wind,
water
and fire

natural elements,
we *make* the most
of their energy

Quarterly Report as at March 31, 2007
(restated)

Boralex

Profile

Boralex Inc. ("Boralex" or the "Corporation") is a private electricity producer whose core business is the development and operation of power stations that run on renewable energy. Employing close to 300 people in Québec, in the northeastern United States and in France, the Corporation owns and operates 21 power stations with an installed capacity of 333 megawatts (MW).

Boralex is distinguished by its leading expertise and long experience in four types of power generation:

- In recent years, Boralex has become one of the biggest and most experienced **wind power** producers in France, where it currently operates six wind farms with an installed capacity of 89 MW. Given the new 12 MW wind farm now being built, total installed capacity will soon be more than 100 MW.

- Boralex owns eight **hydroelectric** power stations: five in the United States, two in Québec and one in France, with a combined installed capacity of 26 MW.

- Boralex is the largest producer of **wood residue** energy in North America, operating six thermal power stations in the states of Maine and New York, USA, with a total installed capacity of 204 MW.

- Boralex also operates a 14 MW **natural gas** cogeneration power station in France.

Boralex's stock, in which Cascades Inc. holds a 43% interest, trades on the Toronto Stock Exchange under the ticker symbol BLX.

In addition to its own power stations, Boralex also manages 10 power stations with a total installed capacity of 190 MW in Québec and the northeastern U.S. that belong to the Boralex Power Income Fund (the "Fund"), in which Boralex holds a 23% interest.

Quarterly Report as at March 31, 2007

Introductory Comments

General

This management report discusses the operating results and cash flows for the three-month periods ended March 31, 2006 and 2007, and its financial position at those dates. It should be read in conjunction with the unaudited consolidated quarterly financial statements as well as with management's discussion and analysis report, the audited financial statements and related notes in the Corporation's Annual Report for the fiscal year ended December 31, 2006.

Additional information about the Corporation, including the annual information form, previous annual reports, management reports, quarterly financial statements and press releases are published separately and are available on the SEDAR website (www.sedar.com).

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

In this report, Boralex or the Corporation mean, as applicable, Boralex Inc. and its subsidiaries and divisions or Boralex Inc. or one of its subsidiaries or divisions.

The information contained in this report reflects all material events up to May 8, 2007, the date on which the Board of Directors approved the quarterly financial statements and this management report.

Unless otherwise indicated, all financial information, as well as tabular information, is in Canadian dollars.

Notice Concerning Forward-Looking Statements

The purpose of this report is to help the reader understand the nature and importance of changes and trends, as well as the risks and uncertainties that can affect Boralex's operating results and financial position. Some of the statements contained in this analysis, including those regarding future results and performance, may constitute forward-looking statements within the meaning of securities legislation and are based on current expectations. These statements are characterized by the use of positive or negative verbs such as "plan," "anticipate," "evaluate," "estimate," "believe" and other related expressions. These statements are based on the expectations, estimates and assumptions of management as at May 8, 2007.

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties; its results or the measures it adopts could therefore differ materially from those indicated or underlying such statements, or could have an impact on the degree of realization of a particular projection.

The main factors that may lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, increases in fuel costs, currency fluctuations, volatility in the selling price of electricity, the Corporation's financing capacity, negative changes in the general market and industry conditions, as well as other factors described in *Risks and Uncertainties* in Management's Discussion and Analysis in the Corporation's Annual Report for the fiscal year ended December 31, 2006. Unless otherwise indicated by the Corporation, the forward-looking statements do not take into account the possible effect on its activities of transactions, non-recurring items or other exceptional items that are announced or that arise after these statements are made.

No assurance may be given regarding actual results, returns or realizations that are presented or implied in forward-looking statements; the reader is asked to not place exaggerated confidence in them. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

Compliance with Generally Accepted Accounting Principles

Unless otherwise specified, all financial information, including tabular information, is prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). This report also contains figures that are not performance measurements according to GAAP. For instance, Boralex uses earnings before interest, taxes, depreciation and amortization ("EBITDA") because this method allows Management to assess the operating and financial performance of the Corporation's reportable segments. Please see *Additional Information about non-GAAP Performances Measurements* in this report for a comparison of EBITDA figures and certain items in Boralex's consolidated results.

Seasonality

Operations and results for some of the Corporation's power stations are subject to seasonal cycles that vary by segment. The impact of seasonal variations differs depending on whether the power stations have power sale agreements or not. For the 13 Boralex power stations that have long-term fixed-price power sale agreements, the seasonal cycles mainly affect the volume of power generated. The eight power stations that do not have long-term contracts and sell their power on the open market in the northeastern United States, are more vulnerable to seasonal fluctuations which, in addition to influencing production volume, also have an impact on prices obtained on the electricity market.

Generally, electricity consumption increases in the winter and summer, which correspond to Boralex's first and third quarters. This means that, for those two periods, power stations that sell on the open market usually obtain higher average electricity prices. Given this, and because the wood-residue power stations can control their level of production, they generate more power during such periods. Their regular maintenance is then done in the spring or fall, which affects their operating results for those periods.

Hydroelectric generation depends on water flows, which in Québec and the northeastern US are at their maximum in the spring and are generally good in the fall, which correspond to Boralex's second and fourth quarters. Flows tend to decrease in the winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs that would permit regulation of water flows.

In the wind power segment, where Boralex's operations are currently focused in France, wind conditions are usually more favourable in the winter, that is, in Boralex's first and fourth quarters. However, in the winter there is a higher risk of downtime caused by weather conditions such as icing.

The natural gas cogeneration plant's long-term contract with *Électricité de France* ("EDF") contains a clause that limits electricity prices from April to October. When natural gas prices are high, the revenue margin for this period is not sufficient to offset the ceiling on electricity prices. The cogeneration equipment may therefore shut down in which case, the Corporation supplies its steam customer from an auxiliary boiler.

In conclusion, although Boralex is affected by seasonal cycles, its diversified production sources reduce seasonal variations in its results. The Corporation is also developing complementary revenue streams in order to increase and secure sales. It participates, for example, in the carbon dioxide ("CO_2") emission quota market in France, and the Renewable Energy Certificates ("RECs") market and Forward Capacity Market in the United States.

Financial Highlights

(in thousands of dollars, unless otherwise indicated)

	Three-month periods ended March 31	
	2007	2006
Financial Performance		(restated)
Revenue from energy sales		
Hydroelectric power stations	**3,079**	3,594
Wood-residue thermal power stations	**33,360**	22,248
Natural gas thermal power station	**6,095**	5,685
Wind power sites	**8,268**	5,574
	50,802	37,101
EBITDA		
Hydroelectric power stations	**2,066**	2,563
Wood-residue thermal power stations	**11,527**	4,247
Natural gas thermal power station	**2,105**	3,503
Wind power sites	**7,070**	4,511
Corporate and eliminations	**2,390**	2,757
	25,158	17,581
Net earnings	**9,777**	7,534
Per share, basic (in dollars)	**0.33**	0.25
Per share, diluted (in dollars)	**0.32**	0.25
Weighted average number of shares outstanding	**30,061,484**	29,997,561

	At March 31	At December 31
	2007	2006
Financial position		(restated)
Total assets	**485,723**	476,030
Total debt*	**236,812**	234,328
Shareholders' equity	**193,012**	182,033

* Including the current portion of long-term debt

	2007
Average of historical hydroelectric generation (MWh)*	
Quarter	**33,178**
Annual	**114,868**

* The historical average is calculated using all generation data available for each power station, to the end of Boralex's fiscal year.

