

NEWFOUNDLAND AND LABRADOR HYDRO
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2016
(Unaudited)

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)

<i>As at (millions of Canadian dollars)</i>	Notes	June 30 2016	December 31 2015
ASSETS			
Current assets			
Cash and cash equivalents		55.7	40.1
Short-term investments		13.2	-
Trade and other receivables		62.9	108.6
Inventories		76.8	77.9
Prepayments		7.2	5.8
Derivative asset	17	-	1.9
Deferred assets	3	30.6	61.2
Total current assets		246.4	295.5
Non-current assets			
Property, plant and equipment	4	2,135.2	2,108.6
Intangible assets	5	8.0	7.1
Other long-term assets	7	287.1	273.8
Investment in joint arrangement		1.2	1.2
Total assets		2,677.9	2,686.2
Regulatory deferrals	6	137.7	144.3
Total assets and regulatory deferrals		2,815.6	2,830.5
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	8	34.0	97.0
Trade and other payables		144.1	133.3
Current portion of long-term debt	8	233.3	233.4
Deferred credits		0.6	0.4
Current portion of deferred contributions	9	1.1	1.1
Derivative liability	17	21.9	61.2
Total current liabilities		435.0	526.4
Non-current liabilities			
Long-term debt	8	1,006.2	1,007.0
Deferred contributions	9	12.4	11.6
Decommissioning liabilities	10	28.8	28.8
Employee benefits liability		123.5	120.5
Total liabilities		1,605.9	1,694.3
Shareholder's equity			
Share capital	13	22.5	22.5
Shareholder contributions	13	118.9	118.7
Reserves		15.9	10.6
Retained earnings		677.0	654.4
Total equity		834.3	806.2
Total liabilities and equity		2,440.2	2,500.5
Regulatory deferrals	6	375.4	330.0
Total liabilities, equity and regulatory deferrals		2,815.6	2,830.5

Commitments and contingencies (Note 19)

Subsequent events (Note 23)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED STATEMENT OF PROFIT AND COMPREHENSIVE INCOME
(Unaudited)

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Notes	Three months ended		Six months ended	
		2016	2015	2016	2015
Energy sales		142.2	166.7	385.0	444.5
Other revenue		6.7	2.1	14.0	4.3
Revenue		148.9	168.8	399.0	448.8
Fuels		27.6	36.3	100.2	117.6
Power purchased		24.9	24.3	52.3	52.1
Operating costs	14	46.7	55.4	95.5	109.1
Depreciation and amortization	4,5	20.9	19.0	41.8	38.1
Net finance (income) expense	15	18.0	18.1	36.5	36.1
Other (income) expense	16	(13.3)	(2.6)	(8.5)	(3.6)
Share of loss of joint arrangement		-	0.1	-	0.1
Profit before regulatory adjustments		24.1	18.2	81.2	99.3
Regulatory adjustments	6	12.0	27.6	52.3	75.3
Profit (loss) for the period		12.1	(9.4)	28.9	24.0
Other comprehensive income (loss) for the period					
Regulatory adjustment		0.1	-	0.3	-
Net fair value gain (loss) on available-for-sale		7.4	(5.8)	10.1	8.1
Amounts reclassified to profit or loss		(2.5)	(2.3)	(5.1)	(4.8)
<i>Total items that may or have been reclassified to profit or loss</i>		5.0	(8.1)	5.3	3.3
Other comprehensive income (loss) for the period		5.0	(8.1)	5.3	3.3
Total comprehensive income (loss) for the period		17.1	(17.5)	34.2	27.3

See accompanying notes

**NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)**

<i>(millions of Canadian dollars)</i>	Note	Share Capital	Shareholder Contributions	Fair Value Reserve	Employee Benefit Reserve	Retained Earnings	Total
Balance at January 1, 2016		22.5	118.7	41.4	(30.8)	654.4	806.2
Profit for the period		-	-	-	-	28.9	28.9
Other comprehensive income							
Net change in fair value of available-for-sale financial instruments	12	-	-	10.1	-	-	10.1
Net change in fair value of financial instruments reclassified to profit or loss	12	-	-	(5.1)	-	-	(5.1)
Regulatory adjustment	6,12	-	-	-	0.3	-	0.3
Total comprehensive income for the period		-	-	5.0	0.3	28.9	34.2
Shareholder contributions	13	-	0.2	-	-	-	0.2
Dividends	13	-	-	-	-	(6.3)	(6.3)
Balance at June 30, 2016		22.5	118.9	46.4	(30.5)	677.0	834.3
Balance at January 1, 2015		22.5	118.6	41.3	(46.1)	655.9	792.2
Profit for the period		-	-	-	-	24.0	24.0
Other comprehensive income							
Net change in fair value of available-for-sale financial instruments	12	-	-	8.1	-	-	8.1
Net change in fair value of financial instruments reclassified to profit or loss	12	-	-	(4.8)	-	-	(4.8)
Total comprehensive income for the period		-	-	3.3	-	24.0	27.3
Dividends	13	-	-	-	-	(22.4)	(22.4)
Balance at June 30, 2015		22.5	118.6	44.6	(46.1)	657.5	797.1

