DEFENCE CONSTRUCTION CANADA

2021–2022 FIRST QUARTER FINANCIAL REPORT

PERIOD ENDED JUNE 30, 2021

Management's Discussion and Analysis, and Unaudited Condensed Interim Financial Statements

DEFENCE CONSTRUCTION CANADA

CONSTRUCTION DE DÉFENSE CANADA

Canada

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Unless otherwise stated, all amounts are in Canadian dollars.

This management's discussion and analysis (MD&A) outlines the financial results and operational changes for the first quarter ended June 30, 2021, for Defence Construction (1951) Limited (the "Corporation" or "DCC"). This discussion should be read in conjunction with the unaudited condensed interim financial statements for the period ended June 30, 2021.

These statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and are reported in Canadian dollars. We also recommend that this information be read in conjunction with the Corporation's MD&A and annual financial statements for the year ended March 31, 2021 (the "*Annual Report 2020–2021*"). Financial results reported in the MD&A are rounded to the nearest thousand. Related percentages are based on numbers rounded to the nearest thousand. DCC management is responsible for the information presented in the MD&A and unaudited condensed interim financial statements.

1.0 MATERIALITY

In assessing what information is to be provided in the MD&A, management applies the materiality principle. Management considers information to be "material" when it is probable that its omission or misstatement would influence decisions that users make based on the financial information.

2.0 CORPORATE PROFILE

Defence Construction (1951) Limited, operating as Defence Construction Canada (DCC), is a Crown corporation that provides innovative and cost-effective contracting, construction, contract management, infrastructure and environmental, and lifecycle support services for Canada's defence and security requirements. In its 70-year history, DCC has provided its services to a variety of Government of Canada departments and agencies across Canada and internationally. It currently has two primary Client-Partners: the Infrastructure and Environment (IE) community at the Department of National Defence (DND), and the Communications Security Establishment (CSE). The Corporation also provides services to Shared Services Canada related to the expansion of the enterprise data centre at Canadian Forces Base Borden.

From project needs planning to facility decommissioning, DCC's work covers a broad spectrum of activities. DCC's resources are divided among five service lines.

CONTRACT SERVICES

The Contract Services Team oversees the procurement of goods and professional, construction and maintenance services to fulfill Canada's domestic and international defence infrastructure needs.

CONTRACT MANAGEMENT SERVICES

The Contract Management Services Team supports the creation, renovation and maintenance of facilities for DND's IE program.

ENVIRONMENTAL SERVICES

The Environmental Services Team helps DND meet environmental performance targets, comply with regulatory requirements, and manage due diligence and risk.

PROJECT AND PROGRAM MANAGEMENT SERVICES

The Project and Program Management Services Team advises on matters such as infrastructure requirements, program planning, and schedule and document control.

REAL PROPERTY MANAGEMENT SERVICES

The Real Property Management Services Team supports the efficient maintenance of DND's infrastructure by providing strategic and tactical support throughout the entire real property lifecycle.

3.0 SIGNIFICANT EVENT: COVID-19 GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a global pandemic and recommended containment and mitigation measures. All levels of government have taken extraordinary measures to help contain and combat the outbreak.

Consistent with government recommendations, DCC introduced essential staffing of operations in its physical workspaces. Most employees have been able to work from home and critical employees have been able to safely continue visiting sites and fulfilling their obligations to the Client-Partners. The level of on-site staffing has varied across the country based on the public health measures in effect at DCC's various workplaces. DCC continues to follow the announcements of governments across the country regarding their re-opening plans as the third wave of the COVID-19 pandemic recedes and more Canadians are vaccinated. The Corporation has also been seeking updates from the Client-Partners on their local approaches to returning to the workplace and is beginning to formulate its plans accordingly.

Throughout the pandemic, the Corporation has been keeping business as close to usual as possible, aligning operations with local public health authorities' requirements. The number of new tenders the Corporation has issued and closed during the pandemic has been steady.

The Corporation maintains close contact with DND and other Client-Partners to ensure essential projects continue. DCC has also been communicating regularly with industry associations to share information and solicit their collaboration in these unusual circumstances. At bases and wings across Canada, project teams are managing contracts through a combination of remote and critical on-site work, while taking all the necessary precautions.

While the Corporation is unable to predict the exact nature and scope of the impact of COVID-19 on its business and operations, it believes at the time of this filing that its cash reserves, its accounts receivable and the service level arrangements in place with its Client-Partners will provide sufficient liquidity to fund its operations.

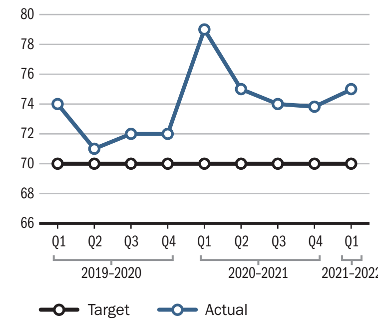
4.0 OPERATIONAL PERFORMANCE INDICATORS

4.1 UTILIZATION RATE

The utilization rate indicates the hours spent directly on service delivery functions that are billable to the Client-Partners, as opposed to hours spent on corporate strategic initiates and administrative functions that are considered overhead support, and on compensated leave. It is an important indicator for efficiency and effectiveness, and a key financial management tool. The Corporation sets a target to recover 70% of employee salaries through its monthly invoices to its Client-Partners.

For the first quarter of 2021–22, the utilization rate was 75%, a decrease of 4 percentage points from the same period in 2020–21. The utilization rate decreased primarily because employees took more staff training and vacation, due to the lifting of pandemic-related restrictions in some locations.

Utilization Rate
(Percentage of employee hours spent on billable contract work, year to date)

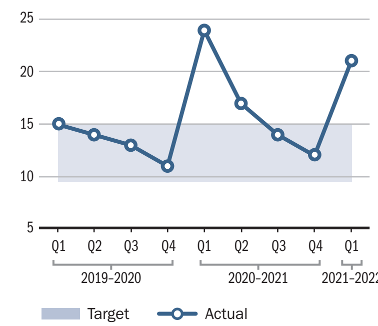


4.2 COST OF SERVICE

This indicator reflects how much of its IE program budget DND spends on DCC's services. Typically, DCC expects this cost to fall in the range of 9% to 15% of DND's IE program budget.

