
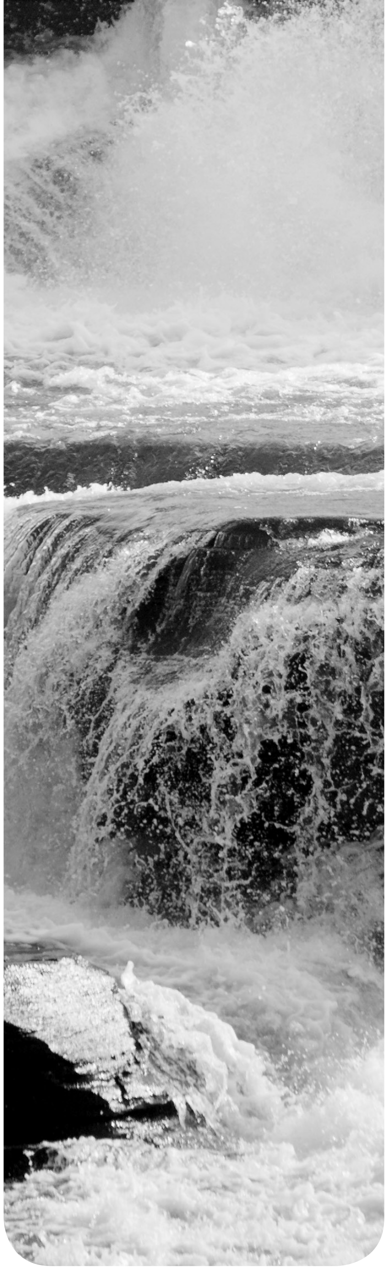
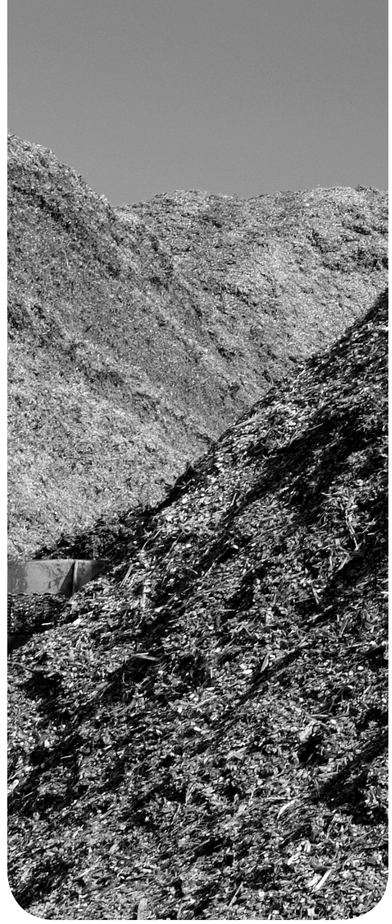
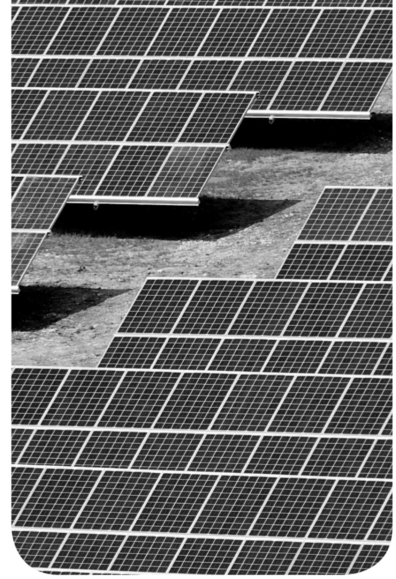

2

INTERIM REPORT
AS AT JUNE 30, 2012

BORALEX

Profile

Boralex is a power producer whose core business is dedicated to the development and the operation of renewable energy power stations. Currently, the Corporation operates an asset base with an installed capacity of more than 500 MW in Canada, the Northeastern United States and France. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to add over 550 MW of power that will be put in service between the middle of 2013 and the end of 2015. With more than 200 employees, Boralex is known for its diversified expertise and in-depth experience in four power generation types — wind, hydroelectric, thermal and solar. Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively. More information is available at www.boralex.com or www.sedar.com.

Interim Management's Discussion and Analysis 2

As at June 30, 2012

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Description of Business

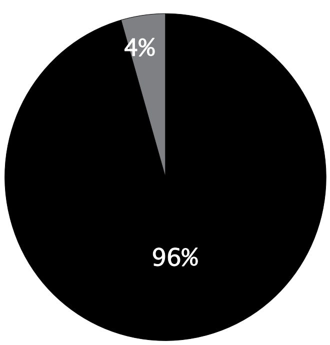
Boralex Inc. ("Boralex" or the "Corporation") is an electricity producer whose core business is the development and operation of renewable energy power stations. The Corporation currently operates assets with a total installed capacity of over 500 megawatts ("MW") in Canada, the Northeastern United States and France. In addition, Boralex is committed independently and with European and Canadian partners under power development projects totalling more than 550 MW of additional power slated for commissioning between mid-2013 and the end of 2015. Nearly all of the Corporation's operating assets as well as all the sites under development benefit from long-term power sales contracts with fixed and indexed prices.

Employing over 200 people, Boralex stands out for its diversified expertise and in-depth experience in four types of power generation:

- Boralex currently operates a **286 MW wind power** portfolio in Canada and France. In recent years, Boralex has become one of the most experienced wind power producers in France, where it currently generates 196 MW of power with an additional 88 MW in total under development projects. Boralex also entered the wind power industry in Canada with 90 MW of installed capacity in Ontario. In Québec, Boralex is working independently or with partners on the development of wind farms with a total installed capacity of 441 MW, slated for commissioning by the end of 2015. These projects include the largest wind power facilities currently under construction in Canada, the Seigneurie de Beaupré Wind Farms (Phase I), with a total installed capacity of 272 MW, slated for commissioning at the end of 2013.
- Boralex has nearly two decades of expertise in **hydroelectric power** generation. The Corporation owns and operates **136** MW of hydro assets in the United States, Québec and British Columbia.
- Boralex owns three **thermal power** stations with a total installed capacity of **80** MW, including two natural gas cogeneration power stations totalling 45 MW and a 35 MW wood-residue power station.
- Boralex recently diversified its energy portfolio with the addition of a **solar power** facility with an installed capacity of **5** MW located in France.

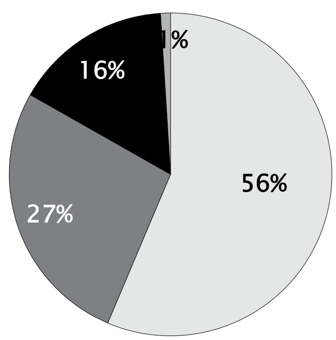
The following charts provide information about the makeup of the Corporation's energy portfolio as at June 30, 2012.

Contractual breakdown



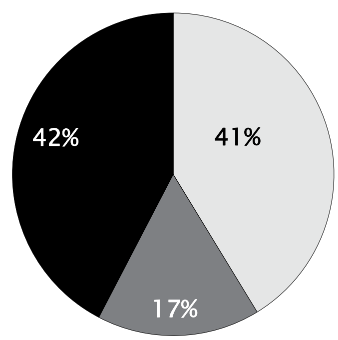
Under contract	**486 MW**
Market prices	**21 MW**

Segment breakdown



Wind	**286 MW**
Hydroelectric	**136 MW**
Thermal	**80 MW**
Solar	**5 MW**

Geographic breakdown



Canada	**209 MW**
United States	**83 MW**
France	**215 MW**

Boralex's stock, in which Cascades Inc. ("Cascades") holds a 35% interest, and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively.

Introductory Comments to the Interim Management's Discussion and Analysis

General

This interim Management's Discussion and Analysis ("MD&A") reviews the operating results for the three- and six-month periods ended June 30, 2012 compared with the corresponding three- and six-month periods ended June 30, 2011 and cash flows for the six-month period ended June 30, 2012 compared with the corresponding period of 2011, as well as the Corporation's financial position as at June 30, 2012 compared with December 31, 2011. This MD&A should be read in conjunction with the unaudited interim condensed 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 most recent Annual Report for the year ended December 31, 2011.

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

In this interim MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions.

The information contained in this interim MD&A reflects all material events up to August 7, 2012, the date on which the Board of Directors approved the interim MD&A and the unaudited interim condensed consolidated financial statements.

Unless otherwise indicated, the financial information presented in this interim MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which, as of January 1, 2011, represent the Canadian generally accepted accounting principles ("GAAP") from Part I of the *CICA Handbook*. The unaudited interim condensed consolidated financial statements included in this interim MD&A are in accordance with IFRS and present comparative data for 2011.

This interim MD&A also contains information derived from non-IFRS performance measures, as discussed under *Non-IFRS Measures.*

All financial information presented in this interim MD&A, as well as tabular information, is in Canadian dollars.

Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at August 7, 2012.

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

Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities 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.

Growth Strategy

Over the past few years, Boralex has strived to lay the foundations of above-average, balanced and sustainable growth by pursuing its key goals of enhancing the value of its asset base, securing steady and predictable revenue and cash flow streams and lowering its business risk exposures. As a result, the Corporation has made the following strategic choices:

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

Key achievements under Boralex's growth and positioning strategy since fiscal 2009 are discussed below.

Key Strategic Achievements in Recent Years

Major Wind Power Development

From December 2008 to date, the installed capacity of wind power assets operated by Boralex rose to 286 MW from 108 MW, with all assets covered by long-term power sales contracts. In France, Boralex's wind power assets expanded by approximately 82% to reach 196 MW while four projects totalling 88 MW currently under development are slated for commercial commissioning in the second half of fiscal 2013. In addition, Boralex made a major foray into the Canadian wind power market with the commissioning of the Thames River wind farms in Ontario, with an installed capacity of 90 MW. In Québec, the Corporation has undertaken independently or with partners to develop wind power projects totalling 441 MW, of which Boralex's total net interest amounts to 246 MW. These projects are slated for commissioning between the end of 2013 and the end of 2015. All of Boralex's wind power assets, in both France and Canada, have long-term power sales contracts.

Given its capacity to draw on significant financial resources, the Corporation is currently pursuing various acquisition targets consisting of wind power assets in operation and under development in Canada and France with a view to increasing its net interest in the contracted installed capacity in the wind power segment to more than 900 MW over the next five years, including operational sites and projects under development.

Acquisition of Boralex Power Income Fund (the "Fund")

In November 2010, the acquisition of all of the trust units of the Fund not already held by Boralex added to Boralex's energy portfolio a fully contracted installed capacity of 162 MW (excluding the recently sold Dolbeau power station), including nearly 100 MW in excellent hydroelectric assets.

Foray into Solar Power

After several years of strategic planning, technological assessments and market prospection in Europe, Boralex commissioned its first solar power station in Southwestern France in June 2011, with an installed capacity of 5 MW. After one year of operations, the new facility has met management expectations with its contribution while allowing Boralex to develop expertise in this emerging segment.

Sale of Thermal Power Stations

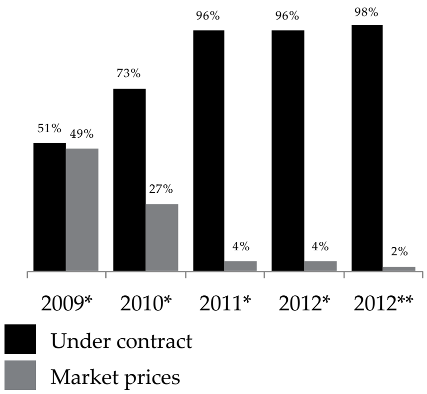
In December 2011, in accordance with its strategic positioning objectives, Boralex sold its U.S. wood-residue thermal power stations with an installed capacity totalling 186 MW, which were not covered by sales contacts and sold their electricity in the Northeastern U.S. open marketplace.

Boralex believes that it generated sound shareholder value with the sale of these assets, particularly in light of their quality and good track record. The Corporation initially received approximately US$81 million in pre-tax cash, plus the opportunity to receive REC sales proceeds in excess of a set threshold through 2014. The Corporation undertook to re-inject the proceeds to expand its asset base in its target markets. Since the beginning of the current fiscal year, these proceeds were used to partly fund the acquisition of a wind power facility in operation in France and a number of wind power development projects in Québec and in France. These acquisitions are described later in this MD&A.

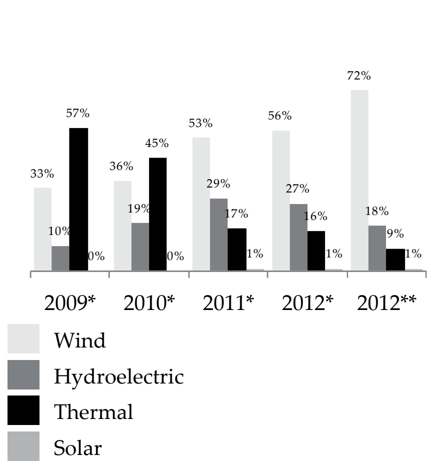
Effect of Changes in Boralex's Energy Portfolio Makeup

These charts show changes in all sites owned as at June 30, 2012 compared with the end of previous fiscal years.

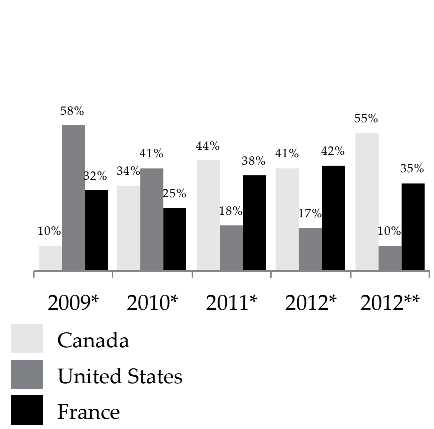
Contractual breakdown



Segment breakdown



Geographic breakdown



* In operation.
** Pro forma including development projects

As clearly illustrated in the above charts, Boralex's strategic decisions made in recent fiscal years have substantially transformed and enhanced its contractual, segment and geographic positioning. Since the end of fiscal 2009, Boralex's contracted portion of installed capacity in operation rose from 51% to 96%, ensuring higher, more predictable cash flows for future periods. When the projects currently under development are factored in, the contracted portion reaches 98%.

From a segment perspective, these developments mainly resulted in a higher relative weight of the wind, hydroelectric and solar power segments, which generate higher profit margins than Boralex's thermal power segment. Together, the three segments now account for 84% of assets in operation, and will reach 91% after the wind power sites currently under development are commissioned, without reflecting expansion projects to be completed by the Corporation in its target markets over the coming quarters and years. Conversely, thermal power segment's share of Boralex's overall installed capacity fell to 16% from 57% since 2009, and will represent just 9% in 2015, in accordance with the Corporation's decision to reduce the relative weight of its thermal power segment.

These developments of the past three years have strengthened the Corporation's geographic positioning in Canada, where 41% of Boralex's installed capacity in operation is located, compared with 10% in 2009. France and the U.S. currently account for 42% and 17%, respectively, of the Corporation's installed capacity in operation. Accordingly, Boralex now enjoys greater geographic balance in its revenue streams as well as reduced exposure to currency fluctuations. As indicated in the above chart, Canadian market share could reach 55% with the commissioning of projects under development, which does not reflect, however, the expansion transactions that the Corporation intends to complete in Europe in the short and medium term.

Key Transactions Affecting the Boralex's Results and Financial Position in 2012

Discontinued Operations

Following the sale of its U.S. wood-residue thermal power stations in December 2011, the Corporation determined that the transaction met the criteria for discontinued operations under IFRS. Note that under IFRS, discontinued operations must be presented as a separate line item in the consolidated statements of earnings and cash flows. To comply with this presentation requirement, the financial information presented in the interim report, including tabular amounts, has been restated to exclude data pertaining to the discontinued operations, which is now presented separately under *Discontinued operations*. However, to provide readers with a full snapshot of the changes in Boralex's operations, the Corporation deemed it appropriate to include discontinued operations data in the previous section's charts to illustrate changes in the Corporation's energy asset portfolio makeup in terms of installed capacity, type of power and asset location.

