ANNUAL REPORT 2012/2013

TRANSPORTATION INVESTMENT CORPORATION

British Columbia | Transportation Investment Corporation

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MESSAGE FROM THE CHAIR

Dear Minister:

On behalf of the Board of Directors, I am pleased to present Transportation Investment Corporation's (TI Corp's) Annual Report for 2012/2013.

This last year was one of significant milestones and achievements for TI Corp. Phase One of the Port Mann/Highway 1 Improvement Project reached completion on schedule on December 1, 2012 when eight lanes of the new bridge, highway widening and new interchanges in Surrey and Langley, together with key improvements at the new Cape Horn Interchange, opened to drivers. The completion of these improvements provided users the first significant travel time savings, an expanded High Occupancy Vehicle (HOV) network and the first transit over the bridge in 25 years. Since opening day in December, drivers traveling between Langley and Vancouver are experiencing time savings of up to 30 minutes per day.

In the fall, in advance of the opening of the new bridge, TI Corp set its tolling framework including rates, discounts and promotions and began an ambitious toll registration campaign for TReO, the modern, industry-leading all-electronic tolling system on the Port Mann Bridge. By the end of 2012/2013, just a few months after toll commencement, TI Corp had exceeded all internal targets and industry expectations by registering more than 730,000 vehicles for TReO tolling accounts, positioning itself to administer an efficient and cost effective toll system, keeping costs low and helping to keep tolls low for drivers.

To better reflect TI Corp's changing role from constructor to toll operator, its corporate goals were updated in its Revised 2013/2014 – 2015/2016 Service Plan. New tolling-related objectives are in addition to TI Corp's primary objective since inception; the on-time and on-budget delivery of the Port Mann/Highway 1 Improvement Project.

Budget management continued to be a key objective for Transportation Investment Corporation during the 2012/2013 year. The Port Mann/Highway 1 Project remains within its $3.319 billion capital budget.

As in past years, the most significant risks faced during 2012/2013 were factors that could affect the construction schedule and projected bridge opening in December 2012. Transportation Investment Corporation has developed a robust schedule management framework to anticipate and mitigate any impacts of delays to the construction schedule and the transition to operations. The on-time opening of the new bridge in December 2012 has demonstrated that this framework is serving the needs of the organization.

As TI Corp prepares for its first full year of tolling operations and realization of the project's full travel time savings, I wish to thank the staff at TI Corp for their hard work and many achievements over the past year as well as the Board of Directors for their continued guidance and oversight.

Grant Main
Chair, Board of Directors

ACCOUNTABILITY STATEMENT

Transportation Investment Corporation's Annual Report for 2012/2013 has been prepared in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The information presented reflects the actual performance of Transportation Investment Corporation for the 12 months ended March 31, 2013. To present an even more comprehensive and up-to-date review, performance is also compared to measures included in the Revised 2013/2014 – 2015/2016 Service Plan.

The board is accountable for the contents of the report, including the selection of performance measures and how results have been reported. The measures presented are consistent with Transportation Investment Corporation's goals, objectives, and focus on aspects critical to the organization's performance.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2013, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. The board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

Any changes in mandate direction, goals, strategies, measures of targets and any significant limitations in the reliability of data are identified in the report.

Grant Main
Chair, Board of Directors

ORGANIZATIONAL OVERVIEW

MANDATE AND ENABLING LEGISLATION

Transportation Investment Corporation is established under the *Transportation Investment Act*. The corporation's primary mandate as part of the Province's Gateway Program is to manage and ensure successful delivery and implementation of the Port Mann/Highway 1 Improvement (PMH1) Project. Transportation Investment Corporation is also mandated to recover, through tolling, the capital costs of the project as well as operating and maintenance costs of the bridge and highway.

CORPORATE PROFILE

The Port Mann Bridge and Highway 1 is Metro Vancouver's primary corridor for commuters and the movement of goods, traversing six municipalities with key connections to the region's 14 other communities. The PMH1 Project was established in 2003 as part of the Provincial Gateway Program to address the problem of growing regional congestion and to improve the movement of people, goods and transit. Combined with other road, bridge and transit improvements planned or underway, this project is creating an effective transportation network within Metro Vancouver.

OUR VISION

To develop and implement self-sustaining infrastructure projects for the benefit of British Columbians.

OUR VALUES

The corporation values the diversity of its employees and will strive to deliver projects in a manner that is respectful to residents, businesses, all levels of government and the environment, while ensuring the safe and efficient movement of people and goods.

CORE BUSINESS AREAS AND SERVICES

Construction

The PMH1 Project is the largest transportation project in B.C. history. The project includes the following key components:

- New 10-lane Port Mann Bridge
- Widen Highway 1:
  - 37 km - McGill St (Vancouver) to 216 St (Langley)
  - Two additional lanes in each direction east of bridge
  - One additional lane in each direction west of bridge
- Improve access and safety at existing interchanges and build new, modern interchanges:
  - ❖ Cape Horn - the number of overpasses and underpasses will increase from four to 15 to provide direct connections between Highway 1 and major arterial roads
  - ❖ Seven Highway 1 overpasses are being widened (First Avenue, Lougheed Highway, BNSF Railway near Boundary Road and BNSF Railway near Cariboo Road, Boundary Road, Brunette River and North Road)

- ❖ Nine Highway 1 interchanges/overpasses are being replaced (Willingdon Avenue, Sprott Street, Kensington Avenue, Gaglardi Way, Cariboo Road, King Edward Street, 152 Street, 160 Street and 176 Street)
- ❖ To support carpooling and alternative modes of transportation, the PMH1 Project includes dedicated HOV and transit infrastructure:
  - HOV ramps at Grandview Highway (Vancouver)
  - Transit-only ramps at Government Street to connect to the Lougheed Town Centre Station (Burnaby)
  - Transit/HOV ramps at 156 Street (Surrey)
- ❖ In addition, a new Carvolth Transit Exchange and Park & Ride at 202 Street (Langley), connects directly to Highway 1 HOV lanes with dedicated Transit/HOV ramps

Construction of the PMH1 project is being delivered in four key phases:

Phase 1: Open eight lanes of the new bridge, complete improvements in Surrey and Langley as well as key traffic movements at the Cape Horn Interchange.

Phase 2: Complete highway widening and interchange improvements through Vancouver, Burnaby and Coquitlam.

Phase 3: Open the remaining two lanes on the Port Mann Bridge and complete the final connections to the Cape Horn Interchange.

Phase 4: Complete removal of the old Port Mann Bridge.

Toll Collection and Debt Repayment

Under the terms of the Concession Agreement between TI Corp and the Province, TI Corp is mandated to collect tolls until 2050 to repay the project debt and pay for the ongoing operations and maintenance of the PMH1 corridor for the term of the Agreement.

The PMH1 project uses a free-flow, open road tolling system - a safer, more efficient and cost effective method of tolling than traditional toll booths. The Port Mann Bridge tolling framework encourages drivers to register for a free TReO tolling account, TI Corp's customer-facing brand. Registered accounts with windshield decals and payment mechanisms on file are the most efficient method of administering the toll system.

The efficiency associated with registered accounts allows TI Corp to minimize operating costs, which helps to keep tolls low for users.

Highway Operations and Maintenance

In addition to construction, toll collection and debt repayment, TI Corp's mandate includes operations and maintenance of a safe, reliable transportation corridor. This includes highway maintenance (line painting, road surface paving, etc.), incident and accident response, and any other improvements requited to maintain safety and efficiency on the PMH1 corridor.

PARTNERS, CLIENTS, STAKEHOLDERS

Transportation Investment Corporation's key functions include managing construction of the project on budget and on time with minimal disruption to road and bridge users, ongoing management and oversight of the design build contractor and their activities, implementing and operating the tolling system, repaying the project debt and providing a safe and efficient transportation corridor.

Our key partners include:

- Kiewit/Flatiron General Partnership
- Trans Canada Flow Tolling Inc. (TC Flow)
- Sanef ITS Inc.
- Mainroad Infrastructure Management Limited Partnership
- Ministry of Transportation and Infrastructure/BC Transportation Financing Authority
- Municipalities adjacent to the corridor
- Insurance Corporation of British Columbia
- TransLink and V-Flow Tolling Inc.

Key stakeholders and clients include tolling customers, businesses and industries that will benefit from the project improvements and those providing advice and input:

- The travelling public, TI Corp's customers
- RCMP and other first responders
- First Nations
- Businesses
- Commercial trucking, service companies and drivers
- Businesses and residents located adjacent to the project corridor

Additional information about TI Corp can be accessed at the following website link:
http://www.pmh1project.com

More information about open road tolling and TReO, TI Corp's customer service brand, is available here:
http://www.treo.ca

TI CORP LOCATIONS

TI Corp operates TReO Customer Service Centres in Surrey and Coquitlam. These locations are conveniently located close to the highway so drivers can pay their tolls or receive customer service before or after they travel.

TI Corp also operates a construction project office with project personnel in the field daily along the 37 kilometers of highway improvements.

Corporate Head Office:
Suite 210 – 1500 Woolridge Street Coquitlam, B.C. V3K 0B9

Project Office:
Suite 40 – 145 Schoolhouse Street, Coquitlam, B.C. V3K 4X8

TReO Coquitlam Customer Service Centre:
2nd floor, 1500 Woolridge Street, Coquitlam, B.C. V3K 0B9

TReO Surrey Customer Service Centre:
16300-104 Avenue, Surrey, B.C. V4N 1Y5

CORPORATE GOVERNANCE

By legislation, TI Corp is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board of Directors, through the Chair, report to the Minister of Transportation and Infrastructure (designated as the Minister Responsible for TI Corp) and is responsible for overseeing the conduct of business, directing management and ensuring that all major issues affecting TI Corp's affairs are given appropriate consideration.

The Board of Directors adheres to the following Corporate governance principles, which are set in accordance with Part Two "Best Practices Guidelines: Governance" of the Province's *Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organization:*

- Act in the best interests of the Corporation
- Develop, maintain and adhere to terms of reference for the Board, Chair, Directors and Committees
- Ensure there is a planning process, to become engaged in the process, and then review, question, validate and, ultimately, endorse the Service Plan and monitor performance
- Follow the board-approved TI Corp Governance Guidelines

As a Crown agency, TI Corp operates under a Government Letter of Expectations that outlines both the corporation's as well as the shareholder's responsibilities, and is jointly signed by the Minister of Transportation and Infrastructure and the Chair of TI Corp.

TI Corp's Board of Directors is in compliance with the governance practices contained in the Board Resourcing and Development Office (BRDO) corporate governance guidelines. More information regarding TI Corp Board governance can be found at: http://www.pmh1project.com/about-the-project/about-ti-corp/Pages/Financial-Reporting.aspx

The Board of Directors currently consists of:

Chair - Grant Main, Deputy Minister, Ministry of Transportation and Infrastructure
Member - Larry Blain, Chair, Partnerships British Columbia
Member - Don Fairbairn, President, DCF Consulting Ltd

As a public Crown Corporation and part of the Provincial Government's Public Sector Employer's Council (PSEC), TI Corp operates under PSEC's best practices for transparent and full disclosure of public sector executive compensation.

