408	**(17,279)**	(1,292)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		**62,391**	70,495	**69,195**	79,195
CASH AND CASH EQUIVALENTS – END OF PERIOD		**51,916**	77,903	**51,916**	77,903
SUPPLEMENTAL INFORMATION					
CASH AND CASH EQUIVALENTS PAID FOR:					
Interest		**2,024**	2,418	**4,140**	4,860
Income taxes		**–**	645	**248**	948

See accompanying notes.

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

Note 1.
Accounting policies

These unaudited interim consolidated financial statements and accompanying notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception that they do not comply, in all material respects, with the requirements of GAAP for annual financial statements.

The unaudited interim consolidated financial statements have been prepared in accordance with the same accounting policies as those used in the latest audited consolidated financial statements, except for the new policies described in note 2. The unaudited interim consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements of Boralex Inc. ("Boralex" or the "Corporation") for the fiscal year ended December 31, 2008.

Note 2.
Changes in accounting policies

New accounting policies adopted in 2009

Goodwill and intangible assets

As at January 1, 2009, Boralex adopted Canadian Institute of Chartered Accountants ("CICA") *Handbook* Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The primary reason for the issuance of this new standard is to provide clarity on the recognition and measurement of internally developed intangible assets, including research and development costs. Section 3064 reinforces a principle-based approach whereby assets are only accounted for if they meet the definition of an asset and the criteria for such classification. As a result, Boralex had to write off start-up costs recognized in *Deferred costs* and included under *Other assets*.

The impact of this change on previously issued financial statements is as follows:

	AS AT DECEMBER 31, 2008		
	As reported	Section 3064	Restated
Deferred costs	544	(544)	-
Future income tax liabilities	39,616	(179)	39,437
Retained earnings	135,783	(322)	135,461
Other comprehensive income (loss)	1,539	(43)	1,496

	AS AT DECEMBER 31, 2007		
	As reported	Section 3064	Restated
Deferred costs	519	(488)	31
Future income tax liabilities	23,430	(161)	23,269
Retained earnings	115,669	(336)	115,333
Other comprehensive income (loss)	(54,431)	9	(54,422)

These restatements had no impact on previously reported cash flows related to operating, investing or financing activities.

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the CICA Emerging Issues Committee issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. EIC-173 provides guidance on determining the fair value of financial assets and financial liabilities, whereby the Corporation's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. This standard applies retrospectively, without restatement of prior periods, to interim and annual financial statements for periods ended on or after January 20, 2009. As a result of the application of this new recommendation on January 1, 2009, the fair value of derivative financial instruments presented under *Assets* decreased by $801,000, the fair value of derivative financial instruments presented under *Liabilities* decreased by $96,000, the future income tax assets increased by $225,000 and *Accumulated other comprehensive income* decreased by $480,000.

Note 2. Changes in accounting policies and new accounting policies adopted in 2009 (continued)

Future changes in accounting policies

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new accounting standards: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements,* and Section 1602, *Non-controlling Interests*. These new standards will be effective for financial statements for fiscal years beginning on or after January 1, 2011. The Corporation is currently assessing the requirements of these new standards.

Section 1582 replaces former Section 1581*, Business Combinations*, and establishes standards for the accounting of business combinations. The Section establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Section is the Canadian equivalent to International Financial Reporting Standard IFRS 3, *Business Combinations*, and applies prospectively to business combinations for which the acquisition date occurs at the beginning of the first annual fiscal year beginning on or after January 1, 2011.

Sections 1601 and 1602 supersede former Section 1600, *Consolidated Financial Statements*. Section 1601 establishes the standards for the preparation of consolidated financial statements. It applies to interim and annual consolidated financial statements beginning on or after January 1, 2011. Section 1602 establishes standards for the accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This Section is the equivalent of International Accounting Standard IAS 27, *Consolidated and Separate Financial Statements*, and is effective for interim and annual consolidated financial statements for periods beginning on or after January 1, 2011.

