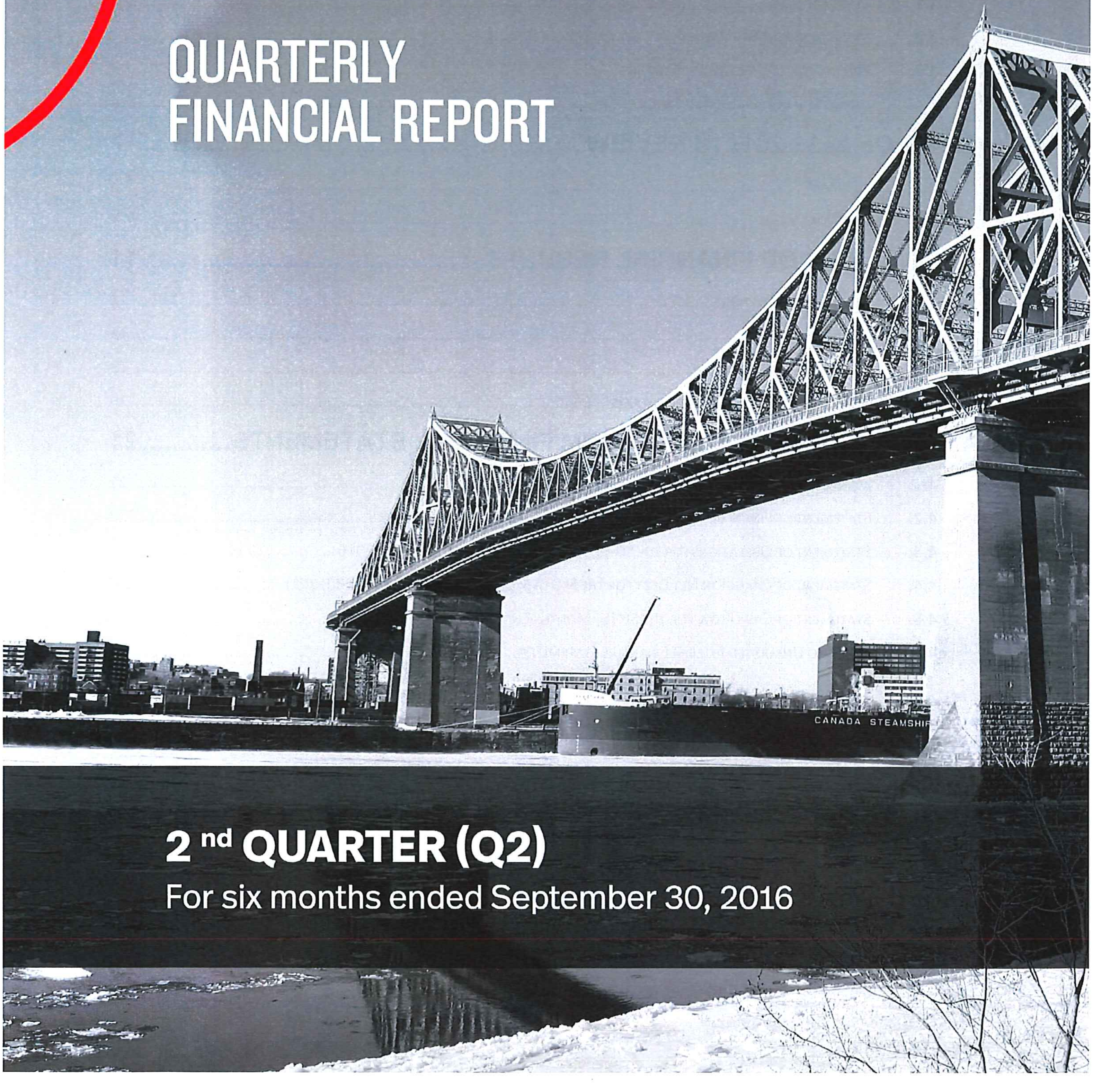
Ponts
JACQUES CARTIER +
CHAMPLAIN
Bridges

Canada

QUARTERLY FINANCIAL REPORT



2 nd QUARTER (Q2)

For six months ended September 30, 2016

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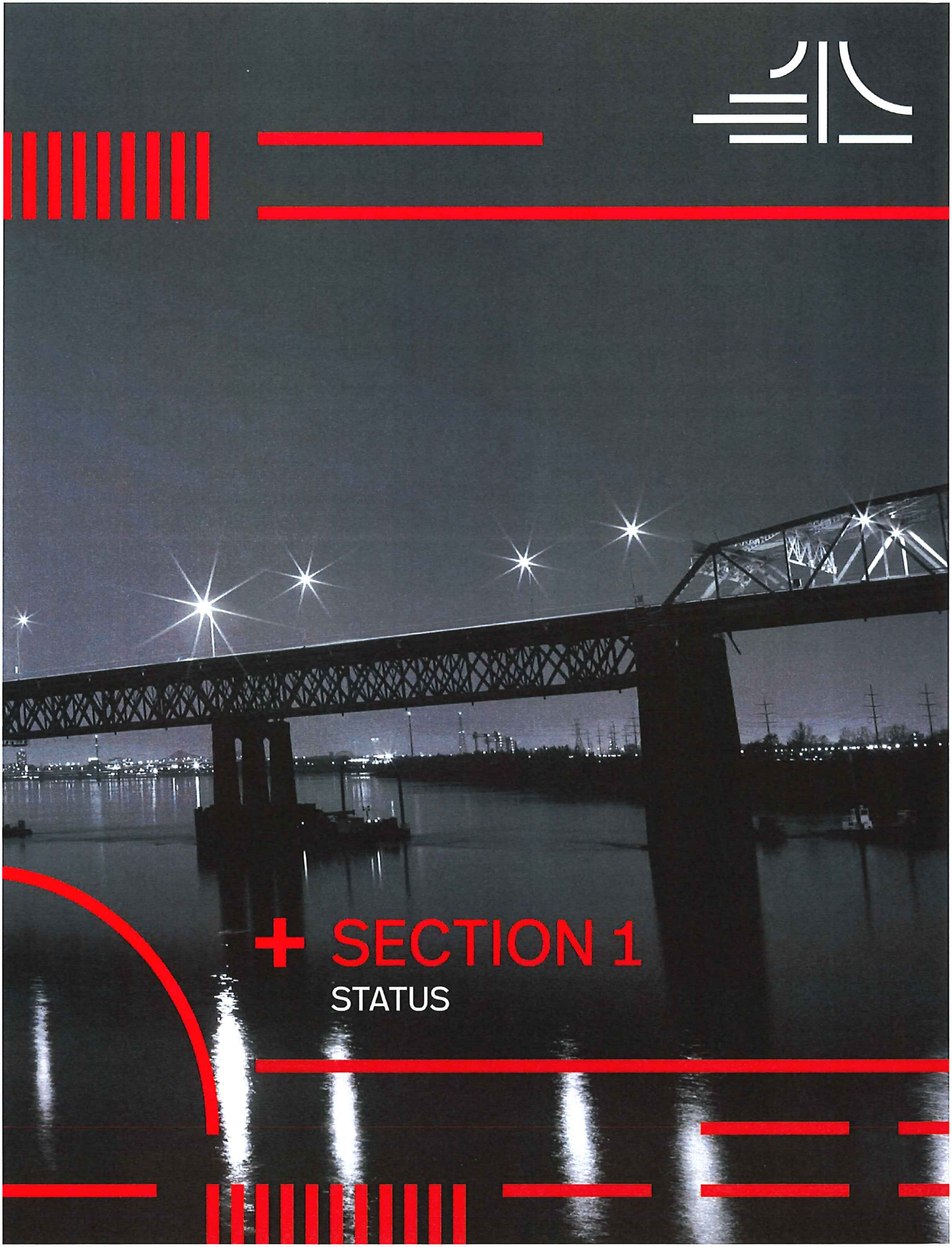


