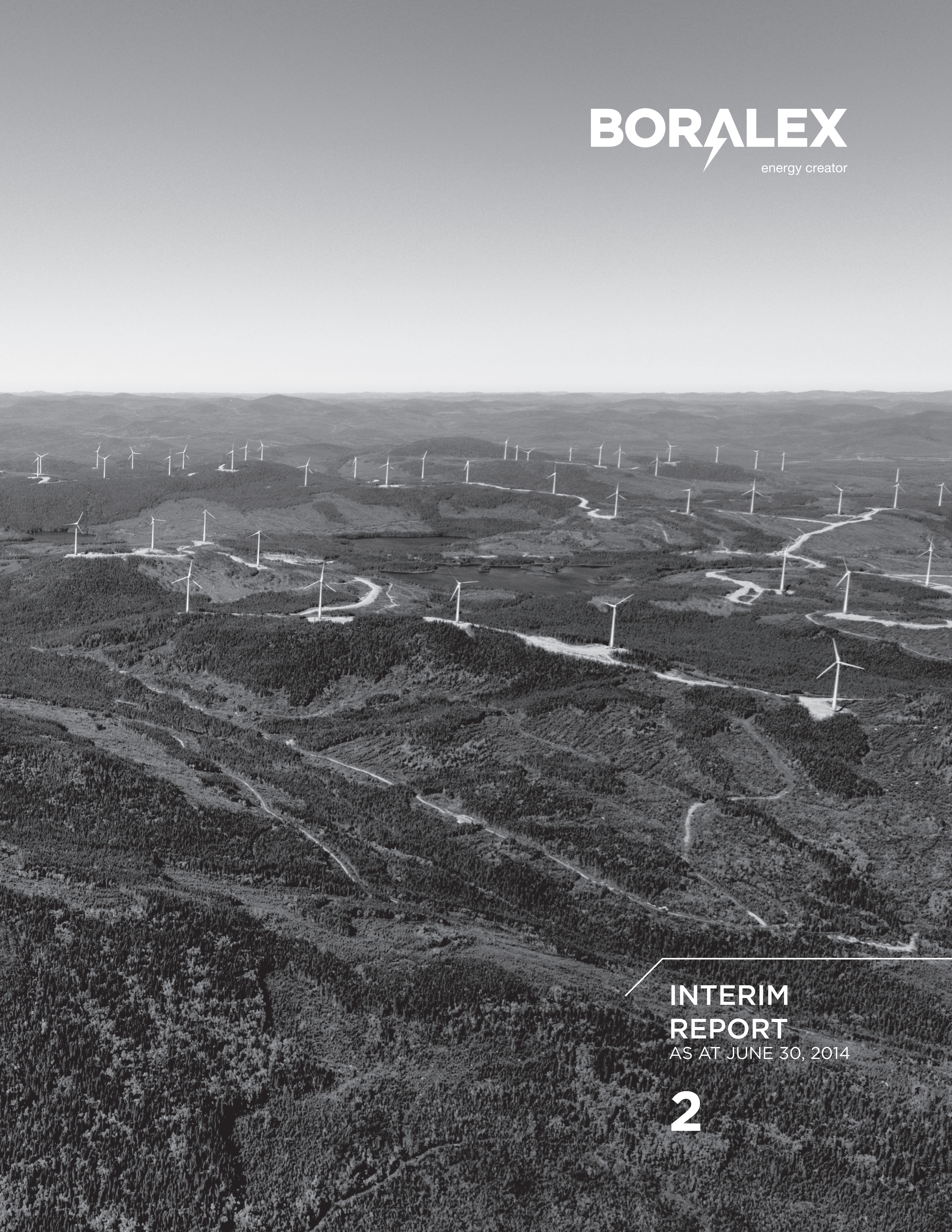

BORALEX
energy creator

INTERIM REPORT
AS AT JUNE 30, 2014

2

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 **650 MW** in Canada, France and the Northeastern United States. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to **add** approximately **250 MW** of power that will be put in service by 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.

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Management's Discussion and Analysis 2

As at June 30, 2014

Table of Contents

Introductory Comments

General

This interim Management's Discussion and Analysis ("MD&A") reviews the operating results for the three- and six-month periods ended June 30, 2014, compared with the corresponding periods of 2013, and the cash flows for the three- and six-month periods ended June 30, 2014 compared with the corresponding periods of 2013, as well as the Corporation's financial position as at June 30, 2014 compared with December 31, 2013. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the audited consolidated financial statements and related notes appearing in the most recent Annual Report for the year ended December 31, 2013.

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

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

The information contained in this MD&A reflects all material events up to August 5, 2014, 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 MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the *CPA Canada Handbook*. The unaudited interim condensed consolidated financial statements included in this interim MD&A have been prepared according to IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, and contain comparative figures for 2013.

This MD&A also includes a section, *Proportionate Consolidation*, where the results of Seigneurie de Beaupré Wind Farms 2 and 3 ("Joint Venture Phase I") and Seigneurie de Beaupré Wind Farm 4 ("Joint Venture Phase II"), General Partnerships (the "Joint Ventures"), which are 50% owned by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to integrate this *Proportionate Consolidation* section into the MD&A to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the MD&A.

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

Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at August 5, 2014.

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 in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in the Corporation's Annual Report for the year ended December 31, 2013.

Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made.

There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

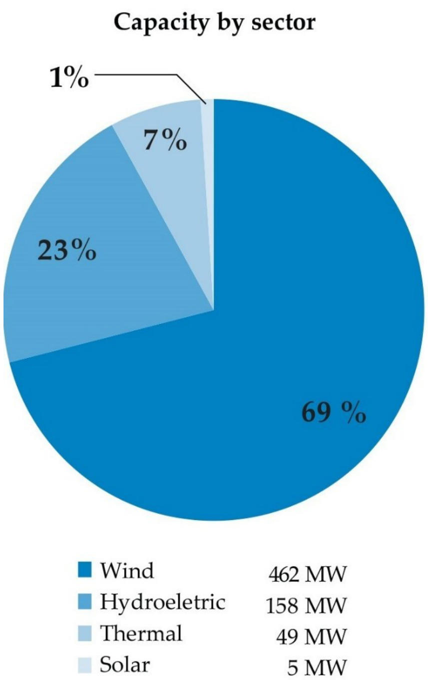
Description of Business

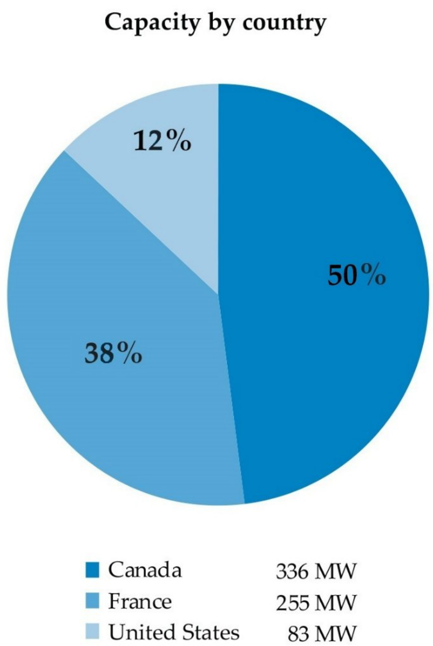
Boralex Inc. ("Boralex" or the "Corporation") is a power producer whose core business is dedicated to the development and the operation of renewable energy power stations. As at June 30, 2014, the Corporation operated an asset base with an installed capacity of more than 674 megawatts ("MW") (Boralex's share[1]) in Canada, France and the Northeastern United States. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to add approximately 228 MW of power (Boralex's share: 194 MW) that will be commissioned by 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.

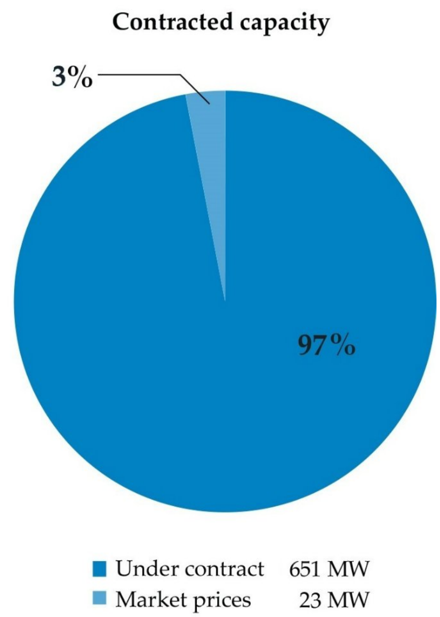
With more than 200 employees, Boralex is known for its diversified expertise and in-depth experience in four power generation types.

- Boralex currently operates a **462** MW **wind power** portfolio of assets in Canada and France. In recent years, Boralex has become one of the most experienced wind power producers in France, where it currently generates 236 MW of power with an additional 60 MW in total in development projects. Boralex also operates in the wind power market in Canada with an installed capacity of 362 MW (Boralex's share: 226 MW) in Québec and Ontario. In Québec, the Corporation is working independently or with partners on the development of wind farms with an additional total installed capacity of 168 MW (Boralex's share: 134 MW), slated for commissioning by the end of 2015.
- Boralex has nearly two decades of expertise in **hydroelectric power** generation. As at June 30, 2014, the Corporation owned and operated **158** MW of hydro assets in the Northeastern United States, and Québec and British Columbia, Canada.
- Boralex owns two **thermal power** stations with a total installed capacity of **49** MW, comprising a 14 MW natural gas cogeneration power station in France and a 35 MW wood-residue power station in Québec, Canada.
- Boralex 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 in operation as at June 30, 2014[1]:







TOTAL: 674 MW

[1] This data reflects Boralex's share in various assets and exclude, accordingly, its partner's share in the Seigneurie de Beaupré Wind Farm Phase I, in Québec, currently in operation.

Boralex's shares, 34% of which are held by Cascades Inc. ("Cascades"), and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively.

Growth Strategy and Key Developments in Recent Fiscal Years

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 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 and hydroelectric power; and
- Focus development initiatives on Canada and France.

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

- The **wind power segment expanded significantly** with installed capacity growing to 462 MW as at June 30, 2014 from 108 MW in December 2008. These operating assets located in France (236 MW) and Canada (226 MW) are fully covered by long-term power sales contracts. In addition, the Corporation is currently developing, independently or with partners, various wind power projects in which it holds a total share of 194 MW, comprising 60 MW in France and 134 MW in Canada, slated for commissioning in 2014 and 2015. Backed by its significant financial resources, the Corporation is pursuing other acquisition and development targets in Canada and Europe;
- **Expansion in the hydroelectric power segment** driven by the November 2010 acquisition of all of the trust units of the Boralex Power Income Fund (which has mainly contributed excellent hydroelectric assets totalling an installed capacity of approximately 100 MW, all covered by long-term contracts) and by the May 2014 commissioning of a new 22 MW power station in British Columbia;
- Boralex **entered the solar power market** in June 2011 with the commissioning of its first solar power farm with an installed capacity of 5 MW located in Southwestern France. To date, this asset has met management expectations with its contribution while allowing Boralex to develop expertise in this segment; and
- The **relative weight of the thermal power segment and assets with non-contracted capacity in Boralex's energy portfolio** was scaled back, mainly following the sale in December 2011 of the U.S. wood-residue power stations with a total installed capacity of 186 MW, which were not covered by sales contracts and sold their electricity in the Northeastern United States open market. In line with Boralex's target positioning, the cash proceeds of approximately $81 million (net of taxes) from this sale were largely reinvested in the addition of assets in the wind and hydroelectric power segments. Also, in 2011 and 2012, two thermal power stations located in Québec discontinued their operations, namely the Dolbeau wood-residue power station and the Kingsey Falls natural gas power station.

Growth Path

674 MW in operation
$128 million EBITDA (LTM)

	CONTRACTED							PIPELINE
Country	FRANCE			CANADA				Europe or Canada
Commissioning	2014	2015	2015	2014	2014	2015	2015	
Project	Fortel-Bonnières	St-François	Calmont	Seigneurie de Beaupré (phase II)	Témiscouata I (municipal)	Côte-de-Beaupré (municipal)	Témiscouata II	
Capacity	23 MW	23 MW	14 MW	68 MW	25 MW	25 MW	50 MW	+/- 80 MW
Segment	WIND	WIND	WIND	WIND	WIND	WIND	WIND	WIND EQUIVALENT
Contract termination date	2029	2030	2030	2034	2034	2035	2035	
Total project investment (million $) (1)	60 - 65	60 - 65	35 - 40	180 - 190	65 - 70	65 - 70	145 - 150	
Boralex's ownership	75%	75%	75%	50%	51%	51%	100%	100%

±950 MW
$200 million EBITDA
Pro forma attributable to Boralex in 2016

(1) Investment estimates include all costs related to project development including turbine costs and installation expenses, road construction costs, financing costs and interest capitalized during construction. Investment estimates may vary over time for reasons including but not limited to changes in site configuration, foreign exchange fluctuations or a change in turbine type.

Note: This data is consolidated in accordance with IFRS, except for the Seigneurie de Beaupré phases I and II (owned at 50%) which are proportionately consolidated for projection purposes.

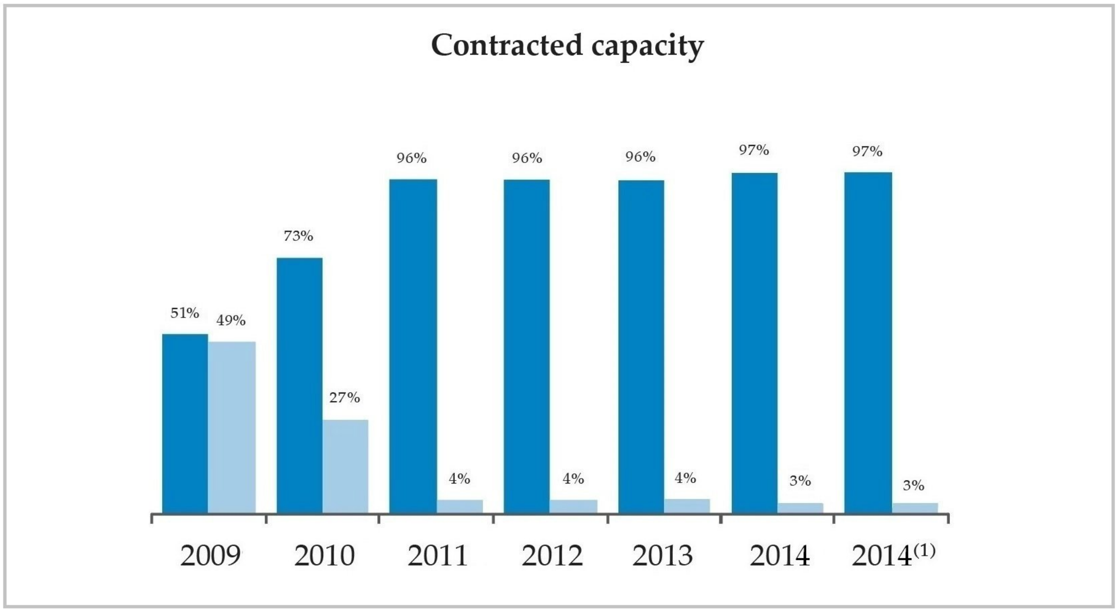
Impact of Recent Developments on the Makeup of Boralex's Energy Portfolio

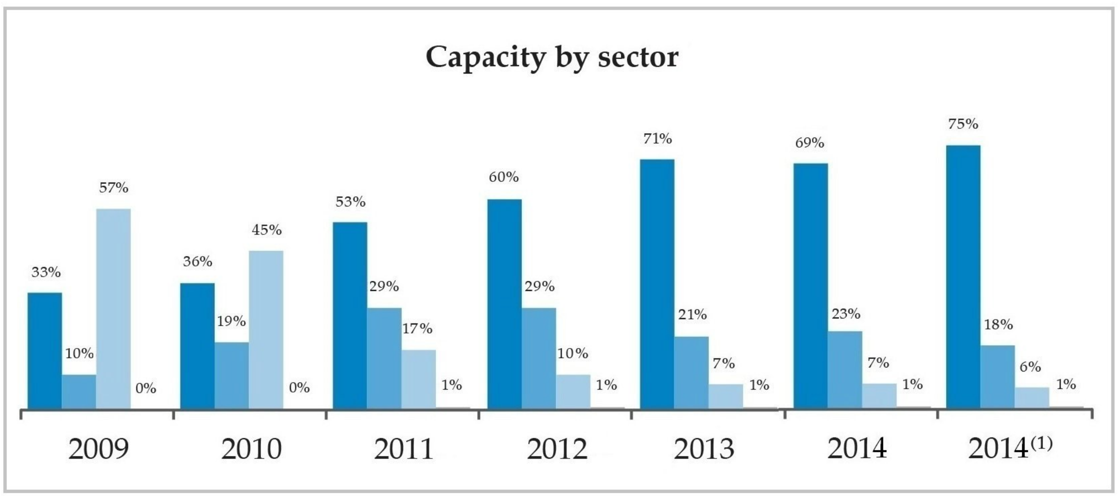
As the following charts show, Boralex's strategic decisions made in recent fiscal years have substantially transformed and enhanced its positioning. Between the end of fiscal 2009 and June 30, 2014, Boralex's long-term contracted portion of installed capacity in operation grew from 51% to 97%. In addition, all of those development projects are also covered by long-term contracts, ensuring higher, more predictable future profitability and cash flows.

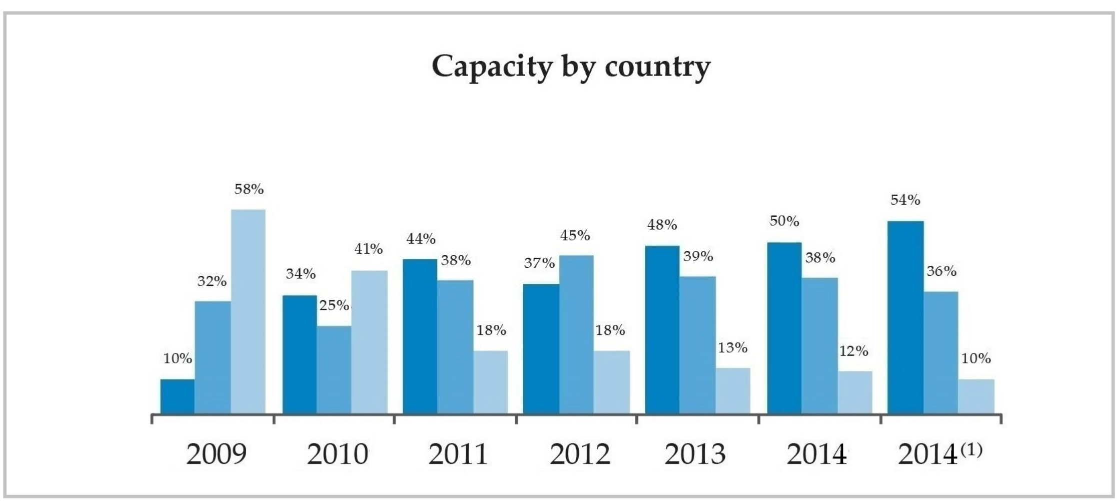
From a segment perspective, these developments mainly resulted in a higher relative weight of the wind and hydroelectric power segments, which generate higher profit margins than Boralex's thermal power segment. Together, the two segments now account for 92% of assets in operation and will reach 93% in 2015, more specifically after the wind power sites currently under development are commissioned, without reflecting other expansion projects that could be carried out by the Corporation in its target markets over the coming quarters and years. In contrast, the thermal power segment's share of Boralex's overall installed capacity has fallen to 7% from 57% in 2009. One of the main benefits of this trend is that the Corporation's results will become more stable and predictable by reducing its exposure to fluctuations in the cost and potential scarcity of fuel used in the thermal power stations, namely natural gas and wood residue.

Developments over recent fiscal years have strengthened the Corporation's geographic positioning in Canada, where 50% of Boralex's capacity in operation is now located, compared with 10% in 2009. France and the United States account for 38% and 12%, respectively, of the Corporation's capacity in operation as at June 30, 2014. 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, the Canadian market share should reach 54% with the commissioning of projects under development, which does not reflect, however, potential expansion transactions that the Corporation could complete abroad.

These charts provide information about the makeup of the Corporation's energy portfolio as at June 30, 2014 and its changes compared with the end of previous fiscal years.







(1) Pro forma, including Boralex's interest of 194 MW in development projects as at June 30, 2014.

Outlook and Development Objectives

2014-2016 Outlook

Year to date, the Corporation has benefitted from the full contribution of assets commissioned in 2013, in particular its share of Phase I of the Seigneurie de Beaupré Wind Farms. Boralex's management is satisfied with the results to date of this facility, which has been fully operational since January 2014 and whose production for the first half of the year bodes well for the future. During the second quarter of 2014, Boralex commissioned a 22 MW hydroelectric power station in British Columbia. By the end of 2014, the Corporation will commission wind power projects in Québec and France in which its share totals 82 MW. It will also pursue the finalization of additional projects totalling 112 MW (Boralex's share) to be commissioned in 2015.

To support execution of its various projects, and to compensate shareholders, Boralex has a solid statement of financial position with a total cash position amounting to nearly $190 million as at June 30, 2014, including restricted cash and cash resources of the Joint Ventures. In light of the expertise it has demonstrated for many years in the development, financing, construction, commissioning and profitable operation of increasingly large-scale energy assets, Boralex is confident in its ability to successfully complete all of its projects currently under development.

2016 Objectives

Based on the Corporation's projects currently under development and considering the use of, to expand its asset base, a large part of the Corporation's cash resources, which could finance the equity portion of new projects representing the equivalent of 100 MW in wind power, Boralex estimates that at the end of 2016 it will have energy infrastructure able to generate an EBITDA of $200 million, on a proportionate consolidation basis, or twice the EBITDA of fiscal 2013.

Ultimately, its goal is to create increasing and sustainable economic value for its shareholders by positioning itself as a world-class company among the largest, most profitable, experienced and diversified green energy producers.

While keeping a close eye on international developments in green and renewable energy production, Boralex continues to seek acquisition projects, mainly in Canada and Europe. The Corporation is exclusively targeting operating assets or projects covered by long-term power sales contracts to secure steady and predictable cash flows. More specifically, its expansion targets are as follows:

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

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

To support its growth projects and maintain current and future ability to pursue its operations and development, Boralex will continue to strengthen its business model by:

- Maintaining comprehensive in-house expertise in developing and operating renewable energy production assets, supported by leading-edge management tools;
- A disciplined and targeted development approach based on meeting financial performance targets in step with the risks inherent in each project; and
- 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 has set a financial and strategic target of establishing an asset base of approximately 950 MW and reaching an EBITDA of $200 million (on a proportionate consolidation basis) by the end of 2016 without diluting the interest of current shareholders. In the short, mid and long terms, the Corporation intends to continue to set itself apart as one of the scant few Canadian and global producers devoted entirely to developing and operating renewable energies, particularly by its capacity to achieve high operational and earnings growth. To meet its growth goals, Boralex will remain a solid and innovative company, driven by clear objectives with rigorous attention to meeting target returns and guided by a long-term vision setting out its sources of production, its target markets and its approach to project development.