Furthermore, we recall that in addition to the after-tax consideration of US$81 million received on the sale of Boralex's U.S. thermal power stations, the RECs generated by these facilities in 2011 remained the property of Boralex. These 2011 RECs were sold in the first half of fiscal 2012, more specifically during the quarter ended March 31, 2012 for $3.8 million and recognized under *Discontinued Operations* in the interim consolidated statement of earnings. In addition, under the terms of the transaction, Boralex is entitled to receive 50% of the REC sales proceeds in excess of the defined price thresholds for 2012, 2013 and 2014. Accordingly, in the second quarter of fiscal 2012, Boralex recognized revenues of $0.2 million in respect of RECs generated. Boralex management believes that the Corporation could continue to receive attractive revenues on sales of RECs as their current value is higher than the threshold set in the sales transaction due to excess of demand over supply. However, it is difficult to predict whether this trend will continue and to accurately measure the amounts that Boralex may receive by the end of 2014.

Closure and Sale of Dolbeau, Québec Thermal Power Station

Due to significant wood-residue supply difficulties encountered by this power station, Boralex suspended operations on April 2, 2011 and decided to shut down the facility permanently in the third quarter of fiscal 2011. This resulted in a revenue shortfall for the first quarter of fiscal 2012 compared with the same period of fiscal 2011 but EBITDA was impacted favourably in the second quarter of 2012 compared with the previous year. In the fourth quarter of 2011, Boralex received an offer to purchase this power station from Resolute Forest Products ("Resolute"). The sale transaction was completed on April 18, 2012 for a cash consideration of $5 million.

Contribution of New Solar Power Station in France

The contribution from this site for all of fiscal 2012, compared with just over six months in fiscal 2011, had a favourable although non-significant effect on Boralex's results, as the site represents only 1.0% of the Corporation's total installed capacity in operation.

Acquisitions in France

As discussed in greater detail in this MD&A's section on the Corporation's different operating segments, in June 2012, Boralex carried out a series of strategic transactions in its wind power segment in France. First, on June 5, 2012, the Corporation signed an agreement for the acquisition of a 32 MW wind power project whose commercial commissioning is slated for the third quarter of 2013. Boralex management is confident about arranging the required financing to complete this acquisition at the earliest possible date. Second, on June 28, 2012, Boralex completed the acquisition of St. Patrick wind power farm, a 34.5 MW facility already in operation, as well as three other wind power projects with a total installed capacity of 56 MW slated for commissioning by the end of the second half of 2013. All the power generated by these wind power facilities will be sold to Électricité de France ("EDF") under long-term contracts.

These acquisitions will add to Boralex's wind power segment a contracted installed capacity of 123 MW, including 34.5 MW in operation and 88 MW under development. In addition, under the June 28 transaction, the Corporation entered into a five-year agreement to secure options to purchase 130 MW in additional wind power projects currently under development by the seller in France.

Seasonal Factors

(in thousands of Canadian dollars, except per share amounts and number of shares outstanding)	September 30, 2011	December 31, 2011	March 31, 2012	Three-month periods ended June 30, 2012	Twelve-month period ended June 30, 2012
REVENUES FROM ENERGY SALES					
Wind power stations	11,328	22,461	20,647	16,345	70,781
Hydroelectric power stations	11,615	15,982	13,986	12,445	54,028
Thermal power stations	12,368	17,584	22,242	9,285	61,479
Solar power station	887	465	576	830	2,758
	36,198	56,492	57,451	38,905	189,046
EBITDA					
Wind power stations	8,160	18,590	16,934	13,082	56,766
Hydroelectric power stations	8,513	11,386	10,644	9,056	39,599
Thermal power stations	2,928	4,100	8,395	1,154	16,577
Solar power station	810	399	495	723	2,427
Corporate and eliminations	(3,723)	(4,174)	(3,126)	(5,155)	(16,178)
	16,688	30,301	33,342	18,860	99,191
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(6,315)	3,536	4,826	(6,035)	(3,988)
Discontinued operations	(893)	4,651	2,323	134	6,215
	(7,208)	8,187	7,149	(5,901)	2,227
BASIC NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$(0.17)	$0.10	$0.13	$(0.16)	$(0.10)
Discontinued operations	$(0.02)	$0.12	$0.06	$ 0.00	$ 0.16
	$(0.19)	$0.22	$0.19	$(0.16)	$ 0.06
DILUTED NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$(0.17)	$0.10	$0.12	$(0.16)	$(0.11)
Discontinued operations	$(0.02)	$0.12	$0.06	$ 0.00	$ 0.16
	$(0.19)	$0.22	$0.18	$(0.16)	$ 0.05
Weighted average number of shares outstanding (basic)	37,745,598	37,725,898	37,726,689	37,727,077	37,731,340

(in thousands of Canadian dollars, except per share amounts and number of shares outstanding)	September 30, 2010	December 31, 2010	March 31, 2011	Three-month periods ended June 30, 2011	Twelve-month period ended June 30, 2011
REVENUES FROM ENERGY SALES					
Wind power stations	7,802	17,479	18,273	15,193	58,747
Hydroelectric power stations	2,784	18,060	12,732	15,990	49,566
Thermal power stations	3,872	18,194	26,261	12,762	61,089
Solar power station	-	-	-	124	124
	14,458	53,733	57,266	44,069	169,526
EBITDA					
Wind power stations	5,628	14,104	15,066	11,991	46,789
Hydroelectric power stations	1,473	14,401	9,076	12,648	37,598
Thermal power stations	171	4,019	11,532	2,078	17,800
Solar power station	-	-	-	121	121
Corporate and eliminations	(3,889)	(4,460)	(4,445)	(4,300)	(17,094)
	3,383	28,064	31,229	22,538	85,214
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	30,910	2,778	3,903	(3,730)	33,861
Discontinued operations	3,820	302	3,108	(1,377)	5,853
	34,730	3,080	7,011	(5,107)	39,714
BASIC NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.82	$0.07	$0.11	$(0.10)	$0.90
Discontinued operations	$0.10	$0.01	$0.08	$(0.04)	$0.15
	$0.92	$0.08	$0.19	$(0.14)	$1.05
DILUTED NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.77	$0.07	$0.10	$(0.10)	$0.85
Discontinued operations	$0.10	$0.01	$0.08	$(0.04)	$0.15
	$0.87	$0.08	$0.18	$(0.14)	$1.00
Weighted average number of shares outstanding (basic)	37,740,921	37,744,869	37,766,491	37,773,213	37,756,272

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price power sales contracts, seasonal cycles mainly affect the total volume of power generated. Only four hydroelectric power stations in the U.S., accounting for only 4% of the Corporation's total installed capacity in operation, are not covered by long-term sales contracts.

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

Wind

For the 286 MW of Boralex's assets currently in operation, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

Following the development projects completed since 2009 and described previously, the wind power segment is now Boralex's largest segment in terms of installed capacity, EBITDA and cash flows. The segment is expected to account for an increasing share of the Corporation's energy portfolio in the coming years as wind farms that Boralex is developing independently or with partners in Canada and in France are gradually commissioned. These facilities will total 529 MW, of which Boralex's net interest comprises 334 MW. The commissioning of these facilities will increase the installed capacity of wind power assets in operation owned by Boralex to approximately 620 MW by the end of fiscal 2015, excluding potential acquisitions of other assets in operation or under development.

In particular, this expansion will intensify the impact of the seasonality on this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

Hydroelectricity

For Boralex's hydroelectric assets totalling 136 MW, power output 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 are Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. Note that apart from certain hydroelectric power stations whose water flow is regulated upstream, most of Boralex's hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

As previously discussed, four U.S. power stations are not covered by long-term power sales contracts. These facilities have an installed capacity of 21 MW, which accounts for 15% of the hydroelectric power segment's total installed capacity and 4% of Boralex's total installed capacity. Since they sell their power on the open market in the Northeastern U.S., these power stations are more vulnerable to seasonal fluctuations which, in addition to influencing power production volumes, also have an impact on selling prices obtained. They are partly influenced by seasonal demand, which is traditionally higher during winter and summer, corresponding to Boralex's first and third quarters. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is highly volatile, has a significant influence on electricity selling prices in the Northeastern U.S. In this regard, note that North American natural gas prices are at their lowest levels in a decade.

Thermal

Boralex owns and operates three thermal power stations for an aggregate 80 MW of installed capacity. Of the three, our Senneterre power station in Québec is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. An agreement was recently entered into between Hydro-Québec and Boralex under which the Senneterre power station will produce power six months per year during 2012 and 2013, from December to March and in July and August. Given the terms of the agreement, the power station's results are not expected to be affected, provided the facility operates at the projected level.

Boralex also operates two natural gas power stations, one in Kingsey Falls, Québec and the other in Blendecques, France. These power stations are covered by power sales contracts, and in addition, steam production is quite stable from quarter to quarter, as it is driven by client demand, which is relatively predictable and steady. Moreover, the Kingsey Falls power station entered into two hedging contracts in 2010 for a two-year period to index its steam selling price and fix its natural gas purchase price. The French natural gas cogeneration power station's power sales contract with 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, since 2005, the power station has operated its cogeneration equipment during the five months from November to March.

Solar

The Corporation's only solar power station (5 MW) currently in operation is located in Southwestern France. For this facility, covered by a long-term power sales contract, sunlight conditions are usually more favourable in the spring and summer, which occur during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power station will be generated in the second and third quarters and 35% in the first and fourth quarters, which favourably offsets the seasonal cycle of the Corporation's other operations to a certain extent.

TO SUM UP,

although seasonal and other cyclical factors have a certain impact on Boralex's performance, this is mitigated by the fact that, following the main events in recent years, specifically, the significant expansion of the wind power segment, the acquisition of the Fund, the commissioning of a solar power station and the sale of our U.S. wood-residue power stations, nearly all of the Corporation's revenues are now generated by assets with indexed fixed-price sales contracts. The Corporation also capitalizes on solid diversification in its power generation sources and geographic positioning. Furthermore, Boralex gives priority to sound capital management to ensure financial health and flexibility to effectively manage the seasonality of its business. These factors will contribute to strong, stable results for Boralex in the coming years.

Financial Highlights

(in thousands of Canadian dollars, except per share amounts and number of shares outstanding)	Three-month periods ended June 30 2012	2011	Six-month periods ended June 30 2012	2011
REVENUES FROM ENERGY SALES				
Wind power stations	16,345	15,193	36,991	33,466
Hydroelectric power stations	12,445	15,990	26,431	28,722
Thermal power stations	9,285	12,762	31,528	39,023
Solar power station	830	124	1,406	124
	38,905	44,069	96,356	101,335
EBITDA				
Wind power stations	13,082	11,991	30,059	27,057
Hydroelectric power stations	9,056	12,648	19,701	21,724
Thermal power stations	1,154	2,078	9,549	13,610
Solar power station	723	121	1,218	121
Corporate and eliminations	(5,155)	(4,300)	(8,323)	(8,745)
	18,860	22,538	52,204	53,767
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(6,035)	(3,730)	(1,211)	173
Discontinued operations	134	(1,377)	2,459	1,731
	(5,901)	(5,107)	1,248	1,904
BASIC NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	$(0.16)	$(0.10)	$(0.03)	$0.01
Discontinued operations	$ 0.00	$(0.04)	$ 0.06	$0.04
	$(0.16)	$(0.14)	$ 0.03	$0.05
DILUTED NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	$(0.16)	$(0.10)	$(0.03)	$0.00
Discontinued operations	$ 0.00	$(0.04)	$ 0.06	$0.04
	$(0.16)	$(0.14)	$ 0.03	$0.04
Weighted average number of shares outstanding (basic)	37,727,077	37,773,213	37,726,883	37,769,872

Statement of Financial Position Data

(in thousands of Canadian dollars)	As at June 30, 2012	As at December 31, 2011
Total assets	1,233,253	1,176,855
Debt[1]	534,153	506,184
Convertible debentures	224,787	223,347
Total equity	344,045	328,878

(1) Including non-current debt and current portion of debt.

Non-IFRS Measures

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

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

Investors should not view EBITDA as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of Canadian dollars)	2012	2011	2012	2011
Net earnings (loss) attributable to shareholders of Boralex	(5,901)	(5,107)	1,248	1,904
Net earnings (loss) from discontinued operations	(134)	1,377	(2,459)	(1,731)
Non-controlling shareholders	(264)	(484)	(151)	(428)
Income tax expense (recovery)	(1,723)	(1,549)	38	423
Net loss on financial instruments	822	93	485	406
Foreign exchange loss	10	511	131	2,047
Financing costs	12,096	12,511	24,199	24,487
Impairment of property, plant and equipment and intangible assets	-	-	823	-
Other gains	-	-	-	(2,377)
Amortization	13,954	15,186	27,890	29,036
EBITDA	18,860	22,538	52,204	53,767

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

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

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

	Six-month periods ended June 30	
(in thousands of Canadian dollars)	2012	2011
Net cash flows related to operating activities	47,805	47,466
Less:		
Change in non-cash items related to operating activities	20,613	20,412
CASH FLOWS FROM OPERATIONS	27,192	27,054

The Corporation defines net debt as follows:

(in thousands of Canadian dollars)	As at June 30, 2012	As at December 31, 2011
Non-current debt	508,053	479,525
Current portion of debt	26,100	26,659
Borrowing costs, net of accumulated amortization	7,927	8,889
Less:		
Cash and cash equivalents	(153,114)	(144,703)
Restricted cash*	(208)	(552)
Net debt	388,758	369,818

* Excluding restricted cash for Phase 1 of Seigneurie de Beaupré Wind Farms.

The Corporation defines total book capitalization as follows:

(in thousands of Canadian dollars)	As at June 30, 2012	As at December 31, 2011
Total equity	344,045	328,878
Net debt	388,758	369,818
Convertible debentures	224,787	223,347
Convertible debenture issuance costs, net of accumulated amortization	4,453	4,710
Deferred taxes on convertible debentures	5,158	5,158
Imputed interest calculated on convertible debentures	(3,957)	(2,728)
Total book capitalization	963,244	929,183

The Corporation computes the ratio of net debt as follows:

(in thousands of Canadian dollars)	As at June 30, 2012	As at December 31, 2011
Net debt	388,758	369,818
Total book capitalization	963,244	929,183
NET DEBT RATIO	40.4%	39.8%

The following two tables reconcile EBITDA and net earnings (loss) attributable to shareholders of Boralex as reported in the financial statements with adjusted EBITDA and adjusted net loss:

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of Canadian dollars)	2012	2011	2012	2011
EBITDA	18,860	22,538	52,204	53,767
Specific items:				
Professional fees incurred in connection with acquisitions in France	832	-	832	-
ADJUSTED EBITDA	19,692	22,538	53,036	53,767

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of Canadian dollars)	2012	2011	2012	2011
Net earnings (loss) attributable to shareholders of Boralex	(5,901)	(5,107)	1,248	1,904
Net earnings (loss) from discontinued operations	(134)	1,377	(2,459)	(1,731)
Specific items*:				
Gain on sale of assets	-	-	-	(1,664)
Impairment of property, plant and equipment and intangible assets	-	-	492	-
Professional fees incurred in connection with acquisitions in France	557	-	557	-
ADJUSTED NET LOSS	(5,478)	(3,730)	(162)	(1,491)

* Net of income taxes.

Specific Items for the Three-Month Period Ended June 30, 2012

During the second quarter of fiscal 2012, Boralex incurred specific costs of $0.8 million before taxes or $0.6 million net of taxes in respect of professional fees incurred in connection with acquisitions made in France in June 2012. No specific items were recognized for EBITDA in the corresponding quarter of 2011.