SECTION 1
STATUS

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 and tunnels under federal jurisdiction located in the Greater Montreal metropolitan Area, namely the Champlain Bridge, the Jacques Cartier Bridge, Nuns' Island bypass bridge, the federal portion of the Honoré Mercier Bridge as well as their approaches, the Melocheville Tunnel and two related infrastructures, namely the federal portion of the Bonaventure Expressway and the Champlain Bridge Ice Control Structure.

For each of these infrastructures, JCCBI assumes responsibility for:

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

1.2. Mission, Vision and Values

Our Mission

Use systemic management and a sustainable development approach to ensure the safety and longevity of the major infrastructure under its responsibility.

Our Vision

Become a leader in major infrastructure 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, Environment, the Champlain Bridge Project Office, Construction, and Operations and Maintenance. These groups receive the support of a project management expert and of an occupational health and safety advisor.

The Planning, Engineering, Construction and Projects departments plan and manage the activities related to asset management and to the 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 associated with these structures.

The Champlain Bridge Project Office is responsible for carrying out the major maintenance program for the existing Champlain Bridge, and provides support to Infrastructure Canada for the New Champlain Bridge Corridor (NCBC) Project.

The Operations and Maintenance department oversees and manages the following contracts:

- Snow removal and spreading of abrasives;
- Road cleaning and maintenance;
- Landscaping;
- Replacement of safety guardrails;
- Sealing of cracks and lubrication of bearings;
- Repair of potholes in the pavement and bridge decks;
- Maintenance and operation of the lane signal control systems, variable message signs (VMS) and surveillance cameras;
- Electrical distribution and road lighting.

Administrative Departments

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

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

Since its creation in August 2015, the Centre for Infrastructure Innovation (CII) has been working with JCCBI's various departments as well as in partnership with the academic research groups to develop tools that will enable JCCBI to develop and promote its expertise to ensure the sustainability of its structures.

In effect, the CII helps JCCBI develop and integrate innovative solutions in terms of innovative construction materials and techniques, building on a strong expertise and on comprehensive and sustainable strategies related to the management and maintenance of major infrastructures with an objective to extend their useful life.

The Work

During the second quarter of the current fiscal year, CII's activities took on greater importance, notably through the realization of several university research projects relating to the development of new concretes, in view of improving the service life of the structures. Unprecedented studies are also planned on the seismic and wind performance of the Jacques Cartier Bridge. The projects are divided into three parts

1. In-House Studies and Analyses

Two studies focus on the assessment of the Jacques Cartier Bridge in terms of opportunities for extending its service life, as well as an analysis on the bridge's seismic retrofit needs. Another study focuses on the structural protection systems.

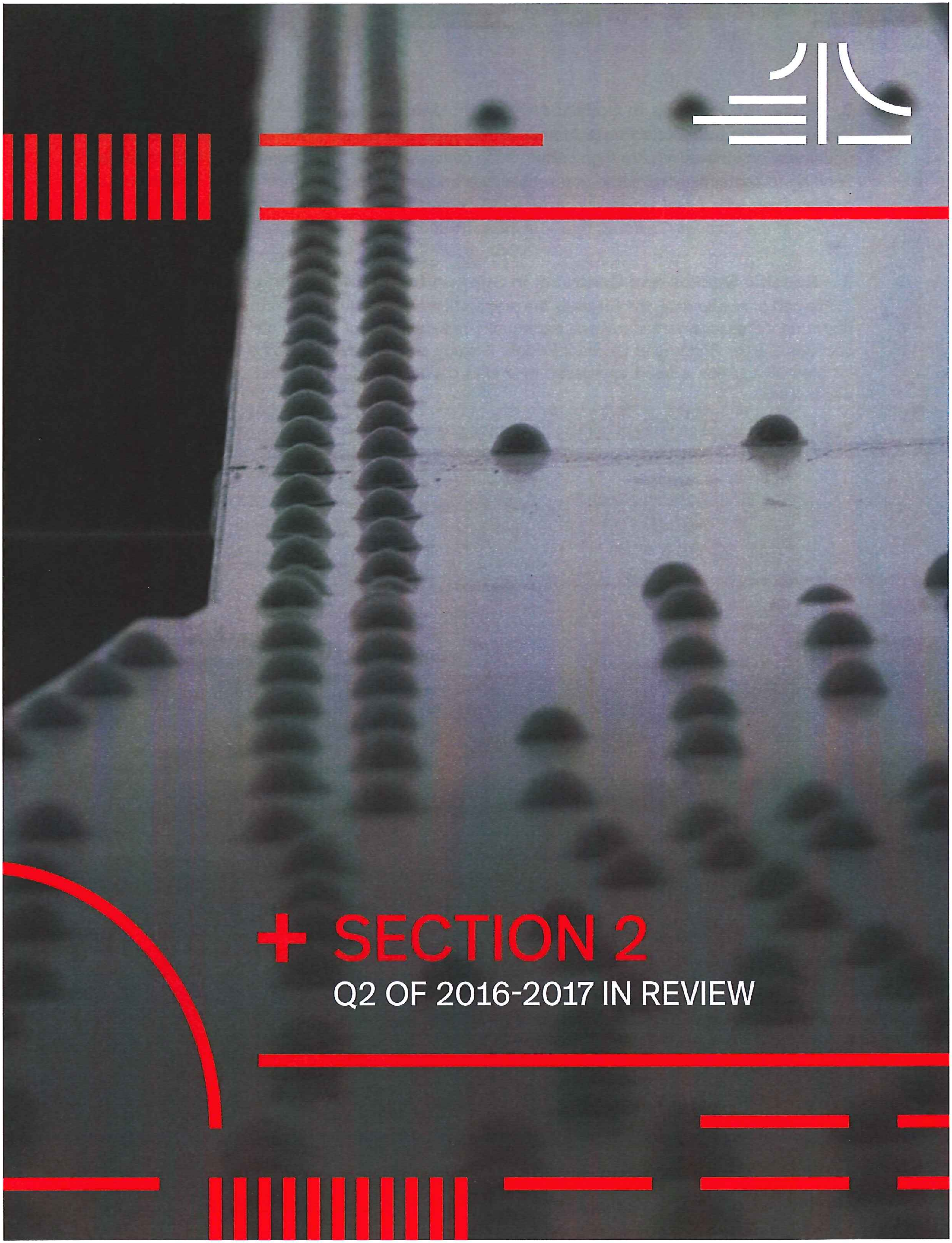
2. Research Projects in Collaboration with Universities

