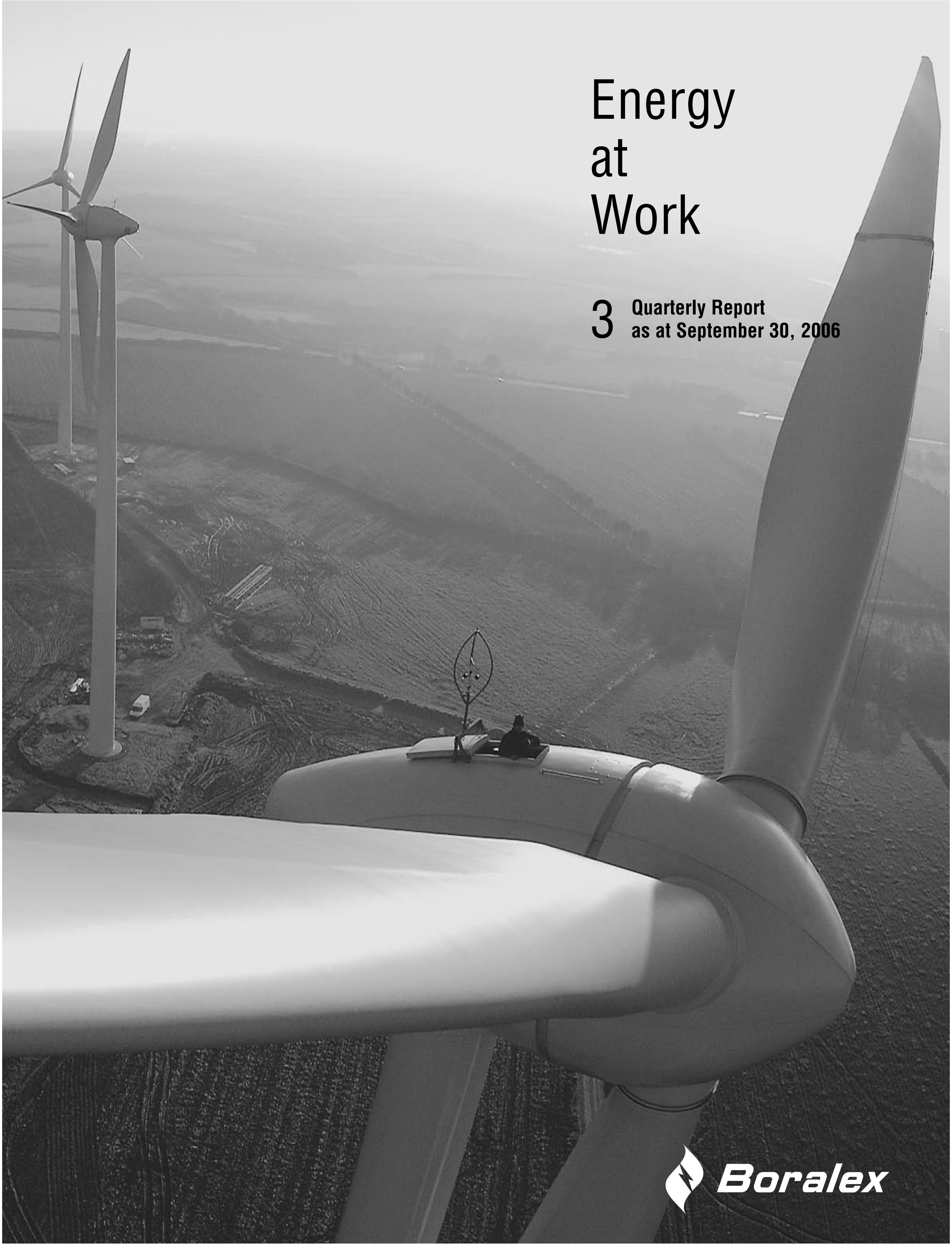


Energy
at
Work
3 Quarterly Report
as at September 30, 2006
Boralex

Profile

Boralex Inc. ("Boralex "or the "Corporation") is a private electricity producer operating in Québec, Canada, in the northeastern United States and in France. With over 275 employees, the Corporation specializes in the generation of green and renewable energy; it thus owns and operates 20 power generation sites with a combined total installed capacity of 315 megawatts ("MW"). In addition to its own power stations, Boralex manages 10 power stations with a total installed capacity of 190 MW in Quebec and the northeastern United States that belong to the Boralex Power Income Fund (the "Fund"), in which it has a 23% interest.

Boralex operates in four different sectors that each corresponds to a different type of energy production:

- Boralex is one of the largest producers of wood-residue energy in North America, with five thermal power stations in Maine and New York State, U.S.A., having a total installed capacity of 186 MW. In addition, on behalf of the Fund, the Corporation manages a wood-residue thermal power station with an installed capacity of 34.6 MW and a wood-residue cogeneration power station with an installed capacity of 28 MW in Québec. To provide a partial source of supply for the power stations, Boralex operates Secure Wood Chips which recycles urban waste wood and has supply agreements with various Canadian and U.S. providers;

- Boralex owns eight hydroelectric power stations, of which five are in the United States, two in Québec and one in France, with a combined total installed capacity of 26 MW. The Corporation manages another seven hydroelectric power stations for the Fund, of which five are in Québec and two in the United States, with a total installed capacity of slightly over 96.4 MW;

- In the past several years Boralex has developed leading expertise in the promising wind energy field, becoming one of the top wind power producers in France, where it currently operates six wind farms with a total installed capacity of 89 MW and is working on developing other sites. Including the new site under construction, total installed capacity will top 100 MW. Under a recent partnership, a wind power development project is also underway in Québec to respond, initially, to the call for tenders issued by Hydro-Québec for 2000 MW slated for May 2007; and

- In France, Boralex operates a 14 MW natural-gas cogeneration power station that also produces an average of 528,000 thousand pounds of steam per year. The Corporation also manages a natural-gas cogeneration power station for the Fund, which has an installed capacity of 31 MW and produces 900,000 thousand pounds of steam per year.

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

Management's Discussion and Analysis as at September 30, 2006

Introductory Comments

General

This report discusses the operating results and cash flows for the three-month and nine-month periods ended September 30, 2005 and 2006, and the Corporation's financial position at those dates. It should be read in conjunction with the unaudited consolidated quarterly financial statements, and with management's discussion and analysis report, audited financial statements and related notes in the Corporation's annual report for the year ended December 31, 2005.

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 November 9, 2006, 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.

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, fluctuations 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 included in the annual report for the year ended December 31, 2005.

No assurance may be given regarding the materialization of results, returns or realizations that are presented or implied in forward-looking statements. Unless required by securities commissions, Boralex management does not assume any obligation to update or revise forward-looking statements included in this report 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 on non-GAAP measurements*" in this report for a comparison of EBITDA figures and certain items in Boralex's consolidated results.

Seasonality

Part of the Corporation's power generation follows a seasonal cycle. Generally, consumption of electricity increases in the winter and summer, which correspond to Boralex's first and third quarters. During these two periods, power stations that do not have long-term power sales contracts can sell on the open market and obtain higher average electricity prices. The wood-residue power stations, because they can control their level of production, operate at a higher level during these periods of peak demand. They thus perform their regular maintenance in the spring or fall, which affects their operating results during those seasons.

Hydroelectric generation depends on water flows, which in Québec and the northeastern U.S. are generally at their maximum in the spring and good in the fall, which correspond to Boralex's second and fourth quarters. Historically, flows tend to decrease in the winter and summer. Note that Boralex's hydroelectric facilities do not have reservoirs that can be used to regulate 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 Quebec, one hydroelectric in the U.S. and all of the Corporation's facilities in France.

To conclude, although Boralex's performance is affected by seasonal cycles, its diversified sources of generation mitigate the seasonal variations.

Financial Highlights

(in thousands of dollars, unless otherwise specified)

Financial Performance	Three-month periods ended September 30 **2006**	2005	Nine-month periods ended September 30 **2006**	2005
Revenue from energy sales				
Hydroelectric power stations	1,785	1,196	8,072	6,522
Wood-residue thermal power stations	17,986	22,989	51,235	57,963
Natural gas power station	2,220	1,914	9,809	9,711
Wind power sites	4,652	859	15,447	4,194
	26,643	26,958	84,563	78,390
EBITDA				
Hydroelectric power stations	815	(61)	5,507	4,202
Wood-residue thermal power stations	2,939	6,051	4,419	12,538
Natural gas power station	236	(283)	4,083	1,815
Wind power sites	4,016	532	12,984	3,232
Corporate and eliminations	366	29	3,869	2,616
	8,372	6,268	30,862	24,403
Net earnings	1,215	2,729	10,307	11,726
Per share (in dollars)	0.04	0.09	0.34	0.39
Weighted average number of shares outstanding	30,049,586	29,986,663	30,028,594	29,986,663

Financial Position	**As at September 30 2006**	As at December 31 2005
Total assets	435,532	429,515
Total debt*	223,073	203,849
Shareholders' equity	169,919	165,211

* Including long-term debt and current maturities, as well as bank loans and advances.