See accompanying notes

NEWFOUNDLAND AND LABRADOR HYDRO
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Notes	Three months ended		Six months ended	
		2016	2015	2016	2015
Cash provided from (used in)					
Operating activities					
Profit (loss) for the period		12.1	(9.4)	28.9	24.0
Adjusted for items not involving a cash flow:					
Depreciation and amortization	4, 5	20.9	19.0	41.8	38.1
Amortization of deferred contributions	9	(0.2)	(0.2)	(0.5)	(0.4)
Accretion	15	0.3	0.3	0.6	0.7
Employee benefits		1.9	2.1	3.0	3.5
Regulatory adjustments	6	11.9	27.6	52.0	75.3
Loss on disposal of property, plant and equipment	16	0.4	0.6	0.7	0.7
Net changes in PPA fair value	16(a)	(13.0)	-	(8.7)	-
Share of loss of joint arrangement		-	0.1	-	0.1
Other		(3.9)	(3.5)	(5.1)	(9.2)
		30.4	36.6	112.7	132.8
Changes in non-cash working capital balances	20	71.2	50.2	44.2	22.9
Net cash provided from operating activities		101.6	86.8	156.9	155.7
Investing activities					
Additions to property, plant and equipment	4	(46.2)	(49.3)	(68.6)	(69.8)
Additions to intangible assets	5	(1.2)	0.1	(1.6)	-
Increase in short-term investments		(13.2)	-	(13.2)	(14.8)
Increase in sinking funds		-	(0.1)	(2.4)	(2.5)
Proceeds on disposal of property, plant and equipment		0.2	0.1	0.2	0.1
Changes in non-cash working capital balances	20	15.4	(1.8)	12.0	(12.0)
Net cash used in investing activities		(45.0)	(51.0)	(73.6)	(99.0)
Financing activities					
Retirement of long-term debt		-	-	(0.1)	-
Dividends paid to Nalcor Energy	13	(2.5)	(8.1)	(6.3)	(22.4)
Decrease in short-term borrowings	8	(49.0)	(14.0)	(63.0)	(25.0)
Decrease (increase) in long-term receivables		-	1.8	-	(1.7)
Decrease in long-term payable		-	(0.2)	-	(0.5)
Increase in shareholder contributions		0.2	-	0.2	-
Increase in deferred contributions	9	0.8	0.3	1.3	0.4
(Decrease) increase in deferred credits		-	(0.1)	0.2	0.1
Net cash used in financing activities		(50.5)	(20.3)	(67.7)	(49.1)
Net increase in cash and cash equivalents		6.1	15.5	15.6	7.6
Cash and cash equivalents, beginning of period		49.6	17.5	40.1	25.4
Cash and cash equivalents, end of period		55.7	33.0	55.7	33.0
Interest received		0.6	0.6	1.2	1.2
Interest paid		8.6	8.6	42.7	42.7

See accompanying notes

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

1. DESCRIPTION OF BUSINESS

Newfoundland and Labrador Hydro (Hydro or the Company) is incorporated under a special act of the Legislature of the Province of Newfoundland and Labrador (the Province). The principal activity of Hydro is the generation, transmission and sale of electricity. Hydro's operations include both regulated and non-regulated activities. Hydro is a 100% owned subsidiary of Nalcor Energy (Nalcor). Hydro's head office is located at 500 Columbus Drive St. John's, Newfoundland and Labrador A1B 0C9, Canada.

Hydro holds interests in the following entities:

A 65.8% interest in Churchill Falls (Labrador) Corporation Limited (Churchill Falls). Churchill Falls is incorporated under the laws of Canada and owns and operates a hydroelectric generating plant and related transmission facilities situated in Labrador which has a rated capacity of 5,428 megawatts (MW).

A 51% interest in Lower Churchill Development Corporation (LCDC), an inactive subsidiary. LCDC is incorporated under the laws of Newfoundland and Labrador and was established with the objective of developing all or part of the hydroelectric potential of the Lower Churchill River.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance and Basis of Measurement

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting and have been prepared using accounting policies consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2015.

These condensed consolidated interim financial statements do not include all of the disclosures normally found in Hydro's annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements. Interim results will fluctuate due to the seasonal nature of electricity demand and water flows, as well as timing and recognition of regulatory items. Due to higher electricity demand during the winter months, revenue from electricity sales is higher during the first and fourth quarters.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments at fair value through profit or loss and available-for-sale financial assets which have been measured at fair value. The condensed consolidated interim financial statements are presented in Canadian Dollars (CAD) and all values rounded to the nearest million, except when otherwise noted. The condensed consolidated interim financial statements were approved by Hydro's Board of Directors (the Board) on August 9, 2016.

2.2 Basis of Consolidation

The condensed consolidated interim financial statements include the financial statements of Hydro, its subsidiary company, LCDC, and its share of investments in a joint operation and a joint arrangement. Intercompany transactions and balances have been eliminated upon consolidation.