In collaboration with École Polytechnique de Montréal and McGill University, three projects are under way on innovative ultra-high performance concrete (UHPC) and composite (FRP) material bonding to sustainably reinforce and rehabilitate bridge piers, girders and slabs. In addition, in collaboration with Laval University, a research project on the environmental monitoring of the lighting of the Jacques Cartier Bridge is at the start-up stage.

3. Specific Studies and Contracts in Support to the Engineering department

In this part of its mandate, the CII leads the preparation and monitoring of a contract for the seismic performance assessment study and earthquake-resistant retrofit preliminary design study of the Jacques Cartier Bridge and Clément Bridge. A study on the conduct of wind tunnel tests will be initiated to address a need expressed in a load capacity study conducted by the Engineering department.

The Centre is in the process of refining its orientations and operating plan to identify the innovation needs of JCCBI's various departments and to develop a mechanism to promote its expertise.



+ SECTION 2

Q2 OF 2016-2017 IN REVIEW

2. Q2 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 September 30, 2016 (Q2). 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 completed the modifications 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 shows the travel, hospitality and conference expenses for the second quarter of fiscal year 2016-2017:

	3 Months Quarter 2	6 Months Ended September 30, 2016
	(in thousands of dollars)	
Travel	11.6	21.4
Hospitality	4.5	8.3
Conferences	10.6	12.5
TOTAL	26.7	42.2

On October 1, 2016, Revenu Québec changed JCCBI's status with respect to the sales tax treatment. JCCBI was thus granted the status of "Not-Profit Organization" ("NPO"), which resulted in a reduction in the recovery rate of the GST paid by JCCBI from 100% (prior to October 1, 2016), to 50%. The treatment of the QST remains unchanged, the Corporation continuing to claim a refund of 50% of the amounts paid.

2.1. Summary

JCCBI declares a surplus of $29.3 M for the six (6) months ended September 30, 2016 ($16.5 M in 2015). The deficit before public funding was $116.9 M as at September 30, 2016 ($112.5 M in 2015).

For the current fiscal year, the combined total revenue was $0.6 M ($1.3 M in 2015). Revenue remained stable overall.

During the same period, the net debt decreases by $3.6 M to total $37.9 M. Financial assets increased by $16.3 M. The change in the amounts received and those due from the federal government is mainly responsible for this change.

Capital asset acquisitions in the second quarter of the current fiscal year totalled $39.8 M ($31 M in 2015). They mainly consist of expenses of $23.1 M for the Honoré Mercier Bridge, $11.8 M for the Jacques Cartier Bridge, $4.6 M for the Ice Control Structure and $0.3 M for various other projects.