For the first quarter of 2021–22, the cost of service was 21%, a decrease of 3 percentage points from 24% in the same period in 2020–21. The cost of service is typically higher than the targeted range at the beginning of the year, due to the timing of IE contract expenditures, and moves within range as the year progresses and contract expenditures are incurred.

Cost of Service
(Percentage, year to date)

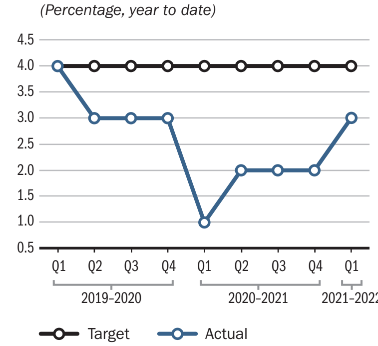


4.3 PROFESSIONAL DEVELOPMENT TO SALARY COST RATIO

DCC's performance indicator for training and development is based on the total annual investment in professional development, defined as the combination of direct expenditures and the cost of staff time spent on training and development activities, expressed as a percentage of base salary cost. DCC has established an annual overall corporate target for spending on training and development of 4% of base salary costs.

For the first quarter of 2021–22, the professional development to salary cost ratio was 3%, an increase of 2 percentage points from the same period in 2020–21. The increase occurred because training activities that were previously cancelled due to the pandemic resumed virtually and because DCC hired new staff who required training.

Professional Development to Salary Cost Ratio
(Percentage, year to date)



5.0 RISK MANAGEMENT

There have been no material changes to the corporate risks identified by management and discussed in section 5.0, Risk Management, of the MD&A in DCC's *Annual Report 2020–2021*.

6.0 FINANCIAL PERFORMANCE

6.1 BASIS OF PRESENTATION

The Corporation prepared this quarterly report as per the requirements of the *Financial Administration Act*. This statute requires all federal Crown corporations to prepare and make public a report within 60 days of the end of each fiscal quarter.

This quarterly financial report was prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations.

In the following analysis, all references to the first quarter refer to the three months ended June 30, 2021. All references to the previous year's first quarter relate to the three months ended June 30, 2020. All references to the previous year end relate to March 31, 2021.

6.2 REVENUE

SERVICES REVENUE

Services revenue for all activities combined was $37.1 million in the first quarter, an increase of $3.6 million or approximately 11% from the previous year's first quarter. The increase was due to an increase in demand for services from the Client-Partner combined with a planned billing rate increase for the year.

In general, services revenue correlates directly to DND's spending on infrastructure and environmental (IE) projects. Services revenue increases when the number and dollar value of DND projects increase and decreases when the opposite occurs.

CONTRACT MANAGEMENT

Revenue from Contract Management in the first quarter increased by 11% compared to the previous year's first quarter. The higher revenue resulted from the increase in billing rates (which accounted for 4.5 percentage points of the increase) and increased demand from the Client-Partner (which accounted for 6.5 percentage points of the rise).

PROJECT PLANNING

Project Planning revenue increased by 5% in the first quarter compared to the previous year's first quarter. The higher revenue was due to the increase in billing rates (which accounted for 4.5 percentage points of the rise) and increased demand from the Client-Partner (which accounted for 0.5 percentage points of the rise).

REAL PROPERTY TECHNICAL SUPPORT

Real Property Technical Support revenue increased by 22% in the first quarter compared to the previous year's first quarter, due to the billing rate increase (which accounted for 4.5 percentage points of the rise) and increased demand for services related to facility and portfolio management (which accounted for a 17.5 percentage point increase).

PROCUREMENT

Revenue from Procurement increased by 15% in the first quarter compared to the previous year's first quarter, due to the billing rate increase (which accounted for 4.5 percentage points of the rise) and increased demand from the Client-Partner (which accounted for 10.5 percentage points of the rise).

CONSTRUCTION TECHNICAL SUPPORT

Revenue from Construction Technical Support increased by 10% in the first quarter compared to the previous year's first quarter, due to the billing rate increase (which accounted for 4.5 percentage points of the increase) and an increase in demand for these services from DND (which accounted for 5.5 percentage points of the rise).

ENVIRONMENTAL TECHNICAL SUPPORT

Environmental Technical Support revenue increased by 16% in the first quarter compared to the previous year's first quarter. The higher revenue was a result of the increase in billing rates (which accounted for 4.5 percentage points of the increase) and an increase in demand for these services (which accounted for 11.5 percentage points of the increase).

REVENUE, BY ACTIVITY

	Three months ended June 30		**Change**	
(in thousands of dollars)	2021	2020	$	%
Contract Management	$ 14,692	$ 13,182	1,510	11%
Project Planning	10,490	9,975	515	5%
Real Property Technical Support	3,602	2,961	641	22%
Procurement	3,125	2,715	410	15%
Construction Technical Support	2,923	2,667	256	10%
Environmental Technical Support	2,228	1,929	299	16%
Total revenue	**$ 37,060**	$ 33,429	3,631	11%

TRAVEL AND DISBURSEMENT REVENUE

Travel and disbursement revenue is the amount the Corporation recovers from DND for travel and expenses DCC incurs for work it does on DND's behalf. The amount varies, depending on the nature of the work the Corporation is performing for the Client-Partner. Travel and disbursement revenue totalled $276,000 in the first quarter, an increase of $102,000, or approximately 59%, compared to the previous year's first quarter. The increase was due to a reduction in COVID-19 travel restrictions.

	Three months ended June 30		Change	
(in thousands of dollars)	2021	2020	$	%
Travel and disbursement revenue	**$ 276**	$ 174	102	59%

INVESTMENT REVENUE

Investment revenue, which is generated from the Corporation's average cash balance in the bank and from investments, decreased in the first quarter by $3,000 or 3% compared to the previous year's first quarter. The decrease in investment revenue was mainly due to lower interest rates.

