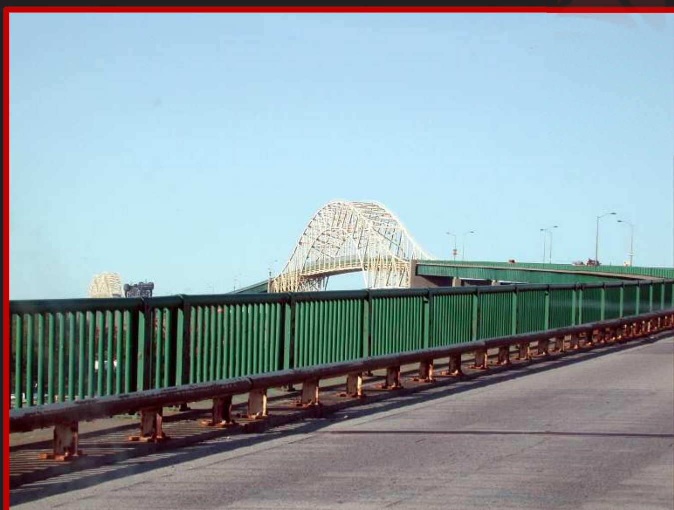
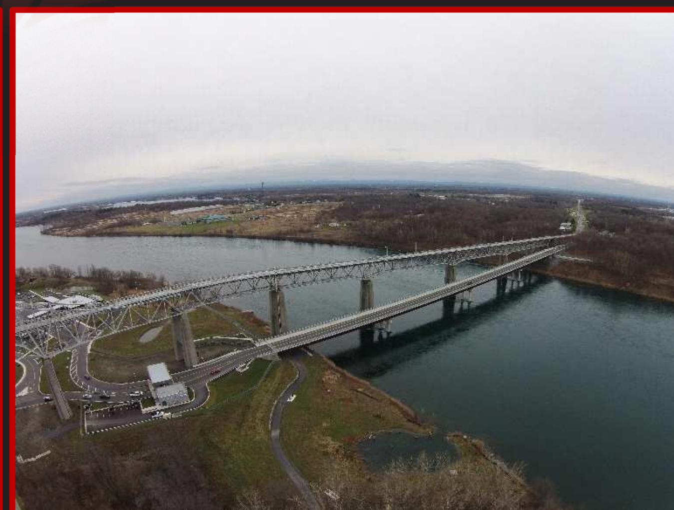
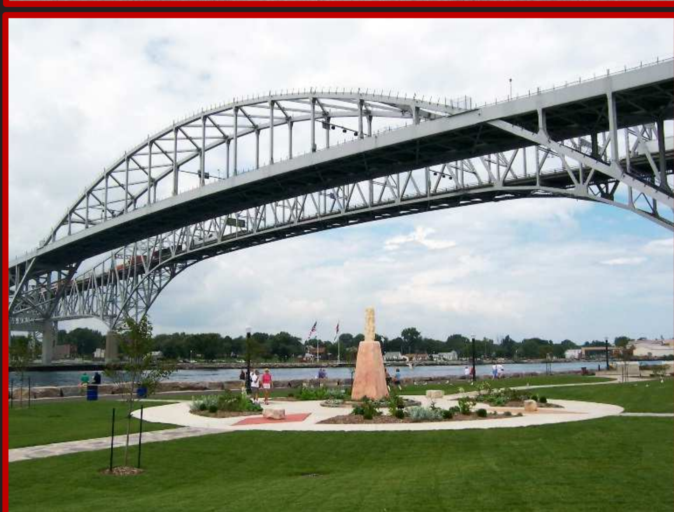
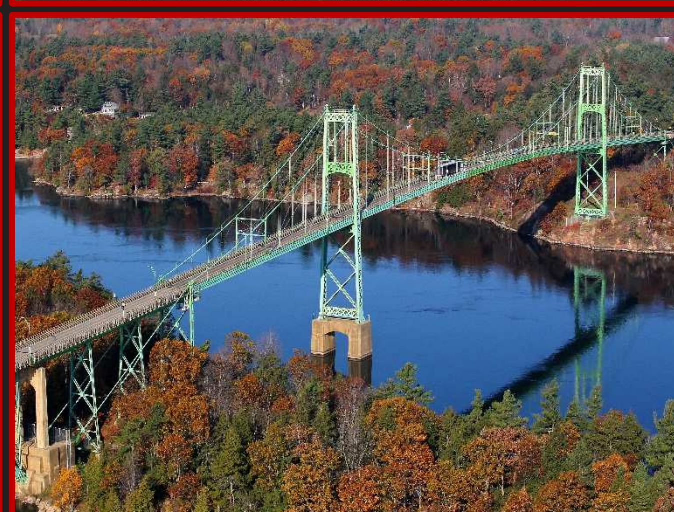
THE FEDERAL BRIDGE CORPORATION LIMITED









QUARTERLY FINANCIAL REPORT

2nd QUARTER (Q2) – UNAUDITED

For the six months ended September 30, 2015

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Cover photos:
Top left to right: *Sault Ste. Marie International Bridge and the old and new North Channel Bridges in Cornwall*
Bottom left to right: *Blue Water Bridge in Point Edward and Thousand Islands Bridge in Lansdowne*

Note concerning FBCL's second quarter financial statements

The consolidated financial statements presented and discussed herein are being presented in advance of audited consolidated financial statements being available for the prior year ended March 31, 2015. Year-end financial statements are not yet available, due to continued work between The Federal Bridge Corporation Limited (FBCL) and its auditors on the presentation and conversion of accounting standards in relation to the complex amalgamation of FBCL on February 1, 2015. Comparison values for the Interim Consolidated Statement of Financial Position are made to the March 31, 2015, in the same manner as which the first quarter was presented. Actual values, once the prior year audit is finalized, will be updated for both the first and second quarters of FBCL's current fiscal year.

1.0 FBCL

The FBCL is a federal Canadian Crown Corporation operating at arm's length from the federal government. FBCL is entrusted with the oversight of select Crown assets linking the United States and Canada. These international bridge crossings provide vital trade routes and links from Ontario to Michigan and New York states. The assets that FBCL is entrusted with are located in Sault Ste. Marie, Point Edward, Lansdowne, and Cornwall, all within the province of Ontario. Its international bridges are some of the most important fixed-link crossings in Canada.

1.1 Mandate

FBCL's mandate is to provide the highest level of stewardship so that its bridge structures are safe and efficient for users. The Corporation is responsible for the proper design, construction, financing, maintenance, operation, management, development, and repair of bridges and associated structures under its control. FBCL is also in a position to be able to provide expertise to the federal government in relation to other bridges outside of FBCL's group of entrusted assets.

