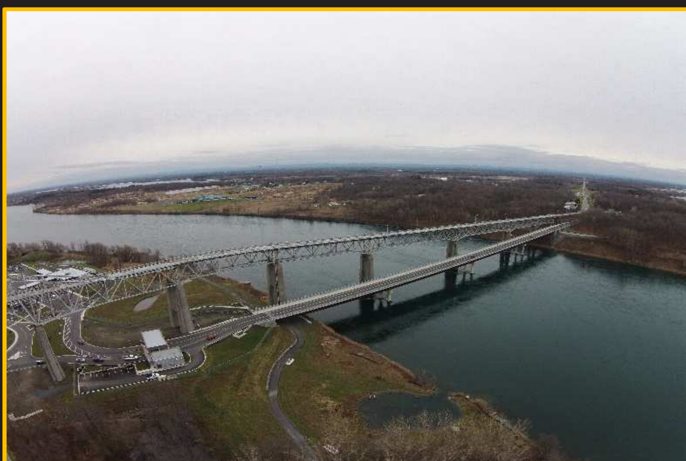
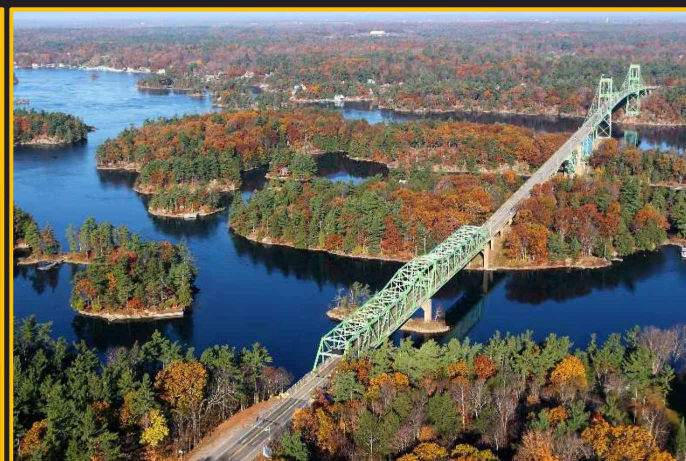
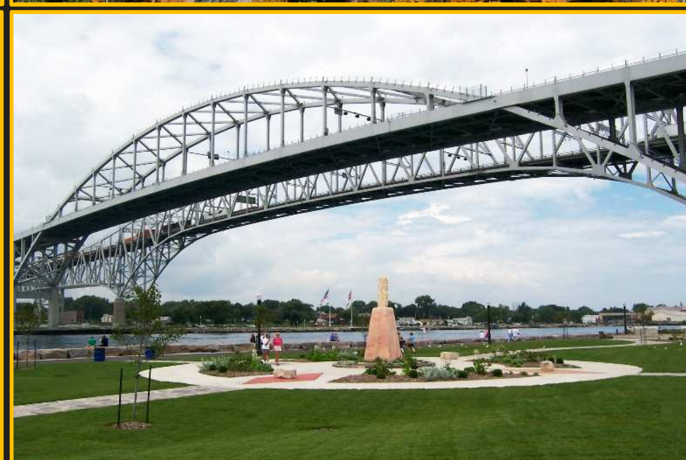
THE FEDERAL BRIDGE CORPORATION LIMITED







QUARTERLY FINANCIAL REPORT

1st QUARTER (Q1) – UNAUDITED

For the three months ended June 30, 2016

Canada

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Cover photos:

Top left to right: New and old North Channel Bridge in Cornwall, and Thousand Islands Bridge in Lansdowne.
Bottom left to right: Canadian span of the Sault Ste. Marie International Bridge, and the Souls Memorial located underneath the Blue Water Bridge in Point Edward.

1.0 FBCL

The Federal Bridge Corporation Limited (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.

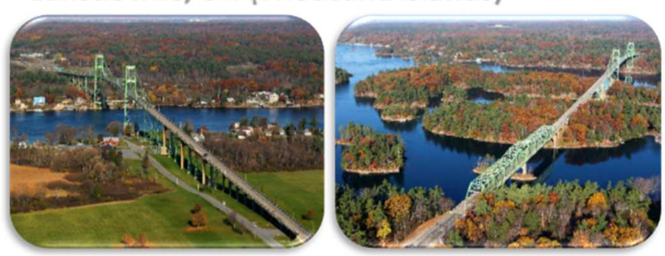
1.2 FBCL Group

In 2015, the corporation was amalgamated with two other federal Crown corporations to own and/or operate international bridges within a new entity. While the FBCL name was retained, its mandate has been renewed to include four international bridges that provide vital trade routes and links between Ontario, Michigan State and New York State, supporting the Canadian and the United States (U.S.) economies as a whole.

The diversity of the operations across the bridge portfolio is significant. The Blue Water Bridge has the most volume, the Seaway International Bridge Crossing has the most challenging operating environment and the demographics and traffic patterns at the Thousand Islands International Bridge and the Sault Ste. Marie International Bridge differ significantly.

Sault Ste. Marie, ON

Lansdowne, ON (Thousand Islands)



Point Edward, ON (Blue Water Bridge)

Cornwall, ON (Seaway International Bridge)

1.2 FBCL Group (Cont'd)

FBCL's new mandate provides an opportunity to align, to look at all possibilities and focus on a portfolio model for all four international bridges, where best practices are shared across all locations and forms the basis for a strong self-sustaining corporation. The primary elements of success for the corporation at creation were governance and accountability. By-laws, key policies and practices have or are in the process of a fulsome review.

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 Seaway International Bridge Corporation, Ltd. (SIBC).

2.0 Q1 2016-17 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 June 30, 2016 (Q1). 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 June 30, 2016, FBCL is reporting a consolidated net income of $2.91 million for the first three months of the fiscal year ($4.46 million – Q1 2015-16). The operating income before government funding was $2.41 million at June 30, 2016 ($2.10 million – Q1 2015-16).

Toll revenue (Tolls and services, and Thousand Islands International Bridge revenue) for the FBCL group amounted to $9.57 million ($8.20 million – Q1 2015-16), which is 29.4% (25.2% - Q1 2015-16) of the budgeted total for the entire fiscal year. This increase in toll revenue occurred due to toll adjustments at crossings and a higher mix of commercial traffic, despite a drop in overall traffic. Passenger vehicle traffic across FBCL's portfolio of crossings fell by 9.5% as compared to the prior year (variations among bridges ranged from 6.3% to 13.3%). Truck and bus traffic, however, continued to increase for FBCL, reflecting a 3.3% increase over last year (variations among bridges ranged from a decrease of 4.4% to an increase of 7.9%). Additional discussion on revenue follows in section 3.1.