	Three months ended June 30		Change	
(in thousands of dollars)	2021	2020	$	%
Investment revenue	**$ 105**	$ 108	(3)	-3%

6.3 EXPENSES

SALARIES AND EMPLOYEE BENEFITS

Salaries totalled $25.7 million in the first quarter, an increase of $2.4 million or approximately 10% over the previous year's first quarter. Salary rates increased by 3.6% compared to the same period in the prior year due to a cost of living increase of 1% and performance pay increases of 2.6%, on average. The number of full-time equivalents increased by approximately 10% or 99 full-time equivalents over the same period of the prior year in response to Client-Partner demands for service.

In the first quarter, employee benefits totalled $6.9 million, an increase of $1.0 million or 17% from the same period in the prior year. The increase was due mainly to an increase in the cost of employee future benefits.

	Three months ended June 30		Change	
(in thousands of dollars)	2021	2020	$	%
Salaries	$ 25,705	$ 23,282	2,423	10%
Employee benefits	6,874	5,864	1,010	17%
	$ 32,579	$ 29,146	3,433	12%
Employee benefits as a percentage of salaries	27%	25%		

OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses were $2.3 million in the first quarter, a decrease of $95,000 or 4% over the first quarter of 2020–21. Material variances are shown in the following table.

	Three months ended June 30		**Change**		
(in thousands of dollars)	2021	2020	$	%	Variance analysis
Cloud computing services	$ 434	$ 338	96	28%	The increase was due to higher monthly managed cloud service costs due to an increased scope of services.
Software maintenance	318	378	(60)	-16%	The decrease was due to onboarding costs incurred for cyber security support, such as remote verification of user network access, and additional software deployed in the previous year's first quarter.
Professional services	318	351	(33)	-9%	The decrease was due to an e-procurement project that was completed in previous year's first quarter.
Leased location operating costs	248	256	(8)	-3%	The variance was not material.
Equipment rental	244	227	17	7%	The increase was due to an increase in the number of employees compared to the previous year's first quarter.
Telephone and data communications	189	213	(24)	-11%	The decrease was due to a reduction in data and teleconferencing systems usage due to the ongoing COVID-19 pandemic restrictions for workplaces.
Client services and communications	148	47	101	215%	The increase was due to communications-related initiatives launched during the quarter.
Employee training and development	137	102	35	34%	The increase was due to an increase in virtual training.
Office services, supplies and equipment	68	126	(58)	-46%	The decrease was mostly due to a reduction in personal protective equipment purchases related to COVID-19 due to eased restrictions and the fact that many employees were working from home.
Furniture and equipment	42	265	(223)	-84%	The decrease was due to the one-time COVID-19 pandemic allowance provided to employees to facilitate their transition to working from home in the previous year's first quarter.
Staff relocation	40	8	32	400%	The increase was due to an increase in business requirements to relocate current and new staff.

Table continues on next page

	Three months ended June 30		Change		
(in thousands of dollars)	2021	2020	$	%	Variance analysis
Memberships and subscriptions	38	15	23	153%	The increase was due to higher volume of annual subscriptions.
Recruiting	25	–	25	100%	The increase was due to higher demand for external recruiting services.
Computer software	12	22	(10)	-45%	The decrease was due to one-time implementation costs for mobile and remote authentication software in the previous year's first quarter during the initial phase of the COVID-19 pandemic.
Leasehold improvements	7	–	7	100%	The variance was not material.
Hospitality	6	16	(10)	-63%	The decrease was due to a decrease in the number of internal physical meetings due to the COVID-19 pandemic.
Postage and freight	4	6	(2)	-33%	The variance was not material.
Other	4	4	–	0%	No difference.
Computer hardware	–	2	(2)	-100%	The variance was not material.
Travel	–	1	(1)	-100%	The variance was not material.
Total	**$ 2,282**	$ 2,377	(95)	-4%	

TRAVEL AND DISBURSEMENT EXPENSES

Travel and disbursement expenses are incurred by the Corporation for work it performs on DND's behalf. DCC recovers these expenses by billing the Client-Partner at no mark-up. Travel and disbursement expenses totalled $276,000 in the first quarter, an increase of $102,000, or approximately 59%, over the previous year's first quarter. The increase in these expenses was due to the easing of COVID-19 travel restrictions.

	Three months ended June 30		Change	
(in thousands of dollars)	2021	2020	$	%
Travel and disbursement expenses	**$ 276**	$ 174	102	59%

DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased by 25% or $132,000 in the first quarter compared to the previous year's first quarter. The decrease in depreciation and amortization was mostly due to the non-renewal of a co-location lease in the previous year's first quarter.

	Three months ended June 30			Change	
(in thousands of dollars)		2021	2020	$	%
Depreciation of right-of-use assets	$	343	$ 455	(112)	-25%
Depreciation of property, plant and equipment		61	64	(3)	-5%
Amortization of intangible assets		2	19	(17)	-89%
Total	**$**	**406**	$ 538	(132)	-25%

6.4 NET INCOME AND TOTAL COMPREHENSIVE INCOME

The net income and total comprehensive income in the current quarter was $1.8 million, compared with a net income and total comprehensive income of $1.5 million in the previous year's first quarter. The higher net income in the period was driven by higher demand for DCC's services, as well as a billing rate increase and the timing of professional services and IT expenditures.

	Three months ended June 30			Change	
(in thousands of dollars)		2021	2020	$	%
Net Income and total comprehensive income	**$**	**1,839**	$ 1,483	356	24%

6.5 LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL AND CASH MANAGEMENT

DCC's financial and cash management policy is discussed in the *Annual Report 2020–2021*.

CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments totalled $49.4 million at June 30, 2021, an increase of $3.5 million from March 31, 2021.

The cash balance at June 30, 2021, was $40.2 million, an increase of $4.6 million or 13% from March 31, 2021. In the three-month period after March 31, 2021, the Corporation generated $3.9 million in cash through operating activities, generated $1.0 million through investment activities and paid $310,000 for lease obligations.

Investments (both current and long term) at June 30, 2021, totalled $9.2 million, a decrease of $1.1 million or 11% from the 2020–21 year end. The decrease was due to the redemption of investments that reached maturity.

