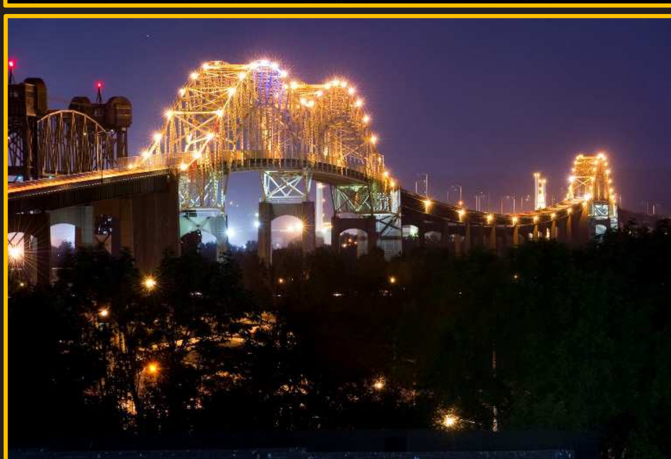
THE FEDERAL BRIDGE CORPORATION LIMITED



QUARTERLY FINANCIAL REPORT

1st QUARTER (Q1) – UNAUDITED

For the three months ended June 30, 2015

Canada

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Cover photos:

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

Note concerning FBCL's restated first quarter financial statements

The consolidated financial statements that are presented and discussed here are restated. This was necessitated due to the fact that when the original first quarter statements were published, they were done so in advance of the prior year-end audited financial statements being available. The original financial statements published for the first quarter had certain assumptions for values and presentation, which have now been aligned with the prior year-end audited financial statements. The delay was due to the complex amalgamation of The Federal Bridge Corporation Limited (FBCL) on February 1, 2015. The significant difference pertain to depreciation rates attributed to non-current assets, accruals recorded and IFRS policy choices and reporting pertaining to foreign operations and pre-existing deferred capital funding.

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

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

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

1.2 FBCL Group (Cont'd)

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

These consolidated quarterly financial reports include the accounts of FBCL (as described above); including the operations of the Thousand Islands International Bridge, and its proportionate share (50%) of its interest in its government partnership, The Seaway International Bridge Corporation, Ltd. (SIBC). As a result of the fact that FBCL is now a new organization, with an incorporation date of February 1, 2015, the only comparison period that is available is for the year-end values on the Interim Consolidated Statement of Financial Position. As the Corporation did not exist prior to February 1, 2015, there are no comparison values available on the Interim Consolidated Statement of Comprehensive Income for the April to June 2014 (i.e. what would have been the Q1 for the prior year) time frame.

2.0 Q1 2015-16 in Review

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

This quarterly financial report assesses the operations and financial status of FBCL for the fiscal quarter ended June 30, 2015 (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, 2015, FBCL is reporting a consolidated net income of $4.46 million for the first three months of the fiscal year. The operating income before government funding was $2.10 million at June 30, 2015.

Toll revenue (Tolls and services, and Thousand Islands International Bridge revenue) for the FBCL group amounted to $8.20 million, which is 25.2% of the budgeted total for the entire fiscal year. At first glance this is impressive considering the overall paying traffic volumes are down as compared to last year at the same time (comparison made as traffic volumes are available on a bridge by bridge basis) by as much as 10.5% for the quarter. Additional discussion on revenue follows in section 3.1.

Net working capital (defined as current assets minus current liabilities) showed a strong increase as compared to the results from the prior year-end. At the end of the prior year, working capital was $10.70 million, and has increased by 56.1% ($6.00 million) to $16.71 million at June 30, 2015. Two significant line items in the Interim Consolidated Statement of Financial Position lead to this increase. Cash reserves have increased by $6.12 million, and the decommissioning liability related to the North Channel Bridge demolition has decreased by $2.81 million, which is 100% funded by the federal government.