The Corporation also recognized $0.1 million in net earnings from discontinued operations. As provided for under the sale of Boralex's U.S. wood-residue thermal power stations completed in December 2011, this amount mainly comprises the Corporation's 50% share (net of taxes) of REC sales made by these power stations in the second quarter at prices exceeding the threshold price set as part of the transaction. For the corresponding period ended June 30, 2011, the Corporation recognized a $1.4 million net loss from discontinued operations, primarily related to ongoing operations at the power stations.

Specific Items for the Six-Month Period Ended June 30, 2012

During the six-month period ended June 30, 2012, in addition to professional fees recognized in the second quarter in connection with recent acquisitions in France, Boralex recorded an impairment loss on property, plant and equipment and intangible assets of $0.8 million before taxes or $0.5 million net of taxes to reduce the carrying amount of Dolbeau assets and the development project in Italy to their recoverable amount.

For the six-month period ended June 30, 2012, Boralex also recognized $2.5 million (net of taxes) in net earnings from discontinued operations, made up primarily of the following:

- Proceeds of $2.3 million, net of taxes, from the sale of the balance of RECs generated in 2011 by the previously-owned U.S. wood-residue thermal power stations; and
- As explained above, the 50% share of REC sales made in the second quarter at prices exceeding the threshold price.

For the same period ended in 2011, the Corporation had recognized $1.7 million in net earnings from discontinued operations, mainly earnings from ongoing operations, net of income taxes. In addition, during the first quarter of 2011, Boralex recorded a $1.7 million after-tax gain ($2.4 million pre-tax gain) on the sale of a wind power project deemed non-strategic and the sale of shares received from Resolute (formerly AbitibiBowater).

Analysis of Operating Results for the Three-Month Period Ended June 30, 2012

The following table shows major changes in adjusted net loss from continuing operations attributable to shareholders of Boralex:

	Adjusted net earnings (loss) (in thousands of Canadian dollars)	Per share (in C$, basic)
THREE-MONTH PERIOD ENDED JUNE 30, 2011	(3,730)	(0.10)
Change in adjusted EBITDA	(2,846)	(0.07)
Amortization	1,232	0.03
Financing costs	415	0.01
Foreign exchange loss	501	0.01
Net loss on financial instruments	(729)	(0.02)
Income tax expense (recovery)	(101)	-
Non-controlling shareholders	(220)	(0.01)
THREE-MONTH PERIOD ENDED JUNE 30, 2012	(5,478)	(0.15)

Excluding the net earnings (loss) from discontinued operations and the specific item discussed in the previous section, Boralex reported an adjusted net loss of $5.5 million or $0.15 per share (basic and diluted) for the three-month period ended June 30, 2012 compared with an adjusted net loss of $3.7 million or $0.10 per share (basic and diluted) for the second quarter of 2011. This unfavourable variance of $1.8 million or $0.05 per share results mainly from a $2.8 million decrease in adjusted EBITDA, which in turn is primarily attributable to the lower output of hydroelectric power stations in the U.S. following unusually unfavourable water flow conditions for this period of the year. The decline in EBITDA was partly offset by a combined $1.6 million decrease in the amortization expense and financing costs.

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

(in millions of Canadian dollars)	Revenues from energy sales	Adjusted EBITDA
THREE-MONTH PERIOD ENDED JUNE 30, 2011	44,069	22,538
Power stations commissioned (solar power station – France)	535	456
Shutdown of Dolbeau power station	(42)	950
Pricing	383	383
Volume	(5,616)	(3,977)
Translation of self-sustaining subsidiaries (exchange rate effect)	(277)	21
Raw material costs	-	(1,168)
Maintenance	-	(462)
Development - prospecting	-	(205)
Other	(147)	1,156
THREE-MONTH PERIOD ENDED JUNE 30, 2012	38,905	19,692

Revenues from Energy Sales

For the three-month period ended June 30, 2012, Boralex reported revenues from energy sales from continuing operations totalling $38.9 million compared with $44.1 million year over year. The $5.2 million or 11.8% decrease stems mainly from a 19.9% decline in total output to 341,631 MWh from 426,258 MWh in the second quarter of 2011. The lower output resulted in a $5.1 million shortfall in consolidated revenues, net of the additional contribution made by the solar power station commissioned on June 17, 2011.

The hydroelectric segment reported the largest decline in quarterly revenues, of approximately $4.0 million, due to particularly unfavourable water flow conditions in the U.S. for this period of the year following very low rainfall during the winter period. Revenues of the thermal power segment also declined, by $3.3 million, but this result had less of an impact on Boralex's profitability as explained in the review of operating segments. The wind power segment reported a $1.6 million increase in revenues with favourable wind conditions in France offsetting less favourable weather conditions in Ontario in spring 2012.

Also, second quarter revenues were bolstered by a net total amount of $0.4 million resulting from higher average selling prices mainly for the natural gas power stations and the wind power segment. Conversely, fluctuations in the Canadian dollar's exchange rate against the euro and the U.S. dollar dampened revenues by a net amount $0.3 million.

Other Income

Other income of $0.2 million recorded in the second quarters of 2012 and 2011 essentially consisted of management fees for a power station owned by a trust, whose sole trustee is a director of the Corporation.

EBITDA

For the second quarter of 2012, Boralex reported $19.7 million in adjusted EBITDA from continuing operations, compared with $22.5 million year over year. As a result, the adjusted EBITDA margin stood at 50.6%, down slightly from 51.0% in 2011.

The lower results are in large part due to the total adverse impact of $4.0 million on consolidated EBITDA resulting from decreased output at existing facilities. Broken down by segment, lower output of the hydroelectric and thermal power segments impacted EBITDA by $4.0 million and $1.7 million, respectively. These results were partly offset by the $1.6 million favourable impact of higher output for the wind segment, the $0.6 million contribution made by the new solar power station and savings of nearly $1.0 million from the shutdown of the Dolbeau thermal power station, which continued to incur significant fixed costs despite the shutdown of operations in the second quarter of 2011.

The second factor that affected second quarter EBITDA was a $1.2 million increase in raw material costs, more specifically natural gas, mostly due to the expiry in October 2011 of the Kingsey Falls power station's initial supply agreement whose terms were more advantageous compared with the new agreement. This factor was partly offset by the increase in the average selling price, which is indexed upward to reflect the cost of natural gas in France. All segments combined, higher average selling prices had a favourable impact of $0.4 million on EBITDA.

Last, certain costs such as maintenance and prospecting rose while the decrease and non-recurrence of certain other costs compared with the previous year generated total savings of $0.5 million.

Amortization, Financing Costs, Foreign Exchange Loss and Net Loss on Financial Instruments

The amortization expense for the second quarter of fiscal 2012 fell by $1.2 million due to a combination of factors, including the discontinuation of amortization at the Dolbeau thermal power station, decrease in amortization of sales contracts of certain U.S. hydroelectric power stations following lower revenues and the favourable foreign exchange impact on the amortization of U.S. assets. The amortization expense of the new solar power station was more than offset by these factors.

Financing costs fell by $0.4 million due to the decrease in average debt in France over the quarter and higher investment income from the Corporation's liquid resources.

Boralex recorded a $0.5 million favourable variance in the foreign exchange loss following the remeasurement of intercompany advances made to certain U.S. subsidiaries in the second quarter of 2011. However, the Corporation's net loss on financial instruments rose to $0.8 million in the second quarter of 2012 from $0.1 million for the same period of 2011. The *Net loss on financial instruments* item consists mainly of the ineffective portion of financial instruments. Although all of the financial instruments used by Boralex are highly effective, they always include a small ineffective portion. Generally, if the change in derivative instruments is favourable to Boralex, it gives rise to a favourable ineffective amount. Conversely, when the change in derivative instruments is unfavourable to Boralex, it gives rise to an unfavourable ineffective amount.

Net Loss Attributable to Shareholders of Boralex

Excluding discontinued operations and the specific item in the second quarter of 2012, Boralex reported an adjusted net loss of $5.5 million or $0.15 per share (basic and diluted) for the three-month period ended June 30, 2012, compared with an adjusted net loss of $3.7 million or $0.10 per share (basic and diluted) for the second quarter of 2011.

TO SUM UP,

although water flow conditions were unusually unfavourable in Northeastern U.S. in the second quarter, changes in Boralex's revenues and EBITDA demonstrate the benefits of its recent expansion into target segments, the growing geographic diversification of its wind power segment and the Corporation's overall segment and technological diversification.

Analysis of Operating Results for the Six-Month Period Ended June 30, 2012

The following table shows major changes in adjusted net loss from continuing operations attributable to shareholders of Boralex:

	Adjusted net earnings (loss) (in thousands of Canadian dollars)	Per share (in C$, basic)
SIX-MONTH PERIOD ENDED JUNE 30, 2011	(1,491)	(0.04)
Change in adjusted EBITDA	(731)	(0.02)
Amortization	1,146	0.03
Financing costs	288	0.01
Foreign exchange loss	1,916	0.05
Net loss on financial instruments	(79)	-
Income tax expense (recovery)	(823)	(0.02)
Non-controlling shareholders	(388)	(0.01)
SIX-MONTH PERIOD ENDED JUNE 30, 2012	(162)	-

For the six-month period ended June 30, 2012, Boralex reported a net adjusted loss of $0.2 million or nil per share, an improvement of $1.3 million compared with a net adjusted loss of $1.5 million or $0.04 per share (basic and diluted) for the corresponding period of 2011. This improvement stems mainly from the sound operating performance in the first quarter, which mitigated the impact of more difficult conditions for Boralex's hydroelectric segment in the second quarter. As a result, the decline in adjusted EBITDA for the six-month period was limited to $0.7 million. Also, the change in net results was bolstered by a combined decrease of $1.4 million in the amortization expense and financing costs, and a $1.9 million favourable variance in the foreign exchange loss. These factors offset the increase in the income tax expense and certain other less significant unfavourable items.

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

(in millions of Canadian dollars)	Revenues from energy sales	Adjusted EBITDA
SIX-MONTH PERIOD ENDED JUNE 30, 2011	101,335	53,767
Power stations commissioned (solar power station – France)	1,111	951
Shutdown of Dolbeau power station	(3,921)	(599)
Pricing	2,049	2,049
Volume	(2,929)	(784)
Capacity premiums	(513)	(513)
Translation of self-sustaining subsidiaries (exchange rate effect)	(565)	(103)
Raw material costs	-	(2,909)
Maintenance	-	(1,155)
Other	(211)	2,332
SIX-MONTH PERIOD ENDED JUNE 30, 2012	96,356	53,036

Revenues from Energy Sales

For the six-month period ended June 30, 2012, Boralex reported revenues from energy sales from continuing operations totalling $96.4 million compared with $101.3 million year over year. Besides the unfavourable foreign exchange impact of $0.6 million, the $4.9 million or 4.8% decrease stemmed primarily from the closure of the Dolbeau power station, which caused a $3.9 million shortfall in revenues, and lower output at existing facilities, mainly the U.S. hydroelectric power stations, which had a direct $2.9 million impact on revenues and an indirect $0.5 million impact on capacity premiums.

However, these factors were partly offset by the $2.0 million favourable impact resulting from the Corporation's higher average selling prices and the additional revenues of $1.1 million generated by the new solar power station.

In total, Boralex generated 796,783 MWh of electricity since the beginning of fiscal 2012, down 7.2% from 858,464 MWh for the same period of fiscal 2011 (excluding Dolbeau).

Other Income

Other income of $0.3 million recorded in the first six-month periods of 2012 and 2011 essentially consisted of management fees for a power station owned by a trust, whose sole trustee is a director of the Corporation.

EBITDA

For the six-month period ended June 30, 2012, adjusted EBITDA from continuing operations amounted to $53.0 million compared with EBITDA of $53.8 million for the same period of 2011. As a result, the adjusted EBITDA margin improved to 55.0% in the first six months of 2012 from 53.1% for the same period of 2011. Moreover, excluding the $0.6 million unfavourable impact attributable to the Dolbeau power station, which is no longer part of Boralex's asset base, the adjusted EBITDA margin for the first six months of 2012 stands at 53.5%.

Boralex's performance since the beginning of 2012 was driven mainly by the significantly higher output of the wind power segment, which made an additional contribution of $3.9 million to consolidated EBITDA, and the commissioning of the new solar power station, which generated EBTIDA of $1.1 million. However, the impact of these factors was reduced by lower output of the hydroelectric power segment and to a lesser extent, of the thermal power segment.

Also, Boralex's profitability since the beginning of fiscal 2012 was enhanced by a $2.0 million favourable impact resulting from higher average selling prices, which offset the $2.7 million increase in natural gas costs. Last, profitability was bolstered by a total favourable impact of nearly $2.3 million resulting from the decrease or non-recurrence of various cost items, compared with 2011, which fully offset the $1.2 million increase in maintenance costs.

Amortization, Financing Costs, Foreign Exchange Loss and Net Loss on Financial Instruments

The Corporation's amortization expense for the first six-month period ended June 30, 2012 decreased by $1.1 million to $27.9 million. The impact of the addition of the new solar power station was largely offset by the items mentioned in the analysis of operating results for the three-month period ended June 30, 2012.

Financing costs fell by $0.3 million to $24.2 million.

Boralex reported a $0.1 million foreign exchange loss for the first six months of 2012, down from $2.0 million for the same period of 2011 due to the remeasurement of intercompany advances made to certain U.S. subsidiaries and the Corporation's foreign currency balances. Last, the Corporation recognized a $0.5 million net loss on financial instruments in 2012, compared with a $0.4 million net loss on financial instruments for fiscal 2011.

Other Gains

As previously discussed, Boralex had recognized $2.4 million in pre-tax gains on the sale of assets in the first quarter of 2011.

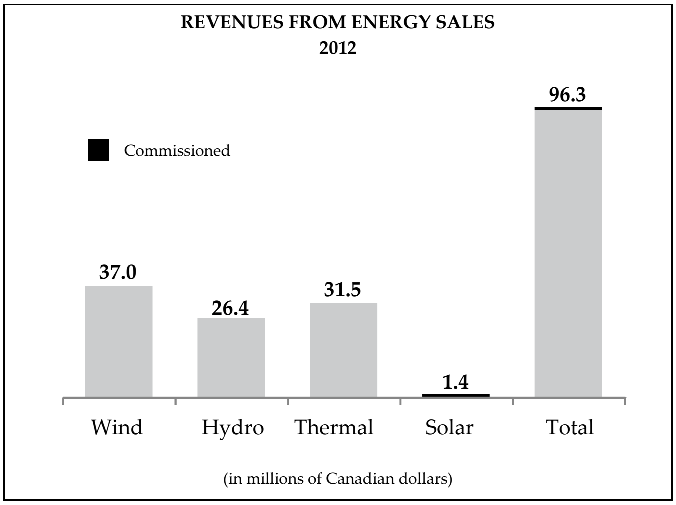
Net Earnings (Loss) Attributable to Shareholders of Boralex

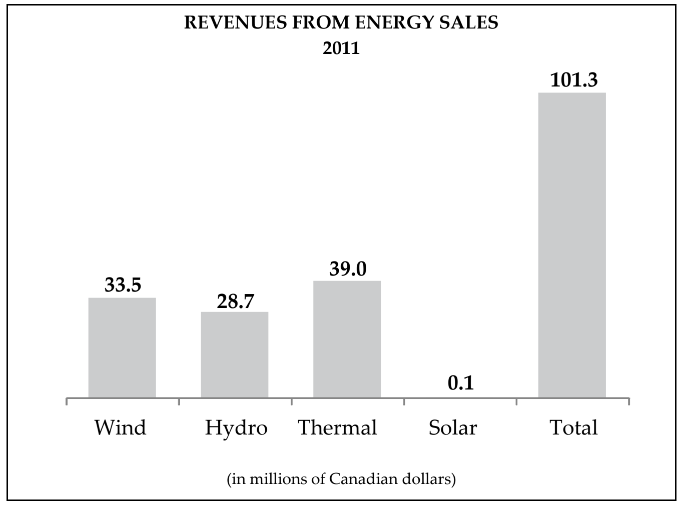
Excluding discontinued operations and specific items, Boralex reported an adjusted net loss of $0.2 million or nil per share for the six-month period ended June 30, 2012, compared with a net adjusted loss of $1.5 million or $0.04 per share (basic and diluted) for the same period of 2011.