International Financial Reporting Standards (“IFRS”)

In February 2008, Canada’s Accounting Standards Board (“AcSB”) confirmed that Canadian GAAP, as used by publicly accountable enterprises, will be superseded by IFRS for fiscal years beginning on or after January 1, 2011. In the year of adoption, companies will be required to provide comparative information as if the financial statements for the preceding year had been prepared in accordance with IFRS. The transition from Canadian GAAP to IFRS will be applicable to the Corporation’s first quarter of operations for fiscal 2011, at which time the Corporation will prepare both its fiscal 2011 and fiscal 2010 comparative financial information using IFRS. These will require additional financial statement disclosures and, while the Corporation’s conceptual framework will be similar to GAAP, it will have to reflect differences in accounting principles.

Boralex is currently preparing its IFRS changeover plan. The plan will particularly focus on identifying the differences between IFRS and the Corporation’s accounting policies, assessing their impact and, where necessary, analyzing the various policies that Boralex could elect to adopt.

Note 3. Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments, as they become necessary, are recorded in the period in which they become known.

The key estimates used by the Corporation relate mainly to the assumptions made with respect to the impairment tests of long-lived assets and the recoverability of renewable energy tax credits. The key assumptions are: the future price of electricity and its associated products, the price of other energy sources, particularly those of oil and natural gas, the future costs of wood-residue procurement and the remaining useful life of the energy producing assets, considering planned maintenance over the period.

Over a three-year horizon, there is some liquidity in the electricity market, making it possible to establish forward selling price curves. Beyond that horizon, prices can be negotiated, but often at a significant discount in light of a lack of liquidity in that market. Therefore, the assumption used for pricing beyond the third year consists in adding a reasonable inflation rate to the third year price. Assumptions related to the other sources of energy are made using a similar method since there is a correlation between their price and that of electricity.

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

Note 3. Use of estimates and measurement uncertainty (continued)

With regard to wood-residue costs, this raw material is not traded in an organized open market. Purchases are made based on specific agreements negotiated with each supplier. As most agreements are renewable annually, prices are subject to change. The assumption regarding wood-residue costs is based on the following year's negotiated contract prices, adjusted for the estimated Consumer Price Index ("CPI") in subsequent years.

Finally, the remaining useful life of the assets will vary with the amount of maintenance work realized each year. When the power stations are sufficiently well maintained, their useful life can be very long and limited only by changes in technology which could make their production method less competitive. Consequently, the forecasts consider sufficient maintenance expenses to ensure that the power stations' lives will last, at a minimum, as long as the forecast period, namely 15 years.

Relating to its investment in the Fund, the Corporation plans to hold it on a long-term basis and continue to receive distributions, either in the form of taxable earnings or dividends. As a result, the future income tax liabilities related to this investment have been calculated using the taxation rate applicable to business income, which is higher than the rate applicable to capital gains that would apply if Boralex were to dispose of its investment. These estimates could have a significant impact on the operating results and future financial position of the Corporation.

Note 4.
Other assets

	NOTE	AS AT JUNE 30, **2009**	AS AT DECEMBER 31, 2008 (RESTATED – NOTE 2)
Renewable energy tax credits	a)	**20,407**	22,238
Restricted funds and other funds held in trust	b)	**3,213**	1,741
Net investments in capital leases	c)	**15,921**	10,738
Fair value of derivative financial instruments	6	**19,053**	20,238
CO_2 quotas		**615**	367
Development projects	d)	**16,927**	12,093
Other intangible assets	e)	**9,051**	163
		85,187	67,578

a) Renewable energy tax credits represent tax credits earned by the Corporation before it set up the monetization program, as well as tax credits attributable to subsequently acquired power stations. Tax credits earned will be used against future income taxes. Financial projections indicate that the amount recorded may be realized in the next three to five years.