Capital acquisitions in the quarter amounted to $5.89 million. Significant contributions to this capital spending was related to the Lansdowne CBSA project for $2.55 million, FBCL's contribution to the joint U.S. Toll Plaza Redevelopment project at the Sault Ste. Marie crossing for $1.78 million, and work performed at the Sault Ste. Marie Canadian Plaza Redevelopment of $0.79 million.

2.2 Outlook

During the first quarter of this fiscal year, FBCL has spent considerable time in the acclimatization of its newly formed organization. This has included communication across the organization in all departments, from Engineering, Human Resources, Communications and Finance. It is an exciting time for everyone in the organization knowing that new learning opportunities are available and prospects abound for organizational efficiency, from on the ground operations all the way through the organization to corporate reporting. The outlook for the second and third quarters of this fiscal year continue to see FBCL take advantage of such opportunities. FBCL has already observed real dollar savings (as compared to spending of the two legacy corporations) with respect to multiple operational and administrative aspects of the running of the company. Continued savings will be highlighted and taken advantage of during the completion of the organizational amalgamation.

In addition to these organizational opportunities, major capital projects (many of which started under the legacy corporations) continue to progress and include:

a) The demolition of the high-level North Channel Bridge in Cornwall began in 2014. This work, which progressed even through a harsh winter, will continue to operate year-round until the 2016-17 fiscal year. Progress is measureable on this project, as the skyline of Cornwall is changing every week as work is on-going.
b) The Canadian Plaza Redevelopment in Sault Ste. Marie recently started the second phase of construction and will be completed in 2018.
c) The works for the joint Toll Plaza Redevelopment, on the US side of the border in Sault Ste. Marie, have progressed well, and saw completion of part of the project mid-way through the second quarter. This project is expected to be complete by the end of this calendar year.
d) The Lansdowne Customs Facility Rehabilitation, at the Thousand Islands International Bridge, has seen work start on the rock excavation in the first quarter, which has paved the way to initiate tenders on the next stage of construction. This project is expected to be completed over the course of the next four years.
e) In the first quarter of the fiscal year, one of the spans at the Blue Water Bridge crossing in Point Edward was closed for repaving. During this time, traffic was diverted to the second span at the crossing. This project was completed by the end of the quarter and the span is now reopened and traffic is crossing smoothly.
f) In the first quarter of the fiscal year, lanes 5 and 6 at the Blue Water Bridge in Point Edward opened under the new automated toll program and back office. The other four lanes are expected to roll out in the 2nd and 3rd quarters. Once all of the hardware is in the lanes and the information is feeding into the back office properly, the online account management website will be deployed. This project is expected to be completed over the course of the fiscal year.

2.2 Outlook (Cont'd)

Dismantling the old North Channel Bridge at the Seaway International Bridge in Cornwall

2.2 Outlook (Cont'd)

Aerial view of the Canadian Plaza work site in Sault Ste. Marie, Ontario

Construction of the staircase for the new traffic building at the Canadian Customs Plaza in Sault Ste. Marie

2.2 Outlook (Cont'd)

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

The Deck Resurfacing Project at the Blue Water Bridge in Point Edward

3.0 Discussion of Financial Results

3.1 Results of Operations

SEASONAL TRENDS

Traffic on FBCL's portfolio of bridges have 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 $2.72 million (6.0%) as compared to March 31, 2015. This increase was driven by an increase in cash reserves of $6.12 million. This cash increase was due both to operational surpluses as well as the maturity of various investments ($3.64 million). At the end of the first quarter $4.50 million was invested in short term funds (cash equivalents) until a more thorough investment plan was devised for this money. In the first month of the second quarter, this $4.50 million was invested in a mix of GIC's and bonds (meeting FBCL investment policy, which keeps preservation of capital as a paramount concern). Receivables in the quarter fell by $1.56 million, due to the timing of government funding receivables for capital projects.

Non-Current Assets

During the first three months of the year, non-current assets increased by $1.93 million from $328.19 million at March 31, 2015, to $330.11 million at June 30, 2015. Capital acquisitions of $5.89 million were offset by depreciation expenses of $2.73 million and a net reclassification of long-term investments (to short-term) of $1.24 million.