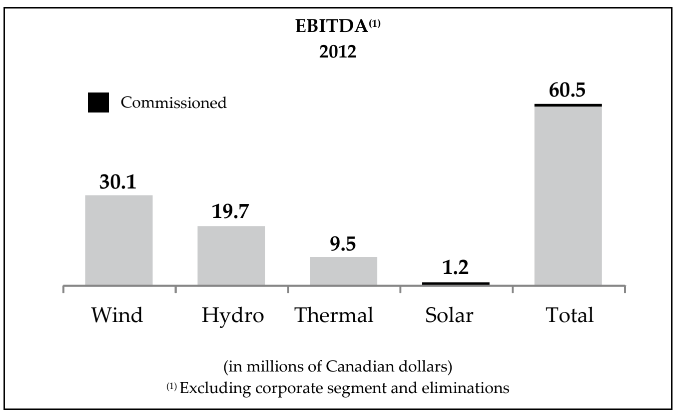
TO SUM UP,

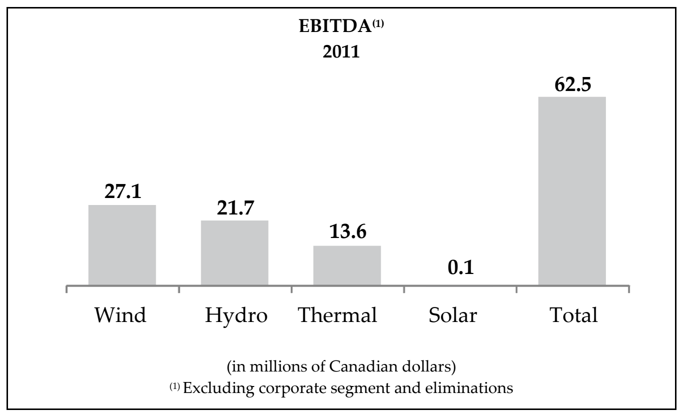
the results for the six-month period ended June 30, 2012 demonstrate the benefits of the Corporation's strategy over the past three years to focus operations and development projects on renewable energy assets covered by long-term power sales contracts and endeavours with superior growth and return prospects. The geographic and segment diversification of the Corporation's asset base combined with the sound performance of the wind power segment and Canadian hydroelectric power stations, the commissioning of the new solar power station and the voluntary decrease in the relative weight of the thermal power segment have enabled Boralex to improve its adjusted EBITDA margin and its adjusted net loss from continuing operations since the beginning of the fiscal year, which reflects a more promising positioning for growth and profitability.

Geographic and Segment Breakdown of Results of Continuing Operations for the Six-Month Period Ended June 30, 2012









Geographically, revenues from energy sales excluding discontinued operations for the six-month period ended June 30, 2012 were broken down as follows:

- Canada: 52.3% compared with 56.0% for the same six-month period in 2011;
- France: 32.2% compared with 26.0% the previous year; and
- United States: 15.5% compared with 18.0% in 2011.

The decrease in the relative share of revenues generated by Canadian assets stems primarily from the shutdown of the Dolbeau power station as of the second quarter of 2011 and the agreement entered into with Hydro-Québec under which the Senneterre thermal power station did not generate any electricity during the second quarter of 2012. The increase in the European market's relative weight was driven by revenue growth in the wind power segment in France following particularly favourable wind conditions, and the commissioning of the new solar power station. The lower share of revenues in the U.S. results from unusually unfavourable water flow conditions in the second quarter of 2011.

Changes in segment breakdown of revenues and EBITDA from continuing operations were as follows:

Wind

Segment revenues grew 10.4% compared with the first six months of 2011, with its share in consolidated revenues rising to 38.4% in 2012 from 33.1% in 2011. Growth was primarily driven by significantly higher output at facilities in France where wind conditions since the beginning of fiscal 2012 were clearly more favourable than in the previous year. Facilities in Canada also contributed to overall growth in wind power segment revenues, but to a lesser extent as wind conditions in the second quarter were less favourable than in the previous year. Wind power EBITDA rose 11.1%, accounting for 49.8% of consolidated EBITDA (before the corporate segment and eliminations) in 2012 compared with 43.4% in 2011, confirming the wind power segment's position as Boralex's most significant source of EBITDA. The segment's EBITDA margin is also higher than the average for Boralex's energy asset portfolio, amounting to approximately 81.4% for the first six months of 2012 (80.9% in 2011).

With wind power projects under development set to add nearly 334 MW to Boralex's contracted capacity, the segment's top contribution to operating profitability stands to grow in the coming years, enhancing the Corporation's average profit margin.

Hydroelectric

The hydroelectric segment's share of consolidated revenues for the first six months of 2012 declined to 27.4% from 28.4% year over year as segment revenues fell 8.0% owing to unfavourable water flow conditions in Northeastern U.S. during the second quarter. Segment EBITDA (before the corporate segment and eliminations) decreased 9.2%, accounting for 32.6% of consolidated EBITDA (before the corporate segment and eliminations) this year compared with 34.7% last year. As a percentage of revenues, the EBITDA margin declined to 74.6% from 75.3% year over year.

Thermal

Thermal power accounted for 32.7% of consolidated revenues for the six-month period ended June 30, 2012 compared with 38.5% for the same period of 2011. The thermal power segment accounted for 15.7% of EBITDA (before the corporate segment and eliminations) compared with 21.8% for the period a year earlier. These declines resulted in large part from the impact of the closure of the Dolbeau power station on results of the first quarter of 2012. Segment EBITDA margin for the first six months of 2012 fell to 30.2% from 34.9% for the corresponding period of 2011.

Solar

Although solar power accounts for a relatively small percentage of Boralex's energy asset portfolio at present, the new solar power station generated non-negligible EBITDA of $1.2 million on revenues of $1.4 million in the first six months of 2012, representing an EBITDA margin of 85.7%, as a percentage of revenues.

Review of Operating Segments

Wind Power Stations

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

(in millions of Canadian dollars)	Three-month periods ended Revenues from energy sales	 EBITDA	Six-month periods ended Revenues from energy sales	 EBITDA
JUNE 30, 2011	15,193	11,991	33,466	27,057
Pricing	141	141	496	496
Volume	1,566	1,566	3,910	3,910
Translation of self-sustaining subsidiaries (exchange rate effect)	(523)	(367)	(773)	(563)
Maintenance	-	(142)	-	(244)
Other	(32)	(107)	(108)	(597)
JUNE 30, 2012	16,345	13,082	36,991	30,059

Operating Results for the Three-Month Period

The wind power segment remains the main driver of financial performance for Boralex. In the second quarter of 2012, the wind power segment maintained solid rates of growth in production, revenues and EBITDA on the order of 11.6%, 7.6% and 9.1%, respectively. Yet, unlike in the first quarter, segment performance was driven by our French power stations, as our Canadian sites logged less favourable wind conditions. This balance highlights the strength of Boralex's geographic diversification in the wind power segment. The second quarter of 2012 ushered in a series of transactions that will see the wind power segment incorporate nearly 123 MW of additional contracted capacity by late 2013, including approximately 35 MW already in operation. With these acquisitions, the wind power segment remains squarely at the fore of Boralex's development strategy.

Production

For the three-month period ended June 30, 2012, wind power produced a total of 138,836 MWh compared with 124,362 MWh in the corresponding period last year. This growth was driven by our French sites, which stepped up production by 34.5%. For the third straight quarter, our French facilities recorded significantly better wind conditions than a year earlier, in addition to a favourable average rate of equipment availability. However, despite maintaining excellent availability rates, the Thames River, Ontario sites in Canada were affected by less favourable wind conditions that than in the same period the year before, which reduced production by 13.9%.

Revenues and EBITDA

Wind power segment revenues for the second quarter totalled $16.3 million, up from $15.2 million year over year. This growth resulted primarily from a rise in overall output, which generated an additional $1.6 million in revenues, with a $0.1 million contribution from higher average selling prices at our Canadian and French sites. However, changes in the Canadian dollar/euro exchange rate dampened revenues by $0.5 million.

Wind power segment EBITDA and EBITDA margin amounted $13.1 million and 80.4%, respectively, compared with $12.0 million and 78.9% for the corresponding period a year earlier. The French sites notably increased their contribution to segment EBITDA by over 40%, despite a $0.4 million unfavourable foreign exchange effect and a $0.1 million increase in maintenance expenses.

Operating Results for the Six-Month Period

Year to date, the wind power segment posted growth in production, revenues and EBITDA of 12.4%, 10.5% and 11.1%, respectively, compared with the first half of fiscal 2011. Both geographic markets contributed to this growth.

Production, Revenues and EBITDA

Year-to-date electricity production in the wind power segment totalled 311,241 MWh compared with 276,931 MWh for the first half of the previous year. Production at the French and Canadian sites was up 20.0% and 3.4%, respectively.

Revenues for the first six months of fiscal 2012 amounted to $37.0 million compared with $33.5 million for the same period a year earlier. Increases in production and average selling prices generated additional revenues of $3.9 million and $0.5 million, respectively. That growth was offset, however, by a $0.8 million unfavourable foreign exchange effect.

Wind power segment EBITDA and EBITDA margin for the first six months of fiscal 2012 amounted $30.1 million and 81.4%, respectively, compared with $27.1 million and 80.9% for the same period last year. The French and Canadian sites' contributions to EBITDA were up 15.8% and 6.9%, respectively. For the wind power segment as a whole, the combined effect of higher production volume and selling prices contributed an additional $4.4 million to EBITDA compared with the first half of 2011, which readily offset a $0.6 million unfavourable foreign exchange effect, a $0.2 million increase in maintenance expenses and a $0.6 million increase in miscellaneous expenses.

Development Projects and Recent Events

As of the date of this MD&A, Boralex had entered into long-term power sales contracts, acting alone or with partners, for wind projects totalling 529 MW, consisting of 441 MW in Québec, Canada and 88 MW in France. Boralex's net share of all projects totals 334 MW, comprising 246 MW in Canada and 88 MW in France. The Canadian projects are slated for commissioning from December 2013 to December 2015 and include the Corporation's largest wind farm currently under development in Canada, the first phase of the Seigneurie de Beaupré Wind Farms totalling 272 MW (net share of 136 MW for Boralex). At present, Boralex has four recently acquired projects under development in France that it expects to commission between the second and fourth quarters of fiscal 2013.

Wind power projects under development in Canada are described below.

1. In 2011, Boralex and its partner Gaz Métro Limited Partnership set up an equally owned joint venture (the "Joint Venture") to build and operate phase 1 of the Seigneurie de Beaupré Wind Farms with an installed capacity of 272 MW, slated for commissioning in December 2013. Project construction is on budget and on schedule. At this time, the road network, comprising over 110 km, is nearing completion, and 50% of foundation work has been finished. In addition, the first towers have been erected and a significant percentage of civil engineering work has been completed. Boralex's management is confident that the expertise and skills acquired by its team in the commissioning and operation of the Thames River wind power site in Ontario will be invaluable to the successful commissioning of the Seigneurie de Beaupré Wind Farms.

   The construction of phase 1 of this wind farm requires an investment of approximately $750 million. On November 8, 2011, the Joint Venture secured financing for $725 million, comprising a two-year construction loan of $590 million, which will be converted into a term loan amortized over 18 years after the start of commercial operations, together with short-term facilities totalling $135 million. This complex financing arrangement won two prestigious awards in London and New York in January and March 2012, particularly for its unique structure and the participation of atypical investors in this type of project financing.

   In November 2011, the Joint Venture entered into interest rate swap transactions to set a significant portion of the financing rate for its Seigneurie de Beaupré wind power project. The transactions have a total nominal amount of $552 million and the rates are approximately 3.06%.

2. Boralex and its partner Gaz Métro Limited Partnership are working together to implement another Seigneurie de Beaupré wind farm with a 69 MW capacity, scheduled for commissioning in December 2014. The financial model has been determined, and the environmental approval process is underway. Apart from the site's significant advantages regarding wind and environmental conditions and existing infrastructure, the future wind farm will enjoy a performance boost from logistical synergies to be achieved during its construction and subsequent operation.

3. In June 2011, two community wind farm projects developed jointly by Boralex and the Québec RCMs of Témiscouata and La Côte-de-Beaupré secured 20-year power sales contracts with Hydro-Québec. These wind farms, with a capacity of 25 MW each, are to be commissioned late in 2014 and in 2015, respectively.

4. During the first quarter of fiscal 2012, more specifically on March 27, 2012, Boralex signed a 20-year power supply contract with Hydro-Québec for a 50 MW wind power project. The project is expected to be commissioning in late 2015 and will be developed in Témiscouata RCM on a site adjacent to the above-mentioned community wind farm project.

Operating in France through its subsidiary Boralex Europe S.A., the Corporation completed transactions in the second quarter of 2012 to acquire a 34.5 MW wind farm in operation and four development sites totalling 88 MW.

1. On June 5, 2012, Boralex entered into a purchase contract to acquire a 32 MW wind power project located in the French department of Indre. The future site, to be commissioned in the third quarter of 2013, will consist of 16 Gamesa G90 wind turbines rated at 2 MW each. Opting for this technology will allow Boralex to expand its wind turbine operating expertise to different models. All of the power generated at the future site will be sold to EDF under a 15-year contract. The total investment will amount to approximately $55 million (€43 million). This acquisition is subject to completion of financing, which management is confident it will announce shortly.

2. On June 28, 2012, Boralex closed a series of transactions totalling approximately $45 million (€34 million) with AES Corporation and InnoVent SAS ("InnoVent"), a wind farm developer. As a result, the Corporation acquired a 34.5 MW wind farm in operation—St-Patrick wind farm—in Northern France. St-Patrick wind farm was commissioned from July 2009 to February 2010 and sells its electricity to EDF under long-term contracts expiring in 2024 and 2025. At the same time, Boralex completed a transaction with InnoVent to acquire three fully authorized wind power projects with a total capacity of 56 MW. Given that these projects are also located in Northern France, these new sites covered under long-term sales contracts with EDF will further strengthen Boralex's geographic diversification in all the main regions of France. Lastly, Boralex entered into a five-year agreement with InnoVent to secure options to acquire 130 MW in additional wind power projects currently under development by the vendor.

The aforementioned acquisition transactions allowed Cube to make its equity investment per the partnership agreement, thereby completing its initial financial commitment ahead of its December 2012 deadline. This injection of funds thus increases Cube's interest in Boralex Europe S.A. to 25.33%.

Outlook

Regardless of the potential impact of external factors such as currency fluctuations and weather conditions, wind power segment performance for the remainder of fiscal 2012 will be strengthened in particular by the immediate revenue and EBITDA contribution from our new 34.5 MW St-Patrick wind farm in France, which management expects to total approximately $11.1 million (€8.6 million) and $9.2 million (€7.1 million), respectively. As in the past, performance in the wind power segment will be underpinned, above all, by its team's expertise and its unrelenting efforts to optimize wind turbine availability and performance, leveraging in particular its expertise in preventive and corrective maintenance and remote management of wind turbines.