Investments consist of non-derivative financial assets with fixed or determinable payments and fixed maturity. The Corporation currently invests in listed bonds, guaranteed investment certificates and mutual funds, which are recorded at cost and amortized using the effective interest method. The investments held are consistent with the policy approved by the Board of Directors. It is the Corporation's intention to hold the investments to maturity.

TRADE RECEIVABLES

Trade receivables are due from the Corporation's Client-Partners, mainly DND. At June 30, 2021, trade receivables were $17.6 million, which represented an increase of $2.5 million or 16% from March 31, 2021. The increase was due to the timing of the collection of receivables from DND. All of the trade receivables were assessed to be fully collectible.

CURRENT LIABILITIES

Current liabilities were $27.6 million at June 30, 2021, an increase of $6.2 million or 29% from March 31, 2021. The increase in current liabilities was primarily due to the timing of payments from suppliers and an increase in deferred revenue.

LIQUIDITY AND CAPITAL RESOURCES

	As at		**Change**	
(in thousands of dollars)	June 30, 2021	March 31, 2021	$	%
Cash and cash equivalents	$ 40,222	$ 35,632	4,590	13%
Investments	9,176	10,304	(1,128)	-11%
Cash, cash equivalents and investments	**$ 49,398**	$ 45,936	3,462	8%
Trade receivables	**$ 17,625**	$ 15,156	2,469	16%
Current liabilities	**$ 27,582**	$ 21,352	6,230	29%

6.6 EMPLOYEE BENEFITS

The Corporation records a liability for the estimated cost of sick leave and retirement allowance for active employees, and health and dental care and life insurance benefits for retirees. This estimate is actuarially determined. The accrual for employee benefits at June 30, 2021, was $37.8 million, an increase of $653,000 or 2% from March 31, 2021. Overall, the liability increased because current service costs and interest were higher than the benefit payments. Current service costs and interest charges for the period were $837,000 and benefits paid were $184,000.

	As at		**Change**	
(in thousands of dollars)	June 30, 2021	March 31, 2021	$	%
Long-term portion	$ 34,058	$ 33,430	628	2%
Current portion	3,692	3,667	25	1%
Total employee benefits	**$ 37,750**	$ 37,097	653	2%

6.7 CAPITAL EXPENDITURES

The capital expenditures in the first quarter of the current year are shown below. There were no capital expenditures in the same period last year.

	Three months ended June 30		Change	
(in thousands of dollars)	2021	2020	$	%
Computer equipment	$ 124	$ –	124	100%
Furniture and equipment	111	–	111	100%
Leasehold improvements	127	–	127	100%
Intangible assets	–	–	–	–
Right-of-use assets	457	–	457	100%
Total capital expenditures	**$ 819**	$ –	819	100%

6.8 ACTUAL PERFORMANCE VERSUS PLAN

The following table compares the Corporation's actual performance for the quarter with the projections in the Corporate Plan (the Plan). The Corporation's actual performance compared to the Plan was better than anticipated. The Corporate Plan was developed prior to the federal budget tabled in 2021.

Services revenue for the quarter was 14% higher than projected in the Plan. The increase was due to higher-than-anticipated demand for services from DND.

Travel and disbursement revenue and expenses were 37% lower than projected in the Plan, due to the impact of COVID-19 on travel.

Investment revenue was lower than anticipated in the Plan, due to lower-than-expected interest rates on new investments.

Salaries and employee benefits were 14% higher than projected in the Plan, due to higher-than-expected demand from the Client-Partner. In response to this increased demand, DCC increased its full-time equivalents by 3% more than planned.

Operating and administrative costs were 33% lower than projected. The decrease was due mainly to decreased travel and training costs related to COVID-19 restrictions and the timing of professional services and IT expenditures.

Depreciation and amortization were 15% lower than anticipated in the Plan, mainly due to delays in the 2020–21 Head Office renovations as a result of the COVID-19 pandemic.

Income for the quarter was $1.6 million higher than forecasted in the Plan, due to higher demand for services and lower-than-anticipated operating and administrative expenses.

Capital expenditures were 310% higher than anticipated in the Plan, due to the renewal of a lease and to the fact that expected 2020–21 expenditures for Head Office leasehold renovations occurred in 2021–22, due to the aforementioned renovation delays.

ACTUAL PERFORMANCE VERSUS PLAN

	Three months ended June 30, 2021		Change	
(in thousands of dollars)	**Actual**	**Plan**	$	%
Services revenue	$ 37,060	$ 32,545	4,515	14%
Travel and disbursement revenue	276	440	(164)	-37%
Investment revenue	105	175	(70)	-40%
Total revenue	**$ 37,441**	$ 33,160	4,281	13%
Salaries and employee benefits	32,579	28,519	4,060	14%
Operating and administrative expenses	2,282	3,390	(1,108)	-33%
Travel and disbursement expenses	276	440	(164)	-37%
Finance costs	59	66	(7)	-11%
Depreciation and amortization	406	476	(70)	-15%
Total expenses	**$ 35,602**	$ 32,891	2,711	8%
Income and other comprehensive income for the period	**$ 1,839**	$ 269	1,570	584%
Capital expenditures	**$ 819**	$ 200	619	310%

6.9 CONTRACT EXPENDITURES, BY REGION

The Corporation's contract expenditures through the DND program for the three months ended June 30, 2021, increased by $39.9 million or 29% compared to the same period last year. This increase was mostly due to a quicker DND program rollout compared to the previous year's first quarter. The DND program in 2021–22 is expected to be similar to that in 2020–21.

	Three months ended June 30		Change	
(in thousands of dollars)	2021	2020	$	%
Region				
Western	$ 49,566	$ 47,498	2,068	4%
Ontario	48,269	34,772	13,497	39%
National Capital	29,267	29,396	(129)	0%
Atlantic	27,537	15,690	11,847	76%
Quebec	22,057	9,440	12,617	134%
	$ 176,696	$ 136,796	39,900	29%

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Unless otherwise stated, all amounts are in Canadian dollars.

MANAGEMENT RESPONSIBILITY STATEMENT

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting, and the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations. Management is also responsible for such internal controls as it determines are necessary to enable the preparation of condensed interim financial statements that are free from material misstatement. In addition, management is responsible for ensuring that all other information in this quarterly financial report is consistent, as appropriate, with the condensed interim financial statements.