Net working capital (defined as current assets minus current liabilities) continues to be strong for the corporation showing a significant increase as compared to the prior year-end. At the end of the prior year (March 2016), working capital was $14.77 million, and has now increased to $18.70 million, an increase of $3.93 million, largely created by income earned from operations. Trade and other receivables have increased significantly over the end of the prior year (by $2.92 million), however, much of this is due to summertime work on significant capital projects resulting in higher receivables of related government funding, which is to be paid to various contractors in the second quarter.

2.1 Summary (Cont'd)

Capital acquisitions in the quarter amounted to $9.57 million ($5.88 – Q1 2015-16) million. Spending on projects that are government funded accounted for approximately 90% of this spending. The Lansdowne CBSA Rehabilitation project incurred $4.39 million in spending in the quarter and the Sault Ste. Marie Canadian Plaza Redevelopment incurred $4.17 million. An additional $0.51 million was spent on various bridge and other structure upkeep at the Thousand Islands crossing.

2.2 Outlook

FBCL continues to be both a very mature organization, with some of its bridges having been built over 75 years ago, and at the same time a very young organization, with its current existence having only been formed in February of 2015. From the point of view of bridge operations on a location-by-location basis, FBCL's portfolio of crossings have performed well in the past and will continue to adapt to local issues and requirements as they arise. This gives FBCL a strong base from which to review its outlook. FBCL's outlook on revenue has proven to be ahead of budget for the first quarter, giving a strong start to achieving the budget for the year.

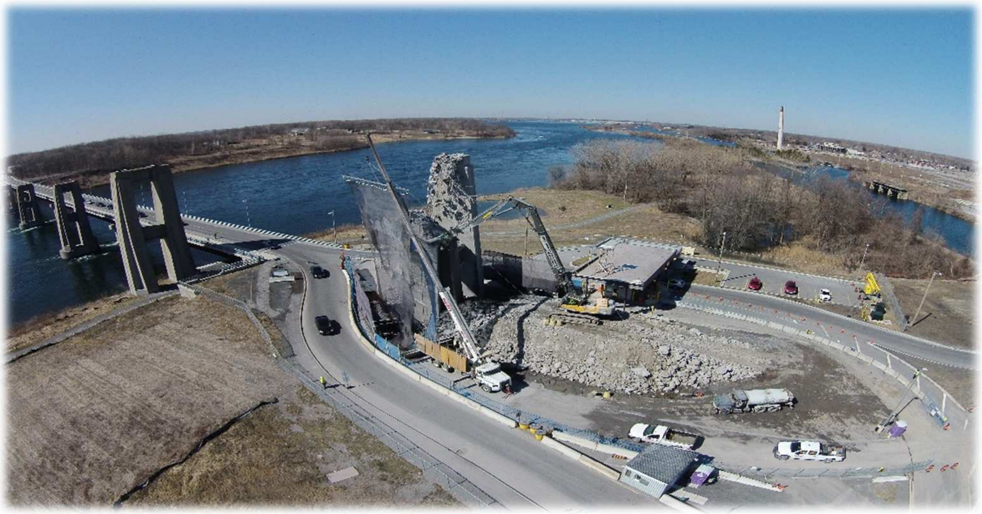
From a consolidated entity point of view exciting times are underway and on the foreseeable horizon. Large scale projects to improve and modernize crossings are in stages of nearing completion as well as just getting fully ramped up with construction. Milestones within these projects are being completed on time and on budget. At the same time, other projects to ensure asset longevity are ongoing, and projects to update other facilities are being contemplated. FBCL is staying at the forefront of its industry with senior management being asked to speak at or receive awards at conferences for organizations such as the Canadian Society for Civil Engineers (CSCE) and the International Bridge, Tunnel and Turnpike Association (IBTTA).

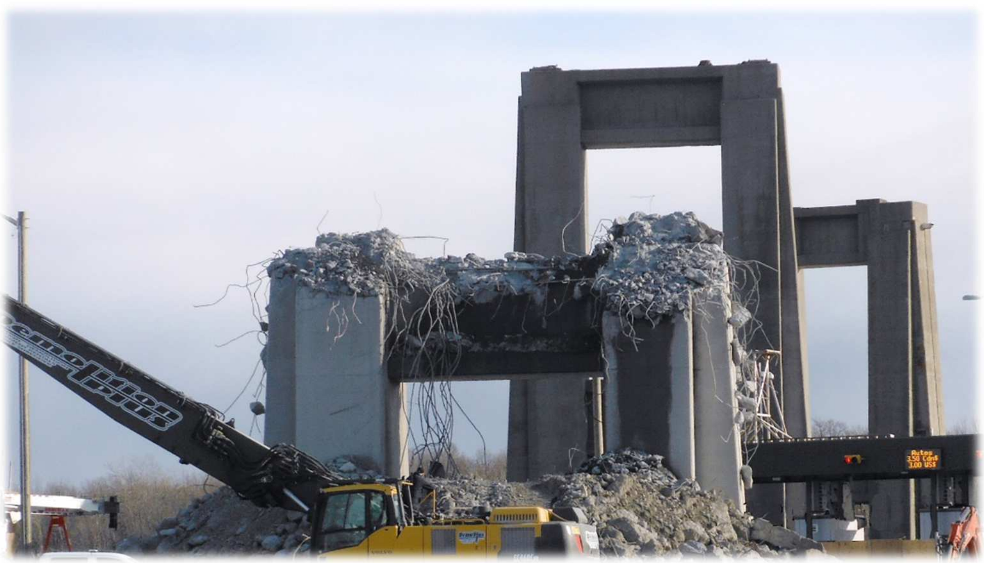
Significant construction projects in the quarter included:

a) The demolition of the high-level North Channel Bridge in Cornwall, which began in 2014, was completed. This project has significantly altered the skyline of Cornwall, and work that remains is on the realignment of roadways leading to and from the bridge, both within the City of Cornwall and on Cornwall Island. This project is to be complete in 2017.
b) The Canadian Plaza Redevelopment in Sault Ste. Marie has continued its construction with the traffic building set for a fall occupancy, and project completion to occur in 2018.
c) The Lansdowne Customs Facility Rehabilitation, at the Thousand Islands International Bridge, is progressing at an expedient rate. Some environmental contamination (a pre-existing condition from before FBCL, or its legacy corporations, were owners of the bridge) was discovered during the first quarter, and was quickly assessed and managed. This matter is reflected in the consolidated financial statements of FBCL (see Note 9). This project will be complete in 2018.

2.2 Outlook (Cont'd)

a) Demolition of the high-level North Channel Bridge in Cornwall.