Historical Average Hydroelectric Power Generation (MWh)*	**2006**
Third quarter	15,484
Nine-month period	82,882
Twelve-month period	109,761

* 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, even though it 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 results, EBITDA corresponds to the item *Earnings before the following items*. The following table reconciles EBITDA to the net earnings:

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in thousands of dollars)	**2006**	2005	**2006**	2005
Net earnings	1,215	2,729	10,307	11,726
Non-controlling interests	(11)	(62)	126	125
Income tax expense (recovery)	(1,047)	(20)	(2,825)	1,955
Financial expense	3,125	921	8,803	3,085
Amortization	5,090	2,700	14,451	7,512
EBITDA	8,372	6,268	30,862	24,403

Operating Results for the Three-Month Period ended September 30, 2006

Analysis of major variances:

(in millions of dollars)	Revenue from energy sales	EBITDA
September 30, 2005	27.0	6.3
Start-ups	3.6	3.1
RECs	(1.4)	(1.4)
Volume	0.5	0.5
Pricing	(1.4)	(1.4)
CO_2 quota	-	0.2
Translation of foreign operations	(1.6)	(0.1)
Fuel costs	-	(1.3)
Maintenance	-	1.7
Results related to the Fund	-	0.6
Other	(0.1)	0.2
September 30, 2006	26.6	8.4

Revenue from Energy Sales

Revenue from energy sales amounted to $26.6 million in the three months ended September 30, 2006, down a slight 1% from $27 million for the same period in 2005. However, excluding the $1.6 million decrease related to changes in the value of the Canadian dollar versus the U.S. dollar and euro, revenue would have grown about 4%, or $1.2 million year-over-year.

This performance stems from nearly a 12% increase in production volume. Boralex's third-quarter power generation totalled 340,334 megawatthours (MWh) in 2006, compared to 305,003 MWh in the third quarter of 2005, for additional revenue of about $4.1 million. While this increase mainly stems from the start-up of the Massif Central and Plouguin wind farms in France, it is also, to a lesser extent, due to increased hydroelectric power generation resulting from good hydrologic conditions, as well as higher productivity at the existing wind farms.

Apart from currency fluctuations, quarterly revenue was affected by two main factors:

- a 32% drop in the average selling price per MWh on the U.S. market, which led to a decrease of about $1.4 million in 2006 revenue versus 2005 revenue. The decrease stems mainly from lower natural gas prices, which correlate strongly with electricity prices. Note also that energy prices in the northeastern U.S. rose sharply in the second half of 2005 due to exceptional weather conditions, i.e., a particularly hot summer followed by two hurricanes in the Gulf of Mexico area.

- a $1.4 million decrease in revenue from the sale of renewable energy credits (RECs) due to unfavorable conditions in this market, which is currently suffering from excess supply in relation to 2006 expected production. Although the Corporation produced RECs in the third quarter, it did not sell them all and will try to sell the remainder in coming quarters, when management expects market conditions to improve. Boralex has until June 15, 2007 to sell the RECs it produced in 2006. Finally, the Corporation has already sold a large part of its planned 2007 REC production under forward sales agreements for more than $8 million.

Other Revenue

Boralex received $3.6 million in revenue other than revenue from energy sales in the third quarter of 2006, compared to $2.9 million in 2005. The $0.7 million is mainly due to the $0.6 million increase in Boralex's share of the Fund's results, related to the unusually strong water flows compared to 2005. Note that the Blendecques natural gas plant did not sell any CO_2 quota in the third quarters of 2006 and 2005.

EBITDA

Consolidated EBITDA for the third quarter of 2006 rose to $8.4 million, a solid increase of $2.1 million or 33% over the same quarter in 2005. Excluding currency fluctuations, EBITDA would have grown 35%, primarily due to four factors:

- higher production volume, which added $3.6 million to EBITDA, mainly due to the start-ups of the new wind farms in France;
- a decrease of $1.7 million in maintenance costs compared to 2005. Note that in the third quarter of 2005, Boralex carried out major maintenance work to improve availability at its wood-residue thermal power stations;
- the good performance of the Fund, which added an extra $0.6 million to Boralex's EBITDA; and
- a favorable $0.2 million increase in the fair value of the forward sale of Blendecques' surplus CO_2 quota for 2007.

Conversely, three factors reduced Boralex's operating profitability in the third quarter of 2006:

- the lower REC sales, referred to above, which reduced consolidated EBITDA by $1.4 million;
- the lower average selling price, which reduced EBITDA by $1.4 million; and
- an increase in fuel supply costs for the wood-residue thermal power stations, which reduced EBITDA by $1.3 million. The higher fuel costs are mainly due to two factors: higher oil prices, which have a direct impact on wood-residue transportation costs, and the Corporation's production strategy, in which the wood-residue thermal power stations use fuel that yields more energy but is more expensive than in the past. However, this strategy creates savings because the power stations have a better burn rate, and it reduces equipment wearing, which in the medium term will mean lower maintenance and repair costs.

(A more detailed analysis of changes in revenue and EBITDA in the different segments is presented in "Segmented Results for the Three- and Nine-Month Periods ended September 30, 2006.")

Amortization, Financial Expenses and Earnings Before Income Taxes

Amortization expense totalled $5.1 million in the third quarter of 2006 against $2.7 million in 2005, mainly due to the investments of the past 12 months, including the start-up of the Massif Central and Plouguin wind farms and investments made in 2005 to improve availability at the wood-residue power stations. For the same reasons, financial expenses rose $2.2 million to $3.1 million in the third quarter of 2006. The start-up of the Massif Central and Plouguin sites, in particular, required additional debt financing of about $130 million at rates of about 5%, while the investments since 2005 in the U.S. facilities were financed by Boralex's revolving credit.

Given the combined increase of $4.6 million in amortization and financial expenses, Boralex reported earnings before income taxes of $0.2 million in the third quarter of 2006, compared to earnings before income taxes of $2.6 million for the same period in 2005.

Income tax expense (recovery)

In the third quarter of 2006, Boralex recorded tax recovery of $1 million, which represents a consolidated rate of about 35% of the loss before taxes and renewable energy credits. No particular adjustment to the income tax provision was made in the third quarter of 2006.

Net Earnings

Boralex thus closed the third quarter of 2006 with net earnings of $1.2 million, or $0.04 per share, compared to $2.7 million, or $0.09 per share, for the third quarter of 2005. The weighted average number of shares outstanding remained the same for both periods at 30 million shares.

Boralex recorded a significant increase in its operating income in the third quarter of 2006, primarily due to its recent expansion in the wind power segment in France. This segment is, in effect, a major and stable generator of revenue and profits, and will undoubtedly continue to augment its contribution to the Corporation's profitability, diversification and development of expertise.

However, the wood-residue thermal power segment is currently facing relatively unstable market conditions, marked by lower electricity prices, higher than normal transportation costs and a temporary over-supply in the REC market. This situation, in conjunction with the higher amortization and financial expense linked primarily to expansion in the wind power segment, has reduced the Corporation's net earnings. Management expects that market conditions in the wood-residue segment will improve in future quarters, which should enable it to reap greater financial benefit from its leading position as a green energy producer in North America. The Corporation has already, for example, signed firm contracts for more than $8 million to sell the RECs covering most of Stratton's planned production for 2007. As the Corporation predicted and announced in past quarters, demand for RECs will exceed supply in Connecticut, strengthening the unit price. The Corporation is confident that this favorable context will continue in future years.

Operating Results for the Nine-Month Period Ended September 30, 2006

Analysis of major variances:

(in millions of dollars)	Revenue from energy sales	EBITDA
September 30, 2005	78.4	24.4
Start-ups	11.6	9.8
RECs	(4.2)	(4.2)
Volume	1.5	1.5
Pricing	3.6	3.6
CO_2 quota	-	2.1
Translation of foreign operations	(6.1)	(1.0)
Fuel costs	-	(7.8)
Maintenance	-	1.5
Results related to the Fund	-	1.2
Administration	-	(0.3)
Other	(0.2)	0.1
September 30, 2006	84.6	30.9

Revenue from energy sales

In the nine-month period ended September 30, 2006, revenue from energy sales grew a solid $6.2 million or 8% to $84.6 million, despite the $6.1 million reduction from currency fluctuations. At a constant rate of exchange between the Canadian dollar, U.S. dollar and the euro, energy sales would have grown $12.3 million, or 16%.

Revenue growth in the first nine months of 2006 is due to the following:

- an increase of about 14% in production volume, for a total of 989,558 MWh in 2006, compared to 871,704 MWh for the same period in 2005. This increase generated $13.1 million in additional revenue, of which $11.6 million is attributable to the start-up of the Massif Central and Plouguin wind farms, and $1.5 million to higher levels of power generation at Boralex's U.S. power stations; and

- an increase of about 3% in the average selling price per MWh for all the Corporation's power plants, stemming mainly from higher prices on the U.S. market during the first half, and a higher percentage of revenue from the wind farms in France, which benefit from higher rates than the North American sites. The increase in market prices brought in additional revenue of about $3.6 million compared to 2005.

However, apart from the impact of currency fluctuations, revenue decreased $4.2 million due to the lower revenue from REC sales, related to the current unfavorable conditions in that market, as discussed in the third quarter results, and by the prolonged shutdown of Stratton following successive equipment breakdowns in the second quarter of 2006.