b) As at June 30, 2009, reserves for long-term debt servicing guaranteed financing in France and Canada. Reserves amounted to $1,455,000 (€893,000) in France and $308,000 in Canada. These reserves represent three to six months of debt servicing, depending on the project. This item includes a cash amount of $1,450,000 earmarked for refurbishment work at the Ocean Falls power station.

c) Financing leases are entered into with U.S. and Canadian suppliers. As at June 30, 2009, foreign currency receivables were US$11,888,000 ($13,820,000) and $2,101,000, respectively.

d) Development projects primarily consist of two wind power projects in Ontario, one wind power project in Québec and one solar power project in Spain.

e) The other intangible assets mainly include the value of contracts held by the Ocean Falls power stations and the portion of the non-controlling interest (50% previously not held by Boralex) in the Forces Motrices Saint-François power station acquired in the second quarter of 2009. See notes 10 and 11 to the interim consolidated financial statements for more details on these acquisitions. Boralex will finalize its purchase equation during the coming fiscal year. These amounts could be allocated to other asset categories, if necessary.

Note 5.
Long-term debt

Long-term debt includes the following:

	NOTE	MATURITY	RATE[(1)]	AS AT JUNE 30, 2009	AS AT DECEMBER 31, 2008
Bridge financing facility	a)	2009	3.41	**8,311**	11,591
Master agreement – wind power projects	b)	2017-2022	4.99	**134,285**	145,807
Term loan payable – Nibas wind farm	c)	2016	5.00	**11,297**	12,482
Term loan payable – Stratton power station	d)	2010	3.13	**2,670**	3,302
Capital leases	e)	2012-2015	5.41	**12,859**	14,831
Term loan payable – Ocean Falls power station	f)	2011	6.00	**14,000**	–
Other debts				**2,932**	3,725
				186,354	191,738
Current portion				**(30,792)**	(29,410)
Financing costs, net of accumulated amortization				**(4,494)**	(4,293)
				151,068	158,035

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

a) The €5,100,000 bridge financing facility (€6,800,000 as at December 31, 2008) bears interest at a variable rate based on EURIBOR rates plus a margin. To secure the credit, Boralex issued a letter of credit for $8,311,000 as at June 30, 2009 ($11,591,000 as at December 31, 2008) drawn from its revolving credit. The credit facility expired on December 31, 2008, and was renewed until December 31, 2009 and is repayable in four equal instalments. The remaining instalments are due on July 15, October 15 and December 31, 2009.

b) This master agreement includes a maximum senior credit facility of €250,000,000 and a maximum junior credit facility of €15,000,000. The amounts can be drawn down until December 31, 2010 subject to certain suspensive conditions. As of June 30, 2009, €94,150,000 ($153,400,000) (€94,150,000 as at December 31, 2008) had been drawn down, and the Corporation had an unused balance of €170,850,000 ($278,400,000).

To cover potential temporary working capital requirements for debt servicing, the lenders also granted two lines of credit for $8,201,000 (€5,032,000) and $916,000 (€562,000), respectively. As at June 30, 2009, these lines of credit were undrawn.

Financing issued under the master agreement is secured by the projects' assets. However, the junior facility is subordinated to the senior facility. The variable interest rate is based on the EURIBOR rate, plus a margin, but the Corporation used interest rate swaps to reduce its exposure to interest rate fluctuations as discussed below. Repayments are made on a semi-annual basis. The balance payable as at June 30, 2009 is €82,398,000.

As at June 30, 2009, the following funds were available under the master credit agreement:

(in thousands of euros)	CREDIT LIMITS	AMOUNTS DRAWN	AVAILABLE
Senior credit	250,000	87,100	162,900
Junior credit	15,000	7,050	7,950
	265,000	94,150	170,850

c) This loan payable bears interest at a fixed rate of 5.00% and repayments are semi-annual. As at June 30, 2009, the balance stood at €6,932,000 (€7,322,000 as at December 31, 2008). All Nibas wind farm assets were pledged as collateral for this loan.

d) This loan payable bears interest at a variable rate based on U.S. prime rates or money market rates, plus a margin. The loan, which matures on July 31, 2010, is repayable in quarterly instalments. As at June 30, 2009, the balance stood at US$2,296,000 (US$2,696,000 as at December 31, 2008). All assets of the Stratton power station were pledged as collateral.