Based on our knowledge, these condensed interim 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 condensed interim financial statements.

Original signed by

Derrick Cheung
President and Chief Executive Officer

Original signed by

Juliet S. Woodfield, FCPA, FCA
Vice-President, Finance & Human Resources, and Chief Financial Officer

Ottawa, Canada
August 26, 2021

DEFENCE CONSTRUCTION (1951) LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
(in thousands of dollars)	Notes	**June 30, 2021**	March 31, 2021
Assets			
Cash and cash equivalents		**$ 40,222**	$ 35,632
Investments	6	**2,120**	2,925
Accrued revenue	10	**907**	–
Trade receivables	13	**17,625**	15,156
Prepaids and other assets		**1,498**	1,515
Other receivables		**3,332**	1,729
Current assets		**65,704**	56,957
Investments	6	**7,056**	7,379
Property, plant and equipment	7	**2,315**	2,014
Intangible assets		**15**	17
Right-of-use assets	8	**8,095**	7,981
Non-current assets		**17,481**	17,391
Total assets		**$ 83,185**	$ 74,348
Liabilities			
Trade and other payables	13	**$ 19,791**	$ 16,453
Deferred revenue	10	**2,860**	–
Employee benefits	9	**3,692**	3,667
Lease obligations	8	**1,239**	1,232
Current liabilities		**27,582**	21,352
Employee benefits	9	**34,058**	33,430
Lease obligations	8	**7,252**	7,112
Non-current liabilities		**41,310**	40,542
Total liabilities		**68,892**	61,894
Equity			
Share capital—authorized: 1,000 common shares of no par value			
Issued: 32 common shares		**–**	–
Retained earnings		**14,293**	12,454
Total equity		**14,293**	12,454
Total liabilities and equity		**$ 83,185**	$ 74,348

Commitments: See note 8. Contingent liabilities: See note 14.
The accompanying notes are an integral part of these condensed interim financial statements.

DEFENCE CONSTRUCTION (1951) LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

(in thousands of dollars)	Notes	**Three months ended June 30** **2021**	2020
Services revenue	10	**$ 37,060**	$ 33,429
Travel and disbursement revenue		**276**	174
Investment revenue		**105**	108
Lease revenue		**–**	74
Total revenue		**37,441**	33,785
Salaries and employee benefits		**32,579**	29,146
Operating and administrative expenses	11	**2,282**	2,377
Travel and disbursement expenses		**276**	174
Depreciation of property, plant and equipment	7	**61**	64
Depreciation of right-of-use assets	8	**343**	455
Amortization of intangible assets		**2**	19
Finance costs	8	**59**	67
Total expenses		**35,602**	32,302
Income and other comprehensive income for the period		**$ 1,839**	$ 1,483

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

DEFENCE CONSTRUCTION (1951) LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(in thousands of dollars)	Share capital	Retained earnings	Total equity
For the three months ended			
Balance as at March 31, 2021	**$ –**	**$ 12,454**	**$ 12,454**
Income for the period		**1,839**	**1,839**
Balance as at June 30, 2021	**$ –**	**$ 14,293**	**$ 14,293**

	Share capital	Retained earnings	Total equity
For the three months ended			
Balance as at March 31, 2020	$ –	$ 9,318	$ 9,318
Income for the period		1,483	1,483
Balance as at June 30, 2020	$ –	$ 10,801	$ 10,801

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

DEFENCE CONSTRUCTION (1951) LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS

		Three months ended June 30	
(in thousands of dollars)	Notes	**2021**	2020
Cash flow from operating activities			
Income for the period		**$ 1,839**	$ 1,483
Adjustments to reconcile income for the period to cash provided by operating activities			
Employee benefits expensed		**837**	685
Employee benefits paid		**(184)**	(132)
Depreciation of property, plant and equipment	7	**61**	64
Depreciation of right-of-use assets	8	**343**	455
Amortization of intangible assets		**2**	19
Amortization of investment premiums		**3**	13
Change in non-cash operating working capital			
Trade receivables		**(2,469)**	3,527
Other receivables		**(1,603)**	1,314
Prepaids and other assets		**17**	(281)
Accrued revenue		**(907)**	(3,140)
Trade and other payables		**3,087**	331
Deferred revenue		**2,860**	723
Net cash flows provided by operating activities		**3,886**	5,061
Cash flows from investing activities			
Redemption and disposition of investments		**1,125**	–
Acquisition of property, plant and equipment	8	**(111)**	–
Net cash flows provided by in investing activities		**1,014**	–
Cash flows used in financing activities			
Repayment of lease obligations	8	**(310)**	(367)
Net cash flows used in financing activities		**(310)**	(367)
Increase in cash during the period		**4,590**	4,694
Cash at the beginning of the period		**35,632**	15,738
Cash and cash equivalents at the end of the period		**$ 40,222**	$ 20,432
Supplemental operating cash flow information			
Interest charges on lease obligations		**$ 59**	$ 67
Interest received from bank deposits		**53**	29
Interest received from investments		**51**	77
Acquisition of property, plant and equipment not paid		**251**	–

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

NOTICE TO READERS

These condensed interim financial statements have not been audited or reviewed by an external auditor and must be read in conjunction with the most recent financial statements for the year ended March 31, 2021, and with the management's discussion and analysis (MD&A) included in this quarterly financial report.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Unless otherwise stated, all amounts are in thousands of Canadian dollars.

1. DESCRIPTION OF BUSINESS AND OBJECTIVES

Defence Construction (1951) Limited (the "Corporation") was incorporated under the *Companies Ac*t in 1951 pursuant to the authority of the *Defence Production Act* and continued under the *Canada Business Corporations Act*. The Corporation's Head Office is located at 350 Albert Street, Ottawa, Ontario, Canada. The Corporation is an agent Crown corporation named in Part 1 of Schedule III to the *Financial Administration Act* (FAA). Since 1996, responsibility for the Corporation has rested with the Minister of Public Services and Procurement.

