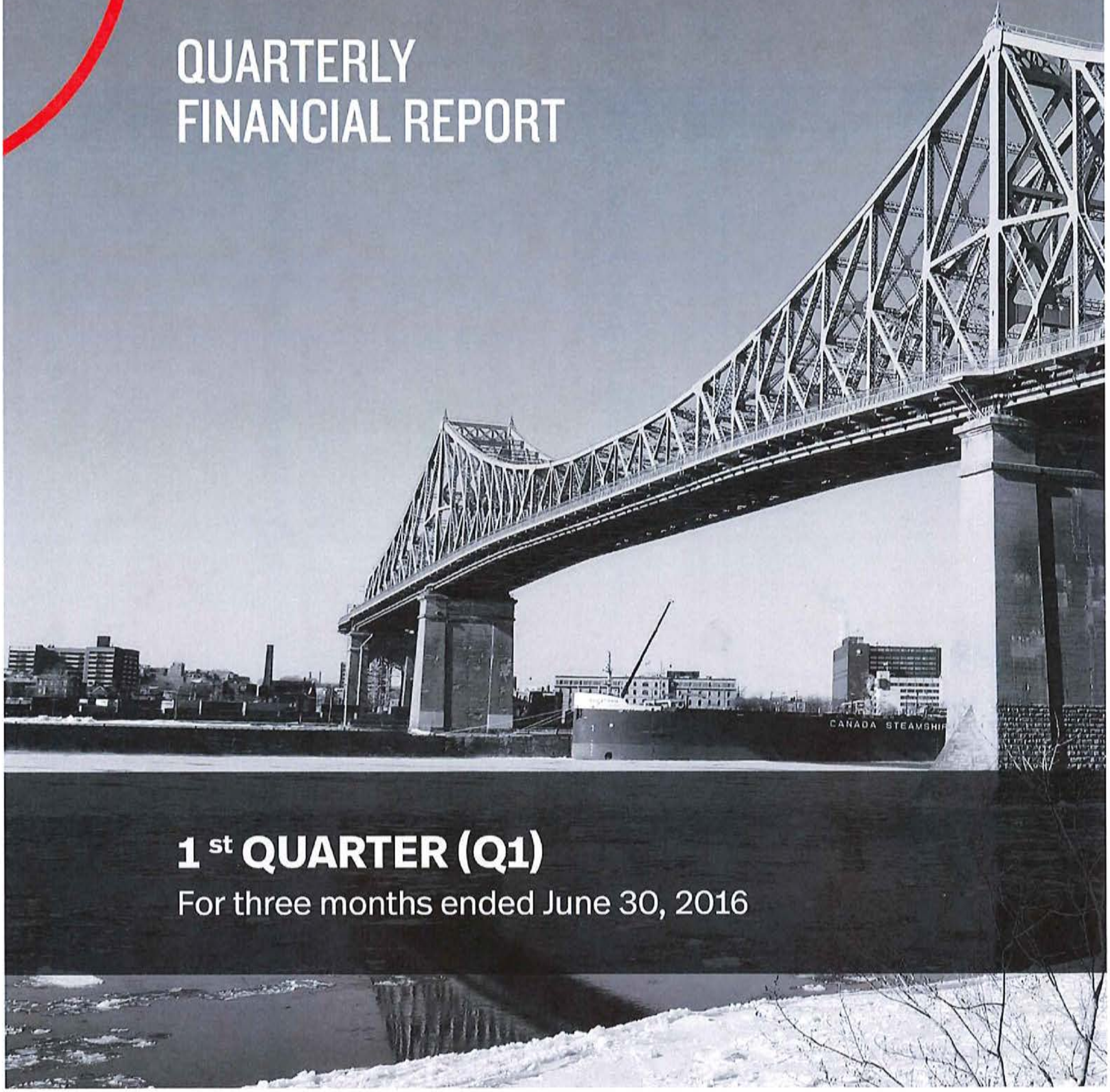
Ponts
JACQUES CARTIER +
CHAMPLAIN
Bridges

Canada

QUARTERLY FINANCIAL REPORT



1st QUARTER (Q1)

For three months ended June 30, 2016

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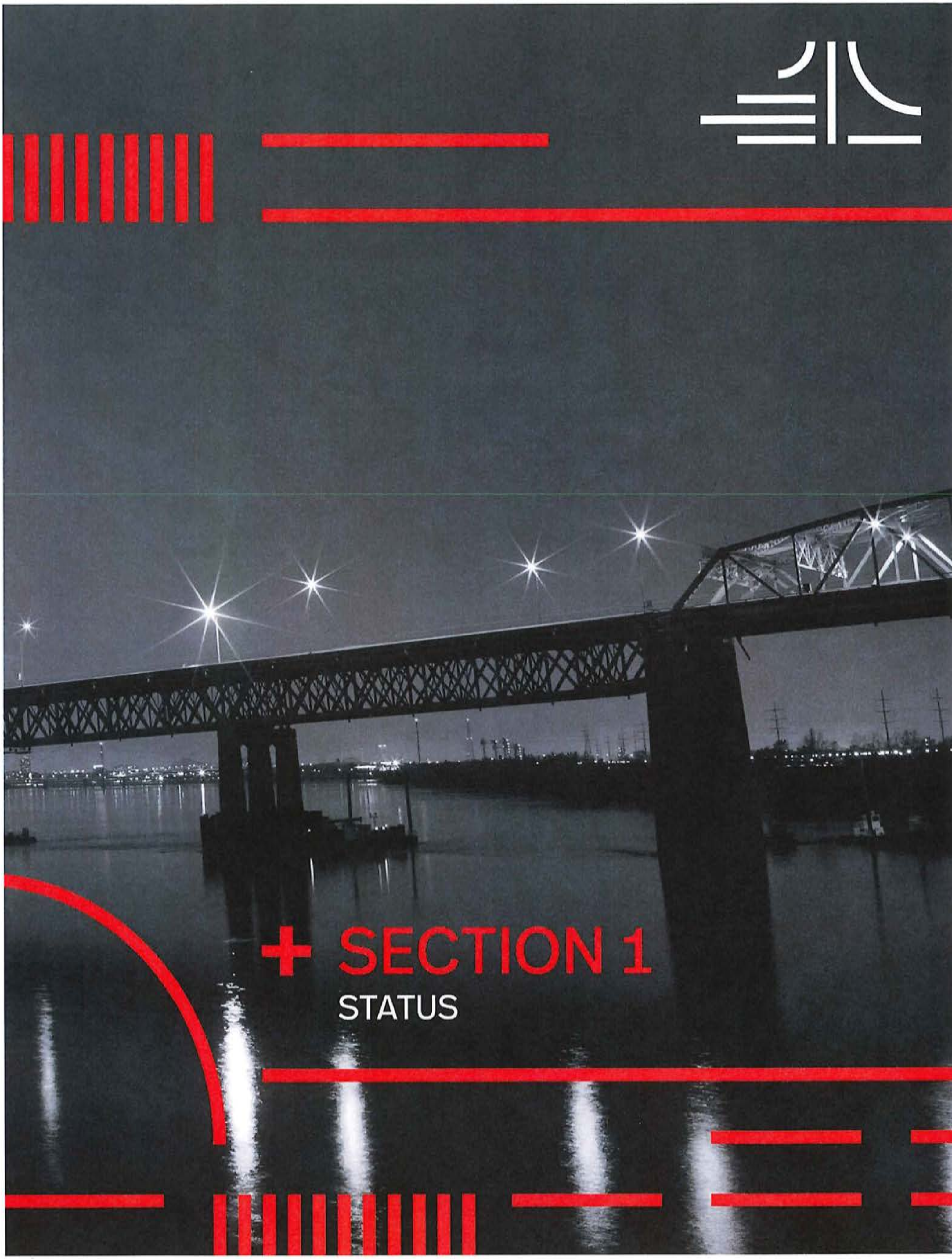


SECTION 1
STATUS

1. STATUS

JCCBI was incorporated on November 3, 1978, under the Canada Business Corporations Act. JCCBI was, until September 30, 1998, a Crown corporation wholly owned by the St. Lawrence Seaway Authority (SLSA).

On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL), a parent agent Crown corporation listed under Part I of Schedule III of the *Financial Administration Act* (FAA).

On February 13, 2014, JCCBI became a parent Crown Corporation listed under Part I of Schedule III of the FAA. As a Crown corporation, JCCBI is subject to Part X of the FAA.

Furthermore, JCCBI is an agent Crown corporation of Her Majesty under *The Jacques Cartier and Champlain Bridges Inc. Regulations* (SOR/98-568).

1.1. Mandate

JCCBI manages all bridges, roads and tunnels under federal jurisdiction located in the Greater Montreal metropolitan Area: the Champlain Bridge, the Jacques Cartier Bridge, and the Île des Sœurs bypass bridge, the federal portion of the Honoré-Mercier Bridge, as well as their approaches, and three related infrastructures, namely the federal portion of the Bonaventure Expressway, the Champlain Bridge Ice Control Structure and the Melocheville Tunnel.