2.2. Outlook

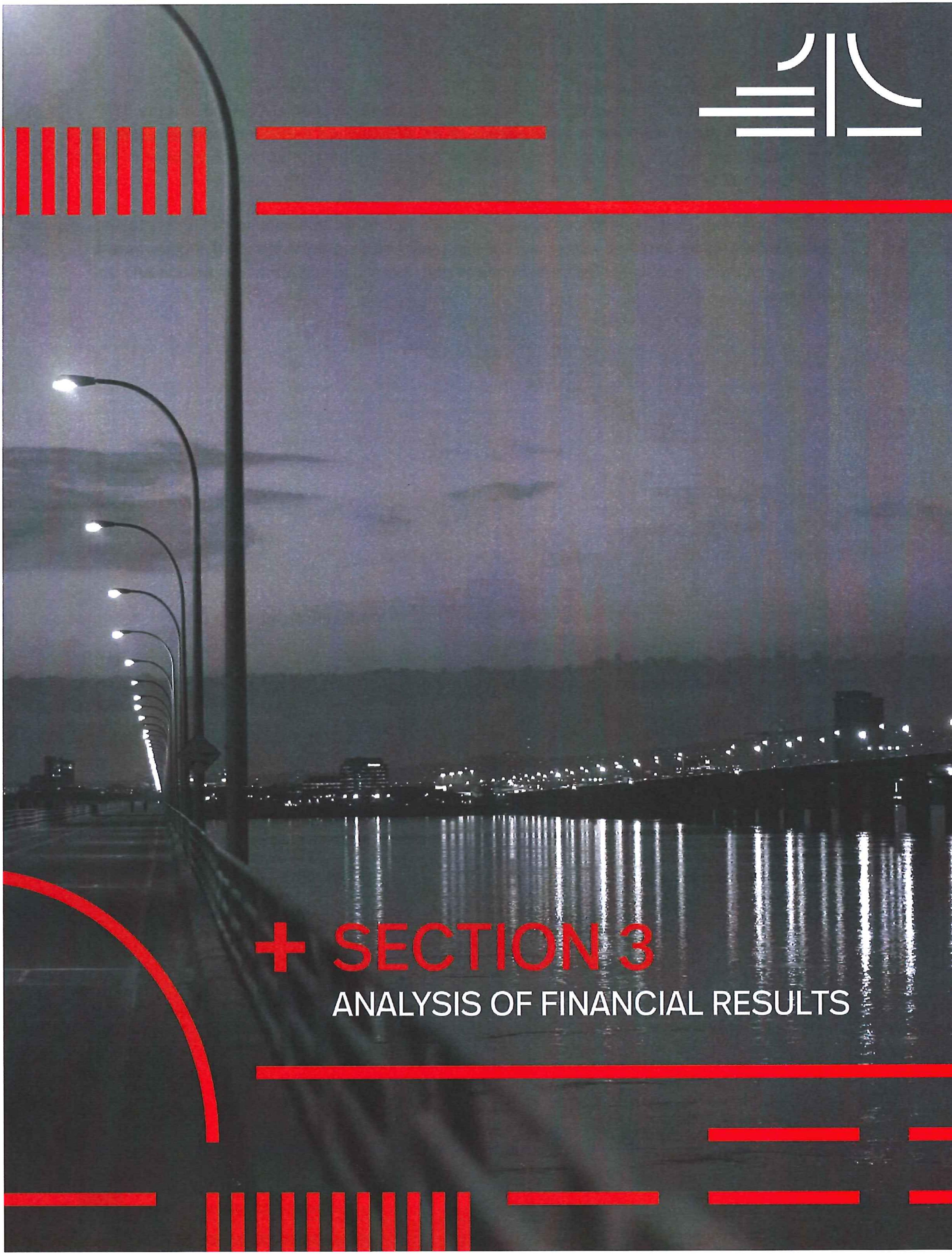
The expenses to maintain the bridges and related infrastructure remain at historical highs. Repairs to the Champlain Bridge continue to mobilize significant expenditures with a view to addressing the conclusions of the latest inspection reports and the monitoring results. Other government-funded projects 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 maintain the Jacques Cartier Bridge 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, more than 71% of the edge girders have been reinforced to mitigate the risks associated with their condition. The work will continue until 2017-2018;
3. Work, both required and necessary to maintain the assets, is planned on the Bonaventure Expressway, 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). The work in the East and West Sectors has begun in fiscal year 2016-2017;

5. For the festivities for the 150th anniversary of the Confederation of Canada and the 375th anniversary of Montreal, the installation of an architectural lighting system is currently under way on the structure of the Jacques Cartier Bridge and will be completed in the spring of 2017

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 six (6) months ended September 30, 2016, the total financial assets increased by $16.3 M, to amount to $116.6 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 has decreased by $36.3 M during Q2, to amount to $37.7 M as at September 30, 2016 ($74 M as at March 31, 2016). This decrease during the quarter is due, notably, to the payment of day-to-day operations.

Liability

Accounts payable and accrued liabilities increased by $15.2 M, from $84.3 M as at March 31, 2016 to $99.5 M as at September 30, 2016. This increase is largely due to the variation of activities of the various ongoing construction projects, the second quarter corresponding to the most active period of the year as regards the 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 $2.6 M to amount to $15.4 M as at September 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 the environmental obligations. A $0.4 M increase in the liability, related to the review of the assumptions, was recognized. In addition, the work planned in the West and East Sectors of the Bonaventure Expressway has started and generated expenditures in the order of $5.6 M, reducing the environmental liability by the same amount. As a result of these charges and reviews, the environmental obligations decreased by $5.2 M to amount to $38 M as at September 30, 2016 ($43.2 M as at March 31, 2016).

Non-Financial Assets

Tangible capital assets increased by $24.1 M to total $526.3 M relative to the March 31, 2016 financial statements ($502.2 M). This total comprises $39.8 M in capital asset acquisitions, less charges for amortization of $15.7 M. The major works concerned by these acquisitions include those of the Honoré Mercier Bridge ($23.1 M), the Jacques Cartier Bridge ($11.8 M), the Ice Control Structure ($4.6 M) and various other works totalling $0.3 M.

Prepaid expenses during the period increased by $1.5 M. This increase is notably due to the payment of expenses charged to subsequent periods and to the periodic settlement of advances to suppliers.

Government Funding

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

(in thousands of dollars)	Second Quarter		Cumulative (6 Months)	
	2016-17	2015-16	2016-17	2015-16
Public funding for operating expenses	70,205	54,520	106,345	97,973
Public funding for tangible capital assets	19,626	20,354	39,817	31,036
TOTAL	**89,831**	**74,874**	**146,162**	**129,009**

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

3.1.2. Expenses

Maintenance

Maintenance costs during the second quarter represent 89% (93% in Q2 2015) of the total expenses for the quarter, amounting to $105.1 M for the first six (6) months ($105.7 M in Q2 2015).

For the six (6) months ended September 30, 2016, the maintenance costs are mainly distributed as follows:

- $6.5 M for Nuns' Island bypass Bridge;
- $2.4 M for the Honoré Mercier Bridge;
- $56.9 M for the Champlain Bridge;
- $17.1 M for the Jacques Cartier Bridge;
- $7.9 M for the Bonaventure Expressway;
- $5.8 M for the Melocheville Tunnel;
- $2.3 M for the Ice Control Structure;
- $5.6 M for the salaries and employee benefits; and
- $0.6 M for various other projects and for equipment.

Operations

Operating expenses during the semester totalled $1.5 M ($2.1 M in 2016). These figures represent 1.3% of the total expenses (1.8% in 2016).

Administration

The administrative expenses for the first six (6) months total $7 M and represent a $0.7 M increase over the semester of the previous fiscal year ($6.3 M in 2015). During the semester, administrative expenses represented 5.9% (5.5% in 2015) of the total expenses.