Additional Information About Non-GAAP Performance Measurements

To assess the operating performance of its assets and reporting segments, Boralex uses EBITDA, which is not a performance measurement under GAAP. Management believes that EBITDA is a widely accepted financial indicator used by investors to assess the performance of a company, and its ability to generate cash through operations. However, since EBITDA is not a GAAP performance measurement, it may not be comparable to similarly named measures used by other companies. Investors should not use EBITDA as an alternative criterion for net earnings, nor as an indicator of operating results or cash flows, nor as a parameter for measuring liquidity.

In the Boralex consolidated statement of earnings, EBITDA corresponds to the item *Earnings before amortization*. The following table reconciles EBITDA to the net earnings:

	Three-month periods ended March 31	
(in thousands of dollars)	**2007**	2006
		(restated)
Net earnings	**9,777**	7,534
Non-controlling interests	**57**	71
Income tax expense	**5,433**	2,463
Financial expenses	**3,406**	2,781
Amortization	**6,485**	4,732
EBITDA	**25,158**	17,581

Operating Results for the Three Months Ended March 31, 2007

Analysis of major variances

(in millions of dollars)	Revenue from energy sales	EBITDA
March 31, 2006	37.1	17.6
Start-up	1.9	-
RECs	3.0	3.0
Volume	4.3	1.9
Pricing	1.5	1.5
Capacity premium	1.2	1.2
CO_2 quota	-	(2.0)
Translation of self-sustaining foreign operations	1.6	0.7
Fuel costs	-	0.9
Maintenance and repairs	-	0.5
Other	0.2	(0.1)
March 31, 2007	50.8	25.2

Revenue from Energy Sales

Revenue from energy sales rose to $50.8 million for the three months period ended March 31, 2007, up 37% over revenue of $37.1 million for the same period in 2006. Revenue growth stems mainly from the following:

- a 16% increase in production volume, which totalled 459,111 megawatthours ("MWh") in 2007 compared to 394,359 MWh in 2006. This increase, which generated about $6.2 million in additional revenue, is due to the start-up of the Stacyville (Maine) power station, which was acquired in December 2006, as well as improved production at the wood-residue power stations and higher productivity at the Massif Central and Plouguin wind farms in France, which were started up in December 2005 and which were satisfactorily run-in during 2006;

- an increase of about 11% in the average selling price per MWh for all of the Corporation's power stations, primarily due to the new power sales agreements for the Ashland and Fort Fairfield wood-residue facilities, which were signed with terms that better reflect current market conditions. This increase generated about $1.5 million in additional revenue compared to 2006;

- an increase of $3.0 million in REC revenue compared to 2006, due to improved conditions in the REC market. In addition to selling the balance of the 2006 RECs and signing firm agreements for its anticipated REC production in 2007, Boralex signed other agreements for future production in 2008, 2009 and 2010; and

- the positive $1.6 million impact on 2007 revenues from currency fluctuations between the Canadian dollar and the U.S. dollar as well as the euro.

Other Revenue

Boralex reported $6.2 million in revenue from sources other than energy sales in the first quarter of 2007, compared to $7.4 million in 2006. The $1.2 million or 16% decrease stems mainly from the fact that the Blendecques natural gas facility recorded $2.3 million in revenue from the sale of excess CO_2 quota in the first quarter of 2006, versus revenue of $0.3 million in excess CO_2 quota in 2007.

EBITDA

Consolidated EBITDA for the first quarter of 2007 rose to $25.2 million, up 43% over 2006. In addition to the above factors, this performance is due to the following:

- lower fuel supply costs, which had a positive $0.9 million impact on EBITDA for 2007, largely due to the power station performance optimization program introduced in 2006 and the impact of the fuel supply strategy; and

- fluctuations in the Canadian dollar versus, primarily, the euro, as well as the U.S. dollar, which had a positive impact of $0.7 million.

(A more detailed analysis of changes in revenue and EBITDA for each segment is presented in *Segmented Results for the Three Months Ended March 31, 2007.*)

Amortization, Financial Expenses and Earnings Before income Taxes

Amortization expense in the first quarter of 2007 totalled $6.5 million, compared to $4.7 million in 2006. This increase was primarily due to investments in prior quarters, including the start-up of the Massif Central and Plouguin wind farms, and investments to improve availability of the wood-residue power stations in 2006. Note also that the amortization method for these facilities is based on their actual power generation.

Financial expenses amounted to $3.4 million in the first quarter of 2007, up 21% over the same period a year earlier, primarily due to two factors:

- start-up of the Plouguin and Massif Central wind farms, which incurred additional debt; and

- investments in 2006 that were funded from Boralex's operating credit.

As a result, Boralex reported earnings before income taxes of $15.3 million in 2007, up 52% over $10.1 million in 2006.

Income Tax Expense

In the first quarter of 2007, Boralex's income tax expense amounted to $5.4 million which represents a consolidated tax rate of about 35.6%.

Net Earnings

In the first quarter of 2007, Boralex reported net earnings of $9.8 million or $0.32 per share on a diluted basis, compared to $7.5 million or $0.25 per share in the first quarter of 2006, an increase of 31%. The weighted average number of shares outstanding remained relatively unchanged at approximately 30 million.

To summarize, the growth in results in the first quarter of 2007 stems mainly from:

- **major expansion in the wind power segment in France in 2005 and 2006;**

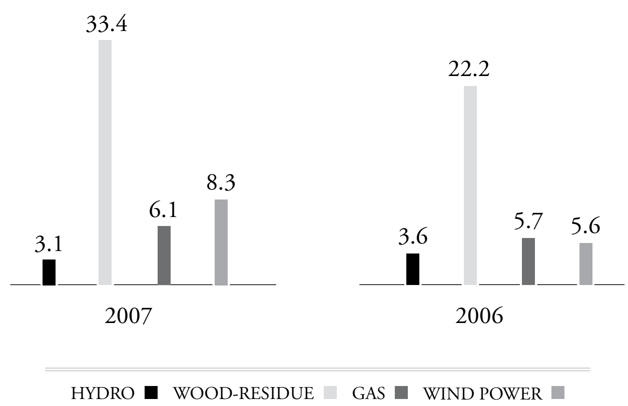
- **improved profitability in the wood-residue segment due to the optimization program introduced in 2006; and**

- **stronger prices in the U.S. REC market since the fourth quarter of 2006.**

Segmented Results for the Three Months Ended March 31, 2007

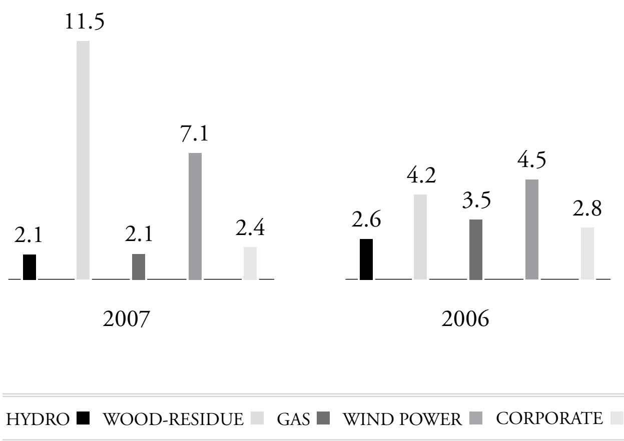
Distribution by Segment

Revenue from energy sales



In 2007, due to improved power generation by the wood-residue facilities and stronger prices in the REC market, the wood-residue segment's contribution to consolidated revenue rose from 60% in 2006 to 66% in 2007. The wind power segment also increased its contribution to revenue, from 15% to 16%, despite the growth in wood-residue results. This performance shows the impact of greater diversification on Boralex's results.