For each of these infrastructures, JCCBI assumes responsibility for:

- operations;
- inspections;
- maintenance;
- repairs;
- safety;
- coordination with municipal and provincial stakeholders;
- management of contaminated sites.

1.2. Mission, Vision and Values

» Our Mission

Use systematic management and a sustainable development approach to ensure that the major infrastructures under its responsibility lasts as long as possible.

» Our Vision

To become a leader in major infrastructures management, as an innovative expert, a mobility leader and a social and urban contributor.

» Our Values

Teamwork, transparency, thoroughness, innovation, and commitment are the values JCCBI has adopted to accomplish its mission.

1.3. Administrative Profile and Funding

JCCBI's main activities can be divided into two specific areas:

» Operation

Operation includes Planning, Engineering, the Environment, the Champlain Bridge Project Office, Construction, and Operations and Maintenance. These groups receive the support of a project management expert and an occupational health and safety advisor.

The Planning, Engineering, Construction and Projects departments plan and manage the activities related to major projects for the construction, rehabilitation and repair of civil engineering and road structure components such as piers, girders, decks, steel structures, tunnels, foundations, paving and painting, as well as the mechanical and electrical components of these structures.

The Champlain Bridge Project Office is responsible for implementing the major maintenance program for the current Champlain Bridge, and provides support to Infrastructure Canada for the New Champlain Bridge Corridor Project.

The Operations and Maintenance department oversees and manages contracts for snow removal and spreading of abrasives, road cleaning and maintenance, landscaping, replacement of guardrails, sealing of cracks and lubrication of bearings, repair of potholes in the pavement and bridge decks, as well as maintenance and operation of lane signal control systems, variable message signs (VMSs) and surveillance cameras, electrical distribution and road lighting.

» Administrative departments

Administrative departments, such as Legal Affairs, Procurement, Finances, Information Technology, Human Resources and Communications support these sectors.

The specialized professionals on JCCBI's team have extensive know-how and experience in bridge and highway infrastructures, as well as in the engineering and management of bridges and structures. The strong partnerships JCCBI has established over the years play a key role in the management of its infrastructures and the execution of its projects.

JCCBI must ensure the safety of its infrastructures at all times. The Corporation has implemented inspection programs combined with detailed records and additional investigations, thus ensuring the availability of relevant and up-to-date information for informed decision-making on short-, medium- and long-term maintenance and rehabilitation programs.

JCCBI operates in a complex environment where many external factors can affect its planning. On the financial front, JCCBI continues to be vigilant with regard to the use of public funds.

JCCBI is entirely funded through parliamentary appropriations from the Government of Canada. Revenue from other sources, such as leases and permits, contributes to its funding, but very minimally. JCCBI must optimize the maintenance and rehabilitation of ageing infrastructures in order to maximize their lifespan and safety.

1.4. Centre for Infrastructure Innovation

The Corporation's Board of Directors has approved the creation and start-up of a Centre for Infrastructure Innovation. The Centre for Infrastructure Innovation's business plan was adopted by the Corporation's Board of Directors in August 2015.

The creation of a Centre for Infrastructure Innovation is intended as a tool to allow JCCBI to develop and promote its expertise in view of ensuring the sustainability of the structures.

In parallel to the Corporation's activities, the centre would be seeking the best practices to generate technical applications and business opportunities.

The Centre for Infrastructure Innovation will support JCCBI in developing the implementation of innovative solutions that are based on specific expertise and on comprehensive and sustainable strategies in connection with the management and maintenance of major infrastructures in an effort to extend their useful life.

» The Work

Several research projects are under way:

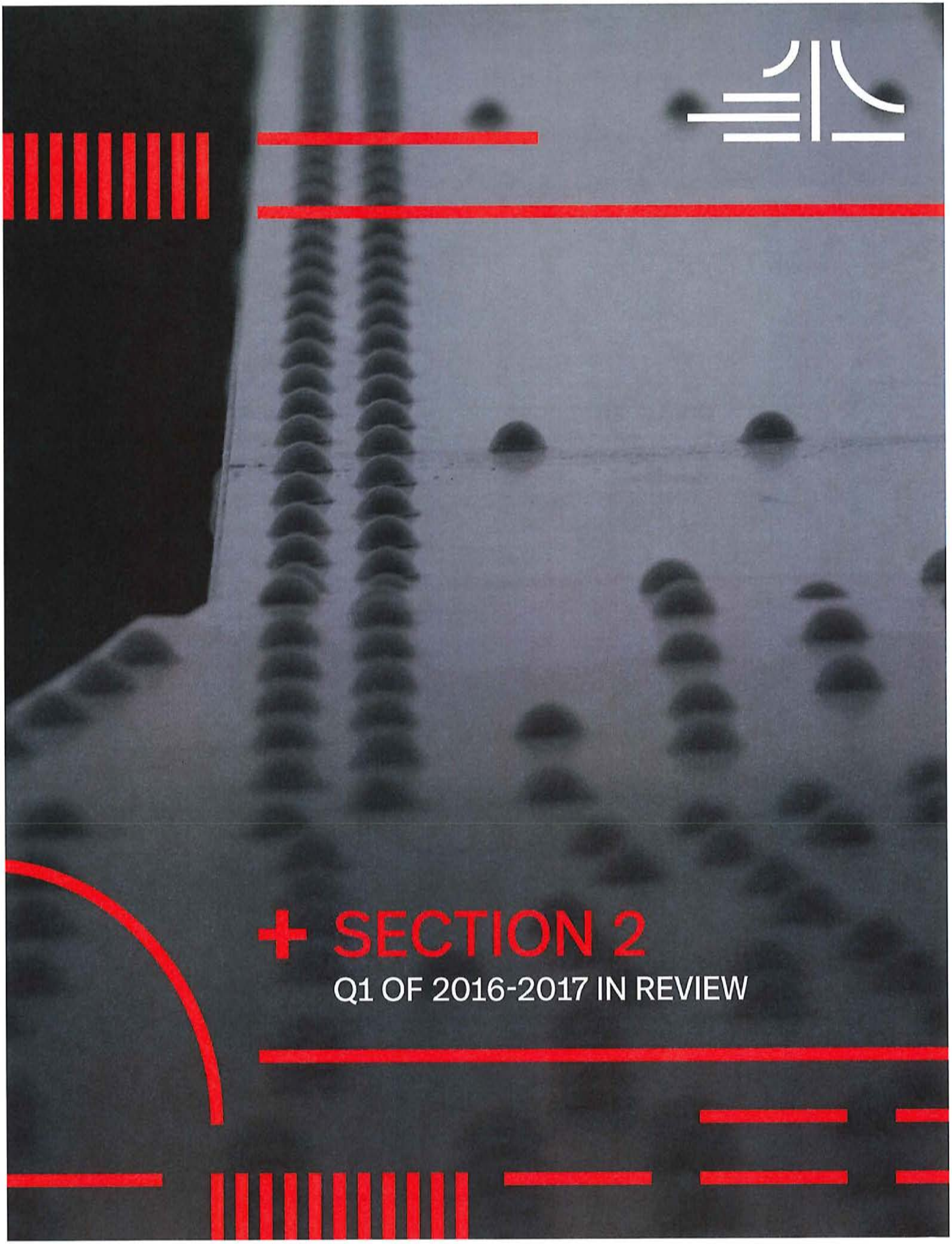
a) Internal studies and analyses
   - Assessment of opportunities for extending the lifespan of the Jacques Cartier Bridge by 50 years
   - Analysis of the sustainability of our structures' decks: retrospective studies on the lifespan of bridge decking and opportunities for improving life-cycle costs
   - Analysis of the Jacques Cartier Bridge's seismic rehabilitation needs and requirements

- Studies on opportunities for developing and improving structure protection systems

b) Research projects in collaboration with universities:

Two research agreements with two different university partners were approved in February 2016. These projects are currently under way:

- Use of innovative ultra-high performance concrete for the long-term reinforcement and rehabilitation of the bridge piers (École Polytechnique de Montréal)
- Evaluation of the shear reinforcement on the girders with the application of carbon-fibre-reinforced polymer bands (McGill University)



+ SECTION 2

Q1 OF 2016-2017 IN REVIEW

2. Q1 OF 2016-2017 IN REVIEW

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

This quarterly financial report provides an assessment of JCCBI's operations and financial position for the quarter ended June 30, 2016 (Q1). It must be read in conjunction with the unaudited Interim Financial Statements and accompanying notes contained in this document, as well as with the audited Annual Financial Statements and supporting notes contained in JCCBI's Annual Report for 2015-2016.

All amounts are in Canadian dollars and are mainly derived from the Corporation's unaudited Interim Financial Statements, which were prepared in accordance with the Canadian Public Sector Accounting Standards (CPSAS).

On July 16, 2015, by Order in Council P.C. 2015-1112, His Excellency the Governor General in Council instructs JCCBI, under section 89 of the FAA:

a) to harmonize its travel, hospitality, conference and event expense policies, guidelines and practices with the Treasury Board's related travel, hospitality, conference and event expense policies, guidelines and tools in a manner that complies with its legal obligations

b) to report on the implementation of these instructions in its next business plan

The Corporation has thus completed the modification of its policies and practices related to the travel, hospitality, conference and event expenses by harmonizing them with the Treasury Board's applicable tools.