Effective June 18, 1999, Hydro, Churchill Falls, and Hydro-Québec entered into a Shareholders' Agreement (the Shareholders' Agreement) which provided, among other matters, that certain of the strategic operating, financing and investing policies of Churchill Falls be subject to approval jointly by representatives of Hydro and Hydro-Québec on the Board of Directors of Churchill Falls.

Although Hydro holds a 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to Churchill Falls, from that of majority and minority shareholders, respectively, to that of a joint operation. Accordingly, Hydro has recognized its share of assets, liabilities and profit or loss in relation to its interest in Churchill Falls subsequent to the effective date of the Shareholders' Agreement.

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Churchill Falls holds 33.33% of the equity share capital of Twin Falls Power Corporation Limited (Twin Falls). This investment is accounted for using the equity method.

3. DEFERRED ASSETS

The deferred asset represents Hydro's asset related to the power purchase agreement (PPA) with Nalcor Energy Marketing Corporation (Energy Marketing). The deferred asset is amortized on a straight line basis over the effective term, being one calendar year, of the related derivative liability. The aggregate difference yet to be recognized in profit or loss at the beginning and end of the period and a reconciliation of the changes of the balance during the period are as follows:

<i>As at (millions of Canadian dollars)</i>	June 30 2016	December 31 2015
Deferred asset, beginning of period	61.2	-
Additions	-	74.9
Amortization	(30.6)	(13.7)
Deferred asset, end of period	30.6	61.2

4. PROPERTY, PLANT AND EQUIPMENT

<i>(millions of Canadian dollars)</i>	Generation Plant	Transmission and Distribution	Other	Construction in Progress	Total
Cost					
Balance at January 1, 2015	1,525.9	710.4	204.4	140.4	2,581.1
Additions	(0.2)	-	-	161.3	161.1
Disposals	(3.0)	(3.1)	(3.4)	(0.2)	(9.7)
Transfers	178.1	58.0	21.2	(257.3)	-
Decommissioning liability revisions	0.5	(0.3)	-	-	0.2
Balance at December 31, 2015	1,701.3	765.0	222.2	44.2	2,732.7
Additions	-	0.1	0.1	68.4	68.6
Disposals	(0.2)	(0.7)	(0.9)	-	(1.8)
Transfers	0.3	-	-	(0.3)	-
Balance at June 30, 2016	1,701.4	764.4	221.4	112.3	2,799.5
Depreciation					
Balance at January 1, 2015	369.8	117.6	63.8	-	551.2
Depreciation	44.1	21.6	11.8	-	77.5
Disposals	(1.5)	(0.8)	(2.3)	-	(4.6)
Balance at December 31, 2015	412.4	138.4	73.3	-	624.1
Depreciation	23.3	11.4	6.4	-	41.1
Disposals	-	(0.2)	(0.7)	-	(0.9)
Balance at June 30, 2016	435.7	149.6	79.0	-	664.3
Carrying value					
Balance at January 1, 2015	1,156.1	592.8	140.6	140.4	2,029.9
Balance at December 31, 2015	1,288.9	626.6	148.9	44.2	2,108.6
Balance at June 30, 2016	1,265.7	614.8	142.4	112.3	2,135.2

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

5. INTANGIBLE ASSETS

<i>(millions of Canadian dollars)</i>	Computer Software	Feasibility Studies	Assets Under Development	Total
Cost				
Balance at January 1, 2015	9.0	1.8	-	10.8
Additions	1.5	-	0.1	1.6
Disposals	(1.1)	-	-	(1.1)
Transfers	0.1	-	(0.1)	-
Balance at December 31, 2015	9.5	1.8	-	11.3
Additions	-	-	1.6	1.6
Balance at June 30, 2016	9.5	1.8	1.6	12.9
Amortization				
Balance at January 1, 2015	1.8	1.0	-	2.8
Amortization	1.2	0.2	-	1.4
Balance at December 31, 2015	3.0	1.2	-	4.2
Amortization	0.6	0.1	-	0.7
Balance at June 30, 2016	3.6	1.3	-	4.9
Carrying value				
Balance at January 1, 2015	7.2	0.8	-	8.0
Balance at December 31, 2015	6.5	0.6	-	7.1
Balance at June 30, 2016	5.9	0.5	1.6	8.0

6. REGULATORY DEFERRALS

	January 1 2016	Regulatory activity	June 30 2016	Remaining Recovery Settlement Period (years)
Regulatory asset deferrals				
Foreign exchange losses	56.2	(1.1)	55.1	25.50
Foreign exchange on fuel	0.7	(0.8)	(0.1)	n/a
Deferred lease costs	5.1	1.6	6.7	n/a
2014 cost deferral	38.6	(4.6)	34.0	n/a
2015 cost deferral	27.8	(0.7)	27.1	n/a
Phase Two hearing costs	-	0.5	0.5	n/a
Fuel supply deferral	9.6	(1.7)	7.9	n/a
Deferred energy conservation costs	6.3	0.2	6.5	n/a
	144.3	(6.6)	137.7	
Regulatory liability deferrals				
Rate stabilization plan (RSP)	(324.6)	(45.7)	(370.3)	n/a
Insurance amortization and proceeds	(5.0)	0.3	(4.7)	n/a
Deferred power purchase savings	(0.4)	-	(0.4)	11.00
	(330.0)	(45.4)	(375.4)	