1.2 FBCL Group

FBCL is the amalgamation of two former parent Crown Corporations, which were the Blue Water Bridge Authority (BWBA), and the Federal Bridge Corporation Limited (*legacy* FBCL). This amalgamation occurred February 1, 2015, and was the result of the Government of Canada's legislation *Economic Action Plan 2013 Act, No. 2*, which was initially passed through Parliament in December 2013, and amended in the Fall of 2014. The legislation included the following:

- The legacy FBCL subsidiary, The Jacques Cartier and Champlain Bridges Incorporated (JCCBI) in Montreal becoming its own parent Crown corporation;
- An amalgamation of:
  - Legacy FBCL with its two remaining subsidiaries, The Seaway International Bridge Corporation Limited (SIBC) in Cornwall and the St. Mary's River Bridge Company (SMRBC) in Sault Ste. Marie; and
  - Legacy FBCL with the Blue Water Bridge Authority (BWBA) in Point Edward/Sarnia.
- The amalgamated corporation would use the FBCL name.

1.2 FBCL Group (Cont'd)

The establishment of JCCBI as a parent Crown Corporation occurred on February 13, 2014, the amalgamation of legacy FBCL and SMRBC took place on January 27, 2015. There is no current date set for the remaining entity, SIBC, to be amalgamated.

These consolidated quarterly financial reports include the accounts of FBCL (as described above); including the operations of the Thousand Islands International Bridge, and its proportionate share (50%) of its interest in its government partnership, the SIBC. As a result of the fact that FBCL is now a new organization, with an incorporation date of February 1, 2015, the only comparison period that is available is for the year-end values on the Interim Consolidated Statement of Financial Position. As the Corporation did not exist prior to February 1, 2015, there are no comparison values available on the Interim Consolidated Statement of Comprehensive Income for the April to September 2014 (i.e. what would have been the first two quarters for the prior year) time frame.

2.0 Q2 2015-16 in Review

This quarterly financial report has been prepared in accordance with the requirements of the *Financial Administration Act* and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board Secretariat.

This quarterly financial report assesses the operations and financial status of FBCL for the fiscal quarter ended September 30, 2015 (Q2). It should be read in conjunction with the interim unaudited condensed consolidated financial statements and related notes, included herein. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from FBCL's interim unaudited condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

2.1 Summary

At September 30, 2015, FBCL is reporting a consolidated net income of $2.67 million for the three months ended September 30, 2015. The operating income before government funding was $2.57 million for the second quarter. Year-to-date net income is reported as $6.45 million, at September 30, 2015, which compares to an annual budget of $11.17 million. Operating income before government funding, for the first two quarters is reported as $4.14 million, which compares to an annual budget of $7.46 million.

Toll revenue, in the second quarter, for the FBCL group amounted to $9.31 million, and year-to-date of $17.50 million. This year-to-date value represents 53.9% of the budgeted total for the fiscal year. Traffic volumes at all of FBCL's bridges have had reductions in total paying traffic volumes as compared to last year at the same time (comparison made as traffic volumes are available on a bridge by bridge basis) by as much as 19.7% for the year. Additional discussion on revenue follows in section 3.1.

2.1 Summary (Cont'd)

Net working capital (defined as current assets minus current liabilities) has increased significantly as compared to the results from the prior year-end. At the end of the prior year, working capital was $12.45 million, and has increased by 52.6% ($6.55 million) to $19.01 million at September 30, 2015. This increase is largely attributed to the decrease in the decommissioning liability of the North Channel Bridge (NCB) over the course of the first six months of the fiscal year. This liability is largely funded by the Government of Canada through appropriations that were initiated by the legacy FBCL.

Capital acquisitions in the quarter amounted to $8.88 million, and $15.09 million year-to-date. Significant contributions to this capital spending in the second quarter was related to the Sault Ste. Marie Canadian Plaza Redevelopment of $4.68, rock removal and site preparation on the Lansdowne Canada Border Services Agency (CBSA) project for $2.34 million, and $0.90 million spent on the new toll system in Point Edward.

2.2 Outlook

The value of the Canadian dollar has continued to drop in relation to the US dollar, and this is having a considerable effect on the volume of traffic crossing international bridges. FBCL continues to monitor the results on a bridge-by-bridge basis. The FBCL portfolio model enables it to maintain its target revenue, or significantly limit its decrease. The reduction in passenger traffic that has reached almost 20% at some bridges such as Sault Ste. Marie and Cornwall, is being partially offset by higher commercial traffic at the Point Edward and Lansdowne crossings. All bridges continue to review exchange rates and make adjustments to toll rates, as required.

The next phase of the Canadian Plaza Redevelopment Project in Sault Ste. Marie began in June 2015. The work, which is valued at $32.9 million, is expected to be complete by 2018, and is funded through the Gateway and Border Crossings Fund. Traffic flow and bridge operations are paramount and are being taken into consideration during the construction process.

In Point Edward, resurfacing and waterproofing on the westbound span was completed in the first quarter. An additional project at this crossing is to improve customer service by offering more payment options with a new automated toll program. This work has started and will continue through the Fall of 2015. A phased-in approach sees a few lanes added at a time, and further service offerings (such as self-managed accounts) linked to the new automated toll program will follow.

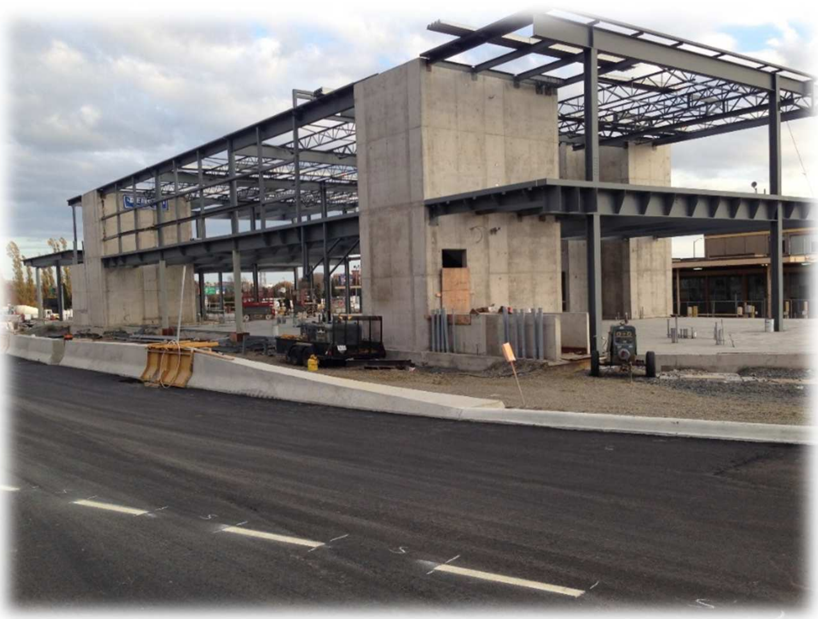
In Lansdowne, a new customs facility is being constructed. Rock excavation is largely complete in the area, and construction work is commencing and will continue year-round, with completion expected in 2018. This project is entirely funded through appropriations received by FBCL.