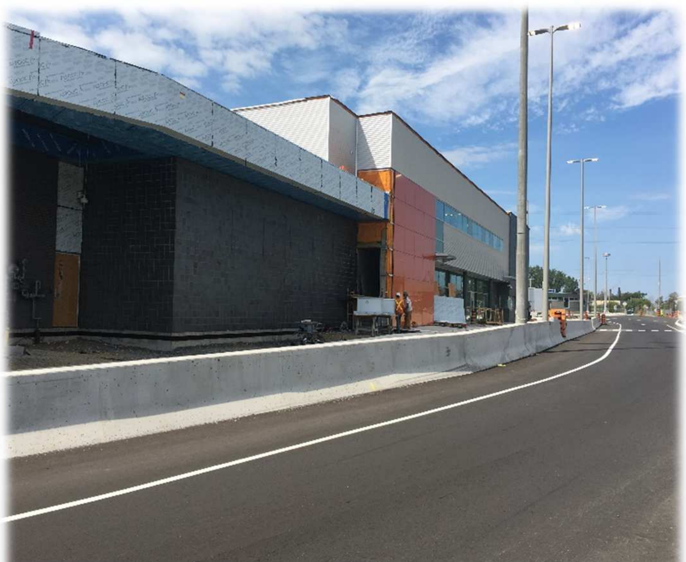


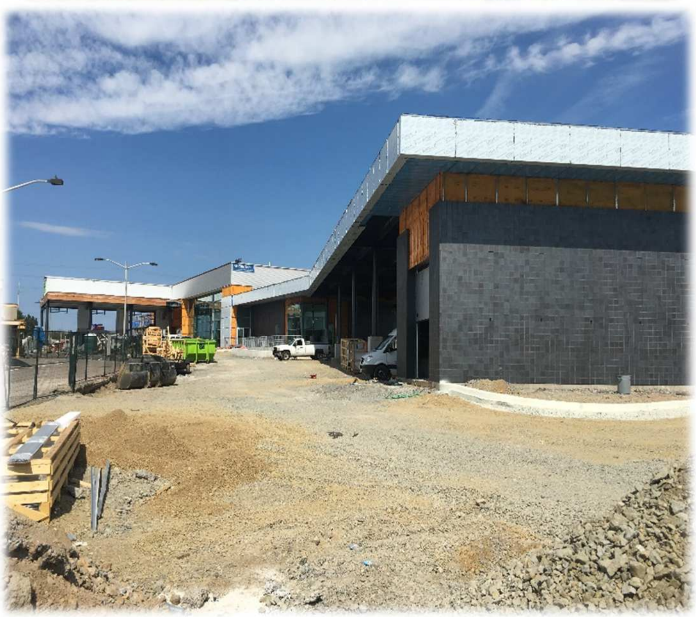


Dismantling the last land pillar next to the "operating in the rubble" toll booth at the Seaway International Bridge in Cornwall.

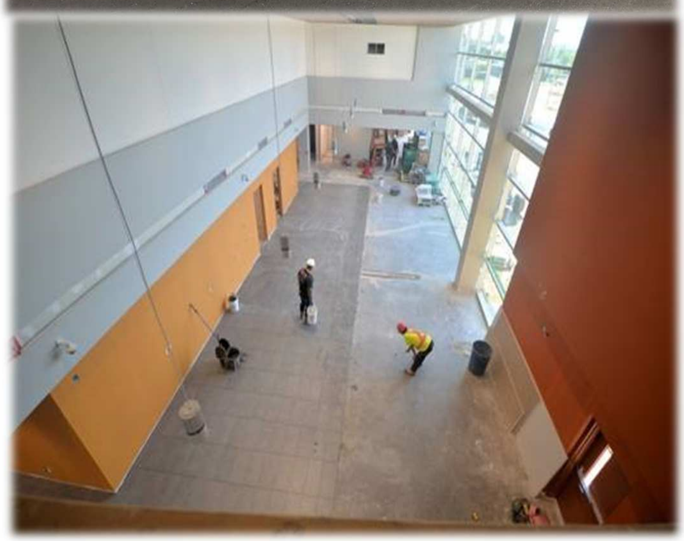
2.2 Outlook (Cont'd)

b) Canadian Plaza Redevelopment in Sault Ste. Marie



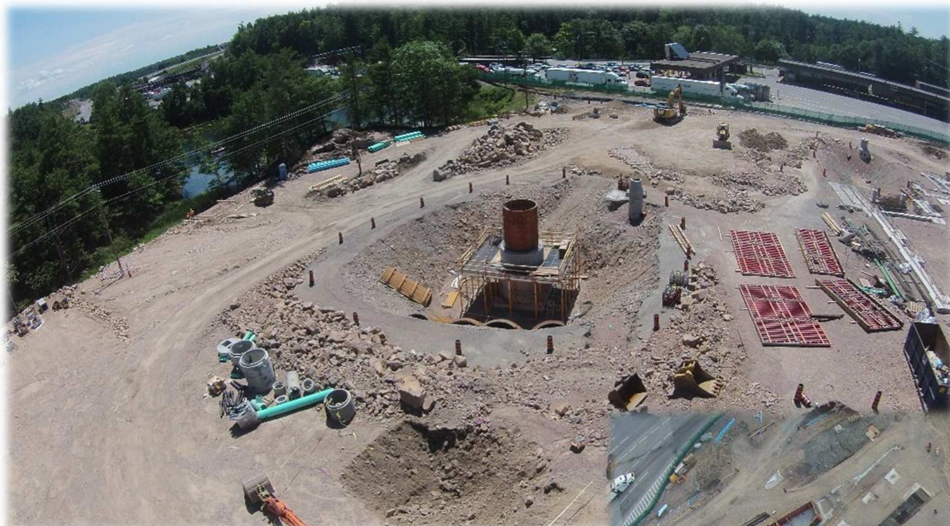


Top left, aerial view of the construction progress at the new CBSA Traffic Building.