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

6.1 Regulatory Adjustments Recorded in the Consolidated Statement of Profit and Comprehensive Income

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
RSP amortization	(3.1)	12.8	(7.5)	33.3
Rural rate adjustment	(1.8)	2.6	(3.8)	6.1
RSP fuel deferral	12.3	6.6	44.3	26.2
RSP interest	6.6	5.6	12.7	10.3
Total RSP activity	14.0	27.6	45.7	75.9
2014 cost deferral	-	-	4.6	-
2015 cost deferral	-	-	0.7	-
Fuel supply deferral	-	-	1.7	-
Amortization of deferred foreign exchange losses	0.6	0.5	1.1	1.1
Deferred foreign exchange on fuel	(0.4)	0.4	0.8	0.2
Deferred energy conservation	(0.1)	-	(0.2)	(0.1)
Deferred purchased power savings	-	(0.1)	-	(0.1)
Employee benefits actuarial loss	0.1	-	0.3	-
Phase Two hearing costs	(0.5)	-	(0.5)	-
Insurance amortization and proceeds	(0.1)	(0.1)	(0.3)	(0.3)
Deferred lease costs	(1.6)	(0.7)	(1.6)	(1.4)
	12.0	27.6	52.3	75.3

The following section describes Hydro's regulatory deferrals which will be, or are expected to be, reflected in customer rates in future periods and have been established through the rate setting process. In the absence of rate regulation, these amounts would be reflected in operating results in the year and profit for the period ended June 30, 2016 would have increased by \$ 52.3 million (2015 - \$ 75.3 million).

6.2 Fuel Supply Deferral

Pursuant to Order No. P.U. 56 (2014), Hydro received approval in 2014 to defer \$9.6 million as a regulatory asset in additional capacity related supply costs incurred during the three months ended March 31, 2014. Recovery of this balance is subject to a future Board of Commissioners of Public Utilities (PUB) Order. In April 2016, Hydro received Order No. P.U. 13 (2016) which outlines the results of a Prudence Review of certain projects and expenditures of Hydro. As a result, Hydro recorded in regulatory adjustments an expense of \$1.7 million and a corresponding reduction to the Fuel Supply Deferral.

6.3 2014 Cost Deferral

As per Order No. P.U. 58 (2014), Hydro received approval in 2014 to defer \$45.9 million in relation to Hydro's proposed 2014 revenue requirement with recovery subject to a future PUB Order. In April 2016, Hydro received Order No. P.U. 13 (2016) which outlines the results of a Prudence Review of certain projects and expenditures of Hydro. As a result, Hydro recorded an expense of \$4.6 million and a corresponding reduction to the 2014 Cost Deferral.

6.4 2015 Cost Deferral

As per Order No. P.U. 36 (2015), Hydro received approval to defer \$30.2 million in relation to Hydro's proposed 2015 net profit deficiency with recovery subject to a future PUB Order. Accordingly, these costs have been recognized as a regulatory asset. In April 2016, Hydro received Order No. P.U. 13 (2016) which outlines the results of a Prudence Review of certain projects and expenditures of Hydro. As a result, Hydro recorded an expense of \$0.7 million and a corresponding reduction to the 2015 Cost Deferral.

6.5 Deferred Lease Costs

Pursuant to Order No. P.U. 38 (2013), Order No. P.U. 17 (2016) and P.U. 23 (2016), Hydro deferred lease costs of \$1.6 million (2015 - \$1.4 million) for diesel plants and other necessary infrastructure to ensure black start capability at the

NEWFOUNDLAND AND LABRADOR HYDRO

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Holyrood Thermal Generating Station (HTGS). In Order No. P.U. 17 (2016) and No. P.U. 23 (2016), the Board also approved the amortization of \$1.6 million of the balance over a period of five years with the \$1.6 million to be included in rate base. The recovery of the remaining \$5.1 million of the regulatory asset is subject to a future PUB Order.

6.6 Phase Two Hearing Costs

In April 2016, Hydro received Order No. P.U. 13 (2016) which approved the deferral of consulting fees, salary transfers and overtime costs for 2014, 2015 and subsequent years relating to Phase Two of the investigation into the reliability and adequacy of power on the Island Interconnected system after the interconnection with the Muskrat Falls generating station. As a result, Hydro recorded a regulatory asset of \$0.5 million.