In Cornwall, the demolition of the old NCB is moving ahead and has significantly altered the skyline of the city. Alignment of the approaches to the new bridge will be started when the demolition contract is completed, which is expected to be in the Spring of 2016. The significantly shortened bridge span has increased the efficiency of the crossing. The effect of the declining exchange rate combined with the challenge of the free passage to the Mohawk community has contributed to a financial hardship in the 2015-16 fiscal year and perhaps beyond. SIBC and FBCL will be monitoring operations closely to mitigate this risk.

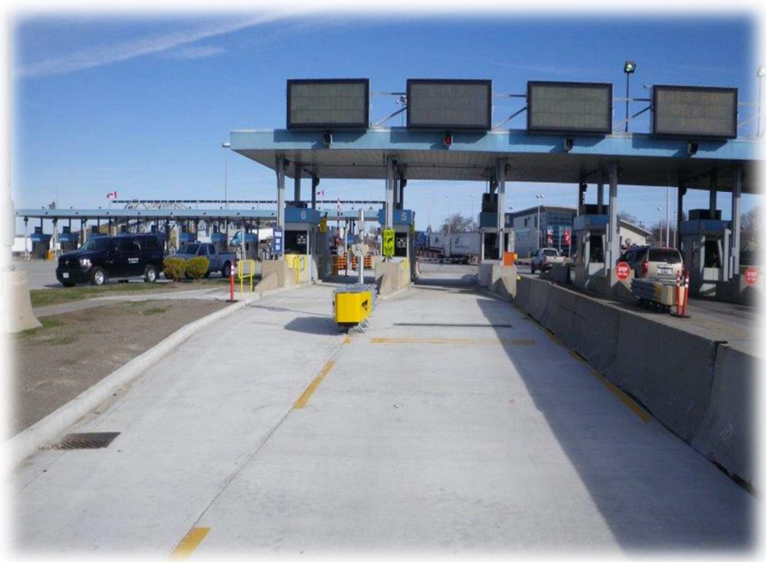
2.2 Outlook (Cont'd)

Completed Maintenance Building in Sault Ste. Marie, Ontario

Construction (steel erection) of the CBSA Traffic Building in Sault Ste. Marie



2.2 Outlook (Cont'd)



View of the completed Deck Resurfacing Project and the new and ongoing automated toll lanes at the Blue Water Bridge in Point Edward

2.2 Outlook (Cont'd)

Aerial and model views of the Lansdowne Canadian Customs Facility Rehabilitation Project at the Thousand Islands Bridge

Ongoing dismantling the old North Channel Bridge at the Seaway International Bridge in Cornwall

3.0 Discussion of Financial Results

3.1 Results of Operations

SEASONAL TRENDS

Traffic on FBCL's portfolio of bridges has traditionally experienced seasonal variations. From a revenue perspective, a greater number of transits occur at international bridge crossings in the second and third quarters of the fiscal year and result in higher toll revenues. In the first and fourth quarters, there are historically a lower number of transits resulting in lower toll revenues. This demand pattern is principally a result of leisure travellers and climate resulting in a preference for travel during the spring and summer months. However, economic conditions in Canada and the United States also have an important influence on international vehicle traffic by way of commercial truck traffic which has a significantly higher toll rate. These economic conditions are less variable on a seasonal basis but more a result of the business climate in each country.

In regards to its expenses, FBCL incurs important annual maintenance and asset rehabilitation costs during the construction season spanning the first three quarters of the fiscal year. These planned expenses can be influenced by varying weather conditions particularly in the third and fourth quarters with the onset of the winter climate. Expenses for operations and administration are not considered to have important seasonal variations.

STATEMENT OF FINANCIAL POSITION

Current Assets

In the second quarter of the fiscal year, current assets decreased by $2.91 million. This decrease was largely a result of the timing of payments made in relation to capital projects and decommissioning costs related to the NCB in Cornwall, therefore a reduction of cash in the quarter of $3.41 million was recorded. For the year-to-date, current assets have increased $1.01 million, with an overall increase in cash of $2.67 million, with much of this cash increase being generated through a net collection of accounts receivable in the first two quarters of $2.11 million. At the conclusion of the second quarter, $12.50 million in cash was invested for the short-term, which will be reflected in FBCL's 3rd quarter financial statements.

Non-Current Assets

During the second quarter, non-current assets increased by $7.78 million from $323.80 million at June 30, 2015, to $331.58 million at September 30, 2015. Capital acquisitions of $8.88 million were offset by depreciation expenses of $2.69 million. An investment of cash reserves, which was noted in the first quarter, also added to the increase in non-current assets in the second quarter, contributing to a $1.58 million increase in long-term investments. In the first two quarters of the year, non-current assets have increased $9.13 million, with the increase being attributed in large part to the $10.02 million in property and equipment ($15.09 million in acquisitions and $5.07 million in associated depreciation).

3.1 Results of Operations (Cont'd)

Current Liabilities

Current liabilities in the quarter decreased by $2.63 million as compared to the prior quarter at September 30, 2015. This was largely because of a reduction in the decommissioning liability of $3.96 million, due to payments on the demolition of the NCB. Increases in accounts payable ($0.62 million) holdbacks ($0.66 million) offset this reduction in the decommissioning liability. Year-to-date, there has been a $5.54 million reduction of current liabilities, largely attributable to invoices received in relation to the decommissioning liability. The decommissioning liability is largely financed through government funding, and therefore has very little effect on FBCL's cash balances. In general, payments on the decommissioning liability actually increase the working capital for FBCL, once all the invoices and funding has taken place.

Non-Current Liabilities

The amount of non-current liabilities increased in the second quarter by $4.64 million from $105.75 million at June 30, 2015, to $110.39 million at September 30, 2015. This is an area of FBCL's statement of financial position that will continue to grow over the course of the next three years. This is due to the deferred capital funding account that continues to grow with the government funding of FBCL's three major capital projects that are on-going currently. When these projects are completed and depreciation starts, this deferred capital will be recognized as income along the same terms as the depreciation is recorded. Year-to-date, non-current liabilities have increased $8.63 million, $10.84 million of which is due to the increase in deferred capital funding. A bond payment in July resulted in the bonds payable principal amount decreasing by $2.1 million.

REVENUE

International Bridges Toll Revenue

In the second quarter, toll revenue for FBCL's four international bridge crossings totalled $9.31 million. The volume of toll traffic crossing FBCL's bridges continues to lag behind last year. In terms of toll traffic crossing the bridges, all of the bridges experienced a decrease in the number of total revenue generating transits. This decrease continues to be largely explained by the value of the Canadian dollar.