Current Liabilities

Current liabilities in the quarter decreased by $3.29 million (9.4%) as compared to the prior year-end values of March 31, 2015. This was the result of $2.81 million of decommissioning liability being used. The decommissioning liability is 100% funded through government contributions, therefore any invoices received by FBCL in respect of the decommissioning liability are reimbursed for nil effect on FBCL's cash reserves.

3.1 Results of Operations (Cont'd)

Non-Current Liabilities

The amount of non-current liabilities increased in the first quarter from $105.84 million to $109.48 million, a $3.64 million (3.4%) increase. This increase is entirely due to government funding of capital projects ($3.57 million) in the quarter being recognized as deferred capital funding. When these projects are completed and depreciation starts, this deferred capital will be recognized as income along the same terms as the depreciation is recorded.

REVENUE

International Bridges Toll Revenue

In the quarter, toll revenue for FBCL's four international bridge crossings totalled $8.20 million. In terms of toll traffic crossing the bridges, all of the bridges experienced a decrease in the number of passenger transits. As compared to the prior year, for the same time period, it represented a decrease of 13.8% (291,130 transits) in this category. This decrease is largely due to the value of the Canadian dollar. Comparing the value of the Canadian dollar this quarter vs. the same time period last year, it is noted that the Canadian dollar has lost between 12.8% and 17.1% of its value against the US dollar. The 13.8% reduction in passenger traffic therefore follows this reduction in the value of the dollar relatively closely.

Two of the four bridges, actually had higher bus and truck traffic in the period, representing a consolidated increase of 1.7% from the prior year (9,275 transits). The increase in commercial traffic, the US dollar exchange rate at the end of June being higher than budgeted, and periodic toll rate reviews at FBCL's crossings (including toll rate increases and adjustments for foreign exchange rates) contributed to a stronger revenue value than might have originally been expected, as the April to June time period has not historically been one of the strongest toll revenue periods, per the information from the legacy corporations.

Leases and Permits

The first quarter recognized $0.98 million in leases and permits revenue. This is on target with FBCL's expectation and in line with forecasts for the year.

Currency Exchange

At the Point Edward location there is a currency exchange operated by FBCL. Passenger traffic is the major clientele for this operation. In line with passenger traffic at this location dipping by 15.9%, as compared to last year, the revenue at this operation has been affected. However, as a percentage of FBCL's total revenue budget, the currency exchange operation only represents 3.8% of the total (on an annual basis).

Foreign exchange gain

FBCL has recognized $0.40 million in foreign exchange translation gains in converting the financial statements of its international partners. This value is attributable to the value of the Canadian dollar relative to the American dollar in translating certain capital assets.

3.1 Results of Operations (Cont'd)

EXPENSES

Operations

Operations expenses for the period represent 27.8% of the total expenses for the quarter. Of the $2.21 million in operations expenses, $1.16 million is represented by depreciation. In relation to budget, operations expenses (excluding depreciation) are slightly ahead of budget due to spending recorded in US dollars translated at a higher exchange rate than originally budgeted. Unfortunately, due to the forecast of the Canadian dollar vs. the US dollar FBCL is exposed to this risk on the foreign exchange side for the remainder of the year. However, this is offset against the higher conversion for revenue recorded in US dollars.

Thousand Islands International Bridge Expenses

Expenses for the bridge at the Thousand Islands represent 15.9% of the total quarterly expenses. Depreciation represents $0.39 million of the $1.26 million of expenses in the category. Currently, expenses (before depreciation) that arise from this location are forecasted to be on target for the year.

Currency Exchange

Expenses in the currency exchange amounted to $0.20 million for the quarter, or 2.5% of total expenses. Depreciation was included in this total of $0.03 million. Spending (before depreciation) is expected to be on budget for the year.