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

Note 5. Long-term debt (continued)

e) The capital leases relate to assets located in France. The balance of the leases was €7,890,000 as at June 30, 2009 (€8,700,000 as at December 31, 2008). They bear interest at fixed and variable rates and are repayable on a quarterly basis. The net carrying value of associated capital assets was €11,910,000 ($19,410,000) as at June 30, 2009 (€12,399,000 or $21,136,000 as at December 31, 2008).

f) This loan represents the balance of the purchase price of the power station and bears interest at a fixed rate of 6.00%. It will be repaid over two years following the acquisition of this power station. If Boralex arranges financing with a later maturity date before the second anniversary of the purchase date, the net proceeds of that financing, up to the balance of the purchase price, are payable to the seller. In the absence of financing, the Corporation must pay the amount of $5,000,000 on April 1, 2010 and $9,000,000 on April 1, 2011.

Amortization of financing costs amounted to $423,000 for the six-month period ended June 30, 2009 ($527,000 for the six-month period ended June 30, 2008).

REVOLVING CREDIT FACILITY

In addition, Boralex has a revolving credit facility with an authorized maximum amount of $55,000,000, bearing interest at a variable rate based on Canada's prime rates or money market rates, plus a margin. This credit facility is secured by Boralex's investment in the Fund, based on the following formula: amounts advanced may not exceed 60% of the investment's market value. If the market value of the investment were to drop below this limit, creditors would be entitled to demand repayment of a portion of the amounts advanced in order to re-establish the coverage ratio. As at June 30, 2009, the Corporation had issued letters of credit totalling $12,139,000 (including the letter of credit discussed in (a)) and had drawn down an amount of $14,326,000 from this credit facility. Lastly, the market value of one Fund unit was $4.00 on June 30, 2009 and the repayment threshold was $3.21 (including all outstanding letters of credit issued against the operating credit facility). The current expiry date of the revolving period is January 27, 2011.

INTEREST RATE SWAPS

The revolving credit, bridge credit facility, master agreement, term loan for the Stratton power station, together with a portion of certain leases bear interest at a variable rate. To mitigate interest rate risk, the Corporation has entered into interest rate swaps to obtain a fixed interest expense on portions varying from 60% to 89% of the corresponding variable rate debt. These agreements involve the periodic exchange of interest payments without any exchange of the nominal on which such payments are calculated. Under these agreements, the Corporation receives a variable amount based on the EURIBOR rate and pays fixed amounts based on rates of 3.30% to 5.16%.

Since the credit is drawn progressively 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 these arrangements. By using these instruments, the Corporation has reduced the proportion of its variable rate debt from 80% to 15%.

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 meet designated levels on a quarterly, semi-annual or annual basis.

The senior and junior secured debt and certain other debts or interest rate swaps include requirements to establish and maintain reserve accounts to cover short-term debt service, equipment maintenance, and income taxes at various times during the terms of the agreements. As at June 30, 2009, an amount of $1,763,000 ($1,741,000 as at December 31, 2008) was kept in reserve accounts. These amounts are included in *Other assets* on the Corporation's consolidated balance sheet.

In addition to assets under capital leases and the investment in the Fund pledged as collateral for the revolving credit facility, the property, plant and equipment of the Stratton power station, one Canadian power station and the French power stations, with a net carrying amount totalling $174,872,000 as at June 30, 2009 ($188,684,000 as at December 31, 2008), together with the related working capital items, have been pledged as collateral.