The following table presents the travel, hospitality and conference expenses for the first quarter of fiscal year 2016-2017:

	(In thousands of dollars)
Travel	11.6
Hospitality	4.5
Conference	10.6
TOTAL	26.7

2.1. Summary

JCCBI declares a surplus of $12.8 M for the three (3) months ended June 30, 2016 ($2.7 M in 2015). The deficit before public funding was $43.5 M as at June 30, 2016 ($51.4 M in 2015).

For the current fiscal year, the combined total revenue was $0.3 million ($1 million in 2015). Revenue remained stable overall.

During the same period, the net debt increases by $1.3 M to total $42.7 M. Financial assets decreased by $3.8 M. It is mainly changes in the amounts received and those due from the federal government that are responsible for this change.

Capital asset acquisitions in the first quarter of the current fiscal year totalled $20.2 M ($10.7 M in 2015). They mainly consist of expenses of $10.1 M for the Honoré Mercier Bridge, $4.8 M for the Jacques Cartier Bridge, $3.9 M for the Ice Control Structure and $1.4 M for various other projects.

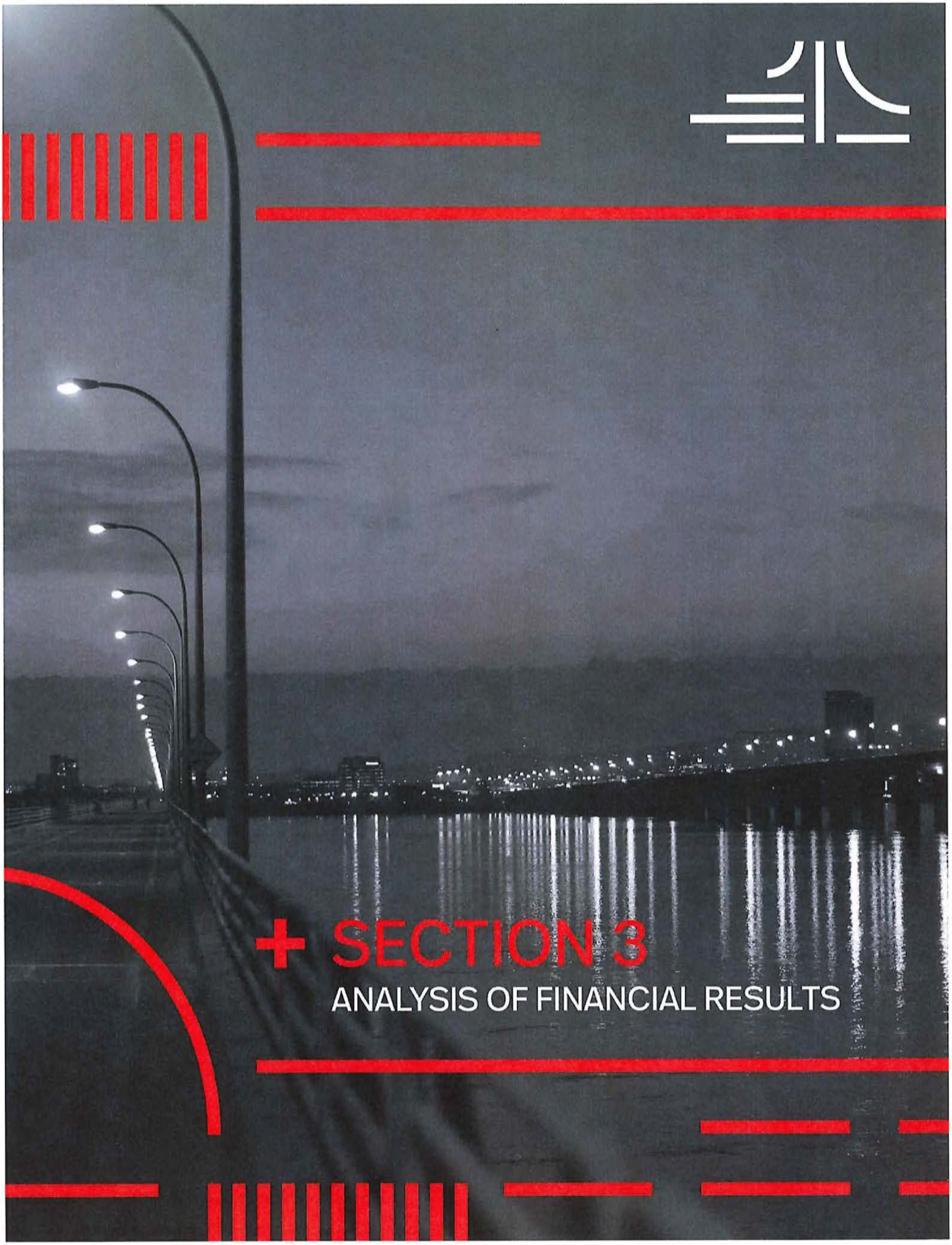
2.2. Outlook

The expenses to maintain the bridges and related infrastructure remain at historical highs. Repairs to the Champlain Bridge continue to generate significant expenditures with a view to addressing the conclusions of the latest inspection reports and the monitoring results. Other government-funded projects are ongoing, including the rehabilitation currently under way at the Honoré Mercier Bridge, the Ice Control Structure and the Jacques Cartier Bridge.

Future maintenance and rehabilitation work is still important with the ongoing rehabilitation or construction of major projects:

1. In order to extend the Jacques Cartier Bridge's service life over the long term, JCCBI has developed a major rehabilitation plan to reinforce various components of the structure.
2. For the Champlain Bridge, the repairs planned in the Ten-Year Program will continue to be required. To date, over 46% of the edge girders have been reinforced to mitigate the risks associated with their condition. This work will continue until 2017-2018.
3. Work, both required and necessary to maintain the assets, is planned on the Bonaventure Expressway sector, the Honoré Mercier Bridge, the Melocheville Tunnel and the Champlain Bridge Ice Control Structure.
4. Important environmental mitigation measures are required to contain and treat contaminated groundwater on lands managed by JCCBI in the Bonaventure Expressway Sector (East and West Sectors).
5. An architectural lighting system will be installed on the structure of the Jacques Cartier Bridge in 2016 and 2017 as part of the festivities for the 150th anniversary of Confederation and the 375th anniversary of Montreal.

JCCBI is proud of its workforce, whose strength lies in its absolute commitment to the achievement of its strategic outcome. The long-term funding provided by the government makes it possible to maintain the infrastructures that play a vital role for the population and the economy.



SECTION 3

ANALYSIS OF FINANCIAL RESULTS

3. ANALYSIS OF FINANCIAL RESULTS

3.1. Results of Operations

3.1.1. Statement of Financial Position

Financial Assets

During the three (3) months ended June 30, 2016, the total financial assets decreased by $3.8 M, to amount to $96.6 M, compared to $100.4 M as at March 31, 2016. As in previous fiscal years, a determining factor in the variation in financial assets is the date on which the federal appropriations, which include the funding for the major capital projects and the operating expenses, will be received.

JCCBI's net cash position decreased by $26.9 M during Q1, to amount to $47.1 M as at June 30, 2016 ($74 M as at March 31, 2016). This decrease during the quarter is due, notably, to the payment of current operations.

Liability

Accounts payable and accrued liabilities decreased by $3.8 M, from $84.3 M as at March 31, 2016, to $80.5 M as at June 30, 2016. This decrease is largely due to the variation of activities of the various ongoing construction projects.

To carry out its major projects, JCCBI entered into construction contracts which provide for the withholding of a portion of the payment until the completion of certain work and the contractual warranties have expired in compliance with the performance requirements. These contractual holdbacks have increased by $1.7 M to amount to $14.5 M as at June 30, 2016 ($12.8 M as at March 31, 2016). These amounts will become payable when the work is completed and the warranties have expired.

In the past quarter, JCCBI reviewed the assumptions underlying its environmental obligations. This resulted in a $0.1 million increase in liabilities. Also, work on the East and West sectors of the Bonaventure Expressway has generated $0.7 million in expenditures, reducing environmental liability by the same amount. Following these allocations and revisions, environmental obligations decreased by $0.6 million, to settle at $42.6 million as at June 30, 2016 ($43.2 million as at March 31, 2016).

Non-Financial Assets

Tangible capital assets increased by $12.4 M to total $514.6 M relative to the March 31, 2016 financial statements ($502.2 M). This total comprises $20.2 M in capital asset acquisitions, less charges for amortization of $7.8 M. The major works concerned by these acquisitions include those of the Nuns' Island Bypass Bridge ($0.5 M), the Honoré Mercier Bridge ($10.1

M), the Jacques Cartier Bridge ($4.8 M), the Ice Control Structure ($3.9 M) and various other works totalling $1.4 M.

Prepaid expenses increased by $1.6 million during the period. This increase is notably due to the payment of expenses charge to subsequent periods and the periodic settlement of advances to suppliers.