7. OTHER LONG-TERM ASSETS

	June 30 2016	December 31 2015
<i>As at (millions of Canadian dollars)</i>		
Long-term receivables	0.3	0.3
Reserve fund	30.9	30.9
Sinking funds	255.9	242.6
	287.1	273.8

	June 30 2016	December 31 2015
<i>As at (millions of Canadian dollars)</i>		
Sinking funds, beginning of year	242.6	228.4
Contributions	2.4	8.1
Earnings	5.8	5.4
Mark-to-market adjustment	5.1	0.7
Sinking funds, end of year	255.9	242.6

Sinking fund instalments due for the next five years are as follows:

<i>(millions of Canadian dollars)</i>	2017	2018	2019	2020	2021
Sinking fund instalments	6.7	6.7	6.7	6.7	6.7

8. DEBT

8.1 Short-term Borrowings

Hydro maintains a \$50.0 million CAD or USD equivalent unsecured demand operating credit facility with its banker. There were no amounts drawn on this facility as at June 30, 2016 (2015 - \$nil), however \$0.3 million of the borrowing limit has been used to issue irrevocable letters of credit (2015 - \$0.3 million). Borrowings in CAD may take the form of Prime Rate Advances, Bankers' Acceptances (BAs) and letters of credit, with interest calculated at the Prime Rate or prevailing Government BA fee. Borrowings in USD may take the form of Base Rate Advances, London Interbank Offer Rate Advances and letters of credit. The facility also provides coverage for overdrafts on Hydro's bank accounts, with interest calculated at the Prime Rate. Hydro has issued one irrevocable letter of credit for \$0.3 million as a performance guarantee in relation to the Department of Fisheries and Oceans Fish Habitat Compensation Program.

In addition, Hydro utilized promissory notes to fulfil its short-term funding requirements. Total available short-term borrowings permitted under the promissory notes program is \$300.0 million. As at June 30, 2016, there were \$34.0 million in short-term borrowings outstanding with a maturity date of July 4, 2016 bearing an interest rate of 0.67% (2015 - \$97.0 million).

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

8.2 Long-term Debt

The following table represents the value of long-term debt measured at amortized cost:

<i>As at (millions of Canadian dollars)</i>	Face Value	Coupon Rate %	Year of Issue	Year of Maturity	June 30 2016	December 31 2015
Hydro						
V*	0.2	10.50	1989	2014	0.2	0.3
X*	150.0	10.25	1992	2017	149.9	149.8
Y*	300.0	8.40	1996	2026	294.8	294.7
AB*	300.0	6.65	2001	2031	305.6	305.7
AD*	125.0	5.70	2003	2033	123.8	123.8
AE	225.0	4.30	2006	2016	224.9	224.8
AF	200.0	3.60	2014	2045	197.2	197.1
Total debentures	1,300.2				1,296.4	1,296.2
Less: Sinking fund investments in own debentures					56.9	55.8
					1,239.5	1,240.4
Less: payments due within one year					233.3	233.4
					1,006.2	1,007.0

*Sinking funds have been established for these issues.

Hydro's promissory notes and debentures are unsecured and unconditionally guaranteed as to principal and interest and, where applicable, sinking fund payments, by the Province. The Province charges Hydro a guarantee fee of 25 basis points annually on the total debt (net of sinking funds) with a remaining term to maturity of less than 10 years and 50 basis points annually on total debt (net of sinking funds) with a remaining term to maturity greater than 10 years. The fee for the three and six months ended June 30, 2016 was \$1.2 million and \$2.3 million, respectively (2015 - \$1.2 million and \$2.3 million).

9. DEFERRED CONTRIBUTIONS

Hydro has received contributions in aid of construction of property, plant and equipment. These contributions are deferred and amortized to other revenue over the life of the related property, plant and equipment asset.

<i>(millions of Canadian dollars)</i>	June 30 2016	December 31 2015
Deferred contributions, beginning of period	12.7	12.2
Additions	1.3	1.4
Amortization	(0.5)	(0.9)
Deferred contributions, end of period	13.5	12.7
Less: current portion	(1.1)	(1.1)
	12.4	11.6

10. DECOMMISSIONING LIABILITIES

Hydro has recognized liabilities associated with the retirement of portions of the HTGS and the disposal of Polychlorinated Biphenyls.

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

The reconciliation of the beginning and ending carrying amounts of decommissioning liabilities for June 30, 2016 and December 31, 2015 are as follows:

<i>(millions of Canadian dollars)</i>	June 30 2016	December 31 2015
Decommissioning liabilities, beginning of period	28.8	28.0
Liabilities settled	(0.3)	(0.1)
Accretion	0.3	0.7
Revisions	-	0.2
Decommissioning liabilities, end of period	28.8	28.8

11. EMPLOYEE BENEFITS LIABILITY

11.1 Pension Plan

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions for the period ended June 30, 2016 of \$4.4 million (2015 - \$4.1 million) are expensed as incurred.

11.2 Other Benefits

Hydro provides group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. In 2016, cash payments to beneficiaries for its unfunded other employee future benefits were \$1.7 million (2015 - \$1.5 million). An actuarial valuation was performed as at December 31, 2015, with an extrapolation to December 31, 2016.