Other Revenue

Boralex reported $15.4 million in revenue other than energy sales in the first nine months of 2006, compared to $12 million in the same period in 2005. The increase of $3.4 million or 28% stems mainly from two factors:

- the sale by the Blendecques natural gas plant of all of its excess CO_2 quota in the first half of 2006, whereas in 2005 only part of the excess quota was sold. This added about $2.1 million in extra revenue; and

- an increase of $1.3 million in the share of the Fund's results due to the superior hydrology in 2006.

EBITDA

Consolidated EBITDA for the first nine months of 2006 rose to $30.9 million, up $6.5 million or 27% from 2005. Excluding the $1 million decrease due to currency fluctuations, EBITDA would have grown 31%. This performance stems primarily from the following factors:

- higher production volume, which generated additional EBITDA of $11.3 million, including $9.8 million from the start-up of the new wind farms in France, and $1.5 million from Boralex's existing facilities, mainly in the hydroelectric segment;

- the increase in the average selling price during the period, which added $3.6 million to consolidated EBITDA for the first nine months;

- revenue from the sale of surplus CO_2 quota, which generated an additional $2.1 million;

- the decrease in maintenance costs for wood-residue thermal power stations, primarily in the third quarter, which saved $1.5 million; and

- an increase in the share of the Fund's results, which added $1.2 million to EBITDA.

However, excluding the negative impact of the exchange rate, Boralex's operating profitability was affected by three items:

- higher fuel supply costs in the wood-residue thermal power segment, and to a much lesser extent at the natural gas plant, which reduced EBITDA by a cumulative $7.8 million;

- lower REC sales, which reduced EBITDA by $4.2 million; and

- a $0.3 million increase in administrative expense, mainly due to the additional costs incurred by the Corporation to comply with the new regulations issued by financial market regulators.

(A more detailed analysis of changes in revenue and EBITDA in the different segments is presented in "Segmented Results for the Three- and Nine-Month Periods Ended September 30, 2006.")

Amortization, Financial Expenses and Earnings Before Income Taxes

Amortization expense in the period totalled $14.5 million compared to $7.5 million in 2005, primarily due to the start-ups of the Massif Central and Plouguin wind farms, as well as the investments made in 2005 to improve availability at the wood-residue thermal power stations. For the same reason, financial expenses rose $5.7 million to $8.8 million in 2006.

Given the combined increase of $12.7 million in amortization and financing expense, Boralex recorded earnings before income taxes of $7.6 million for the first nine months of 2006, compared to $13.8 million in 2005.

Income Tax Expense (Recovery)

Income taxe recovery during the period totalled $2.8 million, which includes two positive adjustments in the second quarter of 2006. Excluding these items and renewable energy tax credits, the consolidated tax rate was about 35%.

Net Earnings

For the first nine months of 2006, Boralex posted net earnings of $10.3 million, or $0.34 per share, compared to $11.7 million, or $0.39 per share, in 2005. At 30 million, the weighted average number of shares outstanding remained the same for both periods.

In summary, the excellent results of the first quarter were mitigated in subsequent quarters by higher fuel supply costs, the extended second-quarter shutdown at Stratton due to successive equipment breakdowns, and a certain weakness in electricity selling prices and in the REC market in the United States during the third quarter.

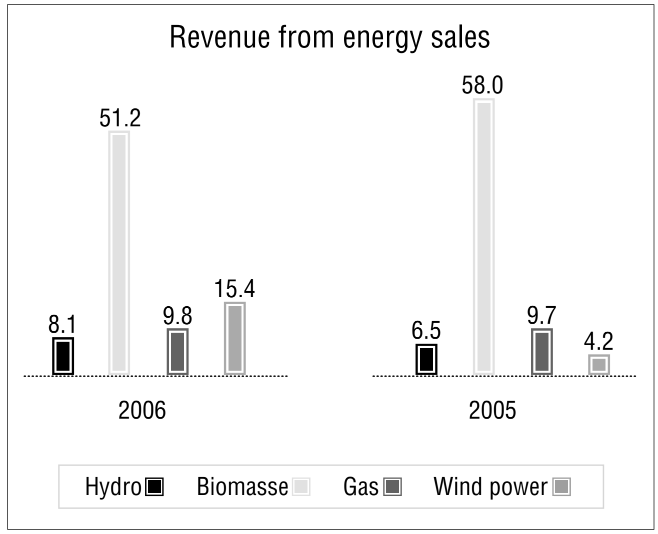
Boralex's operating results are, however, up over last year, mainly due to its strong expansion in the wind power segment, combined with a significant improvement in profitability at the natural gas plant and its hydroelectric facilities. Management believes that the combination of its various development projects, a more favorable outlook for the U.S. market in 2007, and the performance of its wind power segment, in particular, should continue to support its performance in future quarters.

Segmented Results for the Three- and Nine-Months Ended September 30, 2006

Distribution by segment

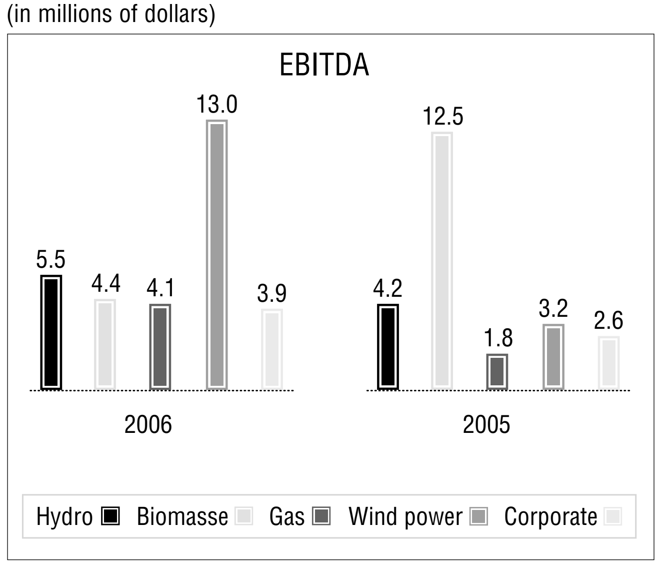
(cumulative results for the first nine months of 2006)

(in millions of dollars)



From the start of fiscal 2006, due to the Massif Central and Plouguin start-ups, which added combined capacity of 65 MW, revenue generated by the wind power segment grew 268%, raising its contribution to consolidated revenue from 5% in 2005 to 18% this year. This expansion increases Boralex's diversification.

(in millions of dollars)



The new wind farms also increased this segment's contribution to EBITDA, which rose from 13% in 2005 to 42% in 2006.

Hydroelectric power stations

Analysis of major variances:

	Three-month period		Nine-month period	
(in millions of dollars)	Revenue from energy sales	EBITDA	Revenue from energy sales	EBITDA
September 30, 2005	1.2	(0.1)	6.5	4.2
Volume	0.8	0.8	1.9	1.9
Pricing	(0.2)	(0.2)	0.1	0.1
Translation of U.S. operations	(0.1)	-	(0.4)	(0.3)
Maintenance	-	0.2	-	0.2
Non-recurring items	-	-	-	(0.4)
Other	0.1	0.1	-	(0.2)
September 30, 2006	1.8	0.8	8.1	5.5

Three-month period

For the three months ended September 30, 2006, Boralex's hydroelectric segment reported revenue of $1.8 million compared to $1.2 million in 2005, up 50%. Excluding the negative impact of the Canadian-U.S. exchange rate, growth would have been about 58%.

The increase, stemming from the positive impact of better hydrology, was partly offset by the decrease in average selling price. The hydroelectric segment almost doubled its quarterly power generation year-over-year, generating 22,863 MWh compared to 11,568 MWh a year earlier. Power generation in the third quarter exceeded historical averages by close to 48%.

For the same reasons, and due to a $0.2 million decrease in maintenance costs, quarterly EBITDA in the hydroelectric segment grew by $0.9 million, from a loss of $0.1 million in 2005 to a profit of $0.8 million this year.

Note that an equipment failure at the Warrensburg power station in late August 2006 will keep the plant off-line until the end of the year because of the time it will take to obtain replacement parts. The Corporation is currently evaluating this situation with its insurers. In addition, following the announcement of the planned purchase of a sixth hydroelectric power station in New York State, due diligence by Boralex has led it to pursue negotiations with the seller on certain aspects of the offer. It is not possible at this point to set a date for the transaction closure.

Nine-month period

Revenue in this segment grew $1.6 million or 25% to $8.1 million at the end of the first nine months of 2006 (excluding the impact of the exchange rate, growth would have been 31%). Apart from a slight increase in the average selling price year-over-year, this performance stems primarily from better hydrologic conditions than in 2005. The power stations increased their generation by 32%, to 100,653 MWh in 2006 compared to 76,121 MWh in 2005. Generation in 2006 exceeded the historical average by about 21%.

The increase in power generation, the slightly higher selling price and lower maintenance costs helped raise the EBITDA for this segment by 31%, or $1.3 million, to $5.5 million, compared to the same period in 2005. Note that in the first quarter of 2005, Boralex recorded adjustments that increased EBITDA by $0.4 million. Excluding those adjustments and the rise in the Canadian dollar, EBITDA for this segment would have grown by 48%.