Wind Power Stations

Development Projects

As at the date of this MD&A, Boralex had entered into long-term power sales contracts, independently or with partners, for wind power projects in which it holds a total share of 194 MW, comprising 134 MW in Québec, Canada, and 60 MW in France, slated for commissioning at the end of 2014 and in 2015. The following table shows Boralex's projects currently under development, independently or with partners:

WIND PROJECTS IN DEVELOPMENT						
FRANCE			Québec (CANADA)			
2014	2015	2015	2014	2014	2015	2015
Fortel-Bonnières	St-François	Calmont	Seigneurie de Beaupré (Phase II)	Témiscouata I (municipal)	Côte-de-Beaupré (municipal)	Témiscouata II
23 MW	23 MW	14 MW	68 MW	25 MW	25 MW	50 MW

Canada

1. Boralex and its partner Gaz Métro Limited Partnership are working together to implement a second phase in the Seigneurie de Beaupré wind farm with a 68 MW capacity (Boralex's share: 34 MW), covered by a 20-year power sales contract with Hydro-Québec and scheduled for commissioning in December 2014. In May 2013, the partners formed a second joint venture, Joint Venture Phase II, with an ownership interest of 50% for Boralex, to continue the construction activities and subsequently to operate Phase II. Construction is underway on the project, which secured long-term financing of $166.1 million in October 2013, comprising a construction loan of $142.4 million which will be converted, following the commissioning of the power station, into a fixed-rate term loan amortized over 19.5 years, along with a short-term bridge financing and letter of credit facility totalling $23.7 million. Building on the expertise acquired during construction of the 272 MW Phase I and the logistical synergies it entails, Boralex has kept construction of Phase II on time and on budget. Boralex management is confident it will meet its scheduled deadline for commissioning.
2. Also located on the Seigneurie de Beaupré site, Boralex is currently pursuing a 25 MW community wind farm project developed jointly with La Côte-de-Beaupré Regional County Municipality ("RCM") covered by a 20-year power sales contracts with Hydro-Québec. With commissioning slated for in December 2015, the environmental approval process for this wind farm is currently underway.
3. Boralex is working on two projects in Québec's Témiscouata area. The first, Témiscouata I, is a 25 MW community wind power project being developed with Témiscouata RCM. This power station has a 20-year contract with Hydro-Québec and will be commissioned late in 2014. Construction began in September 2013 and is progressing as anticipated. A significant portion of the foundations have been poured, and 80% of access roads built. On June 26, 2014, Boralex announced that $64.1 million in financing has been arranged for this power station, comprising a $52 million construction loan, which will convert into an 18-year term loan after the start of commercial operations, as well as $12.1 million in short-term facilities.
4. Adjacent to the Témiscouata I power station, the Témiscouata II project, solely owned by Boralex, will comprise an installed capacity of 50 MW under a 20-year contract already in place with Hydro-Québec. In January 2014, the Témiscouata II project was authorized by the Québec *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*. While commissioning is slated only for late 2015, Boralex began construction in the first half of 2014 to leverage logistical synergies with Témiscouata I. To date, 30% of access roads and 50% of wind turbine assembly areas have been completed. On June 26, 2014, the Corporation announced that $142.7 million in financing has been arranged for Témiscouata II. The financing consists of a $127 million construction loan which will convert into an 18-year term loan after the start of commercial operations, together with $15.7 million in short-term facilities.

On June 10, 2014, at the 4th Québec Wind Energy Industry Gala, Boralex took home the highest honour in recognition of its outstanding achievements as a wind power developer and operator, particularly for its leadership role in occupational health and safety, its capacity to engage its employees and its commitment to forging long-lasting relationships with communities. The event also highlighted an increasingly diversified and solid wind power industry in Québec.

Moreover, the Corporation purchased the rights for wind power projects in Ontario and British Columbia, and is currently evaluating the potential for future requests for proposals.

Europe

Boralex is currently working on the development of two wind power stations of 23 MW each: Fortel-Bonnières and St-François, for which €65 million ($95 million) in financing amortized over 15 years was announced on April 22, 2014. Construction for the two projects is underway. The Fortel-Bonnières power station will be commissioned in the third quarter of 2014, and the St-François facility, in the first quarter of 2015. On July 30, 2014, Boralex also announced the acquisition of the 14 MW Calmont wind project, in France, that will be commissioned at the end of 2015.

Boralex is currently working on various expansion scenarios in Europe, from greenfield projects to the acquisition of assets in various phases of development or already in operation. These efforts target the development of wind power projects with potential commissioning dates beginning in 2016.

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

Outlook

For fiscal 2014, notwithstanding the potential impact of external factors such as currency fluctuations and weather conditions, wind power segment financial growth will be driven by the full contribution of the power stations commissioned in 2013, namely the Corporation's La Vallée and Vron wind farms in France and the Seigneurie de Beaupré Phase I wind farm in Québec. In addition, as shown in the table on the preceding page, the commissioning of Joint Venture Phase II, French wind farm Fortel-Bonnières and Québec wind farm Témiscouata I before the end of 2014 will result in an increase of 82 MW, equal to 18% of Boralex's share of the wind power segment's installed capacity in operation. By the end of 2014, installed capacity in operation will thus total 544 MW, double its level as at December 31, 2012. In fiscal 2015, the Corporation will commission Québec wind farms Côte-de-Beaupré and Témiscouata II, and French wind farms St-François and Calmont, contributing an additional 112 MW (Boralex's share), not including the other expansion projects that could be completed in the interim.

In addition, segment performance will continue to be supported, in the coming quarters, by unrelenting efforts to optimize wind turbine availability and performance, leveraging in particular the team's expertise in preventive and corrective maintenance and remote management of wind turbines.

Following the momentum of recent quarters, efforts in the wind power segment have been largely focused on developing new expansion opportunities, feeding its pipeline with long-term projects. Boralex currently has the financial resources to potentially fund the equity portion of wind power projects totalling approximately 100 MW of additional capacity (in addition to the projects already under development). The Corporation's expansion targets include acquisitions of facilities in operation or projects in advanced stages of development, but also certain greenfield projects in conducive markets for such developments, such as in France, and in requests for proposals in Québec.

Canada

In Canada, provincial governments have proved increasingly amenable to this renewable energy source.

Ranking as Canada's second largest wind power producing province after Ontario, with more than 2,000 MW of installed capacity, Québec issued a request for proposals ("RFP") in December 2013 for a total of 450 MW in additional wind power infrastructure. With a bid submission deadline of September 3, 2014 and the winning bids to be announced in January 2015, this RFP targets development projects with 50% community involvement, such as certain projects currently under development by Boralex and its partners. Boralex intends to submit bids for new projects for a significant portion of the capacity covered by this RFP and believes it is solidly positioned to capitalize on this opportunity. In July 2014, the Québec Minister of Energy and Natural Resources announced the creation of a government-industry working group to drive development in Québec's wind power industry. Boralex welcomes this initiative with great enthusiasm, as it shows the government's commitment to diversifying Québec's power asset base, focusing in particular on wind power.

The Ontario government is also planning to issue two RFPs for 600 MW of wind power, with details forthcoming in the next few months. Following the success of its first facility in Ontario where it has been operating the 90 MW Thames River wind farm since 2009, Boralex is reviewing opportunities to strengthen its presence in this market.

The British Columbia government has also been amenable to developing wind power within the province, and Boralex has been closely analyzing potential opportunities in that province for some time.

Europe

In Europe, Boralex is keeping a close eye on growth opportunities in countries with a positive bias toward wind power. The Corporation continues to focus a significant portion of its development efforts on the French market, due in particular to the solid market positioning and credibility that Boralex has built in that market over the past twelve years. France's new government has reiterated the country's commitment to increase the share of renewable energy in its domestic power output to 23% by 2020. In June 2014, the French Minister of Ecology, Sustainable Development and Energy signed a new rate decree maintaining the rate for purchasing electricity produced by on-shore wind turbines at its 2008 level, ensuring the same profitability conditions for wind power producers. Note that this rate was in danger of not being renewed subsequent to a May 2012 judgment of the French Council of State, and a December 2013 judgment by the European Court of Justice, due to a failure to give proper notification. The new June 2014 ministerial rate decree is excellent news for Boralex and the wind power industry in France, ending a period of uncertainty that made launching and securing financing of wind power projects more difficult.

Boralex is currently developing various business opportunities that could significantly increase its installed capacity by the end of 2016.

Boralex's Competitive Environment and Positioning

The prevailing business conditions in which Boralex's wind power segment operates have significantly tightened over the past two years, due to several factors, including the growing trend for Canadian provincial governments to launch RFPs, thereby increasing price pressure. Despite these impediments, Boralex has several assets to leverage its development while continuing to meet its project performance targets. First, certain external factors favour the Corporation, including a relatively stable financial and interest-rate environment which it expects to remain so in the foreseeable future, and technological breakthroughs in wind turbines that, by enhancing equipment productivity, allow Boralex to maintain its profit margins in spite of competitive pressures. Second, Boralex management believes that the quality of the wind power segment's medium- and long- term outlook is based on the Corporation's intrinsic strengths, such as:

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

Hydroelectric Power Stations

Projects under Development and Outlook

In May 2014, Boralex commissioned the new 22 MW Jamie Creek run-of-river hydroelectric power station, near Gold Bridge in British Colombia, Canada. The Jamie Creek facility is expected to generate approximately 70,000 MWh of power annually and is covered by a 40-year power purchase agreement with BC Hydro. This is not only a perfect fit with Boralex's development strategy, but also expands its footprint in British Columbia, where the Corporation now aggregates an installed capacity of 37 MW of hydroelectric power.

By the end of 2015, Boralex will have completed work at its Buckingham power station in Québec, Canada, to comply with the *Dam Safety Act*. To meet this obligation, Boralex intends to invest approximately $4 million and $7 million in 2014 and 2015, respectively. Concurrently with this work, management is still reviewing various investment scenarios aimed at expanding the power station's current installed capacity up to 20 MW.

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

Thermal Power Stations

Outlook

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

Canada

Under a new agreement entered into with Hydro-Québec for the years 2014 to 2018 inclusively, the Senneterre power station will generate electricity eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability relative to recent years. Management believes this agreement will allow the Senneterre power station to operate under conditions that are conducive to stable and predictable profitability. In particular, this eight-month operating period, compared with six-month periods in 2012 and 2013, facilitates access to better quality and lower cost supply arrangements.

France

The initial power sales contract with EDF at the Blendecques power station expired on March 31, 2013. In February 2014, the Corporation entered into a new agreement effective November 1, 2013, expiring on October 31, 2025. Construction, representing approximately €6 million investment, began in spring 2014 and is expected to be completed in October for the new equipment to be operational on November 1, 2014.

Solar Power Station

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 expected average EBITDA margin of 80%-85% over the period.

Solar power generation is a high-growth industry with market rules and government positions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has great potential, particularly as performance gradually improves through technological breakthroughs, thereby lowering the cost of equipment. In addition to the European market, more specifically France where Boralex has built a skilled solar project development team, the Corporation is particularly interested in the Ontario market, which could offer attractive potential for Boralex to make inroads in this Canadian niche market.

Key Events Affecting Boralex's Results, Financial Position and Positioning in 2014 Compared with 2013

Commissioning of New Production Sites in Canada and in France in 2013 and 2014

During the final months of 2013, the Corporation commissioned the following wind power stations:

- On September 15, 2013, Boralex commissioned the 8 MW French wind farm Vron;
- Between November 28 and December 10, 2013, Joint Venture Phase I commissioned a total wind power capacity of 272 MW in Québec (Boralex's share: 136 MW); and
- From December 2 to December 23, 2013, the Corporation commissioned the 32 MW French wind farm La Vallée.

The commissioning of these facilities will significantly affect operating results for fiscal 2014. During the first six months of 2014, French wind farms Vron and La Vallée together contributed an additional $4.5 million to wind power segment EBITDA and Boralex's consolidated EBITDA compared with the same period in 2013. In addition, as described later in this MD&A, Boralex reported a $2.0 million favourable change its share in the Joint Ventures, owing to the commissioning and sound performance of Joint Venture Phase I. The significance of this favourable change was more marked on a proportionate consolidation basis, as discussed in the *Proportionate Consolidation* section of this MD&A.

In addition, the Corporation commissioned its new 22 MW Jamie Creek hydroelectric power station in British Columbia toward the middle of the second quarter of 2014. By the end of the current fiscal year, an additional 116 MW of wind power is also expected to be commissioned (Boralex's share: 82 MW), consisting of:

- 23 MW French wind power project Fortel-Bonnières;
- 68 MW wind farm (Boralex's share: 34 MW) developed by the Joint Venture Phase II on the Seigneurie de Beaupré site; and
- 25 MW Témiscouata I wind power project developed with Témiscouata RCM in Québec.

Wind Power Sites Currently under Development in Canada and in France

In addition to the wind power projects described previously, Boralex is currently investing, independently or with partners, in the development of other energy assets totalling 112 MW to be commissioned in 2015. While these projects will not contribute to the Corporation's 2014 results, they will impact its cash flows and financial position in the current fiscal year. These projects are as follows:

- 23 MW French wind power project St-François;
- 14 MW French wind power project Calmont;
- 25 MW wind power project developed with La Côte-de-Beaupré RCM in Québec; and
- 50 MW Témiscouata II wind power project in Québec.

Projects under development are described in greater detail in the previous section of this MD&A, and in the section pertaining to the different operating segments.

Introduction of a Dividend Policy (February 2014)

On February 19, 2014, Boralex's Board of Directors authorized and declared the Corporation's first-ever dividend, namely a quarterly dividend of $0.13 per outstanding common share. The first dividend pay-out occurred on March 17, 2014. Two further dividends in the same amount per share were declared on May 6 and August 5, 2014, one of which was paid out on June 16, 2014, the other being scheduled for payment on September 16, 2014.

The introduction of a dividend policy is a reflection of Boralex's commitment to enhancing shareholder value. This decision is also a key step in the Corporation's development as it enjoys a strong cash position, supported by stable cash flows generated by quality assets under fixed-price and indexed long-term contracts. Generally, Boralex expects to pay common share dividends on an annual basis that will represent in the medium term a ratio of 40% to 60% of its discretionary cash flows defined as its cash flows from operations less capital investments required to maintain its production capacity and less repayments of related non-current debt.

TO SUM UP,

Boralex estimates that the financial returns from its development strategy, beginning as early as fiscal 2014, will be as follows:

- Growth in the Corporation's operating profit margin resulting from the increased weighting of more profitable segments in its energy portfolio-wind and hydroelectric power-combined with sound performance in these segments;
- A smoothing effect on the aforementioned segments' results from geographic diversification of their assets; and
- In spite of the scale of recent and planned investments, in addition to the introduction of a dividend policy, maintaining a solid cash position and reasonable debt through significant and steady fund inflows from operations.

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	Twelve-month period ended June 30, 2014
POWER PRODUCTION (MWh)					
Wind power stations	96,921	227,195	264,859	163,508	752,483
Hydroelectric power stations	131,786	142,912	123,587	223,702	621,987
Thermal power stations	33,851	31,448	71,116	18,521	154,936
Solar power station	2,098	980	1,185	2,042	6,305
	264,656	402,535	460,747	407,773	1,535,711
REVENUES FROM ENERGY SALES					
Wind power stations	11,822	29,305	35,356	21,296	97,779
Hydroelectric power stations	11,206	12,746	13,996	17,622	55,570
Thermal power stations	4,657	6,976	12,976	3,885	28,494
Solar power station	966	469	602	1,021	3,058
	28,651	49,496	62,930	43,824	184,901
EBITDA					
Wind power stations	6,872	24,279	32,211	16,610	79,972
Hydroelectric power stations	7,595	9,002	10,167	14,002	40,766
Thermal power stations	(614)	26	4,572	(1,101)	2,883
Solar power station	853	438	491	902	2,684
	14,706	33,745	47,441	30,413	126,305
Corporate and eliminations	(2,054)	(4,706)	(5,236)	(6,897)	(18,893)
	12,652	29,039	42,205	23,516	107,412
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(8,390)	455	7,112	(5,044)	(5,867)
Discontinued operations	917	74	839	785	2,615
	(7,473)	529	7,951	(4,259)	(3,252)
NET EARNINGS (LOSS) PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.22)	$0.01	$0.19	($0.13)	($0.15)
Discontinued operations	$0.02	—	$0.02	$0.02	$0.06
	($0.20)	$0.01	$0.21	($0.11)	($0.09)
NET EARNINGS (LOSS) PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.22)	$0.01	$0.18	($0.13)	($0.15)
Discontinued operations	$0.02	—	$0.02	$0.02	$0.06
	($0.20)	$0.01	$0.20	($0.11)	($0.09)
CASH FLOWS FROM OPERATIONS*					
In dollars	(5,135)	15,322	29,326	7,739	47,252
Per share (basic)	($0.14)	$0.41	$0.77	$0.20	$1.24
Weighted average number of shares outstanding (basic)	37,748,196	37,757,835	37,980,635	38,346,572	37,957,123

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

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	Twelve-month period ended June 30, 2013
POWER PRODUCTION (MWh)					
Wind power stations	110,343	210,838	191,028	166,992	679,201
Hydroelectric power stations	86,472	164,072	148,473	197,923	596,940
Thermal power stations	83,815	66,051	70,879	7,191	227,936
Solar power station	2,056	991	1,079	1,788	5,914
	282,686	441,952	411,459	373,894	1,509,991
REVENUES FROM ENERGY SALES					
Wind power stations	12,540	25,124	23,598	20,384	81,646
Hydroelectric power stations	7,456	13,860	14,113	15,691	51,120
Thermal power stations	12,173	12,654	12,546	3,268	40,641
Solar power station	852	425	479	798	2,554
	33,021	52,063	50,736	40,141	175,961
EBITDA					
Wind power stations	9,549	21,327	19,875	15,569	66,320
Hydroelectric power stations	7,510	9,541	11,284	12,532	40,867
Thermal power stations	2,408	2,601	4,668	(1,070)	8,607
Solar power station	770	324	382	706	2,182
	20,237	33,793	36,209	27,737	117,976
Corporate and eliminations	(3,965)	(3,910)	(2,956)	(4,544)	(15,375)
	16,272	29,883	33,253	23,193	102,601
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(8,167)	542	4,007	(1,685)	(5,303)
Discontinued operations	566	696	161	622	2,045
	(7,601)	1,238	4,168	(1,063)	(3,258)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.22)	$0.01	$0.11	($0.04)	($0.14)
Discontinued operations	$0.02	$0.02	—	$0.02	$0.06
	($0.20)	$0.03	$0.11	($0.02)	($0.08)
CASH FLOWS FROM OPERATIONS*					
In dollars	6,870	13,495	22,954	17,775	61,094
Per share (basic)	$0.18	$0.36	$0.61	$0.47	$1.62
Weighted average number of shares outstanding (basic)	37,730,162	37,732,568	37,735,065	37,740,004	37,734,431

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

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price power sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for 3% 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 wind power assets currently in operation in which Boralex's share totals 462 MW, 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, revenues, 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 totalling 228 MW (Boralex's share: 194 MW) are gradually commissioned. The commissioning of these facilities will increase the installed capacity of wind power assets in operation fully owned by Boralex to 656 MW by the end of fiscal 2015, excluding opportunities to acquire further assets in operation or under development. In particular, this expansion will intensify the impact of the seasonality of this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

Hydroelectricity

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

As previously discussed, five U.S. power stations sell their power in the New York State open market. These facilities have an installed capacity of 23 MW, which currently accounts for under 15% of the hydroelectric power segment's total capacity as at the date of this MD&A, and 3% of Boralex's total installed capacity. These power stations have greater exposure to seasonal fluctuations which, in addition to influencing power production volumes, also impact the selling prices they obtain. They are partly influenced by seasonal demand, which is traditionally higher during winter and summer. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is highly volatile, has a significant influence on New York State electricity selling prices.

Thermal

Boralex owns and operates two thermal power stations for an aggregate 49 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. The Corporation entered into an agreement with Hydro-Québec covering the years 2014 to 2018 under which the Senneterre power station will produce power only eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. The Blendecques power station's initial electricity sales contract with French government corporation EDF ended on November 1, 2013 and a new contract was entered into for an additional 12-year term, contingent on equipment renovation investments by the power station, to occur by November 1, 2014.

Solar

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

TO SUM UP,

although seasonal and other cyclical factors have a certain impact on Boralex's performance for a fiscal year, this is mitigated by the fact that, following the main events in recent years, namely the significant expansion of the wind power segment, the acquisition of the Boralex Power Income Fund, the commissioning of a solar power station and the sale of the 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 favourable geographic positioning. Furthermore, Boralex exercises sound capital management to ensure financial health and flexibility to effectively manage the seasonality of its business. These factors will contribute to strong, stable results for Boralex in the coming years.

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended June 30 2014	2013	Six-month periods ended June 30 2014	2013
POWER PRODUCTION (MWh)				
Wind power stations	163,508	166,992	428,367	358,020
Hydroelectric power stations	223,702	197,923	347,289	346,396
Thermal power stations	18,521	7,191	89,637	78,070
Solar power station	2,042	1,788	3,227	2,867
	407,773	373,894	868,520	785,353
REVENUES FROM ENERGY SALES				
Wind power stations	21,296	20,384	56,652	43,982
Hydroelectric power stations	17,622	15,691	31,618	29,804
Thermal power stations	3,885	3,268	16,861	15,814
Solar power station	1,021	798	1,623	1,277
	43,824	40,141	106,754	90,877
EBITDA				
Wind power stations	16,610	15,569	48,821	35,444
Hydroelectric power stations	14,002	12,532	24,169	23,816
Thermal power stations	(1,101)	(1,070)	3,471	3,598
Solar power station	902	706	1,393	1,088
	30,413	27,737	77,854	63,946
Corporate and eliminations	(6,897)	(4,544)	(12,133)	(7,500)
	23,516	23,193	65,721	56,446
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(5,044)	(1,685)	2,068	2,322
Discontinued operations	785	622	1,624	783
	(4,259)	(1,063)	3,692	3,105
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.13)	($0.04)	$0.05	$0.06
Discontinued operations	$0.02	$0.02	$0.04	$0.02
	($0.11)	($0.02)	$0.09	$0.08
CASH FLOWS FROM OPERATIONS*				
In dollars	7,739	17,775	37,065	40,729
Per share (basic)	$0.20	$0.47	$0.97	$1.08
Weighted average number of shares outstanding (basic)	38,346,572	37,740,004	38,164,614	37,737,548

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

Statement of Financial Position Data

(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013
Total assets	1,446,226	1,422,727
Debt*	664,291	662,948
Convertible debentures	231,339	229,578
Total equity	374,115	386,134

* Including non-current debt and current portion of debt.

Analysis of Operating Results for the Three-Month Period Ended June 30, 2014

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

	Net earnings (loss) (in thousands of dollars)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED JUNE 30, 2013	(1,685)	($0.04)
Change:		
EBITDA	323	$0.01
Amortization	(1,829)	($0.05)
Impairment of property, plant and equipment and intangible assets	266	$0.01
Financing costs	(1,662)	($0.04)
Foreign exchange effect	(596)	($0.02)
Financial instruments	(1,369)	($0.04)
Other gains	(48)	—
Income taxes	1,094	$0.03
Non-controlling shareholders	462	$0.01
THREE-MONTH PERIOD ENDED JUNE 30, 2014	(5,044)	($0.13)

For the three-month period ended June 30, 2014, Boralex's continuing operations generated net loss attributable to shareholders of $5.0 million or $0.13 per share (basic and diluted), compared with a net loss of $1.7 million or $0.04 per share (basic and diluted) for the same period of 2013. The unfavourable difference in net loss of $3.4 million or $0.09 per share resulted primarily from the aggregate increase of $3.5 million in amortization and financing costs owing to the recent expansion in the Corporation's hydroelectric and wind power asset base, as well as from the unfavourable foreign exchange effect on those two items. Lastly, foreign exchange gains and losses and net gains and losses on financial instruments reflected a total adverse change of $2.0 million, which was partially offset however by various favourable items, including a slight increase in EBITDA and a decline in income taxes.