Boralex's wind power segment will remain its main growth driver over the longer term, as well. The table below shows the scale and objectives of Boralex's wind power projects currently under development

Wind Power Projects under Development

2013	2013	2013	2013	2013	2014	2014	2015	2015
France	France	France	France	Québec	Québec	Québec	Québec	Québec
La Vallée	Fortel-Bonnières	St-François	Vron	Seigneurie de Beaupré (Phase 1)	Seigneurie de Beaupré (Phase 2)	Témiscouata community project	La Côte-de-Beaupré community project	Témiscouata II
32 MW	24 MW	24 MW	8 MW	272 MW	69 MW	25 MW	25 MW	50 MW
100% Boralex interest	100% Boralex interest	100% Boralex interest	100% Boralex interest	50% Boralex interest	50% Boralex interest	51% Boralex interest	51% Boralex interest	100% Boralex interest

Over and above its 334 MW share of the contracted installed capacity now under development in Québec and France, Boralex currently has the financial capacity to fund the equity portion of wind power projects totalling approximately 100 MW of additional capacity. Boralex's goal is to control approximately 960 MW of installed wind power capacity by the end of 2015.

The Corporation will continue seeking opportunities to acquire new wind power projects in Canada and Europe, including operational sites and projects in advanced stages of development with potential for near-term commissioning. In Canada, following the request for proposals launched in July 2012 by the Québec government for 700 MW of wind power, the Seigneurie de Beaupré site, over which Boralex and its partners have exclusive development rights, has such great potential that it could eventually accommodate infrastructure totalling nearly 500 MW in additional capacity. Ontario also remains an attractive market for Boralex, given its wind power potential. In Europe, Boralex will continue to focus primarily on the French market, due in particular to the solid market share and credibility that Boralex has built in that market over the past decade.

Boralex's management considers the wind power segment's medium- and long-term outlook to be highly favourable, due to:

- The scope and quality of its projects with long-term power sales contracts currently under development;
- Solid alliances forged in Europe and North America to accelerate its development; and
- Boralex's growing reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale wind power facilities.

Hydroelectric Power Stations

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

(in millions of Canadian dollars)	Three-month period ended Revenues from energy sales	Three-month period ended EBITDA	Six-month period ended Revenues from energy sales	Six-month period ended EBITDA
JUNE 30, 2011	15,990	12,648	28,722	21,724
Pricing	(12)	(12)	(396)	(396)
Volume	(4,040)	(4,040)	(2,549)	(2,549)
Translation of self-sustaining subsidiaries (exchange rate effect)	454	384	585	487
Maintenance	-	(147)	-	(296)
Other	53	223	69	731
JUNE 30, 2012	12,445	9,056	26,431	19,701

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

HYDROELECTRIC PRODUCTION (MWh)	2012	2011
Three-month periods ended June 30	158,874	213,490
Historical average – three-month periods(1)	188,631	188,683
Six-month periods ended June 30	321,969	358,495
Historical average – six-month periods(1)	344,283	346,206
Annual historical average(1)	626,211	626,740

(1) The historical average is calculated using all production data available for each power station up to the end of Boralex's previous fiscal year. Historical averages include all of Boralex's existing power stations.

Operating Results for the Three-Month Period

On the heels of a great first quarter, the hydroelectric power segment was hit by abnormally poor water flow conditions in the Northeastern U.S. for the second quarter, which typically sees some of the year's most favourable weather. While the Canadian power stations maintained and even improved their performance, the U.S. power stations saw production decline approximately 40% from the second quarter of 2011, down some 27% from their historical average. That being said, we stress that on the whole, Boralex's hydroelectric power segment has remained true to its tradition built over two decades as an efficient and reliable profit and cash flow generator, continuing to deliver solid results and a high profit margin.

Production

The hydroelectric power segment generated 158,874 MWh of power in the second quarter of 2012, down 25.6% from 213,490 MWh for the same period of 2011. This decline resulted solely from the U.S. power stations. In addition to particularly unfavourable weather factors in the Northeastern U.S., note that there was a prolonged shutdown at a 2 MW U.S. power station due to equipment failure. However, the incident had only a slight impact on segment performance in light of the facility's size. However, production at Canadian power stations was up 2.6% from the second quarter of 2011, and 2.8% above the historical average. For the hydroelectric power segment as a whole, production was down 15.8% from Boralex's historical averages for the period.

Revenues and EBITDA

The hydroelectric power segment's revenues from energy sales for the second quarter of 2012 amounted to $12.4 million from $16.0 million year over year, while EBITDA fell to $9.1 million from $12.6 million. The drop in production gave rise to a $4.0 million net shortfall in revenues and EBIDTA. This decline was offset by a favourable Canadian/U.S. dollar exchange rate effect on revenues and EBITDA of $0.5 million and $0.4 million, respectively. In the aggregate, the effect of changes in average selling prices was practically nil, as the indexing of the selling prices of most of the power stations covered by sales contracts offset the drop in market prices paid to U.S. power stations not covered by such contracts. These power stations account for 15.1% of installed capacity in the hydroelectric power segment and 4.0% of Boralex's total capacity in operation.

Operating Results for the Six-Month Period

Year to date, the hydroelectric power segment posted declines in production, revenues and EBITDA of 10.2%, 8.0% and 9.3%, respectively, compared with the first half of fiscal 2011. The solid results for the first quarter and strong year-to-date performance at Canadian power stations mitigated the impact of the atypical weather conditions that affected the U.S. power stations in the second quarter of 2012.

Production, Revenues and EBITDA

Production for the first half of 2012 totalled 321,969 MWh compared with 358,495 MWh for the same period of 2011. Production at Canadian power stations was up 5.6%, while it fell 17.7% at U.S. facilities for the aforementioned reasons. On the whole, as shown in the previous table, hydroelectric power segment production was 6.5% lower than Boralex's historical averages for the six-month period.

A drop in production triggered a $2.5 million shortfall in year-to-date revenues and EBITDA compared with the first half of 2011. In addition, a decline in the average open-market electricity selling prices paid to U.S. power stations not covered by power sales contracts reduced revenues and EBITDA by $0.4 million. These unfavourable factors, coupled with the $0.3 million rise in maintenance expenses, were partially offset by a favourable foreign exchange effect on revenues and EBITDA of $0.6 million and $0.5 million, respectively, and the absence of certain non-recurring expenses incurred in 2011.

Project Under Development and Outlook

On July 25, 2012, Boralex announced the signing of a binding letter of agreement to acquire a 22 MW run-of-river hydroelectric power station project (the "Project"). The Project, located near Gold Bridge, British Columbia, will require around $60 million in investments and is expected to generate approximately 70,000 MWh annually. All of the main permits have been secured, and construction work is set to begin shortly. The hydroelectric station is slated for commercial commissioning in late 2013. The Project is covered by a 40-year power sales contract with BC Hydro and has a 20-year renewal option. The acquisition remains subject to the signing of a formal agreement finalizing the terms of the letter of agreement, subject to standard closing conditions. Boralex expects the transaction to close in fall 2012 and to complete Project financing by the end of fiscal 2012.

Concurrently with *Dam Safety Act* compliance work to be performed at the Buckingham, Québec power station, Boralex implemented a development project to optimize this investment through an expansion aimed at adding up to 10 MW to the power station's current installed capacity. Management is currently in talks with the Ministère des Ressources naturelles et de la Faune to validate and upgrade this project.

Following the recent recognition of the private nature of the Rimouski facility and its water flow, Boralex has been able to extend the initial term of the facility's power sales contract by five years. The renewal period was also extended by five years.

Boralex is keeping a watchful eye on opportunities to grow its hydroelectric power segment, particularly in Québec, Ontario and British Columbia. With over twenty years' experience in hydroelectric power, a skilled team and high quality assets, Boralex believes it is poised to make further inroads into the hydroelectric market. Since acquiring the Fund, in particular, the Corporation has enjoyed a larger, more profitable hydroelectric power base with better geographic distribution and steadier, more predictable cash flows. In fact, EBITDA margins in this segment approximate wind power margins. The new profile softens the impact of economic conditions, including fluctuations in open market selling prices in the United States, and U.S./Canadian dollar exchange rate movements, on segment results.

Given the quality of our assets and the ongoing maintenance program underway at all Boralex hydroelectric power stations, there is no indication that production will not be in line with historical averages. In addition, Canadian power stations will continue benefitting from indexation under power sales contracts, as well as from capacity premiums, throughout the initial contract term.

Thermal Power Stations

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

(in millions of Canadian dollars)	Three-month period ended Revenues from energy sales	Three-month period ended EBITDA	Six-month period ended Revenues from energy sales	Six-month period ended EBITDA
JUNE 30, 2011	12,762	2,078	39,023	13,610
Shutdown of Dolbeau power station	(42)	950	(3,921)	(599)
Pricing	254	254	1,950	1,950
Volume	(3,322)	(1,683)	(4,470)	(2,325)
Translation of self-sustaining subsidiaries (exchange rate effect)	(198)	(35)	(367)	(75)
Capacity premiums	9	9	(510)	(510)
Raw material costs	-	(1,170)	-	(2,911)
Maintenance	-	(65)	-	(524)
Other	(178)	816	(177)	933
JUNE 30, 2012	9,285	1,154	31,528	9,549

Operating Results for the Three-Month Period

Thermal power segment results for the three-month period ended June 30, 2012 reflect three key elements: the production shutdown at the Senneterre wood-residue power station under its agreement with Hydro-Québec, a decline in the results from the Kingsey Falls, Québec cogeneration power station owing to higher natural gas cost prices coupled with a drop in production, and the effect of the closure of the Dolbeau wood-residue power station, which Boralex sold. These combined factors resulted in a decline in thermal power segment results for the second quarter, even though the segment continued to make a positive, non-negligible contribution to Boralex's consolidated results.

Production

For the three-month period ended June 30, 2012, the thermal power segment generated 41,981 MWh of electricity compared with 88,138 MWh for the same period of 2011. This change resulted primarily from the agreement entered into between Boralex and Hydro-Québec under which the Senneterre thermal power station is to produce power only six months per year in 2012 and 2013, from December to March and in July and August. This power station was thus idle during the second quarter of the current fiscal year The two cogeneration power stations located in Kingsey Falls, Québec and Blendecques, France recorded aggregate decreases in electricity production and steam production of 10.7% and 8.9%, respectively. These declines resulted in particular from the Kingsey Falls power station as a result of lower steam consumption by its industrial client and a drop in electricity sales caused by a turbine failure. Production at the Blendecques power station remained relatively unchanged from second-quarter 2011 levels.

Revenues and EBITDA

Thermal power segment revenues totalled $9.3 million compared with $12.8 million for the second quarter last year. This decline resulted mainly from a $3.3 million adverse volume effect, of which $2.3 million was attributable to the scheduled shutdown at the Senneterre power station with the balance of approximately $1.0 million stemming from reduced production at the Kingsey Falls power station due to the above-mentioned factors. Revenues at our Blendecques power station in France would have held steady were it not for the $0.2 million unfavourable Canadian dollar/euro exchange rate effect.

EBITDA for the second quarter of 2012 amounted to $1.2 million compared with $2.1 million for the same period a year earlier, with $0.9 million decline stemming from the Kingsey Falls power station. In addition to lower production and higher maintenance expenses owing in particular to an equipment failure, this power station incurred an increase in natural gas supply costs since the October 2011 termination of its initial supply agreement, negotiated under more beneficial terms than the current contract. Operating profitability at the Blendecques power station was comparable to the second quarter of the previous year.

The Senneterre wood-residue power station reported stable operating results compared with the second quarter of 2011. Its profitability was not affected by its production shutdown under the agreement entered into with Hydro-Québec, as the decline in production was offset by a drop in maintenance expenses and the absence of certain non-recurring costs incurred in 2011.

Lastly, second-quarter results in the thermal power segment were strengthened by a $1.0 million saving arising from the closure of the Dolbeau power station given that the facility, which was still reported in the Corporation's assets in the second quarter of 2011, had ceased operations while continuing to incur significant fixed expenses.

Operating Results for the Six-Month Period

Year to date, the hydroelectric power segment posted declines in production, revenues and EBITDA of 39.1%, 19.2% and 29.8%, respectively, compared with the first half of fiscal 2011.

Production, Revenues and EBITDA

For the six-month period ended June 30, 2012, the thermal power segment generated 160,304 MWh of electricity compared with 263,185 MWh for the same period 2011, with nearly all of the decline resulting from the effect of the Dolbeau power station's closure on first quarter results compared with the same period of 2011, as well as from the scheduled production shutdown at the Senneterre power station in the second quarter under the agreement with Hydro-Québec. Excluding those two items, thermal power segment production was down slightly, easing 2.6%, while steam production at the two natural gas cogeneration power stations fell 5.6% to 658,193 thousands of pounds from 697,294 thousands of pounds for the first half of 2011.

Year-to-date segment revenues totalled $31.5 million compared with $39.0 million for first six months of 2011, owing to the closure of the Dolbeau power station, the production shutdown at the Senneterre power station in the second quarter and the reduction in capacity premiums at Senneterre in the first quarter. Excluding the Canadian dollar/euro exchange rate effect, aggregate revenues for the two natural gas cogeneration power stations grew 2.9%. Higher steam and electricity selling prices at these facilities offset the aforementioned decline in production at Kingsey Falls.

Year-to-date EBITDA amounted to $9.5 million compared with $13.6 million for the first half of 2011. Excluding the impact of the Dolbeau plant's closure, EBITDA was down $3.5 million owing primarily to lower production and the expiration of the former natural gas supply contract at the Kingsey Falls power station, as well as to declines in production and capacity premiums at the Senneterre power station during the first quarter.

Outlook

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

Canada

An agreement recently entered into between Hydro-Québec and Boralex will see the Senneterre wood-residue power station in Québec operate only six months a year in 2012 and 2013. In light of the terms of the agreement, however, Boralex does not expect the power station's results to be significantly affected, provided the facility operates at its projected level. One of the key objectives for the upcoming quarter is to optimize the recovery and reclamation system for old bark piles and further improve yields.

In Kingsey Falls, our natural gas cogeneration facility's power sales contract with Hydro-Québec is due to expire in November 2012, and management is currently evaluating potential scenarios based on the needs to be expressed by Hydro-Québec and its industrial client. In that regard, in April 2012, with a view to a potential request for proposals, Hydro-Québec initiated a request for qualifications to short-list candidates to provide electrical power to complement wind power production and its more intermittent nature. Boralex submitted the qualifications of its Kingsey Falls power station which management sees as well positioned to meet a portion of Hydro-Québec's needs. However, should Boralex's qualifications meet the cut during this first stage, management will, in due course, assess the desirability of tendering to the potential request for proposals based on the criteria governing Boralex's business model in the thermal power segment consisting primarily of the requirement for long-term electricity and steam sales agreements, and long-term raw material supply agreements, to be in place beforehand.

Moreover, the steam sales agreement at the Kingsey Falls power station expires in 2012 and will have to be renegotiated if renewed. Upon entering into the contract, the client chose an indexing method partially based on the price of certain oil products. Given the considerable volatility in oil prices over the past few years, the price of steam has fluctuated significantly. Boralex entered into financial swaps in 2010 and 2011 to partially fix the price of steam sold and natural gas purchased through to November 30, 2012.

France

Since 2005, market conditions have prompted the Blendecques natural gas cogeneration power station to operate its cogeneration equipment for the five-month winter period only, from November 1 to March 31. The Blendecques facility provides a steady stream of profit and cash flows for Boralex, particularly given that fluctuations in selling prices are generally offset by opposite fluctuations in raw material costs.

The power sales contract at Blendecques is set to expire in December 2013. To extend its useful life, management has designed an expansion and modernization plan, which would allow it to enter into a new power sales contract with EDF spanning a potential 12-year term. Going forward with this project is contingent on entering into a steam sales agreement beforehand with the power station's industrial client.