Wood-residue thermal power stations

Analysis of major variances:

(in millions of dollars)	Three-month period: Revenue from energy sales	Three-month period: EBITDA	Nine-month period: Revenue from energy sales	Nine-month period: EBITDA
September 30, 2005	23.0	6.1	58.0	12.5
RECs	(1.4)	(1.4)	(4.2)	(4.2)
Volume	(0.5)	(0.5)	0.3	(0.4)
Pricing	(1.6)	(1.6)	1.5	1.5
Translation of U.S. operations	(1.6)	(0.2)	(4.4)	(0.4)
Tax credits	-	-	-	0.2
Fuel costs	-	(1.3)	-	(6.7)
Maintenance	-	1.4	-	1.5
Other	0.1	0.4	-	0.4
September 30, 2006	18.0	2.9	51.2	4.4

Three-month period

For the three months ended September 30, 2006, the wood-residue thermal power stations recorded revenue of $18 million, down $5 million or 22% from revenue of $23 million for the same period in 2005. Excluding the negative impact of the exchange rate, revenue would have been down about 15%.

Apart from currency fluctuations, the lower quarterly revenue from this segment is primarily due to three factors:

- a $1.6 million decrease caused by the significant price drop on the U.S. market in the third quarter, which led to a 9% decrease in the average selling price per MWh for Boralex's thermal power stations;

- a $1.4 million decrease due to the current unfavourable conditions in the REC market; and

- a $0.5 million decrease related to a planned reduction in power generation because prices were less attractive. Thus the five facilities generated a total of 279,311 MWh in 2006, compared to 286,295 MWh in 2005. Also, the Fort Fairfield power station was struck by lightning in early July 2006, which led to a 38-day shutdown. Since this event was covered by insurance, there was no material negative financial impact on the Corporation.

Note that the decrease in electricity prices on the U.S. market since the middle of 2005 is related to lower natural gas prices to which electricity prices are strongly correlated. Plus, U.S. energy prices rose sharply in the third quarter of 2005 due to higher demand arising from the hot summer weather and the effects of the two hurricanes that hit the Gulf of Mexico during this period. Boralex expects that prices will stabilize on the open market in the fourth quarter, although they will still be lower than the relatively high level of the fourth quarter of 2005.

With respect to RECs produced in the third quarter of 2006 and not sold under forward-sales contracts, they can be sold until June 15, 2007. Boralex's assessment of the Connecticut market is that market conditions will improve in 2007, when distributors will be required to provide a higher percentage of renewable energy. This will drive demand higher than supply. The required percentage rises to 7% in 2010, versus 2% in 2006. Furthermore, the Corporation already has sold most of its expected REC production for 2007 for over $8 million under forward sales agreements, and the markets have recently shown a certain upward trend with respect to 2006 RECs. In addition, Boralex expects to finalize the Chateaugay power station REC contract by the end of fiscal 2006.

Segment EBITDA was down $3.2 million, or 52%, in the third quarter of 2006 compared to the same quarter in 2005 (down 49% excluding the impact of currency fluctuations). This decrease is mainly due to the same unfavorable factors that affected revenue, i.e., lower REC revenue, lower electricity prices and slightly lower production volume. Combined, these three factors decreased EBITDA by $3.5 million.

In addition, EBITDA was affected by a $1.3 million rise in fuel supply costs, which in turn was more than offset by a $1.4 million decrease in maintenance expenses compared to 2005. Note that Boralex did major maintenance in the third quarter of 2005 to improve the availability of its wood-residue thermal power stations. At that time it also incurred non-recurring maintenance expenses to improve Stratton's anti-pollution system. The higher fuel cost is partly due to higher oil prices, which have a direct impact on fuel transportation costs. It is also due to the production strategy for the wood-residue thermal power stations, which are now using better quality and therefore more expensive fuel than in the past. However, this strategy creates savings because the power stations have a better burn rate, and it reduces equipment wearing, which in the medium term will mean lower maintenance and repair costs.

Nine-month period

For the nine-month period ended September 30, 2006, revenue totalled $51.2 million, down 12% from $58 million for the same period in 2005. Excluding the rise in the Canadian dollar, which reduced total revenue by $4.4 million, revenue would have been down 4%. The decrease is primarily due to the $4.2 million reduction in revenue from the sale of RECs, largely stemming from the Stratton shutdown in the second quarter due to equipment failure, and the lower volume of REC sales in the third quarter.

In the second quarter, Stratton suffered successive equipment breakdowns, including certain boiler tubes, forcing the facility to close, in total, for almost 75 days during the quarter. Then, because of an insufficient number of operating days, it did not meet the regulatory requirements for receiving RECs. When a power station is stopped and then started up again, it takes a few days to stabilize emissions at the required levels. To ensure this situation does not repeat, Boralex cleaned and inspected all boiler tubes and identified and replaced the weak tubes. Five-year maintenance was also done on the turbine during the scheduled spring shutdown, which should improve Stratton's efficiency. The Corporation is currently in discussions with the insurer regarding this incident.

Apart from the negative impact of currency fluctuations and lower revenue from REC sales, revenue in the wood-residue segment benefited from the following:

- a $1.5 million increase, due to a 4% increase in the power stations' average selling price for the period; and

- an additional $0.3 million from increased power generation by power stations other than Stratton and Fort Fairfield, in particular Livermore Falls and Chateaugay, whose average selling price is usually higher. Moreover, the Corporation is currently in talks with the counterparty to the power sales contract for the Ashland and Fort Fairfield power stations in order to renew the terms and conditions for the years 2007-2009. The new conditions will be announced when the agreements are concluded at the end of 2006.

For the segment as a whole, power generated in the nine-month period totalled 738,106 MWh compared to 741,491 MWh in 2005, which is a very slight decrease considering that the Stratton shutdown subtracted about 60,000 MWh. This basically satisfactory performance can be credited to the greater availability of wood-residue supplies, as a result of the supply strategy adopted by Boralex since 2004, which permits power stations to run at a higher level when electricity prices are more advantageous. Production in 2006 also benefited from the greater availability of Ashland, which was still being run-in in 2005.

EBITDA for the wood-residue thermal power segment was down $8.1 million, from $12.5 million in 2005 to $4.4 million in 2006. The segments profitability was affected by the following:

- a total increase of $6.7 million in fuel supply costs, for the reasons referred to above;

- a $4.2 million decrease in revenue from the sale of RECs;

- the slight drop in total power generation, which reduced EBITDA by $0.4 million; and

- the $0.4 million decrease in EBITDA due to currency fluctuations.

However, this segment benefited from, among others, a higher average selling price for the period, which added $1.5 million to EBITDA, and a $1.5 million decrease in maintenance costs.

Natural-gas cogeneration plant

Analysis of major variances:

	Three-month period		Nine-month period	
(in millions of dollars)	Revenue from energy sales	EBITDA	Revenue from energy sales	EBITDA
September 30, 2005	1.9	(0.3)	9.7	1.8
Volume	-	-	(0.6)	0.1
Pricing	0.3	0.3	1.7	1.7
Translation of French operations	0.1	-	(0.8)	-
CO_2 quota	-	0.2	-	2.1
Natural gas cost	-	0.1	-	(1.1)
Other	(0.1)	(0.1)	(0.2)	(0.5)
September 30, 2006	2.2	0.2	9.8	4.1

Three-month period

For the three months ended September 30, 2006, revenue from energy sales from the Blendecques natural gas plant amounted to $2.2 million, up $0.3 million year-over-year. The increase is mainly due to a higher average steam price, which more than offset the lower steam sales during the period.

In the third quarters of 2005 and 2006, Blendecques did not sell any surplus CO_2 quota or, as planned, produce any electricity. Since the cost of natural gas remained high, the plant's cogeneration equipment was shut down again this year from April to October. The client was supplied with steam from an auxiliary boiler. Blendecques is slated to start up and run its cogeneration equipment from November 2006 to April 2007, at which time it will be shut down again, unless natural gas prices have dropped significantly and the plant's profitability margin is positive.

Despite the lower volume of steam sales, EBITDA for Blendecques rose $0.5 million to $0.2 million in the third quarter, compared to a loss of $0.3 million year-over-year, due to the higher average selling price, a slight decrease in the cost of natural gas and a positive variation of $0.2 million in the fair value of the forward sale of surplus CO_2 quota for 2007.

Nine-month period

For the nine-month period ended September 30, 2006, revenue from energy sales at Blendecques amounted to $9.8 million compared to $9.7 million for the same period in 2005. Excluding the rise in the Canadian dollar compared to the euro, revenue would have grown 9% due to higher electricity and steam prices, which raised revenue by $1.7 million. However, apart from currency fluctuations, revenue was affected by the decrease in the volume of electricity and steam sales.

EBITDA for the first nine months of 2006 jumped to $4.1 million, up strongly over EBITDA of $1.8 million for the same period in 2005. The growth is largely due to the sale of CO_2 quota, which brought in $2.1 million more than in 2005, and to higher selling prices, which added $1.7 million to operating revenue. However, revenue was adversely affected by the items mentioned above, in particular the cost of natural gas.