On a year-to-date basis, toll revenue at FBCL's crossings have contributed $17.50 million to FBCL. Paying passenger traffic volume is down between 3.8% and 21.2% at FBCL's crossings, with an average of 14.7% reduction across all bridges. Passenger traffic is very elastic when it comes to comparisons to the value of the Canadian dollar vs. the US dollar. The Canadian dollar has lost 16.5% of its value over the course of the first two quarters of this fiscal year, vs. last year in the same time period. FBCL, and its partners, continue to monitor its toll rates and foreign exchange toll conversions on a regular basis. Truck traffic has, however, stayed largely steady when compared to last year, with a 0.6% increase. This encompasses a spread of the four bridges between a decrease of 3.2% and an increase of 4.6%, on a bridge-by-bridge basis.

3.1 Results of Operations (Cont'd)

Leases and Permits

The second quarter had $1.28 million in leases and permits. This represents an expected increase as compared to the first quarter of the year due to increased revenues generated from FBCL's Duty Free Store lessors, who benefit from the summer traffic.

For the first two quarters of the year, FBCL has recognized $2.25 million in revenue from these sources, which continues to be largely on track with FBCL's forecasts for the year.

Currency Exchange

The Point Edward currency exchange also benefits from the summer traffic and saw an increase in revenue in the second quarter as compared to the first quarter, recognizing $0.60 million in the quarter and $0.89 million to date this year. Revenue continues to be lower than budgeted for this business, however this is strongly correlated with the Canadian dollar exchange rate, and the associated passenger traffic volumes.

EXPENSES

Maintenance

Maintenance expenses for the quarter account for 17.1% of the total expenses, at $1.52 million. Depreciation expenses accounted for $0.58 million of this total in the department.

For the year, $3.39 million (20.0% of the total expenses) has been expensed by the maintenance department, $1.11 million of which is depreciation. FBCL expects to be on budget (excluding depreciation) for the year in terms of maintenance costs.

Operations

Operations expenses for the quarter represent 26.3% of the total expenses. Of the $2.33 million in operations expenses, $1.17 million is represented by depreciation.

For the year, $4.61 million (27.2% of total expenses) has been expensed in operations. Of this total, more than half ($2.41 million) is related to depreciation. FBCL expects the expenses (before depreciation) to be above the original budget due to the exposure to US currency. Fortunately, US dollar revenue offsets this higher exposure.

Thousand Islands International Bridge Expenses

Expenses for the bridge at the Thousand Islands represent 22.4% of the total quarterly expenses. This is an increase as compared to the first quarter, and is due to the manner in which FBCL is able to record its revenue and expenses at this location. The large majority of expenses at this location are derived in US dollars. Depreciation represents $0.39 million of the $1.98 million of expenses in the category.

On a year-to-date basis, the expenses of $3.20 million represent 18.9% of the total expenses recognized. Expenses (before depreciation) that arise from this location are forecasted to be higher than budget, due to higher percentage of US dollar expenses incurred by FBCL's American partner. This crossing, however, is the one that has been least affected by the decrease in traffic volumes this year, resulting in a higher comparative contribution to FBCL's overall revenue, on a year-over-year basis.

3.1 Results of Operations (Cont'd)

Currency Exchange

Expenses in the currency exchange amounted to $0.17 million for the quarter, or 1.9% of total expenses. Depreciation was included in this total of $0.02 million.

On a year-to-date basis, the currency exchange had $0.35 million in expenses ($0.04 million related to depreciation), or 2.1% of total expenses. Spending (before depreciation) in the department is relatively static and is expected to be on budget for the year.

CBSA & Canadian Food Inspection Agency (CFIA) Operations

Expenses in this category are a result of legislative requirements that facilities be made available at international bridge (and other border crossings) locations. There is no associated revenue with these expenses.

Expenses in the period accounted for 11.1% of total expenses in the quarter, or $0.98 million. Of this amount, depreciation accounted for $0.44 million.

Year-to-date expenses amount to $1.88 million, or 11.1% of total expenses. Expenses (before depreciation) are largely on target for the year at this point in the year.

Administration

Administration expenses for the quarter represent 21.3% of the total expenses in the quarter, equalling $1.89 million. Depreciation represented $0.08 million of this expense.

For the first two quarters of the year, expenses total $3.52 million, or 20.7% of the total expenses. $0.30 million of this is related to depreciation. This is one area of expenses not affected by seasonality of traffic. Expenses in the department (before depreciation) is expected to be below budget for the year.

Government Funding

Total government funding recognized in the quarter was $8.44 million, which was split between the Interim Consolidated Statement of Financial Position and the Interim Consolidated Statement of Comprehensive Income. FBCL, as well as the legacy FBCL, has already incurred much of the expense for the decommissioning liabilities (under PSAS statements for the legacy FBCL it was referred to as Asset Retirement Obligation), therefore any of the government funding received to complete the various demolitions of bridges and other structures is immediately recognized on the Interim Consolidated Statement of Comprehensive Income. In this quarter, this amounted to $1.61 million for demolition costs associated with the old North Channel Bridge in Cornwall. As far as funding relates to the new structures being built by FBCL, funding received from the Government of Canada (post-amalgamation) is recorded on the Interim Consolidated Statement of Financial Position and when the particular assets are completed and depreciation begins, then income will be recognized from this deferred capital funding account on the same terms as depreciation is recognized.

3.1 Results of Operations (Cont'd)

Government funding can be summarized as follows:

	Second Quarter	Year-to-date
(in $000's)	**2015-16**	**2015-16**
Government funding for decommissioning liability		
• North Channel Bridge	**$ 1,614**	**$ 5,198**
Government funding for deferred capital funding		
• Lansdowne Customs Facility Rehabilitation (Thousand Islands)	**2,098**	**4,661**
• North Channel Bridge	**135**	**135**
• Sault Ste. Marie Canadian Plaza Rehabilitation	**4,589**	**6,046**
TOTAL	**$ 8,436**	**$16,040**

A schedule reporting on the details of parliamentary appropriations is included in section 3.4.

3.2 Cash Flow

In the second quarter for FBCL, cash balances decreased by $3.41 million. Operating activities accounted for an increase of $10.10 million, investing activities accounted for a net outflow of $11.43 million, and $2.07 million was used in financing related activities. These amounts included a purchase of $4.50 million in investments which was initiated at the end of the first quarter, and payments on bond and loan principals of $2.12 million.

Year-to-date, cash has increased $2.67 million, to bring the FBCL cash total to $26.28 million, held both by FBCL and its share of cash at its operating partners. At the end of the second quarter FBCL initiated another large short-term investment of $12.50 million, which is currently not reflected in these statements as the transaction occurred in the third quarter.

3.3 Risk Analysis

Major Projects
FBCL and its subsidiary are currently performing major projects on the bridges and associated structures for which it is responsible.