Solar Power Station

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

	Three-month period ended		Six-month period ended	
(in millions of Canadian dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2011	124	121	124	121
Power station commissioned	535	456	1,111	951
Volume	180	180	180	180
Other	(9)	(34)	(9)	(34)
JUNE 30, 2012	830	723	1,406	1,218

Operating Results for the Three- and Six-Month Periods

Commissioned in mid-June 2011, the Corporation's first solar power station marked slightly more than one year in service on June 30, 2012. As a result, our solar facility contributed fully to results for the second quarter and first six months of fiscal 2012. To date, its performance has fully satisfied management's expectations and contributed positively to consolidated results.

For the three-month period ended June 30, 2012, the solar power station generated 1,940 MWh of electricity compared with 268 MWh for the last two weeks of June 2011. We recall that spring and summer are the most productive seasons for these facilities in Southwestern France. The solar power station's year-to-date production totalled 3,269 MWh.

The facility generated EBITDA and revenues for the second quarter amounting to $0.7 million and $0.8 million, respectively, for an EBITDA margin of 87.1%. Year-to-date EBITDA and revenues stood at $1.2 million and $1.4 million, respectively, for an EBITDA margin of 86.6%.

Since it was commissioned, over a period of approximately 12.5 months ended June 30, 2012, Boralex's first solar power station produced a cumulative 6,496 MWh and generated EBITDA and revenues of $2.9 million and $2.5 million, respectively, for an EBITDA margin of 88.4%.

Management believes that the profitability recorded to date reflects the intrinsic quality of this first solar project with regard to the choice of technology, location and contractual benefits, as well as the growing expertise of Boralex's team.

Outlook

Broadly speaking, Boralex expects its solar power station to generate an average of approximately 5,000 MWh of electricity for the first ten years, with an average EBITDA margin expected to range from 80% to 85% over the period.

Solar power is a growth industry with market rules and government directions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has great potential, particularly as technological breakthroughs gradually lower the cost of equipment and enhance performance. In addition to the European market, more specifically France where Boralex has built a skilled team devoted to solar project development, the Corporation looks to the Ontario market with special interest. This province might be a good fit for Boralex to tap into this niche in Canada.

Cash Flows

(in thousands of Canadian dollars)	Six-month periods ended June 30 2012	2011
Net cash flows related to operating activities	47,805	47,466
Net cash flows related to investing activities	(35,635)	(8,641)
Net cash flows related to financing activities	3,409	(64)
Cash from discontinued operations	(6,972)	7,604
Translation adjustment on cash and cash equivalents	(196)	(278)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,411	46,087

Operating Activities

During the first six months of fiscal 2012, Boralex reported $27.2 million or $0.72 per share in cash flows from operations compared with $27.1 million or $0.72 per share for the same period of fiscal 2011. Excluding non-cash items from net earnings (loss) for the two comparative periods, mainly the amortization expense, and despite the $2.1 million decline in EBITDA, this slight increase resulted in large part from the a $1.4 million change in interest paid, a $0.7 million change in the realized foreign exchange loss and a $0.6 million change in taxes paid.

The change in non-cash items related to operating activities generated additional cash of $20.6 million ($20.4 million year over year), resulting primarily from a $23.1 million decrease in *Trade and other receivables*. These changes were particularly attributable to the Corporation's seasonal business cycle, invoicing without VAT in Europe since January 1, 2012 and timing differences between receipts and outlays. This change was offset by the $5.5 million increase in *Trade and other payables* resulting primarily from a €3.9 million financial liability accounted for at the time of the business combination.

Accordingly, continuing operations generated cash flows totalling $47.8 million for the first half of fiscal 2012 compared with $47.5 million for the same period a year earlier.

Investing Activities

For the six-month period ended June 30, 2012, investing activities required cash outflows of $35.6 million, net of $20.5 million in cash inflows consisting of a $11.6 million change in restricted cash and $8.9 million in proceeds from the sale of assets, mainly in relation to the sale of the Dolbeau thermal power station, a wind power project under development in Italy and the assets of a U.S. wood-residue power station.

The main investments for the period consisted of:

- $39.1 million (€30.3 million) in cash for the June 28, 2012 acquisition of a 34.5 MW wind farm in operation and three wind power projects under development totalling 56 MW in France;
- An additional capital injection of $11.3 million into the Joint Venture tasked with developing phase 1 of the Seigneurie de Beaupré Wind Farms;
- $2.5 million for various additions to property, plant and equipment, allocated nearly equally to the wind power, hydroelectric power, solar power and corporate segments;
- A $1.6 million investment in other assets, more specifically for the acquisition of a financial information system; and
- $1.7 million for various development projects in Québec and a 32 MW wind power project in France.

Financing Activities

For the six-month period ended June 30, 2012, financing activities generated net cash inflows totalling $3.4 million and included a $14.7 million repayment by the Corporation of existing non-current debt, of which $11.2 million were related to its debt in France. In connection with acquisitions made in June 2012, Boralex's European partner Cube made a capital injection of $17.7 million (€13.7 million), thereby meeting its initial financial commitment ahead of the December 2012 deadline. On completion of those acquisitions, Cube's interest in Boralex Europe S.A. stood at 25.33%.

Discontinued Operations

For the six-month period ended June 30, 2012, discontinued operations required cash outflows of $7.0 million, triggered mainly by the taxes on Boralex's December 2011 transaction to dispose of its U.S. wood-residue power stations. For the corresponding period ended June 30, 2011, discontinued operations generated cash flows of $7.6 million from ongoing operations and thermal power station REC sales.

Net Increase in Cash and Cash Equivalents

In light of the foregoing, total changes in cash flows for the six-month period ended June 30, 2012 resulted in an $8.4 million increase in the balance of cash and cash equivalents. Cash and cash equivalents totalled $153.1 million as at June 30, 2012, compared with $144.7 million as at December 31, 2011.

TO SUM UP,

the first six months of fiscal 2012 saw a major new investment through which Boralex acquired some 173 MW in fully contracted wind power, 35 MW of which is in operation in France with the remaining 138 MW slated to be commissioned commercially in under a year. This new expansion is part of the Corporation's vision of long-term value creation, predicated on developing an asset base that generates high profit margins and growing and predictable cash flows. Moreover, the significant level of cash flows generated by operating activities in the first half of fiscal 2012 is a clear sign of the return on this strategy, adopted by Boralex back in 2009, and is conducive to a solid cash position and a healthy capital structure.

Financial Position

Summary of Significant Changes

Excluding the foreign exchange rate effect and ongoing development work on the Seigneurie de Beaupré wind power projects in Québec, Boralex's change in financial position from December 31, 2011 to June 30, 2012 primarily reflects acquisitions in the wind power segment in France late in June 2012. The contribution of net assets acquired to Boralex's consolidated statement of financial position is discussed below.

The following table reflects the preliminary estimated purchase price allocation, which will be subject to a final valuation:

	Preliminary estimated purchase price allocation	
	(in thousands of dollars)	(in thousands of €)
Current assets	6,888	5,343
Property, plant and equipment	64,108	49,727
Energy sales contracts	44,877	34,810
Current liabilities	(2,581)	(2,002)
Financial liability	(5,027)	(3,900)
Non-current debt	(47,610)	(36,930)
Deferred income tax liability	(12,918)	(10,020)
Other non-current financial liabilities	(3,904)	(3,028)
Net assets	43,833	34,000
Less:		
Cash and cash equivalents of acquired businesses	4,753	3,687
	39,080	30,313

Assets

Boralex's total assets as at June 30, 2012 were up $56.4 million, totalling $1,233.3 million, compared with $1,176.9 million as at December 31, 2011. Non-current assets were up $81.4 million due to the June 28, 2012 acquisitions in the wind power segment in France and the additional investment by Boralex in the Joint Venture. Current assets were down $25.0 million on a net basis, owing to the Corporation's normal seasonal business cycle and the use of a portion of the restricted cash for development of the Seigneurie de Beaupré wind power projects.

Working Capital

As at June 30, 2012, the Corporation's working capital amounted to $101.5 million with a ratio of 2.07:1 compared with $120.0 million and a ratio of 2.18:1 as at December 31, 2011. Excluding the Corporation's seasonable business cycle effect, this change resulted in large part from the use of a portion of the restricted cash for development of the Seigneurie de Beaupré projects and from the increase in *Trade and other payables* arising primarily from the recognition of €3.9 million financial liability assumed in connection with acquisitions in France.

Total Debt and Equity

As at June 30, 2012, the Corporation's total debt, consisting of non-current debt and its current portion, and the liability component of convertible debentures, amounted to $758.9 million compared with $729.5 million as at December 31, 2011 owing to new debt contracted in connection with the June 28, 2012 acquisitions in France, net of repayments on existing debt over the six-month period. Accordingly, as at June 30, 2012, 44% of the Corporation's non-current debt was in France and 14% in the U.S., compared with 40% and 15%, respectively, as at December 31, 2011.

Net debt, as defined under *Non-IFRS measures*, amounted to $388.8 million as at June 30, 2012 compared with $369.8 million as at December 31, 2011. Total equity increased $15.1 million to $344.0 million as at June 30, 2012 from $328.9 million as at December 31, 2011, primarily as a result of the new capital subscription by the Corporation's European partner Cube in connection with the June 2012 acquisitions in the wind power segment in France.

As a result, the net debt ratio, as defined under *Non-IFRS measures*, stood at 40.4 % as at June 30, 2012 compared with 39.8% as at December 31, 2011.

Information about the Corporation's Equity Instruments

As at June 30, 2012, Boralex's capital stock consisted of 37,729,167 Class A shares issued and outstanding (37,726,427 as at December 31, 2011) and the number of stock options outstanding was 1,978,023, of which 1,019,674 were exercisable. During the first six months of fiscal 2012, 3,640 shares were issued in connection with the conversion of 455 debentures. As at June 30, 2012, Boralex had 2,448,203 issued and outstanding convertible debentures (2,448,658 as at December 31, 2011).

No new shares were issued from July 1, 2012 to August 7, 2012 on exercise of stock options and no new shares were issued in connection with a debenture conversion. In addition, Boralex did not repurchase Class A shares from July 1, 2012 to August 8, 2012 under its issuer bid.

Related Party Transactions

The Corporation has entered into a management agreement with an entity controlled by Bernard Lemaire, one of Boralex's directors and officers, and his family. For the half of fiscal 2012, revenues from this agreement totalled $0.1 million ($0.1 million for the corresponding period of 2011).

The Kingsey Falls natural gas thermal power station has a steam sales contract with Cascades. For the six-month period ended June 30, 2012, revenues from Cascades totalled $9.8 million ($9.5 million for the corresponding period in 2011).

Transactions with the Joint Venture

In June 2011, in connection with phase 1 of the Seigneurie de Beaupré Wind Farms, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and created the Joint Venture of which each party owns 50%. During the six-month period ended June 30, 2012, the Corporation's share in the Joint Venture's results amounted to a $0.1 million pre-tax gain. In addition, Boralex charged back $0.7 million in salaries to the Joint Venture in connection with construction of the wind farm.

Outlook and Development Objectives

Excluding the shares of its partners, Boralex will have a contracted installed capacity totalling 820 MW early in 2016. Of that total, assets in operation presenting an installed capacity of 507 MW of which 96% will be contracted, while the Corporation's share in the various development projects, which are all covered by long-term contracts, will amount to 334 MW. By the end of 2015, Boralex aims to own a total contracted capacity of 1,250 MW, with approximately 900 MW in operation and the remaining portion under development.

To do so, Boralex will continue seeking acquisition projects in Canada and France, primarily targeting renewable energy assets in operation or projects in advanced development stages, provided they are all covered by long-term power sales contracts, to generate steady and predictable cash flows for the Corporation.

Management considers that in addition to its solid financial position and its growing capacity to generate cash flows from operations, Boralex currently operates in a business environment conducive to further strategic expansion through acquisitions, particularly as regards available financing options and current wind turbine prices. As well, the currently sluggish state of the global economy continues to prompt energy asset developers and operators to sell off portions of their assets. Boralex intends to continue focusing on just such opportunities.

While maintaining a continuous technological watch and an eye trained on the North American market and certain European countries, Boralex is targeting the following market and geographical segments:

- The wind power segment, primarily in Québec, Ontario and France;
- The hydroelectric power segment in Québec and British Columbia; and
- The solar power segment in Ontario and France.

To support its growth projects and maintain current and future operational endeavours, Boralex will continue to strengthen its business model by:

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

TO SUM UP,

Boralex intends to raise its profile as a renewable energy developer and operator with strong operational and earnings growth. To meet its growth goals, Boralex will remain a solid and innovative growth company, driven by clear objectives and a long-term vision for its sources of production, its target markets and its approach to project development.

Financial Instruments

Foreign Exchange Risk

Generally, as regards operating cash flows generated by foreign subsidiaries, the Corporation is not significantly exposed to currency fluctuations, as its subsidiaries are self-sustaining foreign operations, and it typically keeps liquid assets in their country of origin to pursue developing those subsidiaries. However, the Corporation does not anticipate any short-term capital expenditures to expand its U.S. asset base. In light of the foregoing and due to excess cash generated by its U.S. subsidiaries, the Corporation is currently studying a number of medium-term hedging strategies and intends to implement the selected strategy over the next few quarters.

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

Price Risk

To stabilize natural gas supply costs, the Corporation entered into a commodity swap contract to cover 90% of the Kingsey Falls power station's natural gas needs from November 1, 2011 through November 30, 2012. This agreement covers the commodity price of the natural gas molecule and its delivery. As at June 30, 2012, the unfavourable fair value of this contract amounted to $3.0 million.

To partially stabilize the selling price of steam produced by the Kingsey Falls power station, the Corporation entered into a hedge contract to fix the selling price index on 50% of the steam sold to its client. This contract covers a two-year period, from December 1, 2010 to November 30, 2012. As at June 30, 2012, the unfavourable fair value of this contract amounted to $0.3 million.

All of these contracts qualify for hedge accounting.

Interest Rate Risk

As at June 30, 2012, approximately 40% of non-current debt issued bears 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 4% of total debt. As at June 30, 2012, the nominal balance of these swaps stood at $319.6 million (€151.0 million and $125.0 million) while their unfavourable fair value was $45.5 million (€16.1 million and $24.8 million).

The Corporation does not plan to sell these instruments, since they were entered into to reduce the Corporation's risk related to interest rate fluctuations. Therefore, the fact that fair value is unfavourable 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.

All of these contracts qualify for hedge accounting.

Commitments and Contingencies

Commitments and contingencies are discussed in Boralex's annual MD&A for the fiscal year ended December 31, 2011.

Risk Factors and Uncertainties

Risk Factors

Boralex has not observed any significant changes regarding the risks to which it is subject, and which are discussed under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2011.

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

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and any required adjustments are reported in the statement of earnings for the period in which they become known. Items for which actual results may differ materially from these estimates are discussed in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2011.

Internal 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. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of December 31, 2011, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date and have concluded that they are adequate and effective.

During the second quarter ended June 30, 2012, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Subsequent Event

On July 25, 2012, Boralex announced the signing of a binding letter of agreement to acquire a 22 MW run-of-river hydroelectric power station project (the "Project"), currently owned by Sequoia Energy Inc. ("Sequoia"). The Project, located near Gold Bridge, British Columbia, will require around $60,000,000 in investments and is expected to generate approximately 70,000 MWh annually. All of the main permits have been secured, and construction work is set to begin shortly.

The hydroelectric station is slated for commercial commissioning in late 2013. The Project is covered by a 40-year power sales contract with BC Hydro and has a 20-year renewal option.