The mandate of the Corporation is to provide procurement, construction, professional, operations and maintenance services in support of the defence of Canada. The prime, but not exclusive, beneficiary of the Corporation's services is the Department of National Defence (DND). The Corporation also provides services to the Canadian Forces Housing Agency, the Communications Security Establishment, Shared Services Canada, and the Department of Public Services and Procurement Canada. Revenue is generated from fees charged for specific services provided.

In July 2015, the Corporation received a directive (P.C. 2015-1113) pursuant to section 89 of the FAA to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of the directive in the Corporation's next Corporate Plan. The Corporation finished aligning its policies with Treasury Board policies on March 31, 2017. The Corporation has subsequently updated its policies to align with the revised versions of the Treasury Board policies.

1.1 GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a global pandemic, and recommended containment and mitigation measures. All levels of government have taken extraordinary measures to help contain and combat the outbreak.

Consistent with government recommendations, DCC began minimum staffing of its operations in its physical workspaces. Most employees were able to work from home, and critical staff members were able to safely continue visiting sites and fulfilling their obligations to the Client-Partners. DCC continues to follow the announcements of governments across the country regarding their re-opening plans as the third wave of the COVID-19 pandemic recedes and more Canadians are vaccinated. DCC has also been seeking updates from the Client-Partners on their local approaches to returning to the workplace and is beginning to formulate its plans accordingly.

The Corporation is in close contact with DND and other Client-Partners to ensure essential projects continue. DCC is also communicating regularly with industry associations to share information and solicit their collaboration in these unusual circumstances. On the front lines, project teams are on the job at bases and wings across Canada, managing contracts through a combination of remote and critical on-site work. They are taking all necessary precautions and complying with local public health authorities' requirements across Canada and in locations abroad where DCC works.

The Corporation cannot predict the exact nature of COVID-19's impact on its business. However, when the Board of Directors approved these financial statements, DCC believed its cash reserves, accounts receivable and service level arrangements with its Client-Partners would provide sufficient liquidity to fund its operations for at least the next 12 months. The Corporation does not believe there are any current indications that would warrant an impairment test of its assets.

2. BASIS OF PREPARATION AND PRESENTATION

The Corporation prepared these condensed interim financial statements in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada. As permitted under IAS 34, these condensed interim financial statements do not include all of the disclosures required for annual financial statements and should be read in conjunction with the Corporation's audited financial statements for its fiscal year ended March 31, 2021, and the current quarter's MD&A.

The condensed interim financial statements have been prepared according to the International Financial Reporting Standards (IFRS) effective when these statements were prepared. The statements have been prepared on a historical cost basis, except as permitted by the IFRS and as otherwise indicated in these notes.

3. SUMMARY OF ACCOUNTING POLICIES

These condensed interim financial statements follow the same accounting policies and methods of computation described in the notes to the Corporation's audited financial statements for the year ended March 31, 2021, except for the application of new standards, amendments and interpretations effective January 1, 2021, as disclosed in Note 5 of these condensed interim financial statements. The accounting policies have been applied consistently to all periods presented, unless otherwise indicated.

4. CRITICAL ACCOUNTING ESTIMATES

Under the Corporation's accounting policies, management is required to make judgments, 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 historical experience and other factors considered relevant. Actual results may differ from the judgments, estimates and assumptions.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised, when the revision affects only that period, or in the period of the revision and future periods, when the revision affects both current and future periods. Critical judgments and key sources of estimation uncertainty are disclosed in the notes to the Corporation's annual financial statements for the year ended March 31, 2021.

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS

5.1 CURRENT ACCOUNTING CHANGES

The Corporation actively monitors new standards and amendments to existing standards that have been issued by the IASB. There were no new or amended standards issued by the IASB that had an impact on the Corporation's condensed interim financial statements.

5.2 FUTURE ACCOUNTING CHANGES

The IASB has not issued any new standards or amendments to existing standards that would affect the Corporation in the future other than those disclosed in Note 3 of the Corporation's annual financial statements for the year ended March 31, 2021.

6. INVESTMENTS

Investments consist of Canadian provincial bonds with effective interest rates ranging from 2.65% to 3% (coupon rates ranging from 2.85% to 4.4%), guaranteed investment certificates (GICs) ranging from 0.68% to 2.82%, and mutual funds with variable interest rates. The maturity dates of the bonds vary from June 2022 to September 2025 and those of the GICs vary from July 2021 to July 2025, and the Corporation intends to hold all of them to maturity. The mutual fund accounts can be liquidated on demand. The carrying amounts, measured at the amortized cost and fair value of these investments, are shown in the table below.

The fair value of the investments can be determined by (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The fair values of the investments are not quoted in an active market, but rather are determined from quoted prices in a decentralized, over-the-counter market, which is considered Level 2 in the fair value hierarchy.

The current portion of investments consists of instruments maturing in the next 12 months.

	As at	
	June 30, 2021	March 31, 2021
Current portion	$ 2,120	$ 2,925
Long-term portion	7,056	7,379
Total	**$ 9,176**	$ 10,304

	As at	
	June 30, 2021	March 31, 2021
Carrying amount at amortized cost		
Provincial bonds	$ 1,826	$ 1,829
Guaranteed investment certificates	7,350	8,475
	$ 9,176	$ 10,304
Fair value		
Provincial bonds	$ 1,944	$ 1,951
Guaranteed investment certificates	7,409	8,531
	$ 9,353	$ 10,482

7. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment are shown in the following tables.

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance as at March 31, 2021	$ 672	$ 1,167	$ 1,536	$ 3,375
Additions	124	111	127	362
Disposals	(147)	–	–	(147)
Balance as at June 30, 2021	**$ 649**	**$ 1,278**	**$ 1,663**	**$ 3,590**

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Accumulated depreciation				
Balance as at March 31, 2021	$ 526	$ 683	$ 152	$ 1,361
Depreciation	30	22	9	61
Disposals	(147)	–	–	(147)
Balance as at June 30, 2021	**$ 409**	**$ 705**	**$ 161**	**$ 1,275**

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Net book value, by asset class				
Net Book Value as at March 31, 2021	$ 146	$ 484	$ 1,384	$ 2,014
Net Book Value as at June 30, 2021	240	573	1,502	2,315

There is no impairment of property, plant and equipment.