Committees

In January 2012, the Board instituted an Operations Committee. Members are:

Don Fairbairn, Chair
Larry Blain, Member
Mike Proudfoot, Ex-officio Member

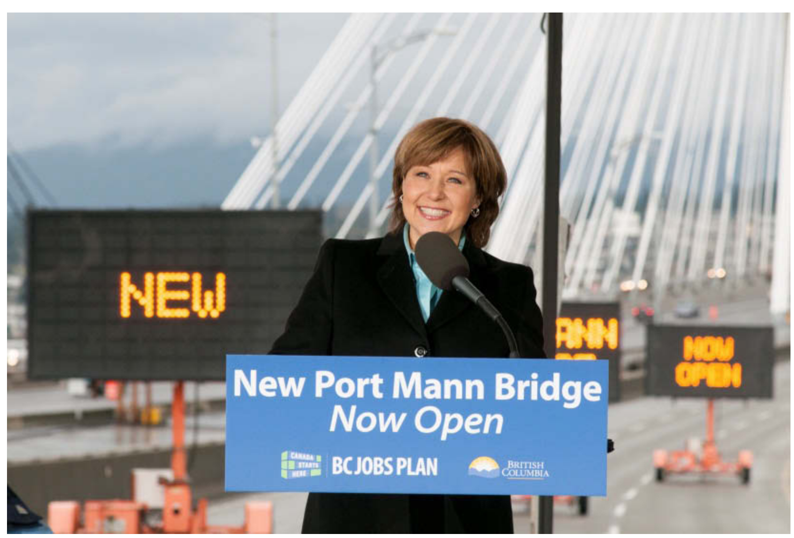
OFFICERS

Chief Executive Officer - Mike Proudfoot
Vice President, Technical Services - Garry Dawson
Vice President, Finance – Michael Hoche

TI CORP YEAR IN REVIEW

2012/2013 has been a year of achievements and substantial change for Transportation Investment Corporation. At the end of Fiscal 2012, TI Corp was heading into its busiest construction season yet and faced ambitious timelines and targets to open the new bridge and Highway 1 improvements, and implement a world-class all electronic tolling system.

The corporation moved ahead on all project fronts, opening the new infrastructure on time, reducing congestion and travel times and creating transit options for commuters for the first time in more than 25 years.



Opening the new Port Mann Bridge

On December 1, 2012, Premier Clark declared the new Port Mann Bridge officially open, marking the end to congestion that had plagued the original bridge for decades.

The new bridge alone didn't remove the bottleneck; it was the result of major Highway 1 improvements through Surrey and Langley and into Coquitlam at the Cape Horn Interchange, one of the busiest and most complex anywhere in British Columbia.

Together with new highway lanes and improved overpasses and interchanges, drivers immediately began to experience travel times unseen along Highway 1 for decades. Gone was the 14 hours a day of congestion that had constricted the most economically critical corridor and crossing in British Columbia.

The addition of new HOV and transit lanes, along with dedicated on and off ramps, introduced brand new commuting options. Transit, for the first time in 25 years, was able to reliably use the Port Mann Bridge.

Concurrent with the PMH1 Project, completion of the Carvolth Exchange and Park & Ride at 202 Street created a Langley terminus for the new Express Bus service, providing a critical rapid transit link between the South Fraser and Metro Vancouver's mass transportation system.

The Carvolth facility provides the capacity for commuters to carpool and take advantage of HOV lanes and HOV discounts provided to TReO customers.

Phase One Infrastructure Completed December 1, 2012:

- Port Mann Bridge opened to eight lanes
- Highway widening through Surrey to Langley
- New interchanges at 152 Street, 156 Street, 160 Street, 176 Street and 202 Street
- 30 new kilometres of HOV lanes
- Dedicated HOV and transit ramps at 156 Street
- New direct connections at the Cape Horn Interchange, Coquitlam

Dedicated HOV ramps at 202 Street and 156 Street provide fast and immediate access to Highway 1 for carpoolers, saving drivers time, fuel and money on their commute on the Port Mann/Highway 1 corridor.

Phase One of the Port Mann/Highway 1 Improvement Project was completed by December 1, 2012 and construction of more time-saving improvements west of the bridge is underway as part of Phase Two. Major work continues along the Highway 1 corridor and by the end of 2013, commuters will save up to an hour per day, delivering on the project's promises of efficiency, reliability and time savings.

Introducing TReO, the face of open-road tolling

TReO was first introduced in September 2012 and in just a few months, it became a household name with more than 730,000 vehicles registered for free tolling accounts.

TReO means easy, electronic and efficient, and it is the customer-facing brand for the tolling system on the Port Mann Bridge. For TI Corp, encouraging drivers to register for a TReO tolling account is the most efficient way to run the tolling system. Registered accounts are accurate, electronic and fully automated, requiring less administration than unregistered vehicles.

Tolling registration opened in September 2012 and TI Corp's tolling framework, its rates, discounts and promotions, were announced to the public. The framework included incentives to encourage drivers to sign up with TReO, including a low introductory rate, half price for cars, and a 20 Free Trip promotion that resulted in account registrations at a rate unparalleled in the industry.

TReO Toll System Accuracy:

- 99% accuracy for vehicle class detection
- 100% vehicle detection
- 99% of transactions capture a readable plate image
- 99% decal read accuracy

System Specifications:

- 64 video camera units with optical character recognition engines
- 32 lasers to measure vehicle height, width and length
- 156 inductive loops with vehicle classification and axle counting ability
- 32 antennas to read TReO decals

By encouraging drivers to register with TReO, TI Corp was able to create electronic efficiencies. For drivers, registering with TReO meant taking advantage of time and money-saving benefits as well as electronic account management efficiencies.

For TI Corp, registrations streamline its business processes, keeping operating costs low, in turn keeping tolls low for customers.

Tolling commencement and customer service

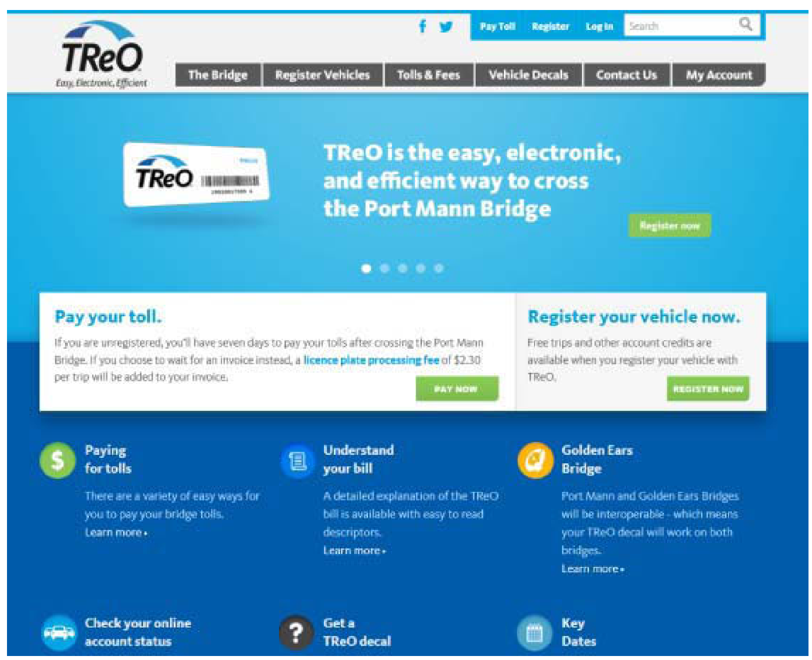
On December 8, 2012, after one free week, TI Corp commenced tolling on the Port Mann Bridge. This new phase of operations marked a substantial shift for TI Corp as it took responsibility for more than a million unique toll paying bridge users.

Throughout construction, customer service has always been a priority for TI Corp. Providing timely and reliable construction updates for highway users, residents, businesses and stakeholders is a key goal for the corporation. With the implementation of tolling, TI Corp introduced new and unique customer channels to ensure its new toll paying customers had access to service that was easy, electronic and efficient.

Through treo.ca, customers can pay for their crossings before or after they travel and have access to convenient online account management features. The website was made available in both a desktop and a mobile version so users can have access even while on the go.

TReO's customer call centre serves customers who prefer to speak to a customer service representative directly. The call centre is open seven days a week to answer all questions and help customers manage their tolling accounts.

Face-to-face customer service is available at TReO's two Customer Service Centres on either side of the bridge. Conveniently located just off the highway in Coquitlam and Surrey, both centres provide account service and take cash and cheque payment for customers who prefer to receive customer service in-person. Self-pay kiosks outside the Customer Service Centres give drivers the ability to make fast and easy payment before or after they travel.



For customers that prefer to receive service in languages other than English, the TReO customer touch points described above incorporated the six most commonly spoken languages in British Columbia.

With highly trained and customer oriented service representatives, TI Corp made its customers a priority through all its channels, ensuring all bridge users are able to receive superior customer service regardless of their preferred method of contact, payment or language.

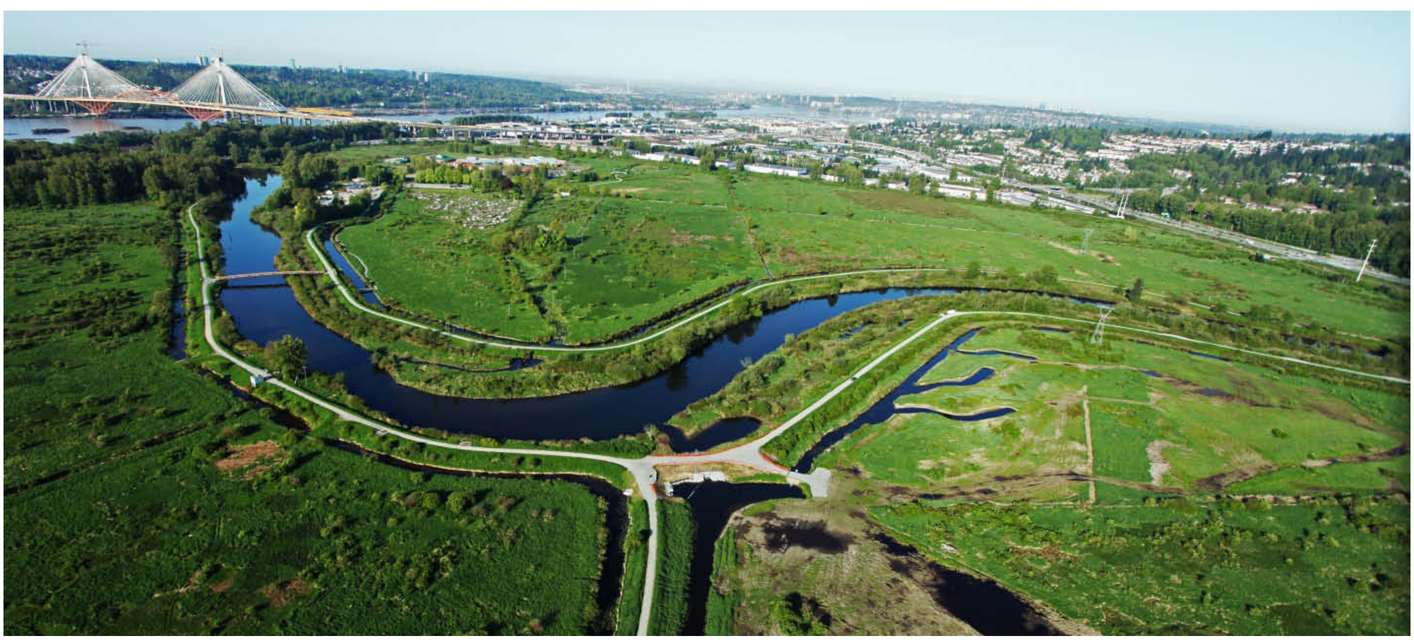
Habitat enhancement projects

Habitat enhancement is an important part of the Port Mann/Highway 1 Improvement Project and in 2012/2013 these projects yielded excellent results.