Government Funding

The following table summarizes the public funding for the first quarter of the current fiscal year and that of the previous fiscal year:

(In thousands of dollars)	First quarter	
	2016-17	2015-16
Public funding for operating expenses	36,140	43,454
Public funding for tangible capital assets	20,191	10,681
TOTAL	**56,331**	**54,135**

Section 3.4 presents the results of the use of parliamentary appropriations.

3.1.2. Charges

Maintenance

Maintenance charges during the first quarter represent 91% (91.5% in Q1 2016) of the total expenses for the quarter, amounting to $39.9 M ($47.9 M in Q1 2016).

For the three (3) months ended June 30, 2016, the maintenance charges are mainly distributed as follows:

- $3.2 M for the Nuns' Island Bypass Bridge
- $0.6 M for the Honoré Mercier Bridge
- $16.4 M for the Champlain Bridge
- $8.7 M for the Jacques Cartier Bridge
- $2.6 M for the Bonaventure Expressway
- $0.3 M for Highway 15
- $2.9 M for the Melocheville Tunnel

- $1.7 M for the Ice Control Structure
- $2.8 M in salaries and employee benefits
- $0.7 M for various other projects and equipment

Operations

Operating expenses during the first quarter totalled $0.8 M ($1.1 M in Q1 2016). These figures represent 1.8% of the total expenses (2% in Q1 2016).

Administration

The administrative expenses for the first three (3) months total $3.2 M and represent a $0.2 M decrease over Q1 of the previous fiscal year ($3.4 M in Q1 2016). During the quarter, administrative expenses represented 7.3% (6.5% in Q1 2016) of the total expenses.

3.2. Cash Flow

Compared to March 31, 2016, the cash balance decreased by $26.9 M, to amount to $47.1 M.

3.3. Strategic Issues and Risks

As a parent Crown corporation, JCCBI must meet the requirements of and comply with the obligations set out in the various legislations applicable to all Crown corporations.

3.3.1. Bridge Safety

JCCBI's priority is to ensure, at all times, the safety of all its structures. JCCBI judiciously administers its programs for bridges in order to extend their useful life as much as possible.

The bridges are old and have been subjected to years of heavy traffic, climatic conditions and the abundant use of road salt. In addition to rehabilitation work completed or underway, these structures will require major work over the next decade. Traffic congestion on all Montreal South Shore bridges has an impact on JCCBI's ability to carry out major work during regular working hours, which has a direct impact on the planning, execution and cost of work. Major rehabilitation work is planned or under way on all structures so that they remain in acceptable condition and to ensure their sustainability, as well as user safety. Long-term planning, as well as communication and sharing of information on the issues, is ongoing.

3.3.2. Sustainable Funding

In its decision making, JCCBI must constantly consider how best to use available resources in order to protect the property under its management and fulfil its mission to ensure safe passage on its structures.

In Budget 2014, the Government of Canada approved funding to JCCBI for the next five (5) years, or from 2014-2015 to 2018-2019. JCCBI prioritizes work always bearing in mind, first, the safety of users and, second, the implementation of risk mitigation measures.

For the projects relating to the Bonaventure Expressway sector contaminated groundwater, JCCBI has received funding from Budget 2014 for the next five (5) years. JCCBI has also received funding from the Federal Contaminated Sites Action Plan (FCSAP), which was renewed in 2011 for a four-year period with the FCSAP2. A submission to the Treasury Board for Phase 3 of the FCSAP was approved in February 2016. The FCSAP, including the FCSAP3, only allows projects that last a maximum of four (4) years, or until 2019-2020. This poses a real challenge, as the projects concerning the contaminated groundwater require a long-term action plan. Despite the funding received for years 2014-2015 to 2018-2019, and the FCSAP funding, the need for long-term funding over a 15-year period, starting in 2016-2017, is therefore imperative.

3.3.3. Human Resources Management

Given the size and rapid growth of its major maintenance program budget, JCCBI added positions (permanent and temporary positions) within the Corporation's different departments in order to provide increased capacity to carry out its different mandates and projects according to a project-based management model.

In order to overcome the expertise vulnerabilities caused by an actual or announced departure of a key resource of the organization, JCCBI has developed learning activities and performance support to capture and document expertise.

JCCBI is keeping its plans up to date for its employees' and managers' successors and for continuous development.

3.3.4. Information Technologies

JCCBI completed the implementation of the project management module of the Enterprise Resource Planning (ERP system), with basic functions and reports, on March 31, 2016.

This past quarter was dedicated to the continued implementation of project management at the Corporation by incorporating data from outside firms into month-end closing activities.

With a view to centralizing data and standardizing platforms, a pre-project was launched to assess the feasibility of incorporating JCCBI's assets management into the geomatics environment. The goal is to incorporate data related to inventory, inspections, recommendations and planning.

All previously mentioned risks or issues are interrelated. JCCBI assesses the risks related to bridge safety and to sustainable funding as very high. Therefore, in order to ensure the safety of the bridges, JCCBI must have sustainable funding available to enable it to develop a solid corporate structure supported by high-level human and information resources.

3.3.5. Occupational Health and Safety

Because the number of contracts awarded by JCCBI for major work on its structures has remained high, and because of record increases in its staff, JCCBI has maintained and put in place quality standards to enable it to meet its legal obligations under Part II, Occupational Health and Safety (OHS), of the *Canada Labour Code,* as well as other requirements pertaining to work accidents prevention.

To this end, JCCBI is currently developing a strategic alignment regarding occupational health and safety that will enable it to strengthen its culture of prevention. The prevention program for its employees remains a key issue and is updated on a regular basis. JCCBI has maintained and enhanced its contractual requirements for dedicated occupational health and safety resources in its supervision contracts and the contract for the overall management of occupational health and safety, and makes sure that they are applied. These contracts allow OHS specialists to participate in every step of the construction projects in order to analyze the risks of which contractors need to be made aware.

Despite the occupational health and safety management measures adopted, a fatal accident occurred on the Ice Control Structure worksite in September 2015. The final report will be issued by the Commission des normes, de l'équité, de la santé et de la sécurité du travail by September 2016. The Corporation is committed to adressing the recommendations in the report.

As part of a continuous improvement process, and out of a desire to address occupational health and safety issues, JCCBI finalized its plan to improve employees' awareness of guidelines concerning major risks. JCCBI's internal health and safety advisor coaches employees to ensure ongoing competency development.

JCCBI management confirms that it is seriously committed to the development of a culture of occupational health and safety at every level of the Corporation. To illustrate its commitment and to facilitate employee involvement, JCCBI has implemented new collaborative mechanisms. A steering committee sets objectives for the local occupational health and safety committee, and a new advisory committee, made up of senior operations managers, will be set up to guide decision making by JCCBI's steering committee and make recommendations regarding occupational health and safety.

3.3.6. Environmental Obligations

JCCBI participates in the Federal Contaminated Sites Action Plan (FCSAP) administered by Environment Canada, for the implementation of the mitigation measures required to contain and treat the contaminated groundwater on lands in the Bonaventure Expressway sector (East and West Sectors) in Montreal along the St. Lawrence River. JCCBI works in partnership with owners and stakeholders to study the groundwater contamination in that sector and implement mitigation plans. Hence, it has launched the Solution Bonaventure project aimed at ensuring environmental groundwater management. Although the environmental plan for the West Sector is a joint project with the Quebec government (Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC)), it is managed solely by JCCBI.

3.3.7. Major Projects

JCCBI is currently carrying out major work on the bridges and related structures under its responsibility. Below is a description of the main achievements in Q1:

The Jacques Cartier Bridge

The bridge, now 84 years old, is in relatively good condition. Several components, including the piers and the steel structure, will, however, require repairs in the next few years. Major maintenance projects, including repair work on piers and abutments and steel reinforcement in Section 8, have been under way since 2014. Work on the pedestals, piers, deck and sidewalk were executed in several sections, as work on the Île Sainte-Hélène pavilion. The Seaway section has also been reinforced and painted. The replacement of bridge bearings, and steel reinforcement work on steel towers, posts, diagonal cross bracing, vertical gusset plates and main bottom chords and jacking struts is also under way. In order to improve direct communication with users, some Variable Message Signs (VMS) have been replaced.

Work, in the order of $13.5 M, has been carried out in the last quarter, particularly to rehabilitate the piers and reinforce the steel. Two equipment supply contracts were awarded for the bridge lighting project launched at the end of 2015 in collaboration with the Society for the Celebration of Montreal's 375th Anniversary and the Federal Secretariat Canada 150.

The Honoré Mercier Bridge

A major deck rehabilitation and replacement project is under way on the federal portion of the bridge. The work is carried out by a Mohawk contractor and by Mohawk workers from the Reserve of Kahnawake. In addition to the deck replacement, major maintenance work on the steel structure is currently under way in the Maline Island section. This work will have to be pursued on other components of the bridge, notably on piers and on the steel structure, in order to maintain the structure in an acceptable condition.

In the first quarter, $1.3 million in major repair work on the steel structure of the Island Maline section was done. The steel structure in the mixed section was reinforced before installing the new deck, and some of the new deck was installed, representing a $9.4 million investment.