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED JUNE 30, 2013	40,141	23,193
Power stations commissioned*	3,113	2,076
Pricing	(754)	(754)
Volume	(1,119)	(832)
Translation of self-sustaining subsidiaries (exchange rate effect)	2,603	1,628
Development - prospecting	—	(821)
Share of Joint Ventures	—	443
Closure in 2013 of a non-strategic (thermal) unit	—	(288)
Other	(160)	(1,129)
THREE-MONTH PERIOD ENDED JUNE 30, 2014	43,824	23,516

* Commissioning of the Vron wind farm in France in September 2013, the La Vallée wind power facility in France in December 2013 and the Jamie Creek hydroelectric power station in Canada in May 2014.

Revenues from Energy Sales

For the three-month period ended June 30, 2014, revenues from energy sales totalled $43.8 million, up $3.7 million or 9.2% from $40.1 million for the same period of 2013. In addition to the $2.6 million favourable impact of the weakening of Canada's currency against the euro and the U.S. dollar, revenue growth was driven by the additional contribution from French wind farms Vron and La Vallée, commissioned in the third and fourth quarters of 2013, respectively, and the new Jamie Creek hydroelectric power station in Canada, started up in the middle of the second quarter of 2014.

Conversely, Boralex recorded a $1.1 million revenue shortfall due to the decline in production at existing assets, primarily in the wind power segment in France. Revenues were also affected by a $0.8 million unfavourable price effect related to the U.S. hydroelectric power stations and the French thermal power station.

Note that, in accordance with IFRS, those results exclude Boralex's $10.0 million share in the revenues generated by the Joint Venture Phase I of the Seigneurie de Beaupré wind farms in Québec, commissioned in the last weeks of 2013, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A.

In total, Boralex generated 407,773 MWh of electricity in the second quarter of 2014 (excluding its share of the production of Joint Venture Phase I, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A), up 9.1% from 373,894 MWh for the same period of 2013. This growth was fuelled by the addition of two new wind farms in France and the Canadian hydroelectric power station, coupled with a 1.3% increase in production at the Corporation's existing power stations.

Other Income

Other income, which mainly comprises management fees, totalled $0.4 million in the second quarter of 2014, unchanged from the previous year.

EBITDA and EBITDA Margin

Consolidated EBITDA for the second quarter of 2014 amounted to $23.5 million, up $0.3 million or 1.4% from $23.2 million for the corresponding quarter of 2013. EBITDA margin stood at 53.7% compared with 57.8% for the previous year. This slight narrowing in profit margin stemmed in part from increases in certain expenses not related to day to day operations, particularly the development costs incurred in pursuit of growth projects in Canada and Europe.

The change in EBITDA arose in part from the following key favourable factors:

- A $2.1 million additional contribution from the new wind and hydroelectric power assets;
- A $1.6 million favourable foreign exchange effect; and
- A $0.4 million improvement in Boralex's share in the Joint Ventures.

The above factors offset the following unfavourable factors:

- A $1.9 million shortfall triggered by unfavourable volume and price effects, as well as by the closure of a non-strategic unit in the thermal power segment in 2013;
- The aforementioned $0.8 million increase in development costs; and
- A $1.1 million unfavourable change comprising various items allocated across the segments and corporate, including the non-recurrence of certain favourable items recognized in the second quarter of 2013.

Moreover, the consolidated EBITDA item *Share of Joint Ventures* includes items not related to the EBITDA of Joint Ventures totalling $8.7 million for the second quarter of 2014, consisting primarily of amortization and financing costs (see the *Proportionate Consolidation* section of this MD&A).

Amortization

Amortization expense for the second quarter of 2014 rose $1.8 million to $15.0 million year over year, due to the commissioning of the new Jamie Creek hydroelectric power station toward the middle of the quarter, the addition of two new French power stations, as well as the unfavourable impact of approximately $0.9 million of the Canadian dollar's weakening against the euro and the U.S. currency on the amortization of Boralex's foreign assets.

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

Financing costs for the second quarter of 2014 climbed $1.7 million to $14.3 million, owing primarily to new debt contracted for the construction and start-up of the Jamie Creek power station, as well as for expansion in the wind power segment in France, as well as to the $0.4 million effect of the euro's appreciation on financing costs incurred in France. These items were partly offset however by the decrease in debt related to existing power stations, particularly the Thames River wind farm in Canada, and the refinancing of the U.S. debt in 2013.

Boralex recognized a $0.5 million foreign exchange loss compared with a $0.1 million foreign exchange gain in the same quarter of the previous year, representing an adverse change of $0.6 million. Furthermore, the Corporation recognized a $0.5 million net loss on financial instruments, compared with a $0.9 million net gain in the previous year, amounting to an adverse change of $1.4 million. Note that *Net loss (gain) on financial instruments* 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 very small ineffective portion.

Net Earnings (Loss) from Continuing and Discontinued Operations

Boralex ended the second quarter of 2014 with a $5.5 million net loss from continuing operations compared with a $1.6 million net loss for the same period of 2013, as well as with $0.8 million in net earnings from discontinued operations compared with $0.6 million year over year. The earnings from discontinued operations were generated by the sale of Renewable Energy Certificates ("RECs") produced by the U.S. wood-residue power stations that Boralex sold at the end of 2011; under the conditions of the sale transaction, Boralex is entitled to 50% of sales of RECs of these power stations in excess of a defined threshold for 2012, 2013 and 2014 inclusively.

Net Loss Attributable to Shareholders of Boralex

Excluding the interest of non-controlling shareholders, Boralex finished the three-month period ended June 30, 2014 with a net loss attributable to shareholders of $4.3 million or $0.11 per share (basic and diluted), compared with a net loss of $1.1 million or $0.02 per share (basic and diluted) for the same quarter of 2013.

TO SUM UP,

apart from the fact that they reflect only partially the significant positive contribution from the Joint Venture Phase I under FIRS, operating results for the second quarter were affected by less favourable weather conditions than in the same period of 2013 for the wind power segment. In addition, the Corporation's net loss increased as a result of non-operating items, such as the foreign exchange effect on certain expenses.

Analysis of Operating Results for the Six-Month Period Ended June 30, 2014

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

	Net earnings (loss) (in thousands of dollars)	Per share (in $, basic)
SIX-MONTH PERIOD ENDED JUNE 30, 2013	2,322	$0.06
Change:		
EBITDA	9,275	$0.25
Amortization	(3,445)	($0.09)
Impairment of property, plant and equipment and intangible assets	266	$0.01
Financing costs	(2,931)	($0.08)
Foreign exchange effect	(263)	($0.01)
Financial instruments	(2,085)	($0.06)
Other gains	491	$0.01
Income taxes	(1,022)	($0.03)
Non-controlling shareholders	(540)	($0.01)
SIX-MONTH PERIOD ENDED JUNE 30, 2014	2,068	$0.05

For the six-month period ended June 30, 2014, Boralex reported net earnings of $2.1 million or $0.05 per share compared with $2.3 million or $0.06 per share for the same period of 2013. Despite a $9.3 million increase in EBITDA, the Corporation reported a slight $0.2 million decrease in net earnings owing to the same factors that affected second-quarter results:

- An aggregate increase of $6.4 million in amortization and financing costs (owing in part to a $2.9 million unfavourable foreign exchange effect); and
- Adverse changes totalling $2.3 million in foreign exchange gains and losses and net gains and losses on financial instruments.

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
SIX-MONTH PERIOD ENDED JUNE 30, 2013	90,877	56,446
Power stations commissioned*	6,832	5,060
Pricing	149	149
Volume	2,883	3,160
Translation of self-sustaining subsidiaries (exchange rate effect)	6,166	3,867
Raw material costs	—	369
Maintenance	—	(666)
Development - prospecting	—	(663)
Share of Joint Ventures	—	1,984
Closure in 2013 of a non-strategic (thermal) unit	—	(436)
Other	(153)	(3,549)
SIX-MONTH PERIOD ENDED JUNE 30, 2014	106,754	65,721

* Commissioning of the Vron wind farm in France in September 2013, La Vallée wind power facility in France in December 2013 and Jamie Creek hydroelectric power station in Canada in May 2014.

Revenues from Energy Sales

For the six-month period ended June 30, 2014, revenues from energy sales totalled $106.8 million, up $15.9 million or 17.5% from $90.9 million for the same period of 2013. This revenue growth was largely driven by the wind power segment which, in addition to the $5.9 million revenue contribution from the new French power stations Vron and La Vallée commissioned in the third and fourth quarters of 2013, respectively, recorded significant production increases at existing power stations. For the Corporation as a whole, newly commissioned assets, including the new Jamie Creek power station as of May 16, 2014, contributed an additional $6.8 million to consolidated revenues, whereas the volume effect translated into an additional $2.9 million. Six-month revenues were boosted by a number of factors, including a $6.2 million favourable exchange effect prompted by the strengthening of the euro and the U.S. dollar against the Canadian currency, as well as a slightly favourable price effect.

Note that those results exclude Boralex's $22.6 million share in the revenues generated by the Joint Venture Phase I of the Seigneurie de Beaupré wind farms commissioned in December 2013 (see the *Proportionate Consolidation* section of this MD&A).

During the first half of 2014, Boralex generated 868,520 MWh of electricity (excluding its share of the production of Joint Venture Phase I), up 10.6% from 785,353 MWh for the same period of 2013. This growth resulted from the addition of the new French wind farms and Canadian hydroelectric power station, coupled with a 3.3% increase in production at the Corporation's existing power stations.

Other Income

Other income totalled $0.9 million in the first half of 2014, compared with $0.8 million for the same period of the previous year. The increase resulted from the management fees paid by the Joint Ventures.

EBITDA and EBITDA Margin

Consolidated EBITDA for the first six months of 2014 amounted to $65.7 million, compared with $56.4 million from the corresponding period of 2013, up $9.3 million or 16.4%. EBITDA margin as a percentage of revenues stood at 61.6% compared with 62.1% a year earlier. Apart from the $3.9 million favourable foreign exchange effect, EBITDA growth for first six months of 2014 originated from the following key favourable factors:

- A $5.1 million contribution from French wind farms Vron and La Vallée and the Jamie Creek hydroelectric power station;
- A $3.2 million volume effect, largely attributable to existing French wind farms;
- A $2.0 million favourable change in the *Share in earnings (loss) of the Joint Ventures*, stemming mainly from the commissioning of Joint Venture Phase I;
- A $0.4 million raw material cost reduction; and
- A $0.1 million favourable price effect.

In the aggregate, these factors more than offset the various unfavourable impacts totalling $5.3 million, including an increase in maintenance costs, particularly for the hydroelectric power segment, the aforementioned increase in development costs and the non-recurrence of certain favourable items recognized in 2013, including the reversal of a $1.6 million provision and the receipt of insurance proceeds.

Note also that consolidated EBITDA item *Share of Joint Ventures* includes items not related to the EBITDA of Joint Ventures, consisting primarily of amortization expense and financing costs, which totalled $18.3 million for the first half of 2014 (see the *Proportionate Consolidation* section of this MD&A).

Amortization

Amortization expense for the first half of 2014 rose $3.4 million to $30.2 million, due to the commissioning of the Jamie Creek power station, the addition of the two new French wind farms and the $1.9 million unfavourable exchange effect related to the Canadian dollar's weakening against the euro and the U.S. dollar.

Other Gains

Other gains amounting to $0.6 million resulted mainly from the realization of a gain in favour of Boralex on the contract related to its agreement with its French partner CUBE.

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

Financing costs for the first half of 2014 climbed $2.9 million to $28.0 million, owing primarily to new debt contracted in connection with the construction of Jamie Creek and expansion in the wind power sector in France, as well as to the $1.0 million impact of the euro's appreciation on financing costs incurred in France. These items were partly offset however by the decrease in debt related to existing power stations, particularly the Thames River wind farm in Canada, and the refinancing of the U.S. debt in 2013.

Boralex recorded a $0.1 million foreign exchange loss and a $1.4 million net loss on financial instruments for the first half of 2014, representing a total adverse change of $2.3 million from the foreign exchange gain and net gain on financial instruments recorded year over year.

Net Earnings from Continuing Operations and Discontinued Operations and Net Earnings Attributable to Shareholders of Boralex

Boralex ended the first six months of 2014 with net earnings from continuing operations of $3.1 million compared with $2.8 million for the same period of 2013, and net earnings from discontinued operations of $1.6 million compared with $0.8 million year over year, from the sale of RECs. Excluding the interest of non-controlling shareholders, Boralex finished the six-month period ended June 30, 2014 with net earnings attributable to shareholders amounting to $3.7 million or $0.09 share (basic and diluted). Of that amount, $2.1 million or $0.05 per share originated from continuing operations, compared with $2.3 million or $0.06 per share for the same period last year.

TO SUM UP,

while its net earnings was affected by certain items beyond the Corporation's control, including changes in foreign exchange rates, the revenue and EBITDA growth recorded in the first half of 2014 (without factoring in the full effect of Joint Venture Phase I) bore witness to the merits and strengths of Boralex's growth strategy.

Review of Operating Segments

Wind Power Stations

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2013	20,384	15,569	43,982	35,444
Power stations commissioned*	2,208	1,493	5,926	4,476
Pricing	99	99	241	241
Volume	(2,907)	(2,907)	3,195	3,195
Translation of self-sustaining subsidiaries (exchange rate effect)	1,488	1,154	3,270	2,595
Maintenance	—	343	—	(66)
Share of Joint Ventures	—	1,114	—	3,351
Other	24	(255)	38	(415)
JUNE 30, 2014	21,296	16,610	56,652	48,821

* Vron and La Vallée wind farms in France commissioned in September 2013 and December 2013, respectively.

Operating Results for the Three-Month Period

In the second quarter of 2014, the wind power segment experienced a temporary slowdown in earnings growth due to significantly less favourable wind conditions than in same period a year earlier, in both France and Canada. That factor curbed the positive effects of an expanded wind power asset base in the second half of 2013.

Production

For the three-month period ended June 30, 2014, the wind power segment reported a slight 2.1% decline in power production, which totalled 163,508 MWh (excluding the contribution from Joint Venture Phase I, whose impact is detailed in the *Proportionate Consolidation* section of this MD&A), compared with 166,992 MWh for the same quarter of 2013. This decline resulted from less favourable wind conditions than in spring 2013, particularly in France. In spite of the contribution from new power stations Vron and La Vallée sites commissioned in September and December 2013, respectively, and of the high rate of equipment availability, total production at the Corporation's French wind farms grew only 1.9%, due to a 14.1% decline in production at existing powers owing to weather factors. For the same reason, the Thames River power station in Ontario, Canada reported a 9.5% decline in production, despite a very high rate of equipment availability.

Revenues

Still excluding the contribution from Joint Venture Phase I, wind power segment revenues for the second quarter of 2014 totalled $21.3 million, up 4.5% from $20.4 million for the same period last year. The $2.9 million unfavourable volume effect was offset by the $2.2 million contribution from the two new French power stations and the $1.5 million favourable foreign exchange effect attributable to the rise in the euro relative to the Canadian dollar.

Excluding the foreign exchange effect, revenues in euros at French power stations climbed slightly higher, rising 1.2%, as the addition of the La Vallée and Vron facilities offset the 14.7% decline in revenues generated at existing power stations. Revenues at Canadian wind power stations were down 9.2% (excluding Joint Venture Phase I).

EBITDA

In spite of the $2.9 million unfavourable volume effect and certain additional costs totalling $0.3 million, wind power segment EBITDA was up $1.0 million or 6.7% from the same period in 2013, while EBITDA margin remained practically unchanged at 78.0% compared with 76.4%. In addition to the foreign exchange effect, the items that helped bolster sound profitability included the contributions from the French power stations, Boralex's greater share in the results of Joint Ventures, a decline in maintenance costs and an increase in the average selling price.

On a geographical basis, EBITDA at the Corporation's French operations was down 5.3% in euros, that is, excluding the foreign exchange effect, as a result of the $2.2 million adverse volume effect and rises in certain expenses. Those factors were partially offset, however, by contributions from new power stations, lower maintenance costs and a higher average selling price. In Canada, EBITDA at the Thames River, Ontario power stations was down 10.0% owing primarily to the volume effect.

Note that owing to the seasonal cycle to which the wind power segment is exposed, and as discussed in the preceding *Seasonal Factors* section of this MD&A, the second and third quarters are typically weaker than the first and fourth quarters of the year.

Operating Results for the Six-Month Period

Boralex's wind power segment has reported solid year-to-date results for 2014, primarily as a result of a 62% increase in its installed capacity in operation during the last few months of 2013, coupled with sound performance at existing French power stations. Furthermore, nearly $64 million in additional funds were invested to develop the wind power segment during the period, including investments by the Joint Ventures.

Production

For the six-month period ended June 30, 2014, the wind power segment reported 19.6% growth in production, which totalled 428,367 MWh (excluding the contribution from Joint Venture Phase I, whose impact is discussed in the *Proportionate Consolidation* section of this MD&A), compared with 358,020 MWh for the corresponding period last year. The increase was driven by the contributions from the new French wind farms Vron and La Vallée commissioned in September and December 2013, respectively, coupled with a 7.0% increase in total production at existing wind farms. Production at existing French wind power stations was up 12.7% due to particularly favourable wind conditions that outstrip historical averages for the first quarter, combined with satisfactory equipment availability. In Canada, despite maintaining excellent equipment availability, production was down at Thames River, in Ontario, owing to less favourable wind conditions than in the same period of 2013.

Note that the geographic diversification of Boralex's wind power segment worked in its favour, as weather conditions varied across the regions.

Revenues

Wind power segment revenues for the first six months of 2014 totalled \$56.7 million, up \$12.7 million or 28.9% from \$44.0 million for the first half of 2013. As shown in the preceding table, this increase was attributable to the following factors, listed in order of importance:

- A \$5.9 million contribution from the two new French wind farms;
- A \$3.3 million favourable foreign exchange effect prompted by the euro's rise against the Canadian dollar;
- Higher production at existing French power stations, adding \$3.2 million to wind power segment revenues; and
- A \$0.2 million favourable price effect resulting from contractual selling price indexation.

Breaking down results geographically, the French power stations posted revenue growth of 38.3% in euros (excluding the foreign exchange effect), including organic growth of 13.5%. Revenues at Canadian wind farms on the Thames River site were down 2.4% due to lower production.

EBITDA

For the six-month period ended June 30, 2014, wind power segment EBITDA was up \$13.4 million or 37.7% from the same period of 2013, while EBITDA margin grew to 86.2% from 80.6% year over year. The same four factors that drove revenue growth, namely the power stations commissioned, volume effect, foreign exchange effect and price effect, together contributed an additional \$10.5 million to wind power segment EBITDA compared with the first half of 2013. Furthermore, an additional \$3.4 million in EBITDA was recognized through the *Share of Joint Ventures*, despite the fact that it includes items not related to EBITDA of Joint Ventures, consisting primarily of amortization expense and financing costs. Boralex management wishes to report that it is highly satisfied with the contribution from Joint Venture Phase I during its first six months of operation and believes that its productivity bodes well for the future.

However, wind power segment profitability in the first half of 2014 was slightly affected by an increase in certain maintenance costs, primarily in France.

Broken down geographically, EBITDA at the Corporation's French operations was up 39.1% in euros, that is, excluding the foreign exchange effect, due to sound productivity at existing power stations, contributions from new wind farms and higher selling prices. These items readily offset the increase in certain costs, such as maintenance costs. In Canada (excluding the results related to the Joint Ventures), EBITDA at the existing Thames River wind farms finished the period slightly lower, down 2.8% year over year.

Recent Significant Events

As discussed in greater detail under previous sections of this MD&A, the wind power segment greatly expanded its operating base in the third and fourth quarters of 2013 with the commissioning of French wind farms Vron and La Vallée totalling 40 MW and the 272 MW Phase I (Boralex's share: 136 MW) of the Seigneurie de Beaupré wind farms in Québec. Since Joint Venture Phase I is accounted for using the equity method under IFRS, its full contribution is discussed below in the *Proportionate Consolidation* section later in the MD&A.

The above mentioned commissioning of power stations added 176 MW (Boralex's share) to the wind power segment's operating base, representing a 62% expansion. This expansion will have a significant impact on Boralex's performance and financial position in 2014 and beyond, especially since other large projects will be commissioned in 2014 and 2015.

Recent highlights regarding wind power projects currently under development are as follows:

- Implementation of construction work of the 68 MW Joint Venture Phase II (Boralex's share: 34 MW) which is currently well on track;
- Launch of construction on the 25 MW Témiscouata I community wind power project in Québec, developed jointly with Témiscouata RCM, in Québec, and the completion of \$64.1 million in financing for this project;
- Beginning of construction work at the 50 MW Témiscouata II wind farm, following the granting of approval by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs* and completion of \$142.7 million in financing for this power station;
- Completion of €65 million (\$95 million) in financing for the Fortel-Bonnières and St-François power stations in France, which are currently under construction; and
- Announcement of the acquisition, on July 30, 2014, of the 14 MW Calmont wind project, in France.

Hydroelectric Power Stations

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2013	15,691	12,532	29,804	23,816
Power station commissioned*	905	583	905	583
Pricing	(711)	(711)	321	321
Volume	1,119	1,119	(897)	(897)
Translation of self-sustaining subsidiaries (exchange rate effect)	621	502	1,402	1,145
Maintenance	—	63	—	(455)
Other	(3)	(86)	83	(344)
JUNE 30, 2014	17,622	14,002	31,618	24,169

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

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

HYDROELECTRIC PRODUCTION (MWh)	2014	2013
Three-month periods ended June 30:		
Actual	223,702	197,923
Historical average [(1)]	187,549	188,517
Six-month periods ended June 30:		
Actual	347,289	346,396
Historical average [(1)]	343,258	342,543
Annual historical average [(1)]	623,292	623,490

(1) Historical averages are calculated using all production data available for each power station up to the end of Boralex's previous fiscal year. Historical averages include all of Boralex's power stations currently in operation.

The hydroelectric power segment performed well in the second quarter of 2014, reporting production, revenue and EBITDA growth of 13.0%, 12.3% and 11.7%, respectively, owing to positive water flow conditions in the Northeastern United States and the commissioning of the Jamie Creek power station in British Columbia toward the middle of the period.

Operating Results for the Three-Month Period

Production

Hydroelectric power segment production for the second quarter 2014 was up 13.0%, reaching 223,702 MWh compared with 197,923 MWh for the same period of 2013. Excluding Jamie Greek, production climbed 7.2%, exceeding the hydroelectric power segment's historical average by 13.1% for this three-month period.

Apart from the additional contribution from the Jamie Creek power station, the growth in production from the same period last year was driven by a 16.8% increase in volumes at the U.S. power stations, which was 24.0% higher than the historical averages for that period of the year. In Canada, however, excluding the new Jamie Creek power station, existing power stations reported an 8.7% decline in production compared with the same period in 2013, which saw exceptional favourable water flow conditions. Production at those power stations was also 4.6% shy of historical averages.

Revenues

Hydroelectric power segment revenues were up $1.9 million owing to a $1.6 million favourable volume effect originating at U.S. power stations, a $0.9 million contribution from the Jamie Creek power station during the second half of the period and a $0.6 million favourable foreign exchange effect attributable to the U.S. dollar's strength against Canada's currency. However, revenues were curbed by a $0.7 million unfavourable price effect caused by lower average selling electricity prices in the New York State open market compared with the same period last year. Note that electricity market prices, which are correlated to natural gas prices, can fluctuate significantly from period to period.

Revenues at U.S. power stations were up 15.1%, including the foreign exchange effect, and 8.5%, excluding this effect. In Canada, revenues were up 8.0% including the Jamie Creek power station, but were down 6.6% excluding it.