EBITDA



Higher first quarter results in the wood-residue segment enabled it to almost double its contribution to consolidated EBITDA, which rose from 24% in 2006 to 46% in 2007. The running-in of the wind power sites also raised the wind power segment's contribution to EBITDA, from 26% in 2006 to 28% in 2007.

Wind power sites

Analysis of major variances

(in millions of dollars)	Revenue from energy sales	EBITDA
March 31, 2006	5.6	4.5
Volume	2.0	2.0
Translation of self-sustaining foreign operations	0.6	0.5
Other	0.1	0.1
March 31, 2007	8.3	7.1

For the three months ended March 31, 2007, revenue in the wind power segment rose to $8.3 million, up 48% or $2.7 million over $5.6 million in 2006. For the same period, EBITDA rose $2.6 million or 58%, from $4.5 million in 2006 to $7.1 million in 2007. This performance stems mainly from the following:

- higher wind turbine productivity, which generated a total of 61,976 MWh compared to 46,530 MWh for the same period in 2006, due mainly to the running-in during 2006 of the Massif Central (57 MW) and Plouguin (8 MW) sites, which were started up in December 2005. Note that start-up of the Massif Central sites was slower than expected in the first quarter of 2006 due to certain equipment failures and more intense icing than usual. In the first quarter of 2007, wind conditions were better at these sites and very good at Nibas and Chépy, although weaker than last year at Avignonet-Lauragais;

- the rise in the euro compared to the Canadian dollar, which increased revenue by $0.6 million and EBITDA by $0.5 million.

Development is continuing at the St-Agrève site (12 MW), acquired in December 2005. It is slated to start up in the second quarter of 2007.

Hydroelectric Power Stations

Analysis of major variances

(in millions of dollars)	Revenue from energy sales	EBITDA
March 31, 2006	3.6	2.6
Volume	(0.6)	(0.6)
Capacity premium	0.1	0.1
March 31, 2007	3.1	2.1

For the three months ended March 31, 2007, Boralex's hydroelectric power stations reported revenues of $3.1 million, compared to $3.6 million for the same period in 2006. This 14% decrease is mainly due to lower production volumes, which dropped from 40,763 MWh in the first quarter of 2006 to 33,581 MWh for the same period in 2007. Although lower than the exceptional levels of 2006, water flows were very satisfactory in the first three months of 2007, at about the same level as their historical average.

Quarterly EBITDA for this segment totalled $2.1 million, down 19% compared to EBITDA of $2.6 million for the same period in 2006. The decrease is mainly due to the lower revenues, as discussed above.

The power stations all operated normally during the quarter.

Wood-Residue Power Stations

Analysis of major variances

(in millions of dollars)	Revenue from energy sales	EBITDA
March 31, 2006	22.2	4.2
Start-up	1.9	-
RECs	3.0	3.0
Volume	2.7	0.5
Pricing	1.9	1.9
Capacity premium	1.1	1.1
Translation of self-sustaining foreign operations	0.4	-
Fuel costs	-	0.6
Maintenance and repairs	-	0.5
Other	0.2	(0.3)
March 31, 2007	33.4	11.5

For the three months ended March 31, 2007, revenue rose to $33.4 million, up 50% over $22.2 million for the same period in 2006. The six power stations generated a total of 341,380 MWh in 2007, compared to 284,417 MWh in 2006, an increase of more than 20%. The higher power generation and revenue in this segment is due to the following:

- start-up of the Stacyville power station in December 2006, which operated for two months in the first quarter. This facility is now closed for an indefinite period;

- stronger prices on the Connecticut REC market, which added $3.0 million to revenue in 2007. Also, having signed a power sales agreement at the end of 2006, the Chateaugay power station sold $0.6 million in RECs in the first quarter of 2007, whereas none were recorded in the first quarter of 2006;

- an increase in power generation by Stratton and Ashland, which suffered breakdowns in the first quarter of 2006; and

- higher selling prices, primarily for the Fort Fairfield and Ashland power stations, whose new power sales agreements that better reflect current market conditions took effect on January 1, 2007.

Note that since the monetization of renewable energy production tax credits in the fourth quarter of 2006, the Corporation now cashes in the value of the tax credits. In the first quarter of 2007, Boralex recognized close to $1.4 million for production during the quarter. During the fourth quarter of 2006, Boralex cashed about 50% of the future value of the renewable energy to be produced in the next three years. (For details, see note 9 in the consolidated interim financial statements.)

EBITDA for the wood-residue segment has more than doubled, from $4.2 million for the three months ended March 31, 2006, to $11.5 million in 2007. Apart from the increase in revenue as discussed above, this excellent performance is due to:

- a $0.6 million decrease in fuel costs, attributable to a significant improvement in the burn rate, which more than offset higher wood prices; and

- savings of $0.5 million in maintenance expenses.

Natural Gas Cogeneration Power Station

Analysis of major variances

(in millions of dollars)	Revenue from energy sales	EBITDA
March 31, 2006	5.7	3.5
Volume	0.2	-
Pricing	(0.4)	(0.4)
CO_2 quota	-	(2.0)
Translation of self-sustaining foreign operations	0.6	0.2
Natural gas cost	-	0.3
Other	-	0.5
March 31, 2007	6.1	2.1

For the three months ended March 31, 2007, revenue from energy sales by the Blendecques natural gas cogeneration plant amounted to $6.1 million, up 7% over revenue of $5.7 million for the same period in 2006. The increase is due to the rise in the euro versus the Canadian dollar, which raised revenue by $0.6 million. This increase offset the unfavourable impact of lower electricity and steam prices, which are indexed to the price of natural gas in France.

However, EBITDA for this power station was down $1.4 million to $2.1 million in the first quarter of 2007, due to the 2006 sale of $2.3 million in excess CO_2 quota, compared to $0.3 million in the first quarter of 2007.

Since natural gas costs have remained high and management expects this situation to continue in the coming months, the cogeneration equipment will be shut down again from April to October 2007. The client will continue to be supplied with steam from the auxiliary boiler. This decision will be reviewed if natural gas prices drop significantly and if the plant's revenue margin becomes positive.

Principal Cash Flows

Operating Activities

For the first quarter of 2007, Boralex's cash flows related to operating activities before net change in non-cash working capital balances ("cash flows from operations") rose to $20.1 million, compared to $11.3 million in 2006. The increase stems mainly from improved operating results, as described above. After the change in non-cash working capital balances, operating activities generated net cash flows of $12.9 million in 2007, compared to $3.6 million in 2006.