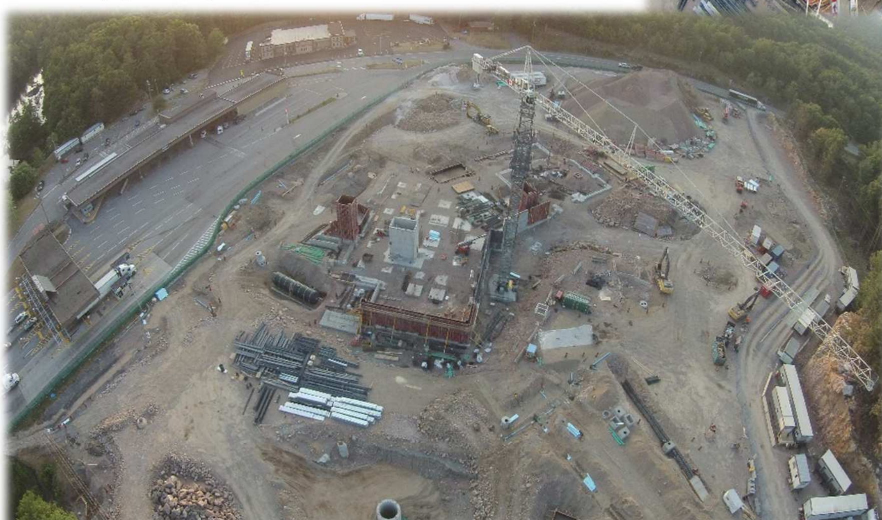


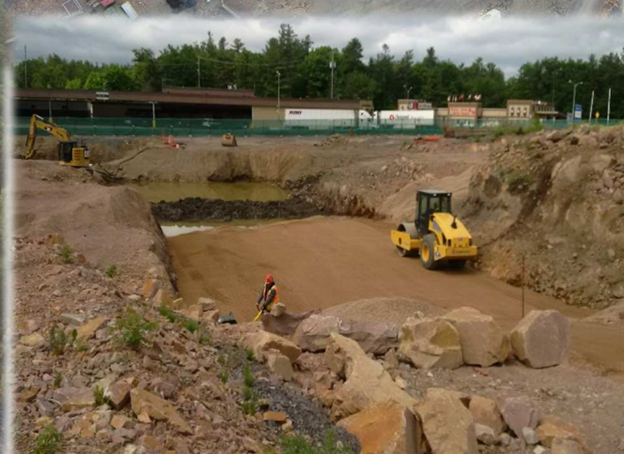
2.2 Outlook (Cont'd)

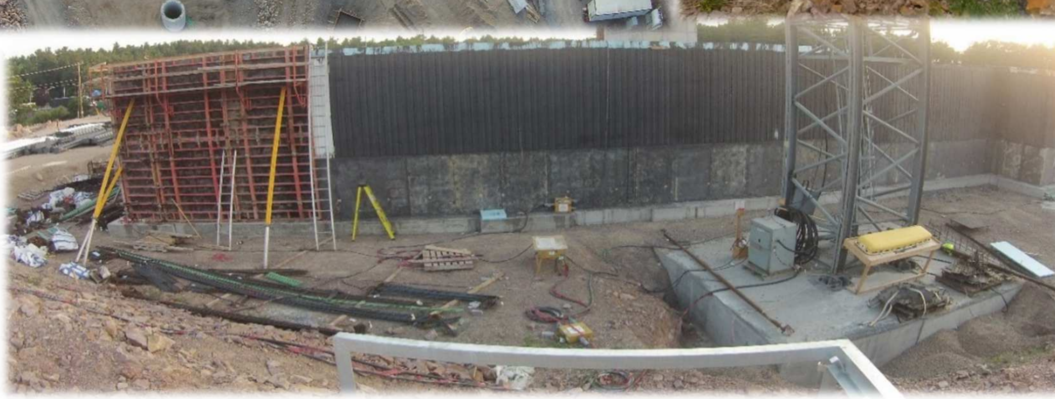
c) The Lansdowne Customs Facility Rehabilitation, at the Thousand Islands International Bridge



Aerial view of the waste water treatment facility (top),
Main building foundation (right),
Aerial view of the site (below left),
Additional backfill with engineered soil for the building foundation (below right),
Foundation and mock up walls for the new CBSA facility (bottom).







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 first quarter of the fiscal year current assets increased by $5.11 million ($2.72 million – Q1 2015-16) as compared to the prior year-end. This increase was due to an increase in receivables ($2.92 million) and current investments ($1.74 million). The increase in receivables is due in most part to an increase in the government funding claims made in relation to FBCL's three major capital projects (an increase of $2.42 million), with significantly more work being completed in May and June as opposed to February and March, resulting in higher claims. The increase in investments stems from cash generated from operations.

Non-Current Assets

In the first three months of the year non-current assets increased by $6.48 million ($1.93 million – Q1 2015-16) as compared to the prior year-end. Capital assets (including property and equipment, investment properties, and intangible assets) accounted for $6.39 million of this increase, which resulted from $9.57 million in acquisitions offset by $3.18 million of associated depreciation. Almost 90% of these acquisitions were funded via appropriations or other funding from the Government of Canada.

Current Liabilities

Current liabilities in the quarter increased by $1.18 million (decrease of $3.29 million – Q1 2015-16) as compared to the prior year-end. This increase was primarily caused by an accrual of bond interest offset by payment of construction holdbacks released to certain contractors on capital projects.

3.1 Results of Operations (Cont'd)

Non-Current Liabilities

In the first three months of the year non-current liabilities increased by $7.48 million ($3.64 million – Q1 2015-16) which continues to be entirely driven by government funding of capital projects in the quarter being recognized as deferred capital funding. As components of these projects are completed and depreciation starts, this deferred capital is recognized as income along the same terms as the depreciation is recorded.

REVENUE

International Bridges Toll Revenue

Toll revenue for FBCL's international bridge crossings totalled $9.57 million ($8.20 million – Q1 2015-16) in the first quarter. Total traffic across all four bridges continued to drop as compared to the same time period of the prior year, however, not in all categories. Passenger vehicle traffic has decreased across the entire portfolio of FBCL's bridges (as is the case for 10 of the 11 international bridge crossings between Ontario and the United States). Despite a relative evening out of the Canadian dollar to US dollar exchange rate, consumers and tourism crossing the border have not yet recovered in numbers. It has been demonstrated in the past that it usually takes an extended period of time after a shift in the exchange rate before traffic numbers will improve. FBCL has taken this into account during the creation of its budget for the year, and the current revenue experienced reflects well against budget.

Commercial traffic continues to increase and is up an overall 3.3% for the quarter as compared to the prior year. Two of FBCL's bridges experienced increases in commercial traffic as compared to the prior year, with one bridge remaining flat as compared to the prior year, and one bridge having a decrease.

The increase in commercial traffic, combined with toll rate adjustments at most crossings, have resulted in the increase in revenue as compared to the prior year. The second quarter, with the summer months historically encompassing the greatest number of crossings will see a continued improvement for the organization.

Leases and Permits

The first quarter recognized $0.99 million ($0.98 million – Q1 2015-16) in leases and permits revenue. The majority of this revenue comes from rental of property to duty free stores, and having no significant change in revenue as compared to the prior year is encouraging, with the drop in passenger vehicle traffic witnessed by FBCL's crossings.