3.2. Cash-Flow

Compared to March 31, 2016, the cash balance decreased by $36.3 M, to amount to $37.7 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 under way, 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 assets 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 following 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 following 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 FCSAP2. A submission to the Treasury Board for Phase 3 of FCSAP was approved in February 2016. FCSAP, including FCSAP3, only allows projects that last a maximum of four (4) years, covering the period up to 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 scale and growth of its major maintenance program, JCCBI works in partnership with all employees to optimize its performance. In 2016, JCCBI decided to implement a number of initiatives, which are currently under way, to further optimize the organizational performance in order to develop an increased capacity to achieve its strategic objectives.

Work continues to ensure that the projects are carried out effectively. Teams standardize and document JCCBI's business practice processes and procedures.

In collaboration with a firm specializing in organizational development management, PJCCI has, for the second consecutive year, identified action learning strategies that make it possible to develop and support the teams in the execution of their operational plan. In addition, an analysis of the specific training needs was carried out for each department in order to establish a training plan and carry out its implementation during the year. This training program makes it possible to support the development of managers in the application of good human resources management practices and to continue to develop the skills of all employees by promoting training adapted to JCCBI's needs.

Committed to offering an attractive, healthy and stimulating work environment, JCCBI had an organizational survey conducted in the fall of 2015. All results were communicated to the employees.

JCCBI is currently negotiating with the Canadian Union of Public Employees for the renewal of the collective agreement for its white-collar employees, which expired on December 31, 2015. In addition, JCCBI is preparing for the negotiations with the CSN for the renewal of the collective agreement for its blue-collar employees, which also expired on December 31, 2015.

In order to overcome the expertise vulnerabilities caused by the actual or announced departure of a key individual in the organization, JCCBI updates its contingency plan to develop the learning activities and performance support in order to capture and document the expertise.

The prevention of mental health in the workplace is becoming increasingly important within the organization. A health and wellness program has been developed for this purpose and activities are planned throughout the year.

3.3.4. Information Technologies

The last quarter was devoted to preparing for the resumption of the activities to take place as part of a preliminary project for the implementation of the electronic document management system (EDMS) and needs analysis workshops are scheduled during the Fall. The final report is scheduled to be tabled for the fourth quarter of 2016-2017.

As part of the feasibility analysis initiated earlier this year for the incorporation of JCCBI's assets management into the geomatics environment, a pilot project was started to evaluate an inspection software that could help improve the capture of documents and increase the reliability of the information contained in JCCBI's systems.

3.3.5. Health and Safety (OHS)

Last September, JCCBI'S Board of Directors endorsed an Occupational Health and Safety Framework Program for 2016-2019. This program forms part of the sustainable development approach and of the corporate plan and will help accelerate and continue the development of the culture of prevention within the Corporation. An action plan for 2016-2017 has been developed to ensure compliance with JCCBI's obligations with a view to facilitating risk control and ensuring continuous improvement thereof.

JCCBI maintains and improves the contractual requirements for the health and safety resources in work supervision contracts and in the overall health and safety management contract and ensures application thereof. These contracts allow OHS specialists to participate in all stages of the construction projects in order to analyze the risks. JCCBI's in-house resources who are responsible for the management of construction contracts are accompanied in coaching mode by the OHS advisor to develop new skills related to OSH.

All aforementioned risks or issues are interrelated. JCCBI assesses the risks associated with bridge safety and sustainable funding as being very high. Therefore, in order to ensure 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.

3.3.6. Environmental Obligations

JCCBI participates in the FCSAP, administered by Environment Canada, for the implementation of the mitigation measures 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. With respect to the environmental plan for the West Sector, it is the subject of a partnership with the Government of Quebec (ministère du Développement durable, de l'Environnement et de la lutte contre les changements climatiques (MDDELCC)) and JCCBI is responsible for the management thereof.

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 Q2:

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 to rehabilitate the piers and abutments and to reinforce the steel and the concrete frames in Section 9 have been under way since 2014. As such, work on the pedestals, piers, deck and sidewalk was carried out in several sections. Work was also carried out on the *pavillon de l'île Sainte-Hélène*. The Seaway section has also been reinforced and painted. The program to replace the bridge bearings and reinforce the steel on the steel towers, posts, diagonals, vertical gusset plates, bottom primary members and jacking girders is also under way. In order to improve direct communication with users, some variable message signs have been replaced.

The construction work carried out during the last quarter was mainly concentrated on the rehabilitation of piers and steel reinforcement. Two (2) equipment supply contracts and one construction contract were awarded for the bridge lighting project launched in the spring of 2016. This project is carried out in collaboration with the Society for the Celebration of Montreal's 375th Anniversary and the Federal Secretariat Canada 150.

In addition, a project to stabilize the bank at the south-east approach to the bridge is under way, as part of which the sidewalk and staircase leading to the bridge will be rebuilt. This project is planned with the collaboration of the City of Longueuil.

Honoré Mercier Bridge

During the second quarter, the major project to reinforce and replace the bridge deck was completed on the federal portion of the bridge, with the carrying out of the work in the "joint section". The work was carried out by a Mohawk contractor and by Mohawk workers from the Reserve of Kahnawake. Major maintenance work on the steel structure is currently under way in the Maline island section. This work will need to be pursued on other components of the bridge, notably on piers, in order to maintain the structure in an acceptable condition.

Work to reinforce the piers has started during this quarter.

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 the critical components and monitoring of the entire structure's load capacity. This strategy must ensure that the crossing between the South Shore and the Island of Montreal remains safe and efficient until the opening of the new bridge. Major work to the structure on components such as the girders, slab, pier caps, pier shafts and pier flanges is undertaken as part of a ten-year overall strategy. In addition, repairs to the steel components of the main span structure and other major repairs, such as the replacement of the expansion joints, must be carried out on an ongoing basis to ensure the availability of traffic lanes and the safety of road users.

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 the major maintenance program to continue until then as well as putting in place mitigation measures that make it possible to adequately manage 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. In the same vein, more than 325 high-precision sensors were installed to monitor the deformations of certain girders. Load tests are conducted on a monthly basis using a standardized load to validate the integrity of the sensors and the data recovered 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 responsible for contract management;
- Cowi North America Ltd (COWI) and Stantec Experts-Conseils Ltée (STANTEC) – the structure consultants responsible for the structural integrity of the bridge;
- CABS – A consortium of consulting engineering firms responsible for supervising construction work;
- Stantec, Cima and EXP (SCE) – A consortium of consulting engineering firms responsible for inspecting the bridge.