Maintenance

Maintenance expenses for the quarter account for 22.7% of the total expenses, at $1.80 million. Depreciation expenses accounted for $0.65 million of this total in the department. Spending at the current rate and forecast will bring FBCL on budget for maintenance spending (excluding depreciation) by the end of the year.

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 10.7% of total expenses in the quarter, or $0.85 million. Of this amount, depreciation accounted for $0.35 million. Expenses (before depreciation) are largely on target for the year at this point in the year.

Administration

Administration expenses for the quarter represent 20.4% of the total expenses, equalling $1.62 million. Depreciation represented $0.15 million of this expense. Expenses in this department are considered to be largely static for the year, not affected by seasonality. Given this, spending (before depreciation) is expected to be below budget for the year. This is the department where many of the amalgamation efficiency savings are being realized currently.

3.1 Results of Operations (Cont'd)

Government Funding

Total government funding recognized in the quarter was $7.43 million, which was split between the Interim Consolidated Statement of Financial Position and the Interim Consolidated Statement of Comprehensive Income. FBCL, as well as the legacy FBCL, has already incurred much of the expense for the decommissioning liabilities (under 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 $3.58 million for demolition costs associated with the old North Channel Bridge in Cornwall. As far as funding relates to the new structures being built by FBCL, funding received from the Government of Canada (post-amalgamation) is recorded on the 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 $0.14 million on the Consolidated Statements of comprehensive Income, denoted as amortization of deferred capital funding.

Government funding can be summarized as follows:

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

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

3.2 Cash Flow

In the first full quarter of activity for FBCL, cash balances have increased by $6.12 million. Operating activities accounted for an increase of $9.42 million, which included an accrual of $1.22 million in interest due on bonds up to June 30, 2015. Investing activities accounted for a net $3.15 million spent, $5.89 million of which was spent on capital acquisitions, and a net of $2.74 million was received from maturity of investments. This is a strong result for FBCL, but will not be expected to be replicated each quarter, due to bond repayments occurring twice a year and prudent cash management including the investment of excess cash and other initiatives.

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 general contractor for the first phase of works (the maintenance garage, Duty Free facility and civil works) has completed the majority of the works.

The first phase of construction (Phase B), which included the Duty Free building and the maintenance garage, is open to business including truck access to the Plaza and to the bridge from Carmen's Way. The second phase of construction (Phase A) was first tendered in 2014 but all compliant bids returned were substantially over budget. FBCL initiated a value management and redesign project, without impacting the CBSA Statement Of Requirements.

FBCL initiated negotiations and value management sessions resulting in a new negotiated bid and award in April of 2015.

The demolition of the old Duty Free building made way for the construction of the new traffic building, which will temporarily house both traffic and commercial operations while the new commercial building is built. The construction of the new CBSA facilities, the next phase of the Canadian Plaza Redevelopment Project began in June. A great deal of planning has gone into ensuring that impacts to the traffic flow and bridge operations are minimized during the construction process.

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

New Low Level North Channel Bridge (Cornwall)

This $74.82 million project, funded through government appropriations, has advanced significantly, with the successful opening of the new low-level bridge to traffic 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.

The highly technical ongoing demolition works of the old high-level bridge structure were initiated in August 2014 with great progress despite a harsh winter of 2014-15 and will span up to 2 years. The first phase of works is dedicated to the removal of the bridge deck which is now almost 85% complete, while the superstructure and piers are well underway. Large parts of the super structure were removed which required a temporary detour road to be constructed. The road and toll plaza were opened to traffic due to a team effort from FBCL and SIBC staff working hard to enable the community to have 24 hour bridge access during the ongoing demolition of particular sections of the old bridge.

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

3.3 Risk Analysis (Cont'd)

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. There are five components to the Lansdowne Customs Facility Rehabilitation Project: planning, site investigation and design; civil works and rock removal; construction of the new commercial and traffic building; demolition of the existing facilities; and the final improvements and alignment of the roadways and landscaping. CBSA operations and security at the crossing will be maintained throughout the construction phase.