Consolidated Financial Statements

Consolidated Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Note	As at June 30, 2012	As at December 31, 2011
ASSETS			
Cash and cash equivalents		153,114	144,703
Restricted cash		6,660	18,288
Trade and other receivables		27,414	50,500
Inventories		4,555	3,573
Available-for-sale financial asset		1,757	2,208
Prepaid expenses		2,931	2,137
CURRENT ASSETS		196,431	221,409
Property, plant and equipment		673,748	643,047
Energy sales contracts		138,895	97,705
Water rights		110,383	111,844
Goodwill		38,063	38,063
Other intangible assets		9,201	5,285
Interest in the Joint Venture	5	53,288	45,266
Other non-current assets		13,244	14,236
NON-CURRENT ASSETS		1,036,822	955,446
TOTAL ASSETS		1,233,253	1,176,855
LIABILITIES			
Trade and other payables		39,729	34,209
Current portion of debt	6	26,100	26,659
Current income tax liability		919	10,776
Other current financial liabilities	14	28,168	29,757
CURRENT LIABILITIES		94,916	101,401
Non-current debt	6	508,053	479,525
Convertible debentures	7	224,787	223,347
Deferred income tax liability		35,997	26,031
Other non-current financial liabilities	14	20,691	14,273
Other non-current liabilities		4,764	3,400
NON-CURRENT LIABILITIES		794,292	746,576
TOTAL LIABILITIES		889,208	847,977
EQUITY			
Equity attributable to shareholders		324,468	321,764
Non-controlling interests		19,577	7,114
TOTAL EQUITY		344,045	328,878
TOTAL LIABILITIES AND EQUITY		1,233,253	1,176,855

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

Consolidated Statements of Earnings (Loss)

(in thousands of Canadian dollars, except per share amounts) (unaudited)	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2012	2011	2012	2011
REVENUES					
Revenues from energy sales		38,905	44,069	96,356	101,335
Other income		171	172	322	324
		39,076	44,241	96,678	101,659
COSTS AND OTHER EXPENSES					
Operating expenses		14,012	15,705	33,476	37,036
Administrative		5,212	5,213	9,379	9,187
Development		965	785	1,636	1,669
Amortization		13,954	15,186	27,890	29,036
Other gains		-	-	-	(2,377)
Impairment of property, plant and equipment and intangible assets	11	-	-	823	-
		34,143	36,889	73,204	74,551
OPERATING INCOME		4,933	7,352	23,474	27,108
Financing costs	10	12,096	12,511	24,199	24,487
Foreign exchange loss		10	511	131	2,047
Net loss on financial instruments		822	93	485	406
EARNINGS (LOSS) BEFORE THE FOLLOWING ITEMS		(7,995)	(5,763)	(1,341)	168
Share in loss (earnings) of the Joint Venture		27	-	(17)	-
Income tax expense (recovery)		(1,723)	(1,549)	38	423
NET LOSS FROM CONTINUING OPERATIONS		(6,299)	(4,214)	(1,362)	(255)
Net earnings (loss) from discontinued operations	12	134	(1,377)	2,459	1,731
NET EARNINGS (LOSS)		(6,165)	(5,591)	1,097	1,476
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(5,901)	(5,107)	1,248	1,904
Non-controlling shareholders		(264)	(484)	(151)	(428)
NET EARNINGS (LOSS)		(6,165)	(5,591)	1,097	1,476
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX:					
Continuing operations		(6,035)	(3,730)	(1,211)	173
Discontinued operations		134	(1,377)	2,459	1,731
		(5,901)	(5,107)	1,248	1,904
BASIC NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX:					
Continuing operations		$(0.16)	$(0.10)	$(0.03)	$0.01
Discontinued operations		$0.00	$(0.04)	$0.06	$0.04
	13	$(0.16)	$(0.14)	$0.03	$0.05
DILUTED NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX:					
Continuing operations		$(0.16)	$(0.10)	$(0.03)	$0.00
Discontinued operations		$0.00	$(0.04)	$0.06	$0.04
	13	$(0.16)	$(0.14)	$0.03	$0.04

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

Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars) (unaudited)	Note	Three-month periods ended June 30 2012	Three-month periods ended June 30 2011	Six-month periods ended June 30 2012	Six-month periods ended June 30 2011
NET EARNINGS (LOSS)		(6,165)	(5,591)	1,097	1,476
OTHER COMPREHENSIVE INCOME (LOSS)	8				
Translation differences					
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations		334	(323)	(1,051)	24
Cash flow hedges					
Change in fair value of financial instruments		(7,294)	(9,947)	(8,842)	(8,905)
Hedging items realized and recognized in net earnings (loss)		3,687	1,521	7,826	2,614
Hedging items realized and recognized in statement of financial position		-	78	-	198
Taxes		985	2,613	572	1,925
Cash flow hedges – Joint Venture					
Change in fair value of financial instruments		(11,112)	-	(3,350)	-
Taxes		2,955	-	891	-
Available-for-sale financial asset					
Change in fair value of an available-for-sale financial asset		(387)	(954)	(451)	424
Items realized and recognized in net earnings (loss)		-	-	-	(624)
Discontinued operations		-	-	-	(2,021)
Total other comprehensive loss		(10,832)	(7,012)	(4,405)	(6,365)
COMPREHENSIVE LOSS		(16,997)	(12,603)	(3,308)	(4,889)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(16,194)	(12,064)	(2,593)	(5,312)
Non-controlling shareholders		(803)	(539)	(715)	423
COMPREHENSIVE LOSS		(16,997)	(12,603)	(3,308)	(4,889)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX:					
Continuing operations		(16,329)	(10,687)	(5,052)	(5,022)
Discontinued operations		135	(1,377)	2,459	(290)
		(16,194)	(12,064)	(2,593)	(5,312)

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

Consolidated Statements of Changes in Equity

Six-month period ended June 30

2012

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders: Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive loss (note 8)	Total	Non-controlling interests	Total equity
Balance as at January 1, 2012	222,758	14,379	6,106	144,501	(65,980)	321,764	7,114	328,878
Net earnings (loss)	-	-	-	1,248	-	1,248	(151)	1,097
Other comprehensive loss	-	-	-	-	(3,841)	(3,841)	(564)	(4,405)
Comprehensive income (loss)	-	-	-	1,248	(3,841)	(2,593)	(715)	(3,308)
Conversion of convertible debentures	45	-	-	-	-	45	-	45
Stock option expense	-	-	313	-	-	313	-	313
Share repurchases	(5)	-	-	(2)	-	(7)	-	(7)
Excess of proceeds from partial sale of a subsidiary (note 9)	-	-	-	4,946	-	4,946	(4,946)	-
Contribution of non-controlling shareholders (note 9)	-	-	-	-	-	-	18,124	18,124
Balance as at June 30, 2012	222,798	14,379	6,419	150,693	(69,821)	324,468	19,577	344,045

Six-month period ended June 30

2011

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders: Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive loss (note 8)	Total	Non-controlling interests	Total equity
Balance as at January 1, 2011	222,853	14,488	5,028	141,693	(24,705)	359,357	8,332	367,689
Net earnings (loss)	-	-	-	1,904	-	1,904	(428)	1,476
Other comprehensive income (loss)	-	-	-	-	(7,216)	(7,216)	851	(6,365)
Comprehensive income (loss)	-	-	-	1,904	(7,216)	(5,312)	423	(4,889)
Conversion of convertible debentures	196	-	-	-	-	196	-	196
Stock option expense	-	-	584	-	-	584	-	584
Other	-	(109)	-	-	-	(109)	-	(109)
Balance as at June 30, 2011	223,049	14,379	5,612	143,597	(31,921)	354,716	8,755	363,471

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)	Note	Six-month periods ended June 30 2012	2011
Net earnings attributable to shareholders of Boralex		1,248	1,904
Less: Net earnings from discontinued operations		2,459	1,731
Net earnings (loss) from continuing operations attributable to shareholders of Boralex		(1,211)	173
Financing costs		24,199	24,487
Interest paid		(23,327)	(24,716)
Income tax expense		38	423
Income taxes paid		(2,193)	(2,829)
Non-cash items in earnings (loss):			
Unrealized foreign exchange loss on intercompany advances		-	1,575
Amortization		27,890	29,036
Other gains		-	(2,377)
Impairment of property, plant and equipment and intangible assets		823	-
Net loss on financial instruments		485	406
Share in earnings of the Joint Venture		(17)	-
Other		505	876
		27,192	27,054
Change in non-cash items related to operating activities		20,613	20,412
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		47,805	47,466
Business acquisitions	4	(39,080)	-
Additions to property, plant and equipment		(2,543)	(22,743)
Additions to other intangible assets		(1,560)	-
Change in restricted cash		11,628	14,647
Increase in interest in the Joint Venture	5	(11,283)	(2,212)
Development projects		(1,656)	(649)
Proceeds from sale of assets	11	8,763	2,050
Other		96	266
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(35,635)	(8,641)
Decrease in bank loans and overdraft		-	(201)
Net increase in non-current debt		-	33,253
Repayments on non-current debt		(14,667)	(33,116)
Contribution of non-controlling interests	9	18,124	-
Other		(48)	-
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		3,409	(64)
Cash from discontinued operations		(6,972)	7,604
TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENTS		(196)	(278)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,411	46,087
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		144,703	92,650
CASH AND CASH EQUIVALENTS – END OF PERIOD		153,114	138,737

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

Notes to Consolidated Financial Statements

As at June 30, 2012

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

Note 1.

Incorporation and Nature of Business

Boralex Inc. and its subsidiaries ("Boralex" or the "Corporation") operate mainly as a private producer of energy. The Corporation has interests in 22 wind power stations, 14 hydroelectric power stations, three thermal power stations and a solar power facility for a total capacity of more than 500 megawatts ("MW"*). The Corporation also operates two hydroelectric power stations on behalf of an entity controlled by a director and officer of the Corporation. The generated power is sold mainly in Canada, the United States and France.

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

*(*The data expressed in MW and MWh contained in notes 1, 4, 12, 15 and 16 have not been reviewed by the auditor.)*

Note 2.

Basis of Presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, and IAS 34, *Interim Financial Reporting*. The accounting policies followed in the unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2011. The Corporation has consistently applied the same accounting policies for all of the periods presented. As permitted under IAS 34, these interim financial statements do not constitute a complete set of financial statements, as the Corporation does not present all the notes included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information and, therefore, readers should be aware that these financial statements constitute a condensed set of financial statements under IAS 34. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2011.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2011.

The Board of Directors approved these financial statements on August 7, 2012.

Note 3.

Future Changes in Accounting Policies

IFRS 7, *Financial Instruments: Disclosures* (Revised 2011)
IAS 32, *Financial Instruments: Presentation* (Revised 2011)

In December 2011, the IASB issued a revised version of IFRS 7, *Financial Instruments: Disclosures*, to include requirements to disclose data on a gross and net settlement basis for financial instruments that qualify for offset in the statement of financial position and financial instruments subject to master netting arrangements. The revised IFRS 7 will be effective for the fiscal years of the Corporation beginning on or after January 1, 2013, with earlier adoption permitted. Concurrent with the revisions to IFRS 7, the IASB also issued a revised version of IAS 32, *Financial Instruments: Presentation*, to clarify the existing requirements for offsetting financial instruments in the statement of financial position. The revised IAS 32 will be effective for the fiscal years of the Corporation beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of adopting these standards on its consolidated financial statements.

Note 4.

Business Combination

On June 28, 2012, Boralex announced that it had completed a series of transactions to acquire 100% of the shares of an entity and its subsidiary owning a 34.5 MW* wind farm in operation (the "St-Patrick" wind farm) through the Corporation's subsidiary Boralex Europe S.A., as well as 100% of the shares of three corporations owning three fully authorized wind projects totalling 56 MW* of capacity (the "Development Projects") for a total of $39,080,000 (€30,313,000), net of the cash and cash equivalents of the acquired businesses. These corporations were acquired under Boralex's growth strategy through acquisitions aimed at expanding its market share in France.

The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results are consolidated as at June 30, 2012.

The following table reflects the preliminary estimated purchase price allocation, which will be subject to a final valuation:

	Preliminary estimated purchase price allocation	
	(in thousands of $)	(in thousands of €)
Current assets	6,888	5,343
Property, plant and equipment	64,108	49,727
Energy sales contracts	44,877	34,810
Current liabilities	(2,581)	(2,002)
Financial liability	(5,027)	(3,900)
Non-current debt	(47,610)	(36,930)
Deferred income tax liability	(12,918)	(10,020)
Other non-current financial liabilities	(3,904)	(3,028)
Net assets	43,833	34,000
Less:		
Cash and cash equivalents of acquired businesses	4,753	3,687
	39,080	30,313

The *Trade and other receivables* acquired at the time of the transaction have a fair value of $1,762,000 (€1,367,000) and are all considered recoverable as at June 30, 2012.

The preliminary purchase price allocation was determined primarily using acquisition-date book value, as well as a specific valuation of the fair value of energy sales contracts, financial instruments and deferred income tax liability.

For the six-month period ended June 30, 2012, the acquired businesses did not contribute on an individual basis to revenues from energy sales or net earnings (loss), as the acquisition occurred after the end the period. Had the acquisition occurred on January 1, 2012, the equivalent of six months of results of the acquired businesses would have been included in the consolidated results, and management estimates that consolidated revenues from energy sales and net earnings (loss) attributable to shareholders of Boralex would have amounted to $101,524,000 and $1,840,000, respectively, for the six-month period ended June 30, 2012. These estimates are based on the assumption that the fair market value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on January 1, 2012.

Note 5.

Interest in the Joint Venture

In June 2011, in connection with the Seigneurie de Beaupré wind power 2 and 3 project, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and created the joint venture Seigneurie de Beaupré Wind Farms 2 and 3, General Partnership (the "Joint Venture"), of which each party owns 50%. Under the agreement, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the Joint Venture are shared jointly but not severally. The Corporation's interest in the Joint Venture is accounted for using the equity method. The Joint Venture's year-end date is December 31.

	Six-month period ended June 30, 2012	Twelve-month period ended December 31, 2011
Balance – beginning of period	45,266	-
Capital contribution	-	6,012
Cash contribution	11,283	52,949
Share in earnings (loss)	60	(205)
Share in comprehensive loss	(3,350)	(13,461)
Other	29	(29)
Balance – end of period	53,288	45,266

The respective share of current assets, non-current assets, current liabilities, non-current liabilities and expenses pertaining to the interest in the Joint Venture is as follows:

	As at June 30, 2012	As at December 31, 2011
Current assets	2,145	8,260
Non-current assets	124,370	71,131
Total assets	126,515	79,391
Current liabilities	45,631	8,973
Non-current liabilities	27,596	25,123
Total liabilities	73,227	34,096
Net assets	53,288	45,295

	Three-month periods ended June 30		Six-month periods ended June 30	
	2012	2011	2012	2011
Total earnings (loss) for the period	(36)	-	60	-

Note 6.
Non-current Debt

	Note	Maturity	Rate[1]	As at June 30, 2012	As at December 31, 2011
Master agreement – wind farms (France)		2017-2022	5.02	165,061	175,075
Term loan payable – Nibas wind farm (France)		2016	5.00	5,617	6,350
Term loan payable – St-Patrick wind farm (France)	(a)	2024	3.19	47,585	-
Capital leases (France)		2012-2015	4.66	3,622	4,580
Term loan payable – Ocean Falls power station		2024	6.55	10,434	10,722
Term loan payable – Thames River wind farms		2031	7.05	176,605	179,628
Canadian senior secured notes		2014	6.63	36,522	37,141
U.S. senior secured notes		2013	6.23	75,823	76,597
Term loan payable – solar power station (France)		2025-2028	3.99	15,983	20,065
Other debts		-	-	4,828	4,915
				542,080	515,073
Current portion of debt				(26,100)	(26,659)
Borrowing cost, net of accumulated amortization				(7,927)	(8,889)
				508,053	479,525

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

(a) The St-Patrick wind farm's term loan payable was acquired at the time of the business combination. As at June 30, 2012, the loan amounted to €36,900,000. The remaining financing term is 12 years, and the loan matures at the end of 2024. The Corporation makes semi-annual repayments of principal and interest. The variable interest rate for this financing is based on EURIBOR, plus a margin. To reduce its exposure to rate movements, interest rate financial swaps have been entered into for a total notional amount of €27,801,000. Under these swaps, a fixed rate is provided for approximately 75% of total debt. At present, the floating interest rate is 2.82%, while the fixed rate is at approximately 3.57%. The margin is 2.25% for the next two years, then 2.5% for the five subsequent years and, lastly, 3%. In addition, the portion of debt hedged by the interest rate financial swaps will gradually fall from 75% to 68% from the third to the seventh year. Then, it will gradually decline over the five remaining years.