At the Wilson Farm area of Colony Farm Regional Park, TI Corp's habitat enhancement work, conducted in partnership with the Kwikwetlem First Nation, earned the organization an Award of Excellence from the Association of Consulting Engineering Companies of BC and an Environmental Achievement award from the Transportation Association of Canada. By improving channels and adding tidal gates to regulate access from the Coquitlam River, four species of salmon returned to the area in spring 2012, the first salmon in 100 years.

On the Brunette River, habitat enhancement work undertaken by the Port Mann/Highway 1 Improvement Project saw strong salmon returns in a river system that had been struggling in recent years.

Key fish habitat enhancement work has been undertaken at sites including Brunette River (upper and south), Burnaby Lakes, Cedar Creek, Deer Lake Brook, Como Creek Tributary and Popeye Creek and Wilson Farm. Where habitat enhancement work has been completed, TI Corp continues environmental monitoring to confirm that habitat improvements are functioning as designed and that wildlife diversity has been maintained or enhanced by the project.



Phase Two and further time savings

To measure the time-saving benefits of Phase One's improvements, TI Corp commissioned a traffic engineering survey that measured Highway 1 travel times before and after Port Mann Bridge construction. This survey confirmed drivers are experiencing significant time savings, with many commuters cutting their commute times by as much as half.

The survey shows drivers travelling between Langley and Vancouver have already eliminated 35 minutes from their overall trip. In fact, drivers traveling during peak morning periods are reaching their final destination before they would have made it across the original five-lane Port Mann Bridge.

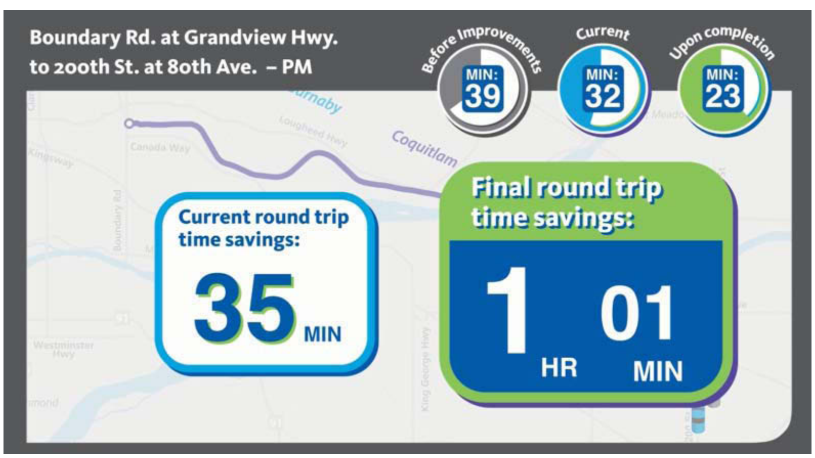
Drivers travelling between Surrey and Coquitlam on the new Port Mann Bridge have already cut their commute time by nearly 60 per cent.

For transit riders using the new Express Bus service, travel between the new Park & Ride and Braid SkyTrain station takes approximately 25 minutes. This represents a dramatic time savings over the previously available transit options, which involved a combination of bus and SkyTrain routes to travel between Langley and Coquitlam, taking well over an hour.

Phase Two Construction:

- 10-lane Port Mann Bridge with cycling and pedestrian path
- New direct connections at the Cape Horn Interchange, Coquitlam
- New interchanges at Brunette Avenue, Gaglardi Way, Kensington Avenue, Willingdon Ave, Sprott Street and Boundary Road
- Highway widening through to McGill Street in Vancouver
- New dedicated HOV ramps at Grandview Highway
- New dedicated transit ramps at Government Street

As construction continues to complete the new bridge to 10 lanes and improvements through Coquitlam, Burnaby and Vancouver, highway widening, interchange upgrades and expansion of the HOV and transit network will save commuters even more time. By December 2013, and the conclusion of Phase Two of the Project, roundtrip time savings for drivers will be as high as one hour.



REPORT ON PERFORMANCE

During 2012/2013, TI Corp made significant progress against the goals set in its 2012/2013 – 2014/2015 Service Plan.

TI Corp has continued to deliver the Port Mann/Highway 1 Project on-time and on-budget while providing superior customer service to residents, businesses and stakeholders along the corridor. With the launch of TReO, TI Corp successfully delivered a comprehensive open road tolling system when tolling commenced on December 8, 2012.

With the substantial completion of the first phase of construction on the project and the ongoing operation of tolling on the Port Mann Bridge, TI Corp's goals and organizational objectives were refined in its Revised 2013/2014 – 2015/2016 Service Plan.

Since inception, TI Corp's goals were predominantly focused on adhering to the project construction schedule and budget while minimizing disruption and maximizing predictability for residents and highway users. Going forward, TI Corp's goals have changed to reflect its new operational requirements.

As the organization looks ahead to the completion of construction activities, TI Corp's goals better reflect the operation of an open road tolling system, the provision of services and benefits based on best practices used by similar tolled bridges and roadways, and the operation of a sustainable and financially stable organization. Additionally, TI Corp has prioritized the engagement of its highly qualified, diverse and flexible workforce. The report on TI Corp's performance against these new goals, established in the Revised 2013/2014 – 2015/2016 Service Plan, will be documented in the 2013/2014 Annual Report.

As it did in 2012/2013, Transportation Investment Corporation continues to have adequate capacity to stay within budget and on schedule for its goals and targets for the implementation and management of the Port Mann/Highway 1 Improvement Project.

GOAL 1: DELIVER THE PORT MANN/HIGHWAY 1 IMPROVEMENT PROJECT ON TIME

A key function of TI Corp is the ongoing management and oversight of the design-build contractor and its activities, ensuring construction proceeds according to schedule.

Strategies

A design-build agreement has been signed between TI Corp and the Kiewit/Flatiron General Partnership. Under this structure, the contractor is required to meet specific dates for the delivery of certain elements of the project.

To achieve these goals, TI Corp has set completion targets by fiscal year and measures progress against these targets.

Performance Measures

Table 1: Percentage completion for total design and build construction

Performance Measures	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target	2013/14 Target	2014/15 Target
Achieve percentage of completion target for total design & build construction	56.6%	74%	91%[1]	95%	99%	100%

Performance Management

The design-build contractor reports regularly to TI Corp on project progress and the percentage of completion is derived from an estimate of the progress of the particular segments of the project using verified progress billings.

Changes to Goal

Going forward, the on time and on budget delivery of the Port Mann/Highway 1 Improvement Project will be measured as one performance goal; *Deliver the Port Mann/Highway 1 Improvement Project on time and on budget*.

[1] The measure of performance for Goal 1 uses contractor billings for work completed. Although billings reflected 91% completion, the PMH1 Project reached its first major milestone on time in December 2012 and the project remains on schedule for total completion by 14/15.

GOAL 2: DELIVER THE PORT MANN/HIGHWAY 1 IMPROVEMENT PROJECT ON BUDGET

TI Corp provides management and oversight of the design-build contractor and its activities to ensure construction proceeds according to budget.

Strategies

The design-build agreement structure places responsibility for construction-related cost overruns with the contractor for those activities under its direct control. To achieve these goals, TI Corp has set specific financial targets and measures all streams of activity by fiscal year and measures progress against these targets.

Performance Measures

Table 2: On budget delivery of the Port Mann/Highway 1 Improvement Project

Performance Measures	2010/11 Actual	2011/12 Actual	2012/13 Actual	2012/13 Target	2013/14 Target	2014/15 Target
Remain within the approved Capital Budget ($millions)	$1,729	$2,457	$2,997	$3,078	$3,270	$3,319
Restrict percentage of annual corporate overhead expenses to 1% of total annual project expenditures[2]	0.3%	0.4%	0.9%	1%	New Goal Established[3]	N/A

Performance Management

The data used to measure financial performance is contained in TI Corp's annual financial statements, which are subject to annual independent audit. TI Corp has received an unqualified audit each year it has been in operation.

Changes to Goal

Going forward, the on budget delivery of the Port Mann/Highway 1 Improvement Project will be measured in two performance goals:

1) Deliver the Port Mann/Highway 1 Improvement Project on time and on budget
2) Operate a self-sustaining and financially stable organization

TI Corp will ensure it remains financially stable by implementing operational efficiencies and controlling administrative costs, thereby keeping tolls low for customers. Operations and maintenance expenditures will be measured on an annual basis, and reported as a percentage of net revenues.

[2] Corporate overhead expenses consist of salaries and administration costs including office overhead.
[3] As construction winds down and project expenditures decline, a new goal has been established to measure budget management that reflects TI Corp's transition to toll operations.

GOAL 3: PROVIDE SUPERIOR CUSTOMER SERVICE

Superior customer service has always been one of TI Corp's key priorities. During construction, customer service means communicating with key stakeholders and audiences to maximize predictability and minimize disruption. An annual TI Corp customer service survey was conducted to measure performance against this goal.

In future reports, this measure will be expanded to incorporate customer attitudes towards the toll system and TReO, TI Corp's consumer-facing brand.

Strategies

In order to minimize disruption and maximize predictability the Port Mann/Highway 1 team continues to communicate with key stakeholders and audiences impacted through the use of communication tools which include bulletins, e-mails, social media, website and phone calls.

During the construction phase of the project, the Port Mann/Highway 1 Project team continues to respond to all public enquiries within 48 hours which includes providing a response, information or the service requested.

In September 2012, TI Corp announced a tolling framework based on industry best practices with an emphasis on convenience, ease of use and superior customer service.

Performance measure

To measure the effectiveness of the Port Mann/Highway 1 Project's efforts to maximize predictability and minimize disruption, the annual Transportation Investment Corporation customer service survey, conducted in the fall, measured resident and driver satisfaction with construction updates issued by the project. All email subscribers of the Project's construction bulletins are invited to participate as well as visitors to the Project website. The survey results have a margin of error of +/- 4%, 19 times out of 20.

Table 3: Customer satisfaction survey results

For trip planning purposes:	New Measure	Fall 2011 Result	2012/13 Actual	2012/13 Target	2013/14 Target	2014/15 Target
Residents and highway users feel they receive project updates often enough	New Measure	90%	90%	85-90%	(TBD)	(TBD)
Residents and highway users feel the information included project updates is relevant and useful	New Measure	89%	90%	85-90%	(TBD)	(TBD)
Residents and highway users feel the project updates contain enough detail to properly plan travel	New Measure	87%	90%	85-90%	(TBD)	(TBD)

Residents and highway users are satisfied with the overall quality of project updates	New Measure	88%	92%	85-90%	(TBD)	(TBD)

Changes to Goal

TI Corp's Revised 2013/2014 – 2015/2016 Service Plan has updated this goal to reflect the operation of an open road tolling system and the provision of services and benefits based on best practices used by similar tolled bridges and roadways. Benchmarks for this new goal will be set and reported in future versions of TI Corp service plans.

The 2013/2014 annual customer satisfaction survey will transition to measure customer attitudes towards the toll system and TReO, TI Corp's consumer-facing brand. The toll operator, TC Flow Inc., was selected in part because of its demonstrated experience and commitment to customer service. To ensure the toll operator maintains a superior level of service, its performance will be measured on key indicators of customer service.

GOAL 4: DEVELOP A COMPREHENSIVE OPEN ROAD TOLLING SYSTEM

TI Corp commenced tolling in December 2012 after introducing TReO, the easy, electronic and efficient way to cross the Port Mann Bridge. By March 31, 2013, 730,000 vehicles had been registered with TReO.

Strategy

The development of TReO, the open road tolling system on the Port Mann Bridge, was informed by best practices and successful implementation experiences of similar tolling systems in jurisdictions around the world.