Currency Exchange

Revenue from the currency exchange at the Point Edward location was $0.31 million ($0.26 million – Q1 2015-16). This slight increase is also encouraging, in light of the passenger vehicle decline at the location.

3.1 Results of Operations (Cont'd)

EXPENSES

Operations

Operations expenses for the period represent 17.3% of the total expenses for the quarter (27.8% - Q1 2015-16). Of the $1.56 million in operations expenses, $0.51 million is represented by depreciation. In the prior year, this compares to $2.21 million in expenses, with $1.16 million in depreciation. The difference in depreciation results from a reallocation of depreciation, by department, done in later quarters of the prior year. Considering expenses net of depreciation, spending in both years was equal at $1.05 million.

Thousand Islands International Bridge Expenses

Expenses for the bridge at the Thousand Islands represent 15.0% of the total quarterly expenses (15.9% - Q1 2015-16). The expenses for the quarter of $1.35 million ($1.26 million – Q1 2015-16) are slightly ahead of the prior year, but are on budget for the 2016-17 fiscal year. Depreciation represents $0.36 million this year ($0.39 million – Q1 2015-16).

Currency Exchange

First quarter expenses at the Currency Exchange were $0.20 million for the quarter, or 2.3% of total expenses ($0.20 million, 2.5% - Q1 2015-16). Depreciation was included in this total of $0.02 million ($0.03 million – Q1 2015-16).

Maintenance

First quarter maintenance expenses of $2.98 million account for 33.1% of the total expenses in the quarter ($1.80 million, 22.7% – Q1 2015-16). Depreciation amounted to $1.64 million ($0.65 million – Q1 2015-16) of this total in the department. The majority of this increase in depreciation expense for the quarter resulted from a reallocation of depreciation expenses, by department, from late in the 2016 fiscal year. Additional depreciation resulted from a revision of useful lives of certain assets at March 2016.

CBSA & 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 11.3% of total expenses in the quarter, or $1.02 million (10.7%, $0.85 million – Q1 2015-16). Of this amount, depreciation accounted for $0.42 million ($0.35 million – Q1 2015-16).

Administration

Administration expenses for the quarter represent 21.0% of the total expenses, equalling $1.89 million (20.4%, $1.62 million – Q1 2015-16). Depreciation represented $0.22 million of this expense ($0.15 million – Q1 2015-16).

3.1 Results of Operations (Cont'd)

Government Funding

Total government funding recognized in the quarter was $10.43 million ($7.43 million – Q1 2015-16), 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 Canadian Public Sector Accounting Standards [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 Statement of Comprehensive Income. In this quarter, this amounted to $1.73 million ($3.58 million – Q1 2015-16) 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 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. This is the case for certain completed assets representing $0.07 million ($0.14 million – Q1 2015-16) on the Consolidated Statements of comprehensive Income, denoted as amortization of deferred capital funding.

Government funding can be summarized as follows:

	First Quarter	First Quarter
(in $000's)	**2016-17**	**2015-16**
Amortization of deferred capital funding	**$ 68**	**$ 138**
Government funding for decommissioning liability		
• North Channel Bridge	**1,726**	**3,584**
Government funding for deferred capital funding		
• Lansdowne Customs Facility Rehabilitation (Thousand Islands)	**4,559**	**2,507**
• Sault Ste. Marie Canadian Plaza Rehabilitation	**4,079**	**1,197**
TOTAL	**$10,432**	**$ 7,426**

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

3.2 Cash Flow

FBCL reported an increase in cash in the first quarter of $0.55 million ($6.12 million – Q1 2015-16). There was a strong result of a $3.44 million generated by operating activities ($5.72 million – Q1 2015-16). Investing activities resulted in a net decrease in cash of $2.74 million (increase of $0.56 million – Q1 2015-16). This resulted from capital spending not related to government funded capital projects and a net investment of cash from operations. Financing activities in the quarter were simply related to the monthly repayment of loans in the amount of $0.16 million ($0.15 million – Q1 2015-16).

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. The following describes the key project accomplishments in Q1.

Canadian Customs Plaza Redevelopment (Sault Ste. Marie)

This project has approved funding of $51.60 million from the Gateways and Border Crossings Fund. The first phase of works (the maintenance garage, Duty Free facility and civil works) is complete and concentration is now on the second phase of construction. This includes the construction of the new traffic building, which will temporarily house both traffic and commercial operations while the new commercial building for CBSA is built. In addition to the funding from the Gateways and Border Crossings Fund, CBSA is to provide a further $1.56 million in order to complete certain aspects of the construction to meet their revised requirements. Construction on this second phase began in the first quarter of the prior fiscal year and will continue to the expected completion date of March 2018.

New Low Level North Channel Bridge (Cornwall)

This $74.82 million project is funded through government appropriations. The successful opening to traffic of the new low-level bridge occurred in January 2014 including the completion of the SIBC permanent tolling facilities and a more permanent CBSA building on the north end of the new bridge. Demolition of the old high-level bridge structure was initiated in August 2014 and was completed during the first quarter of this fiscal year. This work was delayed slightly by the requirement of FBCL to manage construction of the CBSA buildings at the site, however the delay was mitigated by a faster project timeline. Access to the bridge was uninterrupted during the course of the demolition. Necessary improvements to the approaches and final alignment of roadways is now underway, and the full project completion is slated for March 2017.

Lansdowne Customs Facility Rehabilitation (Thousand Islands)