MINIMUM FUTURE PAYMENTS

The estimated aggregate amount of repayments on long-term debt in each of the next five 12-month periods ending June 30 is as follows:

2010	30,792
2011	27,228
2012	13,386
2013	12,768
2014	13,469

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

Note 6.
Financial instruments

The carrying amount and fair value of the derivative financial instruments designated as cash flow hedges as at June 30, 2009 are detailed as follows:

	AS AT JUNE 30, 2009		AS AT DECEMBER 31, 2008	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Financial swaps – interest rates	**–**	**4,323**	65	3,000
Financial swaps – electricity prices	**17,511**	**–**	20,173	–
Foreign exchange forward contracts – euros	**1,542**	**89**	–	–
Foreign exchange forward contracts – US dollars	**–**	**289**	–	–
Total	**19,053**	**4,701**	20,238	3,000

Note 7.
Accumulated other comprehensive income (loss)

AS AT JUNE 30, 2009

	Translation adjustments	Hedge Electricity swaps	Hedge Interest rate swaps	Hedge Other	Total
Balance – beginning of period, as previously reported	**(11,566)**	**12,990**	**(5,569)**	**5,684**	**1,539**
Application of Section 3064 (note 2)	**(43)**	**–**	**–**	**–**	**(43)**
Application of EIC-173 (note 2)	**–**	**(539)**	**59**	**–**	**(480)**
Balance – beginning of period, restated	**(11,609)**	**12,451**	**(5,510)**	**5,684**	**1,016**
Change in fair value	**(11,118)**	**12,416**	**(1,673)**	**(1,543)**	**(1,918)**
Share of cumulative translation adjustments of the Fund	**(1,037)**	**–**	**–**	**–**	**(1,037)**
Reclassification to net earnings	**(65)**	**(13,226)**	**460**	**6**	**(12,825)**
Reclassification to balance sheet	**–**	**–**	**–**	**(2,261)**	**(2,261)**
Taxes	**290**	**259**	**389**	**589**	**1,527**
Balance – end of period	**(23,539)**	**11,900**	**(6,334)**	**2,475**	**(15,498)**

AS AT JUNE 30, 2008

	Translation adjustments	Hedge Electricity swaps	Hedge Interest rate swaps	Hedge Other	Total
Balance – beginning of period, as previously reported	(54,612)	238	(683)	626	(54,431)
Application of Section 3064 (note 2)	9	–	–	–	9
Balance – beginning of period, restated	(54,603)	238	(683)	626	(54,422)
Change in fair value	7,376	(23,782)	3,199	4,246	(8,961)
Share of cumulative translation adjustments of the Fund	169	–	–	–	169
Reclassification to net earnings	–	1,814	(595)	–	1,219
Taxes	(4)	7,030	(833)	(1,359)	4,834
Balance – end of period	(47,062)	(14,700)	1,088	3,513	(57,161)

Note 8. Seasonal factors

Operations and results for some of the Corporation's power stations are subject to seasonal cycles that vary by segment. Moreover, the impact of seasonal variations differs, depending on whether the power stations have power sales contracts or not.

For the 13 Boralex facilities that have long-term fixed-price power sales contracts, seasonal cycles mainly affect the volume of power generated. The nine power stations that do not have long-term contracts and that sell their power on the open market in the Northeastern U.S. are more vulnerable to seasonal fluctuations which, in addition to influencing power generation volumes, also have an impact on prices obtained. Generally, electricity consumption increases in the winter and summer, which corresponds to Boralex's first and third quarters. This means that, for those two periods, the power stations that sell on the open market usually have higher average prices. Because the wood-residue power stations can control their level of production, they generate more power during such peak periods. For this reason, these power stations perform shutdowns for regular maintenance in the spring or fall, which impacts their operating results for those periods.

In addition, the Corporation uses financial instruments to implement hedging strategies for periods up to three years to fix part of the prices of power stations without long-term power sales contracts, which partially offsets the seasonal impact on prices.