Investing Activities

Since the start of 2007, Boralex has invested a net amount of $1.6 million, compared to $13.6 million in 2006, when approximately $11 million was invested in the wind power segment in France to purchase fixed assets and set aside the reserve amounts required under the Massif Central financing agreement.

Financing Activities

Boralex continued to make its project lease repayments as well as its quarterly term-loan repayments. Note that the secured senior credit and the secured junior credit in France require semi-annual repayments.

Total cash flows for the first quarter of 2007, net of translation adjustment on cash and cash equivalents increased cash flows by $11.2 million, from $13.9 million as at December 31, 2006 to $25.1 million as at March 31, 2007.

Financial Position as at March 31, 2007

Assets

As at March 31, 2007, total assets amounted to $485.7 million, compared to $476.0 million as at December 31, 2006. This increase primarily reflects the quarter's good financial performance, which translated into an increase in working capital.

Working Capital

At the end of the first quarter of 2007, Boralex's working capital showed a surplus of $2.3 million, versus a deficit of $14.6 million as at December 31, 2006. The improvement in working capital since December 2006 stems from the Corporation's improved profitability, which had a positive impact on accounts receivable and available cash balances. Furthermore, accounts payable and accrued liabilities were down $4.7 million.

Total Debt and Shareholders' Equity

The Corporation's total debt has remained stable since December 31, 2006. After the upcoming final drawings for the St-Agrève project, the Corporation will still have an unused balance of €160 million from the €190 million master credit agreement, which gives Boralex considerable latitude to initiate new wind power projects in future years.

The Corporation renewed the U.S. term loan until July 31, 2007 and which on March 31, 2007 had a balance of $4.7 million (US$4.1 million). Discussions are underway to renew this commitment for an additional year.

Given Boralex's share price, which was $14.00 as at March 31, 2007, the total debt to market capitalization ratio was 56% at that date, compared to 75% as at December 31, 2006, when the share price was $10.40. Shareholders' equity grew by $11 million in the first quarter of 2007, due mainly to net earnings for the period. As at March 31, 2007, shareholders' equity totalled $193.0 million.

Outlook

Boralex management is confident about the Corporation's performance in 2007, since the Corporation will continue to benefit from the positive factors that enhanced its performance in the first quarter of 2007, and particularly the following:

- electricity prices in the U.S. open market, which remain at a level comparable to that observed to date;

- forward REC sales, which will continue to bring in significant funds; and

- the impact of investments in the past two years to expand the wind power segment and continually improve the efficiency of the wood-residue power stations.

However, because the cost per ton of fuel has risen sharply in recent years and remains currently under pressure, Boralex has implemented since 2004 and will continue to implement solutions that enable it to control this cost, including wood-residue supply strategies aimed at stabilizing its supply and optimizing its facilities. Boralex will continue these efforts in order to sustain profitability in this segment.

Furthermore, the new wind farms at Massif Central and Plouguin completed their running-in phase in 2006. In addition, the periods of icing that are typical of the winter months should not be a significant risk for the remainder of the year. Boralex and its partners are studying the wind-power potential of the Séminaire de Québec lands. Wind measurement data to date is promising and management continues to believe that this site will give it an exceptional competitive edge for participating in, among others, the call for proposals for 2,000 MW issued by Hydro-Québec.

Due to the high cost of natural gas and the potential application of the ceiling on electricity prices, management has decided not to operate the Blendecques natural gas facility's cogeneration equipment between April and October 2007. The client's steam requirements will be met by the auxiliary boiler, as was done in 2005 and 2006.

The hydroelectric power stations had good hydrological conditions in the first quarter of 2007, which will have a positive impact on the year as a whole. It must be pointed out, however, that the first quarter performance does not indicate a trend for future quarters. Since these power stations do not have reservoirs, their results should be in line with historical averages for the rest of 2007.

As a result, due to recent investments in the wind power segment, stronger prices in the REC market and the improved performance in the wood-residue segment, management anticipates growth in revenues, profits and cash flow from operations in 2007, which should allow it to provide for its normal cash requirements, strengthen its financial position and allow it to pursue other expansion projects. Boralex does not plan, in the short term, to pay dividends on its Class A shares, as its policy is to reserve its cash assets for growth projects.

In the longer term, the outlook for Boralex is also positive, given the quality and diversification of its assets and its skills and experience in the generation of green and renewable power, which is a growing world trend, especially since the sharp rise in fossil fuel prices has led to new interest in alternative modes of energy production. In general, Boralex will continue to prudently exploit the opportunities that arise in its field of expertise, while paying close attention to the responsible management of its operating costs and business risks.

Capital Stock Information

As at March 31, 2007, Boralex's capital stock consisted of 30,084,131 Class A shares issued and outstanding (30,049,586 as at December 31, 2006). In the first quarter of 2007, 34,545 share purchase options were exercised. As at May 8, 2007, share purchase options numbered 1,141,561, of which 534,026 can be exercised.

Financial Instruments

There has been no significant change in the Corporation's risk management strategy since December 31, 2006.

Market Risk

As at March 31, 2007, Boralex had five electricity-related financial swaps for periods of seven to twenty-four months for total deliveries of 314,880 MWh. The fair value of these contracts is a favourable amount of $18,000 (US$16,000).

Interest Rate Risk

As at March 31, 2007, Boralex had interest rate swaps to hedge its floating-rate debt in France. The total notional amount of the swaps in effect at that date was $135,864,000 (€88,120,000). The fair value of these instruments is a positive amount of $3,162,000 (€2,051,000).

Related Party Transactions

In addition to holding 23% of the Boralex Power Income Fund trust units, the Corporation, through one of its wholly owned subsidiaries, is linked to the Fund by long-term management and administration contracts. For the three months ended March 31, 2007, these agreements generated 2% of Boralex's total revenue (3% in 2006), while its share of the Fund's results represented 6% (8% in 2006). Boralex received distributions from the Fund of $3.1 million in the first quarter of 2007 ($3.1 million in 2006).

One of Boralex's power stations in France supplies steam to a subsidiary of Cascades Inc. Cascades is a company that has considerable influence over Boralex, since it holds 43% of its share capital. For the first quarter of 2007, revenue from Cascades Inc. rose to $2.5 million ($2.3 million in 2006).

The Corporation also has a management contract for power stations controlled by one of its directors and officers. For the three months ended March 31, 2007, revenue from this agreement amounted to $0.1 million ($0.1 million in 2006).

Change in Accounting Policy and New Accounting Policies Adopted in 2007

Amortization

In the first quarter of 2007, the Corporation modified the amortization method it uses for its natural gas cogeneration power station and two wind power sites. These sites, which were the Corporation's first investments in these areas in France, were amortized based on the duration of their power sales contracts. Following a technical analysis of these facilities, it was determined that an amortization method based on the useful life of the various components would better reflect the consumption of future benefits related to these assets. The fixed assets of these units were therefore separated into their major components and amortized on a straight-line basis according to their expected useful lives, which range from 5 to 20 years. This change in accounting policy was applied retroactively, with restatement of prior years.