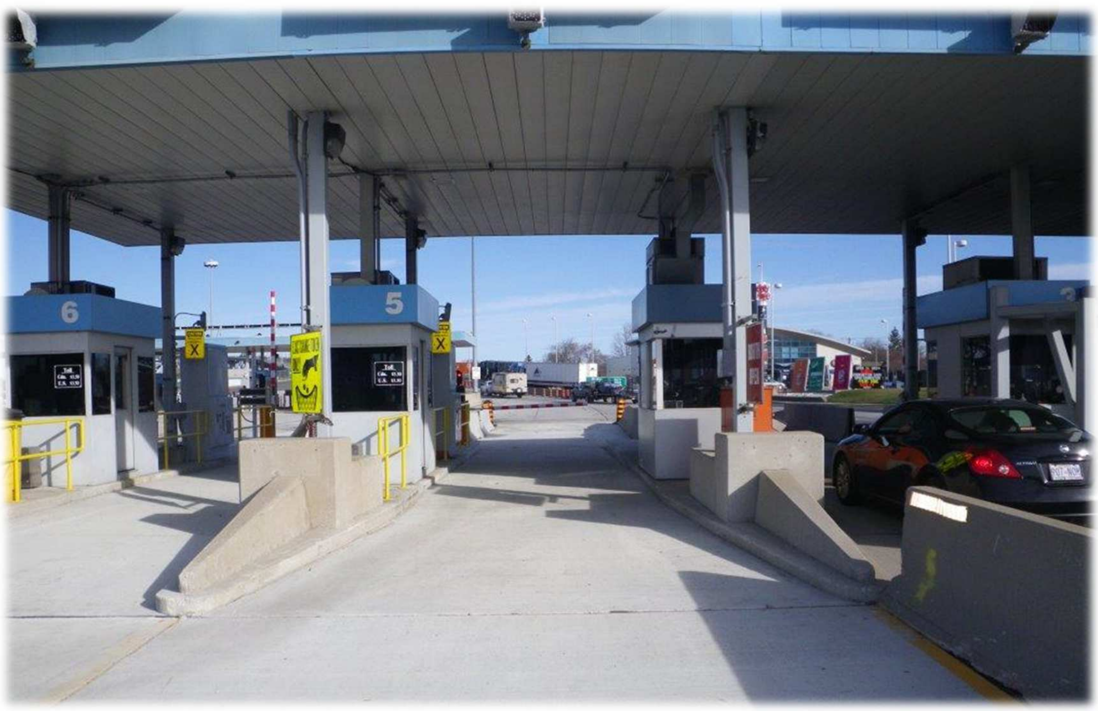
FBCL is managing the rehabilitation project for the CBSA's Lansdowne Port of Entry. It is estimated to take four years to complete at a cost of $60.00 million, and is funded through government appropriations. There are five components to the Lansdowne Customs Facility Rehabilitation Project: planning, 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.

In the first quarter of this fiscal year, an environmental impact was discovered, which was the result of circumstances in place before FBCL, or its legacy corporations, took ownership of the crossing. This impact was quickly assessed and remediated, and its effect on FBCL's financials are reflected in its March 2016 financial statements. The contract award for the general contractor occurred this quarter and work has already begun and is progressing at great efficiency. The project is estimated for completion by March 2018.

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, in the prior year, toll rate adjustments were introduced at different locations due to circumstances in place at each crossing. These included financial pressures at the Cornwall crossing brought on by the devaluing Canadian dollar and lower volume of paying transits, regular exchange rate equalization at the Sault Ste. Marie crossing, and a similar toll rate equalization policy implementation at the Point Edward bridge. Additionally, FBCL continues to face increasing CBSA and CFIA requirements at its international crossings and must find a balance between these requirements and the funding availability.



A toll rate equalization policy was implemented last Spring in Point Edward, compensating for the exchange rate of the Canadian dollar, which had significantly declined vis-à-vis the U.S. dollar.

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 contribution agreement. Original estimates for funding for the two projects for the fiscal year were budgeted at $31.41 million. The slight delay incurred last year and lagging into this fiscal year was due to the assumption by FBCL of the project and construction management of the CBSA facility in Cornwall resulting in most of the $2.64 million that required reprofiling.

Of the $34.05 million in spending forecast for the year, $24.53 million is forecast to be spent on the project at Lansdowne ($2.46 million had been drawn in the first quarter), and $9.52 million is to be spent on the North Channel Bridge project ($1.56 million has been drawn down in the first quarter).

	Three months ended June 30, 2016	**Three months ended June 30, 2015**
	FBCL Vote 1	**FBCL Vote 1**
(' in thousands)	Capital	Capital
Main Estimates	31,414	35,282
Reprofiling Request		
from Prior Years	2,638	-
To Future Years [1]	-	(12,540)
Funding Available	**34,052**	**22,742**
Drawdown [2]		
Actual	4,017	2,849
Plan	30,035	19,893
Total Drawdown	**34,052**	**22,742**
Remaining Appropriations	**-**	**-**

[1] Approvals to be sought in future budgetary exercises.

[2] FBCL is generally allocated funding only once expenses are incurred.

4.0 FBCL INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2016

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.

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 and Chief Executive Officer	Chief Financial and Operating Officer

Ottawa, Canada
August 29, 2016

4.2 Interim Unaudited Condensed Consolidated Statement of Financial Position

as at June 30, 2016

(in thousands of Canadian dollars)

	Notes	**June 30, 2016**	March 31, 2016
		$	$
Assets			
Current Assets			
Cash and cash equivalents		**13,786**	13,240
Investments	**5**	**25,525**	23,787
Trade and other receivables	**6**	**8,607**	5,684
Prepaids		**309**	407
Total Current Assets		**48,227**	43,118
Non-Current Assets			
Property and equipment	**7**	**327,279**	320,732
Investment properties	**8**	**19,637**	19,791
Intangible assets	**8**	**22**	25
Lessor inducement		**276**	280
Investments	**5**	**4,890**	4,800
Total Non-Current Assets		**352,104**	345,628
Total assets		**400,331**	388,746
Liabilities			
Current Liabilities			
Trade and other payables		**12,734**	11,350
Employee benefits		**531**	565
Provisions	**9**	**2,814**	2,526
Holdbacks		**1,694**	2,157
Deferred revenue		**3,229**	3,200
Current portion of loans payable		**3,980**	4,006
Current portion of bonds payable		**4,269**	4,269
Current portion of deferred capital funding		**272**	272
Total Current Liabilities		**29,523**	28,345
Non-Current Liabilities			
Loans payable		**13,434**	13,566
Bonds payable		**66,471**	66,471
Employee benefits		**7,551**	7,435
Deferred revenue		**1,933**	1,971
Deferred capital funding		**39,199**	30,628
Provisions	**9**	**357**	1,462
Leasee inducement		**129**	65
Total Non-Current Liabilities		**129,074**	121,598
Equity			
Share capital - 2 shares @ no par value		**-**	-
Retained earnings		**241,635**	238,723
Accumulated other comprehensive income		**99**	80
Total Equity		**241,734**	238,803
Total Equity and Liabilities		**400,331**	388,746

4.3 Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

for the three-month period ended June 30, 2016
(in thousands of Canadian dollars)