In 2013, COWI, formerly Buckland & Taylor Ltd., reported that additional investments in the order of $389 M would be required during the period extending from 2014-2015 to 2017-2018 in order to maintain the structure in acceptable condition. In an effort to manage risk and make efficient use of funds, any recommendations from COWI or Stantec are reviewed by the second consultant as well as by a committee of experts of which two (2) structural experts are members.

The ongoing contract work has, among other things, made it possible to secure more than 71% of the 100 edge girders of the bridge by means of various reinforcement systems. As part of the risk mitigation strategy, it was possible to accelerate the installation of the edge girder reinforcements so that 90% thereof could be installed in 2016-2017. The remaining ten (10) girders will be reinforced during the first semester of 2017-2018.

The reinforcement program also continues on other parts of the structure. In September 2016, seven (7) expansion joints were completely replaced and reinforcement work on inner girders and on slabs was also carried out.

In October 2011, the federal government announced the New Bridge for the St. Lawrence Corridor Project and entrusted the management thereof to Infrastructure Canada. On December 1, 2013, the federal government announced that the new bridge would be in place in 2018. Proactive measures are being considered at the existing Champlain Bridge to deal with possible delays in the delivery of the new bridge.

On April 27, 2016, JCCBI awarded a consultancy services contract for a feasibility study on the deconstruction of the existing Champlain Bridge, according to sustainable development principles (e.g. off-site transportation of materials, waste disposal and site rehabilitation, etc.), and for the conduct of an environmental assessment of the project.

The purpose of this feasibility study is to develop various scenarios and to recommend the optimum scenario for the deconstruction of the existing Champlain Bridge. The scenarios developed shall facilitate and help define a final direction, and ensure a smooth transition for the carrying out of the project.

Furthermore, the study must take into account the various major projects in the Greater Montreal metropolitan Area, including the construction of the new Champlain Bridge Corridor, Nuns' Island Pointe Nord development project, the Bonaventure Expressway rehabilitation Project, the Turcot Interchange rehabilitation Project and the various other projects carried out by JCCBI, the City of Montreal and the MTMDET.

The study shall examine different deconstruction methods and options for each of the four following fields:

- Deconstruction work;
- Materials transportation;
- Materials recovery;
- Asset enhancement.

On September 6th, a 60% progress report was presented to JCCBI to enable it to assess the work carried out and the direction of the report.

Ice Control Structure

The work to reinforce the Ice Control Structure deck and to relocate the bike path in a dedicated location is now complete. JCCBI extensively coordinates and closely monitors the use of the Ice Control Structure. This structure is indeed of key importance as it represents a key passage to access the mobilization sites, both for the maintenance of the existing Champlain Bridge and for the work on the New Champlain Bridge Corridor. Work on the approaches and access controls have begun in the last quarter and will be completed in 2016.

Bonaventure Expressway

The Bonaventure Expressway, built during the 60s, is undergoing a major rehabilitation program for the complete replacement of many deck 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 spring of 2016. JCCBI has also completed the design for the rehabilitation of land lanes and various other works on Section 10 of the Bonaventure Expressway. The related construction work began in July 2016.

Melocheville Tunnel

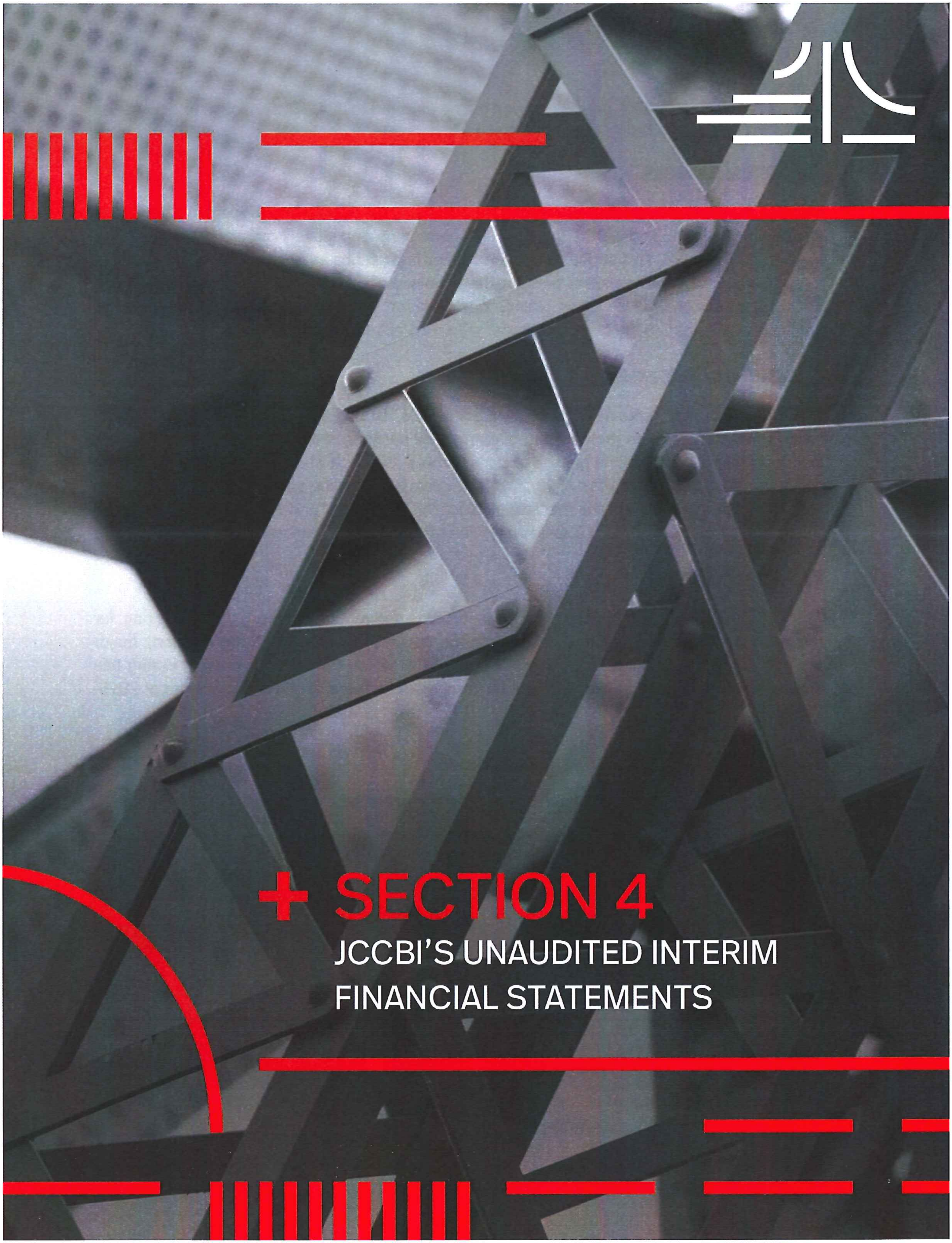
The work on signage and on intelligent transportation and remote monitoring systems has, for the most part, been completed in the second quarter of 2016-2017. In addition, major rehabilitation work is in the traffic tubes under way, of which 80% was completed during this quarter. It is expected that this work will be completed by the end of 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 September 30, 2016 Quarter			As at the September 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	106,345	39,817	146,162	97,973	31,036	129,009
— Required	120,908	70,928	191,836	173,019	124,772	297,791
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 six (6) months ended September 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 of 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 six (6) Directors, including the Chairman of the Board of Directors and 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	Claude Lachance, CPA, CMA, MBA, ASC
Chief Executive Officer	Senior Director, Administration