Transportation Investment Corporation completed a competitive selection process to secure a tolling operator that can deliver superior customer service coupled with industry-leading electronic systems while providing value for money. The consortium of Egis Projects / Sanef was the successful proponent and became the electronic tolling systems and customer service provider for the project.

In June, the consortium, doing business as Trans Canada Flow Tolling Inc., moved into its home at the newly constructed Transportation Management Centre in Coquitlam. The Transportation Management Centre became the primary Customer Service Centre and call centre for TReO customers.

System testing was able to take place well in advance of toll commencement, ensuring a smooth transition for customers.

Performance measure

To ensure the tolling system was ready for toll commencement in December 2012, TI Corp established a schedule management process, identifying specific target dates for implementation of key tolling infrastructure. All deliverables were successfully met and TReO went live in December 2012.

Table 4: Toll system readiness

Deliverable	Target Date	Status
Tolling Operator selected	February 2012	Achieved
Primary customer service centre ready for occupancy	June 2012	Achieved
System testing	August 2012	Achieved
Surrey customer service centre ready for occupancy	September 2012	Achieved
New Port Mann Bridge opens to traffic	December 2012	Achieved

Changes to Goals

With the successful completion of this goal, TI Corp has updated its objectives with performance measures reflecting the ongoing and efficient operation of the TReO tolling system.

Included in the goal to *Provide Superior Customer Service* are the performance measures to operate a toll system that is easy, electronic and efficient for customers and to ensure customers receive superior service.

Included in the goal to *Operate a Self-Sustaining and Financially Stable Organization* is the performance measure to implement operational efficiencies and control administrative costs to keep costs low for TI Corp and tolls low for customers. Having customers registered with tolling accounts is a key measure of operational efficiency for an open road tolling system.

RISKS AND INTERNAL AND EXTERNAL BUSINESS ENVIRONMENT

Fiscal 2013 was a critical year for Transportation Investment Corporation given the transition from focusing solely on construction to becoming a tolling business with significant commitments to the public for reliable bridge and highway access.

The priorities for Transportation Investment Corporation over the next fiscal year are the continued safe and efficient delivery of the construction phase of the Port Mann/Highway 1 Improvement Project and the operation of TReO, the tolling system on the Port Mann Bridge, with a focus on convenience, fairness, ease of use and superior customer service.

The key strategic issues and related risks for Transportation Investment Corporation are those that could impact the above priorities and include:

- Project schedule and budget
- Risks to toll revenue, including traffic volumes and collectability
- Reliability of road operations

RISKS

TI Corp has a risk management program which more formally requires the identification, monitoring and mitigation of risks throughout the Corporation. Key risk management processes that have been adopted include:

- Identification of risks at both a project and corporate level
- Pro-active risk mitigation and clear accountability
- Centralized tracking and updating
- Regular management and Board review
- Timely communication of risks throughout the organization

Current identified issues/risks and plans to address those risks are as follows:

Table 5: Risk mitigation

Key Strategic Issue	Status and Potential Impacts	Risk Mitigation
Project cost escalation: • **Debt borrowing costs**	Long-term interest rate increases have been mitigated through a hedging strategy.	Risks associated with interest rate fluctuations over the course of the project are mitigated through the use of a long-term hedging strategy.
• **Project schedule and budget**	The Project is currently on schedule and on budget and substantial completion of tolling components was achieved on schedule in December 2012	TI Corp has entered into a design-build agreement with the contractor that requires the contractor to meet specific dates for the delivery of specific elements of the project.

		Ongoing monthly monitoring of construction progress is undertaken to achieve schedule certainty and mitigate cost pressures.
Tolling: • **Collectability**	Risk that processes and costs associated with toll collection will affect operational efficiency and impact total toll revenue collected.	A registration drive and incentives in the Tolling Framework encouraged widespread user registration, significantly increasing the collectability of billed transactions. TI Corp has the ability to ask ICBC to refuse to Issue (RTI) renewals of driver's licences and automobile insurance for drivers with toll balances of $25 or more that have been outstanding for 90 days. This arrangement provides TI Corp with additional certainty regarding toll collection
• **Use of alternative crossings**	Risk of traffic diversion to other parts of the region.	The tolling framework, as above, was developed to encourage drivers to try the new bridge and widened highway. Efforts to maintain travel time savings, and enhance time savings with continued highway improvement will continue to mitigate diversion to alternate routes.
• **Long-term traffic volume fluctuations**	Risk that volumes will be substantially lower than forecasted would have financial consequences.	Updated traffic forecasts were developed in 2011, accounting for recent traffic patterns, fuel prices and economic conditions. These traffic projections were used to develop internal financial modeling and forecasting, reducing the risk of unanticipated traffic volumes. Ongoing monitoring of traffic volumes and usage patterns allows for updates to financial forecasts and development of mitigation plans as required.

Reliability and safety: • **Improved corridor reliability and safety**	Risk that road and weather conditions or traffic incidents along the corridor will affect potential travel time savings or anticipated safety benefits.	An updated incident management procedure has been implemented to ensure any Motor Vehicle Incidents are dealt with quickly and efficiency, with full lane capacity returned promptly. To prevent travel impacts associated with inclement weather, an updated weather monitoring protocol has been implemented. In addition, measures to address ice build-up on the cables are being tested and are scheduled to be implemented during the 2013/14 fiscal year.

The risk mitigation steps outlined above minimized the potential impacts of these risks to Transportation Investment Corporation. The identified risks had no significant impact on results for 2012/2013.

PROGRESS AGAINST GOVERNMENT'S LETTER OF EXPECTATIONS

The Government's Letter of Expectations between the shareholder (the Government of British Columbia) and Transportation Investment Corporation, is an agreement on the respective roles and responsibilities of each, and serves as the basis of agreement between the shareholder and the Corporation on corporate mandate including high-level performance expectations, public policy issues, and strategic priorities.

Table 6: Progress against government's letter of expectations

GLE Direction	Transportation Investment Corporation Alignment
Manage and ensure the delivery and implementation of the design build work on the Port Mann/Highway 1 Improvement Project, all in accordance with the terms of the Design Build Agreement dated as of March 17, 2009, signed between TI Corp and Kiewit/Flatiron General Partnership, the contractor.	Transportation Investment Corporation continues to manage and ensure the quality of work done by the design build contractor. Phase One of the project achieved completion on December 1, 2012 with the Port Mann Bridge opening to eight lanes and major completion east of the bridge. Phase Two construction is proceeding. Highway 1 improvements through Coquitlam, Burnaby and Vancouver will achieve substantial completion by the end of 2013.
Establish a tolling system and toll collections at the Port Mann Bridge, consistent with the provisions of the Port Mann/Highway 1 Concession Agreement and any future modifications to this agreement.	Toll collection with TReO, the easy, electronic and efficient toll system on the Port Mann Bridge commenced on December 8, 2012. The tolling framework, including toll rates, discounts and registration details was announced in September 2012. Registration with TReO exceeded expectations with more than 730,000 vehicles signed up by March 31, 2013.
Ensure financial targets as identified in the three year service plan tabled under *Budget 2012* are met. Inform Government in a timely manner of any pressures in meeting the performance and financial targets identified in its Service Plan and the related mitigation strategies.	TI Corp continues to adhere to its key obligations include ensuring prudent management of capital and operating plans. The tolling framework announced in September 2012 included a low introductory toll rate and registration incentives that revised TI Corp's financial forecast, but will not affect the ability to repay the project debt by 2050.

Fulfil any other obligations consistent with the provisions of the Concession Agreement.	Transportation Investment Corporation remained in alignment with the provisions of the Concession Agreement.

ACTION TAKEN ON CLIMATE CHANGE

Transportation Investment Corporation is playing an active role in the Province's climate change goals. With the completion of Phase One of the Port Mann/Highway 1 Improvement Project and its associated travel time savings, commuters are already seeing a reduction in congestion-induced idling and traffic delays, which is a key contributor to greenhouse gases.

The new bridge, in conjunction with HOV and transit improvements have allowed for more commuting options along the Highway 1 corridor. For the first time in 25 years, rapid transit is rolling across the Port Mann Bridge. The completion of the new Carvolth Exchange and Park & Ride at 202 Street in Langley connects bus riders to Braid Station in New Westminster in less than 25 minutes, and gives commuters more opportunities to take advantage of 30 new kilometres of HOV lanes. During the first several months of operations, approximately 40,000 passengers per month were using the new service.

Cycling and pedestrian infrastructure has been incorporated into all new interchange and overpass structures where they connect to existing or planned infrastructure. Once complete, the new Port Mann Bridge will include a pedestrian and cyclist pathway, the first multi-user pathway over the crossing.

On a corporate level, Transportation Investment Corporation understands the importance of mitigating its carbon footprint and complying with the province's Climate Action targets. A Climate Action Team was established in 2010 to support the targets established by the Climate Neutral Action Reporting initiative. The team helps reduce carbon emissions on an office level by encouraging green purchasing decisions, conservation of electricity, electronic records management systems, recycling and more.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial results from operations and financial position for the year ended March 31, 2013 should be read in conjunction with the audited financial statements and accompanying notes.

The financial statements and results presented have been prepared according to International Financial Reporting Standards (IFRS), as required by the International Accounting Standards Board. IFRS are issued by the International Accounting Standards Board.

Management has included some forward-looking statements based on information currently available. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ from those forward-looking statements.

EXECUTIVE SUMMARY

The following summarizes highlights and achievements during the fiscal year ended March 31, 2013.

An updated forecast was prepared to reflect the finalized tolling framework. The tolling framework, announced in September 2012, formalized toll rates on the Port Mann Bridge, including half-price discounts, promotions and incentives to encourage registration.

In management's discussion and analysis, the original budget for Fiscal 2013 is presented as is the updated forecast. Annual results are measured against forecasts reported in the Revised 2013/2014 – 2015/2016 Service Plan that reflect the Port Mann Bridge tolling framework.

To encourage drivers to register for a TReO account, TI Corp developed a framework that included a $1.50 introductory rate for the first year of tolling if customers registered with a recurring payment method by February 28, 2012. An additional offer of a $30 credit, or 20 Free Trips, was made available to customers that registered early for accounts before November 30, 2012.

These promotions and reduced rates were developed during the 2012/2013 service planning period and impacted operating results by discounting projected revenue.

These promotions, in conjunction with benefits including easy online account management and additional 25% HOV discounts, helped drive a very successful registration campaign with better-than-expected results. By March 31, 2013, more than 730,000 vehicles had registered for TReO accounts.

TReO, the all-electronic tolling system on the Port Mann Bridge, operates at peak efficiency when vehicles are registered with tolling accounts and tolling decals. Registered accounts with attached payment mechanisms help TI Corp reduce operating costs and allow the tolling system to run at its most efficient. Crossings and transactions are reconciled automatically and the number of invoices mailed to customers is greatly reduced.

Financial Highlights

- Achieved net revenues of $15 million.
- The total operating expense for the year of $50 million was $13 million favourable to the forecast.
- The net loss for the year was $60 million versus the forecasted net loss of $72 million, resulting in a positive variance of $12 million.
- Short and long-term debt levels were $0.8 billion and $2.0 billion respectively, for a total debt level of $2.8 billion, which was less than the combined cap of $3.6 billion.
- TI Corp successfully completed a $400 million long-term debt issuance in January 2013 through the Province's fiscal agency loan program.

Revenue & Traffic Highlights

- The year-to-date revenue, prior to discounts and promotions, totaled $20 million.
- The early registration promotion discounted the revenue by $5 million, which resulted in reported revenue of $15 million.
- The cumulative number of tolled crossings to March 2013 was 10.6 million.
- The cumulative weighted average tolling rate for the four months ended March 2013 was $1.89.
- Vehicle registrations totaled approximately 730,000 by March 2013 versus 430,000 million forecasted.