	June 30, 2016	June 30, 2015
	$	
Revenue		
Tolls and services	**8,125**	6,991
Leases and permits	**990**	975
Currency exchange	**307**	263
Thousand Islands International Bridge revenue	**1,448**	1,207
Interest	**156**	157
Foreign exchange gain	**281**	401
Other	**102**	47
Total Revenue	**11,409**	**10,041**
Expenses		
Operations	**1,555**	2,209
Thousand Islands International Bridge expenses	**1,351**	1,262
Currency exchange	**205**	200
Maintenance	**2,980**	1,801
Canada Border Security Agency & Canadian Food Inspection Agency operations	**1,020**	851
Administration	**1,890**	1,620
Total Expenses	**9,001**	7,943
Operating Income Before Government Funding	**2,408**	2,098
Government Funding		
Amortisation of deferred capital funding	**68**	138
Funding with respect to decommissioning liability	**1,726**	3,584
Total Government Funding	**1,794**	3,722
Non-Operating Items		
Interest expense	**(1,290)**	(1,364)
Total Non-Operating Income	**(1,290)**	(1,364)
Net Income	**2,912**	4,456
Other Comprehensive Income		
Items that may be reclassified subsequently to net income		
Investments revaluation loss on available-for-sale investments	**85**	(154)
Cumulative gain reclassified to income on sale of available-for-sale investments	**(66)**	(4)
Total Other Comprehensive Income	**19**	(158)
Total Comprehensive Income for the Period	**2,931**	4,298

4.4 Interim Unaudited Condensed Consolidated Statement of Changes in Equity

for the three-month period ended June 30, 2016
(in thousands of Canadian dollars)

	Notes	Retained Earnings	Accumulated Other Comprehensive Income	Total
		$	$	$
Balance, April 1, 2015		232,741	306	233,047
Total Comprehesive Income:				
Net income		4,456	-	4,456
Other Comprehesive Income:				
Cumulative gain reclassified to income on sale of available-for-sale investments		-	(4)	(4)
Investments revaluation loss on available-for-sale investments		-	(154)	(154)
Other Comprehensive Income total		-	(158)	(158)
Total Comprehensive Income		4,456	(158)	4,298
Balance at June 30, 2015		237,197	148	237,345
Balance, April 1, 2016		238,723	80	238,803
Total Comprehesive Income:				
Net income		2,912	-	2,912
Other Comprehesive Income:				
Cumulative gain reclassified to income on sale of available-for-sale investments		-	(66)	(66)
Investments revaluation gain on available-for-sale investments		-	85	85
Other Comprehensive Income total		-	19	19
Total Comprehensive Income		2,912	19	2,931
Balance at June 30, 2016		**241,635**	**99**	**241,734**

4.5 Interim Unaudited Condensed Consolidated Statement of Cash Flows

for the three-month period ended June 30, 2016
(in thousands of Canadian dollars)

	June 30, 2016	June 30, 2015
	$	$
Cash Flows from Operating Activities		
Net income	**2,912**	4,456
Adjustments for:		
Amoritsation of deferred capital funding	**(68)**	(138)
Depreciation of property and equipment	**3,020**	2,572
Depreciation of intangible assets	**3**	4
Depreciation of investment properties	**154**	153
Change in employee benefits	**82**	(129)
	6,103	6,918
Changes in Non-cash Working Capital:		
Trade and other receivable	**(2,923)**	1,559
Lessor inducement	**4**	-
Prepaids	**98**	180
Trade and other payables	**1,384**	(531)
Provisions	**(817)**	(2,813)
Holdbacks	**(463)**	279
Leasee inducement	**64**	-
Deferred revenue	**(9)**	126
	(2,662)	(1,200)
Net cash generated by Operating Activities	**3,441**	5,718
Cash Flows from Investing Activities		
Payments for property and equipment	**(9,567)**	(5,879)
Government funding related to acquisitions of property and equipment received	**8,639**	3,704
Payments for investment properties	**-**	(12)
Proceeds on sale of investments	**2,707**	3,484
Purchase of investments	**(4,516)**	(742)
Net cash (used for) generated by Investing Activities	**(2,737)**	555
Cash Flows from Financing Activities		
Repayment of loans payable	**(158)**	(152)
Net cash used for Financing Activities	**(158)**	(152)
Net increase in cash and cash equivalents	**546**	6,121
Cash and cash equivalents, beginning of period	**13,240**	23,562
Cash and cash equivalents, end of period	**13,786**	29,683

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 Canada Business Corporations Act (CBCA) corporation listed in Schedule III Part 1 of the Financial Administration Act (FAA). It is an agent of Her Majesty, not subject to income tax under the provisions of the Income Tax Act. It is a parent Crown Corporation that reports to the Parliament of Canada through the Minister of Transport. The Corporation resulted, on February 1, 2015, from an amalgamation between the legacy The Federal Bridge Corporation Limited (the "legacy FBCL"), which was a parent Crown corporation, with its subsidiary, St. Mary's River Bridge Company (SMRBC), on January 27, 2015, and with another parent Crown corporation Blue Water Bridge Authority (BWBA). This was done 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 remaining planned amalgamation in this Act, with the Corporation's wholly owned subsidiary, The Seaway International Bridge Corporation Limited (SIBC), has not been realised to date.

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 (U.S.). 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 (as described in Note 2) per agreement between the Corporation as Canadian owner and The St. Lawrence Seaway Development Corporation (SLSDC) as U.S. owner. As a Crown Corporation, SIBC, is also subject to the same authorities as the Corporation. The Corporation is also a party to two other agreements for the operation of the international bridges. In regards to the Sault Ste. Marie International Bridge, this agreement is with the U.S. 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 done by the International Bridge Authority (IBA), an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge, is also with the U.S. owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the crossing between Point Edward, Ontario, and Port Huron, Michigan, the Corporation owns and operates the Canadian portion of the crossing. The U.S. side of the crossing is owned and operated by MDOT.

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 Canada Border Services Agency (CBSA). A similar provision in the *Plant Protection Act* mandates similar support for the Canadian Food Inspection Agency (CFIA) based at the land crossings. The subsidiary, The Seaway International Bridge Corporation, Ltd. (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.

1. AUTHORITY AND ACTIVITIES (Cont'd)

The Corporation is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, the Corporation is:

(a) to ensure that the pension plans will provide

(i) a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,

(ii) for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and,

(b) to outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

The Corporation is in the process of phasing in the cost-sharing ratio by the required date, and has amended its policies such that the normal age of retirement for newly hired individuals (as of January 1, 2015) has been set at 65 years.

By Order in Council P.C. 2015-1114 dated July 16, 2015, the Corporation is also directed to align its policies with the travel, hospitality, conference and event expenditure policies, directives, and other related instruments issued by the Treasury Board pursuant to Section 89 of the FAA as follows:

(a) 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,

(b) to report on the implementation of this directive in its next corporate plan.

The Corporation has implemented this directive, effective December 1, 2015.

The registered office of the Corporation is 55 Metcalfe, Suite 200, Ottawa, Ontario, K1P 6L5.

2. 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).