EBITDA

Hydroelectric power segment EBITDA was up $1.5 million, particularly due to U.S. power stations performing well over the period, but also to Jamie Creek's contribution and the favourable foreign exchange effect. Profitability at existing Canadian hydroelectric power stations was down approximately $0.5 million owing to a negative volume effect. Lastly, hydroelectric power segment EBITDA margin fell to 79.5% from 79.9% year over year. This slight decline was partly attributable to the run-in period at the new power station.

Operating Results for the Six-Month Period

Strong performance at the U.S. power stations in the second quarter and the addition of the Jamie Creek power station allowed the hydroelectric power segment to make up the shortfall caused in the first quarter by less favourable, below-average water flow conditions compared with the first half of 2013. As a result, hydroelectric power segment production for the six-month period was relatively unchanged from the same period in 2013, whereas segment revenues and EBITDA were up 6.1% and 1.5%, respectively.

Production

Hydroelectric power segment production for the first half of 2014 totalled 347,289 MWh compared with 346,396 MWh year over year. Excluding Jamie Creek's contribution, the reading was shy of historical averages by a slight 2.2%. Production at U.S. power stations was up 2.6% from the first half of 2013 and was comparable to historical average. The strong second-quarter performance at those facilities offset the drop in production caused by poor waters flow conditions in the first quarter, as well as major maintenance work at one of the units. Production at Canadian power stations was down 4.0% including Jamie Creek. Excluding Jamie Creek, production was down 13.2% year over year and 6.4% below the historical average, owing primarily to less favourable water flow conditions than in the first half of 2013.

Revenues

Hydroelectric power segment revenues totalled $31.6 million, up from $29.8 million for the first half of 2013. This $1.8 million growth was driven by the U.S. power stations, where revenues were up 11.5%. In addition to the $1.4 million favourable exchange effect, this growth resulted from the higher production and capacity premiums, as well as from a $0.1 million favourable price effect for the full period. Revenues generated in Canada were down 1.9% in spite of the addition of the Jamie Creek power station, as a result of a 9.5% decline in revenues from existing power stations due to less favourable weather conditions than in the same period of 2013.

EBITDA

Hydroelectric power segment EBITDA for the first half of 2014 rose $0.4 million to $24.2 million from $23.8 million for the same period last year. EBITDA margin was down, however, falling to 76.4% from 79.9% year over year. The U.S. power stations reported a 9.2% improvement in combined EBITDA due to the rise in the U.S. dollar, higher production and capacity premiums and a rise in the average selling price. Those factors readily offset the increase in maintenance costs and the non-recurrence of certain favourable items recognized in 2013. Canadian power station EBITDA was down 10.8% owing to lower production and rises in maintenance costs and certain other expenses, related in part to the commissioning of the new Jamie Creek power station. Those unfavourable items were curtailed, however, by the contribution from the new power station and average selling price indexation.

Recent Significant Events

On May 16, 2014, Boralex commissioned its 22 MW Jamie Creek hydroelectric power station in British Columbia, Canada, which is expected to produce approximately 70,000 MWh per year. Performance at this power station to date has met management's expectations.

At the end of June 2013, Boralex begun the work required at its Buckingham power station in Québec, Canada, to comply with the *Dam Safety Act*. The work will be carried out through September 2014. Approximately $4 million will be invested in 2014, and the Corporation expects to invest an additional $7 million in 2015.

Thermal Power Stations

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2013	3,268	(1,070)	15,814	3,598
Pricing	(145)	(145)	(419)	(419)
Volume	542	829	405	682
Translation of self-sustaining subsidiaries (exchange rate effect)	401	8	1,333	229
Capacity premiums	(177)	(177)	(268)	(268)
Raw material costs	—	65	—	369
Maintenance	—	(194)	—	(99)
Closure in 2013 of a non-strategic (thermal) unit	—	(288)	—	(436)
Other	(4)	(129)	(4)	(185)
JUNE 30, 2014	3,885	(1,101)	16,861	3,471

Operating Results for the Three-Month Period

Note that in light of the thermal power stations' operating patterns, as discussed in the *Seasonal Factors* section of this MD&A, our Senneterre, Québec facility produced electricity in June only, whereas it was almost totally idle during the second quarter of 2013. In contrast, the Blendecques, France power station produced no electricity in the second quarter of 2014, compared with one month of production in 2013. (Note that this facility continues nevertheless to supply its industrial client with steam during the season shutdown of power production.) A significant portion of the changes for the period arose from these differences in production timing between 2013 and 2014 at the two thermal power stations.

Production

The thermal power segment produced 18,521 MWh of electricity in the second quarter of 2014 compared with 7,191 MWh for the same period of 2013, owing to the additional month of production at the Senneterre power station. Steam production at the Blendecques power station was slightly higher than in the first quarter last year.

Revenues

Thermal power segment revenues for the second quarter of 2014 were up $0.6 million or 18.9% year over year to $3.9 million, due to the fact that the Senneterre power station operated for one extra month and, to a lesser extent, to the favourable foreign exchange effect of the euro's appreciation against the Canadian dollar. These factors offset the 28.5% decline in revenues in euros (excluding the foreign exchange effect) at the Blendecques power station caused by the favourable volume effect prompted by the fact that electricity was produced in April 2013, by the decline in capacity premiums from this power station and by the lower average selling price for steam due to certain clauses in the new contract entered into with its industrial client.

EBITDA

Thermal power segment reported negative EBITDA of $1.1 million for the second quarter of 2014, a reading unchanged from a year earlier. In addition to the aforementioned factors, thermal power segment profitability was affected by a $0.2 million increase maintenance costs at the Senneterre power station and by certain other adverse changes, including a $0.3 million revenue shortfall caused by the closure of a non-strategic unit in 2013.

Operating Results for the Six-Month Period

During the six-month period ended June 30, 2014, and owing to the thermal power stations' operating patterns discussed in the *Seasonal Factors* section of this MD&A, the Senneterre and Blendecques power stations produced electricity for four- and three-month periods, respectively, compared with three- and four-month periods, respectively, in the first half of 2013.

Production

Year-to-date thermal power segment production rose 14.8% to 89,637MWh in 2014 from 78,070 MWh for the first half of 2013. Production at the Senneterre, Québec power station was up 40.1% year over year owing to one extra month of operations and to the station's strong performance during the first quarter of 2014. However, the Blendecques power station's production declined 29.6%, primarily as a result of an extra month of production in 2013. Its steam production was relatively unchanged from the same period of 2013.

Revenues

Thermal power segment revenues for the first six months of 2014 totalled $16.9 million, up 6.6% from $15.8 million for the same period of 2013, driven by the Senneterre power station whose revenues grew $1.6 million or 27.8% due to increases in production volume and capacity premiums combined with its selling price indexation. Despite a favourable exchange effect of $1.3 million, revenues at the Blendecques power station declined $0.5 million or 5.3%, owing to lower volume and capacity premiums, the decrease in the average steam selling price as discussed previously and the lower average electricity selling price under its new sales contract with EDF. Note that, although less favourable than the previous contract in certain respects, the new 12-year contract with EDF provides Boralex with the opportunity to generate attractive returns on the €6 million investment that will be earmarked this year for the power station's modernization. This work, which was started in spring 2014, is currently on budget and on schedule, and will be completed in October for commissioning on November 1, 2014.

EBITDA

The segment's EBITDA for the six-month period ended June 30, 2014 stood at $3.5 million, compared with $3.6 million in 2013. However, excluding the unit shut down in 2013, EBITDA increased $0.3 million or 9.8%. The Senneterre power station's EBITDA rose 86.4% following increases in its production, capacity premiums and selling prices as discussed previously. The power station also benefitted from a $0.3 million decline in raw material costs, which offset increases in certain costs, including maintenance costs. As management had anticipated, the new agreement with Hydro-Québec under which the Senneterre power station generates electricity during eight months per year for fiscal years 2014 to 2018 inclusively (instead of six months per year only according to the agreement effective in 2012 and 2013) provides in particular the power station with wood-residue supplies of better quality at a lower cost. EBITDA at the Blendecques power station declined 53.0% owing to the same factors that affected revenues. Note however that the Blendecques power station remains a profitable unit within Boralex's energy portfolio.

Solar Power Station

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2013	798	706	1,277	1,088
Pricing	3	3	6	6
Volume	127	127	181	181
Translation of self-sustaining subsidiaries (exchange rate effect)	93	83	160	136
Maintenance	—	26	—	55
Other	—	(43)	(1)	(73)
JUNE 30, 2014	1,021	902	1,623	1,393

Operating Results for the Three-Month Period

Boralex's sole solar power station currently in operation continues to perform according to management's expectations. For the three-month period ended June 30, 2014, the solar power station generated 2,042 MWh of electricity compared with 1,788 MWh in 2013, a 14.2% increase stemming primarily from superior sunlight conditions compared with last year. Both revenues and EBITDA at the solar power station rose by $0.2 million, driven by higher volume and the favourable foreign exchange effect, to reach $1.0 million and $0.9 million, respectively, representing an EBITDA margin of 88.3%.

Operating Results for the Six-Month Period

For the six-month period ended June 30, 2014, the solar power station generated 3,227 MWh of electricity, up 12.6% from 2,867 MWh in 2013. Both revenues and EBITDA increased by $0.3 million for the same reasons discussed previously to reach $1.6 million and $1.4 million, respectively, representing an EBITDA margin of 85.8%.

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

Cash Flows

(in thousands of dollars)	Three-month periods ended June 30 2014	2013	Six-month periods ended June 30 2014	2013
Net cash flows related to operating activities	3,913	32,300	37,681	54,747
Net cash flows related to investing activities	(30,304)	(48,771)	(40,922)	(58,967)
Net cash flows related to financing activities	18,612	19,665	4,001	15,488
Cash from discontinued operations	712	968	1,927	1,066
Translation adjustment on cash and cash equivalents	(2,566)	2,315	(431)	2,742
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,633)	6,477	2,256	15,076
CASH AND CASH EQUIVALENTS - END OF PERIOD	127,198	122,214	127,198	122,214

Analysis of Cash Flows for the Three-Month Period

Operating Activities

During the three-month period ended June 30, 2014, Boralex reported $7.7 million or $0.20 per share (basic) in cash flows from operations compared with $17.8 million or $0.47 per share for the same period in 2013. Excluding non-cash items from net loss for both comparative periods, the $10.1 million decrease in cash flows from operations resulted primarily from interest payments of $8.3 million on convertible debentures made in July 2013. Typically, this payment is made in June. In June 2014, the interest payment of $1.1 million on the $35.0 million Canadian note was made earlier than in 2013, that is, at the same time as the repayment of this debt.

The change in non-cash items related to operating activities used $3.8 million in cash (compared with cash inflows of $14.5 million in 2013). Of this difference of $18.4 million, an amount of $16.9 million resulted from the change in the *Trade and other receivables* item related to the timing of receivables, the impact of commissioning and the level of sales in the months in question. Accordingly, operating activities generated net cash flows totalling $3.9 million in the second quarter of 2014 compared with $32.3 million for the same period in the previous year.

Investing Activities

As shown in the previous table, the second quarter of 2014 saw investments of $30.3 million, net of cash of $8.3 million drawn from restricted cash earmarked for the completion of the La Vallée wind farm and the final work on the Jamie Creek hydroelectric power station. Of the $31.5 million invested in additions to property, plant and equipment, $22.3 million was allocated to the wind power segment, including $18.3 million for work on the Fortel-Bonnières and St-François projects and the completion of equipment at the La Vallée site, in France, and $4.0 million for the development of community projects with Témiscouata and La Côte-de-Beaupré RCMs, as well as the Témiscouata II project, in Québec. The completion of construction work on the Jamie Creek hydroelectric power station used cash of $6.1 million while an amount of $2.5 million was allocated to the modernization project at the Blendecques thermal power station in France. During the quarter, Boralex also invested $3.4 million to increase its share in the Joint Ventures and $3.5 million in development projects, mostly in the Témiscouata II wind power project in Québec.

Financing Activities

On June 27, 2014, Boralex announced the closing of refinancing of its revolving credit facility in the amount of $130.0 million, replacing its $60.0 million revolving credit facility expiring on June 30, 2014. The increase in its revolving credit facility provides the Corporation with greater financial flexibility to further support its development. The new revolving credit facility with an initial term of four years and renewable annually thereafter is secured by the assets of Boralex Inc., its power stations located in Québec, and the investments in its U.S. operations.

In parallel with this refinancing, Boralex temporarily drew an amount of $29.0 million from its revolving credit facility to meet various funding needs, including the repayment of the $35.0 million Canadian note that matured in July 2014. The Corporation also repaid $9.6 million in debt unrelated to projects and disbursed a total amount of $5.0 million to pay a quarterly dividend of $0.13 per share to its shareholders.

Also, on June 26, 2014, the Corporation announced the closing of two long-term financing arrangements, in the amounts of $52.0 million and $127.0 million, respectively, for the Témiscouata I and Témiscouata II wind farms, both secured by the assets of the respective wind farms and repayable over an 18-year period following the start of their commercial operations. These facilities were undrawn as at June 30, 2014.

In addition to the $29.0 million drawdown on its revolving credit facility, Boralex contracted further non-current debt in the amount of $36.2 million (net of financing costs) for the construction of the Fortel-Bonnières and St-François wind farms. Boralex also received $2.5 million in the form of a capital injection by Témiscouata RCM, its partner in a wind power project currently under development in Québec.

Analysis of Cash Flows for the Six-Month Period

Operating Activities

During the six-month period ended June 30, 2014, Boralex reported $37.1 million or $0.97 per share (basic) in cash flows from operations compared with $40.7 million or $1.08 per share for the same period in 2013. Excluding non-cash items from net earnings for both comparative periods, the $3.6 million decrease in cash flows from operations resulted primarily from higher payments related to financing costs, partially offset by improved EBITDA.

The change in non-cash items related to operating activities generated cash of $0.6 million (compared with $14.0 million in 2013), resulting primarily from an increase in prepaid expenses and trade payables.

In light of the foregoing, operating activities generated net cash flows totalling $37.7 million in the first six months of 2014 compared with $54.7 million for the same period in the previous year.

Investing Activities

Investing activities since the beginning of fiscal 2014 resulted in cash outflows of $40.9 million, net of $9.7 million in restricted cash drawdowns, particularly for the construction of the Jamie Creek power station and the La Vallée wind farm. An amount of $41.6 million, accounting for the great majority of investments, was earmarked for additions to property, plant and equipment, detailed as follows:

- $25.4 million for the wind power segment, primarily for work on the Fortel-Bonnières and St-François projects and the La Vallée facility in France, and also for the community project with Témiscouata RCM and the Témiscouata II wind farm in Québec. (For information purposes, the share of Boralex in the capital expenditures related to the Seigneurie de Beaupré Joint Ventures represented an additional investment of $33.0 million);
- $11.1 million for the hydroelectric segment, mainly for the construction of the Jamie Creek hydroelectric power station;
- $4.7 million for the thermal power segment, essentially for upgrading the Blendecques natural gas power station in France; and
- A balance amount of $0.3 million in corporate investments.

During the first six months of 2014, Boralex also invested $5.0 million in its development projects, primarily the Témiscouata II wind power project in Québec, $3.4 million to increase its share in the Joint Ventures as mentioned previously and $0.6 million in various other initiatives related to its development.

Financing Activities

For the six-month period ended June 30, 2014, financing activities generated net cash flows totalling $4.0 million.

In addition to the repayment of the $35.0 million Canadian note discussed in the previous section, the Corporation also repaid an additional amount of some $26.0 million on non-current debt in the normal course of its operations since the beginning of fiscal 2014, bringing total repayments for the period to $61.0 million. During the same period, excluding the $29.0 million drawdown on its revolving credit facility, Boralex contracted further non-current debt in the amount of $37.3 million (net of financing costs), essentially for the construction of the Fortel-Bonnières and St-François wind farms. Last, the Corporation disbursed a total amount of $9.9 million to pay two quarterly dividends to its shareholder, that is, $0.13 per share for each quarter.

Also, Boralex received $8.7 million in cash from its financing activities during the first six months of 2014, including a $4.1 million capital injection by Témiscouata and La Côte-de-Beaupré RCMs, Boralex's partners in two wind power projects currently under development in Québec and an amount of $4.6 million from the exercise of stock options held by senior executives.

Discontinued Operations

For the six-month period ended June 30, 2014, discontinued operations generated $1.9 million in cash, primarily from the sale of RECs at the Corporation's former U.S. wood-residue power stations, compared with $1.1 million for the corresponding period in 2013.

Net Change in Cash and Cash Equivalents

Total cash movements for the period resulted in a $2.3 million increase in cash and cash equivalents, which stood at $127.2 million as at June 30, 2014, compared with $124.9 million as at December 31, 2013.

TO SUM UP,

In line with the trend in several previous quarters, cash flows for the six-month period ended June 30, 2014 highlighted Boralex's solid capacity to generate cash flows from operations, owing to its tight focus on operations covered by power sales contracts offering fixed and indexed pricing, and superior profit margins. Furthermore, they demonstrate the Corporation's intention to increase shareholder value, particularly by paying dividends in the amount of nearly $10 million since the beginning of the year and, above all, by using its significant financial resources to develop its two strategic segments—wind and hydroelectric power—in which the Corporation has invested nearly $50 million in assets and development costs since the beginning of fiscal 2014 (not including its share of nearly $33 million in the development of Joint Venture Phase II). Management expects the Corporation to increase its contracted installed capacity by 12% by December 31, 2014, compared with December 2013.

Financial Position

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

(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013
ASSETS		
Cash and cash equivalents	127,198	124,942
Restricted cash	9,654	19,366
Other current assets	50,495	49,072
CURRENT ASSETS	187,347	193,380
Property, plant and equipment	834,888	799,213
Other intangible assets	250,511	257,058
Miscellaneous non-current assets	173,480	173,076
NON-CURRENT ASSETS	1,258,879	1,229,347
TOTAL ASSETS	1,446,226	1,422,727
LIABILITIES		
CURRENT LIABILITIES	149,669	158,785
Non-current debt	615,750	578,914
Other non-current liabilities	306,692	298,894
NON-CURRENT LIABILITIES	922,442	877,808
TOTAL LIABILITIES	1,072,111	1,036,593
EQUITY		
TOTAL EQUITY	374,115	386,134
TOTAL LIABILITIES AND EQUITY	1,446,226	1,422,727

Summary of Significant Changes

Excluding the foreign exchange rate effect and the seasonal nature of its operations, Boralex's change in financial position between December 31, 2013 and June 30, 2014 primarily reflects investments and financing in furtherance of the Corporation's wind and hydroelectric power development projects and dividend payments to shareholders under its first dividend policy.

Assets

Boralex's total assets increased $23.5 million or 1.7% to $1,446.2 million as at June 30, 2014 from $1,422.7 million as at December 31, 2013. *Non-current assets* in particular grew by $29.5 million, driven mainly by investments earmarked for expanding the Corporation's operating base in the wind power and hydroelectric segments, which contributed in particular to increasing the value of *Property, plant and equipment* by $35.7 million (net of current period amortization). Total current assets decreased by $6.0 million due to the partial utilization of restricted cash, primarily to complete construction of the Jamie Creek hydroelectric power station and the La Vallée wind farm.

As at June 30, 2014, Boralex reported working capital of $37.7 million, with a ratio of 1.25:1 compared with working capital of $34.6 million and a ratio of 1.22:1 as at December 31, 2013.

As discussed in the previous section, the $35.0 million Canadian note included in the *Current portion of debt* as at December 31, 2013 was repaid by the Corporation before the end of the second quarter after temporarily drawing on its revolving credit facility.

Total Debt and Equity

The Corporation's total debt, consisting of *Non-current debt*, including the current portion of *Non-current debt* and the liability component of *Convertible debentures*, amounted to $895.6 million as at June 30, 2014 compared with $892.5 million as at December 31, 2013. Breaking down the Corporation's non-current debt as at June 30, 2014 geographically, 60% was in Canada, 31% in France and 9% in the United States, compared with 40%, 46% and 14%, respectively as at December 31, 2013.

Net debt, as defined under *Non-IFRS Measures*, amounted to $544.0 million as at June 30, 2014 compared with $529.4 million as at December 31, 2013.

Also, total equity declined $12.0 million to $374.1 million as at June 30, 2014 from $386.1 million as at December 31, 2013. However, the net debt ratio, as defined under *Non-IFRS Measures*, rose slightly to 47.4% as at June 30, 2014 from 46.2% as at December 31, 2013.

Information about the Corporation's Equity Securities

As at June 30, 2014, Boralex's capital stock consisted of 38,377,375 Class A shares issued and outstanding (37,767,855 as at December 31, 2013) while stock options outstanding numbered 1,590,581, of which 1,193,053 were exercisable. During the six-month period ended June 30, 2014, 2,773 shares were issued in connection with the conversion of 342 debentures and 606,747 shares were issued on exercise of stock options held by senior executives. As at June 30, 2014, Boralex had 2,446,203 issued and outstanding convertible debentures (2,446,545 as at December 31, 2013). Since their issuance in 2010, a cumulative amount of 5,297 debentures have been converted into 42,413 shares.

From July 1, 2014 to August 5, 2014, no new shares were issued on exercise of stock options and 2,831 new shares were issued in connection with the conversion of 347 debentures.

Normal Course Issuer Bid

On November 14, 2013, Boralex announced its intention to carry out a normal course issuer bid (the "Bid"). Under the twelve-month Bid from November 18, 2013 to November 17, 2014, Boralex may buy back up to 250,000 Class A shares, or approximately 0.66% of the 37,750,791 issued and outstanding Class A shares of Boralex as at October 31, 2013. All buybacks will be carried out through the Toronto Stock Exchange, and the repurchased shares will be cancelled. As at August 5, 2014, Boralex had not repurchased any Class A shares under the Bid.

Related Party Transactions

The Corporation has entered into a management agreement with R.S.P. Hydro inc, an entity controlled by Bernard Lemaire, a director of Cascades, a corporation exercising significant influence over the Corporation. For the six-month period ended June 30, 2014, revenues derived from the agreement amounted to $0.3 million ($0.3 million for the corresponding period of 2013).

The Corporation has entered into a four-year consulting agreement with Bernard Lemaire, amounting to $0.1 million per year, which began in May 2013.

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For the six-month period ended June 30, 2014, these services amounted to $0.3 million ($0.6 million for the corresponding period of 2013).

Transactions with Joint Ventures

Seigneurie de Beaupré: Phase I

For the six-month period ended June 30, 2014, the net results of the Joint Venture Phase I represented earnings of $4.3 million (Boralex's share: $2.1 million). In addition, amortization of the unrealized loss on financial instruments generated an expense of $1.3 million. Accordingly, for the six-month period ended June 30, 2014, the Corporation's *Share in earnings (loss) of the Joint Ventures* represented earnings of $0.8 million.

Also, for the six-month period ended June 30, 2014, Boralex charged back $0.7 million in salaries, management fees and other costs to this joint venture in connection with operation of the wind farm.

Seigneurie de Beaupré: Phase II

For the six-month period ended June 30, 2014, the net results of the Joint Venture Phase II represented earnings of $0.2 million (Boralex's share: $0.1 million). Boralex charged back $0.6 million in salaries and management fees to this joint venture in connection with construction of the wind farm.

TO SUM UP,

despite investments of more than $50 million in property, plant and equipment, its interest in the Joint Ventures and the development projects carried out during the first six months of 2014 and the payment of dividends totalling nearly $10 million, the Corporation ended the period in a strong cash position of $136.9 million as at June 30, 2014 (including restricted cash). This positive trend demonstrates the benefits of the strategy in place at Boralex since 2009 aimed at supporting significant and steady cash flows from operating activities which, in turn, are conducive to maintaining a solid cash position and sound capital structure. The Corporation intends to continue leveraging its financial resources, primarily to accelerate growth, strengthen its positioning, and generate superior economic value over the long term.