Canadian Customs Plaza Redevelopment (Sault Ste. Marie)

This project has approved funding of $51.60 million from the Gateways and Border Crossings Fund. The general contractor for the first phase of works (the maintenance garage, Duty Free facility and civil works) has substantially completed the works.

3.3 Risk Analysis (Cont'd)

The first phase of construction which included the Duty Free building and the maintenance garage, is open to business including truck access to the Plaza and to the bridge from Carmen's Way. The second phase of construction was first tendered in 2014 but all compliant bids returned were substantially over budget. FBCL initiated a value management and redesign project, without impacting the CBSA Statement of Requirements. Upon another round of bidding, a contract was tendered in the amount of $32.92 million.

The completed demolition of the old Duty Free building allowed for the construction of the new traffic building, which will temporarily house both traffic and commercial operations while the new commercial building is built. Construction on the new CBSA facilities began in June and saw significant work done over the second quarter, which continues into the Fall. Significant planning in traffic flow and bridge operations are being done to ensure minimal disruption during construction.

The project is anticipated to be completed by March of 2018.

New Low-level North Channel Bridge (Cornwall)

This $74.82 million project, funded through government appropriations, is well into the phase of the project that sees the demolition of the old high-level bridge. These demolition works began in August 2014 and are planned to be completed in the Spring of 2016. The removal of the old bridge deck is complete and large sections of the steel structure of the bridge came down weekly over the course of the summer, including the removal of many of the on-land piers. Temporary detours are being used to ensure the safest possible scenarios for customers and other stakeholders in the vicinity.

The necessary improvements to the approaches and final alignment of roadways will follow. The full project completion is planned for 2016-17.

Lansdowne Customs Facility Rehabilitation (Thousand Islands)

FBCL is managing the rehabilitation project for the CBSA's Lansdowne Port of Entry. It is estimated to take four years to complete at a cost of $60.00 million, and is funded through the Beyond the Border Action Plan. There are five components to the Lansdowne Customs Facility Rehabilitation Project: planning, site investigation and design; civil works and rock removal; construction of the new commercial and traffic building; demolition of the existing facilities; and the final improvements and alignment of the roadways and landscaping. CBSA operations and security at the crossing will be maintained throughout the construction phase.

Early site preparation works including the installation of utilities and rock removal are nearing completion. Construction on the utilities building is now underway and further construction will commence shortly. The project is estimated for completion by 2017-18.

3.3 Risk Analysis (Cont'd)

FINANCIAL SUSTAINABILITY

Despite FBCL's portfolio model approach to its international bridge management, FBCL must continue to review its plans and operations on a bridge by bridge basis to ensure long-term financial sustainability at all international crossings. For example, due to financial pressures at the Cornwall crossing, brought on by the devaluing Canadian dollar and lower volume of paying transits, a toll rate increase was approved to take effect this quarter. FBCL continues to face increasing CBSA and CFIA requirements at its international crossings and must find a balance between what is required by these organizations and what is possible from a funding perspective of FBCL. Long-term funding forecasts will become possible with increased data from the new amalgamated organization.

3.4 Reporting on Use of Appropriations

FBCL parliamentary appropriations are currently only received in relation to its projects at the Cornwall and Lansdowne crossings. The project in Sault Ste. Marie is funded by the Government of Canada, but through a different funding vehicle. Original estimates for funding for the two projects for the fiscal year were budgeted at $35.28 million. However, despite contracts that are currently underway being on schedule, not all expected contracts have been tendered yet. Therefore, FBCL has requested that $12.53 million be reprofiled to next year. This has not affected the projected timelines of project completions.

Of the $22.76 million in spending forecast for the year, $10.99 million is forecast to be spent on the project at Lansdowne ($4.25 million has been drawn in the first two quarters), and $11.77 million is to be spent on the NCB project ($5.66 million has been drawn down in the first two quarters).

	Six months ended September 30, 2015
	FBCL Vote 1
(' in thousands)	Capital
Main Estimates	35,282
Reprofiling Request To Future Years	(12,525)
Funding Available	**22,757**
Drawdown [(1)]	
Actual	9,907
Plan	12,850
Total Drawdown	**22,757**
Remaining Appropriations	**-**

(1) FBCL is generally allocated funding only once expenses are incurred.

4.0 FBCL INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended September 30, 2015

FBCL's interim unaudited condensed consolidated financial statements have been prepared by management reviewed by the Finance and Audit Committee and approved by the Board of Directors. FBCL's external auditors have not audited nor reviewed these interim unaudited condensed consolidated statements.

Note: These statements have been prepared in advance of audited statements being produced for the year-end period that closed March 31, 2015. Therefore, it is likely that revisions will be required to these statements pending final audited review of FBCL's prior year financial statements.

4.1 Statement of Management Responsibility

Management of The Federal Bridge Corporation Limited is responsible for the preparation and fair presentation of these interim unaudited condensed consolidated financial statements in accordance with the Treasury Board of Canada *Standard on Quarterly Financial Reports for Crown Corporations* and for such internal controls as management determine are necessary to enable the preparation of the interim unaudited condensed consolidated financial statements. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the interim unaudited condensed consolidated financial statements.

The Federal Bridge Corporation Limited completed the consolidation of the interim unaudited financial statements and establishes and maintains appropriate internal controls for that purpose. To prepare its interim unaudited condensed consolidated financial statements, the management of The Federal Bridge Corporation Limited relies on unaudited financial information provided by its wholly-owned subsidiary, The Seaway International Bridge Corporation Ltd., as well as unaudited financial information provided by its international partners. The financial information provided by the subsidiary and the international partners, as well as the internal controls established and maintained to collect such information, are the responsibility of each of these entities' management.

Based on our knowledge of the financial position, results of operations and cash flows of The Federal Bridge Corporation Limited and our reliance on the financial information provided and internal controls established and maintained by the wholly-owned subsidiary and international partners, these unaudited condensed consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the interim unaudited condensed consolidated financial statements.