Early site preparation works including utilities are underway and the rock removal contract which began in February 2015 will be completed this summer. A property purchase that will enhance the site efficiency has been secured. The mass rock excavation contract is on budget and on schedule. The project is estimated for completion by 2017-18.

FINANCIAL SUSTAINABILITY

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

FBCL Chairperson Connie Graham and CEO Micheline Dubé at the June unveiling of the LEED (Leadership in Energy and Environmental Design) Silver certification awarded to the Blue Water Bridge Corporate Center by the Canada Green Building Council

3.4 Reporting on Use of Appropriations

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

Of the $22.74 million in spending forecast for the year, $11.00 million is forecast to be spent on the project at Lansdowne ($1.96 million had been drawn in the first quarter), and $11.74 million is to be spent on the North Channel Bridge project ($0.89 million has been drawn down in the first quarter).

(' in thousands)	Three months ended June 30, 2015 FBCL Vote 1 Capital
Main Estimates	35,282
Reprofiling Request To Future Years [1]	(12,540)
Funding Available	**22,742**
Drawdown [2]	
Actual	2,849
Plan	19,893
Total Drawdown	**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, 2015

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

Note: This report represents the second presentation of the first quarter of FBCL's fiscal year. This restatement is necessary due to the completion of the audited financial statements for the prior fiscal year being completed, after the original first quarter financial statements were issued. Certain adjustments to previous year values and statement presentation have occurred and are now represented in these restated financial statements.

4.1 Statement of Management Responsibility

Management of The Federal Bridge Corporation Limited is responsible for the preparation and fair presentation of these restated 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 restated interim unaudited condensed consolidated financial statements.

The Federal Bridge Corporation Limited completed the consolidation of the restated interim unaudited financial statements and establishes and maintains appropriate internal controls for that purpose. To prepare its restated 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 restated 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 restated interim unaudited condensed consolidated financial statements.

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Natalie Kinloch

Micheline Dubé
President and Chief Executive Officer

Natalie Kinloch
Chief Operating Officer

Ottawa, Canada
February 24, 2016

4.2 Interim Unaudited Consolidated Statement of Financial Position

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

`	Notes	**June 30, 2015** (restated) (unaudited)	March 31, 2015
		$	$
Assets			
Current Assets			
Cash and cash equivalents		**29,683**	23,562
Investments	**6**	**12,340**	14,003
Trade and other receivables	**7**	**6,126**	7,685
Prepaids		**198**	378
Total Current Assets		**48,347**	45,628
Non-Current Assets			
Property and equipment	**8**	**305,042**	301,735
Investment properties	**9**	**20,327**	20,468
Intangible assets	**9**	**39**	43
Investments	**6**	**4,703**	5,940
Total Non-Current Assets		**330,111**	328,186
Total assets		**378,458**	373,814
Liabilities			
Current Liabilities			
Trade and other payables		**10,584**	11,120
Employee benefits		**291**	654
Due to US partner of the joint operations		**1,854**	1,849
Decommissioning liability	**10**	**9,370**	12,183
Holdbacks		**1,354**	1,075
Deferred revenue		**2,997**	2,864
Current portion of loans payable		**625**	619
Current portion of bonds payable		**3,999**	3,999
Current portion of deferred capital funding		**564**	564
Total Current Liabilities		**31,638**	34,927
Non-Current Liabilities			
Loans payable		**17,414**	17,572
Bonds payable		**70,740**	70,740
Employee benefits		**7,765**	7,531
Deferred revenue		**2,135**	2,142
Deferred capital funding		**10,130**	6,564
Decommissioning liability	**10**	**1,291**	1,291
Total Non-Current Liabilities		**109,475**	105,840
Equity			
Share capital - 2 shares @ no par value		**-**	-
Retained earnings		**237,197**	232,741
Accumulated other comprehensive income		**148**	306
Total Equity		**237,345**	233,047
Total Equity and Liabilities		**378,458**	373,814