Wind power sites

Analysis of major variances:

(in millions of dollars)	Three-month period: Revenue from energy sales	Three-month period: EBITDA	Nine-month period: Revenue from energy sales	Nine-month period: EBITDA
September 30, 2005	0.9	0.5	4.2	3.2
Start-ups	3.6	3.1	11.6	9.8
Volume	0.2	0.2	(0.1)	(0.1)
Translation of French operations	-	-	(0.4)	(0.3)
Other	-	0.2	0.1	0.4
September 30, 2006	4.7	4.0	15.4	13.0

Three-month period

For the three months ended September 30, 2006, revenue from the wind power segment increased by more than fivefold to $4.7 million, compared to $0.9 million for the same quarter in 2005. In total, wind turbines generated 38,082 MWh compared to 7,131 MWh in 2005. This strong growth is mainly due to the start-up of the Massif Central (57 MW) and Plouguin (8 MW) sites. The Nibas and Chépy sites also improved their productivity as a result of generally good wind conditions and improved availability, which reached close to 99% thanks to better technical management. At 93% the Avignonet-Lauragais site had lower availability, due to scheduled preventive maintenance. The same factors resulted in a $3.5 million increase in quarterly EBITDA, which rose to $4 million.

Note that the start-up of St-Agrève (12 MW), scheduled for the first quarter of 2007, has been pushed back a few weeks due to supplier delays in equipment deliveries. Also, as at July 31, 2006, Boralex repurchased the 35% interest held by minority shareholders in the Avignonet-Lauragais wind power site.

Nine-month period

For the nine-month period ended September 30, 2006, revenue from the wind power segment more than tripled to $15.4 million, compared to $4.2 million a year earlier; excluding the impact of currency fluctuations, it almost quadrupled. This performance is mainly due to the addition of the Massif Central and Plouguin sites. The segment generated 128,042 MWh versus 31,612 MWh in the same period in 2005. In the first half of the year, wind conditions were weaker than a year earlier at the existing Nibas, Chépy and Avignonet-Lauragais sites, but improved in the third quarter. Note that in the second quarter of 2006, the Corporation repurchased the 5% minority interests in its Massif Central project.

EBITDA rose from $3.2 million in 2005 to $13 million in 2006, despite the $0.3 million reduction due to currency fluctuations. This strong growth stems mainly from the start-up of the new sites.

Principal Cash Flows for the Three- and Nine-Month Periods Ended September 30, 2006

Operating activities

For the third quarter of 2006, cash flows related to operating activities before net change in non-cash working capital ("cash flows from operations") amounted to $3.3 million compared to $3.6 million for the same quarter in 2005. The increase in EBITDA in the third quarter of 2006 was mostly cancelled out by the Corporation's higher financial expense, due to the increased borrowing for development projects.

The change in non-cash working capital items required $4.6 million in cash assets, compared to cash flow of $18 million produced a year earlier. Use of funds in 2006 related mainly to the lower accounts payable due to the payment of major maintenance in the second quarter, and to an increase in accounts receivable in relation to June 30, 2006, due to increased activity at all power stations by the end of the third quarter. In the third quarter of 2005, the significant cash assets produced by the change in non-cash working capital items stemmed from the increase in accounts payable related to construction of the Massif Central and Plouguin sites, which were paid in the fourth quarter of 2005 and the first quarter of 2006. In addition, revenue from the sale of RECs in the first quarter of 2005 was received in the third quarter. As a result, operating activities used net cash flows of $1.3 million in 2006, whereas in 2005 they produced $21.6 million.

For the first nine months of 2006, despite the slight decrease in cumulative net earnings, Boralex's cash flow from operations totalled $16.6 million compared to $16.1 million in 2005, stemming in part from the greater impact of amortization on results for 2006. The change in non-cash working capital items required cash assets of $8.4 million compared to a $5.1 million inflow of funds for the same period in 2005. The use of working capital in 2006 is due to the payments required to start and complete various projects, including final payments related to construction of the Massif Central and Plouguin sites. For the first nine months of 2005, the significant cash flows generated in the third quarter by the increase in accounts payable and receipt of REC payments were decreased by payments made in prior quarters to qualify Stratton for the REC market, finalize the Nibas project and pay out initial sums to build the Massif Central project. As a result, operating activities in the first nine months of 2006 produced net cash flows of $8.2 million, compared to $21.2 million in 2005.

Investing activities

In the third quarter of 2006, Boralex invested $4.8 million, consisting of $2.2 million (€1.5 million) to buy out the 35% minority interests in the Avignonet-Lauragais wind farm, $1.8 million for new assets related primarily to development of the St-Agrève site, and $0.7 million to increase other assets, mainly to cover the cost of studying the wind power potential of the Seminary of Québec lands and buying new wood chip shredders that were leased to suppliers as part of the supply strategy for the wood-residue thermal power stations. In the third quarter of 2005, Boralex invested $58.5 million in expansion, including $52.1 million to acquire and develop the Massif Central and Plouguin wind power sites, and to acquire equipment to improve the productivity of wood-residue thermal power stations and qualify them for the REC program.

Since the beginning of 2006, Boralex has invested $28.8 million, compared to $129.7 million for the same period a year earlier. Of the amount invested in 2006, about $18.3 million was used to develop wind power in France, i.e., to acquire capital assets, buy out the minority interests in the Massif Central and the Avignonet-Lauragais sites, and set aside reserves as required by the Massif Central financing agreement. The balance was mainly invested in the wood-residue thermal power stations for the purchase of mobile equipment and production equipment required for regular spring maintenance ($7.9 million), and the purchase of equipment to be leased to suppliers ($1.3 million). In 2005, in addition to the acquisition and construction of the Massif Central and Plouguin wind power sites (for a total investment of $111.8 million), the Corporation also invested a net amount of about $18 million in its wood-residue thermal power stations, for regular maintenance, the purchase of secondary systems to improve performance and the purchase of equipment to be leased to wood-residue suppliers.

Financing activities

The most important financing transaction since the start of 2006 was the refinancing of the revolving credit. On January 27, 2006, Boralex announced that it had concluded a long-term refinancing agreement of $85 million, replacing the original $65 million revolving credit issued in 2004. The new arrangement consists of a three-year revolving credit, with two one-year options to renew. Like the previous facility, the new financing is guaranteed by Boralex's investment in the Fund, to a limit based on the market value of the Fund's trust units. The amounts borrowed may therefore not exceed a certain percentage of the market value of the investment, or the lenders can recall a portion of the amounts borrowed. The instrument bears variable interest at bankers' acceptance rate, adjusted by a margin that varies depending on the ratio of debt coverage by the investment in the Fund.

In the nine-month period ended September 30, 2006, Boralex used its new revolving credit to repay $40.8 million on its old credit. Boralex also repaid $4 million on the VAT loan related to the Massif Central and Plouguin projects and started making regular payments (totalling $3.5 million since the beginning of 2006). The remaining $3.3 million was required for regular payments on debts incurred for one of the U.S. wood-residue thermal power stations, the Blendecques natural gas plant and the other wind power sites in France, except for St-Agrève, for which the first repayment will be required six months after it starts up. In 2006, Boralex also drew $11.5 million on its authorized borrowing for the Massif Central and Plouguin projects, along with an initial $6.7 million for the St-Agrève project. An amount of $9.2 million has been drawn on the revolving credit facility since the start of the year, including $4.6 million in the third quarter of 2006 to, among other things, fund working capital requirements, pay the maintenance costs incurred near the end of the second quarter for the U.S. wood-residue power stations, and the purchase of new shredders required by Boralex's wood-residue supply strategy. In 2005, most of the increase in the long-term debt was related to borrowing for the Massif Central and Plouguin projects.

The $1.2 million in financing costs for the three months ended September 30, 2006 covered the second payment on fees for arranging the €190 million ($0.4 million) master agreement signed in 2005, as well as a U.S. financing project (including a tax credit monetization program) expected to close by the end of November 2006 ($0.8 million). The financing project is described in more detail in the section on the wood-residue power stations in *Outlook* (see below). Financial expenses totalling $2.5 million for the first nine months also include $0.5 million in the second quarter for fees for the new U.S. financing program, as well as fees of $0.7 million paid in the first quarter to obtain the new revolving credit discussed above.

Lastly, since the start of 2006, Boralex has issued shares valued at $0.3 million, due to the exercise of options by employees.

In summary, total cash flows for the first nine months of 2006, net of translation adjustments on cash and cash equivalents, required $6.9 million in cash, including $6.5 million in the third quarter, leaving a balance of $3.7 million as at September 30, 2006.

Financial Position as at September 30, 2006

General

The changes in the financial position of Boralex between December 31, 2005 and September 30, 2006 primarily reflect the Corporation's expansion in the wind power segment and the related financing by means of long-term debt, as well as the use of some of the Corporation's cash assets to repay debt incurred for development purposes, and to finance immediate operating needs, namely major maintenance costs in the wood-residue segment.

Assets

As at September 30, 2006, total assets amounted to $435.5 million compared to $429.5 million as at December 31, 2005. The $6 million increase is due to the following:

- growth in the wind power segment, with investments since the start of the year totalling $12.3 million ($18.3 million including cash reserved for debt service); and

- investments of $9.2 million in the wood-residue thermal power stations for spring maintenance and equipment purchases. The Corporation also benefited from renewable energy credits amounting to $8.4 million for this segment.

On the other hand, the rise in the Canadian dollar versus the U.S. dollar led to an asset decrease of about $6.2 million. Lastly, amortization of long-term debt reduced assets by $14.8 million.