Micheline Dubé	Natalie Kinloch
President & Chief Executive Officer	Chief Financial and Operations Officer

Ottawa, Canada
November 25, 2015

4.2 Interim Unaudited Consolidated Statement of Financial Position

as at September 30, 2015
(in thousands of Canadian dollars)

	Notes	September 30, 2015 (unaudited)	March 31, 2015 (unaudited)
		$	$
Assets			
Current Assets			
Cash and cash equivalents		**26,278**	23,609
Investments	**6**	**13,246**	13,150
Trade and other receivables	**7**	**5,279**	7,385
Prepaids		**733**	378
Total Current Assets		**45,536**	44,522
Non-Current Assets			
Property and equipment	**8**	**305,191**	295,172
Investment properties	**9**	**20,067**	20,442
Intangible assets	**9**	**34**	43
Investments	**7**	**6,287**	6,792
Total Non-Current Assets		**331,579**	322,449
Total assets		**377,115**	366,971
Liabilities			
Current Liabilities			
Trade and other payables		**11,028**	10,956
Employee benefits		**433**	371
Decommissioning liability	**10**	**5,409**	12,183
Holdbacks		**2,018**	1,076
Deferred revenue		**2,878**	2,864
Current portion of loans payable		**630**	619
Current portion of bonds payable		**4,132**	3,999
Total Current Liabilities		**26,528**	32,068
Non-Current Liabilities			
Loans payable		**17,255**	17,572
Bonds payable		**68,640**	70,740
Employee benefits		**7,808**	7,653
Due to US partner of the joint operations		**1,904**	1,826
Deferred revenue		**2,097**	2,142
Deferred capital funding		**11,379**	537
Decommissioning liability	**10**	**1,311**	1,291
Total Non-Current Liabilities		**110,394**	101,761
Equity			
Share capital - 2 shares @ no par value		**-**	-
Retained earnings		**239,234**	231,902
Accumulated other comprehensive income		**959**	1,240
Total Equity		**240,193**	233,142
Total Equity and Liabilities		**377,115**	366,971

4.3 Interim Unaudited Consolidated Statement of Comprehensive Income

for the three and six month periods ended September 30, 2015
(in thousands of Canadian dollars)

	For the three months ended September 30, 2015 (unaudited)	For the six months ended September 30, 2015 (unaudited)
		$
Revenue		
Tolls and services	7,347	14,338
Thousand Islands International Bridge revenue	1,958	3,165
Leases and permits	1,276	2,251
Currency exchange	595	858
Interest	174	331
Other	89	136
Total Revenue	11,439	21,079
Expenses		
Maintenance	1,520	3,388
Operations	2,329	4,610
Thousand Islands International Bridge expenses	1,983	3,195
Currency exchange	167	350
Canada Border Security Agency & Canadian Food Inspection Agency operations	981	1,883
Administration	1,887	3,515
Total Expenses	8,867	16,941
Operating Income Before Government Funding	2,572	4,138
Government Funding		
Funding with respect to decommissioning liability	1,614	5,198
Total Government Funding	1,614	5,198
Non-Operating Items		
Interest expense	(1,520)	(2,884)
Total Non-Operating Income	(1,520)	(2,884)
Net Income	2,666	6,452
Other Comprehensive Income		
Items that will not be reclassified subsequently to statement of income (loss)		
Exchange differences on translation of foreign operations	292	863
	-	
Items that may be reclassified subsequently to statement of income (loss)	-	
Investments revaluation loss on available-for-sale investments	(50)	(205)
Cumulative gain reclassified to income on sale of available-for-sale investments	(55)	(59)
Total Other Comprehensive Income	187	599
Total Comprehensive Income for the Period	2,853	7,051

4.4 Interim Unaudited Consolidated Statement of Changes in Equity

for the three and six month periods ended September 30, 2015
(in thousands of Canadian dollars)

	Retained Earnings	Accumulated Other Comprehensive Income: Translation of Foreign Operations	Accumulated Other Comprehensive Income: Actuarial Losses	Accumulated Other Comprehensive Income: Available-for-Sale Investments	Total
	$	$		$	$
Balance, April 1, 2015	231,902	1,170	(237)	307	233,142
Total Comprehesive Income:					
Net income	6,452	-	-	-	6,452
Other Comprehesive Income:					
Exchange differences on translation of foreign operations	-	863	-	-	863
Investments revaluation loss on available-for-sale investments	-	-	-	(205)	(205)
Cumulative gain reclassified to income on sale of available-for-sale investments	-	-	-	(59)	(59)
Other Comprehesive Income Total	-	863	-	(264)	599
Total Comprehesive Income	6,452	863	-	(264)	7,051
Balance at September 30, 2015	**238,354**	**2,033**	**(237)**	**43**	**240,193**

4.5 Interim Unaudited Consolidated Statement of Cash Flows

for the three and six month periods ended September 30, 2015
(in thousands of Canadian dollars)

	For the three months ended September 30, 2015	*For the six months ended* September 30, 2015
	(unaudited)	**(unaudited)**
		$
Cash Flows from Operating Activities		
Net income	**2,666**	**6,452**
Adjustments for:		
Depreciation of property and equipment	**2,496**	**5,066**
Depreciation of intangible assets	**4**	**9**
Depreciation of investment properties	**192**	**386**
Investments revaluation	**(50)**	**(205)**
Exchange difference on translation of foreign operations	**292**	**863**
Loss on disposal of property and equipment	**-**	**-**
Change in employee benefits	**69**	**217**
	5,669	**12,788**
Changes in Non-cash Working Capital:		
Decrease in trade and other receivable	**950**	**2,106**
Decrease in prepaids	**(536)**	**(355)**
Decrease in trade and other payables	**624**	**73**
Decrease in decommissioning liability	**(3,941)**	**(6,754)**
Increase in holdbacks	**664**	**942**
Increase in deferred capital funding	**6,822**	**10,842**
Increase in deferred revenue	**(157)**	**(31)**
	4,426	**6,823**
Net Cash Generated by Operating Activities	**10,095**	**19,611**
Cash Flows from Investing Activities		
Payments for property and equipment	**(8,884)**	**(15,085)**
Payments for investment properties	**-**	**(12)**
Proceeds on sale of investments	**1,285**	**4,922**
Purchase of investments	**(3,830)**	**(4,572)**
Net Cash Used for Investing Activities	**(11,429)**	**(14,747)**
Cash Flows from Financing Activities		
Increase in due to US partner of the joint operations	**50**	**78**
Repayment of loans payable	**(154)**	**(306)**
Repayment of bonds payable	**(1,967)**	**(1,967)**
Net Cash Used for Financing activities	**(2,071)**	**(2,195)**
Net increase/(decrease) in cash and cash equivalents	**(3,405)**	**2,669**
Cash and cash equivalents, beginning of period	**29,683**	**23,609**
Cash and Cash Equivalents at September 30, 2015	**26,278**	**26,278**

4.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements

1. AUTHORITY AND ACTIVITIES

The Federal Bridge Corporation Limited (the "Corporation") is a new entity resulting from the amalgamations under the *Canada Business Corporations Act* of the legacy The Federal Bridge Corporation Limited (the "legacy FBCL"), a parent Crown corporation with its subsidiary, SMRBC on January 27, 2015 and with another parent Crown corporation BWBA) on February 1, 2015, in accordance with the authorities provided by the *Economic Action Plan 2013 Act, No. 2*, as amended, by *the Economic Action Plan 2014 Act, No. 2*. The Corporation is an agent parent Crown Corporation listed in Part I of Schedule III of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*.