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Component of benefit cost				
Current service cost	1.2	1.1	2.3	2.2
Interest cost	1.2	1.4	2.4	2.8
Total benefit expense for the period	2.4	2.5	4.7	5.0

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of, and changes in, accumulated other comprehensive income (loss) are as follows:

Items that may or have been reclassified to profit or loss:

<i>(millions of Canadian dollars)</i>	2016	2015
Available-for-sale financial instruments		
Balance at January 1	41.4	41.3
Net fair value gains on available-for-sale during the period	10.1	8.1
Amounts reclassified to profit or loss	(5.1)	(4.8)
Balance at June 30	46.4	44.6
<i>(millions of Canadian dollars)</i>	2016	2015
Employee future benefits		
Balance at January 1	(30.8)	(46.1)
Regulatory adjustment	0.3	-
Balance at June 30	(30.5)	(46.1)

NEWFOUNDLAND AND LABRADOR HYDRO

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

13. SHAREHOLDER'S EQUITY

13.1 Share Capital

<i>As at (millions of Canadian dollars)</i>	June 30	December 31
	2016	2015
Common shares of par value of \$1 each		
Authorized - 25,000,000		
Issued, paid and outstanding - 22,503,902	22.5	22.5

13.2 Shareholder Contributions

<i>As at (millions of Canadian dollars)</i>	June 30	December 31
	2016	2015
Total shareholder contributions	118.9	118.7

During 2016, the Churchill Falls (Labrador) Corporation Trust (the Trust) contributed \$0.2 million (2015 - \$nil).

13.3 Dividends

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Declared during the year				
Final dividend - prior period: \$0.05/share (2015 - \$0.12)	-	-	1.1	2.7
Interim dividend - current period: \$0.23/share (2015 - \$0.88)	2.5	8.1	5.2	19.7
	2.5	8.1	6.3	22.4

14. OPERATING COSTS

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Salaries and benefits	27.0	31.2	56.5	61.8
Maintenance and materials	7.1	9.7	12.4	16.1
Transmission rental	4.7	5.1	9.6	10.1
Professional services	2.9	4.2	4.4	7.5
Rental and royalty expense	0.6	0.6	3.1	3.2
Travel and transportation	1.1	2.3	2.4	4.2
Equipment rental	1.1	1.3	2.4	2.7
Other	2.2	1.0	4.7	3.5
	46.7	55.4	95.5	109.1

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

15. NET FINANCE (INCOME) EXPENSE

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Finance income				
Interest on sinking fund	3.5	3.3	6.9	6.5
Interest on reserve fund	0.2	0.3	0.4	0.5
Other interest income	0.3	0.3	0.5	0.6
	4.0	3.9	7.8	7.6
Finance expense				
Long-term debt	21.2	21.2	42.3	42.3
Debt guarantee fee	1.2	1.2	2.3	2.3
Accretion	0.3	0.3	0.6	0.7
Other interest expense	-	-	0.3	0.4
	22.7	22.7	45.5	45.7
Interest capitalized during construction	(0.7)	(0.7)	(1.2)	(2.0)
	22.0	22.0	44.3	43.7
Net finance (income) expense	18.0	18.1	36.5	36.1

16. OTHER (INCOME) EXPENSE

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Mark-to-market of commodity swaps	-	(0.8)	-	(2.7)
Settlement of commodity swaps	-	(2.6)	-	(2.6)
Mark-to-market of foreign exchange forward contracts	-	-	-	(0.2)
Financial transmission rights income and amortization	-	(0.1)	-	(0.3)
Loss on disposal of property, plant and equipment	0.4	0.6	0.7	0.7
Asset disposal costs	-	0.6	0.2	0.5
Net change in PPA fair value ^(a)	(13.0)	-	(8.7)	-
Unrealized foreign exchange loss	0.3	(0.3)	0.3	1.0
Other	(1.0)	-	(1.0)	-
Other (income) expense	(13.3)	(2.6)	(8.5)	(3.6)

(a) Net Change in PPA Fair Value

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Amortization of deferral	15.3	-	30.6	-
Mark-to-market of derivative	(20.8)	-	(26.0)	-
Settlement of realized profit	(7.5)	-	(13.3)	-
Net PPA (gains) losses	(13.0)	-	(8.7)	-

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

17.1 Fair Value

The estimated fair values of financial instruments as at June 30, 2016 and December 31, 2015 are based on relevant market prices and information available at the time. Fair value estimates are based on valuation techniques which are significantly affected by the assumptions used including the amount and timing of future cash flows and discount rates reflecting various degrees of risk. As such, the fair value estimates below are not necessarily indicative of the amounts that Hydro might receive or incur in actual market transactions.

As a significant number of Hydro's assets and liabilities do not meet the definition of a financial instrument, the fair value estimates below do not reflect the fair value of Hydro as a whole.

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

Establishing Fair Value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, 2 and 3 fair value measurement for the period ended June 30, 2016 and the year ended December 31, 2015.