8. LEASES

8.1 RIGHT-OF-USE ASSETS

The changes in right-of-use assets are shown in the following table.

	Office space leases	Data warehouse leases	Total right-of-use assets
Balance as at March 31, 2021	$ 7,574	$ 407	$ 7,981
Additions	457	–	457
Depreciation	(313)	(30)	(343)
Disposals	–	–	–
Balance as at June 30, 2021	**$ 7,718**	**$ 377**	**$ 8,095**

8.2 LEASE OBLIGATIONS

	As at June 30, 2021	March 31, 2021
Current portion	$ 1,239	$ 1,232
Long-term portion	7,252	7,112
Total	**$ 8,491**	**$** 8,344

The changes in lease obligations are shown in the following table.

Balance as at March 31, 2021	$	8,344
Additions		457
Payments		(369)
Interest expense		59
Balance as at June 30, 2021	**$**	**8,491**

The following table shows the contractual undiscounted cash flows for lease obligations as at June 30, 2021.

One year or less	$	1,459
Between one and two years		1,404
Between two and five years		2,866
Over five years		2,410
Total	**$**	**8,139**

The expense relating to variable lease payments not included in the measurement of lease obligations was $248. This consisted of variable lease payments for operating costs, property taxes and insurance. There were immaterial expenses relating to short-term leases, and leases of low-value assets. Total cash outflow for leases was $617, including $310 for principal payments on lease obligations.

9. EMPLOYEE BENEFITS

Post-employment and other long-term employee benefits represent the Corporation's estimated costs of sick leave for employees, and health, dental and life insurance benefits for retirees. The benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

	As at			
		June 30, 2021		March 31, 2021
Current portion	$	3,692	$	3,667
Long-term portion		34,058		33,430
Total employee benefits	**$**	**37,750**	**$**	37,097

The significant actuarial assumptions are disclosed in the *Annual Report 2020–2021*. The measurement date for the last actuarial valuation of the provision for employee benefits was March 31, 2020. The next actuarial valuation is planned for March 2023 or sooner, as required.

Balance as at March 31, 2021	**$**	37,097
Current service cost		507
Interest on present value of obligation		330
Employee benefit payments		(184)
Balance as at June 30, 2021	**$**	**37,750**

	Three months ended June 30			
		2021		2020
Current service cost	$	507	$	421
Interest on present value of obligation		330		307
Employee benefit expenses	**$**	**837**	**$**	727

10. REVENUE FROM SERVICES

10.1 ACCOUNTING POLICY

Accrued revenue arises when, at a reporting date, the services delivered through fixed-fee service-level arrangements exceeds the amount of revenue invoiced.

Deferred revenue arises when the amount invoiced to the Client-Partners exceeds the services delivered through fixed-fee service-level arrangements. The Corporation has an unconditional right to payment when it has invoiced in accordance with fixed-fee service-level arrangements. The amounts in excess will be recognized in revenue as services are delivered, which is expected to happen by March 31, 2022.

10.2 SEGMENTED REVENUE

In reviewing the performance of the Corporation, management analyzes revenue by region, by activity and by type of contract (fixed-fee vs. time-based). The following tables disaggregate revenue by major sources and by region.

	Three months ended June 30, 2021						
	Activites						
Region	Contract management	Project planning	Real property technical support	Procurement	Construction technical support	Environmental technical support	Total, by region
Atlantic	$ 2,310	$ 1,713	$ 436	$ 493	$ 240	$ 480	$ 5,672
Quebec	2,648	1,342	410	401	328	388	5,517
National Capital	1,118	3,258	1,715	78	111	426	6,706
Ontario	3,543	1,555	638	631	1,382	557	8,306
Western	5,040	2,600	403	1,100	436	377	9,956
Head Office	33	22	–	422	426	–	903
Total revenue, by activity	**$ 14,692**	**$ 10,490**	**$ 3,602**	**$ 3,125**	**$ 2,923**	**$ 2,228**	**$ 37,060**

	Three months ended June 30, 2020						
	Activites						
Region	Contract management	Project planning	Real property technical support	Procurement	Construction technical support	Environmental technical support	Total, by region
Atlantic	$ 1,959	$ 1,666	$ 397	$ 402	$ 177	$ 272	$ 4,873
Quebec	2,342	1,529	355	400	313	375	5,314
National Capital	1,148	2,434	1,264	103	103	328	5,380
Ontario	3,323	1,755	759	617	1,170	559	8,183
Western	4,349	2,502	180	864	504	395	8,794
Head Office	61	89	6	329	400	–	885
Total revenue, by activity	$ 13,182	$ 9,975	$ 2,961	$ 2,715	$ 2,667	$ 1,929	$ 33,429

The following tables disaggregate revenue by region and contract type.

Time-based revenue

	Three months ended June 30	
Region	2021	2020
Atlantic	$ 1,092	$ 758
Quebec	1,873	1,588
National Capital	5,549	4,386
Ontario	2,370	2,148
Western	2,559	2,089
Head Office	582	656
Total time-based revenue	**$ 14,025**	**$** 11,625

Fixed-fee revenue

	Three months ended June 30	
Region	2021	2020
Atlantic	$ 4,580	$ 4,115
Quebec	3,644	3,726
National Capital	1,157	994
Ontario	5,936	6,036
Western	7,397	6,704
Head Office	321	229
Total fixed-fee revenue	**$ 23,035**	**$** 21,804
Total services revenue	**$ 37,060**	**$** 33,429

11. OPERATING AND ADMINISTRATIVE EXPENSES

	Three months ended June 30	
	2021	2020
Cloud computing services	$ 434	$ 338
Software maintenance	318	378
Professional services	318	351
Leased location operating costs	248	256
Equipment rental	244	227
Telephone and data communications	189	213
Client services and communications	148	47
Employee training and development	137	102
Office services, supplies and equipment	68	126
Furniture and equipment	42	265
Staff relocation	40	8
Memberships and subscriptions	38	15
Recruiting	25	–
Computer software	12	22
Leasehold improvements	7	–
Hospitality	6	16
Postage and freight	4	6
Other	4	4
Computer hardware	–	2
Travel	–	1
Total	**$ 2,282**	$ 2,377

12. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

12.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument might not meet its obligations under the terms of the financial instrument. The carrying value of financial assets subject to credit risk as at June 30, 2021, was $71,273 (as at March 31, 2021, it was $62,827) and represented DCC's maximum exposure to credit risk. The Corporation does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of the financial asset.