4.3 Interim Unaudited Consolidated Statement of Comprehensive Income

for the three-month period ended June 30, 2015
(in thousands of Canadian dollars)

	June 30, 2015 (restated) (unaudited)
	$
Revenue	
Tolls and services	**6,991**
Leases and permits	**975**
Currency exchange	**263**
Thousand Islands International Bridge revenue	**1,207**
Interest	**157**
Foreign exchange gain	**401**
Other	**47**
Total Revenue	**10,041**
Expenses	
Operations	**2,209**
Thousand Islands International Bridge expenses	**1,262**
Currency exchange	**200**
Maintenance	**1,801**
Canada Border Security Agency & Canadian Food Inspection Agency operations	**851**
Administration	**1,620**
Total Expenses	**7,943**
Operating Income Before Government Funding	**2,098**
Government Funding	
Amortisation of deferred capital funding	**138**
Funding with respect to decommissioning liability	**3,584**
Total Government Funding	**3,722**
Non-Operating Items	
Interest expense	**(1,364)**
Total Non-Operating Income	**(1,364)**
Net Income	**4,456**
Other Comprehensive Income	
Items that may be reclassified subsequently to net income	
Investments revaluation loss on available-for-sale investments	**(154)**
Cumulative gain reclassified to income on sale of available-for-sale investments	**(4)**
Total Other Comprehensive Income	**(158)**
Total Comprehensive Income for the Period	**4,298**

4.4 Interim Unaudited Consolidated Statement of Changes in Equity

for the three-month period ended June 30, 2015
(in thousands of Canadian dollars)

	Notes	Retained Earnings (restated)	Accumulated Other Comprehensive Income (restated)	Total (restated)
		$	$	$
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**

4.5 Interim Unaudited Consolidated Statement of Cash Flows

for the three-month period ended June 30, 2015

(in thousands of Canadian dollars)

	June 30, 2015 (restated) (unaudited)
	$
Cash Flows from Operating Activities	
Net income	**4,456**
Adjustments for:	
Amoritsation of deferred capital funding	**(138)**
Depreciation of property and equipment	**2,572**
Depreciation of intangible assets	**4**
Depreciation of investment properties	**153**
Change in employee benefits	**(129)**
	6,918
Changes in Non-cash Working Capital:	
Decrease in trade and other receivable	**1,559**
Decrease in prepaids	**180**
Decrease in trade and other payables	**(536)**
Decrease in decommissioning liability	**(2,813)**
Increase in holdbacks	**279**
Increase in deferred capital funding	**3,704**
Increase in deferred revenue	**126**
	2,499
Net Cash Generated by Operating Activities	**9,417**
Cash Flows from Investing Activities	
Payments for property and equipment	**(5,879)**
Payments for investment properties	**(12)**
Proceeds on sale of investments	**3,484**
Purchase of investments	**(742)**
Net Cash Used for Investing Activities	**(3,149)**
Cash Flows from Financing Activities	
Increase in due to US partner of the joint operations	**5**
Repayment of loans payable	**(152)**
Net Cash Used for Financing activities	**(147)**
Net increase in cash and cash equivalents	**6,121**
Cash and cash equivalents at April 1, 2015	**23,562**
Cash and Cash Equivalents at June 30, 2015	**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 new entity resulting from the amalgamations under the *Canada Business Corporations Act* of the legacy The Federal Bridge Corporation Limited (the "legacy FBCL"), a parent Crown corporation with its subsidiary, St. Mary's River Bridge Company (SMRBC) on January 27, 2015 and with another parent Crown corporation Blue Water Bridge Authority (BWBA) on February 1, 2015, in accordance with the authorities provided by the *Economic Action Plan 2013 Act, No. 2*, as amended, by *the Economic Action Plan 2014 Act, No. 2.* The Corporation is an agent parent Crown Corporation listed in Part I of Schedule III of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*.