The Champlain Bridge

The Champlain Bridge is at end of its service life. In order to establish an overall maintenance strategy of the bridge until decommissioning thereof, JCCBI, on a continuous basis, carries out inspections and performs real-time monitoring of critical components and the entire structure's bearing capacity. This strategy must ensure that the crossing between the South Shore and the Island of Montreal remains safe until the new bridge is in operation. Major works to the structure on components such as the girders, slab, pier caps, pier shafts and pier footings are being carried out as part of a ten-year overall strategy. In addition, repairs to the main span structure steel components and other major repairs, such as the replacement of the expansion joints, must be carried out on an ongoing basis.

In 2016-2017, the ten-year major bridge maintenance program enters its eighth year, and, not surprisingly, signs of deterioration continue to appear, as the deterioration of an end-of-life structure tends to follow an exponential curve. The announced schedule for the replacement of the bridge by the end of 2018 also calls for maintenance to continue until then as well as putting in place mitigation measures aimed at adequately managing risks related, among other things, to the wear of a structure at the end of its useful life.

The ageing structure requires a detailed inspection program, and the frequency of inspections greatly exceeds the Corporation's minimum standards. In addition, as part of the risk mitigation strategy, sophisticated measuring instruments and analysis tools are in place to monitor, in real time, the behaviour of certain major components of the bridge. More than 325 high-precision sensors were installed to monitor, in real time, the deformations of certain girders. In August 2015, JCCBI has acquired a software specially designed for the automation of the monitoring data acquisition. This system incorporates the monitoring data history since January 2014, which makes it possible to identify trends or variations on behaviour that could warrant proactive action on the structure of the bridge. Furthermore, monthly load tests based on a standard load are conducted to validate the integrity of the sensors and the accuracy of the data collected on a daily basis.

In order to more effectively manage all activities related to the Champlain Bridge, the Champlain Bridge Project Office was set up in early 2015. The main objective is to regroup all activities related to the maintenance of the Champlain Bridge: the engineering, inspection, monitoring of the structural behaviour and management of the construction contracts. The Champlain Bridge Project Office regroups:

- JCCBI's resources in charge of the overall contract management

- The structure consultants in charge of the structural integrity of the bridge: Cowi North America, Ltd (COWI) and Stantec Expert-Conseils (STANTEC).
- A consortium in charge of supervising the construction work
- A consortium in charge of the bridge inspection

In 2013, COWI, formerly Buckland & Taylor, reported that additional investments of the order of $389 million would be required between 2014-2015 and 2017-2018 in order to maintain the structure in acceptable condition. In an effort to manage risk and make efficient use of funds, all recommendations made by COWI and Stantec are reviewed by the second consultant and by a committee including two structural experts.

As partner of the Champlain Bridge Project Office, the firm COWI works, on a continuous basis, at reviewing the analyses of the bearing capacity in light of the information from the most recent inspections and monitoring results, all in order to prioritize the future interventions.

So far, more than 46% of the bridge's 100 edge girders have been secured using different reinforcement systems. As a mitigation measure, the reinforcement of the edge girders was accelerated and, as a result, 90% of them will be secured in 2016-2017. The 10 remaining girders will be reinforced in the first half of 2017-2018.

In October 2011, the federal government announced the new Bridge for the St. Lawrence Corridor Project and entrusted the project to Infrastructure Canada. On December 1, 2013, the federal government announced that the new bridge would be in place in 2018.

Ice Control Structure

The reinforcement of the deck of the Ice Control Structure and the new bike path are now complete. JCCBI oversees and closely monitors the use of the Ice Control Structure. This structure is crucial, since it is an essential access to the mobilization sites for maintenance on the current Champlain Bridge and the construction of the New Champlain Bridge Corridor. The project will be completed this summer with the reconfiguration of the access roads.

The Bonaventure Expressway

The Bonaventure Expressway, built during the 60s, is undergoing a major rehabilitation program for the complete replacement of many sections of the elevated lanes. The work also includes the repair of the piers, pier caps, girders, bearings and pavement. This program, which began during fiscal year 2009-2010, was completed in the past quarter. JCCBI has also completed the design for the repair of the roadway on the non-elevated section and various works on section 10 of the Bonaventure Expressway. The related construction work is scheduled to begin in July 2016. The value of work performed in the past quarter amounts to $3.1 million.

Melocheville Tunnel

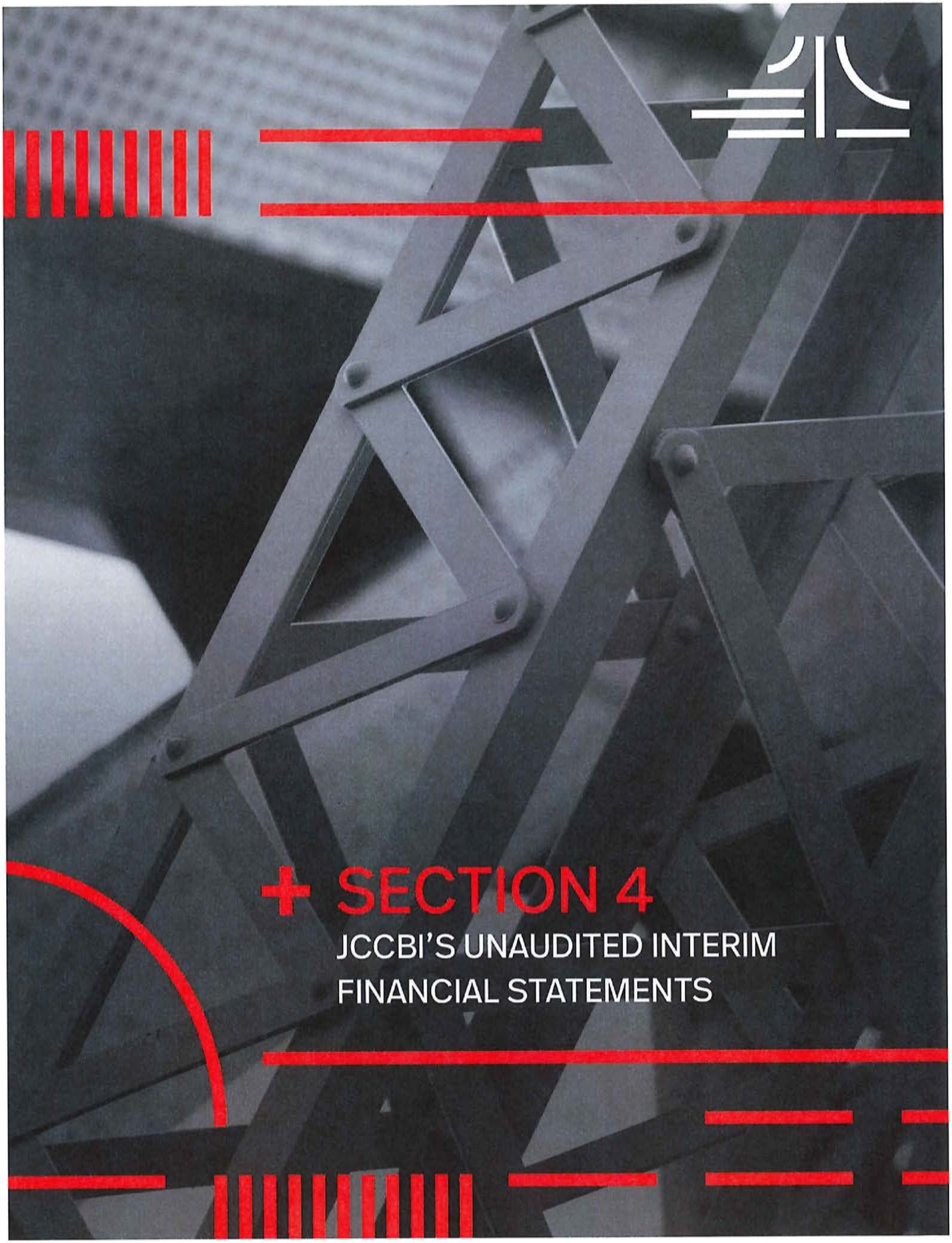
In the first quarter of 2016-2017, the installation of signs and work on the intelligent transportation system and remote surveillance continued. This work will cost $0.1 million, and will be completed in the second quarter of 2016-2017. Major rehabilitation of the tubes, at a price of $2 million, is under way, and will be completed in the last quarter of 2016-2017.

3.4. Report on the Use of Appropriations

According to planning, appropriations available for the current fiscal year are $338 M.

In thousands of dollars	As at the June 30, 2016 Quarter			As at the June 30, 2015 Quarter		
	Operations	Capital	Total	Operations	Capital	Total
▪Main Estimates	227 253	110 745	337 998	270 992	155 808	426 800
Available Funding	**227 253**	**110 745**	**337 998**	**270 992**	**155 808**	**426 800**
▪Parliamentary Appropriations (1)						
— Used	36 140	20 191	56 331	43 454	10 681	54 135
— Required	191 113	90 554	281 667	227 538	145 127	372 665
Total Parliamentary Appropriations	**227 253**	**110 745**	**337 998**	**270 992**	**155 808**	**426 800**

(1) Generally, JCCBI receives its funding only once the expenses have been incurred.