The Corporation's primary activities involve the ownership and operation of four international bridges linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America (US). Moreover, the Corporation may also undertake other activities incidental to the bridge business.

The Corporation's wholly-owned subsidiary, SIBC, operates the Seaway International Bridge crossing in Cornwall as a joint operation per an agreement between the Corporation as Canadian owner and The Saint Lawrence Seaway Development Corporation (SLSDC) as a US owner. The Corporation is also a party to two other agreements for the operation of international bridges. In regards to the Sault Ste. Marie International Bridge, this agreement is with the US owner, the Michigan Department of Transportation (MDOT). The bridge oversight is through a joint international entity, Sault Ste. Marie Bridge Administration (SSMBA), and its operation is handled by the International Bridge Authority, an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge, is also with the US owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the crossing between Sarnia, Ontario, and Port Huron, Michigan, FBCL owns and operates the Canadian portion of the crossing. The other side of the crossing is owned and operated by MDOT.

1. AUTHORITY AND ACTIVITIES (continued)

By Order in Council P.C. 2015-31 dated January 26, 2015, the Corporation was granted all necessary approvals of the *International Bridges and Tunnels Act* for the purposes of ownership and management of the international bridges under the Corporation's portfolio. The *Customs Act, section 6* requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for customs and the CBSA. A similar provision in the *Plant Protection Act* mandates similar support for the CFIA based at the land crossings. The subsidiary, SIBC, is also subject to the *Canada Marine Act* for the purposes of the management of the international bridge that crosses the St. Lawrence River.

The registered office of the Corporation is 55 Metcalfe, Suite 1210, Ottawa, Ontario, K1P 6L5.

2. AMALGAMATION OF CORPORATION

The legacy FBCL was incorporated on September 2, 1998 under the Canada Business Corporations Act. The legacy FBCL was an agent parent Crown Corporation listed in Part I of Schedule III of the Financial Administration Act and was not subject to income tax under the provisions of the Income Tax Act. The legacy FBCL had three wholly-owned subsidiaries: The Jacques Cartier and Champlain Bridge Incorporated (the "JCCBI"), SMRBC and SIBC.

BWBA was established by the Blue Water Bridge Authority Act on May 21, 1964, and became a Crown Corporation on April 26, 2002. It was a non-agent parent Crown Corporation listed in Part I of Schedule III of the Financial Administration Act, and was not subject to income tax under the provisions of the Income Tax Act.

In 2013, the Government of Canada announced its plan to restructure the Corporation in three phases, as follows:

Phase I - JCCBI becoming a stand-alone parent Crown corporation;

Phase II - Amalgamation of the legacy FBCL with its two remaining subsidiaries, SIBC and SMRBC; and,

Phase III - Amalgamation of the legacy FBCL with BWBA.

On February 13, 2014, as authorized by Order in Council, P.C. 2014-0142 legacy FBCL transferred 100% of its shares in JCCBI, which also represented all of the outstanding shares of JCCBI, to the Minister of Transport.

2. AMALGAMATION OF CORPORATION (continued)

As authorized by legislation, legacy FBCL completed its amalgamation with SMRBC on January 27, 2015. The amalgamation between legacy FBCL and BWBA occurred on February 1, 2015.

The amalgamation of the Corporation with SIBC has not been realized to date.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Corporation's first interim condensed consolidated financial statements prepared in accordance with IFRS.

Functional and Presentation Currency

The condensed consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Basis of Preparation

The financial statements are consolidated as a result of the ownership in the joint operations and have been prepared on the historical cost basis, with certain exceptions as permitted by IFRS.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The significant accounting policies are set out below.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Amalgamation

The amalgamation of the Corporation involved, among other things, (i) creating of a new Corporation and the resulting line-by-line combination of the statements of financial position as of the amalgamation date and (ii) recognition of the assets and liabilities of the Corporation at carrying value. Previously the legacy FBCL prepared its consolidated financial statements in accordance with Canadian Public Sector Accounting Standards ("PSAB") and BWBA applied IFRS.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Corporation undertakes its activities under joint operations, the Corporation as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and,
- its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The Corporation has two arrangements that are determined to be joint operations, at the Cornwall (SIBC) and Sault Ste. Marie (SSMBA) crossings. Despite the SIBC operation being a 100% wholly owned subsidiary, due to the international agreement governing its operations, it is considered a joint venture.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for the Operations of the Thousand Islands International Bridge

The Thousand Islands International Bridge is managed by the Thousand Islands Bridge Authority (TIBA). In accordance with a bi-national agreement, and due to the nature of the structure of this agreement with the TIBA, FBCL is entitled to 50% of the gross revenues that are generated by the crossing, and is also responsible for 50% of the operating expenses for the crossing. Since the Corporation does not have joint control of TIBA it is not a joint arrangement and does not have significant influence over TIBA it is not an associate. The Corporation records its proportionate share of gross revenues, gross expenses, depreciation of property and equipment, as well as the acquisition of the property and equipment associated with its share of the crossing. FBCL is responsible for the ownership and major maintenance of the bridges on the Canadian side of the border. All maintenance expenses incurred for the CBSA are also 100% the responsibility of FBCL. FBCL has no interest in the assets or liabilities of TIBA.

Government Funding

The Corporation is financed using its own operating income. The Corporation receives federal government funding for specific construction of major property and equipment and investment properties, as well as for decommissioning of specific assets. Government funding is recognized as a receivable when the related expenditure is incurred.

Government funding for property and equipment and investment properties that are subject to depreciation are recorded as deferred capital funding on the Consolidated Statement of Financial Position in the fiscal year in which the purchase is recorded, with income being recognized in the Consolidated Statement of Comprehensive Income on the same basis and over the same periods as the assets acquired using the government funding.

Government funding relating to decommissioning is recognized in the Statement of Comprehensive Income in the fiscal year in which the work on the decommissioning is performed rather than at the time the decommissioning is recognized.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Presentation of Expenses

The Corporation's management reviews its expenses by function, therefore its financial statements are presented as such. Functional departments are defined as such:

- Maintenance: expenses related to the maintenance, upkeep, and repair of the Corporation's assets;
- Operations: expenses related to the collection of toll revenue;
- Thousand Islands International Bridge: represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands;
- Currency exchange: expenses pertaining to the operation of the currency exchange facility operated at the Point Edward crossing;
- CBSA & CFIA operations: The Corporation is required to provide facilities at its crossings to these agencies, for which there is no related revenue; and,
- Administration: the expenses related to the management and oversight of the operations of the Corporation.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with maturities of three months or less from the date of acquisition.

Property and Equipment, Intangible Assets and Investment Properties

Items of property and equipment, intangible assets and investment properties are measured at cost less accumulated depreciation and impairment.