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

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

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

2. AMALGAMATION OF CORPORATION

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

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

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

Phase I - JCCBI becoming a stand-alone parent Crown corporation;
Phase II - Amalgamation of the legacy FBCL with its two remaining subsidiaries, SIBC and SMRBC; and,
Phase III - Amalgamation of the legacy FBCL with BWBA.

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

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

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

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Functional and Presentation Currency

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

3. 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.

Amalgamation

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

Interests in Joint Operations

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

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

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

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

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

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.

Accounting for the Operations of the Thousand Islands International Bridge

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

Government Funding

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

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

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

Revenue Recognition

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

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

Functional Presentation of Expenses

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

- Maintenance: expenses related to the maintenance, upkeep, and repair of the Corporation's assets;
- Operations: expenses related to the collection of toll revenue;
- Thousand Islands International Bridge: represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands;
- Currency exchange: expenses pertaining to the operation of the currency exchange facility operated at the Point Edward crossing;
- 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.

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

Decommissioning Liability

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

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

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

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

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

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.

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

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);
- net interest expense or income; and
- actuarial gains and losses.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

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

5. FUTURE CHANGES IN ACCOUNTING POLICIES

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

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

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

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

(in thousands of dollars)

6. INVESTMENTS

	June 30, 2015	March 31, 2015
	$	**$**
Held-to-maturity investments carried at amortized cost		
Deposit certificates	**11,354**	14,174
Total held-to-maturity investments	**11,354**	14,174
Available for sale investments carried at fair value		
Government of Canada bonds	**1,079**	1,208
Provincial bonds	**2,122**	2,149
Corporate bonds	**2,488**	2,412
Total available for sale investments	**5,689**	5,769
Total investments	**17,043**	**19,943**
Less: Current portion	**12,340**	**14,003**
Long term portion	**4,703**	**5,940**

7. TRADE AND OTHER RECEIVABLES

	June 30, 2015	March 31, 2015
	$	**$**
Federal departments and agencies	**4,542**	6,268
Trade receivables	**1,584**	1,417
	6,126	**7,685**

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

(in thousands of dollars)

8. PROPERTY AND EQUIPMENT

	Land	Bridges and roads	Vehicles and equipment	Buildings	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$
Cost							
Balance at April 1, 2015	13,602	236,276	17,360	80,336	17,454	26,159	391,187
Additions	25	23	89	-	44	5,698	5,879
Disposals	-	-	-	-	-	-	-
Transfers	-	6	74	2,633	-	(2,713)	-
Balance at June 30, 2015	**13,627**	**236,305**	**17,523**	**82,969**	**17,498**	**29,144**	**397,066**
Accumulated Depreciation							
Balance at April 1, 2015	-	48,114	10,963	17,405	12,969	-	89,451
Depreciation expense	-	1,364	389	713	107		2,573
Disposals	-						-
Balance at June 30, 2015	**-**	**49,478**	**11,352**	**18,118**	**13,076**	**-**	**92,024**
Net Book Value at June 30, 2015	**13,627**	**186,827**	**6,171**	**64,851**	**4,422**	**29,144**	**305,042**

9. INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

	Intangible Assets	Investment Properties
	$	**$**
Cost		
Balance at April 1, 2015	1,028	23,882
Additions	-	12
Disposals	-	-
Balance at June 30, 2015	**1,028**	**23,894**
Accumulated depreciation		
Balance at April 1, 2015	985	3,414
Depreciation expense	4	153
Disposals	-	-
Balance at June 30, 2015	**989**	**3,567**
Net book value at June 30, 2015	**39**	**20,327**

(in thousands of dollars)

10. DECOMMISSIONING LIABILITY

As at June 30, 2015

	North Channel Bridge[i]	Sault Ste. Marie[ii]	Thousand Islands [iii]	Total
	$	$	$	$
Balance at April 1, 2015	11,933	856	685	13,474
Additional provisions recognized	-	-	-	-
Reductions arising from payments	(2,813)	-	-	(2,813)
Balance at June 30, 2015	**9,120**	**856**	**685**	**10,661**

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

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

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