SECTION 4

JCCBI'S UNAUDITED INTERIM FINANCIAL STATEMENTS

4. JCCBI'S UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three (3) months ended June 30, 2016, JCCBI's unaudited Interim Financial Statements have been prepared by management, reviewed by the Audit Committee, and approved by JCCBI's Board of Directors. JCCBI's external auditors have not audited or reviewed these unaudited Interim Financial Statements.

4.1. Management's Responsibility for Financial information

Management of the Corporation is responsible for preparing the unaudited Interim Financial Statements, in accordance with the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board Secretariat. This responsibility requires the selection of appropriate accounting principles and the ability to exercise judgment in establishing reasonable estimates.

Management maintains appropriate financial systems and internal controls. These systems and practices are designed to provide reasonable assurance as to the reliability of financial information and to ensure that (a) the Corporation's assets are adequately safeguarded; (b) its resources are managed economically and efficiently; and (c) its transactions are conducted efficiently. These systems and practices are also designed to provide reasonable assurance that the Corporation's transactions are duly authorized and conducted in accordance with section 89 and Part X of the FAA and its regulations, the Canada Business Corporations Act, The Jacques Cartier and Champlain Bridges Inc. Regulations, the Canada Marine Act, as well as the Corporation's articles and bylaws.

The Board of Directors is made up of five Directors and of the Chief Executive Officer of the Corporation. Through the Audit Committee, the Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal controls. The Audit Committee meets with management and the auditors to review the manner in which these groups are fulfilling their responsibilities as well as to discuss the audit, internal controls, and other relevant financial issues. The Financial Statements are reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

Glen P. Carlin, Eng., FICI, FSCGC
Chief Executive Officer

Claude Lachance, CPA, CMA, MBA, ASC
Senior Director, Administration

August 25, 2016

4.2. Statement of Financial Position as at June 30, 2016

(unaudited – in Canadian dollars)

	June 30, 2016	March 31, 2016
Financial Assets		
Cash	**47,142,297**	**73,996,315**
Accounts receivable	**49,429,993**	**26,365,791**
Total Financial Assets	**96,572,290**	**100,362,106**
Liabilities		
Accounts payable and accrued liabilities	**80,487,180**	**84,257,787**
Employee future benefits	**1,401,104**	**1,288,041**
Contractual holdbacks (note 4.6.8)	**14,473,774**	**12,810,568**
Deferred revenue	**251,409**	**269,591**
Environmental Obligations (note 4.6.3)	**42,635,577**	**43,170,000**
Total Liabilities	**139,249,044**	**141,795,987**
Net Debt	**(42,676,754)**	**(41,433,881)**
Non-Financial Assets		
Tangible capital assets (note 4.6.4)	**514,585,173**	**502,181,579**
Prepaid expenses	**2,292,797**	**671,643**
Total Non-Financial Assets	**516,877,970**	**502,853,222**
Accumulated Surplus	**474,201,216**	**461,419,341**

The accompanying notes form an integral part of these unaudited interim financial statements.

Approved by the Board of Directors:

Director

Director

4.3. Statement of operations for the three (3) months ended June 30, 2016

(unaudited – in Canadian dollars)

	12 months ended March 31, 2017	3 months ended June 30, 2016	June 30, 2015
	Budget	Actual	Actual
	$		
Revenues			
Leases and permits	586,000	148,109	680,834
Interests	500,000	167,482	275,115
Other sources		1,572	5,470
Total Revenues	1,086,000	317,163	961,419
Expenses (note 4.6.9)			
Maintenance	252,038,000	39,908,727	47,949,923
Operations	4,315,000	773,872	1,062,325
Administration	13,503,000	3,215,334	3,387,890
Environmental Obligations	(11,780,000)	(31,766)	-
Total expenses	258,076,000	43,866,167	52,400,138
Deficit before Government of Canada funding	(256,990,000)	(43,549,004)	(51,438,719)
Portion of transfer payments for operating expenses	227,253,000	36,140,156	43,453,566
Portion of transfer payments for tangible capital assets	110,745,000	20,190,723	10,681,206
Annual Operating Surplus	81,008,000	12,781,875	2,696,053
Accumulated Operating Surplus, Beginning of the year	500,409,000	461,419,341	445,413,783
Accumulated Operating Surplus, End of the year	581,417,000	474,201,216	448,109,836

The accompanying notes form an integral part of these unaudited interim financial statements.

4.4. Statement of the change in net debt for the three (3) months ended June 30, 2016

	12 months ended	3 months ended	
	March 31, 2017	June 30, 2016	June 30, 2015
	Budget	Actual	Actual
	$		$
Annual Operating Surplus	81,008,000	12,781,875	2,696,053
Acquisition of tangible capital assets	(110,744,000)	(20,190,722)	(10,681,206)
Amortization of tangible capital assets	41,396,000	7,787,128	7,495,089
Total variation due to Tangible Capital Assets	(69,348,000)	(12,403,594)	(3,186,117)
Acquisition of prepaid expenses	-	(1,904,765)	(711,283)
Use of prepaid expenses	-	283,611	498,079
Total variation due to Prepaid Expenses	-	(1,621,154)	(213,204)
Decrease (Increase) in net debt	11,660,000	(1,242,873)	(703,268)
Net debt, beginning of the year	(28,068,000)	(41,433,881)	(29,787,827)
Net debt, End of the Year	(16,408,000)	(42,676,754)	(30,491,095)

The accompanying notes form an integral part of these unaudited interim financial statements.

4.5. Statement of cash flow for the three (3) months ended June 30, 2016

	3 months ended	
	June 30, 2016	June 30, 2015
	Actual	Actual
	$	$
Operating Transactions		
Annual operating surplus	12,781,875	2,696,053
Adjustments for non-cash items:		
Amortization of tangible capital assets (note 4.6.4)	7,787,128	7,495,089
Increase (decrease) in employee future benefits	113,063	(426,998)
(Decrease) in environmental obligations	(534,422)	-
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(23,064,202)	(2,357,695)
(Decrease) increase in accounts payable and accrued liabilities	(9,939,602)	14,164,403
(Decrease) increase in contractual holdbacks	1,663,206	(152,267)
(Decrease) in deferred revenue	(18,182)	(39,636)
(Increase) in prepaid expenses	(1,621,154)	(213,204)
Cash flow provided by Operating Transactions	(12,832,290)	21,165,745
Capital Transactions		
Acquisition of tangible capital assets	(14,021,728)	(10,681,206)
Cash outlay to acquire tangible capital assets	(14,021,728)	(10,681,206)
(Decrease) increase in cash	(26,854,018)	10,484,539
Cash, Beginning of the year	73,996,315	65,137,984
Cash, End of the Year	47,142,297	75,622,523

The accompanying notes form an integral part of these unaudited interim financial statements.

4.6. Notes to Unaudited Interim Financial Statements

4.6.1. Authority and Activities

The Jacques Cartier and Champlain Bridges Incorporated ("the Corporation") was incorporated on November 3, 1978, under the Canada Business Corporations Act, as a wholly owned subsidiary of the St. Lawrence Seaway Authority. On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL). On February 13, 2014, pursuant to an Order in Council from the Governor in Council, FBCL transferred all its shares in The Jacques Cartier and Champlain Bridges Incorporated to the Minister of Infrastructure, Communities and Intergovernmental Affairs on behalf of Her Majesty in right of Canada. After this transfer, the Corporation became a parent Crown corporation named in Part I of Schedule III of the Financial Administration Act.

Since December 1, 1978, the Corporation has been responsible for the management, maintenance and control of the Jacques Cartier and Champlain Bridges and a portion of the Bonaventure Expressway. On October 1, 1998, in accordance with a directive issued by the Minister of Transport under the Canada Marine Act, the Corporation became responsible for managing the federal portion of the Honoré Mercier Bridge and the Melocheville Tunnel. The management of the Champlain Bridge Ice Control Structure was transferred to the Corporation from the Minister of Transport on December 2, 1999. On April 1, 2015, the south and north approaches of the Champlain Bridge were transferred by Order in Council, meaning the Corporation is no longer responsible for the management and maintenance of the lands and structures included in the transferred assets.

In July 2015, the Corporation received a directive (P.C. 2015-1112) in accordance with section 89 of the Financial Administration Act to harmonize its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations and to report on the implementation of this directive in its next corporate plan. The Corporation compared and reviewed its travel, hospitality, conference and event expense policy with the Treasury Board's directives and related instruments on travel, hospitality, conference and event expenditures. Following this exercise done in December 2015, the Corporation confirms that it has met the requirements of the directive.

The Corporation is not subject to income tax under the provisions of the Income Tax Act.

The Corporation is dependent on the Government of Canada for its funding.

4.6.2. Significant Accounting Policies

These Financial Statements have been prepared by management in accordance with the Canadian Public Sector Accounting Standards («CPSAS»).

The main accounting policies followed by the Corporation are the following:

Government Transfers

Government transfer payments are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that the stipulations give rise to an obligation that meets the definition of a liability. The transfers are recognized as deferred revenue when stipulations lead to the creation of a liability. The revenue is recognized in the Statement of Operations as the stipulations are met. Any portion of government transfers to which the Corporation is entitled, but has not yet received, is recognized under Due from the Government of Canada.