Depreciation is recognized so as to write off the cost of assets (other than land and projects in progress) less their residual values over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Decommissioning Liability

Decommissioning liability reflect the liability associated with retiring certain long-lived assets such as bridges and roads, and other structures.

The decommissioning liability is recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When a Board of Directors decision is made to demolish a significant asset in order to replace this significant asset, the demolition costs are capitalized.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The associated decommissioning liability costs are capitalized as part of the cost of the long-lived asset. Decommissioning costs associated with complete replacement of established assets are capitalized to the asset being replaced. Decommissioning costs that are required as part of a refurbishment or addition to established properties are capitalized as part of the addition to the asset. These costs are then amortized on a straight line basis over the period to the end of the useful life of the identified asset.

Subsequent to the initial measurement of the decommissioning liability obligation, the obligation may be adjusted at the end of each period to reflect the passage of time, changes in estimated future cash flows underlying the obligation and updates assumptions such as discount rates. Actual costs incurred to dispose of the asset will reduce the decommissioning liability. A gain or loss may be incurred upon settlement of the liability.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

Retirement and Other Post-Employment Benefits:

SIBC employees are covered by the Public Service Pension Plan (Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service costs. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

Employees of the Sault Ste. Marie Bridge Authority (SSMBA) participate in the State of Michigan's defined benefits and defined contribution pension plans. Contributions are required by both the employees and the Corporation to cover current service costs. Contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

FBCL's remaining employees participate in a defined contribution private pension plan and the cost of this plan is shared by the employees and FBCL (parent). Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. This cost is shared between the employees and the Corporation.

The Corporation also provides certain eligible employees with defined post-employment benefits including health, dental, life insurance and an employee assistance program. For these defined post-employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Actuarial gains and losses are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Actuarial gains and losses recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to net income. Past service cost is recognized in net income in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- actuarial gains and losses.

The Corporation presents the first two components of defined benefit costs within the function in which it is incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on industry knowledge, consultation with experts and other factors that are considered to be relevant. Actual results may differ from these estimates.

5. FUTURE CHANGES IN ACCOUNTING POLICIES

The following accounting standards and amendments to existing standards are issued but not yet effective. Management is still assessing the potential impacts of these standards, however it is not expected to have these implemented until the effective dates.

5. FUTURE CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017. The Corporation is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014, and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

(in thousands of dollars)

6. INVESTMENTS

	Sept. 30, 2015	April 1, 2015
	$	$
Held-to-maturity investments carried at amortized cost		
Deposit certificates	**12,921**	14,173
Total held-to-maturity investments	**12,921**	14,173
Available for sale investments carried at fair value		
Government of Canada bonds	**1,274**	1,208
Provincial bonds	**2,450**	2,149
Corporate bonds	**2,888**	2,412
Total available for sale investments	**6,612**	5,769
Total investments	**19,533**	**19,942**

7. TRADE AND OTHER RECEIVABLES

	Sept. 30, 2015	April 1, 2015
	$	$
Federal departments and agencies	**3,645**	6,005
Trade receivables	**1,634**	1,380
	5,279	**7,385**

(in thousands of dollars)

8. PROPERTY AND EQUIPMENT

	Land	Bridges and roads	Vehicles and equipment	Buildings	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$
Cost							
Balance at April 1, 2015	13,602	238,030	14,764	77,751	12,986	24,547	381,680
Additions	50	856	162	-	44	13,973	15,085
Disposals	-	-	-	-	-	-	-
Transfers	-	6	74	-	-	(80)	-
Balance at September 30, 2015	**13,652**	**238,892**	**15,000**	**77,751**	**13,030**	**38,440**	**396,765**
Accumulated Depreciation							
Balance at April 1, 2015	-	49,157	9,562	17,340	10,449	-	86,508
Depreciation expense	-	2,646	505	1,609	306		5,066
Disposals	-						-
Balance at September 30, 2015	**-**	**51,803**	**10,067**	**18,949**	**10,755**	**-**	**91,574**
Net Book Value at September 30, 2015	**13,652**	**187,089**	**4,933**	**58,802**	**2,275**	**38,440**	**305,191**

9. INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

As at September 30, 2015

	Intangible Assets	**Investment Properties**
	$	**$**
Cost		
Balance at April 1, 2015	1,028	23,881
Additions	-	12
Balance at September 30, 2015	**1,028**	**23,893**
Accumulated depreciation		
Balance at April 1, 2015	985	3,440
Depreciation expense	9	386
Balance at September 30, 2015	**994**	**3,826**
Net book value at September 30, 2015	**34**	**20,067**

(in thousands of dollars)

10. DECOMMISSIONING LIABILITY

As at September 30, 2015

	North Channel Bridge[i]	Sault Ste. Marie[ii]	Thousand Islands[iii]	Total
	$	$	$	$
Balance at April 1, 2015	11,933	856	685	13,474
Additional provisions recognized	122	14	6	142
Reductions arising from payments	(6,896)	-	-	(6,896)
Balance at September 30, 2015	**5,159**	**870**	**691**	**6,720**

i. The Corporation has constructed a new low-level NCB in Cornwall. The new bridge is open for circulation, and so the Corporation is proceeding with the demolition of the existing high-level bridge. The estimation of this decommissioning liability costs depends on engineering estimates of timing, inflation, site conditions, availability of specialized workforce, and commodity prices for the recycling of material. The estimated cash flows of $19,585 required to settle the decommissioning liability have been discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability of 2.92% to 3.04%. Per the current project schedule, cash payments for the disposal of the existing NCB are expected to occur in the 2015 and 2016 calendar years. These cash flows will be funded from government funding to be received at the time of demolition.

ii. The Corporation has also initiated construction of a new Customs Plaza in Sault Ste. Marie. During the construction of this new plaza the existing assets will be demolished. The estimates related to this decommissioning liability depend on engineering variables such as timing, inflation, site conditions, and contractor scheduling. The estimated cash flows of $1,100 required to settle the decommissioning liability have been discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability of 2.68% to 2.86%. Per the current project schedule, cash payments for the demolition of existing structures are expected to occur in the 2015, 2016, and 2017 calendar years. These cash flows will be funded from government transfer payments to be received at the time of demolition.

10. DECOMMISSIONING LIABILITY (continued)

iii. Additionally, the Corporation has initiated a project for the construction of a new Customs Plaza in Lansdowne, Ontario, at the Thousand Islands International Bridge. During construction of the new plaza the existing assets will be demolished. The estimates related to this decommissioning liability depend on engineering variables such as timing, inflation, site conditions, and contractor scheduling. The estimated cash flows of $700 required to settle the decommissioning liability have been discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the liability of 2.70%. Per the current project schedule, cash payments for the demolition of existing structures are expected to occur in the 2015 and 2017 calendar years. These cash flows will be funded from government funding to be received at the time of demolition.