The impact of these changes on prior financial statements is as follows:

(in thousands of dollars, except per-share amounts)	As at December 31, 2006 (formerly presented)	Amortization	As at December 31, 2006 (restated)
Balance Sheet			
Property, plant and equipment	282,489	(2,353)	280,136
Future income tax liabilities	21,564	(784)	20,780
Retained earnings	99,208	(1,559)	97,649
Cumulative translation adjustments	(28,057)	(10)	(28,067)

	For the three-month period ended March 31, 2006		
	(formerly presented)	Amortization	(restated)
Statement of Earnings			
Amortization	4,620	112	4,732
Income tax expense	2,500	(37)	2,463
Net earnings	7,609	(75)	7,534
Net earnings per Class A share (basic and diluted) (in dollars)	0.25	-	0.25

Financial Instruments, Hedges, Equity and Comprehensive Income

On January 1, 2007, Boralex adopted the new recommendations of Section 1530 "Comprehensive Income," Section 3855 "Financial Instruments – Recognition and Measurement," Section 3251 "Equity" and Section 3865 "Hedges," from the handbook of the Canadian Institute of Chartered Accountants (CICA). These new standards will be applied retroactively with no restatement of prior-period financial statements.

Section 1530, "Comprehensive Income" sets standards for the disclosure and presentation of comprehensive income and its components. In compliance with this section, a new financial statement called *Comprehensive Income* is now included in these quarterly financial statements. Comprehensive income is the change in the net assets of a company arising from transactions, events and circumstances not related to shareholders.

Section 3251, "Equity" describes the standards for presenting equity and changes in equity. Due to the adoption of Section 3251 and Section 1530 described above, the Corporation now includes information on comprehensive income and its other components in its shareholders' equity. On January 1, 2007, an amount of $28,067,000, previously recorded as *Cumulative translation adjustments*, was reclassified in *Accumulated other comprehensive income*.

Section 3855, "Financial Instruments – Recognition and Measurement," establishes standards for recognizing and measuring financial instruments in financial statements. Under this section, financial assets available for sale, financial assets and financial liabilities held for trading and all derivatives, whether designated as hedges or not, must now be measured at fair value. Certain embedded derivatives not closely related to the host contract must also be measured at fair value. The Corporation selected January 1, 2003 as the transition date for embedded financial instruments.

Section 3865, "Hedges" specifies the manner in which hedge accounting is applied. Boralex decided, in accordance with its risk management strategy, to continue to apply hedge accounting to its interest rate swaps and its electricity-related financial swaps as hedges of its cash flows. These derivatives are recognized at their fair value and the gains or losses resulting from their periodic reassessment are recognized in comprehensive income, insofar as the hedge remains effective.

As at January 1, 2007, the application of these new standards resulted in a $3.6 million decrease in accumulated other comprehensive income, a $5.3 million increase in derivative financial instruments presented under assets and a $1.7 million increase in future income tax liabilities. The application of these new standards has no impact on the Corporation's cash flows.

For more details about the adoption of these new standards, see note 2 in the consolidated interim financial statements for the first quarter ended March 31, 2007.

Risks and Uncertainties

The Corporation has not observed any major change with respect to the risks and uncertainties to which it is subject, which are described under "Risks and Uncertainties" in Management's Discussion and Analysis contained in the Annual Report for the fiscal year ended December 31, 2006.

Controls and Procedures

In accordance with National Instrument 52-109 issued by Canadian Securities Administrators, the Corporation produced certifications signed by the President and Chief Executive Officer and the Vice-President and Chief Financial Officer which, among other things, evaluates the design and procedures for disclosing financial information, as well as internal controls over financial reporting.

Management has established and maintains controls and procedures for the disclosure of information for Boralex so that it can provide reasonable assurance that it promptly receives important information related to Boralex. Management, including the President and Chief Executive Officer and the Vice-President and Chief Financial Officer, assessed the effectiveness of the controls to determine whether changes should be made to internal procedures for the disclosure of financial information as at the date of the first quarterly report for 2007 and has no knowledge of any significant change to these controls and procedures.

Additional Information

Additional information about the Corporation, including its latest Annual Report, Annual Information Form, quarterly reports and press releases, is available on the SEDAR website (www.sedar.com).

Consolidated Financial Statements

These consolidated financial statements were restated as described in note 13.

Notice to shareholders

These quarterly financial statements for the periods ended March 31, 2007 and 2006 were not reviewed by our auditors PricewaterhouseCoopers LLP. The financial statements are the responsability of the Management of Boralex Inc. They were reviewed and approved by its Board of Directors, as recommended by its Audit Committee.

Consolidated balance sheets

(in thousands of dollars) (unaudited)	NOTE	As at March 31, 2007	As at December 31, 2006
			(restated - note 2)
ASSETS			
Current assets			
Cash and cash equivalents		**25,116**	13,899
Accounts receivable		**30,550**	26,964
Inventories		**3,162**	5,342
Prepaids		**3,504**	2,776
		62,332	48,981
Investment		**76,285**	75,553
Property, plant and equipment	2	**279,230**	280,136
Electricity sale contracts		**20,002**	20,631
Future income taxes		**2,241**	6,249
Other assets	6	**45,633**	44,480
		485,723	476,030
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**15,289**	20,005
Income taxes		**1,798**	1,786
Current portion of long-term debt	7	**42,919**	41,835
		60,006	63,626
Long-term debt	2.7	**193,893**	192,493
Future income taxes	2	**22,937**	20,780
Deferred revenue	9	**15,088**	16,368
Non-controlling interests		**787**	730
		292,711	293,997
SHAREHOLDERS' EQUITY			
Capital stock		**112,780**	112,451
Retained earnings		**107,426**	97,649
Cumulative translation adjustments	2		(28,067)
Accumulated other comprehensive income	2.8	**(27,194)**	
		193,012	182,033
		485,723	476,030

See accompanying notes

Consolidated statements of earnings

(in thousands of dollars, except per-share amounts and number of shares) (unaudited)	Note	For the quarters ended March 31 2007	2006
			(restated - note 2)
Revenue from energy sales		**50,802**	37,101
Renewable energy tax credits	9	**3,116**	2,955
Operating costs		**30,310**	26,167
		23,608	13,889
Share in earnings of the Fund		**3,478**	3,585
Management revenue from the Fund		**1,406**	1,356
Other revenue		**1,318**	2,441
		29,810	21,271
Other expenses			
Management and operation of the Fund		**1,161**	1,023
Administration costs		**3,491**	2,667
		4,652	3,690
Earnings before amortization		**25,158**	17,581
Amortization	2	**6,485**	4,732
Financial expenses		**3,406**	2,781
		9,891	7,513
Earnings before income taxes		**15,267**	10,068
Income tax expense	2	**5,433**	2,463
		9,834	7,605
Non-controlling interests		**(57)**	(71)
Net earnings		**9,777**	7,534
Net earnings per class A share (basic) (in dollars)		**0.33**	0.25
Net earnings per class A share (diluted) (in dollars)		**0.32**	0.25
Weighted average number of class A shares outstanding (basic)		**30,061,484**	29,997,561

Consolidated statements of retained earnings

(in thousands of dollars) (unaudited)	Note	For the quarters ended March 31 2007	2006
			(restated - note 2)
Balance - beginning of period, as previously reported		**99,208**	84,188
Modification of accounting policy	2	**(1,559)**	(1,260)
Balance - beginning of period, restated		**97,649**	82,928
Net earnings for the period		**9,777**	7,534
Balance - end of period		**107,426**	90,462