Interests in the Joint Ventures

In June 2011 and May 2013, Boralex and its equal partner in the development of the first two 272 MW and 68 MW phases of the Seigneurie de Beaupré Wind Farms in Québec, created the Joint Ventures in which each partner has a 50% interest. Under IFRS, the Corporation's investment in the Joint Ventures is reported under *Interests in Joint Ventures* in the Consolidated Statement of Financial Position and the Corporation's share in results of the Joint Ventures is accounted for using the equity method and reported separately under *Share in earnings (loss) of the Joint Ventures* in Boralex's Consolidated Statement of Earnings. At the beginning of 2013, this item essentially comprised the Corporation's share of costs related to site development and gains and losses on derivative financial instruments. However, starting in the fourth quarter of 2013, following the commissioning of the 272 MW Phase I of the Seigneurie de Beaupré Wind Farms, the item also includes the share of income generated from the operation of these assets.

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

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

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	Twelve-month period ended June 30, 2014
POWER PRODUCTION (MWh)					
Wind power stations	96,921	249,276	381,389	255,728	983,314
Hydroelectric power stations	131,786	142,912	123,587	223,702	621,987
Thermal power stations	33,851	31,448	71,116	18,521	154,936
Solar power station	2,098	980	1,185	2,042	6,305
	264,656	424,616	577,277	499,993	1,766,542
REVENUES FROM ENERGY SALES					
Wind power stations	11,822	31,676	47,948	31,264	122,710
Hydroelectric power stations	11,206	12,746	13,996	17,622	55,570
Thermal power stations	4,657	6,976	12,976	3,885	28,494
Solar power station	966	469	602	1,021	3,058
	28,651	51,867	75,522	53,792	209,832
EBITDA					
Wind power stations	7,347	26,136	41,161	24,626	99,270
Hydroelectric power stations	7,595	9,002	10,167	14,002	40,766
Thermal power stations	(614)	26	4,572	(1,101)	2,883
Solar power station	853	438	491	902	2,684
	15,181	35,602	56,391	38,429	145,603
Corporate and eliminations	(2,001)	(4,226)	(4,634)	(6,252)	(17,113)
	13,180	31,376	51,757	32,177	128,490
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(8,489)	394	7,048	(5,069)	(6,116)
Discontinued operations	917	74	839	785	2,615
	(7,572)	468	7,887	(4,284)	(3,501)
NET EARNINGS (LOSS) PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.22)	$0.01	$0.19	($0.13)	($0.15)
Discontinued operations	$0.02	—	$0.02	$0.02	$0.06
	($0.20)	$0.01	$0.21	($0.11)	($0.09)
NET EARNINGS (LOSS) PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.22)	$0.01	$0.17	($0.13)	($0.15)
Discontinued operations	$0.02	—	$0.02	$0.02	$0.06
	($0.20)	$0.01	$0.19	($0.11)	($0.09)
CASH FLOWS FROM OPERATIONS*					
In dollars	(5,333)	16,086	36,568	12,200	59,521
Per share (basic)	($0.14)	$0.43	$0.96	$0.32	$1.57
Weighted average number of shares outstanding (basic)	37,748,196	37,757,835	37,980,635	38,346,572	37,957,123

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

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	Twelve-month period ended June 30, 2013
POWER PRODUCTION (MWh)					
Wind power stations	110,343	210,838	191,028	166,992	679,201
Hydroelectric power stations	86,472	164,072	148,473	197,923	596,940
Thermal power stations	83,815	66,051	70,879	7,191	227,936
Solar power station	2,056	991	1,079	1,788	5,914
	282,686	441,952	411,459	373,894	1,509,991
REVENUES FROM ENERGY SALES					
Wind power stations	12,540	25,124	23,598	20,384	81,646
Hydroelectric power stations	7,456	13,860	14,113	15,691	51,120
Thermal power stations	12,173	12,654	12,546	3,268	40,641
Solar power station	852	425	479	798	2,554
	33,021	52,063	50,736	40,141	175,961
EBITDA					
Wind power stations	9,493	21,321	20,035	16,439	67,288
Hydroelectric power stations	7,510	9,541	11,284	12,532	40,867
Thermal power stations	2,408	2,601	4,668	(1,070)	8,607
Solar power station	770	324	382	706	2,182
	20,181	33,787	36,369	28,607	118,944
Corporate and eliminations	(3,968)	(3,910)	(3,054)	(4,642)	(15,574)
	16,213	29,877	33,315	23,965	103,370
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(8,167)	542	3,909	(1,783)	(5,499)
Discontinued operations	566	696	161	622	2,045
	(7,601)	1,238	4,070	(1,161)	(3,454)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	($0.22)	$0.01	$0.10	($0.05)	($0.16)
Discontinued operations	$0.02	$0.02	$0.01	$0.02	$0.07
	($0.20)	$0.03	$0.11	($0.03)	($0.09)
CASH FLOWS FROM OPERATIONS*					
In dollars	6,862	13,481	22,806	17,624	60,773
Per share (basic)	$0.18	$0.36	$0.60	$0.47	$1.61
Weighted average number of shares outstanding (basic)	37,730,162	37,732,568	37,735,065	37,740,004	37,734,431

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

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended June 30 2014	2013	Six-month periods ended June 30 2014	2013
POWER PRODUCTION (MWh)				
Wind power stations	255,728	166,992	637,117	358,020
Hydroelectric power stations	223,702	197,923	347,289	346,396
Thermal power stations	18,521	7,191	89,637	78,070
Solar power station	2,042	1,788	3,227	2,867
	499,993	373,894	1,077,270	785,353
REVENUES FROM ENERGY SALES				
Wind power stations	31,264	20,384	79,213	43,982
Hydroelectric power stations	17,622	15,691	31,618	29,804
Thermal power stations	3,885	3,268	16,861	15,814
Solar power station	1,021	798	1,623	1,277
	53,792	40,141	129,315	90,877
EBITDA				
Wind power stations	24,626	16,439	65,787	36,473
Hydroelectric power stations	14,002	12,532	24,169	23,816
Thermal power stations	(1,101)	(1,070)	3,471	3,598
Solar power station	902	706	1,393	1,088
	38,429	28,607	94,820	64,975
Corporate and eliminations	(6,252)	(4,642)	(10,886)	(7,695)
	32,177	23,965	83,934	57,280
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(5,069)	(1,783)	1,980	2,127
Discontinued operations	785	622	1,624	783
	(4,284)	(1,161)	3,604	2,910
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.13)	($0.05)	$0.05	$0.06
Discontinued operations	$0.02	$0.02	$0.04	$0.02
	($0.11)	($0.03)	$0.09	$0.08
CASH FLOWS FROM OPERATIONS*				
In dollars	12,200	17,624	48,768	40,430
Per share (basic)	$0.32	$0.47	$1.28	$1.07
Weighted average number of shares outstanding (basic)	38,346,572	37,740,004	38,164,614	37,737,548

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

Statement of Financial Position Data

(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013
Total assets	1,854,410	1,791,440
Debt*	1,007,661	977,993
Convertible debentures	231,339	229,578
Total equity	373,673	385,780

* Including non-current debt and current portion of debt.

Analysis of Operating Results for the Three- and Six-Month Periods Ended June 30, 2014

Consolidated Results

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

	Three-month periods ended		Six-month periods ended	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2013	40,141	23,965	90,877	57,280
Power stations commissioned*	13,081	10,353	29,391	24,365
Pricing	(754)	(754)	149	149
Volume	(1,119)	(832)	2,883	3,160
Capacity premiums	(140)	(140)	(176)	(176)
Translation of self-sustaining subsidiaries (exchange rate effect)	2,603	1,628	6,166	3,867
Raw material costs	—	65	—	369
Maintenance	—	192	—	(666)
Development - prospecting	—	(821)	—	(663)
Other	(20)	(1,479)	25	(3,751)
JUNE 30, 2014	53,792	32,177	129,315	83,934

* Commissioning of the Vron wind farm in France in September 2013, the La Vallée wind power facility in France in December 2013 and the Joint Venture Phase I in Canada in November and December 2013.

Operating Results for the Three-Month Period

At the consolidated level, the inclusion of the results of Joint Venture Phase I for the second quarter of fiscal 2014 mainly affect production volume, revenues and EBITDA, as the accompanying tables show, but have only a slight impact on net results compared with the IFRS equity method.

Production

Including Boralex's share of 92,220 MW in Phase I of the Seigneurie de Beaupré wind farms production represents a 22.6% contribution to Boralex's total quarterly output, calculated using the IFRS equity method. Including Joint Venture Phase I, the Corporation's consolidated quarterly production increased 33.7% compared with the same period in fiscal 2013 (compared with 9.1% growth using the IFRS equity method).

Revenues

In the second quarter of fiscal 2014, Boralex's $10.0 million share in the revenues generated by Joint Venture Phase I represents an additional 22.7% contribution compared with the consolidated revenues accounted for under IFRS. Including Joint Venture Phase I, consolidated revenues recorded a 34.0% increase over the same period in fiscal 2013 (compared with 9.2% growth using the IFRS equity method).

Note also that due to seasonal cycles of Boralex's various segments, as discussed under *Seasonal Factors* in this MD&A, the inclusion of Joint Venture Phase I (and Joint Venture Phase II beginning December 2014), seasonal characteristics of the wind power segment are intensified, so that a larger portion of the Corporation's revenues are now generated in first and fourth quarters.

EBITDA

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	**2014**	**2013**	**2014**	**2013**
EBITDA (IFRS)	23,516	23,193	65,721	56,446
Less: Share in earnings (loss) of the Joint Ventures	(456)	(899)	899	(1,114)
Plus: EBITDA - Joint Ventures	8,230	(29)	19,200	(85)
Elimination of management fees against property, plant and equipment	(25)	(98)	(88)	(195)
EBITDA (proportionate consolidation)	32,177	23,965	83,934	57,280

As shown in the table, proportionate consolidation had a net favourable impact of $8.7 million or 36.8% on consolidated EBITDA in the second quarter of 2014 compared with IFRS, due mainly to the elimination of the *Share in earnings (loss) of the Joint Ventures* item, which comprises non-EBITDA items of Joint Ventures including amortization and financing costs, and the addition of the EBITDA of Joint Ventures. Under proportionate consolidation, consolidated EBITDA recorded a 34.3% increase over the same period in fiscal 2013, which is more representative of the actual performance of Boralex's assets (compared with 1.4% growth using the IFRS equity method).

Net Loss

Given the amortization, financing costs, other items and income tax, proportionate consolidation of results of Joint Ventures had only a slight impact on net loss and no impact at all on net loss per share.

Cash Flows

For the second quarter of 2014, the main impacts of proportionate consolidation compared with the IFRS equity method are:

- A $4.4 million increase in cash flows related to operating activities, due mainly to the addition of the EBIDTA of the Joint Ventures, partly offset by the inclusion of payments related to the financing costs of the Joint Ventures;
- A $8.0 million decrease in funds used in investing activities due to the utilization of restricted cash earmarked for the Joint Ventures and the elimination of the *Increase in interest in the Joint Ventures* item; and
- A $8.2 million increase in funds used in financing activities, more specifically for repayments on non-current debt.

In the aggregate, proportionate consolidation resulted in adding $4.2 million to cash and cash equivalents as at June 30, 2014, compared with the IFRS method.

Operating Results for the Six-Month Period

For the first six months of fiscal 2014, proportionate consolidation of the results of Joint Venture Phase I had the following impacts:

Production

Boralex's share in Phase I of the Seigneurie de Beaupré wind farm production amounted to 208,750 MW, representing an additional contribution of 24.0% compared with output for the six-month period calculated under IFRS. Including Joint Venture Phase I, the Corporation's consolidated production for the six-month period increased 37.2% compared with the same period in fiscal 2013 (compared with 10.6% growth under IFRS).

Revenues

For the first six months of fiscal 2014, Boralex's $22.6 million share in the revenues generated by Joint Venture Phase I represents an additional 21.1% contribution compared with the consolidated revenues reported under IFRS. Including Joint Venture Phase I, consolidated revenues recorded a 42.3% increase over the same period in fiscal 2013 (compared with 17.5% growth under IFRS).

EBITDA

As shown in the table on the previous page, proportionate consolidation had a net favourable impact of $18.2 million or 27.7% on consolidated EBITDA in the first six months of 2014 compared with IFRS, due mainly to the elimination of the *Share in earnings (loss) of the Joint Ventures* item and the addition of the actual EBITDA of Joint Ventures, as discussed previously. Under proportionate consolidation, consolidated EBITDA recorded a 46.5% increase over the same period in fiscal 2013 (compared with 16.4% growth under IFRS).

Net Earnings

The proportionate consolidation of results of Joint Ventures had a slightly unfavourable effect of under $0.1 million on net earnings, and no impact on net earnings per share.

Cash Flows

Since the beginning of fiscal 2014, the main impacts of proportionate consolidation compared with the IFRS equity method are:

- A $11.7 million increase in cash flows from operations, stemming primarily from the addition of EBITDA of Joint Ventures, partly offset by the inclusion of payments related to the financing costs of the Joint Ventures;
- A $27.1 million increase in funds used in investing activities, including an additional amount of $33.0 million for additions to property, plant and equipment, partly offset by the utilization of $2.5 million of restricted cash and the elimination of the increase in the interest in the Joint Venture in the amount of $3.4 million; and
- An additional amount of $26.0 million generated by the new non-current debt, net of repayments for the period.

In the aggregate, proportionate consolidation resulted in adding $10.1 million to cash and cash equivalents as at June 30, 2014.

Financial Position as at June 30, 2014

The main changes in the balance sheet resulting from proportionate consolidation are as follows:

- A $406.5 million or 48.7% increase in the carrying amount of property, plant and equipment;
- A $84.7 million or 45.2% increase in total current assets, of which $51.0 million is related to the sum of restricted cash and cash and cash equivalents; and
- A $343.4 million or 54.1% increase in non-current debt (including the current portion).

Accordingly, under proportionate consolidation, short-term cash resources (including cash and cash equivalents and restricted cash) totalled $187.8 million as at June 30, 2014, compared with $136.9 million under IFRS.

Wind Power Stations

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

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
JUNE 30, 2013	20,384	16,439	43,982	36,473
Power stations commissioned*	12,176	9,770	28,486	23,782
Pricing	99	99	241	241
Volume	(2,907)	(2,907)	3,195	3,195
Translation of self-sustaining subsidiaries (exchange rate effect)	1,488	1,154	3,270	2,595
Maintenance	—	343	—	(66)
Other	24	(272)	39	(433)
JUNE 30, 2014	31,264	24,626	79,213	65,787

* Commissioning of the Vron wind farm in France in September 2013, the La Vallée wind power facility in France in December 2013 and the Joint Venture Phase I in Canada in November and December 2013.

Operating Results for the Three-Month Period

For the wind power segment, the proportionate consolidation of the results of the Joint Ventures, Phase I in particular, for the three-month period ended June 30, 2014 mainly impacted the *Power stations commissioned* item, as it also includes 50% of production, revenues and EBITDA generated by the Joint Venture Phase I assets commissioned between November 28 and December 10, 2013, in addition to the additional contribution from the new Vron and La Vallée facilities in France.

Production

During the second quarter of fiscal 2014, Boralex's share in this large-scale wind farm's production amounted to an additional 92,220 MW, which represents a 56.4% increase over the quarterly segment output under the IFRS equity method. Including Joint Venture Phase I, quarterly production in the wind power sector rose 53.1% compared with the same period in fiscal 2013 (compared with a 2.1% decline under IFRS).

Revenues

Boralex's share in revenues generated by Joint Venture Phase I amounted to $10.0 million, which represents an additional contribution of 46.8% compared with wind power segment revenues reported in the second quarter under IFRS. Including Joint Venture Phase I, segment revenues recorded a 53.4% increase over the same period in fiscal 2013 (compared with 4.5% growth under IFRS).

EBITDA

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	2014	2013	2014	2013
EBITDA (IFRS)	16,610	15,569	48,821	35,444
Less: Share in earnings (loss) of the Joint Ventures	214	(899)	2,234	(1,114)
Plus: EBITDA - Joint Ventures	8,230	(29)	19,200	(85)
EBITDA (proportionate consolidation)	24,626	16,439	65,787	36,473

As shown in the table above, proportionate consolidation had a net favourable impact of $8.0 million or 49.3% on EBITDA in the second quarter of fiscal 2014, compared with IFRS. This significant difference arises from the fact that the addition of EBITDA of $8.2 million to the *Power stations commissioned* item under the proportionate consolidation method does not correspond to the amount of $0.2 million reported under *Share in earnings (loss) of the Joint Ventures* using the equity method, which includes items not related to EBITDA, mainly financing costs and amortization.

Under proportionate consolidation, segment EBITDA recorded a 49.8% increase over the same period in fiscal 2013 (compared with 6.7% growth under IFRS).

Operating Results for the Six-Month Period

For the six-month period ended June 30, 2014, the *Power stations commissioned* item includes the additional contribution of the new Vron and La Vallée sites in France as well as 50% of production, revenues and EBITDA generated by Joint Venture Phase I.

Production

During the first six months of fiscal 2014, this wind farm generated an additional 208,751 MW (Boralex's share), which represents a 48.7% increase over the IFRS equity method. Including Joint Venture Phase I, production in the wind power segment increased by 78.0% over the same six-month period in fiscal 2013 (compared with 19.6% growth under IFRS).

Revenues

Boralex's share in revenues generated by this facility amounted to $22.6 million, which represents an additional contribution of 39.8% compared with wind power segment revenues recognized in the first six-month period under IFRS. Including Joint Venture Phase I, segment revenues recorded a 80.1% increase over the same period in fiscal 2013 (compared with 28.8% growth under IFRS).

EBITDA

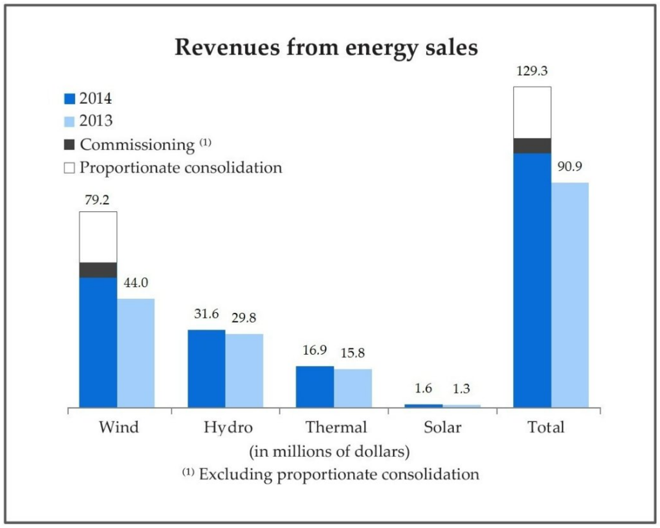
As shown in the table on the previous page, proportionate consolidation had a favourable impact of $17.0 million or 35.0% on EBITDA in the first six months of fiscal 2014, compared with IFRS, for the same reason mentioned previously.

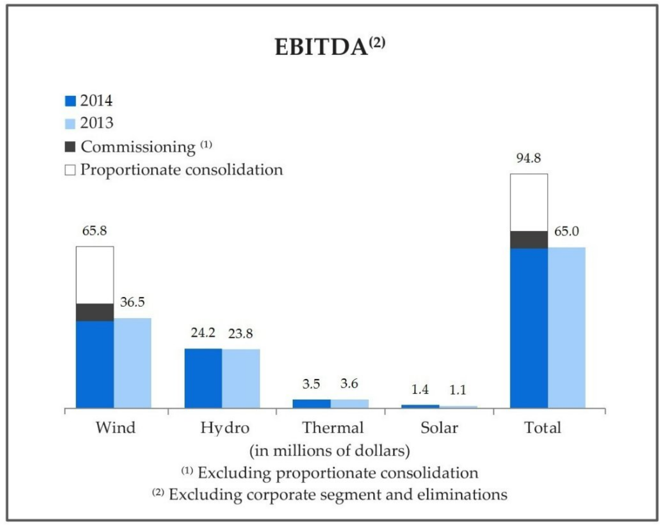
Including Joint Venture Phase I, segment EBITDA recorded a 80.4% increase over the same period in fiscal 2013 (compared with 37.7% growth under IFRS).

Boralex's management is satisfied with the results of the first few months of operation of this large-scale facility, whose productivity augurs well for the future.

Segment and Geographic Breakdown of Results of Continuing Operations for the Six-Month Periods Ended June 30, 2014 and 2013

Segment Breakdown





The following is a discussion of changes in segment breakdown of revenues and EBITDA for the six-month period ended June 30, 2014 compared with the same period of 2013.

Wind

For the first six months of fiscal 2014, revenues in the wind power segment grew 80.0% from the same period of the previous year, boosting its share of consolidated revenues to 61.3% in 2014 from 48.4% in 2013. The strong growth in segment revenues stems largely from the commissioning of an additional 176 MW at the end of 2013 from Phase I of the Seigneurie de Beaupré site and the Vron and La Vallée facilities in France, combined with 19.8% growth in revenues generated by the segment's existing assets.

For the first six months of 2014, wind power EBITDA rose 80.3%, compared with the corresponding period in 2013, accounting for 69.4% of consolidated EBITDA (before the corporate segment and eliminations) in 2014, compared with 56.2% in 2013, thereby confirming the segment's position as Boralex's most significant source of EBITDA. The segment's EBITDA margin is also higher than the average for Boralex's energy asset portfolio, amounting to approximately 83.1% in 2014 (83.0% in 2013). With Boralex's share of wind power projects under development set to add 194 MW to its net contracted capacity and the ongoing initiatives to continue expanding its operating assets, the segment's top contribution to operating profitability stands to grow in the coming quarters and years, enhancing the Corporation's average profit margin.

Hydroelectric

Revenues in the hydroelectric segment rose 6.0% between the two six-month periods. However, its share of consolidated revenues fell from 32.8% in 2013 to 24.4% in 2014, given the significant expansion in the wind power segment. Hydroelectric segment EBITDA rose 1.7% compared with the first six months of 2013, amounting to 25.5% of consolidated EBITDA (before the corporate segment and eliminations), compared with 36.6% in 2013, due primarily to the higher relative weight of the wind power segment. As a percentage of revenues, the segment's EBITDA margin declined to 76.6% in 2014 from 79.9% in 2013.