Project Construction Highlights

- Construction of the Port Mann/Highway 1 infrastructure is proceeding on schedule. Estimated completion under the design-build agreement was 91% as of March 31, 2013.
- The Port Mann Bridge opened as planned and tolling commenced in December 2012.
- The highway corridor east of the Port Mann Bridge was substantially completed by December 2012.
- Construction of the primary and secondary service centers was completed.
- The total Port Mann Bridge Highway 1 Project remains on time and on budget.

SUMMARY OF FINANCIAL RESULTS

CONSTRUCTION REPORT

The approved budget for the Port Mann/Highway 1 Improvement Project is $3.319 billion.

Table 7: Construction report

($ millions)	Cumulative Actual to 2010/11	2011/2012 Actual	2012/2013 Actual	2012/13 Budget	Variance	2013/14 Forecast	2014/15 Forecast
Capital Expenditures	1,729	728	540	606	(66)	273	49

TI Corp achieved its first major construction milestone, the opening of the new Port Mann Bridge, on time and budget. The project remains on schedule and on budget for project capital construction and is on target to achieve 100% completion in 2014/2015.

During 2012/2013, construction resources were allocated to prioritize the completion of time saving capital improvements on new Port Mann Bridge and the Highway 1 corridor. Construction resources were more heavily assigned at the bridge and along Highway improvements in Surrey and Langley to complete time-saving infrastructure in those segments. In 2013/2014, construction resources will be heavily allocated west of the bridge as the project nears final completion in 2014/2015.

TI Corp's capital expenditures for 2012/2013 were $540 million compared to the budgeted $606 million. This variance of $66 million was primarily a result of a shift of work by the contractor to Fiscal 2014 to ensure completion of Phase One infrastructure.

The capital expenditures during Fiscal 2013 totaled $540 million to bring the total capital expenditures to date of $2,997 million.

OPERATIONS REPORT

TI Corp commenced tolling on the Port Mann Bridge based on the tolling framework rates, discounts and incentives announced in September 2012. Forecasts going forward from Fiscal 2013 reflect the inclusion of a low introductory rate for registered customers and the 20 Free Trips / $30 Credit promotion for early registrants.

Table 8: Operations report

($ millions)	2011/12 Actual	2012/13 Actual	2012/13 Original Budget	Variance to Original Budget	2012/13 Forecast	Variance to Forecast	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast
Revenue	-	15	50	(35)	16	(1)	121	181	202
Operating Expenses	13	35	62	27	49	14	67	42	41
Administration (including salaries and fees)	3	7	4	(3)	5	(2)	5	5	5
Depreciation and Amortization	-	8	2	(6)	9	1	34	49	52
Total Operating Expenses	16	50	68	18	63	13	106	96	98
Borrowing and Hedging costs	1	25	30	5	25	-	107	144	153
Net Loss	**(17)**	**(60)**	**(48)**	**(12)**	**(72)**	**12**	**(92)**	**(59)**	**(49)**
Other Comprehensive (Loss)	(135)	(29)	-	(29)	-	(29)	-	-	-

Tolling commenced on December 8, 2012 and by March 31, 2013, TI Corp had earned net revenue of $15 million compared to its framework forecast of $16M.

Total operating expenses showed a favourable variance of $13M to forecast primarily due to lower tolling operations costs of $8M. These reduced operating expenses helped TI Corp report its better-than-forecast net loss.

In December 2009, Transportation Investment Corporation adopted a financial strategy that includes interest rate hedging to lock in borrowing costs that were attractive by historical standards. The strategy created predictable and affordable debt interest costs by minimizing the impact of global interest rate volatility over time. The financing and hedging strategy was designed to provide more certainty to Transportation Investment Corporation's future debt costs and more predictability as to when the Corporation would become profitable.

TI Corp utilizes hedge accounting under IFRS in order to account its debt and associated hedges. Hedge accounting minimizes variability of net operating income. At the end of each reporting period, TI Corp must account for the difference between the value of the hedge and the associated debt instrument. These accounting gains and losses are recorded in Other Comprehensive Income in the audited financial statements, and are subsequently amortized over the life of the debt.

Approximately 67% or $2 billion of Transportation Investment Corporation's future long-term debt was hedged over the period 2010 to 2033. Market interest rates have fallen since that time and continue to be below the hedged rates. The fair market valuation of the Corporation's hedges is recorded as Other Comprehensive Losses.

As of March 31, 2013, Transportation Investment Corporation's accumulated hedging losses totaled $250 million. Recognition of the accumulated losses as expenses over time will be offset by equivalent savings from borrowings at lower than anticipated interest rates. This will result in achievement of the average effective long-term interest rate of approximately 5% per annum, which was the objective of the financing and hedging strategy.

Port Mann/Highway 1 Improvement Project

Transportation Investment Corporation

May 8, 2013

Statement of Management Responsibility

Year ended March 31, 2013

The financial statements of Transportation Investment Corporation have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,

Mike Proudfoot
Chief Executive Officer

Michael Hoche
VP, Finance & Corporate Services (Interim)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Transportation Investment Corporation, and
To the Minister of Transportation and Infrastructure, Province of British Columbia

I have audited the accompanying financial statements of the Transportation Investment Corporation which comprise the statement of financial position and the statement of shareholders' equity as at March 31, 2013, and the statement of operations and other comprehensive income or loss, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Transportation Investment Corporation as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Victoria, British Columbia
May 8, 2013

John Doyle, MAcc, FCA
Auditor General

Transportation Investment Corporation
Statement of Financial Position
As At March 31
(In $000's)

	Notes	2013	2012
ASSETS			
Current Assets			
Cash		$ 61,153	$ 11,913
Trade and other receivables	6	12,973	2,738
Prepaids and deposits	7	1,781	1,715
		75,907	16,366
Long Term Assets			
Property, plant and equipment, net	8	2,867,775	2,330,213
Intangible assets, net	9	122,880	126,388
Investment property, net	10	705	707
Restricted cash	11	10,500	10,500
		3,001,860	2,467,808
		$ 3,077,767	$ 2,484,174
LIABILITIES			
Current Liabilities			
Payables and accrued liabilites	12	$ 410,673	$ 510,178
Current indebtedness	13	764,801	333,807
		1,175,474	843,985
Long Term Liabilities			
Long term indebtedness	14	2,028,935	1,643,671
Provision	15	35,484	38,909
Derivative liability	16,17	72,495	111,964
		2,136,914	1,794,544
		3,312,388	2,638,529
SHAREHOLDERS' EQUITY			
Share Capital and Contributed Surplus	18	150,000	150,000
Deficit		(134,988)	(75,097)
Accumulated other comprehensive loss	17	(249,633)	(229,258)
		(234,621)	(154,355)
		$ 3,077,767	$ 2,484,174

Subsequent events: Note 27

Approved on behalf of the Board of Directors on May 8, 2013

Grant Main, Chair

Don Fairbairn, Director

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

Transportation Investment Corporation
Statement of Operations and Other Comprehensive Income or Loss
For the year ended March 31
(In $000's)

	Notes	2013	2012
REVENUES			
Tolling and related revenues		$ 14,828	$ -
Other revenues		215	-
		15,043	-
EXPENSES			
Tolling operations		15,852	435
Highway maintenance		8,098	5,237
Technical Services		6,339	7,920
Communications and marketing		5,559	36
General and administrative		6,088	2,515
Depreciation		8,003	182
		49,939	16,325
LOSS FROM OPERATIONS		(34,896)	(16,325)
OTHER EXPENSES			
Borrowing Costs		24,917	350
Hedge ineffectiveness loss	17	78	44
		24,995	394
NET LOSS		(59,891)	(16,719)
OTHER COMPREHENSIVE LOSS			
Unrealized effective hedging loss	17	(17,071)	(91,702)
Realized effective hedging loss	17	(11,852)	(43,571)
		(28,923)	(135,273)
COMPREHENSIVE LOSS FOR THE YEAR		$ (88,814)	$ (151,992)

Related Party Transactions: Note 19
Wages and benefits: Note 20

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

Transportation Investment Corporation
Statement of Cash Flows
For the year ended March 31
(In $000's)

	2013	2012
OPERATIONS		
Net loss from operations	$ (59,891)	$ (16,719)
Items not affecting cash:		
Depreciation expense	8,003	182
Borrowing costs	24,917	-
Hedge ineffectiveness loss	78	44
Changes in operating working capital:		
Increase in trade and other receivables	(8,722)	(1,506)
(Increase) Decrease in prepaids and deposits	(66)	1,687
Increase in payables and accrued liabilities	8,367	2,951
Decrease in provision	(3,425)	-
	(30,739)	(13,361)
FINANCING		
Proceeds from short term debt, net	428,765	64,616
Proceeds from long term debt, net	365,456	699,796
Settlement of derivative financial instruments	(68,470)	(103,686)
	725,751	660,726
INVESTING		
Intangible assets	3,112	(7,098)
Property, plant and equipment	(609,006)	(798,727)
Rehabilitation	(289)	-
Interest capitalized during construction ("IDC")	70,129	77,767
Interest earned that reduced IDC	(333)	(285)
Changes in investing working capital:		
(Increase) Decrease in trade and other receivables	(1,513)	2,946
(Decrease) Increase in payables and accrued liabilities	(107,872)	77,049
	(645,772)	(648,348)
Change in cash during the period	49,240	(983)
Cash, start of the period	11,913	12,896
Cash, end of the period	$ 61,153	$ 11,913
Cash consists of:		
Cash in bank	$ 61,153	$ 11,913
Interest paid during the period	$ 89,802	$ 68,589
Taxes paid during the period	$ -	$ -

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

Transportation Investment Corporation
Statement of Shareholders' Equity
For the year ended March 31
(In $000's)

	Notes		2013		2012
SHARE CAPITAL AND CONTRIBUTED SURPLUS					
Beginning of the year	18	$	150,000	$	150,000
End of the year		$	150,000	$	150,000
DEFICIT					
Beginning of the year		$	(75,097)	$	(58,378)
Net loss from operations			(59,891)		(16,719)
End of the year		$	(134,988)	$	(75,097)
ACCUMULATED OTHER COMPREHENSIVE LOSS					
Beginning of the year		$	(229,258)	$	(100,793)
Other comprehensive loss for the period	17		(28,923)		(135,273)
Amortization on cash flow hedge reserves	17		8,548		6,808
End of the year		$	(249,633)	$	(229,258)
TOTAL SHAREHOLDERS' EQUITY		$	(234,621)	$	(154,355)

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

GENERAL BUSINESS DESCRIPTION

The Transportation Investment Corporation ("TI Corp" or "the Corporation") is a Crown corporation wholly owned by the Province of British Columbia. The Corporation's registered office is Suite 210 – 1500 Woolridge Street, Coquitlam, British Columbia.

TI Corp was established on June 25, 2008 under the *Transportation Investment Act (SBC 2002)*. The Corporation is currently undertaking the design, building and operations of the Port Mann/Highway 1 Improvement Project (Project), which includes tolling, and highway maintenance and rehabilitation. The Corporation may also engage in or conduct business authorized by the Lieutenant Governor in Council.

On March 10, 2010, the Port Mann Highway 1 Bridge Concession Agreement, which outlines the terms and conditions of the Project, was signed by authorized representatives of TI Corp, the BC Transportation Financing Authority (BCTFA) and the Ministry of Transportation and Infrastructure.

In December 2012, the Port Mann Bridge was officially opened to traffic and toll collection activities commenced in accordance with the Concession Agreement.