Consolidated Statement of Comprehensive Income

(in thousands of dollars) (unaudited)	For the quarters ended March 31 2007	2006
	(restated - note 13)	
Net earnings for the period	**9,777**	7,534
Other components of comprehensive income:		
Variation in the fair value of derivatives designated as cash flow hedges (net of income taxes)	**(1,423)**	-
Non-realized exchange gains (losses) on translation of the financial statements of self-sustaining foreign operations	**(1,528)**	726
Share of cumulative translation adjustments of the Fund (net of income taxes)	**239**	(58)
	(2,712)	668
Comprehensive income	**7,065**	8,202

See accompanying notes

Consolidated statements of cash flows

(in thousands of dollars) (unaudited)	For the quarters ended March 31	
	2007	2006
		(restated - note 2)
Operating activities		
Net earnings	**9,777**	7,534
Distributions received from the Fund	**3,098**	3,098
Adjustments for non-cash items		
Share in earnings of the Fund	**(3,478)**	(3,585)
Amortization	**6,485**	4,732
Amortization of deferred financing costs	**145**	144
Renewable energy tax credits	**(1,330)**	(2,955)
Future income taxes	**5,018**	2,143
Other	**377**	212
	20,092	11,323
Net change in non-cash working capital balances	**(7,195)**	(7,718)
	12,897	3,605
Investing activities		
Purchase of property, plant and equipment	**(499)**	(8,150)
Other	**(1,142)**	(5,441)
	(1,641)	(13,591)
Financing activities		
Bank loans and advances	**-**	(42,012)
Increase in long-term debt	**2,529**	59,896
Payments of long-term debt	**(2,340)**	(2,067)
Financing costs	**(5)**	(717)
Net proceeds on share issuance	**127**	84
Monetization program, net of related expenses	**(254)**	-
	57	15,184
Translation adjustments on cash and cash equivalents	**(96)**	413
Net change in cash and cash equivalents	**11,217**	5,611
Cash and cash equivalents - beginning of period	**13,899**	10,615
Cash and cash equivalents - end of period	**25,116**	16,226
SUPPLEMENTAL DISCLOSURE		
Cash and cash equivalents paid for:		
Interests	**3,309**	2,635
Income taxes	**862**	334

See accompanying notes

Notes to interim consolidated financial statements

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

Note 1.
Accounting policies

These unaudited interim consolidated financial statements were prepared in accordance with the same accounting policies as the ones used in the latest audited consolidated financial statements, except for the new policies described in note 2. These unaudited interim consolidated financial statements and notes should be read in conjunction with the Boralex inc. ("Boralex" or the "Corporation") audited consolidated financial statements as at December 31, 2006.

Note 2.
Change in accounting policy and new accounting policies adopted in 2007

Amortization

In the first quarter of 2007, the Corporation modified the amortization method it uses for its natural gas cogeneration power station and two wind power sites. These sites, which were the Corporation's first investments in these areas in France, were amortized based on the duration of their power sales contracts. Following a technical analysis of these facilities, it was determined that an amortization method based on the useful life of the various components would better reflect the consumption of future benefits related to these assets. The fixed assets of these units were therefore separated into their major components and amortized on a straight-line basis according to their expected useful lives, which range from 5 to 20 years. This change in accounting policy was applied retroactively, with restatement of prior years.

The impact of these changes on previously reported financial statements is as follows:

	December 31, 2006 (as previously reported)	Amortization	December 31, 2006 (restated)
Balance sheet			
Property, plant and equipment	282,489	(2,353)	280,136
Future income taxes liabilities	21,564	(784)	20,780
Retained earnings	99,208	(1,559)	97,649
Cumulative translation adjustments	(28,057)	(10)	(28,067)

	For the three-month period ended March 31,2006		
	(as previously reported)	Amortization	(restated)
Statement of earnings			
Amortization	4,620	112	4,732
Income taxes	2,500	(37)	2,463
Net earnings	7,609	(75)	7,534
Net earnings per class A share (basic and diluted) (in dollars)	0.25	-	0.25

The restatements had no impact on cash flows related to operating, investing and financing activities.

Comprehensive income, Equity, Financial instruments and Hedges

On January 1, 2007, Boralex adopted the new recommendations of Section 1530, "Comprehensive Income," of Section 3251, "Equity," of Section 3855, "Financial Instruments – Recognition and Measurement," and Section 3865, "Hedges", from the handbook of the Canadian Institute of Chartered Accountants ("CICA"). The retroactive application of the new standards does not require restatement of prior periods.

Section 1530, "Comprehensive Income" describes standards for disclosing and presenting comprehensive income and its components. Comprehensive income is the change in a company's net assets which results from transactions and events from sources not related to a company's shareholders. These transactions and events include changes in the currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses resulting from changes in fair value of certain financial instruments.

Note 2. Change in accounting policy and new accounting policies adopted in 2007 (cont'd)

Section 3251, "Equity" describes the standards for presenting equity and changes in equity. Due to the adoption of Section 3251 and Section 1530 described above, Boralex's financial statements now include information on comprehensive income and its other components. On January 1st, 2007, an amount of $28,067,000, previously recorded as *Cumulative translation adjustments*, was reclassified in *Accumulated other comprehensive income*.

Section 3855, "Financial Instruments – Recognition and Measurement" establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard prescribes when to recognize a financial instrument in the balance sheet and at what amount as well as the basis of presentation for gains and losses on financial instruments in the consolidated financial statements.

Boralex has made the following classifications:

- Cash and cash equivalents and CO_2 quotas are classified as "Assets held for trading". They are measured at fair value and the gains or losses resulting from the remeasurement at the end of the period are recognized in net income.
- Accounts receivable are classified as "Loans and receivables". They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.
- Restricted funds and other funds held in trust and investments are classified as "Assets available for sale" and are measured at fair value. Gains and losses resulting from periodic remeasurement are recognized in comprehensive income.
- Accounts payable and accrued liabilities and long-term debt are classified as "Other financial liabilities". They are initially recorded at fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

Section 3855 also provides guidelines for the recognition of fees and costs incurred on the issuance of debt instruments. Transaction costs are now deducted from financial liabilities and are amortized using the effective interest method over the expected life of the liability in question. Following the application of Section 3855, non-amortized financing expenses of $3,011,000 as at January 1, 2007, previously recognized under *Other long-term assets*, have been reclassified under *Long-term debt*.

Boralex chose January 1, 2003 as the transition date for embedded derivatives.

Section 3865, "Hedges" specifies the manner in which hedge accounting is applied. Boralex decided, in accordance with its risk management strategy, to continue to apply hedge accounting for its interest rate swaps and its electricity swaps as cash flow hedges. These derivatives are now recognized at their fair value and the gains and losses resulting from their periodic remeasurement are recognized in comprehensive income, to the extent that the hedging is deemed effective.

The adoption of these new standards translated, as at January 1, 2007, into a $3,585,000 decrease in accumulated other comprehensive income, a $5,272,000 increase in financial instruments reported in *Other assets* and by a $ 1,687,000 increase in *Future income tax liabilities*. The adoption of these new standards had no impact on the Corporation's cash flows.

Note 3. Measurement uncertainty

Boralex records renewable energy tax credits when it possesses a reasonable assurance that they can be used. In order to establish the recoverability of these credits, Boralex forecasted its taxable income on the carry-forward period of the credits. This forecast is based on assumptions that could vary considerably in the future.