Working capital

At the end of the first nine months of 2006, Boralex's working capital showed a deficit of $21.7 million, compared to a deficit of $18.6 million as at December 31, 2005. The higher deficit stems, despite a reduction of close to $10 million in accounts payable, mainly from the use of cash assets as described above, as well as the reduction in future tax benefits that Boralex expected to obtain in 2006. These two items alone decreased short-term assets by $12.1 million. However, at September 30, 2006, non-cash working capital, that is, before cash and cash equivalents, loans and advances and the current portion of long-term debt stood at $12.9 million compared to $9.8 million as at December 31, 2005.

Total debt and shareholders' equity

Since December 31, 2005, the Corporation's total debt has risen from $203.8 million ($193.2 million net of cash) to $223.1 million ($219.4 million net of cash) due to credit required for the Massif Central, Plouguin and St-Agrève projects. No new project has been announced since the beginning of the year. After upcoming borrowing for the St-Agrève project, the Corporation will still have undrawn credit of about €160 million on the master credit agreement of €190 million, which gives it considerable flexibility to undertake new wind power projects between now and the end of 2008. At current construction costs, this would allow it to carry out projects totalling more than 100 MW.

Given Boralex's share price, which was $9.59 at September 30, 2006, the total debt to market capitalization ratio was 77% at that date, compared to 81% at December 31, 2005, when the share value was $8.39. Shareholders' equity has grown $4.7 million since the start of fiscal 2006, mainly due to the period's net earnings, net of the increase in translation adjustments caused by the rise in the Canadian dollar versus the U.S. dollar. Equity thus totalled $169.9 million at September 30, 2006.

At the end of the second quarter, the U.S. financing, with a balance of US$4.5 million ($5 million) at September 30, 2006, was renewed under the same terms and conditions to May 1, 2007. Boralex also obtained an extension to December 31, 2006 on its €15.8 million bridge loan issued by a French bank for construction of the Massif Central wind farms. As at September 30, 2006, the Corporation had also issued three letters of guarantee on its revolving credit, totalling $25 million, mainly to guarantee the bridge loan. The Corporation is currently in talks to convert part of the bridge loan into long-term financing. At the end of the third quarter, the Corporation had borrowed a total of $75 million on its revolving credit, and can borrow an additional $10 million on this credit.

Outlook

Boralex's management is confident about the Corporation's performance in the coming quarters. In particular, it expects that in the fourth quarter of 2006 the recent expansion in the wind power sector combined with the continued good performance of the hydroelectric power stations and the natural gas plant will partly offset the less favorable environment in the wood-residue thermal power segment.

Wood-residue segment

Although electricity prices on the open market in the northeastern U.S. have improved since the end of the third quarter, the Corporation believes that the record prices of the fourth quarter of 2005 will not recur this year. Also, some clauses in the power sales contract for the Ashland and Fort Fairfield power stations are currently being renegotiated for the years 2007-2009. The Corporation hopes to be able to obtain conditions that are a better reflection of current prices on the open electricity market.

The Corporation has already signed firm contracts to sell the RECs covering most of the planned production at Stratton in 2007, for more than $8 million. As the Corporation predicted and announced in past quarters, demand for RECs will exceed supply in Connecticut, strengthening the unit price. The Corporation is confident that this favorable context will continue in future years. It also plans to finalize, by the end of 2006, the New York State REC contract for its power station in Chateaugay.

The wood residue cost-per-ton has risen significantly in the past few years, primarily due to increases in the price of oil, which has an impact on transportation costs, and use of higher-quality residues. Boralex is continually looking for ways to reduce this cost. The Corporation is therefore trying to exercise more control over fuel origins in order to reduce the transportation distances. In the past two years, significant investments have thus been made in mobile shredding equipment, making it possible to reduce the distance travelled for a third of the annual wood-residue requirements. Also, although the wood-residue segment uses better-quality fuel that is more expensive than in the past, this strategy creates significant savings because it results in a better burn rate and reduces equipment wearing, which translate into lower maintenance and repair costs. In general, the supply and production strategies implemented since 2004 have enabled Boralex to assure a stable fuel supply for its power stations.

Lastly, the performance of the wood-residue segment will continue to benefit from the U.S. power station tax credits for generating renewable energy. Note that the U.S. authorities have increased the credit to US$10/MWh for 2006.

On September 18, 2006, Boralex announced that it had filed an application with the Federal Energy Regulatory Commission (FERC) to approve a transaction which would result in the monetization of the renewable energy U.S. production tax credits to which its U.S. subsidiary, Boralex Industries Inc., is entitled for the period from the transaction closing date to the end of the tax credit program on December 31, 2009. These tax credits are awarded under section 45 of the U.S. Internal Revenue Code to qualified wood-residue thermal power stations based on their generation of electricity. FERC's approval having been obtained, Boralex expects to complete this transaction by the end of the year, subject to execution and delivery of definitive agreements and the satisfaction of customary closing conditions thereunder. Details of the transaction will be provided upon its completion.

In conjunction with the monetization transaction, the Corporation plans to issue new U.S. debt financing that will enable it to repay its current loan of US$4.5 million and provide for general corporate purposes, including the development of its activities. The financing will be guaranteed by all of the Corporation's U.S. assets. Terms and conditions will be announced when the transaction is finalized.

Wind power segment

The new Massif Central and Plouguin wind farms have completed their running-in phase and are fully contributing to productivity in this segment. Also, Boralex's increasing technical expertise in this area has enabled it to improve wind-farm availability rates and to establish certain preventive measures against, for instance, the effects of frost. The start-up of the St-Agrève site (12 MW) slated for the first quarter of 2007, has been pushed back a few weeks because of a delay in the delivery of equipment by the supplier. St-Agrève will therefore only start making a full contribution to consolidated results in the third quarter of 2007.

Boralex and its partners are continuing to study the wind power potential of the Seminary of Québec lands. The wind measurements taken to date are promising and management continues to believe that this site will give it a competitive advantage in relation to, among others, Hydro-Québec's call for tenders to generate 2000 MW. The Corporation now has more than a full year of data on wind conditions and 13 measurement towers on the site that it has selected for development for this bid.

Hydroelectric segment

The hydroelectric power stations have had excellent water flows since the start of 2006, which will have a positive impact on the year as a whole. Boralex notes, however, that the performance in 2006 is not indicative of a trend. The power stations do not have reservoirs, so they should be generating levels in line with their historical averages.

The Warrensburg power station, which suffered an equipment breakdown in the third quarter, will probably be off-line until the end of 2006 due to the time required to obtain the necessary replacement parts. The temporary shutdown of Warrensburg will not have any material impact on results, given that it has an installed capacity of less than 3 MW and we are currently evaluating the situation with our insurers. Furthermore, following the announcement this summer about the planned acquisition of a sixth power station in New York State, due diligence by Boralex has led to negotiations with the seller regarding certain aspects of the offer. It is too early to determine when this transaction will close.

Natural gas power station

The cogeneration equipment at Blendecques will start up again in November 2006 for the winter period. However, since the price of natural gas remains high, management currently expects that the cogeneration equipment will be shut down again next year from April to October and that steam will be supplied to the plant's industrial client from an auxiliary boiler, unless natural gas prices drop significantly and the plant's profitability margin is sufficient to justify the cost. Note that as anticipated, Blendecques results for 2006 benefited from the sale of surplus CO_2 quota that will be generated in 2007, which means that there will be no surplus sold in 2007.

Overall, with recent investments in the wind power sector, management expects that revenue, profits and cash flows from operations will grow in the coming quarters. This should allow it to partially meet its regular cash flow needs, strengthen its financial position and pursue its other expansion projects. Boralex does not plan, in the short term, to pay dividends on its Class A shares because its policy is to reserve its cash assets for its growth projects.

The longer-term outlook for Boralex is also positive, given the quality and more balanced distribution of its segment asset-base and its expertise in generating green and renewable energy, which is part of a growing trend worldwide, particularly since the sharp rise in fossil fuel prices has made alternative power generation more economically attractive. In addition, Boralex's 23% share in the Fund assures it stable and predictable cash flows. The Corporation will be studying the potential impact of the new tax provisions related to the taxation of income trusts announced on October 31, 2006 by the Minister of Finance of Canada. Overall, Boralex will continue to judiciously exploit the opportunities that arise in its fields of expertise, while paying close attention to the responsible management of operating costs and business risks.

Capital Stock Information

As at September 30, 2006, Boralex's capital stock consisted of 30,049,586 Class A shares issued and outstanding (29,989,398 as at December 31, 2005). Since the start of 2006, employees have exercised a total of 60,188 share purchase options, and 7,486 options were cancelled in the second quarter of 2006. In addition, 297,664 new options were issued to members of Boralex's senior management. As at November 9, 2006, share purchase options numbered 1,176,106, of which 496,317 can be exercised.

On June 12, 2006, Boralex announced its intention to begin a normal course issuer bid starting on June 14, 2006 and ending on June 13, 2007. The normal course issued bid will enable Boralex to acquire up to 1,500,000 Class A Shares, representing about 5% of Boralex's 30,049,586 issued and outstanding Class A Shares as at May 31, 2006. Purchases pursuant to the normal course issuer bid will take place as part of Boralex's normal activities, through the Toronto Stock Exchange. The Class A Shares purchased will be cancelled. As at November 9, 2006, Boralex had not purchased any Class A Shares under this program. A copy of the notice of intention to begin a normal course issuer bid can be obtained free of charge from the Corporation.