November 24, 2016

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

(Unaudited – in Canadian dollars)

	September 30, 2016	March 31, 2016
Financial Assets		
Cash Flow	37,679,825	73,996,315
Accounts Receivable		
Due from the Government of Canada	65,742,820	13,823,590
Other	13,207,215	12,542,201
Total Financial Assets	116,629,860	100,362,106
Liabilities		
Accounts Payable and Accrued Liabilities		
Other Suppliers	99,486,948	84,257,787
Employee Future Benefits	1,413,547	1,288,041
Contractual Holdbacks (Note 4.6.8)	15,398,556	12,810,568
Deferred Revenue	163,508	269,591
Environmental Obligations (Note 4.6.3)	38,020,775	43,170,000
Total Liabilities	154,483,334	141,795,987
Net Debt	(37,853,474)	(41,433,881)
Non-Financial Assets		
Tangible Capital Assets (Note 4.6.4)	526,323,762	502,181,579
Prepaid Expenses	2,222,152	671,643
Total Non-Financial Assets	528,545,914	502,853,222
Accumulated Surplus	**490,692,440**	**461,419,341**

The accompanying notes form an integral part of the unaudited Interim Financial Statements.

Approved by the Board of Directors:

Denise Hébert CPA, CA

Director

Director

4.3. Statement of Operations for the Six (6) Months Ended September 30, 2016

(Unaudited – in Canadian dollars)

	Twelve Months Ended	Six Months Ended			
	March 31, 2017	September 30, 2016		September 30, 2015	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	$	$	$	$	$
Revenue					
Leases and Permits	586,000	147,262	295,371	201,546	882,380
Interest	500,000	158,289	325,770	181,646	456,761
Other Sources		5,390	6,963	3,261	8,730
Total Revenue	1,086,000	310,941	628,104	386,453	1,347,871
Expenses (Note 4.6.9)					
Maintenance	252,038,000	65,170,327	105,079,055	57,718,733	105,668,656
Operations	4,315,000	710,758	1,484,628	1,032,603	2,094,928
Administration	13,503,000	3,751,957	6,967,291	2,910,212	6,298,102
Environmental Obligations	(11,780,000)	4,018,084	3,986,319	(200,000)	(200,000)
Total Expenses	258,076,000	73,651,126	117,517,293	61,461,548	113,861,686
Deficit before Government of Canada Funding	(256,990,000)	(73,340,185)	(116,889,189)	(61,075,095)	(112,513,815)
Portion of Transfer Payments for Operating Expenses	227,253,000	70,205,019	106,345,175	54,519,649	97,973,216
Portion of Transfer Payments For Tangible Capital Assets	110,745,000	19,626,389	39,817,113	20,354,650	31,035,856
Annual Operating Surplus	81,008,000	16,491,223	29,273,099	13,799,204	16,495,257
Accumulated Operating Surplus, Beginning of the Fiscal Year	500,409,000		461,419,341		445,413,783
Accumulated Operating Surplus, End of the Fiscal Year	581,417,000		490,692,440		461,909,040

4.4. Statement of Change in Net Debt for the Six (6) Months Ended September 30, 2016

	Twelve Months Ended	Six Months Ended			
	March 31, 2017	September 30, 2016		September 30, 2015	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	$		$		$
Annual Operating Surplus	81,008,000	16,491,223	29,273,099	13,799,204	16,495,257
Acquisition of Tangible Capital Assets	(110,744,000)	(19,626,390)	(39,817,113)	(20,354,650)	(31,035,856)
Amortization of Tangible Capital Assets	41,396,000	7,887,802	15,674,930	7,495,035	14,990,124
Total Variation due to Total Tangible Capital Assets	(69,348,000)	(11,738,588)	(24,142,183)	(12,859,615)	(16,045,732)
Acquisition of Prepaid Expenses	-	(960,999)	(2,865,765)	(1,109,470)	(1,607,549)
Use of Prepaid Expenses	-	1,031,644	1,315,256	435,209	720,083
Total Variation due to Prepaid Expenses	-	70,645	(1,550,509)	(674,261)	(887,466)
Decrease (Increase) in Net Debt	11,660,000	4,823,280	3,580,407	265,328	(437,941)
Net Debt, Beginning of the Fiscal Year	(28,068,000)		(41,433,881)		(29,787,827)
Net Debt, End of the Fiscal Year	(16,408,000)		(37,853,474)		(30,225,768)

The accompanying notes form an integral part of the Financial Statements.