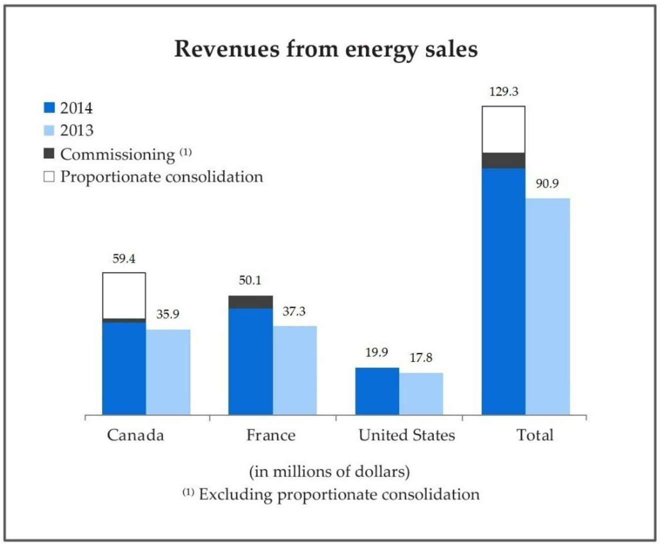
Thermal

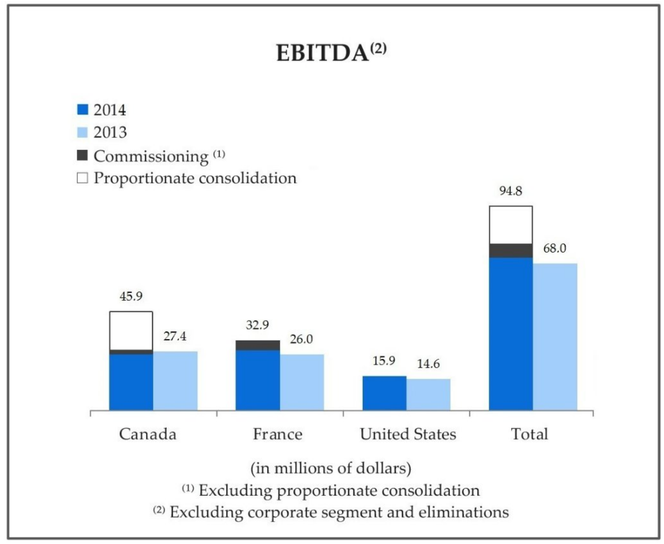
The thermal sector accounted for 13.1% of consolidated revenues in the first six months of 2014, compared with 17.4% in 2013, due mainly to expansion in the wind power segment. For the same reason, this segment's share of consolidated EBITDA (before the corporate segment and eliminations) stood at 3.7% compared with 5.5% for the previous year. EBITDA margin fell to 20.7% in 2014 from 22.8% in 2013.

Solar

Boralex's only solar power site generated EBITDA of $1.4 million on revenues of $1.6 million for the first half of 2014, representing an EBITDA margin of 87.5%. In the same period of 2013, EBITDA and revenues totalled $1.1 million and $1.3 million, respectively, with a margin of 84.6%. The solar power segment, which currently accounts for only a marginal share of Boralex's energy portfolio, generated 1.2% of revenues and 1.5% of consolidated EBITDA (before the corporate segment and eliminations) in the first six months of fiscal 2014.

Geographic Breakdown





Geographically, Boralex's revenues from energy sales for the six-month period ended June 30, 2014 were broken down as follows:

- 45.9% in Canada compared with 39.5% in 2013;
- 38.7% in France, compared with 41.0% in 2013; and
- 15.4% in the United States compared with 19.5% in 2013.

The increase in the Canadian assets' relative share of revenues resulted from the commissioning of Joint Venture Phase I. The decline in the relative weight of the European market, despite the commissioning of the Vron and La Vallée sites, resulted from the significant expansion in Canadian assets and unfavourable wind conditions in France in the second quarter. The Canadian market's weighting increased at the expense of the United States market, despite the sound performance of U.S. hydroelectric power stations.

Non-IFRS Measures

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

These non-IFRS measures are derived primarily from the 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.

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

EBITDA

EBITDA does not have a standardized meaning under IFRS; accordingly, it may not be comparable to that of 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.

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

IFRS

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	2014	2013	2014	2013
Net loss (earnings)	(4,679)	(1,021)	4,704	3,577
Net earnings from discontinued operations	(785)	(622)	(1,624)	(783)
Income tax expense (recovery)	(1,270)	(176)	3,576	2,554
Net loss (gain) on financial instruments	493	(876)	1,412	(673)
Foreign exchange loss (gain)	458	(138)	117	(146)
Financing costs	14,257	12,595	27,950	25,019
Impairment of property, plant and equipment	—	266	—	266
Other gains	—	(48)	(573)	(82)
Amortization	15,042	13,213	30,159	26,714
EBITDA	23,516	23,193	65,721	56,446

Proportionate consolidation

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	2014	2013	2014	2013
Net loss (earnings)	(4,704)	(1,119)	4,616	3,382
Net earnings from discontinued operations	(785)	(622)	(1,624)	(783)
Income tax expense (recovery)	(1,270)	(176)	3,576	2,554
Net loss (gain) on financial instruments	30	(32)	1,678	334
Foreign exchange loss (gain)	458	(112)	119	(120)
Financing costs	19,304	12,595	37,954	25,015
Impairment of property, plant and equipment	—	266	—	266
Other gains	(323)	(48)	(1,219)	(82)
Amortization	19,467	13,213	38,834	26,714
EBITDA	32,177	23,965	83,934	57,280

Cash Flows from Operations

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

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

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

IFRS

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	2014	2013	2014	2013
Net cash flows related to operating activities	3,913	32,300	37,681	54,747
Change in non-cash items related to operating activities	(3,826)	14,525	616	14,018
CASH FLOWS FROM OPERATIONS*	7,739	17,775	37,065	40,729

* As the scheduled payment date of the $8.3 million interest on the convertible debentures in 2013 was June 30, a Sunday, the payment was made on the following business day, July 2, 2013. Including interest on convertible debentures, cash flows from operations would have been $9.5 million and $32.5 million, respectively, for the three- and six-month periods ended June 30, 2013.

Proportionate consolidation

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	2014	2013	2014	2013
Net cash flows related to operating activities	8,331	22,543	48,849	47,296
Change in non-cash items related to operating activities	(3,869)	4,919	81	6,866
CASH FLOWS FROM OPERATIONS*	12,200	17,624	48,768	40,430

* As the scheduled payment date of the $8.3 million interest on the convertible debentures in 2013 was June 30, a Sunday, the payment was made on the following business day, July 2, 2013. Including interest on convertible debentures, cash flows from operations would have been $9.4 million and $32.2 million, respectively, for the three- and six-month periods ended June 30, 2013.

Net Debt to Capitalization Ratio

The Corporation defines net debt as follows:

	IFRS		Proportionate consolidation	
(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013	As at June 30, 2014	As at December 31, 2013
Non-current debt	615,750	578,914	918,489	855,484
Current portion of debt	48,541	84,034	89,172	122,509
Borrowing costs, net of accumulated amortization	16,559	10,737	34,767	30,714
Less:				
Cash and cash equivalents	(127,198)	(124,942)	(139,890)	(127,541)
Restricted cash	(9,654)	(19,366)	(47,946)	(60,126)
Net debt	543,998	529,377	854,592	821,040

The Corporation defines total book capitalization as follows:

	IFRS		Proportionate consolidation	
(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013	As at June 30, 2014	As at December 31, 2013
Total equity	374,115	386,134	373,673	385,780
Net debt	543,998	529,377	854,592	821,040
Convertible debentures	231,339	229,578	231,339	229,578
Convertible debenture issuance costs, net of accumulated amortization	3,166	3,522	3,166	3,522
Deferred taxes on convertible debentures	5,158	5,158	5,158	5,158
Imputed interest calculated on convertible debentures	(9,422)	(7,982)	(9,422)	(7,982)
Total book capitalization	1,148,354	1,145,787	1,458,506	1,437,096

The Corporation computes the ratio of net debt as follows:

	IFRS		Proportionate consolidation	
(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013	As at June 30, 2014	As at December 31, 2013
Net debt	543,998	529,377	854,592	821,040
Total book capitalization	1,148,354	1,145,787	1,458,506	1,437,096
NET DEBT RATIO	47.4%	46.2%	58.6%	57.1%

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 typically keep liquid assets in their country of origin to pursue their development. 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 expenditures may be in foreign currencies. Where applicable, the Corporation's objective is to protect its anticipated return on its invested equity by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

Price Risk

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

As at June 30, 2014, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls in the United States, have long-term power sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, only 3% of Boralex's installed capacity is exposed to price risk.

Interest Rate Risk

Under IFRS, as at June 30, 2014, approximately 40% of non-current debt issued bears interest at variable rates, excluding the revolving credit facility. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its exposure to interest rate fluctuations is reduced to only 5% of total debt.

IFRS

As at June 30,

2014	Currency	Current notional (currency of origin)	Current notional (in C$)	Fair value (currency of origin)	Fair value (in C$)
Financial swaps - interest rates	Euro	177,975	260,022	(18,086)	(26,424)
Financial swaps - interest rates	CAD	148,558	148,558	(24,957)	(24,957)
			408,580		(51,381)

Proportionate consolidation

As at June 30,

2014	Currency	Current notional (currency of origin)	Current notional (in C$)	Fair value (currency of origin)	Fair value (in C$)
Financial swaps - interest rates	Euro	177,975	260,022	(18,056)	(26,424)
Financial swaps - interest rates	CAD	394,131	394,131	(33,966)	(33,966)
			654,153		(60,390)

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, and to protect, to all extent possible, the anticipated return on those projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates 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

The commitments are discussed in Boralex's Annual Report for the fiscal year ended December 31, 2013. During the six-month period ended June 30, 2014, the Corporation entered into the following new commitments:

Maintenance Contract

For the **Témiscouata II Wind Farm**, the Corporation has entered into a 15-year turbine maintenance contract with Enercon expiring in 2030. The contract includes a cancellation option at the Corporation's discretion after seven years. As at June 30, 2014, the Corporation had net commitments of $8.8 million under this contract, reflecting the first seven years of the contract.

Construction Contract

For the **Témiscouata II Wind Farm**, the Corporation has entered into a wind turbine construction and installation contract. Expenditures will be made according to the percentage of completion. As at June 30, 2014, the Corporation had net commitments of $112.4 million under this contract.

Subsequent Event

On July 30, 2014, Boralex announced the acquisition of the 14 MW Calmont wind project, in France, for an amount of € 5,5 million ($8,0 million) which will be commissioned at the end of 2015.

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 Report for the year ended December 31, 2013.

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 judgments that can materially affect the recognized amounts of revenues, expenses, comprehensive income, assets and liabilities, and the information reported in the unaudited interim condensed consolidated financial statements. Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to estimation uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

Items in question are presented under *Risk Factors and Uncertainties* in Boralex's Annual Report for the year ended December 31, 2013.

Accounting Policies

Significant Accounting Policies

Changes in Accounting Policies

IFRIC 21, *Levies*

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

IFRS 2, *Share-based Payment*

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

IFRS 3, *Business Combinations*

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

IFRS 13, *Fair Value Measurement*

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

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

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

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, 2013, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date and have concluded that they are effective.

During the three-month period ended June 30, 2014, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated Statements of Financial Position

(in thousands of dollars)	As at June 30, 2014	As at December 31, 2013
ASSETS		
Cash and cash equivalents	139,890	127,541
Restricted cash	47,946	60,126
Trade and other receivables	74,640	72,758
Inventories	4,591	4,502
Prepaid expenses	4,985	2,945
CURRENT ASSETS	272,052	267,872
Property, plant and equipment	1,241,419	1,179,653
Other intangible assets	249,133	257,058
Goodwill	49,860	49,890
Deferred income tax asset	5,878	—
Other non-current financial assets	—	1,262
Other non-current assets	36,068	35,705
NON-CURRENT ASSETS	1,582,358	1,523,568
TOTAL ASSETS	1,854,410	1,791,440
LIABILITIES		
Trade and other payables	98,631	81,607
Current portion of debt	89,172	122,509
Current income tax liability	2,903	1,516
Other current financial liabilities	24,957	15,243
CURRENT LIABILITIES	215,663	220,875
Non-current debt	918,489	855,484
Convertible debentures	231,339	229,578
Deferred income tax liability	35,993	37,493
Decommissioning liability	8,902	8,160
Other non-current financial liabilities	35,432	19,704
Other non-current liabilities	34,919	34,366
NON-CURRENT LIABILITIES	1,265,074	1,184,785
TOTAL LIABILITIES	1,480,737	1,405,660
EQUITY		
Equity attributable to shareholders	337,950	356,094
Non-controlling shareholders	35,723	29,686
TOTAL EQUITY	373,673	385,780
TOTAL LIABILITIES AND EQUITY	1,854,410	1,791,440

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Three-month periods ended June 30 2014	Three-month periods ended June 30 2013	Six-month periods ended June 30 2014	Six-month periods ended June 30 2013
REVENUES				
Revenues from energy sales	53,792	40,141	129,315	90,877
Other income	298	339	574	557
	54,090	40,480	129,889	91,434
COSTS AND OTHER EXPENSES				
Operating expenses	16,371	11,989	35,813	24,846
Administrative	3,806	3,654	7,365	7,301
Development	1,736	872	2,748	2,007
Amortization	19,467	13,213	38,834	26,714
Other gains	(323)	(48)	(1,219)	(82)
Impairment of property, plant and equipment	—	266	—	266
	41,057	29,946	83,541	61,052
OPERATING INCOME	13,033	10,534	46,348	30,382
Financing costs	19,304	12,595	37,954	25,015
Foreign exchange loss (gain)	458	(112)	119	(120)
Net loss (gain) on financial instruments	30	(32)	1,678	334
Other	—	—	29	—
EARNINGS (LOSS) BEFORE INCOME TAXES	(6,759)	(1,917)	6,568	5,153
Income tax expense (recovery)	(1,270)	(176)	3,576	2,554
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(5,489)	(1,741)	2,992	2,599
Net earnings from discontinued operations	785	622	1,624	783
NET EARNINGS (LOSS)	(4,704)	(1,119)	4,616	3,382
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(4,284)	(1,161)	3,604	2,910
Non-controlling shareholders	(420)	42	1,012	472
NET EARNINGS (LOSS)	(4,704)	(1,119)	4,616	3,382
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(5,069)	(1,783)	1,980	2,127
Discontinued operations	785	622	1,624	783
	(4,284)	(1,161)	3,604	2,910
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.13)	($0.05)	$0.05	$0.06
Discontinued operations	$0.02	$0.02	$0.04	$0.02
	($0.11)	($0.03)	$0.09	$0.08

Consolidated Statements of Cash Flows

	Three-month periods ended June 30		Six-month periods ended June 30	
(in thousands of dollars)	2014	2013	2014	2013
Net earnings (loss)	(4,704)	(1,119)	4,616	3,382
Less: Net earnings from discontinued operations	785	622	1,624	783
Net earnings (loss) from continuing operations	(5,489)	(1,741)	2,992	2,599
Financing costs	19,304	12,595	37,954	25,015
Interest paid	(19,304)	(6,238)	(34,760)	(16,246)
Income tax expense (recovery)	(1,270)	(176)	3,576	2,554
Income taxes paid	(502)	(695)	(1,358)	(1,452)
Non-cash items in earnings (loss):				
Net loss (gain) on financial instruments	30	(32)	1,678	334
Amortization	19,467	13,213	38,834	26,714
Impairment of property, plant and equipment	—	266	—	266
Other gains	(323)	(48)	(646)	(82)
Other	287	480	498	728
	12,200	17,624	48,768	40,430
Change in non-cash items related to operating activities	(3,869)	4,919	81	6,866
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	8,331	22,543	48,849	47,296
Additions to property, plant and equipment	(49,680)	(89,121)	(74,569)	(102,649)
Change in restricted cash	30,902	(151)	12,180	4,264
Change in reserve funds	(3)	—	(31)	(876)
Development projects	(3,483)	(5,638)	(4,994)	(6,615)
Other	(85)	—	(590)	(19)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(22,349)	(94,910)	(68,004)	(105,895)
Net increase in non-current debt	64,688	77,736	99,926	85,885
Repayments on non-current debt	(52,201)	(4,716)	(68,650)	(13,983)
Contribution of non-controlling shareholders	2,537	—	4,059	326
Dividends paid to shareholders of Boralex	(4,988)	—	(9,911)	—
Options exercised	418	30	4,624	30
Other	—	—	(40)	—
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	10,454	73,050	30,008	72,258
Cash from discontinued operations	712	968	1,927	1,066
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(2,566)	2,315	(431)	2,742
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,418)	3,966	12,349	17,467
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	145,308	120,639	127,541	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD	139,890	124,605	139,890	124,605

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month periods ended June 30 2014	2013	Six-month periods ended June 30 2014	2013
POWER PRODUCTION (MWh)				
Wind power stations	255,728	166,992	637,117	358,020
Hydroelectric power stations	223,702	197,923	347,289	346,396
Thermal power stations	18,521	7,191	89,637	78,070
Solar power station	2,042	1,788	3,227	2,867
	499,993	373,894	1,077,270	785,353
REVENUES FROM ENERGY SALES				
Wind power stations	31,264	20,384	79,213	43,982
Hydroelectric power stations	17,622	15,691	31,618	29,804
Thermal power stations	3,885	3,268	16,861	15,814
Solar power station	1,021	798	1,623	1,277
	53,792	40,141	129,315	90,877
EBITDA				
Wind power stations	24,626	16,439	65,787	36,473
Hydroelectric power stations	14,002	12,532	24,169	23,816
Thermal power stations	(1,101)	(1,070)	3,471	3,598
Solar power station	902	706	1,393	1,088
Corporate and eliminations	(6,252)	(4,642)	(10,886)	(7,695)
	32,177	23,965	83,934	57,280

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month periods ended June 30 2014	2013	Six-month periods ended June 30 2014	2013
POWER PRODUCTION (MWh)				
Canada	243,459	133,726	530,972	310,930
France	112,351	116,725	318,429	252,412
United States	144,183	123,443	227,869	222,011
	499,993	373,894	1,077,270	785,353
REVENUES FROM ENERGY SALES				
Canada	24,958	14,074	59,386	35,915
France	17,907	16,574	50,054	37,129
United States	10,927	9,493	19,875	17,833
	53,792	40,141	129,315	90,877
EBITDA				
Canada	13,533	7,004	37,476	21,695
France	9,629	9,405	30,712	21,297
United States	9,015	7,556	15,746	14,288
	32,177	23,965	83,934	57,280

Consolidated Statements of Financial Position

(in thousands of dollars)	As at June 30, 2014 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
ASSETS			
Cash and cash equivalents	127,198	12,692	139,890
Restricted cash	9,654	38,292	47,946
Trade and other receivables	41,483	33,157	74,640
Inventories	4,580	11	4,591
Prepaid expenses	4,432	553	4,985
CURRENT ASSETS	187,347	84,705	272,052
Property, plant and equipment	834,888	406,531	1,241,419
Other intangible assets	250,511	(1,378)	249,133
Goodwill	49,860	—	49,860
Interests in the Joint Ventures	86,386	(86,386)	—
Deferred income tax asset	5,878	—	5,878
Other non-current assets	31,356	4,712	36,068
NON-CURRENT ASSETS	1,258,879	323,479	1,582,358
TOTAL ASSETS	1,446,226	408,184	1,854,410
LIABILITIES			
Trade and other payables	73,268	25,363	98,631
Current portion of debt	48,541	40,631	89,172
Current income tax liability	2,903	—	2,903
Other current financial liabilities	24,957	—	24,957
CURRENT LIABILITIES	149,669	65,994	215,663
Non-current debt	615,750	302,739	918,489
Convertible debentures	231,339	—	231,339
Deferred income tax liability	35,993	—	35,993
Decommissioning liability	7,840	1,062	8,902
Other non-current financial liabilities	26,424	9,008	35,432
Other non-current liabilities	5,096	29,823	34,919
NON-CURRENT LIABILITIES	922,442	342,632	1,265,074
TOTAL LIABILITIES	1,072,111	408,626	1,480,737
EQUITY			
Equity attributable to shareholders	338,392	(442)	337,950
Non-controlling shareholders	35,723	—	35,723
TOTAL EQUITY	374,115	(442)	373,673
TOTAL LIABILITIES AND EQUITY	1,446,226	408,184	1,854,410

Consolidated Statements of Financial Position

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

Consolidated Statements of Earnings (Loss)

	Three-month period ended June 30		
	2014		
(in thousands of dollars, except per share amounts)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	43,824	9,968	53,792
Other income	429	(131)	298
	44,253	9,837	54,090
COSTS AND OTHER EXPENSES			
Operating expenses	14,805	1,566	16,371
Administrative	3,740	66	3,806
Development	1,736	—	1,736
Amortization	15,042	4,425	19,467
Other gains	—	(323)	(323)
	35,323	5,734	41,057
OPERATING INCOME	8,930	4,103	13,033
Financing costs	14,257	5,047	19,304
Foreign exchange loss (gain)	458	—	458
Net loss (gain) on financial instruments	493	(463)	30
Share in earnings (loss) of the Joint Ventures	(456)	456	—
EARNINGS (LOSS) BEFORE INCOME TAXES	(6,734)	(25)	(6,759)
Income tax expense (recovery)	(1,270)	—	(1,270)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(5,464)	(25)	(5,489)
Net earnings from discontinued operations	785	—	785
NET EARNINGS (LOSS)	(4,679)	(25)	(4,704)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(4,259)	(25)	(4,284)
Non-controlling shareholders	(420)	—	(420)
NET EARNINGS (LOSS)	(4,679)	(25)	(4,704)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(5,044)	(25)	(5,069)
Discontinued operations	785	—	785
	(4,259)	(25)	(4,284)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.13)	—	($0.13)
Discontinued operations	$0.02	—	$0.02
	($0.11)	—	($0.11)

Consolidated Statements of Earnings (Loss)

	Three-month period ended June 30		
	2013		
(in thousands of dollars, except per share amounts)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	40,141	—	40,141
Other income	437	(98)	339
	40,578	(98)	40,480
COSTS AND OTHER EXPENSES			
Operating expenses	11,989	—	11,989
Administrative	3,625	29	3,654
Development	872	—	872
Amortization	13,213	—	13,213
Other gains	(48)	—	(48)
Impairment of property, plant and equipment	266	—	266
	29,917	29	29,946
OPERATING INCOME	10,661	(127)	10,534
Financing costs	12,595	—	12,595
Foreign exchange loss (gain)	(138)	26	(112)
Net loss (gain) on financial instruments	(876)	844	(32)
Share in earnings (loss) of the Joint Ventures	(899)	899	—
EARNINGS (LOSS) BEFORE INCOME TAXES	(1,819)	(98)	(1,917)
Income tax expense (recovery)	(176)	—	(176)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(1,643)	(98)	(1,741)
Net earnings from discontinued operations	622	—	622
NET EARNINGS (LOSS)	(1,021)	(98)	(1,119)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(1,063)	(98)	(1,161)
Non-controlling shareholders	42	—	42
NET EARNINGS (LOSS)	(1,021)	(98)	(1,119)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(1,685)	(98)	(1,783)
Discontinued operations	622	—	622
	(1,063)	(98)	(1,161)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.04)	($0.01)	($0.05)
Discontinued operations	$0.02	—	$0.02
	($0.02)	($0.01)	($0.03)

Consolidated Statements of Earnings (Loss)

	Six-month period ended June 30		
	2014		
(in thousands of dollars, except per share amounts)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	106,754	22,561	129,315
Other income	875	(301)	574
	107,629	22,260	129,889
COSTS AND OTHER EXPENSES			
Operating expenses	32,753	3,060	35,813
Administrative	7,277	88	7,365
Development	2,748	—	2,748
Amortization	30,159	8,675	38,834
Other gains	(573)	(646)	(1,219)
	72,364	11,177	83,541
OPERATING INCOME	35,265	11,083	46,348
Financing costs	27,950	10,004	37,954
Foreign exchange loss (gain)	117	2	119
Net loss (gain) on financial instruments	1,412	266	1,678
Share in earnings (loss) of the Joint Ventures	899	(899)	—
Other	29	—	29
EARNINGS (LOSS) BEFORE INCOME TAXES	6,656	(88)	6,568
Income tax expense (recovery)	3,576	—	3,576
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	3,080	(88)	2,992
Net earnings from discontinued operations	1,624	—	1,624
NET EARNINGS (LOSS)	4,704	(88)	4,616
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	3,692	(88)	3,604
Non-controlling shareholders	1,012	—	1,012
NET EARNINGS (LOSS)	4,704	(88)	4,616
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	2,068	(88)	1,980
Discontinued operations	1,624	—	1,624
	3,692	(88)	3,604
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	$0.05	—	$0.05
Discontinued operations	$0.04	—	$0.04
	$0.09	—	$0.09