Hydroelectric generation depends on water flow, which in Canada and the Northeastern U.S. tends to be at a maximum in spring and generally good in the fall, which represents Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs that would permit the regulation of water flows.

In the wind power segment, where Boralex's activities are currently focused in France, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, for high-altitude sites, in winter there is a higher risk of downtime caused by weather conditions, such as icing.

The natural gas cogeneration power station's long-term power sales contract with Électricité de France ("EDF") contains a clause that caps electricity prices from April to October. When natural gas prices are high, the profit margin for this period is not sufficient to offset the ceiling on electricity prices. The cogeneration equipment may therefore be shut down, in which case the Corporation supplies its steam client from an auxiliary boiler. Accordingly, in the past four fiscal years, the power station operated its cogeneration equipment only during the five winter months.

Furthermore, Boralex's investment in the Fund is also subject to a seasonal cycle. Approximately 50% of the Fund's output is hydroelectric and is thus subject to the same effects on its volume as Boralex's hydroelectric power stations. However, as all of the Fund's power stations have long-term power sales contracts, they are not subject to a seasonal price cycle. Nevertheless, some of the Fund's power stations receive a premium for power generated from December to March, which typically results in higher profitability for the Fund in the first and fourth quarters.

To sum up, although Boralex's performance is affected by seasonal cycles, their impact is mitigated to some extent by the increasing diversification of its power generation sources, the partial use of financial instruments to hedge prices, the increasingly higher proportion of revenues from fixed-price and price-indexed contracts and the geographic positioning of its assets. The Corporation is also developing complementary revenue streams in order to increase and secure revenues. It participates, for example, in the Renewable Energy Certificates ("RECs") market and the Forward Capacity Market in the Northeastern U.S., as well as in the excess carbon dioxide ("CO_2") quota and green certificate trading markets in France.

Note 9. Segmented information

The Corporation's power stations are grouped under four distinct segments: wind power, hydroelectric power, wood-residue thermal power and natural gas thermal power, and are engaged mainly in the production of energy. The classification of these segments is based on the cost structures relating to each of the four types of power stations.

The Corporation analyzes the performance of its operating segments based on their earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is not a measure of performance under Canadian GAAP.

However, management uses this measure to assess the operating performance of its segments. Earnings for each segment are presented on the same basis as those of the Corporation.

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

Note 9. Segmented information (continued)

The following table reconciles EBITDA with net earnings:

	FOR THE THREE-MONTH PERIODS ENDED JUNE 30,		FOR THE SIX-MONTH PERIODS ENDED JUNE 30,	
	2009	2008 (RESTATED – NOTE 2)	**2009**	2008 (RESTATED – NOTE 2)
Net earnings	**1,817**	1,101	**9,029**	10,333
Non-controlling interests	**(4)**	23	**56**	117
Income taxes	**1,479**	1,625	**5,435**	7,069
Financing costs	**3,448**	2,991	**6,867**	6,455
Net loss (gain) on financial instruments	**(290)**	785	**(404)**	1,104
Foreign exchange loss (gain)	**9**	56	**(35)**	(418)
Amortization	**6,483**	5,995	**12,947**	11,806
EBITDA	**12,942**	12,576	**33,895**	36,466