The key assumptions are mainly: the future selling price of electricity and its other associated revenues, the price of other energy sources, particularly those of oil and natural gas, future costs of wood-residue procurement, and finally the remaining useful life of the energy producing assets, considering the investments and maintenance planned over the period.

On a three-year horizon, there exists some liquidity in the electricity open market, making it possible to project the future price curve. Beyond three years, prices can be negotiated with specific parties, but often at a significant discount considering a lack of liquidity for such a period. Therefore, the assumption made is that for years four and after, the price will vary according to inflation rates. Assumptions related to the other sources of energy are made using a similar method because there exists a correlation between their price and that of electricity.

In regards to wood-residue costs, this raw material is not part to an organized open market. Purchases are made based on specific agreements negotiated with each supplier. Most of the agreements are renewable on an annual basis, therefore the prices are subject to some volatility. In that context, the assumption for wood-residue costs is based on next year's contracts, adjusted for inflation in the remaining years of the forecast period.

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

Note 4.
Share information

As at March 31, 2007 the capital stock issued and outstanding consisted of 30,084,131 Class A shares (30,049,586 as at December 31, 2006). During the three-month period ending March 31, 2007, 34,545 options were exercised.

As at May 8, 2007 the number of share purchase options outstanding was 1,141,561 of which 534,026 could be exercised.

Note 5.
Share purchase option plan

The Corporation applies the fair value method of accounting for stock-based compensation awards granted to employees and officers. Accordingly, an amount of $202,000 has been recorded as administration cost to account for the cost of stock options, for the three-month period ended March 31, 2007 ($120,000 in 2006).

The following assumptions were used to estimate the fair value, at the date of grant, of each option issued to employees after October 1, 2002:

	2006
Risk-free interest rate	4.40%
Expected dividend yield	0%
Expected life of options	7 years
Expected volatility	44%

Note 6.
Other assets

	Note	March 31, 2007	December 31, 2006
Renewable energy tax credits	6 b)	**20,217**	20,231
Deferred financing costs	2	**-**	3,011
Monetization program expenses	9	**5,368**	5,673
Restricted funds and other funds held in trust	6 c)	**8,323**	8,280
Net investment in lease financings		**6,575**	5,420
Fair value of derivative instruments	2	**3,180**	-
Deferred costs		**249**	355
CO_2 quota		**200**	71
Other investment		**79**	79
Project development costs		**1,442**	1,360
		45,633	44,480

a) Amortization of deferred costs was $11,000 for the three-month period ended March 31, 2007 ($65,000 for the year ended December 31, 2006). Amortization of the costs related to the monetization program was $503,000 for the three-month period ended March 31, 2007 ($153,000 for the year ended December 31, 2006).

b) The renewable energy credits represent tax credits earned by the Corporation before it set up the monetization program as well as tax credits attributable to power stations acquired subsequently. Tax credits earned will be used against future income taxes. Financial projections indicate that the amount recorded may be realized in the next 5 to 10 years.

c) Under the financial agreements for the Massif Central and Plouguin projects, in 2006 the Corporation established cash reserves for debt servicing. In both cases, the reserve account must always contain sufficient assets to cover the debt servicing for the next payment date, i.e., a period of six months.

Note 7.
Long-term debt

	Note	Rate (1)	March 31, 2007	December 31, 2006
Revolving credit bearing interest at a variable rate	a)	7.30%	52,022	49,493
Secured credit with a balance of €15,824,000 as at March 31, 2007 (€15,873,000 in 2006), bearing interest at a variable rate and maturing June 30, 2007	b)	4.12%	24,397	24,408
Secured senior credits with a balance of €83,622,000 as at March 31, 2007 (€83,938,000 in 2006), repayable in semi-annual instalments and maturing between 2017 and 2020	c)	4.99%	128,928	129,071
Secured junior credit with a balance of €3,734,000 as at March 31, 2007 (€3,734,000 in 2006), repayable in semi-annual instalments and maturing in 2015	c)	6.45%	5,757	5,742
Project leases with a balance of €11,589,000 as at March 31, 2007 (€12,096,000 in 2006), repayable in quarterly instalments and maturing between 2012 and 2015	d)	5.64%	17,868	18,600
Term loan bearing interest at a variable rate with a balance of US$4,096,000 as at March 31, 2007 (US$4,296,000 in 2006), repayable in quarterly instalments and maturing July 31, 2007		8.25%	4,723	5,006
Others			6,033	2,008
			239,728	234,328
Less:				
Current portion of long-term debt			42,919	41,835
Deferred financing costs	2		2,916	-
			193,893	192,493

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

a) This financing, for a total authorized of $85,000,000, is guaranteed by Boralex's investment in the Fund, based on the following formula: amounts advanced may not exceed 60% of the market value of the investment. If the market value of the investment were to drop below this limit, creditors would be entitled to demand repayment of a portion of the amounts advanced in order to reestablish the coverage ratio. As at March 31, 2007, the amount used was $52,022,000 and letters of credit for a total of $26,344,000 (including the letter of credit discussed in b) were issued against this operating credit. Lastly, the market value of a unit was $9.78 and the repayment threshold was $9.51 (including all letters of credit in circulation issued on the operating credit).

b) A letter of credit in the amount of $25,336,000 as at March 31, 2007 ($25,269,000 as at December 31, 2006) drawn on the revolving credit was issued to secure the project leases. Boralex intends to refinance this credit on a long-term basis, but it has been included in current liabilities due to its current maturity date.

c) The Corporation finances a significant portion of the development and construction of its wind power sites with senior and junior secured credit. Accordingly, on July 22, 2005, Boralex entered into a major master credit agreement of €190,000,000, including a €150,000,000 senior credit facility, a €10,000,000 junior credit arrangement, and €30,000,000 to finance amounts that will be recoverable in the short term from the French Trésor Public. These funds will be available for the development of new wind power projects, subject to certain conditions. Each project will have separate financing defined by its own contract. Interest will be at a variable rate based on the EURIBOR rate plus a margin. This credit will be available until December 31, 2008.

Senior and junior credits are secured with the assets of the associated projects, with the junior credit being subordinate to the senior credit.

d) Project leases consist of capital leases on assets located in France. The net book value of property, plant and equipment covered by these leases is $23,379,000 ($26,245,000 as at December 31, 2006).

Note 7. Long-term debt (cont'd)

Interest rate swaps

Except for the Nibas wind farm financing, all senior and junior secured credit together with a portion of certain leases bear interest at a variable rate. To offset the interest rate risk, the Corporation has entered into interest rate swaps to obtain fixed interest charges on portions varying from 56% to 100% of the corresponding credit. These agreements involve the periodic exchange of interest payments without any exchange of the principal on which they are calculated. Under these agreements, the Corporation receives a variable amount based on the EURIBOR rate and pays fixed amounts based on rates of between 3.30% and 3.85%. Since the credit is drawn progressively and the loans are periodically repaid when sites are commissioned, the swaps have been structured to mirror the terms of the underlying credit arrangements and to always cover a significant portion of these arrangements. By using these swap instruments, the Corporation has reduced the proportion of its variable-rate debt from 88% to 36%.