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Six-month period ended June 30 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	90,877	—	90,877
Other income	752	(195)	557
	91,629	(195)	91,434
COSTS AND OTHER EXPENSES			
Operating expenses	24,846	—	24,846
Administrative	7,214	87	7,301
Development	2,009	(2)	2,007
Amortization	26,714	—	26,714
Other gains	(82)	—	(82)
Impairment of property, plant and equipment	266	—	266
	60,967	85	61,052
OPERATING INCOME	30,662	(280)	30,382
Financing costs	25,019	(4)	25,015
Foreign exchange loss (gain)	(146)	26	(120)
Net loss (gain) on financial instruments	(673)	1,007	334
Share in earnings (loss) of the Joint Ventures	(1,114)	1,114	—
EARNINGS (LOSS) BEFORE INCOME TAXES	5,348	(195)	5,153
Income tax expense (recovery)	2,554	—	2,554
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	2,794	(195)	2,599
Net earnings from discontinued operations	783	—	783
NET EARNINGS (LOSS)	3,577	(195)	3,382
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	3,105	(195)	2,910
Non-controlling shareholders	472	—	472
NET EARNINGS (LOSS)	3,577	(195)	3,382
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	2,322	(195)	2,127
Discontinued operations	783	—	783
	3,105	(195)	2,910
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	$0.06	—	$0.06
Discontinued operations	$0.02	—	$0.02
	$0.08	—	$0.08

Consolidated Statements of Cash Flows

	Three-month period ended June 30		
	2014		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	(4,679)	(25)	(4,704)
Less: Net earnings from discontinued operations	785	—	785
Net earnings (loss) from continuing operations	(5,464)	(25)	(5,489)
Financing costs	14,257	5,047	19,304
Interest paid	(15,560)	(3,744)	(19,304)
Income tax expense (recovery)	(1,270)	—	(1,270)
Income taxes paid	(502)	—	(502)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	493	(463)	30
Share in results of the Joint Ventures	456	(456)	—
Amortization	15,042	4,425	19,467
Other gains	—	(323)	(323)
Other	287	—	287
	7,739	4,461	12,200
Change in non-cash items related to operating activities	(3,826)	(43)	(3,869)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	3,913	4,418	8,331
Additions to property, plant and equipment	(31,527)	(18,153)	(49,680)
Change in restricted cash	8,260	22,642	30,902
Increase in interest in Joint Ventures	(3,416)	3,416	—
Change in reserve funds	(3)	—	(3)
Development projects	(3,483)	—	(3,483)
Other	(135)	50	(85)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(30,304)	7,955	(22,349)
Net increase in non-current debt	65,216	(528)	64,688
Repayments on non-current debt	(44,571)	(7,630)	(52,201)
Contribution of non-controlling shareholders	2,537	—	2,537
Dividends paid to shareholders of Boralex	(4,988)	—	(4,988)
Options exercised	418	—	418
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	18,612	(8,158)	10,454
Cash from discontinued operations	712	—	712
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(2,566)	—	(2,566)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,633)	4,215	(5,418)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	136,831	8,477	145,308
CASH AND CASH EQUIVALENTS - END OF PERIOD	127,198	12,692	139,890

Consolidated Statements of Cash Flows

	Three-month period ended June 30		
	2013		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	(1,021)	(98)	(1,119)
Less: Net earnings from discontinued operations	622	—	622
Net earnings (loss) from continuing operations	(1,643)	(98)	(1,741)
Financing costs	12,595	—	12,595
Interest paid	(6,240)	2	(6,238)
Income tax expense (recovery)	(176)	—	(176)
Income taxes paid	(695)	—	(695)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	(876)	844	(32)
Share in results of the Joint Ventures	899	(899)	—
Amortization	13,213	—	13,213
Impairment of property, plant and equipment	266	—	266
Other gains	(48)	—	(48)
Other	480	—	480
	17,775	(151)	17,624
Change in non-cash items related to operating activities	14,525	(9,606)	4,919
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	32,300	(9,757)	22,543
Additions to property, plant and equipment	(40,312)	(48,809)	(89,121)
Change in restricted cash	—	(151)	(151)
Increase in interest in Joint Ventures	(2,821)	2,821	—
Development projects	(5,638)	—	(5,638)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(48,771)	(46,139)	(94,910)
Net increase in non-current debt	24,351	53,385	77,736
Repayments on non-current debt	(4,716)	—	(4,716)
Options exercised	30	—	30
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	19,665	53,385	73,050
Cash from discontinued operations	968	—	968
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2,315	—	2,315
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,477	(2,511)	3,966
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	115,737	4,902	120,639
CASH AND CASH EQUIVALENTS - END OF PERIOD	122,214	2,391	124,605

Consolidated Statements of Cash Flows

	Six-month period ended June 30		
	2014		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	4,704	(88)	4,616
Less: Net earnings from discontinued operations	1,624	—	1,624
Net earnings (loss) from continuing operations	3,080	(88)	2,992
Financing costs	27,950	10,004	37,954
Interest paid	(27,353)	(7,407)	(34,760)
Income tax expense (recovery)	3,576	—	3,576
Income taxes paid	(1,358)	—	(1,358)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	1,412	266	1,678
Share in results of the Joint Ventures	(899)	899	—
Amortization	30,159	8,675	38,834
Other gains	—	(646)	(646)
Other	498	—	498
	37,065	11,703	48,768
Change in non-cash items related to operating activities	616	(535)	81
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	37,681	11,168	48,849
Additions to property, plant and equipment	(41,553)	(33,016)	(74,569)
Change in restricted cash	9,712	2,468	12,180
Increase in interest in Joint Ventures	(3,416)	3,416	—
Change in reserve funds	(31)	—	(31)
Development projects	(4,994)	—	(4,994)
Other	(640)	50	(590)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(40,922)	(27,082)	(68,004)
Net increase in non-current debt	66,289	33,637	99,926
Repayments on non-current debt	(61,020)	(7,630)	(68,650)
Contribution of non-controlling shareholders	4,059	—	4,059
Dividends paid to shareholders of Boralex	(9,911)	—	(9,911)
Options exercised	4,624	—	4,624
Other	(40)	—	(40)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	4,001	26,007	30,008
Cash from discontinued operations	1,927	—	1,927
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(431)	—	(431)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,256	10,093	12,349
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	124,942	2,599	127,541
CASH AND CASH EQUIVALENTS - END OF PERIOD	127,198	12,692	139,890

Consolidated Statements of Cash Flows

	Six-month period ended June 30		
	2013		
(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	3,577	(195)	3,382
Less: Net earnings from discontinued operations	783	—	783
Net earnings (loss) from continuing operations	2,794	(195)	2,599
Financing costs	25,019	(4)	25,015
Interest paid	(16,253)	7	(16,246)
Income tax expense (recovery)	2,554	—	2,554
Income taxes paid	(1,452)	—	(1,452)
Non-cash items in earnings (loss):			
Net loss (gain) on financial instruments	(673)	1,007	334
Share in results of the Joint Ventures	1,114	(1,114)	—
Amortization	26,714	—	26,714
Impairment of property, plant and equipment	266	—	266
Other gains	(82)	—	(82)
Other	728	—	728
	40,729	(299)	40,430
Change in non-cash items related to operating activities	14,018	(7,152)	6,866
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	54,747	(7,451)	47,296
Additions to property, plant and equipment	(48,693)	(53,956)	(102,649)
Change in restricted cash	57	4,207	4,264
Increase in interest in Joint Ventures	(2,821)	2,821	—
Change in reserve funds	(876)	—	(876)
Development projects	(6,615)	—	(6,615)
Other	(19)	—	(19)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(58,967)	(46,928)	(105,895)
Net increase in non-current debt	29,115	56,770	85,885
Repayments on non-current debt	(13,983)	—	(13,983)
Contribution of non-controlling shareholders	326	—	326
Options exercised	30	—	30
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	15,488	56,770	72,258
Cash from discontinued operations	1,066	—	1,066
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2,742	—	2,742
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,076	2,391	17,467
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	107,138	—	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD	122,214	2,391	124,605

Information by Operating Segment

	Three-month period ended June 30		
	2014		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	163,508	92,220	255,728
Hydroelectric power stations	223,702	—	223,702
Thermal power stations	18,521	—	18,521
Solar power station	2,042	—	2,042
	407,773	92,220	499,993
REVENUES FROM ENERGY SALES			
Wind power stations	21,296	9,968	31,264
Hydroelectric power stations	17,622	—	17,622
Thermal power stations	3,885	—	3,885
Solar power station	1,021	—	1,021
	43,824	9,968	53,792
EBITDA			
Wind power stations	16,610	8,016	24,626
Hydroelectric power stations	14,002	—	14,002
Thermal power stations	(1,101)	—	(1,101)
Solar power station	902	—	902
	30,413	8,016	38,429
Corporate and eliminations	(6,897)	645	(6,252)
	23,516	8,661	32,177

	Three-month period ended June 30		
	2013		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	166,992	—	166,992
Hydroelectric power stations	197,923	—	197,923
Thermal power stations	7,191	—	7,191
Solar power station	1,788	—	1,788
	373,894	—	373,894
REVENUES FROM ENERGY SALES			
Wind power stations	20,384	—	20,384
Hydroelectric power stations	15,691	—	15,691
Thermal power stations	3,268	—	3,268
Solar power station	798	—	798
	40,141	—	40,141
EBITDA			
Wind power stations	15,569	870	16,439
Hydroelectric power stations	12,532	—	12,532
Thermal power stations	(1,070)	—	(1,070)
Solar power station	706	—	706
	27,737	870	28,607
Corporate and eliminations	(4,544)	(98)	(4,642)
	23,193	772	23,965

Information by Operating Segment

(in thousands of dollars, except MWh)	Six-month period ended June 30 2014 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	428,367	208,750	637,117
Hydroelectric power stations	347,289	—	347,289
Thermal power stations	89,637	—	89,637
Solar power station	3,227	—	3,227
	868,520	208,750	1,077,270
REVENUES FROM ENERGY SALES			
Wind power stations	56,652	22,561	79,213
Hydroelectric power stations	31,618	—	31,618
Thermal power stations	16,861	—	16,861
Solar power station	1,623	—	1,623
	106,754	22,561	129,315
EBITDA			
Wind power stations	48,821	16,966	65,787
Hydroelectric power stations	24,169	—	24,169
Thermal power stations	3,471	—	3,471
Solar power station	1,393	—	1,393
	77,854	16,966	94,820
Corporate and eliminations	(12,133)	1,247	(10,886)
	65,721	18,213	83,934

(in thousands of dollars, except MWh)	Six-month period ended June 30 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	358,020	—	358,020
Hydroelectric power stations	346,396	—	346,396
Thermal power stations	78,070	—	78,070
Solar power station	2,867	—	2,867
	785,353	—	785,353
REVENUES FROM ENERGY SALES			
Wind power stations	43,982	—	43,982
Hydroelectric power stations	29,804	—	29,804
Thermal power stations	15,814	—	15,814
Solar power station	1,277	—	1,277
	90,877	—	90,877
EBITDA			
Wind power stations	35,444	1,029	36,473
Hydroelectric power stations	23,816	—	23,816
Thermal power stations	3,598	—	3,598
Solar power station	1,088	—	1,088
	63,946	1,029	64,975
Corporate and eliminations	(7,500)	(195)	(7,695)
	56,446	834	57,280

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month period ended June 30 2014 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	151,239	92,220	243,459
France	112,351	—	112,351
United States	144,183	—	144,183
	407,773	92,220	499,993
REVENUES FROM ENERGY SALES			
Canada	14,990	9,968	24,958
France	17,907	—	17,907
United States	10,927	—	10,927
	43,824	9,968	53,792
EBITDA			
Canada	4,872	8,661	13,533
France	9,629	—	9,629
United States	9,015	—	9,015
	23,516	8,661	32,177

(in thousands of dollars, except MWh)	Three-month period ended June 30 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	133,726	—	133,726
France	116,725	—	116,725
United States	123,443	—	123,443
	373,894	—	373,894
REVENUES FROM ENERGY SALES			
Canada	14,074	—	14,074
France	16,574	—	16,574
United States	9,493	—	9,493
	40,141	—	40,141
EBITDA			
Canada	6,232	772	7,004
France	9,405	—	9,405
United States	7,556	—	7,556
	23,193	772	23,965

Information by Geographic Segment

	Six-month period ended June 30		
	2014		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	322,222	208,750	530,972
France	318,429	—	318,429
United States	227,869	—	227,869
	868,520	208,750	1,077,270
REVENUES FROM ENERGY SALES			
Canada	36,825	22,561	59,386
France	50,054	—	50,054
United States	19,875	—	19,875
	106,754	22,561	129,315
EBITDA			
Canada	19,263	18,213	37,476
France	30,712	—	30,712
United States	15,746	—	15,746
	65,721	18,213	83,934

	Six-month period ended June 30		
	2013		
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	310,930	—	310,930
France	252,412	—	252,412
United States	222,011	—	222,011
	785,353	—	785,353
REVENUES FROM ENERGY SALES			
Canada	35,915	—	35,915
France	37,129	—	37,129
United States	17,833	—	17,833
	90,877	—	90,877
EBITDA			
Canada	20,861	834	21,695
France	21,297	—	21,297
United States	14,288	—	14,288
	56,446	834	57,280

Consolidated Financial Statements

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Consolidated Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Note	As at June 30, 2014	As at December 31, 2013
ASSETS			
Cash and cash equivalents		127,198	124,942
Restricted cash		9,654	19,366
Trade and other receivables		41,483	41,625
Inventories		4,580	4,502
Prepaid expenses		4,432	2,945
CURRENT ASSETS		187,347	193,380
Property, plant and equipment		834,888	799,213
Other intangible assets		250,511	257,058
Goodwill		49,860	49,890
Interests in the Joint Ventures	4	86,386	90,880
Deferred income tax asset		5,878	—
Other non-current financial assets	9	—	289
Other non-current assets		31,356	32,017
NON-CURRENT ASSETS		1,258,879	1,229,347
TOTAL ASSETS		1,446,226	1,422,727
LIABILITIES			
Trade and other payables		73,268	57,992
Current portion of debt	5	48,541	84,034
Current income tax liability		2,903	1,516
Other current financial liabilities	9	24,957	15,243
CURRENT LIABILITIES		149,669	158,785
Non-current debt	5	615,750	578,914
Convertible debentures		231,339	229,578
Deferred income tax liability		35,993	37,493
Decommissioning liability		7,840	7,198
Other non-current financial liabilities	9	26,424	19,704
Other non-current liabilities		5,096	4,921
NON-CURRENT LIABILITIES		922,442	877,808
TOTAL LIABILITIES		1,072,111	1,036,593
EQUITY			
Equity attributable to shareholders		338,392	356,448
Non-controlling shareholders		35,723	29,686
TOTAL EQUITY		374,115	386,134
TOTAL LIABILITIES AND EQUITY		1,446,226	1,422,727

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 2014	2013	Six-month periods ended June 30 2014	2013
REVENUES					
Revenues from energy sales		43,824	40,141	106,754	90,877
Other income		429	437	875	752
		44,253	40,578	107,629	91,629
COSTS AND OTHER EXPENSES					
Operating expenses		14,805	11,989	32,753	24,846
Administrative		3,740	3,625	7,277	7,214
Development		1,736	872	2,748	2,009
Amortization		15,042	13,213	30,159	26,714
Other gains		—	(48)	(573)	(82)
Impairment of property, plant and equipment		—	266	—	266
		35,323	29,917	72,364	60,967
OPERATING INCOME		8,930	10,661	35,265	30,662
Financing costs		14,257	12,595	27,950	25,019
Foreign exchange loss (gain)		458	(138)	117	(146)
Net loss (gain) on financial instruments		493	(876)	1,412	(673)
Share in earnings (loss) of the Joint Ventures	4	(456)	(899)	899	(1,114)
Other		—	—	29	—
EARNINGS (LOSS) BEFORE INCOME TAXES		(6,734)	(1,819)	6,656	5,348
Income tax expense (recovery)		(1,270)	(176)	3,576	2,554
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS		(5,464)	(1,643)	3,080	2,794
Net earnings from discontinued operations	7	785	622	1,624	783
NET EARNINGS (LOSS)		(4,679)	(1,021)	4,704	3,577
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Shareholders of Boralex		(4,259)	(1,063)	3,692	3,105
Non-controlling shareholders		(420)	42	1,012	472
NET EARNINGS (LOSS)		(4,679)	(1,021)	4,704	3,577
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations		(5,044)	(1,685)	2,068	2,322
Discontinued operations	7	785	622	1,624	783
		(4,259)	(1,063)	3,692	3,105
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations		($0.13)	($0.04)	$0.05	$0.06
Discontinued operations		$0.02	$0.02	$0.04	$0.02
	8	($0.11)	($0.02)	$0.09	$0.08

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

Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars) (unaudited)	Three-month periods ended June 30 2014	Three-month periods ended June 30 2013	Six-month periods ended June 30 2014	Six-month periods ended June 30 2013
NET EARNINGS (LOSS)	(4,679)	(1,021)	4,704	3,577
Other comprehensive income (loss) to be subsequently reclassified to net earnings (loss) when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	(7,717)	8,652	55	9,633
Cash flow hedges:				
Change in fair value of financial instruments	(9,222)	8,792	(21,050)	9,049
Hedging items realized and recognized in net earnings (loss)	2,921	1,927	5,917	3,778
Income taxes	1,920	(3,155)	4,488	(3,805)
Cash flow hedges - Joint Ventures:				
Change in fair value of financial instruments	(4,913)	15,555	(10,147)	14,942
Income taxes	1,141	(3,948)	2,641	(3,869)
Available-for-sale financial asset:				
Change in fair value of an available-for-sale financial asset	—	11	—	800
Items realized and recognized in net earnings (loss)	—	(54)	—	(91)
Total other comprehensive income (loss)	(15,870)	27,780	(18,096)	30,437
COMPREHENSIVE INCOME (LOSS)	(20,549)	26,759	(13,392)	34,014
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(18,160)	24,570	(13,057)	31,308
Non-controlling shareholders	(2,389)	2,189	(335)	2,706
COMPREHENSIVE INCOME (LOSS)	(20,549)	26,759	(13,392)	34,014
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(18,945)	23,948	(14,681)	30,525
Discontinued operations	785	622	1,624	783
	(18,160)	24,570	(13,057)	31,308

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

Consolidated Statements of Changes in Equity

Six-month period ended June 30

2014

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders: Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive loss	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2014	223,079	14,379	7,730	140,575	(29,315)	356,448	29,686	386,134
Net earnings	—	—	—	3,692	—	3,692	1,012	4,704
Other comprehensive loss	—	—	—	—	(16,749)	(16,749)	(1,347)	(18,096)
COMPREHENSIVE INCOME (LOSS)	—	—	—	3,692	(16,749)	(13,057)	(335)	(13,392)
Dividends (note 8)	—	—	—	(9,911)	—	(9,911)	—	(9,911)
Conversion of convertible debentures	34	—	—	—	—	34	—	34
Options exercised (note 8)	4,624	—	—	—	—	4,624	—	4,624
Stock option expense	—	—	259	—	—	259	—	259
Excess of proceeds on repurchase of non-controlling shareholders	—	—	—	(5)	—	(5)	(2)	(7)
Contribution of non-controlling shareholders (note 6)	—	—	—	—	—	—	6,374	6,374
BALANCE AS AT JUNE 30, 2014	227,737	14,379	7,989	134,351	(46,064)	338,392	35,723	374,115

Six-month period ended June 30

2013

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders: Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2013	222,870	14,379	6,945	144,492	(68,818)	319,868	22,501	342,369
Net earnings	—	—	—	3,105	—	3,105	472	3,577
Other comprehensive income	—	—	—	—	28,203	28,203	2,234	30,437
COMPREHENSIVE INCOME	—	—	—	3,105	28,203	31,308	2,706	34,014
Conversion of convertible debentures	56	—	—	—	—	56	—	56
Options exercised (note 8)	30	—	—	—	—	30	—	30
Stock option expense	—	—	366	—	—	366	—	366
Contribution of non-controlling shareholders (note 6)	—	—	—	—	—	—	326	326
BALANCE AS AT JUNE 30, 2013	222,956	14,379	7,311	147,597	(40,615)	351,628	25,533	377,161

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)	Note	Three-month periods ended June 30 2014	Three-month periods ended June 30 2013	Six-month periods ended June 30 2014	Six-month periods ended June 30 2013
Net earnings (loss)		(4,679)	(1,021)	4,704	3,577
Less: Net earnings from discontinued operations	7	785	622	1,624	783
Net earnings (loss) from continuing operations		(5,464)	(1,643)	3,080	2,794
Financing costs		14,257	12,595	27,950	25,019
Interest paid		(15,560)	(6,240)	(27,353)	(16,253)
Income tax expense (recovery)		(1,270)	(176)	3,576	2,554
Income taxes paid		(502)	(695)	(1,358)	(1,452)
Non-cash items in earnings (loss):					
Net loss (gain) on financial instruments		493	(876)	1,412	(673)
Share in results of the Joint Ventures	4	456	899	(899)	1,114
Amortization		15,042	13,213	30,159	26,714
Impairment of property, plant and equipment		—	266	—	266
Other gains		—	(48)	—	(82)
Other		287	480	498	728
		7,739	17,775	37,065	40,729
Change in non-cash items related to operating activities		(3,826)	14,525	616	14,018
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		3,913	32,300	37,681	54,747
Additions to property, plant and equipment		(31,527)	(40,312)	(41,553)	(48,693)
Change in restricted cash		8,260	—	9,712	57
Increase in interest in Joint Ventures	4	(3,416)	(2,821)	(3,416)	(2,821)
Change in reserve funds		(3)	—	(31)	(876)
Development projects		(3,483)	(5,638)	(4,994)	(6,615)
Other		(135)	—	(640)	(19)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(30,304)	(48,771)	(40,922)	(58,967)
Net increase in non-current debt		65,216	24,351	66,289	29,115
Repayments on non-current debt		(44,571)	(4,716)	(61,020)	(13,983)
Contribution of non-controlling shareholders	6	2,537	—	4,059	326
Dividends paid to shareholders of Boralex	8	(4,988)	—	(9,911)	—
Options exercised	8	418	30	4,624	30
Other		—	—	(40)	—
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		18,612	19,665	4,001	15,488
Cash from discontinued operations		712	968	1,927	1,066
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(2,566)	2,315	(431)	2,742
NET CHANGE IN CASH AND CASH EQUIVALENTS		(9,633)	6,477	2,256	15,076
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		136,831	115,737	124,942	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD		127,198	122,214	127,198	122,214

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

Notes to Consolidated Financial Statements

As at June 30, 2014

(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 25 wind power stations, 15 hydroelectric power stations, two thermal power stations and a solar power facility for a total capacity of over 674 megawatts ("MW"). Boralex is also committed under power development projects, both independently and with partners, to add 228 MW of power (Boralex's share is 194 MW). The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Hydro inc., a holding company controlled by a director of Cascades Inc., a corporation exercising significant influence over the Corporation. The generated power is sold mainly in Canada, France and the United States. In addition, Boralex operates Seigneurie de Beaupré Wind Farms Phases I and II, as defined in note 4, in which it holds a 50% interest.

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

(The data expressed in MW and MWh contained in notes 1, 11 and 12 have not been reviewed by the auditors.)

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"), and set out in the *CPA Canada Handbook*, including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*. The accounting policies followed in these 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, 2013, except for income taxes for the interim periods, which were calculated using the tax rate that would be applicable to expected earnings for each jurisdiction. 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, advises readers that these financial statements constitute a condensed set of financial statements under IAS 34. These unaudited interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2013.