4.5. Statement of Cash Flow for the Six (6) Months Ended September 30, 2016

	Six Months Ended September 30, 2016		Six Months Ended September 30, 2015	
	Actual Quarter	**Actual Cumulative**	**Actual Quarter**	**Actual Cumulative**
	$	**$**	**$**	**$**
Operating Transactions				
Annual Operating Surplus	16,491,223	29,273,099	13,799,204	16,495,257
Items not Affecting Cash:				
Amortization of Tangible Capital Assets (Note 4.6.4)	7,887,802	15,674,930	7,495,035	14,990,124
Increase (Decrease) in Employee Future Benefits	12,443	125,506	266,513	(160,485)
Increase (Decrease) in Environmental Obligations	(4,614,803)	(5,149,225)	(200,000)	(200,000)
Changes in Non-Cash Working Capital Items:				
Increase (Decrease) in Accounts Receivable	(29,520,042)	(52,584,244)	(25,351,602)	(27,709,297)
Increase in Accounts Payable and Accrued Liabilities	16,089,583	6,149,982	1,372,324	15,536,728
(Decrease) Increase in Contractual Holdbacks	924,782	2,587,988	873,673	721,406
(Decrease) Increase in Deferred Revenue	(87,901)	(106,083)	(129,769)	(169,405)
(Increase) in Prepaid Expenses	70,645	(1,550,509)	(674,262)	(887,466)
Cash Flow provided by Operating Transactions	**7,253,732**	(5,578,556)	(2,548,884)	18,616,862
Tangible Capital Investment Activities				
Proceeds from Disposal of Tangible Capital Assets Cash Outflow	**(16,716,206)**	(30,737,934)	(20,354,650)	(31,035,856)
Cash Flow used in Tangible Capital Investment Activities	**(16,716,206)**	(30,737,934)	(20,354,650)	(31,035,856)
(Decrease) in Cash	**(9,462,474)**	(36,316,490)	(22,903,534)	(12,418,994)
Cash, Beginning of the fiscal Year		73,996,315		65,137,984
Cash, End of the fiscal Year		37,679,825		52,718,990

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 SLSA. On October 1, 1998, it became a wholly owned subsidiary of FBCL. On February 13, 2014, it became a parent Crown Corporation listed under Part I of Schedule III of the FAA.

Since December 1, 1978, the Corporation has been responsible for the management, maintenance and control of the Jacques Cartier and Champlain Bridges and of 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. Since April 1, 2015, an order in council respecting the transfer of the south and north approaches to the Champlain Bridge makes it so that the Corporation is no longer responsible for the management and maintenance of the lands and structures constituting the transferred assets.

In July 2015, the Corporation received a directive (*P.C. 2015-1112*) under section 89 of the FAA 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 and to report on the implementation of this directive in its next corporate plan. The Corporation has compared and reviewed its travel, hospitality, conference and event expense policy with the Treasury Board's related directives and tools on travel, hospitality, conference and event expenses. Following this exercise 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 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

Revenue 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. The Corporation does not engage in speculative transactions nor does it use derivatives.

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

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

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 at September 30, 2016, no conclusions have been issued regarding any actions to be taken. Currently, the level of contamination, the impact and the actions to be taken cannot be determined and therefore no environmental liability had been recognized.

As of September 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 that 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: the East Sector and the West Sector.

a) East Sector

The estimate of this liability is based on a detailed design performed by an external firm. The Corporation has completed the process of awarding the contracts for the performance and supervision of the construction work. With respect to the operation of the system, the calls for tenders will follow the work:

- Work began in June 2016 and is scheduled to be completed in the fall of 2017;
- The installation of the pumping and treatment system is expected to begin in 2016;
- The containment and pumping operations are expected to begin in 2017 for an estimated 15-year period. The duration of the project will extend beyond fifteen (15) years, but it is impossible, at the moment, to determine the costs beyond fifteen (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 of that contract:

- The construction of a hydraulic barrier and of the treatment plant has begun in June 2016 and is expected to be completed in June 2017;
- Confinement operations are expected to begin in 2017 for an estimated 15-year period. The duration of the project will extend beyond fifteen (15) years, but it is impossible, at the moment, to determine the costs beyond fifteen (15) years;
- For the West Sector project, the portion of the costs borne by 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 at September 30, 2016 (March 31, 2016)		East Sector	West Sector
Discount rate (note1):			
i) Fiscal years 2016 and 2017	March 31, 2016	0.54%	0.54%
	September 30, 2016	0.51%	0.51%
ii) Long-term	March 31, 2016	2.00%	2.00%
	September 30, 2016	1.64%	1.64%
Inflation rate – NRBCPI (note 2): Non-residential buildings	March 31, 2016	3.17%	3.17%
	September 30, 2016	2.99%	2.99%
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 September 30, 2016	Minimum	$34,770,000	$12,660,000
	Maximum	$42,500,000	$12,660,000
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 September 30, 2016	Minimum	$32,050,000	$11,550,000
	Maximum	$34,155,000	$11,550,000
Cumulative actual expenses as at September 30, 2016		$3,984,160	$1,595,065
Provision for the environmental liability		$28,065,840	$9,954,935

For 2016, the obligation relating to the West Sector is based on the financial terms contained in the contracts awarded. There is therefore no range to consider.

In June 2016, JCCBI began the work planned for the two sectors. During the last quarter, expenses totaling $4.9 M were incurred (cumulative 2016-2017 of $5.8M) and have decreased the environmental liability. Therefore, as of September 30, 2016, the Corporation estimates the environmental obligation at $38,020,775 ($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 September 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	Lands	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	4,653,085	154,011,374	681,410,029
Acquisitions	-	2,663,115	263,251	36,890,747	39,817,113
Disposals	-	-	-	-	-
Transfers	-	31,682,455	-	(31,682,455)	-
September 30, 2016	**5,250,117**	**551,841,023**	**4,916,336**	**159,219,666**	**721,227,142**
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	-	15,508,048	166,882	-	15,674,930
Disposals	-	-	-	-	-
Write-downs	-	-	-	-	-
September 30, 2016	**-**	**190,996,017**	**3,907,363**	**-**	**194,903,380**
Net Book Value					
March 31, 2016	5,250,117	342,007,484	912,604	154,011,374	502,181,579
September 30, 2016	**5,250,117**	**360,845,006**	**1,008,973**	**159,219,666**	**526,323,762**

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 September 30, 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 performance 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

	September 30	
	2016	2015
	$	$
Regular and major maintenance	**82,218,867**	82,865,420
Environmental obligations	**3,986,319**	(200,000)
Amortization of tangible capital assets	**15,674,930**	14,990,124
Salaries and employee benefits	**8,637,315**	8,036,578
Professional services	**3,640,254**	4,307,597
Goods and services	**3,359,608**	3,861,967
Total expenses	**117,517,293**	113,861,686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