DCC minimizes credit risk on cash by depositing the cash only with reputable and high-quality financial institutions. The Corporation has no significant exposure to credit risk on trade receivables, as all of the trade receivables are due from the Government of Canada. The Corporation is exposed to concentration risk of trade receivables with DND, as described in Note 13. Based on historical default rates and the aging analysis, the Corporation believes there are no requirements for an Expected Credit Loss (ECL).

Other assets consist of balances related to travel advances to employees and computer loans to employees. Prepaids are not included in other assets. Trade and other payables consist of balances owed to suppliers. Commodity taxes payable, and accrued vacation and overtime, are not included in trade and other payables.

	As at June 30, 2021		
	Fair value through profit and loss	Amortized cost	Carrying amount
Cash	$ 40,222	$ –	$ 40,222
Investments	–	9,176	9,176
Trade receivables	–	17,625	17,625
Other receivables	–	3,332	3,332
Other assets	–	11	11
Accrued revenue	–	907	907
Total financial assets	**$ 40,222**	**$ 31,051**	**$ 71,273**
Trade and other payables	$ –	$ 11,683	$ 11,683
Total financial liabilities	**$ –**	**$ 11,683**	**$ 11,683**

	As at March 31, 2021		
	Fair value through profit and loss	Amortized cost	Carrying amount
Cash	$ 35,632	$ –	$ 35,632
Investments	–	10,304	10,304
Trade receivables	–	15,156	15,156
Other receivables	–	1,729	1,729
Other assets	–	6	6
Total financial assets	$ 35,632	$ 27,195	$ 62,827
Trade and other payables	$ –	$ 9,756	$ 9,756
Total financial liabilities	$ –	$ 9,756	$ 9,756

12.2 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The carrying value of DCC's financial liabilities for trade and other payables as at June 30, 2021, was $11,683 (as at March 31, 2021, it was $9,756) and represented the maximum exposure of the Corporation. The Corporation manages its liquidity risk by monitoring and managing its cash flow from operations and anticipated investing activities. The liquidity risk is low, since the Corporation does not have debt instruments and derives its cash flow from services offered to the Government of Canada. All trade and other payables mature within six months or less. In addition, as at June 30, 2021, the Corporation's financial assets exceeded its financial liabilities by $59,590 (as at March 31, 2021, the figure was $53,071).

	As at June 30, 2021			
	Carrying amount	Contractual cash flows	Six months or less	Over six months
Trade and other payables	$ 11,683	$ 11,683	$ 11,683	$ –
Total financial liabilities	**$ 11,683**	**$ 11,683**	**$ 11,683**	**$ –**

	As at March 31, 2021			
	Carrying amount	Contractual cash flows	Six months or less	Over six months
Trade and other payables	$ 9,756	$ 9,756	$ 9,756	$ –
Total financial liabilities	$ 9,756	$ 9,756	$ 9,756	$ –

12.3 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation's financial assets and financial liabilities are not exposed to fluctuations in currency risk and other price risk, given their underlying nature and characteristics.

The Corporation is exposed to fluctuations in interest rates on its investments. As at June 30, 2021, all of the investments ($9,176) were in fixed interest-bearing instruments (as at March 31, 2021, the figure was $10,304). Fluctuations in the interest rate would affect the fair value of the instruments. Management intends to hold these instruments until maturity. The Corporation has determined that the market risk is not significant.

13. RELATED-PARTY TRANSACTIONS AND BALANCES

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business under its stated mandate. These transactions are measured at fair value, which is the actual amount of consideration given or received for the services provided. The Corporation's services revenue in the first quarter of 2021–22 totalled $37,060 compared to $33,429 in the same period in 2020–21 and was generated from services provided to entities owned by the Government of Canada.

The Corporation incurred expenses with other Government of Canada entities. These transactions totalled $70 for the first quarter of 2021–22 compared to $130 in the same period in 2020–21. Of these expenses, the Corporation recovered $56 from DND.

The amounts due to and from related parties are as follows.

	As at	
	June 30, 2021	March 31, 2021
Due from:		
Department of National Defence (DND)	$ 15,671	$ 13,987
Canadian Forces Housing Agency	1,653	1,016
Communications Security Establishment	274	133
Shared Services Canada	27	20
	$ 17,625	**$** 15,156
Due to:		
Shared Services Canada	$ 2	$ 17
Department of Justice	82	86
	$ 84	**$** 103

13.1 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons (including members of the Board of Directors) who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The remuneration of DCC's key management personnel is shown in the following table.

	Three months ended June 30			
		2021		2020
Short-term benefits	$	1,310	$	1,155
Post-employment benefits		188		154
Total	**$**	**1,498**	**$**	1,309

14. CONTINGENT LIABILITIES

The Corporation's efforts to resolve disputes are reflected in the number and value of claims before the courts. As at June 30, 2021, there were 12 ongoing claims totalling $19,142. These were related to contracts DCC had put in place on behalf of its Client-Partners. These figures can be compared with 13 ongoing claims totalling $19,538 as at March 31, 2021. In accordance with the Memorandum of Understanding between the Corporation and DND, DND accepts the legal and financial risks associated with claims resulting from third-party contracts put in place by the Corporation. Therefore, the financial risk associated with settling these contractual claims does not have any financial impact on the Corporation, so DCC does not consider it necessary to record any provision in its financial statements relating to these particular legal claims. In addition, as at June 30, 2021, there was one other ongoing legal claim, not related to DND, in relation to a grievance with significant monetary damages. Due to uncertainties surrounding the claim and the early stage of the claim's evaluation, the outcome, timing and extent of the settlement, if any, cannot be determined at this time. No amount for this claim has been recognized as at June 30, 2021.

15. COMPARATIVE FIGURES

The Corporation has reclassified comparative information in the condensed interim statement of financial position and condensed interim statement of cash flows to be consistent with current period presentation.