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 audited consolidated financial statements of the Corporation for the year ended December 31, 2013.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on August 5, 2014.

Note 3.
Significant Accounting Policies

Changes in Accounting Policies

IFRIC 21, *Levies*

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

IFRS 2, *Share-based Payment*

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

IFRS 3, *Business Combinations*

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

IFRS 13, *Fair Value Measurement*

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

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

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

Note 4.

Interests in the Joint Ventures

Joint Ventures Phase I and Phase II

In June 2011 and in May 2013, in connection with Phase I and Phase II of Seigneurie de Beaupré Wind Farms, respectively, the Corporation entered into partnership agreements with a subsidiary of Gaz Métro L.P. and Valener Inc. and created Seigneurie de Beaupré 2 and 3 Wind Farms General Partnership ("Joint Venture Phase I") and Seigneurie de Beaupré 4 Wind Farm General Partnership ("Joint Venture Phase II") located in Canada, of which each party owns 50%.

Under these agreements, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the joint ventures are shared jointly but not severally. The Corporation's interest in these joint ventures is accounted for using the equity method. The year-end date of these joint ventures is December 31.

Interests in the Joint Ventures

			Six-month period ended June 30			12-month period ended December 31
			2014			**2013**
	Phase I	**Phase II**	**Total**	**Phase I**	**Phase II**	**Total**
Balance - beginning of period	75,442	15,438	90,880	58,994	—	58,994
Cash contribution	3,416	—	3,416	—	8,318	8,318
Capital contribution	—	—	—	—	6,382	6,382
Share in net earnings (loss)	2,141	96	2,237	(1,412)	(12)	(1,424)
Share in comprehensive income (loss)	(9,723)	(424)	(10,147)	17,860	795	18,655
Other	—	—	—	—	(45)	(45)
Balance - end of period	71,276	15,110	86,386	75,442	15,438	90,880

Joint Ventures Financial Statements (100%)

			As at June 30,			As at December 31,
			2014			**2013**
	Phase I	**Phase II**	**Total**	**Phase I**	**Phase II**	**Total**
Cash and cash equivalents	21,728	3,557	25,285	552	4,646	5,198
Restricted cash	6,849	69,735	76,584	35,279	46,241	81,520
Other current assets	58,370	9,068	67,438	61,306	960	62,266
Non-current financial assets	—	—	—	1,947	—	1,947
Non-current assets	694,171	129,286	823,457	707,082	61,969	769,051
TOTAL ASSETS	781,118	211,646	992,764	806,166	113,816	919,982
Current portion of debt	81,261	—	81,261	76,951	—	76,951
Other current liabilities	21,462	31,918	53,380	42,861	4,370	47,231
Non-current debt	465,839	139,639	605,478	482,248	70,890	553,138
Non-current financial liabilities	18,017	—	18,017	—	—	—
Other non-current liabilities	51,986	9,785	61,771	53,224	7,589	60,813
TOTAL LIABILITIES	638,565	181,342	819,907	655,284	82,849	738,133
NET ASSETS	142,553	30,304	172,857	150,882	30,967	181,849

Note 4. Interests in the Joint Ventures (cont'd)

Joint Ventures Financial Statements (100%) (cont'd)

	Three-month period ended June 30 2014			Three-month period ended June 30 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	19,936	—	19,936	—	—	—
Operating expenses	3,344	—	3,344	—	—	—
Administrative	97	33	130	59	—	59
Amortization	8,850	—	8,850	—	—	—
Other gains	(646)	—	(646)	—	—	—
OPERATING INCOME (LOSS)	8,291	(33)	8,258	(59)	—	(59)
Financing costs	8,895	(141)	8,754	1	—	1
Foreign exchange loss	—	—	—	51	—	51
Net loss (gain) on financial instruments	(938)	13	(925)	1,688	—	1,688
NET EARNINGS (LOSS)	334	95	429	(1,799)	—	(1,799)
Other comprehensive loss	(7,366)	(2,460)	(9,826)	—	—	—
COMPREHENSIVE LOSS	(7,032)	(2,365)	(9,397)	(1,799)	—	(1,799)

	Six-month period ended June 30 2014			Six-month period ended June 30 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	45,120	—	45,120	—	—	—
Operating expenses	6,542	—	6,542	1	—	1
Administrative	135	39	174	169	—	169
Amortization	17,349	—	17,349	—	—	—
Other gains	(1,291)	—	(1,291)	—	—	—
OPERATING INCOME (LOSS)	22,385	(39)	22,346	(170)	—	(170)
Financing costs	17,581	(243)	17,338	(8)	—	(8)
Foreign exchange loss	1	2	3	51	—	51
Net loss on financial instruments	521	10	531	2,015	—	2,015
NET EARNINGS (LOSS)	4,282	192	4,474	(2,228)	—	(2,228)
Other comprehensive income (loss)	(19,444)	(850)	(20,294)	29,883	—	29,883
COMPREHENSIVE INCOME (LOSS)	(15,162)	(658)	(15,820)	27,655	—	27,655

Share in Earnings (Loss) of the Joint Ventures

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

	Three-month period ended June 30 2014			Three-month period ended June 30 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Share in results	167	48	215	(899)	—	(899)
Other	(663)	(8)	(671)	—	—	—
Share in earnings (loss) of the Joint Ventures	(496)	40	(456)	(899)	—	(899)

	Six-month period ended June 30 2014			Six-month period ended June 30 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Share in results	2,141	96	2,237	(1,114)	—	(1,114)
Other	(1,322)	(16)	(1,338)	—		—
Share in earnings (loss) of the Joint Ventures	819	80	899	(1,114)	—	(1,114)

Note 4. Interests in the Joint Ventures (cont'd)

Share in Comprehensive Income (Loss) of the Joint Ventures

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

			Three-month period ended June 30			Three-month period ended June 30
			2014			2013
	Phase I	Phase II	Total	Phase I	Phase II	Total
Share in comprehensive income (loss)	(3,683)	(1,230)	(4,913)	15,555	—	15,555

			Six-month period ended June 30			Six-month period ended June 30
			2014			2013
	Phase I	Phase II	Total	Phase I	Phase II	Total
Share in comprehensive income (loss)	(9,722)	(425)	(10,147)	14,942	—	14,942

Commitments

Commitments are discussed in Boralex's Annual Report for the fiscal year ended December 31, 2013.

Note 5.
Non-current Debt

	Note	Maturity	Rate [1]	As at June 30, 2014	As at December 31, 2013
Finance leases (France)		2014-2015	4.81	1,288	2,088
Term loan payable - Nibas wind farm		2016	5.00	3,707	4,406
Master agreement - wind farms (France)		2017-2022	4.69	156,935	164,788
Term loan payable - Ocean Falls power station		2024	6.55	9,186	9,514
Term loan payable - St-Patrick wind farm		2025	5.11	46,937	49,500
Term loan payable - Lauragais solar power station		2025-2028	4.01	16,315	16,961
U.S. senior secured note		2026	3.51	90,339	95,724
Term loan payable - La Vallée wind farm		2029	4.33	49,398	48,673
Term loan payable - Fortel-Bonnières and St-François wind farms	a)	2029	3.65	37,547	—
Term loan payable - Vron wind farm		2030	3.34	16,313	19,130
Term loan payable - Thames River wind farms		2031	7.05	163,582	166,974
Term loan payable - Jamie Creek power station		2054	5.42	55,250	55,250
Canadian senior secured note	b)	—	—	—	35,450
Revolving credit facility	c)	—	—	29,000	—
Other debts		—	—	5,053	5,227
			5.08	680,850	673,685
Current portion of debt				(48,541)	(84,034)
Borrowing cost, net of accumulated amortization				(16,559)	(10,737)
				615,750	578,914

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

New Financing

a) On April 22, 2014, the Corporation announced the closing of the long-term financing arrangement for the **Fortel-Bonnières and St-François Wind Farms**. This loan payable, secured by the assets of these wind farms in Europe, consists of €48,980,000 ($71,560,000) over 14 years, €12,239,000 ($17,881,000) over 15 years and €4,000,000 ($5,844,000) drawn down under a revolving VAT financing facility. The Corporation will make quarterly repayments of principal and interest. The initial quarterly repayment will be made on March 31, 2015. The interest rate for the €48,980,000 facility is fixed at 3.65% for a 10-year term and will then be revised as of the 11th year. The interest rate for the €12,239,000 facility is variable and based on EURIBOR, plus a margin; however, the Corporation used interest rate swaps to reduce its exposure to rate fluctuations on 100% of this facility, over its full term.

On June 26, 2014, the Corporation announced the closing of long-term financing for the **Témiscouata I Wind Farm**. The loan, secured by the wind farm's assets, consists of a $51,997,000 construction loan that will convert into a term loan amortized over an 18-year period following commercial commissioning planned for December 2014. The interest rate is fixed at 5.41% on approximately 90% of the total debt. This loan was undrawn as at June 30, 2014. The credit facilities also include amounts available for the issuance of the required letters of credit, as well as a bridge financing facility to finance certain costs that are repayable by Hydro-Québec.

On June 26, 2014, the Corporation also announced the closing of long-term financing for the **Témiscouata II Wind Farm**. The loan, secured by the wind farm's assets, consists of a $127,031,000 construction loan that will convert into a term loan amortized over an 18-year period following commercial commissioning planned for December 2015. The interest rate is fixed at 5.72% on approximately 90% of the total debt. This loan was undrawn as at June 30, 2014. The credit facilities also include amounts available for the issuance of the required letters of credit, as well as a bridge financing facility to finance certain costs that are repayable by Hydro-Québec.

Matured Borrowing

b) The Canadian note, which matured on July 9, 2014, was repaid on June 26, 2014.

Revolving Credit Facility

c) On June 27, 2014, Boralex entered into a new $130,000,000 revolving credit facility with an initial four-year term renewable annually thereafter. For drawdowns in U.S. dollars, the interest rate is based on LIBOR or the U.S. prime rate plus a margin while interest on Canadian dollar drawdowns is calculated using the Canadian bankers' acceptance rates or the prime rate plus their respective margins. This facility is secured by the assets of Boralex Inc., its power stations in Québec and its investments in its U.S. operations. As at June 30, 2014, $29,000,000 had been drawn down under this credit facility. The authorized amount could be increased by $45,000,000 under certain conditions.

Note 6.

Non-Controlling Shareholders

La Côte-de-Beaupré Wind Power Project

In 2014, our partner Côte-de-Beaupré RCM, which holds a 49% interest in the wind power project currently under development in Québec, made a capital contribution of $303,000 ($59,000 in 2013).

Témiscouata I Wind Power Project

In 2014, our partner Témiscouata RCM, which holds a 49% interest in the wind power project currently under development in Québec, made a capital contribution of $3,756,000 ($267,000 in 2013).

Boralex Europe S.A.

In 2014, our European partner, which holds a 25.33% interest in the European operations of our Luxembourg-based subsidiary Boralex Europe S.A., made a capital contribution of $2,315,000 (€1,520,000).

Note 7.

Discontinued Operations

Net earnings from discontinued operations are detailed as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Revenues from energy sales - RECs	1,285	969	2,593	1,220
Pre-tax operating income from discontinued operations	1,285	969	2,593	1,220
Income tax expense	500	347	969	437
Net earnings from discontinued operations	785	622	1,624	783

Cash flows related to discontinued operations are related to operating activities.

Note 8.

Net Earnings (Loss) per Share

(a) Net Earnings (Loss) per Share - Basic

(in thousands of dollars, except per share amounts and number of shares)	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Net earnings (loss) attributable to shareholders of Boralex	(4,259)	(1,063)	3,692	3,105
Less:				
Net earnings from discontinued operations	785	622	1,624	783
Net earnings (loss) from continuing operations attributable to shareholders of Boralex - basic	(5,044)	(1,685)	2,068	2,322
Weighted average number of shares - basic	38,346,572	37,740,004	38,164,614	37,737,548
Net earnings (loss) per share from continuing operations attributable to shareholders of Boralex - basic	($0.13)	($0.04)	$0.05	$0.06
Net earnings per share from discontinued operations - basic	$0.02	$0.02	$0.04	$0.02
Net earnings (loss) per share attributable to shareholders of Boralex - basic	($0.11)	($0.02)	$0.09	$0.08

(b) Net Earnings (Loss) per Share - Diluted

(in thousands of dollars, except per share amounts and number of shares)	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Net earnings (loss) attributable to shareholders of Boralex	(4,259)	(1,063)	3,692	3,105
Less:				
Net earnings from discontinued operations	785	622	1,624	783
Net earnings (loss) from continuing operations attributable to shareholders of Boralex - diluted	(5,044)	(1,685)	2,068	2,322
Weighted average number of shares	38,346,572	37,740,004	38,164,614	37,737,548
Dilutive effect of stock options	—	—	417,797	358,505
Weighted average number of shares - diluted	38,346,572	37,740,004	38,582,411	38,096,053
Net earnings (loss) per share from continuing operations attributable to shareholders of Boralex - diluted	($0.13)	($0.04)	$0.05	$0.06
Net earnings per share from discontinued operations - diluted	$0.02	$0.02	$0.04	$0.02
Net earnings (loss) per share attributable to shareholders of Boralex - diluted	($0.11)	($0.02)	$0.09	$0.08

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

	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Convertible debentures excluded due to their anti-dilutive effect	19,808,479	19,578,693	19,709,187	19,579,207
Stock options excluded due to their anti-dilutive effect	1,590,581	2,102,969	281,795	281,795

(c) Dividends Paid

On February 19, 2014, the Corporation announced a quarterly dividend of $0.13 per Class A common share. The Corporation made dividend pay-outs totalling $9,911,000 on March 17, 2014 and June 16, 2014. On August 5, 2014, an additional dividend of $0.13 per common share was declared and will be paid out on September 16, 2014.

In accordance with the trust indenture, each debenture is convertible into Class A common shares of Boralex at the option of the holder at the initial conversion price of $12.50 per common share. The trust indenture provides that the conversion rate must be reduced by the current yield of the declared dividend. Following the dividend pay-outs, the debenture conversion price is currently $12.25 per common share.

(d) Options Exercised

During the six-month period ended June 30, 2014, 606,747 stock options held by current and past senior executives were exercised and a total amount of $4,624,000 was paid to the Corporation ($30,000 in 2013).

Note 9.
Financial Instruments

The classification of financial instruments, complete with the respective carrying amounts and fair values, is as follows:

	As at June 30, 2014		As at December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
OTHER LIABILITIES				
Non-current debt	664,291	730,113	662,948	674,442
Convertible debentures (including equity portion)	245,718	283,588	243,957	261,169

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

	As at June 30, 2014	As at December 31, 2013
OTHER NON-CURRENT FINANCIAL ASSETS		
Financial swaps - interest rates	—	289
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	24,957	15,243
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	26,424	19,704

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, reserve funds, and trade and other payables approximate their carrying amounts due to their short-term maturities.

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange whereas their fair values are based on the prices as at June 30, 2014.

As at June 30, 2014	Maturity	Rate [(1)]	Discount rate	Fair value
Finance leases (France)	2014-2015	4.81	2.49	1,370
Term loan payable - Nibas wind farm	2016	5.00	2.47	3,928
Master agreement - wind farms (France)	2017-2022	4.69	4.69	156,935
Term loan payable - Ocean Falls power station	2024	6.55	3.72	10,502
Term loan payable - St-Patrick wind farm	2025	5.11	5.11	46,937
Term loan payable - Lauragais solar power station	2025-2028	4.01	2.18	16,972
U.S. senior secured note	2026	3.51	2.75	94,629
Term loan payable - La Vallée wind farm	2029	4.33	4.33	49,398
Term loan payable - Fortel-Bonnières and St-François wind farms	2029	3.65	2.61	45,978
Term loan payable - Vron wind farm	2030	3.34	3.34	16,313
Term loan payable - Thames River wind farms	2031	7.05	5.09	189,640
Term loan payable - Jamie Creek power station	2054	5.42	4.67	63,326
Revolving credit facility	—	—	—	29,000
Other debt	—	—	—	5,185
				730,113
Convertible debentures	2017	6.75	—	283,588

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

Note 9. Financial Instruments (cont'd)

Financial Swaps - Interest Rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under financial swaps - interest rates as at June 30, 2014:

As at June 30, 2014	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in C$)	Fair value (in C$)
Financial swaps - interest rates	EUR	1.640%-5.155%	6-month EURIBOR	2015-2030	260,022	(26,424)
Financial swaps - interest rates	CAD	4.61%-4.92%	3-month CDOR	2031-2033	148,558	(24,957)

Financial swaps - interest rates maturing in 2031 contain an early termination clause that is mandatory in 2014. As a result, they are presented as current financial liabilities.

Hierarchy of Financial Assets and Liabilities Measured at Fair Value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments measured at fair value in the financial statements are classified according to the following hierarchy of levels:

- Level 1: Consists of measurements based on quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2: Consists of measurement techniques based mainly on inputs, other than quoted prices, that are observable either directly or indirectly in the market;
- Level 3: Consists of measurement techniques that are not based mainly on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Corporation classified the convertible debentures as Level 1, as their fair values are determined using quoted market prices.

For non-current debt and financial swaps - interest rates, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields and interest rates.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

		Fair value hierarchy levels		
	As at June 30, 2014	Level 1	Level 2	Level 3
OTHER LIABILITIES				
Non-current debt	730,113	—	730,113	—
Convertible debentures	283,588	283,588	—	—
	1,013,701	283,588	730,113	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	51,381	—	51,381	—

		Fair value hierarchy levels		
	As at December 31, 2013	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Financial swaps - interest rates	289	—	289	—
OTHER LIABILITIES				
Non-current debt	674,442	—	674,442	—
Convertible debentures	261,169	261,169	—	—
	935,611	261,169	674,442	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	34,947	—	34,947	—

Note 10.
Commitments
The commitments are discussed in Boralex's Annual Report for the fiscal year ended December 31, 2013. During the six-month period ended June 30, 2014, the Corporation entered into the following new commitments:

Maintenance Contract
For the **Témiscouata II Wind Farm**, the Corporation has entered into a 15-year turbine maintenance contract with Enercon expiring in 2030. The contract includes a cancellation option at the Corporation's discretion after seven years. As at June 30, 2014, the Corporation had net commitments of $8,765,000 under this contract, reflecting the first seven years of the contract.

Construction Contract
For the **Témiscouata II Wind Farm**, the Corporation has entered into a wind turbine construction and installation contract. Expenditures will be made according to the percentage of completion. As at June 30, 2014, the Corporation had net commitments of $112,423,000 under this contract.

Note 11.
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 by the Corporation. Only five hydroelectric power stations in the United States, accounting for 3% 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 wind power assets currently in operation in which Boralex's share totals 462 MW, wind conditions are usually more favourable in winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

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

Thermal
Boralex owns and operates two thermal power stations for an aggregate 49 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. The Corporation entered into an agreement with Hydro-Québec covering the years 2014 to 2018 under which the Senneterre power station will produce power eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec which will allow it to anticipate profitability akin to recent-year performance.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. The Blendecques power station's initial electricity sales contract with French government corporation Électricité de France ("EDF") ended on November 1, 2013 and a new contract was entered into for an additional 12-year term, contingent on equipment renovation investments by the power station, to occur by November 1, 2014.

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

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 favourable geographic positioning.

Note 12.

Segmented Information

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

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on 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 (loss), or as a measure of operating results, which are IFRS measures.

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

	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Net loss (earnings)	(4,679)	(1,021)	4,704	3,577
Net earnings from discontinued operations	(785)	(622)	(1,624)	(783)
Income tax expense (recovery)	(1,270)	(176)	3,576	2,554
Net loss (gain) on financial instruments	493	(876)	1,412	(673)
Foreign exchange loss (gain)	458	(138)	117	(146)
Financing costs	14,257	12,595	27,950	25,019
Impairment of property, plant and equipment	—	266	—	266
Other gains	—	(48)	(573)	(82)
Amortization	15,042	13,213	30,159	26,714
EBITDA	23,516	23,193	65,721	56,446

Note 12. Segmented information (cont'd)

Information by Operating Segment

	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Power production (MWh)				
Wind power stations	163,508	166,992	428,367	358,020
Hydroelectric power stations	223,702	197,923	347,289	346,396
Thermal power stations	18,521	7,191	89,637	78,070
Solar power station	2,042	1,788	3,227	2,867
	407,773	373,894	868,520	785,353
Revenues from energy sales				
Wind power stations	21,296	20,384	56,652	43,982
Hydroelectric power stations	17,622	15,691	31,618	29,804
Thermal power stations	3,885	3,268	16,861	15,814
Solar power station	1,021	798	1,623	1,277
	43,824	40,141	106,754	90,877
EBITDA				
Wind power stations	16,610	15,569	48,821	35,444
Hydroelectric power stations	14,002	12,532	24,169	23,816
Thermal power stations	(1,101)	(1,070)	3,471	3,598
Solar power station	902	706	1,393	1,088
Corporate and eliminations	(6,897)	(4,544)	(12,133)	(7,500)
	23,516	23,193	65,721	56,446
Additions to property, plant and equipment				
Wind power stations	22,297	28,176	25,414	32,635
Hydroelectric power stations	6,537	10,964	11,079	13,169
Thermal power stations	2,539	226	4,733	273
Solar power station	—	—	—	527
Corporate and eliminations	154	946	327	2,089
	31,527	40,312	41,553	48,693

	As at June 30, 2014	As at December 31, 2013
Total assets		
Wind power stations	853,212	783,729
Hydroelectric power stations	436,628	472,045
Thermal power stations	37,124	45,685
Solar power station	21,251	21,433
Corporate	98,011	99,835
	1,446,226	1,422,727
Total liabilities		
Wind power stations	583,036	531,269
Hydroelectric power stations	180,890	224,801
Thermal power stations	11,394	12,066
Solar power station	17,034	17,332
Corporate	279,757	251,125
	1,072,111	1,036,593

Note 12. Segmented information (cont'd)

Information by Geographic Segment

	Three-month periods ended June 30		Six-month periods ended June 30	
	2014	2013	2014	2013
Power production (MWh)				
Canada	151,239	133,726	322,222	310,930
France	112,351	116,725	318,429	252,412
United States	144,183	123,443	227,869	222,011
	407,773	373,894	868,520	785,353
Revenues from energy sales				
Canada	14,990	14,074	36,825	35,915
France	17,907	16,574	50,054	37,129
United States	10,927	9,493	19,875	17,833
	43,824	40,141	106,754	90,877
EBITDA				
Canada	4,872	6,232	19,263	20,861
France	9,629	9,405	30,712	21,297
United States	9,015	7,556	15,746	14,288
	23,516	23,193	65,721	56,446
Additions to property, plant and equipment				
Canada	10,464	12,158	16,599	15,486
France	20,954	27,987	24,783	32,997
United States	109	167	171	210
	31,527	40,312	41,553	48,693

	As at June 30, 2014	As at December 31, 2013
Total assets		
Canada	717,087	716,118
France	529,994	501,884
United States	199,145	204,725
	1,446,226	1,422,727
Non-current assets, excluding *Interests in the Joint Ventures* and *Deferred income tax asset*		
Canada	551,933	523,993
France	460,688	457,104
United States	153,994	157,370
	1,166,615	1,138,467
Total liabilities		
Canada	548,176	538,310
France	392,176	377,765
United States	131,759	120,518
	1,072,111	1,036,593

Note 13.

Subsequent Event

On July 30, 2014, Boralex announced the acquisition of the 14 MW Calmont wind project, in France, for an amount of €5,500,000 ($8,030,000) which will be commissioned at the end of 2015.

Seigneurie de Beaupré Wind Farms // Québec, Canada