Financial Instruments

There has been no significant change in the Corporation's risk management strategy since December 31, 2005.

Market risk

As at September 30, 2006, Boralex held four electricity-related financial swaps for periods of 3 to 30 months, for total notional amount of swaps in effect at that date of 128,784 MWh. The estimated favorable fair value of these contracts is US$1,461,000 ($1,629,000).

Interest rate risk

As at September 30, 2006, Boralex held interest rate swaps to cover its variable rate debt in France. The total notional amount of swaps in effect at that date is €88,352,000 ($125,018,000). The estimated favorable value of these instruments is €363,000 ($514,000).

Related Party Transactions

In addition to holding 23.3% of the Fund's trust units, the Corporation is linked to the Fund by long-term management and administration agreements. For the nine-month period ended September 30, 2006, these agreements generated 4.1% of Boralex's total revenue (4.5% in 2005), while its share of the Fund's results represented 7.8% (7.2% in 2005). Furthermore, Boralex has received distributions from the Fund of $9.3 million since the start of 2006 ($9.3 million in 2005).

One of Boralex's power stations in France supplies steam to Norampac Inc., which is 50% owned by Cascades Inc. Cascades is a company that has considerable influence over Boralex, since it holds 43% of its share capital. For the first nine months of 2006, revenue from Norampac amounted to $6.4 million ($6.1 million in 2005).

The Corporation also has a management contract for a power station controlled by one of its directors and officers. For the nine-month period ended September 30, 2006, revenue from this contract amounted to $0.3 million ($0.4 million in 2005).

New Accounting Standards to be Adopted in Future Years

Financial instruments, hedging, equity and comprehensive income

In January 2005, CICA published four new sections: Section 1530 "*Comprehensive Income*"; Section 3251 "*Equity*"; Section 3855 "*Financial Instruments - Recognition and Measurement* " and Section 3865 "*Hedges*". These new standards regarding recognition and measurement of financial instruments, hedging and comprehensive income have been created to harmonize with the generally accepted accounting policies already used in the United States. The Corporation must adopt the new standards no later than the period starting January 1, 2007, but early adoption is accepted. The Corporation is presently evaluating the impact of these new standards on its financial position and results of operations.

Risks and Uncertainties

The Corporation has not observed any material change with regard to the risks and uncertainties to which it is exposed, as described in the "*Risks and Uncertainties*" section of Management's Discussion and Analysis included in its Annual Report for the year ended December 31, 2005.

Additional Information

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

Consolidated Financial Statements

Notice to shareholders

These quarterly financial statements for the periods ended September 30, 2006 and 2005 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)

	Note	**As at September 30 2006**	As at December 31 2005
Assets		(unaudited)	(audited)
Current assets			
Cash and cash equivalents		3,671	10,615
Accounts receivable		23,527	26,006
Inventories		5,694	5,232
Prepaid expenses		2,301	1,955
Future income taxes		2,787	7,979
		37,980	51,787
Investment		75,106	77,997
Property, plant and equipment		265,411	262,460
Electricity sale contracts		19,414	16,814
Other assets	6	37,621	20,457
		435,532	429,515
Liabilities			
Current liabilities			
Bank loans and advances	7	-	1,215
Accounts payable and accrued liabilities		18,671	28,608
Income taxes		2,720	2,787
Current portion of long-term debt	7	38,251	37,802
		59,642	70,412
Long-term debt	7	184,822	164,832
Future income taxes		20,463	28,026
Non-controlling interests		686	1,034
		265,613	264,304
Shareholders' equity			
Capital stock	3,4	112,320	111,686
Retained earnings		94,495	84,188
Cumulative translation adjustments		(36,896)	(30,663)
		169,919	165,211
		435,532	429,515

See accompanying notes

Consolidated statements of earnings

(in thousands of dollars, except per-share amounts and number of shares)
(unaudited)

	For the quarters ended September 30		For the nine-month periods ended September 30	
	2006	2005	**2006**	2005
Revenue from energy sales	26,643	26,958	84,563	78,390
Renewable energy tax credit	3,138	3,107	8,361	8,169
Operating costs	22,060	23,318	67,571	64,343
	7,721	6,747	25,353	22,216
Share in earnings of the Fund	1,995	1,394	7,779	6,469
Management revenue from the Fund	1,369	1,330	4,080	4,039
Other revenue	259	181	3,580	1,535
	11,344	9,652	40,792	34,259
Expenses				
Management and operation of the Fund	1,021	968	3,139	2,974
Administration	1,951	2,416	6,791	6,882
	2,972	3,384	9,930	9,856
Earnings before the following	8,372	6,268	30,862	24,403
Other expenses				
Amortization	5,090	2,700	14,451	7,512
Financial expenses	3,125	921	8,803	3,085
	8,215	3,621	23,254	10,597
Earnings before income taxes	157	2,647	7,608	13,806
Income tax expense (recovery)	(1,047)	(20)	(2,825)	1,955
	1,204	2,667	10,433	11,851
Non-controlling interests	11	62	(126)	(125)
Net earnings	1,215	2,729	10,307	11,726
Net earnings per class A share (basic and diluted)	$0.04	$0.09	$0.34	$0.39
Weighted average number of class A shares outstanding	30,049,586	29,986,663	30,028,594	29,986,663

See accompanying notes

Consolidated statements of retained earnings

(in thousands of dollars)
(unaudited)

	For the nine-month periods ended September 30	
	2006	2005
Balance - beginning of period, as previously reported	84,188	63,419
Share of a change in accounting policy of the Fund	-	(319)
Balance - beginning of period, restated	84,188	63,100
Net earnings	10,307	11,726
Balance - end of period	94,495	74,826

See accompanying notes

Consolidated statements of cash flows

(in thousands of dollars)
(unaudited)

	Note	For the quarters ended September 30 2006	For the quarters ended September 30 2005	For the nine-month periods ended September 30 2006	For the nine-month periods ended September 30 2005
Operating activities					
Net earnings		1,215	2,729	10,307	11,726
Distributions received from the Fund		3,097	3,097	9,293	9,293
Items not affecting cash					
Share in earnings of the Fund		(1,995)	(1,394)	(7,779)	(6,469)
Amortization		5,090	2,700	14,451	7,512
Amortization of deferred financing costs		100	43	371	143
Future income taxes		(1,191)	(514)	(2,255)	1,690
Renewable energy tax credit		(3,138)	(3,107)	(8,361)	(8,169)
Non-controlling interests		(11)	(62)	126	125
Others		141	106	423	252
Cash flows from operations		3,308	3,598	16,576	16,103
Net change in non-cash working capital balances		(4,646)	18,011	(8,354)	5,136
		(1,338)	21,609	8,222	21,239
Investing activities					
Business acquisitions	5	-	-	-	(16,383)
Purchase of minority interests	5	(2,165)	-	(3,162)	-
Purchase of property, plant and equipment		(1,849)	(57,854)	(17,715)	(112,421)
Other assets		(745)	(668)	(7,952)	(1,316)
Proceeds on disposal of property, plant and equipment		-	-	-	400
		(4,759)	(58,522)	(28,829)	(129,720)
Financing activities					
Bank loans and advances	7	-	1,580	(42,012)	13,475
Increase in long-term debt	7	4,691	43,731	68,252	106,898
Payments of long-term debt		(4,125)	(1,030)	(10,918)	(3,867)
Financing costs		(1,240)	(528)	(2,521)	(2,726)
Net proceeds on issuance of shares		-	-	274	-
		(674)	43,753	13,075	113,780
Translation adjustments on cash and cash equivalents		247	(1,487)	588	(1,565)
Net change in cash and cash equivalents		(6,524)	5,353	(6,944)	3,734
Cash and cash equivalents - beginning of period		10,195	3,823	10,615	5,442
Cash and cash equivalents - end of period		3,671	9,176	3,671	9,176
SUPPLEMENTAL DISCLOSURE					
Cash and cash equivalents paid for:					
Interest		3,010	1,002	8,420	3,081
Income taxes		176	146	820	1,456

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 following the same accounting policies as the ones used in the latest audited consolidated financial statements. These unaudited interim consolidated financial statements and notes should be read in conjunction with the Corporation's audited consolidated financial statements as at December 31, 2005.

Note 2 - Measurement uncertainty

Following the adoption, during the second quarter of 2005, of the accounting policy regarding tax credits, Boralex now records renewable energy tax credits when it possesses a reasonable assurance that they can be recovered. 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 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 negociated 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 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 3 - Share information

As at September 30, 2006 the capital stock issued and outstanding consisted of 30,049,586 Class A shares (29,989,398 as at December 31, 2005). During the nine-month period ending September 30, 2006, 60,188 options were exercised, and 7,486 options were cancelled during the second quarter of 2006. Also, 297,664 options have been granted during the last three quarters.

As at November 9, 2006 the number of share purchase options outsdanding was 1,176,106 of which 496,317 could be exercised.

Note 4 - 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 $360,000 has been recorded as administration cost to account for the cost of stock options, for the nine-month period ended September 30, 2006 ($188,000 in 2005).