The Minister of Finance for British Columbia is the fiscal agent for the Transportation Investment Corporation.

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs").

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) *Basis of measurement*

The financial statements have been prepared using the historical cost basis, except for certain financial instruments, including derivatives, which are classified and measured at fair value.

b) Basis of Presentation

The functional and presentation currency of the Corporation is Canadian dollars. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year to better reflect the nature of operations for the Corporation as tolling activities commenced on December 1, 2012.

c) *Revenue Measurement and Recognition*

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

The primary sources of revenue for the Corporation are tolling charges for use of the Port Mann Bridge and associated account processing and maintenance fees. The recognition of revenue in the Statement of Operations occurs when all of the following conditions have been satisfied:

i) The amount of revenue can be measured reliably;
ii) It is probable that the economic benefits associated with the transaction will flow to the Corporation;

iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

iv) The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Accordingly, tolling revenue is recognized, net of promotions and discounts, for each vehicle crossing over the Port Mann Bridge provided it satisfies the above recognition requirements. Where customers have acquired monthly passes, revenue is initially deferred and subsequently recognized in the periods for which the benefit of the pass relates.

d) Cash

All cash is held with major financial institutions.

e) *Impairment of loans and receivables*

At the end of each reporting period, the Corporation assesses whether there exists objective evidence that a financial asset measured at amortized cost is impaired. Impairments are measured as the excess of the carrying amount over the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate for fixed rate instruments or effective rate at the date of impairment for floating rate instruments. Impairment losses on loans and receivables are recorded in the Statement of Operations and are reversed in subsequent periods if the amount of the loss decreases and the decrease can objectively be related to an event occurring after the date of the original impairment.

f) *Property, plant and equipment*

Property, plant and equipment are recorded in the Statement of Financial Position, at cost net of accumulated depreciation and net of any impairment loss, provided the purchase amount is greater than $10,000 individually or in aggregate within a group of similar items. All costs are initially recorded at fair value and subsequently measured at cost less accumulated depreciation and impairment losses.

Assets under construction consist primarily of highway infrastructure components under development including bridges, roadbeds, overpasses, underpasses, retaining walls and drainage systems. Their cost includes all costs which are directly attributable to the asset, inclusive of borrowing costs prior to the asset being available for use, net of any temporary investment income, and costs which are necessary to bring the asset into the location and condition for the operational use intended. The capitalization of costs ceases when the asset is re-categorized as available for use using the percentage of completion method.

For assets available for use, depreciation charges commenced effective December 1, 2012 using methods and rates determined to depreciate the cost of the property, plant and equipment over their estimated useful lives. The methods and rates are reviewed, and adjusted if necessary, on an annual basis. The depreciation method and useful lives for each asset class are as follows:

Asset	Depreciation Method	Useful Lives (in years)
Highway Infrastructure	Units of Production*/Straight Line	10 to 77
Port Mann Bridge	Units of Production*	25 to 77
Tolling and Traffic Systems	Straight Line	8 to 40
Office and Leasehold Assets	Straight Line	3 to 10

** Components of the Highway Infrastructure and the Port Mann Bridge units of production are based on the number of vehicles that cross the bridge during the fiscal year, relative to the expected traffic over the life of the Concession Agreement.*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising from de-recognition, calculated as the difference between the net disposal proceeds and the carrying value of the item, is included in the Statement of Operations in the year of de-recognition.

g) *Intangible assets*

Intangible assets are comprised of land rights and recorded at cost. Amortization commenced December 1, 2012 on a straight line basis. The life of land rights is based on the term of the Concession Agreement, 77 years, which expires in 2090.

h) Investment Property

Investment property is initially recorded at cost, which approximates fair value, and is subsequently recorded at depreciated cost. Depreciation for the building is calculated on a straight line basis over an expected future life of 50 years.

i) *Impairment of non-financial assets*

Non-financial assets such as property, plant and equipment or intangible assets are tested for impairment when events or circumstances suggest that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use. Impairment losses, other than those relating to goodwill, are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

j) *Borrowing Costs and Interest Capitalization*

Short term debt borrowing costs include transaction fees and interest. Long term debt borrowing costs include transaction fees, applicable premiums or discounts and interest. These costs will be amortized over the life of the specific debt instrument, using the effective interest rate method. All borrowing costs are segregated between capital and operating costs based on the available-for-use rates and the current total expenditure for the asset, as compared to the total forecasted expenditure for the asset.

k) *Pension benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan. This defined benefit multi-employer plan is accounted for as a defined contribution post-employment benefits pension plan. Payments for the cost of this plan are accounted for on an accrual basis.

l) *Provisions*

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount can be readily estimated. Provisions are not recognized for future operating losses.

m) *Financial instruments*

IFRS requires that all financial instrument assets be classified as fair value through profit or loss, available-for-sale, held-to-maturity or loans and receivables. In addition, derivative financial instrument assets that are not accounted for as hedging instruments must be classified as held-for-trading. Financial instrument liabilities can be classified as fair value through profit or loss or as other liabilities. All financial instruments are measured at fair value on initial recognition. The subsequent measurement of financial instruments depends on the classification of the instrument.

Based on the classification of the financial instruments described below, the Corporation has measured its financial instruments subsequent to initial recognition at fair value as follows:

Financial Instrument	**Classification**	**Subsequent measurement**	**Recognition**
Cash, restricted cash	Fair value through profit or loss	Fair value	Interest income and the effects of foreign currency translation are recognized in the Statement of Operations.
Trade and other receivables	Loans and receivables	Amortized cost, using the effective interest rate method	Interest income and impairment write downs are recognized in the Statement of Operations.
Derivatives, where hedge accounting is applied	Derivative instruments in a qualified hedge relationship	Fair value, re-measured at each reporting period	The effective portion of the derivative relationship is recognized in Other Comprehensive Income. The ineffective portion is recognized in the Statement of Operations.
Payables	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the Statement of Operations.
Short-term and Long-term indebtedness	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the Statement of Operations.

n) Leases

Leases are classified as finance or operating depending on the terms and conditions of the contracts. Currently, all leases held by the Corporation are classified as operating leases. Accordingly, all leases are expensed on a straight-line basis.

o) *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the end of the accounting period. Changes in the Canadian dollar equivalent of these monetary assets and liabilities due to changes in the exchange rate are recognized in the Statement of Operations.

p) Income Taxes

TI Corp is exempt from corporate income taxes.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, exhibit some variances to actual results.

The following categories set forth management's most critical estimates, assumptions and judgments.

Valuation of Assets under Construction

The Corporation utilizes the percentage of completion method to determine the cost of assets under construction. The determination of the percentage is estimated by the contractor and approved by the Owner's Representative. A variation of 1% of the total contract price would result in an estimation error of $24 million. As the design build contract is a fixed price contract, any percentage of completion estimation errors will be corrected on final project completion.

Valuation of Assets Available for Use

The Corporation utilizes the percentage of completion method to determine the value of assets available for use. Assets are considered available for use when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. The determination of assets available for use has a financial impact to the Corporation as the capitalization of borrowing costs ceases and depreciation commences when the asset is determined to be available for use.

Depreciation

The Corporation is required to make significant estimates involved in the calculation of depreciation. The estimates include the useful life of the assets, the expected traffic over the life of the Concession Agreement, the componentization of the assets and the percentage of completion described above. The determination of these estimates can have a significant impact to the Corporation's Statement of Operations.

Revenues

The Corporation has recorded provisions in regards to the collectability of certain revenue generated from tolling operations. Given that the Corporation only commenced tolling in December 2012 and invoices were first issued in January 2013, it is too early to adequately assess the collectability of certain revenues due to the limited aging profile and collectability trends available. On this basis, a provision has been recognized based on industry benchmarks and trends with other comparable tolling operations. As well, judgment and estimation was required in determining the financial impact of the discounts and promotions offered to customers. These provisions and estimations have a significant impact on the Statement of Operations. As collectability is determined and the use of discounts and promotions is realized, any estimation differences will be recorded on the Statement of Operations.

Provisions

As part of the Concession Agreement, the Corporation is required to decommission the old Port Mann Bridge and accordingly, the Corporation included the decommissioning costs in the design build contract. The measurement of the provision is estimated by the contractor and approved by the Corporation's Representative. The value of the provision is reviewed at the end of each reporting period and any adjustments are recognized in the Statement of Operations.

Valuation of Hedging Instruments

The revaluations of hedging instruments impacts the fair value measurement of the derivative liability account at the end of each reporting period. It also impacts the amount of any ineffectiveness recorded in the Statement of Operations and the amount of any fair value gains or losses, which are deferred in accumulating other comprehensive loss until the hedged risk impacts the Statement of Operations for effective hedging relationships. TI Corp uses third party independent subject matter experts to assist the Corporation in the determination of the fair value of derivatives.

Impairment

The Corporation assesses all assets for impairment considerations at the end of each reporting period. When assessing for impairment considerations, the Corporation utilizes judgment and any valuation estimations provided by contractors. As all impairment charges are recognized immediately in the Statement of Operations, impairment charges may have a significant impact on the results of the Corporation.

4. RECENT ACCOUNTING PRONOUNCEMENTS

i. *IFRS 9 – Financial Instruments*: This is a revised version of IFRS 9 (2009) incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements for IAS 39 Financial Instruments: Recognition and Measurement. This is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. TI Corp does not expect a significant financial impact as a result of this change.

ii. *IFRS 13 – Fair Value Measurement*: This standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. This is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. TI Corp does not expect a significant financial impact as a result of this change.

iii. *IAS 19 – Employee Benefits*: The amendments will improve the recognition and disclosure requirements for defined benefit plans. It is intended to be simpler and easier for users of financial statements to understand how defined benefit plans affect an entity's financial position, financial performance and cash flows. This is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. TI Corp does not expect a significant financial impact as a result of this change.

iv. *IAS 16 – Property, Plant and Equipment*: The classification of servicing equipment clarified that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment and as inventory otherwise. This is effective for annual periods beginning on or after January 1, 2013 with no early adoption permitted. TI Corp does not expect a significant financial impact as a result of this change.

The Corporation did not early adopt any of the above accounting pronouncements where early adoption was permitted.