Tangible Capital Assets

Tangible capital assets are recognized at cost. Replacements and major improvements that extend the service life of existing assets are capitalized. Repair and maintenance costs are charged to operations when they are incurred. Costs that increase their service capacity, safety or effectiveness are capitalized.

Amounts related to projects in progress are transferred to the appropriate tangible capital assets category when the project is completed and are amortized in accordance with the Corporation's policy.

Capital assets received as contributions from departments, agencies and Crown corporations within the jurisdiction of the Government of Canada are recognized at their fair market value at the date of transfer.

Tangible capital assets are amortized based on the estimated useful life of the components, on a straight-line basis, over the following periods:

- Bridges and roads: between 5 and 48 years
- Vehicles and equipment: between 3 and 10 years

When the conditions indicate that a tangible capital asset no longer contributes to the ability of the Corporation to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net carrying value, the cost of the tangible capital asset is reduced to reflect the impairment. Net write-downs on tangible capital assets are recorded as expenses in the Statement of Operations.

Revenue Recognition

Revenues from leases and permits, interest and other sources are recognized in the fiscal year in which they are earned. Revenue from leases and permits collected in advance are recorded as Deferred Revenue in the Statement of Financial Position.

Employee Future Benefits

Pension Plan

All employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"). This is a contributory-defined benefit plan established by law and sponsored by the Government of Canada. The employees and the Corporation must contribute to the Plan to cover the cost of services rendered during the fiscal year. Under current legislation, the Corporation has no legal or constructive obligation to pay additional contributions to cover past services or to fund deficiencies of the Plan. Consequently, contributions are charged to expenses in the fiscal year during which the employees render the services and these contributions represent the total pension obligation of the Corporation. The Corporation is not required by law to make up for the actuarial deficiencies of the Plan.

Post-Employment Benefits and Compensated Absences

Employees are entitled to days of sick leave and compensation for work injuries, as provided for under their conditions of employment. Employees of the Corporation are subject to the *Government Employees Compensation Act.* Every year, managers and non-unionized employees are paid the unused portion of their days of sick leave. These annual payments are recognized directly in current costs for the fiscal year. Unionized employees accumulate their unused days of sick leave, which are redeemable at the end of their employment with the Corporation. The Corporation recognizes the cost of employee future benefits for sick leave as they are earned by the employees. Moreover, the Corporation recognizes the cost of compensation for work injuries payable at the time the event obligating the Corporation occurs. The liability that these benefits represent is determined based on management's best assumptions in terms of salary increases, age of employees, years of service and probability of employees leaving. These assumptions are reviewed annually. Post-employment benefits and compensated absences are recognized at present value.

Environmental Obligations

Whenever the Corporation accepts responsibility for sites where contamination exceeds environmental standards, when it plans to abandon future economic benefits to that effect and when the amount involved can be reasonably estimated, an obligation for the clean-up of the contaminated sites is recognized as a liability in the Statement of Financial Position. The estimated future costs are recognized as a liability and are based on the present value of the estimated cash flows of costs that are most likely to be incurred. If it proves impossible to make a reasonable estimate of the amount, the situation will be disclosed through a note to the Financial Statements. Other expenses related to environmental measures are recognized as expenditures as they are incurred.

Financial Instruments

The Corporation identifies, assesses, and manages the financial risks in order to minimize the impact thereof on its results and financial position. Financial risks are managed in accordance with specific criteria disclosed in Note 15.The Corporation does not engage in speculative transactions nor does it use derivatives.

The measurement of financial instruments depends on their classification as presented in the following table:

CATEGORIES	FINANCIAL INSTRUMENTS	MEASUREMENT
Financial Assets	Cash	Cost or Amortized Cost
	Accounts Receivable	
Financial Liabilities	Accounts Receivable and Accrued Liabilities	Cost or Amortized Cost
	Contractual Holdbacks	

Contingencies

Contingent liabilities are potential liabilities which could become actual liabilities if one or more future events occur. If it is likely that an event could occur, and a reasonable estimate of the liability can be made, a provision is recognized and an expense is recorded. If the likelihood of the event cannot be determined or if the amount involved cannot be reasonably estimated, a contingency is disclosed in the notes to the Financial Statements.

Measurement Uncertainty

In preparing the Financial Statements in accordance with the CPSAS, management must use estimates and assumptions that affect the reported amounts of assets and liabilities and the presentation of assets and contingent liabilities at the date of the Financial Statements, as well as the amounts of the revenue and expenses recorded during the period covered by the Financial Statements. Actual results could differ significantly from these estimates.

The most significant estimates used in the preparation of these Financial Statements relate, in particular, to the useful life of tangible capital assets, accrued liabilities for major rehabilitation work and claims received from suppliers, liability for employee future benefits, expected costs for liabilities arising from environmental obligations as well as contingencies.

Budgetary Data

Budgetary data included in the Financial Statements were provided for comparison and were approved by the Board of Directors.

4.6.3. Environmental Obligations

In the past, the Corporation compiled an inventory of all its properties in order to classify their environmental condition for the purposes of prioritizing interventions. The Corporation counts a number of properties whose soils are contaminated beyond the acceptable criteria. The properties concerned are located under the Jacques Cartier Bridge and along the Bonaventure Expressway. With respect to the lands under the Jacques Cartier Bridge, water and/or soil contaminations were identified in the course of this classification exercise, but additional environmental monitoring work and analyses are required in order to determine whether the water table may be affected and whether a decontamination exercise would be required. Work to that effect has been undertaken during fiscal year 2015-2016. As of June 30, 2016, no final conclusions had been issued regarding the appropriate actions to take. Currently, the level of contamination and the subsequent impact and actions to be taken cannot be determined and therefore no environmental liability had been recorded.

As of June 30, 2016, the priority environmental issue for the Corporation remains that of the lands located in the Bonaventure Expressway Sector in Montreal. These lands, managed by the Corporation since 1978, are located on a portion of and close to a former landfill site operated by the City of Montreal between 1866 and 1966. This former landfill site covers several lands belonging to different owners. Since 2003, the Corporation has conducted studies and toxicity tests on the land groundwater in this location. The tests revealed levels of toxicity in the groundwater beyond acceptable criteria. Given the complexity of the issue, the involvement of numerous owners and the significant costs involved, the federal government has opted for integrated solutions to the environmental problems at that site. That site may be divided in two sectors, namely the East Sector and the West Sector.

a) East Sector

The estimate of this liability is based on a preliminary study conducted by an external firm. The Corporation is completing the process of awarding various contracts for the performance and supervision of the work:

- The project will begin in 2016 with the construction of a confinement barrier;
- The installation of the pumping and treatment system is expected to begin in 2016;
- Decontamination operations are expected to begin in 2017 and extend over an estimated 15-year period. The duration of the project will extend beyond 15 years, but it is impossible to determine the costs beyond 15 years;
- There is no residual value to the project.

b) West Sector

The Corporation has awarded a contract for the construction of a hydraulic barrier and of a treatment plant. The assessment of the obligation related to the West Sector is therefore based on the financial terms thereof:

- The project will begin in 2016 with the construction of a hydraulic barrier and of the treatment plant;
- Confinement operations are expected to begin in 2017 and extend over an estimated 15-year period. The duration of the project will extend beyond 15 years, but it is impossible to determine the costs beyond 15 years;
- For the West Sector, the portion of the costs attributable to the Corporation is 50% of the total costs to be incurred;
- There is no residual value to the project.

The Corporation will manage that project.

Main assumptions As ofJune 30, 2016 (March 31, 2016)		East sector	West sector
Discount rate (note 1):			
i) Fiscal years 2016 and 2017	March 31, 2016	0.54%	0.54%
	June 30, 2016	0.54%	0.54%
ii) Long-term	March 31, 2016	2.00%	2.00%
	June 30, 2016	1.76%	1.76%
Inflation rate – NRBCPI (note 2): Non-residential buildings	March 31, 2016	3.17%	3.17%
	June 30, 2016	3.09%	3.09%
Accuracy factor		+/- 10%	-
Undiscounted range to which the inflation rate was applied:			
As at March 31, 2016	Minimum	$36,210,000	$12,752,000
	Maximum	$44,012,000	$12,752,000
As at June 30, 2016	Minimum	$23,200,000	$12,100,000
	Maximum	$43,100,000	$12,100,000
Discounted range to which the inflation rate was applied:			
As at March 31, 2016	Minimum	$32,050,000	$11,120,000
	Maximum	$39,300,000	$11,120,000
As at June 30, 2016	Minimum	$32,000,000	$11,300,000
	Maximum	$39,000,000	$11,300,000
Expenditures in this quarter		$650,872	$13,551
Provision for the environmental liability		$31,349,128	$11,286,449

For 2016, since the obligation relating to the West Sector is based on the financial terms in the contract awarded, there is no range to consider. For the East Sector, the Corporation considers it reasonable to set its assessment of the obligation at the lower range of the total estimated discounted costs.