Functional and Presentation Currency

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

4.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

(in thousands of dollars)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

4.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

(in thousands of dollars)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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;

4.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

(in thousands of dollars)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- Currency exchange: expenses pertaining to the operation of the currency exchange facility operated at the Point Edward crossing;
- Canada Border Services Agency & Canadian Food Inspection Agency 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.

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.

Contingencies and Provisions

Provisions reflect the liability associated with retiring certain long-lived assets such as bridges and roads, and other structures, as well as the environmental clean-up of contaminated lands.

A provision is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability is disclosed when a possible obligation has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or when a present obligation has arisen from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The associated provision costs are capitalised as part of the cost of the long-lived asset being demolished or remediated as part of an environmental clean-up. These costs are then amortised 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 provision, 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 updated assumptions such as discount rates. Actual costs incurred to dispose of the asset will reduce the provision. A gain or loss may be incurred upon settlement of the liability.

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.

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);

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- 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.

3. 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.

4. 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 on its consolidated financial statements, and as such their impacts are not yet known at this time. However, management is expecting to implement these standards at their effective dates.

IAS 1, Presentation of Financial Statements

IAS 1, *Presentation of financial statements* ("IAS 1") was amended by the IASB on December 18, 2014. The amendments relate to (i) materiality, (ii) order of the notes, (iii) subtotals, (iv) accounting policies, and (v) disaggregation and are designed to further encourage companies to apply professional judgement in determining what type of information to disclose in their financial statements. The effective date for this amendment is for annual financial periods beginning on or after January 1, 2016.

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 amortised 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 amortised cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortised 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.

(in thousands of dollars)

4. FUTURE CHANGES IN ACCOUNTING POLICIES (Cont'd)

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 recognise 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, 2018.

IFRS 16, Leases

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*, and IFRIC 4, Determining Whether an Arrangement Contains a Lease. IFRS 16 specifies how a reporting entity will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The effective date for this standard is for annual periods beginning on or after January 1, 2019, with earlier adoption allowed if IFRS 15 is also applied.

5. INVESTMENTS

	June 30, 2016	March 31, 2016
	$	**$**
Held-to-maturity investments carried at amortized cost		
Deposit certificates	**25,689**	23,839
Total held-to-maturity investments	**25,689**	23,839
Available for sale investments carried at fair value		
Government of Canada bonds	**764**	753
Provincial bonds	**1,898**	1,786
Corporate bonds	**2,064**	2,209
Total available for sale investments	**4,726**	4,748
Total investments	**30,415**	28,587
Less: Current portion	**25,525**	23,787
Long term portion	**4,890**	4,800

4.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

(in thousands of dollars)

6. TRADE AND OTHER RECEIVABLES

	June 30, 2016	March 31, 2016
	$	**$**
Federal departments and agencies	**7,349**	4,921
Trade receivables	**1,258**	763
	8,607	5,684

7. PROPERTY AND EQUIPMENT

	Land	Bridges and roads	Vehicles and equipment	Buildings	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$
Cost							
Balance at April 1, 2016	14,126	235,419	21,018	88,421	20,359	40,293	419,636
Additions	24	7	158	-	-	9,378	9,567
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Balance at June 30, 2016	**14,150**	**235,426**	**21,176**	**88,421**	**20,359**	**49,671**	**429,203**
Accumulated Depreciation							
Balance at April 1, 2016	-	54,751	10,428	20,186	13,539	-	98,904
Depreciation expense	-	1,735	349	775	161		3,020
Disposals	-						-
Balance at June 30, 2016	**-**	**56,486**	**10,777**	**20,961**	**13,700**	**-**	**101,924**
Net Book Value at June 30, 2016	**14,150**	**178,940**	**10,399**	**67,460**	**6,659**	**49,671**	**327,279**
Net Book Value at April 1, 2016	14,126	180,668	10,590	68,235	6,820	40,293	320,732

(in thousands of dollars)

8. INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

	Intangible Assets	Investment Properties
	$	**$**
Cost		
Balance at April 1, 2016	1,028	23,817
Additions	-	-
Disposals	-	-
Balance at June 30, 2016	**1,028**	**23,817**
Accumulated depreciation		
Balance at April 1, 2016	1,003	4,026
Depreciation expense	3	154
Disposals	-	-
Balance at June 30, 2016	**1,006**	**4,180**
Net book value at June 30, 2016	**22**	**19,637**
Net book value at April 1, 2016	25	19,791

9. PROVISIONS

	Cornwall[i]	Sault Ste. Marie[ii]	Lansdowne[iii]	Total
	$	$	$	$
Balance at April 1, 2016	1,365	675	1,948	3,988
Interest accretion	-	2	2	4
Reductions arising from payments	(651)	-	(170)	(821)
Balance at June 30, 2016	**714**	**677**	**1,780**	**3,171**
Less: Current portion	714	514	1,586	2,814
Long-term portion	0	163	194	357

i. The Corporation has constructed a new low-level North Channel Bridge in Cornwall. This new bridge is open for circulation and the Corporation is nearing completion of 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 $19,620 required to settle the decommissioning liability were discounted in prior years using a rate that reflected current market assessments of the time value of money and the risks specific to the liability. Per the current project schedule, the remaining cash payments for the disposal of the existing North Channel Bridge are expected to occur in the 2016 calendar year and therefore no discounting is required. These cash flows will be funded from government funding to be received at the time of demolition.

4.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

(in thousands of dollars)

9. PROVISIONS (Cont'd)

ii. The Corporation has initiated construction of a new Canadian 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 $1,074 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 2.08% to 2.10%.

Per the current project schedule, cash payments for the demolition of existing structures are expected to occur in the 2016 and 2017 calendar years. These cash flows will be funded from government funding to be received at the time of demolition.

iii. The Corporation has initiated a project for the construction of a new Customs Plaza in Lansdowne, 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 $563 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 2.08% to 2.10%.

Per the current project schedule, cash payments for the demolition of existing structures are expected to occur in the 2016 and 2017 calendar years. These cash flows will be funded from government funding to be received at the time of demolition.

Additionally, at the Lansdowne location, a provision for contaminated land has been recorded based on management's best estimate of the probable cash outflows related to the remediation of the site under redevelopment. For the estimate of non-current liability, management has considered a range of scenarios where no one outcome currently has a more likely probability than another. The estimated cash flows of $1,420 required to settle the contaminated land liability have been discounted using a rate that reflects current market assessment of the time value of money and the risks specific to the liability of 0% and 2.1%.

Per management's best estimate of the project schedule, cash payments for the remediation of the land are expected to be complete by the summer of 2017. These cash flows will be funded from government funding to be received at the time of remediation.