5. TRADE AND OTHER RECEIVABLES

Receivables ($000's)	**March 31, 2013**	**March 31, 2012**
Tolling related receivables	$ 11,466	$ -
Allowance for doubtful accounts	(1,169)	-
Net tolling accounts receivable	10,297	-
Related party trade accounts receivable (Note 19)	1,320	216
Other receivables	1,356	2,522
	$ 12,973	$ 2,738

6. PREPAIDS AND DEPOSITS

Prepaids and Deposits ($000's)	**March 31, 2013**	**March 31, 2012**
Prepaids	$ 114	$ 48
Security Deposits	1,667	1,667
	$ 1,781	$ 1,715

7. PROPERTY, PLANT AND EQUIPMENT

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2013 are as follows (in $000's):

Description	Cost				Accumulated Depreciation				Net Book Value	
	Beginning Balance	Additions	Reclassifications	Ending Balance	Beginning Balance	Additions	Disposals	Ending Balance	2012	2013
Highway Infrastructure	$ -	$ 289	$ 1,112,168	$ 1,112,457	$ -	$ 4,763	$ -	$ 4,763	$ -	$ 1,107,694
Port Mann Bridge	$ -	$ -	$ 887,302	$ 887,302	$ -	$ 1,346	$ -	$ 1,346	$ -	$ 885,956
Tolling and Traffic Systems	$ -	$ -	$ 40,066	$ 40,066	$ -	$ 1,142	$ -	$ 1,142	$ -	$ 38,924
Office and Leasehold Assets	$ 638	$ 1,740	$ -	$ 2,378	$ 472	$ 256	$ -	$ 728	$ 166	$ 1,650
Total Assets in Use	$ 638	$ 2,029	$ 2,039,536	$ 2,042,203	$ 472	$ 7,507	$ -	$ 7,979	$ 166	$ 2,034,224
Assets Under Construction	$ 2,330,047	$ 543,040	$ (2,039,536)	$ 833,551	$ -	$ -	$ -	$ -	$ 2,330,047	$ 833,551
Total Property, Plant and Equipment	$ 2,330,685	$ 545,069	$ -	$ 2,875,754	$ 472	$ 7,507	$ -	$ 7,979	$ 2,330,213	$ 2,867,775

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2012 are as follows (in $000's):

Description	Cost				Accumulated Depreciation				Net Book Value	
	Beginning Balance	Additions	Reclassifications	Ending Balance	Beginning Balance	Additions	Disposals	Ending Balance	2011	2012
Office and Leasehold Assets	$ 536	$ 102	$ -	$ 638	$ 275	$ 197	$ -	$ 472	$ 261	$ 166
Total Assets in Use	$ 536	$ 102	$ -	$ 638	$ 275	$ 197	$ -	$ 472	$ 261	$ 166
Assets Under Construction	$ 1,602,998	$ 727,049	$ -	$ 2,330,047	$ -	$ -	$ -	$ -	$ 1,602,998	$ 2,330,047
Total Property, Plant and Equipment	$ 1,603,534	$ 727,151	$ -	$ 2,330,685	$ 275	$ 197	$ -	$ 472	$ 1,603,259	$ 2,330,213

During Fiscal 2013, capitalized borrowing costs of $69.8 million (2012 - $77.3 million) were included as additions to Assets under Construction. The weighted average interest capitalization rate relating to the borrowing cost, including hedge amortization, in Fiscal 2013 was 2.71% (2012 – 4.15%).

8. INTANGIBLE ASSETS

TI Corp has entered into a licensing agreement with the BCTFA to use and occupy certain lands in order to permit the Corporation to comply with its obligations under the Concession Agreement for the Project. The term of the license commenced on December 1, 2012 and ends on March 14, 2090. Credits are received from BCTFA for the unused portion of land not required for use. Amortization of these intangible assets commenced on December 1, 2012.

Land rights (at cost) ($000's)	**March 31, 2013**	**March 31, 2012**
Beginning Balance	$ 126,388	$ 119,290
Additions	3,820	7,098
Credits received for surplus lands	(6,932)	-
Amortization	(396)	-
	$ 122,880	$ 126,388

9. INVESTMENT PROPERTY

TI Corp has purchased a small property on a temporary basis to facilitate construction activities. No portion of the investment property is for the use of TI Corp.

Estimated market value at March 31, 2010 is $778,000 based on an appraisal performed by a professional designated appraiser. Given the current market conditions, the current net book value is in line with the market value.

Assessed value for 2013 property tax purposes as determined by the British Columbia Assessment Authority was estimated to be $851,500.

The building was available for use and depreciation commenced on April 1, 2011.

Investment Property (at cost) ($000's)	**March 31, 2013**	**March 31, 2012**
Beginning Balance	$ 707	$ 709
Additions	-	-
Amortization	(2)	(2)
	$ 705	$ 707

Included in above is land valued at $619 (in $000’s) and is not depreciated.

Effective April 1, 2011, the remaining investment property was leased on a yearly basis and will be sold upon completion of the project in March 2015. TI Corp recorded the following results from rental operations as an expense under operations:

Rental Operations ($000's)	**March 31, 2013**	**March 31, 2012**
Rental Revenue	$ 7	$ 6
Rental expenses		
Repairs and maintenance	2	43
Utilities	1	1
Depreciation	2	2
Total rental expenses	5	46
	$ 2	$ (40)

10. RESTRICTED CASH

Restricted cash of $10.5 million is held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce (CIBC) in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp's compliance with their authorization for work or undertakings affecting fish habitat.
TI Corp receives interest on this amount at a variable interest rate.

The standby letter of credit expires on June 29, 2013 and will be renewed annually until the letter of credit is rescinded. If required, the standby letter of credit will also be automatically reduced by the amount of each drawing paid by CIBC to the beneficiary.

11. PAYABLES AND ACCRUED LIABILITIES

Payables ($000's)	**March 31, 2013**	**March 31, 2012**
Kiewit/Flatiron general partnership (DB contractor)	$ 363,361	$ 470,946
Related party payables (Note 19)	36,334	29,463
Other trade payables	10,978	9,769
	$ 410,673	$ 510,178

All account payables are in the normal course of operations and are measured at the exchange amount. Related party values are negotiated between the respective entities and approximate market values.

12. CURRENT INDEBTEDNESS

TI Corp funds its construction and operations with a blend of long-term and short-term debt. Short-term commercial paper debt assumed by TI Corp typically matures within 30 to 365 days. TI Corp has been authorized by the Minister of Finance to acquire up to a limit of $1.3 billion (2012 – $1.0 billion) in short-term debt from the Province of British Columbia. The fair values of the commercial paper debt instruments approximate their stated values. At March 31, 2013, the Corporation had $764.8 million outstanding (2012 – $333.8 million) with annual interest rates ranging from 0.90% to

1.17% (2012 – 0.73% to 1.06%) and maturity dates ranging from Apr 5, 2013 to Jan 10, 2014 (2012 – Apr 9, 2012 to Feb 15, 2013).

13. LONG TERM INDEBTEDNESS

Long-term debt consists of a series of bonds due to the Province of British Columbia. With the approval of the Minister of Finance, sinking fund contribution payments have been temporarily suspended but will commence once sufficient cash flows from tolling have been generated to permit these contributions without the requirement to borrow additional funds. There are no debt maturities over the next 5 years. One new long-term debt instrument was issued during the current fiscal year. It is the intention of TI Corp management to hold all long term debt instruments until maturity.

The interest to be paid on currently held long-term debt over the next 5 years totals $92.8 million per year. During the construction phase of operations, the majority of the interest costs are capitalized as a part of the capital asset costs. Fair values have been provided by the Ministry of Finance as TI Corp's fiscal agent. The fair values have been determined using active market comparisons using relative yield curves provided by third party vendors. The fair value of the long term debt is greater than the amortized cost due to declining interest rates. At March 31, 2013, the Corporation had the following bond series outstanding (in $000's):

					March 31, 2013		March 31, 2012	
Debt Series	Maturity Date	Face Value	Coupon Rate	Effective Rate	Fair Value	Amortized Cost	Fair Value	Amortized Cost
BCCP148	9-Jun-39	$ 78,188	4.99%	5.06%	$ 100,167	$ 77,414	$ 99,613	$ 77,400
BCCD-22	18-Jun-40	$ 100,000	4.95%	4.76%	$ 127,970	$ 102,938	$ 127,038	$ 102,989
BCCD-19	18-Jun-31	$ 150,000	5.00%	5.06%	$ 186,162	$ 148,937	$ 184,568	$ 148,903
BCCD-22	18-Jun-40	$ 96,000	4.95%	5.34%	$ 122,852	$ 90,669	$ 122,056	$ 90,585
BCCD-W	19-Nov-27	$ 235,600	6.15%	4.70%	$ 322,014	$ 271,422	$ 324,578	$ 273,346
BCCD-X	18-Jun-29	$ 222,000	5.70%	4.70%	$ 296,649	$ 247,056	$ 294,282	$ 248,188
BCCD-X	18-Jun-29	$ 591,833	5.70%	4.17%	$ 790,840	$ 697,791	$ 783,673	$ 702,260
BCCD-28	18-Dec-22	$ 400,000	2.70%	2.92%	$ 402,445	$ 392,708	$ -	$ -
		$ 1,873,621			$ 2,349,099	$ 2,028,935	$ 1,935,808	$ 1,643,671

14. PROVISION

TI Corp has the contractual obligation to decommission the old Port Mann Bridge upon completion of the new structure. The estimated future cost of this task is $38.9 million. The design build contractor will determine the timing of this process, but it is anticipated to be removed by 2015. Due to the abbreviated time frame and the undetermined completion date of the decommissioning, net present value calculations were not utilized to determine the current year's valuation of this obligation.

Provision ($000's)	March 31, 2013	March 31, 2012
Beginning Balance	$ 38,909	$ 38,909
Additions	-	-
Payments	(3,425)	-
	$ 35,484	$ 38,909

15. HEDGING AND DERIVATIVE FINANCIAL INSTRUMENTS

TI Corp entered into a number of hedging transactions during Fiscal 2009, through advanced rate setting (ARS), also known as bond forwards and forward starting swap instruments, to hedge cash flow exposure on interest payments in advance of future debt obligations. The Corporation has elected to apply hedge accounting rules in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The sole purpose in entering into derivative contracts is to mitigate interest rate risk by offsetting expected future interest rate increases. Hedge accounting rules permit the matching of hedging instrument gains or losses to the increase or decrease in future bond values. The Corporation does not enter into derivative financial instruments for trading or speculative purposes. At March 31, 2013, the Corporation had one outstanding hedging instrument (2012 – two hedging instruments) with the derivative and hedged amount totaling $500 million (2012 – $800 million) and a maturity date of June 18, 2013.

16. OTHER COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS

A decline in long-term interest rates has resulted in losses for both realized and unrealized hedge valuations.

The comprehensive loss detailed in the Statement of Operations and Other Comprehensive Income or Loss, consists of two components – net loss from operations and other comprehensive loss. Other comprehensive loss represents both the unrealized fair value changes of effective portions of cash flow hedging instruments which have not matured, as well as the realized hedging losses for matured hedges. Realized loss amounts are amortized over the term of the debt assumed at maturity. Unrealized estimated losses on hedges that have not matured are not amortized until such time as the criteria for recognition in the Statement of Operations has been met. Hedged long-term debt to be issued in the future will mature in 2019.

All hedging instruments have been designated as cash flow hedges. The ineffective portion of the hedging instruments is recorded in the Statement of Operations as “Hedge ineffectiveness loss”. The ineffective portion of the hedging instruments for Fiscal 2013 is $78,000 (2012 – $44,000). Both unrealized and realized losses on the effective portions of the hedging instruments are recorded in the Other Comprehensive Loss portion of the Statement of Operations and Other Comprehensive Income or Loss as follows (in $000’s):

	March 31, 2013	March 31, 2012
Unrealized effective hedging loss		
Swap 1	$ (17,071)	$ (47,775)
Swap 2	-	(43,927)
	(17,071)	(91,702)
Realized effective hedging loss		
Swap 2	(11,852)	
Swap: 3,4 and ARS: 1 EXT,4,6,7	-	(43,571)
	(11,852)	(43,571)
	$ (28,923)	$ (135,273)

Cash flow hedge reserves initially represent the cost of the settlement of derivative financial instruments less the amount of the hedge ineffectiveness loss recognized in operating expenses. These amounts, collectively called "cash flow hedge reserves", will be fully recognized as expenditures over the term of the specific debt acquired. During the construction phase of the project, the amortization of the cash flow hedge reserves will be added to the cost of the assets under construction. As assets are completed, these costs will be listed as operating expenses in the Statement of Operations and Other Comprehensive Income or Loss. Amortization of the cash flow hedge reserves is as follows:

Cash flow hedge reserves ($000's)	**March 31, 2013**	**March 31, 2012**
Beginning Balance	$ 117,294	$ 20,538
Additions	68,392	103,564
Amortization	(8,548)	(6,808)
	177,138	117,294
Derivative Liability	72,495	111,964
Accumulated Other Comprehensive Loss	$ 249,633	$ 229,258

17. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	March 31, 2013	**March 31, 2012**
Share Capital	$ 100	$ 100
Contributed Surplus	149,999,900	149,999,900
	$ 150,000,000	$ 150,000,000

Authorized share capital as stated in the *Transportation Investment Act*, is one share with a par value of $100, issued to the Minister of Transportation and Infrastructure.