INFORMATION BY SEGMENT	FOR THE THREE-MONTH PERIODS ENDED JUNE 30,		FOR THE SIX-MONTH PERIODS ENDED JUNE 30,	
	2009	2008	**2009**	2008
POWER GENERATION (MWH)				
Wind power stations	**55,157**	47,331	**115,919**	123,153
Hydroelectric power stations	**41,066**	32,322	**76,732**	75,702
Wood-residue thermal power stations	**257,714**	255,226	**554,402**	583,134
Natural gas thermal power station	**30**	76	**22,642**	22,569
	353,967	334,955	**769,695**	804,558
REVENUE FROM ENERGY SALES				
Wind power stations	**8,018**	6,677	**17,101**	16,742
Hydroelectric power stations	**2,842**	3,200	**5,601**	6,989
Wood-residue thermal power stations	**28,338**	27,113	**66,520**	60,990
Natural gas thermal power station	**2,558**	2,675	**9,732**	9,398
Corporate and eliminations	**–**	(1)	**–**	–
	41,756	39,664	**98,954**	94,119
EBITDA				
Wind power stations	**6,242**	5,043	**13,456**	13,547
Hydroelectric power stations	**1,785**	2,391	**3,494**	5,425
Wood-residue thermal power stations	**8,148**	6,795	**19,951**	17,866
Natural gas thermal power station	**(145)**	(204)	**1,366**	1,117
Corporate and eliminations	**(3,088)**	(1,449)	**(4,372)**	(1,489)
	12,942	12,576	**33,895**	36,466
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT				
Wind power stations	**24,712**	2,346	**29,853**	5,032
Hydroelectric power stations	**719**	2	**719**	8
Wood-residue thermal power stations	**2,292**	5,808	**3,750**	7,008
Natural gas thermal power station	**6**	16	**28**	16
Corporate and eliminations	**256**	791	**397**	1,226
	27,985	8,963	**34,747**	13,290

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

Note 9. Segmented information (continued)

	AS AT JUNE 30, **2009**	AS AT DECEMBER 31, 2008 (RESTATED – NOTE 2)
ASSETS		
Wind power stations	**254,596**	242,944
Hydroelectric power stations	**46,477**	23,019
Wood-residue thermal power stations	**168,491**	183,881
Natural gas thermal power station	**14,032**	17,151
Corporate and eliminations	**147,163**	155,960
	630,759	622,955

Note 10. Business acquisition

On April 6, 2009, the Corporation announced the completion of the acquisition of the Ocean Falls hydroelectric power station. This acquisition, announced in June 2008, was subject to certain suspensive conditions which were fulfilled at the end of March 2009. The purchase price amounts to $19,000,000, of which $4,500,000 was paid on the closing date and $500,000 had been paid in June 2008. The $14,000,000 balance of the purchase price, bearing interest at 6% per annum, is payable over the next two years. If Boralex arranges financing for the project before the second anniversary of the purchase date, the net proceeds of that financing, up to the balance of the purchase price, are payable to the seller. In the absence of financing, the Corporation must pay the amount of $5,000,000 on April 1, 2010 and $9,000,000 on April 1, 2011. Boralex has also committed to invest approximately $3,000,000 for the completion of maintenance work on the dam and the modernization of certain facilities.

The preliminary allocation of the purchase price for this acquisition is as follows:

Inventory	100
Equipment	10,739
Rolling stock	109
Power sales contracts	269
Other assets	8,052
	19,269
Deposit paid in 2008	(500)
Selling price balance	(14,000)
Amount paid during the six-month period ended June 30, 2009	4,769

Boralex will finalize its purchase equation during the coming fiscal year, which could result in the reclassification of some items.

Note 11. Acquisition of minority interest

On January 1, 2009, the Corporation acquired a 21% interest in the Forces Motrices St-François (“FMSF”) hydroelectric power station for the price of $753,000 (€446,000). The purchase price was settled using the Corporation’s interest in Forces Motrices du Joudron (“FMJ”), a French company. On May 7, 2009, Boralex acquired 29% of FMSF shares it did not own. The price per share paid for this second portion of the acquisition is the same as for the first. The purchase price was set at $968,000 (€616,000).

As the price paid for the FMSF shares exceeded their carrying value by $471,000 for the first portion and by $527,000 for the second, these amounts will be included under *Other assets* until Boralex completes the allocation of the purchase price. Boralex recorded a gain of $720,000 (€437,000) on the disposal of FMJ.

Note 12. Comparative figures

Certain data have been reclassified in the comparative financial statements to conform to the presentation adopted during the period.

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