Guarantees

In addition to capital assets associated with capital leases and the investment in the Fund securing the revolving bank credit, the property, plant and equipment of one U.S. power station, one Québec power station and the French power stations, with a net book value totalling $174,891,000 as at March 31, 2007 ($172,396,000 as at December 31, 2006), together with the related working capital, have been pledged as collateral on the debts associated to those projects.

The estimated aggregate amount of repayments on long-term debt in each of the next five years is as follows:

2008	42,295
2009	13,776
2010	14,473
2011	66,568
2012	12,507

Note 8.
Accumulated other comprehensive income

	March 31, 2007
Cumulative translation adjustments reclassified in accordance with the new accounting policies (note 2)	(28,067)
Cumulative impact of accounting changes relating to financial instruments (note 2)	3,585
	(24,482)
Other comprehensive income for the period	(2,712)
Balance end of period	(27,194)

Note 9.
Renewable energy tax credit monetization program

The Corporation closed a transaction that allows it to immediately receive a cash portion of the value of the renewable energy tax credits to be earned by some of its wood-residue thermal power stations in the United States. The investor must be the legal owner of the power stations in order to take advantage of these credits. The transaction thus also included the transfer of power station ownership. However, the Corporation continues to consolidate these facilities under AcG-15, which defines the rules for consolidating variable interest entities. Although the Corporation no longer holds the majority voting rights for these operations, it is still the primary beneficiary since it will receive all of the cash flow generated by these facilities and is responsible for any operating losses. In addition, the Corporation continues to operate the facilities under a service agreement that allows it to define strategic and operating parameters.

On December 1, 2006, the Corporation received $16,719,000 (US$14,500,000), or about 50% of the value of the tax credits that will be generated between the transaction date and December 31, 2009, the date when the program ends. The balance of the credit amount will be paid by the investor as the credits are earned. If the Corporation cannot produce enough to absorb the value of the amount initially paid by the investor, the contract requires the Corporation to repay that portion. The Corporation believes that future production will be sufficient to cover all its commitments.

The agreements state that by the end of the program, the Corporation's share of the profits generated by the power stations will automatically be adjusted to a minimum of 80% and that it will have call rights to buy the assets at their market value at that date. Based on current estimates, the buy back option would cost about US$5,000,000.

Due to the implementation of this program, the nature of the amounts recorded from December 1, 2006 has been modified. Although the payments are equivalent to a proportion of the value of the renewable energy tax credit, the amounts recorded cannot be posted against the taxes the Corporation must pay. The Corporation decided that it would not modify the presentation of the items and that it would continue to indicate them separately given their relative materiality.

Note 10.
Financial instruments

The Corporation is carrying long-term debts bearing interest at variable rates. As at March 31, 2007, approximately 88% of the long-term debt issued bears interest at variable rates as do the Corporation's bank loans. A sharp increase in interest rates in the future, could affect the liquid assets available for the Corporation's development projects. As discussed in note 7, the Corporation has used interest rate swaps to reduce its risk by reducing its exposure to interest rate fluctuations to 36% of total debt. As at March 31, 2007, the notional amount of those swaps was $135,864,000 (€88,120,000) and their favourable fair value stood at $3,162,000 (€2,051,000). Some swaps were in a situation of overcompensation for the item covered, however the effect was negligeable.

As at March 31, 2007, the Corporation had entered into five electricity swaps for the deliveries of 314,880 MWh over periods of 7 to 24 months. All these financial electricity swaps as at March 31, 2007 were designed as hedges of future variable cash flows related to the delivery of electricity and their favourable fair value amounted to $18,000 ($US16,000). These contracts qualify for hedge accounting.

Note 11.
Seasonality

The Corporation's power generation follows a seasonal cycle. Generally, consumption increases in the winter and summer, which correspond to Boralex's first and third quarters. This means that, for those two periods, facilities that sell on the open market usually have higher average electricity sales prices. Given this, and because the wood-residue power stations can control their level of production, they operate at a higher level during such periods. Their regular maintenance is then done in the spring or fall, which affects their operating results.

Hydroelectric generation depends on water flows, which in Québec and the northeastern US are at their maximum in the spring and are generally good in the fall, which correspond to Boralex's second and fourth quarters. Flows tend to decrease in the winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs with which they could regulate the water flows.

In other respects, certain power stations have long-term fixed-price power sales contracts. This is the case for the two hydroelectric stations in Québec, one hydroelectric in the US and all of the Corporation's facilities in France.

Consequently, Boralex is affected by seasonal cycles, however, its diversification in production sources reduces the seasonal variations in its results.

Note 12.
Segmented information

The Corporation's power stations are grouped under four distinct segments: hydroelectric power, wood-residue thermal power, natural gas thermal power and wind power, and are engaged mainly in the production of energy. The classification of these segments is based on the different cost structures relating to each types of power station. The accounting policies that apply to the individual segments are the same policies used for the consolidated financial statements as described in note 1.

The Corporation analyzes the performance of its operating segments based on their EBITDA which is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is not a measure of performance under Canadian generally accepted accounting principles; however, management uses this performance measure for assessing the operating performance of its reportable segments. Earnings for each segment are presented on the same basis as those of the Corporation.

Note 12. Segmented information (cont'd)

The following table reconciles EBITDA to net earnings:

	For the quarters ended March 31 2007	2006
		(restated - note 2)
Net earnings	**9,777**	7,534
Non-controlling interests	**57**	71
Income tax expense	**5,433**	2,463
Financial expenses	**3,406**	2,781
Amortization	**6,485**	4,732
Consolidated EBITDA	**25,158**	17,581

Information by segment

	For the quarters ended March 31 2007	2006
PRODUCTION (in MWh)		
Hydroelectric power stations	**33,581**	40,763
Wood-residue thermal power stations	**341,380**	284,417
Natural gas thermal power station	**22,174**	22,649
Wind power stations	**61,976**	46,530
	459,111	394,359
REVENUE FROM ENERGY SALES		
Hydroelectric power stations	**3,079**	3,594
Wood-residue thermal power stations	**33,360**	22,248
Natural gas thermal power station	**6,095**	5,685
Wind power stations	**8,268**	5,574
	50,802	37,101
EBITDA		
Hydroelectric power stations	**2,066**	2,563
Wood-residue thermal power stations	**11,527**	4,247
Natural gas thermal power station	**2,105**	3,503
Wind power stations	**7,070**	4,511
Corporate and eliminations	**2,390**	2,757
	25,158	17,581
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Hydroelectric power stations	**118**	18
Wood-residue thermal power stations	**45**	2,076
Natural gas thermal power station	**2**	-
Wind power stations	**197**	5,982
Corporate and eliminations	**137**	74
	499	8,150

	March 31, 2007	December 31, 2006
ASSETS		(restated - note 2)
Hydroelectric power stations	**35,641**	34,284
Wood-residue thermal power stations	**145,381**	147,099
Natural gas thermal power station	**21,618**	21,944
Wind power stations	**197,348**	194,634
Corporate and eliminations	**85,735**	78,069
	485,723	476,030

Note 13.
Restatement

The Corporation has restated its consolidated statement of comprehensive income for the quarter ended March 31, 2007, as a result of an error in that the other components of comprehensive income were added to net earnings rather than deducted. In addition, comprehensive income is now presented for the comparative period. This error has no impact on the previously reported consolidated balance sheet of the Corporation as at March 31, 2007 and the consolidated statements of earnings, retained earnings and cash flows for the quarter then ended.

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