18. RELATED PARTY TRANSACTIONS

TI Corp is related through common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and all public sector organizations that are included in provincial Government Reporting Entity ("GRE"). A portion of the Corporation's suppliers are from within the GRE. Transactions with related parties are in the normal course of operations and are measured at the exchange amount, as determined through negotiations between these parties. The following is a list of the related parties and the nature of transactions with TI Corp:

Name of Related Party	**Relationship**	**Nature of Transactions**
Ministry of Finance	Parent	Debt financing and hedging instruments
Ministry of Transportation and Infrastructure	Parent	Technical services
BC Transportation Financing Authority	Associate	Occupy and use land and buildings
Partnerships BC	Associate	Administrative services
Ministry of Justice, Legal Services Branch	Associate	Legal services

BC Hydro	Associate	Utilities
ICBC	Associate	Services, vehicle look-up and insurance claim settlements
Public Service Agency	Associate	Employee benefits

The following shows the total amounts transacted with each related party as well as the outstanding balances at year end:

Related Party Transactions	Amount transacted during		Oustanding Balance at	
(in $000's)	Fiscal 2013	Fiscal 2012	March 31, 2013	March 31, 2012
Minister of Finance	$ 912,947	$ 842,162	$ 29,652	$ 24,599
BC Ministry of Transportation and Infrastructure	18,558	20,236	4,095	3,524
Insurance Corporation of BC	363	477	164	-
Partnerships BC	691	21	69	-
BC Transportation Financing Authority	6,184	6,981	2,327	1,340
BC Public Service Agency	111	110	5	-
Ministry of Justice	755	-	22	-
BC Hydro	146	52	-	-
Total Payable Transactions	$ 939,755	$ 870,039	$ 36,334	$ 29,463
BC Ministry of Transportation and Infrastructure	16,960	5,910	820	216
BC Transportation Financing Authority[(1)]	46,932	-	500	-
Total Receivable Transactions	$ 63,892	$ 5,910	$ 1,320	$ 216

(1) The transaction with BC Transportation Financing Authority ("BCTFA") includes the payment received for the completion of the Transportation Management Centre of $39.5 million and a $0.5 million outstanding receivable balance at March 31, 2013.

Key Management Personnel ($000's)	March 31, 2013	March 31, 2012
Executive and Board compensation	$ 385	$ 522
Executive short term benefits	9	10
Executive post-employment benefits	-	17
Executive termination benefits	172	15
	$ 566	$ 564

19. WAGES AND BENEFITS

The total wages and benefits included in the Statement of Operations for Fiscal 2013 is $2.4 million (2012 – $1.5 million).

20. CONCESSION AGREEMENT

TI Corp, Ministry of Transportation and Infrastructure (Ministry) and the BCTFA entered into a consolidated Concession Agreement (CA), dated March 10, 2010. The CA governs the duties, rights and responsibilities of each party with respect to the design, construction and tolling of the Port Mann Bridge and the surrounding highway infrastructure. The expiry date of the CA is March 14, 2090 and the tolling term expires on March 14, 2050.

TI Corp's duties as defined under the CA include:

- Manage and finance the construction of the Project.
- Undertake the ongoing operations, maintenance and rehabilitation of the Concession Highway.
- Develop and operate a tolling system during the tolling term.
- Collect and retain toll revenue.
- Maintain ownership of acquired capital assets.

Province's obligations as described in the CA include:

- Grant licenses and rights to TI Corp to permit the operation of a concession.
- Take possession of the capital assets at end of term.
- Permit the use of existing land and infrastructure.

BCTFA duties as defined under the CA include:

- Grant licenses for use and occupation of lands by TI Corp.

21. COMMITMENTS

Commitments (in millions)	**Operational Commitments**	**Capital Commitments**
Fiscal 2014	$ 21	$ 229
Fiscal 2015	7	38
Fiscal 2016	7	-
Fiscal 2017	7	-
Fiscal 2018	6	-
Beyond	6	-
	$ 54	$ 267

Although TI Corp has no additional significant contracts in effect at March 31, 2013, the Corporation has a requirement to engage contractors in the future for the purposes of infrastructure maintenance and tolling operations.

22. CAPITAL MANAGEMENT

TI Corp defines capital as cash, cash equivalents, derivative contracts, contributed surplus, share capital and short-term and long-term debt.

Pursuant to Section 24.23(2)(c) of the *Transportation Investment Act*, with the approval of the Minister of Finance, TI Corp may borrow the sums of money considered necessary to carry out its mandate.

TI Corp's objective in managing its capital is to monitor its cash, debt and the use of derivative financial instruments in order to minimize its cost of capital and its exposure to credit, market, currency, interest rate and liquidity risks, and to ensure that sufficient resources are available to fund the Project and ongoing operations. To achieve this objective, management reviews its capital management approach on a continuous and ongoing basis. Cash in excess of day-to-day operational requirements is invested in interest bearing bank deposits.

During the construction phase of operations, TI Corp utilizes short term debt to fund construction and ongoing operations. Pursuant to TI Corp's long-term debt strategy and hedging plan, its construction and operations are funded with a blend of long-term and short-term debt.

23. FINANCIAL INSTRUMENT RISKS

TI Corp is exposed to certain risks through its financial instruments.

Credit Risk

Credit risk is the risk to TI Corp that counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. TI Corp has entered into a derivative product transactions agreement with the Minister of Finance under which the Minister, as fiscal agent for the Corporation, may enter into derivative product transactions with third parties. Provincial Government policy is that derivative transactions are entered into only with counterparties, comprising Canadian Schedule A banks with a rating from Standard and Poor's and Moody's Investors Service Inc. of at least AA-/Aa3 or A+/A1. The Province also establishes limits on individual counterparty credit exposures and monitors these on a regular basis. At March 31, 2013 and 2012, TI Corp does not have significant counterparty credit risk on its derivatives as the fair value of the derivatives is in a liability position.

As well, in accordance with the Corporation's accounting policies, revenue is recognized when it is probable that economic benefits will flow to the organization. The main criteria include the ability to measure and apply the correct fees and to be able to successfully retrieve the customer's correct billing information. Credit risk arises with respect to the ability to bill customers and the rate of collection from these customers.

Cash, cash equivalents and trade and other receivables do not present a significant credit risk because:

- An incentive mechanism under the Tolling Operator Agreement is designed to reduce the overall credit exposure;
- The enforced payment mechanism through the insurance renewal process and/or the license renewal process; and
- Cash is held at a major banking institution with strong credit worthiness.

Liquidity Risk

Liquidity risk is the risk that TI Corp will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. TI Corp has been given approval to spend up to $3.319 billion on the Project, with funding provided through the Minister of Finance as TI Corp's fiscal agent. The Corporation has implemented a debt management plan and monitors its spending and debt through budgets, forecasts and effective management of its contracts.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At March 31, 2013 and 2012, TI Corp has no foreign currency debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market interest rates. TI Corp is exposed to cash flow interest rate risk as a result of its requirement to assume short-term and long-term debt over the period of its infrastructure development. As short-term debt must be renewed on a frequent basis, interest rate increases will lead to higher interest costs. For the 2013 fiscal year, a change of 1% to the short-term interest rate would result in an estimated short-term interest cost change of $8.9 million. TI Corp has instituted a hedging strategy to mitigate the risk of higher long-term interest rates as discussed in note 16. At March 31, 2013, all of the Corporation's long-term debt is fixed rate debt; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such long-term debt.

Other Price Risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from currency or interest rate risks. Due to the nature of TI Corp's financial instruments, the Corporation is not exposed to other price risk.

Fair Value Disclosure

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. As fair values are dependent on a range of inputs used in making the measurements, a fair value hierarchy has been developed to disclose the basis of measurements used.

TI Corp has used the following fair value hierarchy to classify financial instruments recorded at fair value on the Corporation's Statement of Financial Position:

Level 1 – quoted prices (unadjusted in active markets for identical assets and liabilities);
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices), or indirectly (derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following outlines the fair value of certain financial instruments and their associated measurement level:

Financial Instrument ($000's)		**March 31, 2013**	**Measurement Level**
Cash	$	61,153	1
Trade and other receivables	$	12,973	1
Prepaids and deposits	$	1,781	1
Payables and accrued liabilites	$	410,673	1
Current indebtedness	$	764,801	1
Long term indebtedness	$	2,349,099	2
Derivative liability	$	72,495	2

The valuation of cash, accounts receivable, prepaids and deposits, accounts payable, and short term debt approximated their fair values at year end because of the short-term maturities of these instruments. Long term debt is valued on the Statement of Financial Position at its amortized cost using the effective interest rate method which is designed to approximate their fair value at year end due to the known future balances specified in each agreement.

The carrying value for derivatives hedging instruments which are over the counter instruments is established by use of discounted cash flow valuation models. The valuation models use market observable data for future interest rates in the estimation of fair value. The discount rate is based upon a risk free rate with a credit valuation adjustment for entity level or counterparty credit risk depending on whether the derivative is in an asset or liability position respectively. As TI Corp does not have an entity level credit rating the credit valuation adjustment takes account of credit rates for similar entities using market observable data where possible.

24. EMPLOYEE BENEFIT PLAN

In Fiscal 2010, both TI Corp and its employees commenced contributions to the Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan that shares risk between various entities.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities which participate in the plan. Accordingly, the participation in the plan is accounted for using defined contribution accounting requirements. The Corporation accrues expenses for contributions which are contractually due as at the reporting period date to the plan for past service based on the contribution funding schedule of the Plan.

At March 31, 2013, the Corporation has approximately 23 employees contributing to the Plan which has approximately 95,269 active and retired plan members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation, as at March 31, 2011, indicated the basic account had assets of $17.8 billion and liabilities of $18.0 billion. The next valuation is due at March 31, 2014. The actuary does not attribute portions of any unfunded liability to individual employers. Effective April 1, 2012, contribution rates to the basic account were increased for both employee and employers. Total account contribution rates in effect for the year ended March 31, 2013, as a percent of salary, are as follows:

	Employee	**Employer**
Below year's maximum pensionable earnings for CPP	7.93%	9.43%
Above year's maximum pensionable earnings for CPP	9.43%	10.93%

In Fiscal 2013, the employees of the TI Corp contributed $127,319 (2012 – $124,766) and the Corporation paid $150,671 (2012 – $139,761) in employer contributions to the Plan.

25. CONTINGENCIES

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley ("Township"), which specifies that for a 15 year term, the Township is responsible to collect Specified Charges from any developer who develops Benefiting Parcels that connects the storm drainage system to the retention pond, which was built as part of the Project. Further, the Township is required to remit the Specified Charges collected to the Corporation at the beginning of the next calendar year and each calendar year thereafter, the Specified Charged collected from the previous year in respect of the development of Benefiting Parcels. Because the conditions outlined above are required to be met to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. At March 31, 2013, the Corporation has received $Nil.

In the ordinary course of business, TI Corp can become a defendant or party to pending or threatened legal actions and proceedings. It is not possible to determine the ultimate outcome of such matters; however, based on all currently available information, management believes that liabilities, if any, arising from any pending litigation will not have a material adverse effect on the financial position or results of operations of the Corporation.

26. SUBSEQUENT EVENTS

There are no subsequent events to disclose as at the date of these approved financial statements.

CONTACT INFORMATION

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