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	2005
Risk-free interest rate	3.85%	3.85%
Expected dividend yield	0%	0%
Expected life of options	5 years	5 years
Expected volatility	45%	45%

Notes to interim consolidated financial statements
(tabular amounts in thousands of dollars, unless otherwise specified)
(unaudited)

Note 5 - Business acquisitions

On April 5, 2005, the Corporation acquired six french companies which owned the rights to build and operate wind farms, the long term electricity sales contracts, as well as some in process site construction. These sites are situated in the Massif Central area in France, possess a capacity of 57 MW and began their commercial operation at the end of December 2005. Consideration for this acquisition was paid in cash and amounted to $13,667,000 (€8,722,000).

On June 28, 2005, the Corporation acquired a french company which owned the rights to build and operate a wind farm, the long term electricity sales contracts, as well as some in process site construction. This site is situated in Plouguin in France, offers a capacity of 8 MW and started operating at the end of December 2005. Consideration for this acquisition was paid in cash and amounted to $2,716,000 (€1,827,000).

		2005	
	Wind Massif Central	Wind Plouguin	Total
Working capital	756	317	1,073
Property, plant and equipment	2,937	230	3,167
Electricity sales contracts	10,236	2,193	12,429
Total consideration	13,929	2,740	16,669
Cash and cash equivalents included in working capital	262	24	286
Net consideration	13,667	2,716	16,383

On June 29, 2006, the Corporation repurchased minority interests of 5% of the Massif Central Project for a consideration of €700,000 ($997,000). This amount has been added to the value of the electricity sales contracts acquired initially.

On July 31, 2006, the Corporation repurchased minority interests of 35% of the Avignonet-Lauragais Project for a consideration of €1,500,000 ($2,165,100). This amount has been added to the value of the electricity sales contracts acquired initially.

Note 6 - Other assets

	September 30 2006	December 31 2005
Renewable energy tax credits	18,396	10,625
Net investment in lease financings	5,205	4,114
Deferred financing costs	4,207	2,060
Deferred costs	398	671
CO_2 quota	158	717
Restricted funds and other funds held in trust	7,998	1,636
Investments	73	85
Project development costs	1,186	549
	37,621	20,457

a) Amortization of deferred costs was $53,000 for the nine months ended September 30, 2006 ($156,000 for the twelve months ended December 31, 2005). Amortization of deferred financing costs was $371,000 for the nine months ended September 30, 2006 ($477,000 for the twelve months ended December 31, 2005). The other items are not subject to amortization.

b) The Corporation has recorded during the last two years an amount of $18,396,000 (of which $8,361,000 during the first nine months of 2006) of renewable energy tax credits that can be used against US federal income tax during the course of the next 20 fiscal years. These credits are awarded for producing electricity by using wood-residues as the source of fuel, since January 1st, 2005.

c) During the first nine months of 2006, the Corporation reserved an amount of €4,221,000 ($5,950,000), as required under the financing of Massif Central and Plouguin.

Notes to interim consolidated financial statements

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

Note 7 - Long-term debt

	Note	Rate (1)	September 30 2006	December 31 2005
Revolving credit bearing interest at a variable rate	a)	6.33%	50,017	40,797
Secured credit with a balance of €15,824,000 as at September 30, 2006 (€15,725,000 in 2005), bearing interest at a variable rate and maturing December 31, 2006	b)	3.27%	22,390	21,775
Secured senior credits with a balance of €85,150,000 as at September 30, 2006 (€79,578,000 in 2005), repayable in semi-annual instalments and maturing between 2017 and 2020	c)	4.99%	120,487	109,857
Secured junior credit with a balance of €3,887,000 as at September 30, 2006 (€2,300,000 in 2005), repayable in semi-annual instalments and maturing in 2015	c)	6.45%	5,500	3,175
Project leases with a balance of €12,301,000 as at September 30, 2006 (€13,585,000 in 2005), repayable in quarterly instalments and maturing between 2012 and 2015	d)	5.51%	17,406	18,755
Term loan bearing interest at a variable rate with a balance of US$4,496,000 as at September 30, 2006 (US$5,096,000 in 2005), repayable in quarterly instalments and maturing May 1, 2007	e)	6.45%	5,015	5,942
Others			2,258	2,333
			223,073	202,634
Less:				
Current portion of long-term debt			38,251	37,802
			184,822	164,832

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

a) On January 27, 2006, Boralex announced that it had concluded a long-term refinancing agreement of $85 million, replacing the original $65 million revolving credit issued in 2004. The new arrangement consists of a three-year revolving credit, with two one-year options to renew. Like the previous facility, the new financing is guaranteed by Boralex's investment in the Fund, to a limit based on the market value of the Fund's trust units. The amounts borrowed may therefore not exceed a certain percentage of the market value of the investment, or the lenders can recall a portion of the amounts borrowed. The instrument bears variable interest at bankers' acceptance rate, adjusted by a margin that varies depending on the ratio of debt coverage by the investment in the Fund.

As at September 30, 2006 in order to secure some transactions including the credit discussed in b), the Corporation has issued letters of credit for a total of $25,000,000 against this credit.

b) This credit is secured by a letter of credit of $23,742,000, as previously mentioned. 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. During the second quarter of 2006, the Corporation extended this credit until December 31, 2006.

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. As at September 30, 2006, an amount of €160,329,000 ($226,866,000) is available on this credit agreement.

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 capital assets covered by these leases is $24,534,000 ($27,567,000 as at December 31, 2005).

e) During the 1st quarter of 2006, this term loan has been extended for an additional period of one year under the same conditions, deferring it's maturity until at May 1st, 2007.

Notes to interim consolidated financial statements
(tabular amounts in thousands of dollars, unless otherwise specified)
(unaudited)

Note 7 - Long-term debt (continued)

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 of 50% 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 37%.

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 French power stations, with a net book value totalling $163,158,000 as at September 30, 2006 ($161,288,000 as at December 31, 2005), 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:

2007	38,251
2008	10,543
2009	10,476
2010	60,706
2011	10,189

Note 8 - Financial instruments
A large part of Boralex's debt bears interest at a variable rate. As at September 30, 2006, variable rate debt accounted for around 88% of the total indebtedness. Bank loans and advances also bear variable interest rates. If those rates should increase significantly in the future, this could affect the amounts of liquidities available to develop new projects. As discussed in note 7, the use of interest rate swaps enables Boralex to reduce its exposure to interest rate volatility by reducing its exposure to that risk from 88% to 37%. As at September 30, 2006, the notional amount of those swaps was $125,018,000 (€88,352,000) and their favourable fair value stood at $514,000 (€363,000).

As at September 30, 2006, Boralex had also signed four electricity price swaps for total deliveries of 128,784 MWh and for periods covering from 3 to 30 months. All these swaps were designated as hedges of future variable cash flows related to the delivery of electricity. Their favourable fair value as at that date was $1,629,000 (US$1,461,000) and they are eligible for hedge accounting.

Note 9 - 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 Quebec, 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.

Notes to interim consolidated financial statements

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

Note 10 - Comparative figures

Some comparative figures have been reclassified in order to conform to the current period's presentation.

Note 11 - 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 type 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.

Notes to interim consolidated financial statements
(tabular amounts in thousands of dollars, unless otherwise specified)
(unaudited)

Note 11 - Segmented information (continued)

Information by segment	For the quarters ended September 30		For the nine-month periods ended September 30	
	2006	2005	**2006**	2005
PRODUCTION (in MWh)				
Hydroelectric power stations	22,863	11,568	100,653	76,121
Wood-residue thermal power stations	279,311	286,295	738,106	741,491
Natural gas thermal power station	78	9	22,757	22,480
Wind power stations	38,082	7,131	128,042	31,612
	340,334	305,003	989,558	871,704
REVENUE FROM ENERGY SALES				
Hydroelectric power stations	1,785	1,196	8,072	6,522
Wood-residue thermal power stations	17,986	22,989	51,235	57,963
Natural gas thermal power station	2,220	1,914	9,809	9,711
Wind power stations	4,652	859	15,447	4,194
	26,643	26,958	84,563	78,390
EBITDA (1)				
Hydroelectric power stations	815	(61)	5,507	4,202
Wood-residue thermal power stations	2,939	6,051	4,419	12,538
Natural gas thermal power station	236	(283)	4,083	1,815
Wind power stations	4,016	532	12,984	3,232
Corporate and eliminations	366	29	3,869	2,616
	8,372	6,268	30,862	24,403
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Hydroelectric power stations	232	367	379	350
Wood-residue thermal power stations	-	5,127	7,945	16,245
Natural gas thermal power station	59	-	153	124
Wind power stations	1,558	52,313	9,153	95,528
Corporate and eliminations	-	47	85	174
	1,849	57,854	17,715	112,421
(1) The following table reconciles EBITDA to net earnings:				
Net earnings	1,215	2,729	10,307	11,726
Non-controlling interests	(11)	(62)	126	125
Income tax expense (recovery)	(1,047)	(20)	(2,825)	1,955
Financial expenses	3,125	921	8,803	3,085
Amortization	5,090	2,700	14,451	7,512
Consolidated EBITDA	8,372	6,268	30,862	24,403

	September 30 2006	December 31 2005
ASSETS		
Hydroelectric power stations	31,020	26,787
Wood-residue thermal power stations	132,480	128,287
Natural gas thermal power station	19,546	18,258
Wind power stations	185,195	175,940
Corporate and eliminations	67,291	80,243
	435,532	429,515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