Note 7.
Convertible Debentures

	Six-month period ended June 30, 2012	Twelve-month period ended December 31, 2011
Balance – beginning of period	223,347	220,824
Conversion of debentures	(46)	(258)
Amortization of convertible debenture issuance costs	257	464
Imputed interest on convertible debentures of 8.50%	1,229	2,317
Balance – end of period	224,787	223,347

As at June 30, 2012, Boralex had 2,448,203 issued and outstanding convertible debentures with a nominal value of $100 (2,448,658 as at December 31, 2011).

Note 8.
Other Comprehensive Loss

	Cash flow hedges						Six-month period ended June 30 2012
	Translation differences	Hedge – Interest rate	Hedge Commodities	Hedge Foreign currency	Cash flow hedges – Joint Venture	Available-for-sale financial asset	Total
Balance as at January 1, 2012	(9,636)	(40,501)	(4,032)	(300)	(9,882)	(1,629)	(65,980)
Change in fair value	(828)	(5,569)	(2,932)	-	(3,350)	(451)	(13,130)
Reclassification to net earnings (loss)	-	1,751	5,729	346	-	-	7,826
Taxes	-	1,363	(745)	(46)	891	-	1,463
Balance as at June 30, 2012	(10,464)	(42,956)	(1,980)	-	(12,341)	(2,080)	(69,821)

	Cash flow hedges						Six-month period ended June 30 2011
	Translation differences	Hedge – Interest rate	Hedge Commodities	Hedge Foreign currency	Available-for-sale financial asset	Discontinued operations	Total
Balance as at January 1, 2011	(14,533)	(9,853)	(828)	(785)	(727)	2,021	(24,705)
Change in fair value	(827)	(6,631)	(2,627)	353	424	(1,818)	(11,126)
Reclassification to net earnings (loss)	-	2,245	474	(105)	(624)	(464)	1,526
Reclassification to statement of financial position	-	-	-	198	-	-	198
Taxes	-	1,279	539	107	-	261	2,186
Balance as at June 30, 2011	(15,360)	(12,960)	(2,442)	(232)	(927)	-	(31,921)

Note 9.
Non-controlling Interests

On June 28, 2012, the Corporation completed a €13,735,000 ($17,708,000) capital subscription by its European partner. The percentage of European operations held by this partner increased 5.32% to 25.33%. Under the initial agreement entered into in December 2009, the partner had the option of subscribing additional capital up to €33,000,000. To date, the maximum amount has been contributed. The excess of proceeds from the partial sale of a subsidiary amounting to $4,946,000 was recognized under *Retained earnings*.

In May 2012, the Corporation completed capital subscriptions by its partners Témiscouata RCM and Côte-de-Beaupré RCM amounting to $324,000 and $92,000, respectively, in connection with wind power projects currently under development in Québec.

Note 10.
Financing Costs

	Note	Three-month periods ended June 30 2012	2011	Six-month periods ended June 30 2012	2011
Interest on non-current debt, net of the impact of interest rate swaps	(a)	7,465	8,116	15,015	15,698
Interest on convertible debentures		4,805	4,804	9,492	9,397
Interest and other interest income		(972)	(782)	(1,895)	(1,522)
Amortization of borrowing costs		575	541	1,152	1,061
Other interest and banking fees		249	177	490	296
		12,122	12,856	24,254	24,930
Interest capitalized to assets		(26)	(345)	(55)	(443)
		12,096	12,511	24,199	24,487

(a) The interest expense under finance leases amounted to $54,000 and $103,000 for the three- and six-month periods ended June 30, 2012 ($81,000 and $168,000 for the comparable periods of 2011).

Note 11.
Sale of assets and impairment of property, plant and equipment and intangible assets

On April 18, 2012, the Corporation completed the sale of the Dolbeau thermal power station to Resolute Forest Products for a cash consideration of $5,000,000, with an immediate transfer of possession.

On April 4, 2012, the Corporation closed the sale of a wind power development project in Italy for a consideration of €1,466,000 ($1,950,000).

On May 7, 2012, the Corporation closed the sale of the Stacyville thermal power station's assets for a consideration of US$1,800,000 ($1,813,000).

An $823,000 impairment loss on the property, plant and equipment and intangible assets of the Dolbeau power station and the wind power project under development in Italy was recognized as at March 31, 2012 to reduce the carrying amount of these assets to their recoverable amount. No impairment loss was recognized in respect of the assets of the Stacyville power station.

Note 12.
Discontinued Operations

On December 20, 2011, the Corporation closed the sale of its U.S. wood-residue thermal power stations, with a total capacity of 186 MW* for a consideration of $89,428,000 (US$86,798,000), plus the sales proceeds of RECs realized by these power stations during fiscal 2011. During the first quarter of 2012, the Corporation accounted revenues totalling $3,789,000 in respect of the balance of RECs generated in 2011.

In addition, under the terms of the transaction, Boralex will collect 50% of REC sales proceeds in excess of the defined price thresholds for 2012, 2013 and 2014, inclusively. The Corporation recognized $209,000 in REC revenues under that clause in the second quarter of 2012.

Note 13.

Net Earnings (Loss) per Share

(a) Basic Net Earnings (Loss) per Share

(in thousands of Canadian dollars, except per share amounts and number of shares)	Three-month periods ended June 30 2012	2011	Six-month periods ended June 30 2012	2011
Basic net earnings (loss) attributable to shareholders of Boralex	(5,901)	(5,107)	1,248	1,904
Less:				
Basic net earnings (loss) from discontinued operations	134	(1,377)	2,459	1,731
Basic net earnings (loss) from continuing operations attributable to shareholders of Boralex	(6,035)	(3,730)	(1,211)	173
Weighted average number of shares	37,727,077	37,773,213	37,726,883	37,769,872
Basic net earnings (loss) per share from continuing operations attributable to shareholders of Boralex	$(0.16)	$(0.10)	$(0.03)	$0.01
Basic net earnings (loss) per share from discontinued operations	$0.00	$(0.04)	$0.06	$0.04
Basic net earnings (loss) per share attributable to shareholders of Boralex	$(0.16)	$(0.14)	$0.03	$0.05

(b) Diluted Net Earnings (Loss) per Share

(in thousands of Canadian dollars, except per share amounts and number of shares)	Three-month periods ended June 30 2012	2011	Six-month periods ended June 30 2012	2011
Diluted net earnings (loss) attributable to shareholders of Boralex	(5,901)	(5,107)	1,248	1,904
Less:				
Diluted net earnings (loss) from discontinued operations	134	(1,377)	2,459	1,731
Diluted net earnings (loss) from continuing operations attributable to shareholders of Boralex	(6,035)	(3,730)	(1,211)	173
Weighted average number of shares	37,727,077	37,773,213	37,726,883	37,769,872
Dilutive effect of stock options	89,726	108,644	89,007	109,211
Dilutive effect of convertible debentures	-	-	-	-
Weighted average number of shares – diluted	37,816,803	37,881,857	37,815,890	37,879,083
Diluted net earnings (loss) per share from continuing operations attributable to shareholders of Boralex	$(0.16)	$(0.10)	$(0.03)	$0.00
Diluted net earnings (loss) per share from discontinued operations	$0.00	$(0.04)	$0.06	$0.04
Diluted net earnings (loss) per share attributable to shareholders of Boralex	$(0.16)	$(0.14)	$0.03	$0.04

The table below shows the items that could dilute basic net earnings per common share in the future, but that were not reflected in the calculation of diluted net earnings (loss) per common share due to their anti-dilutive effect:

	Three-month periods ended June 30 2012	2011	Six-month periods ended June 30 2012	2011
Debentures excluded due to their anti-dilutive effect	19,588,317	19,594,224	19,588,659	19,594,224
Stock options excluded due to their anti-dilutive effect	1,020,612	1,088,871	1,020,612	1,088,871

Note 14.
Financial Instruments

The fair value of the derivative financial instruments designated as cash flow hedges is as follows:

	As at June 30, 2012	As at December 31, 2011
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps – commodities	3,329	6,780
Financial swaps – interest rates	24,839	22,977
	28,168	29,757
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Financial swaps – interest rates	20,691	14,273
	20,691	14,273

Note 15.
Seasonal and Other Cyclical Factors

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price power sales contracts, seasonal cycles mainly affect the total volume of power generated. Only four hydroelectric power stations in the U.S., accounting for only 4% of the Corporation's total installed capacity in operation, are not covered by long-term sales contracts.

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

Wind

For the 286 MW* of Boralex's assets currently in operation, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

Hydroelectricity

For Boralex's hydroelectric assets totalling 136 MW*, power output 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 are Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. Note that apart from certain hydroelectric power stations whose water flow is regulated upstream, most of Boralex's hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

Thermal

Boralex owns and operates three thermal power stations for an aggregate 80 MW* of installed capacity. Of the three, our Senneterre power station in Québec is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. An agreement was recently entered into between Hydro-Québec and Boralex under which the Senneterre power station will produce power six months per year during 2012 and 2013, from December to March and in July and August. Given the terms of the agreement, the power station's results are not expected to be affected, provided the facility operates at the projected level.

Boralex also operates two natural gas power stations, one in Kingsey Falls, Québec and the other in Blendecques, France. These power stations are covered by power sales contracts, and in addition, steam production is quite stable from quarter to quarter, as it is driven by client demand, which is relatively predictable and steady. Moreover, the Kingsey Falls power station entered into two hedging contracts in 2010 for a two-year period to index its steam selling price and fix its natural gas purchase price. The French natural gas cogeneration power station's power sales contract with 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, since 2005, the power station has operated its cogeneration equipment during the five months from November to March.

Solar

The Corporation's only solar power station (5 MW) currently in operation is located in the southwestern of France. For this facility, covered by a long-term power sales contract, sunlight conditions are usually more favourable in the spring and summer, which occur during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power station will be generated in the second and third quarters and 35% in the first and fourth quarters, which favourably offsets the seasonal cycle of the Corporation's other operations to a certain extent.

In short, while Boralex's performance remains partially exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are now derived from assets covered by fixed-price and price-indexed contracts, thereby mitigating their effect. The Corporation also capitalizes on solid diversification in its power generation sources and geographic positioning.

Note 16.

Segmented Information

The Corporation's power stations are grouped into four distinct operating segments—wind, hydroelectric, thermal and solar power. The Corporation operates under one reportable segment: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as apply to the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on production of electricity, revenues from energy sales and EBITDA.

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

Note 16. Segmented information (Cont'd)

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

	Three-month periods ended June 30		Six-month periods ended June 30	
	2012	2011	2012	2011
Net earnings (loss) attributable to shareholders of Boralex	(5,901)	(5,107)	1,248	1,904
Net earnings (loss) from discontinued operations	(134)	1,377	(2,459)	(1,731)
Non-controlling shareholders	(264)	(484)	(151)	(428)
Income tax expense (recovery)	(1,723)	(1,549)	38	423
Net loss on financial instruments	822	93	485	406
Foreign exchange loss	10	511	131	2,047
Financing costs	12,096	12,511	24,199	24,487
Impairment of property, plant and equipment and intangible assets	-	-	823	-
Other gains	-	-	-	(2,377)
Amortization	13,954	15,186	27,890	29,036
EBITDA	18,860	22,538	52,204	53,767

Information by Operating Segment

	Three-month periods ended June 30		Six-month periods ended June 30	
	2012	2011	2012	2011
Power production (MWh)*				
Wind power stations	138,836	124,362	311,241	276,931
Hydroelectric power stations	158,874	213,490	321,969	358,495
Thermal power stations	41,981	88,138	160,304	263,185
Solar power station	1,940	268	3,269	268
	341,631	426,258	796,783	898,879
Revenues from energy sales				
Wind power stations	16,345	15,193	36,991	33,466
Hydroelectric power stations	12,445	15,990	26,431	28,722
Thermal power stations	9,285	12,762	31,528	39,023
Solar power station	830	124	1,406	124
	38,905	44,069	96,356	101,335
EBITDA				
Wind power stations	13,082	11,991	30,059	27,057
Hydroelectric power stations	9,056	12,648	19,701	21,724
Thermal power stations	1,154	2,078	9,549	13,610
Solar power station	723	121	1,218	121
Corporate and eliminations	(5,155)	(4,300)	(8,323)	(8,745)
	18,860	22,538	52,204	53,767
Additions to property, plant and equipment				
Wind power stations	273	613	620	8,732
Hydroelectric power stations	348	157	537	331
Thermal power stations	-	788	66	1,947
Solar power station	3	10,482	696	11,433
Corporate and eliminations	424	205	624	300
	1,048	12,245	2,543	22,743

Note 16. Segmented information (Cont'd)

Information by Operating Segment (Cont'd)

	As at June 30, 2012	As at December 31, 2011
Total assets		
Wind power stations	582,345	528,521
Hydroelectric power stations	368,068	366,099
Thermal power stations	96,962	101,683
Solar power station	20,575	23,586
Corporate	165,303	156,966
	1,233,253	1,176,855
Total liabilities		
Wind power stations	433,632	392,611
Hydroelectric power stations	139,333	143,439
Thermal power stations	29,778	29,581
Solar power station	16,510	21,043
Corporate	269,955	261,303
	889,208	847,977

Information by Geographic Segment

	Three-month periods ended June 30		Six-month periods ended June 30	
	2012	2011	2012	2011
Power production (MWh)*				
Canada	165,103	217,816	392,055	484,563
United States	85,996	142,444	199,469	242,479
France	90,532	65,998	205,259	171,837
	341,631	426,258	796,783	898,879
Revenues from energy sales				
Canada	19,297	23,220	50,468	56,814
United States	6,497	10,407	14,900	18,193
France	13,111	10,442	30,988	26,328
	38,905	44,069	96,356	101,335
EBITDA				
Canada	8,123	9,377	25,450	26,468
United States	4,605	8,295	11,252	13,993
France	6,132	4,866	15,502	13,306
	18,860	22,538	52,204	53,767
Additions to property, plant and equipment				
Canada	761	1,461	1,126	8,423
United States	-	125	85	295
France	287	10,659	1,332	14,025
	1,048	12,245	2,543	22,743

Information by Geographic Segment (Cont'd)

	As at June 30, 2012	As at December 31, 2011
Total assets		
Canada	653,487	679,354
United States	197,104	209,003
France	382,662	288,498
	1,233,253	1,176,855
Non-current assets		
Canada	537,049	543,319
United States	151,253	156,631
France	348,520	255,496
	1,036,822	955,446
Total liabilities		
Canada	482,226	483,731
United States	111,811	122,827
France	295,171	241,419
	889,208	847,977

HEAD OFFICE

BORALEX INC.
36 Lajeunesse Street
Kingsey Falls, Québec
Canada J0A 1B0
Telephone: 819.363.5860
Fax: 819.363.5866

BUSINESS OFFICES

BORALEX INC.
772 Sherbrooke Street West,
Suite 200
Montréal, Québec
Canada H3A 1G1
Telephone: 514.284.9890
Fax: 514.284.9895

BORALEX S.A.S.
2, rue du Priez
59 000 Lille
France
Telephone: 33 (0)3.28.36.55.02
Fax: 33 (0)3.28.36.54.96

BORALEX S.A.S.
25, rue de la République
13 002 Marseille
France
Telephone: 33 (0)4.91.01.64.40
Fax: 33 (0)4.91.01.64.46

www.boralex.com