During the quarter, JCCBI started the work planned for the two sectors. A total of $664,423 in expenses reduced the revised environmental liability as at June 30, 2016. Therefore, as of June 30, 2016, the Corporation estimates the environmental obligation at $42,635,577 ($43,170,000 as at March 31, 2016) for the East and West Sectors. This amount was recorded as "Environmental Obligations" in the Statement of Financial Position as at June 30, 2016.

Note 1: Long-Term Government of Canada Bonds
Note 2: Non-Residential Building Construction Price Index

4.6.4. Tangible capital assets

(unaudited – in Canadian dollars)

	Lands	Bridges and roads	Vehicles and equipment	Projects in progress	Total
	$	$	$	$	$
Cost					
April 1, 2015	6,890,863	544,443,535	4,471,884	112,687,099	668,493,381
Acquisitions	-	22,129,437	346,735	64,979,498	87,455,670
Disposals	(1,640,746)	(72,732,742)	(165,534)	-	(74,539,022)
Transfers	-	23,655,223	-	(23,655,223)	-
March 31, 2016	5,250,117	517,495,453	4,653,084	154,011,374	681,410,029
Acquisitions	-	569,375	50,502	19,570,845	20,190,722
Disposals	-			-	-
Transfers	-		-	-	-
June 30, 2016	**5,250,117**	**518,064,828**	**4,703,587**	**173,582,219**	**701,600,751**
Accumulated amortization					
April 1, 2015	-	190,801,449	3,341,455	-	194,142,904
Amortization	-	28,369,600	556,567	-	28,926,167
Disposals	-	-		-	-
Write-downs	-	(43,683,080)	(157,541)	-	(43,840,621)
March 31, 2016	-	175,487,969	3,740,481	-	179,228,450
Amortization	-	7,703,896	83,232	-	7,787,128
Disposals	-	-		-	-
Write-downs	-			-	-
June 30, 2016	**-**	**183,191,865**	**3,823,713**	**-**	**187,015,578**
Net book value					
March 31, 2016	5,250,117	342,007,484	912,604	154,011,374	502,181,579
June 30, 2016	**5,250,117**	**334,872,963**	**879,874**	**173,582,219**	**514,585,173**

4.6.5. Share Capital

The authorized share capital is 50 shares without par value and the Corporation has issued and fully paid for one (1) share in the amount of $100.

4.6.6. Contingencies

In the normal course of its operations, the Corporation is subject to claims or lawsuits, the outcome of which cannot be predicted with certainty. Management has made, in the affected accounts, provisions which it deems sufficient, and believes that the resolution of such contingencies should not have any material adverse effect on the Corporation's financial position.

In a project for work that the Corporation had carried out on its behalf and that of a partner and for which expenses are shared with said partner, the Corporation filed a claim against its partner on November 23, 2012, for additional costs incurred or to be incurred by the Corporation and resulting from said partner's decisions. At present, management considers it impossible to estimate the financial impact of this claim.

4.6.7. Contingent Liabilities Related to Tangible Capital Assets

a) The Corporation was granted a permit to install, maintain and use a cable for closed circuit television signals on lands that it does not own. This permit, whose term is listed as "during pleasure," contains a termination clause under which either the owner or the Corporation may, by written notification to the other, terminate the permit at any time. The permit provides that, upon cancellation, the Corporation must, at its own expense, immediately remove its facilities from the lands and properties of the owner, failing which the owner may, at its option, either remove the facilities and return the property to a good condition at the Corporation's expense, or keep the facilities with no compensation to the Corporation. As of March 31, 2016, neither the owner of the lands nor the Corporation has indicated their intention to terminate the permit. As the date of eventual termination of the permit cannot be determined, no contingent liability related to this capital asset has been recognized for the current fiscal year.

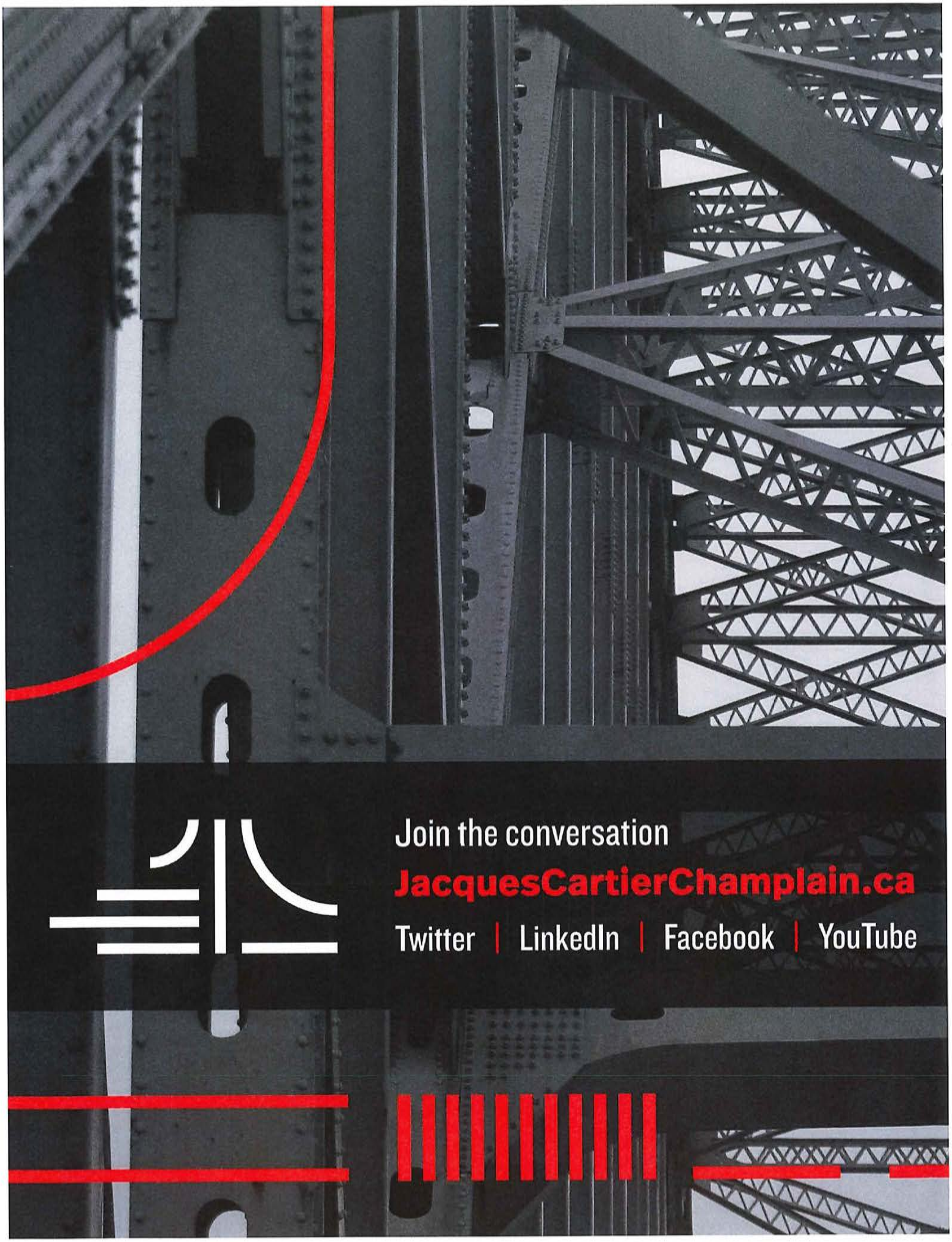
b) The Corporation holds structures erected on land whose owner has transferred the management and administration thereof to the Government of Canada. The legal transfer documents provide that, in the event of a change in the use of these structures in relation to the use that was made thereof at the time of the transfer, the owner will regain control of this land, without any indemnity for the structures erected, provided they are in satisfactory condition, at the convenience of the owner. At present, the Corporation has no intention of changing the current use of these structures. Therefore, no liability related to these capital assets has been recognized in the Financial Statements.

4.6.8. Contractual Holdbacks

Contractual holdbacks (including performance holdbacks and warranty holdbacks) represent the total amount that the Corporation temporarily retains on amounts due to contractors during the performance of the work, to guarantee that the latter fulfil their obligations pertaining to the warranties of rectification and correction of defects and poor workmanship in the work performed. The warranty periods applicable to each contract begin following the issuance of the Interim Certificate of Completion for the work concerned. The Corporation then pays the 5% contractual holdback (designated as "performance holdback") and retains a new amount equal to 2.5% as contractual holdback (designated as "warranty holdback"). The contracts provide that the Corporation will pay the second portion of 2.5% of the contractual (designated as a "warranty holdback") holdback less, where applicable, any amount owed by the contractor under the terms of the contract once the warranty period has expired.

4.6.9. Expenses by type

	June 30, 2016	**June 30, 2015**
	$	$
Regular and major maintenance	**28,083,548**	36,849,687
Environmental obligations	**(31,765)**	-
Amortization of tangible capital assets	**7,787,128**	7,495,086
Salaries and employee benefits	**4,544,378**	3,993,114
Professional services	**1,898,821**	1,957,995
Goods and services	**1,584,057**	2,104,256
Loss on disposal of capital assets		
Total expenses	**43,866,167**	**52,400,138**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