	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
		June 30, 2016	June 30, 2016	December 31, 2015	December 31, 2015
<i>(millions of Canadian dollars)</i>					
Financial assets					
Derivative assets	3	-	-	1.9	1.9
Sinking funds - investments in Hydro debt issue	2	56.9	71.6	55.8	69.9
Sinking funds - other investments	2	255.9	255.9	242.6	242.6
Reserve fund	2	30.9	30.9	30.9	30.9
Long-term receivables ¹	2	0.3	0.3	0.3	0.3
Financial liabilities					
Derivative liabilities	3	21.9	21.9	61.2	61.2
Long-term debt (including amount due within one year before sinking funds)	2	1,296.4	1,647.0	1,296.2	1,650.0
Long-term payables ²	2	-	-	0.3	0.3

¹As at June 30, 2016, the related party receivable relating to the Annual Energy Base of \$0.2 million (fair value - \$0.2 million) was included in trade and other receivables.

²As at December 31, 2015, the long-term payable relating to the Annual Energy Base of \$0.3 million (fair value - \$0.3 million) was included in trade and other payables.

The fair values of cash and cash equivalents, short-term investments, trade and other receivables, short-term borrowings and trade and other payables approximate their carrying values due to their short-term maturity.

The fair values of Level 2 financial instruments are determined using quoted prices in active markets, which in some cases are adjusted for factors specific to the asset or liability. Level 2 derivative instruments are valued based on observable commodity future curves, broker quotes or other publicly available data. Level 2 fair values of other risk management assets and liabilities and long-term debt are determined using observable inputs other than unadjusted quoted prices, such as interest rate yield curves and currency rates.

The following table summarizes quantitative information about the valuation techniques and unobservable inputs used in the fair value measurement of Level 3 financial instruments as at June 30, 2016:

NEWFOUNDLAND AND LABRADOR HYDRO

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

<i>(millions of Canadian dollars)</i>	Carrying Value	Valuation Techniques	Significant Unobservable Input(s)	Range
Derivative liability (PPA)	21.9	Modelled pricing	Volumes (MWh)	37-44% of available generation

The derivative liability arising under the PPA is designated as a Level 3 instrument as certain forward market prices and related volumes are not readily determinable to estimate a portion of the fair value of the derivative liability. Hence, fair value measurement of this instrument is based upon a combination of internal and external pricing and volume estimates. As at June 30, 2016, the effect of using reasonably possible alternative assumptions for volume inputs to valuation techniques may have resulted in a -\$0.3 million to a +\$1.2 million change in the carrying value of the power purchase derivative liability.

17.2 Risk Management

Market Risk

In the course of carrying out its operating, financing and investing activities, Hydro is exposed to possible market price movements that could impact expected future cash flow and the carrying value of certain financial assets and liabilities. Market price movements to which Hydro has significant exposure include those relating to prevailing interest rates, foreign exchange rates, most notably the USD/CAD, and current commodity prices, most notably the spot prices for diesel fuel, electricity, and No. 6 fuel. These exposures were addressed as part of the Financial Risk Management Policy.

The derivative assets balance as at June 30, 2015 was comprised of commodity swaps and financial transmission rights related to Energy Marketing activities. Subsequent to the signing of the PPA with Energy Marketing, these contracts were settled during 2015 and the first quarter of 2016.

The derivative liability relates to the PPA with Energy Marketing and represents the future value provided to Energy Marketing through the contract. The PPA can be terminated at the end of any calendar year, with notice provided three months prior to the end of that year. Otherwise, the effective term of the PPA resets at October 1, and the derivative liability relating to the following calendar year is recorded. The components of the change impacting the carrying value of the derivative assets and derivative liability for the period ended June 30, 2016 are as follows:

<i>(millions of Canadian dollars)</i>	Level II	Level III	Total
Balance at January 1, 2016	-	(59.3)	(59.3)
Purchases	-	-	-
Transfers	-	-	-
	-	(59.3)	(59.3)
Changes in profit (loss)			
Mark-to-market	-	26.0	26.0
Settlements	-	11.4	11.4
Total	-	(21.9)	(21.9)
Balance at June 30, 2016	-	(21.9)	(21.9)
Balance, January 1, 2015	2.5	-	2.5
Purchases	-	-	-
Transfers	-	-	-
	2.5	-	2.5
Changes in profit (loss)			
Mark-to-market	2.9	-	2.9
Settlements	-	-	-
Total	5.4	-	5.4
Balance at June 30, 2015	5.4	-	5.4

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

18. RELATED PARTY TRANSACTIONS

Hydro enters into various transactions with its parent and other affiliates. These transactions occur within the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Related parties with which Hydro transacts are as follows:

Related Party	Relationship
Nalcor	100.0% shareholder of Hydro
Churchill Falls	Joint arrangement of Hydro
Twin Falls	Joint venture of Churchill Falls
Labrador-Island Link Limited Partnership	Partnership in which Nalcor owns 75 Class A Units
Energy Marketing	Wholly owned subsidiary of Nalcor
Labrador-Island Link Operating Corporation	Wholly owned subsidiary of Nalcor
Lower Churchill Management Corporation	Wholly owned subsidiary of Nalcor
Muskrat Falls Corporation	Wholly owned subsidiary of Nalcor
Nalcor Energy – Bull Arm Fabrication Inc.	Wholly owned subsidiary of Nalcor
Nalcor Energy – Oil and Gas Inc.	Wholly owned subsidiary of Nalcor
The Province	100.0% shareholder of Nalcor
PUB	Agency of the Province
The Trust	Created by the Province with Churchill Falls as the beneficiary

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

19. COMMITMENTS AND CONTINGENCIES

- (a) Hydro has received claims instituted by various companies and individuals with respect to power delivery claims and other miscellaneous matters. Although the outcome of such matters cannot be predicted with certainty, Management believes that Hydro's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for, is not expected to materially affect its financial position.
- (b) Outstanding commitments for capital projects total approximately \$102.8 million as at June 30, 2016 (December 31, 2015 - \$30.8 million).

20. SUPPLEMENTARY CASH FLOW INFORMATION

<i>For the period ended June 30 (millions of Canadian dollars)</i>	Three months ended		Six months ended	
	2016	2015	2016	2015
Trade and other receivables	51.0	38.6	45.7	30.4
Prepayments	2.0	2.4	(1.4)	(1.7)
Inventories	0.5	16.3	1.1	21.4
Trade and other payables	33.1	(8.9)	10.8	(39.2)
Changes in non-cash working capital balances	86.6	48.4	56.2	10.9
Related to:				
Operating activities	71.2	50.2	44.2	22.9
Investing activities	15.4	(1.8)	12.0	(12.0)
	86.6	48.4	56.2	10.9

NEWFOUNDLAND AND LABRADOR HYDRO

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

21. SEGMENT INFORMATION

Hydro operates in four business segments. Hydro regulated activities encompass sales of electricity to customers within the Province. Churchill Falls operates a hydroelectric generating facility and sells electricity primarily to Hydro-Québec. Energy marketing includes the sale of electricity to markets outside the Province and other non-regulated electricity sales. The designation of segments has been based on a combination of regulatory status and Management accountability. The segments' accounting policies are the same as those previously described in Note 2 of the annual audited consolidated financial statements.

	Hydro Regulated	Churchill Falls	Energy Marketing	Other	Inter- Segment	Total
<i>(millions of Canadian dollars)</i>						
For the six months ended June 30, 2016						
Energy sales	311.2	53.5	22.2	-	(1.9)	385.0
Other revenue	1.9	0.3	9.6	-	2.2	14.0
Revenue	313.1	53.8	31.8	-	0.3	399.0
Fuels	100.2	-	-	-	-	100.2
Power purchased	32.7	-	21.5	-	(1.9)	52.3
Operating costs	62.7	22.5	9.6	0.7	-	95.5
Depreciation and amortization	33.8	8.0	-	-	-	41.8
Net finance (income) expense	37.1	(0.6)	-	-	-	36.5
Other (income) expense	0.1	0.1	(8.7)	-	-	(8.5)
Profit (loss) for the period from operations	46.5	23.8	9.4	(0.7)	2.2	81.2
Preferred dividends	-	(2.2)	-	-	2.2	-
Profit (loss) before regulatory adjustments	46.5	26.0	9.4	(0.7)	-	81.2
Regulatory adjustments	52.3	-	-	-	-	52.3
(Loss) profit for the period	(5.8)	26.0	9.4	(0.7)	-	28.9
Capital expenditures	51.1	17.4	-	0.1	-	68.6
Total assets	2,230.6	551.0	34.0	-	-	2,815.6
<i>(millions of Canadian dollars)</i>						
For the six months ended June 30, 2015						
Energy sales	345.2	55.4	45.8	-	(1.9)	444.5
Other revenue	1.7	0.3	-	-	2.3	4.3
Revenue	346.9	55.7	45.8	-	0.4	448.8
Fuels	117.6	-	-	-	-	117.6
Power purchased	33.2	-	20.8	-	(1.9)	52.1
Operating costs	73.7	21.9	12.6	0.9	-	109.1
Depreciation and amortization	30.8	7.3	-	-	-	38.1
Net finance (income) expense	36.7	(0.5)	(0.1)	-	-	36.1
Other (income) expense	1.9	0.2	(5.7)	-	-	(3.6)
Share of loss of joint arrangement	-	0.1	-	-	-	0.1
Profit (loss) for the period from operations	53.0	26.7	18.2	(0.9)	2.3	99.3
Preferred dividends	-	(2.3)	-	-	2.3	-
Profit (loss) before regulatory adjustments	53.0	29.0	18.2	(0.9)	-	99.3
Regulatory adjustments	75.3	-	-	-	-	75.3
(Loss) profit for the period	(22.3)	29.0	18.2	(0.9)	-	24.0
Capital expenditures	59.4	10.3	0.1	-	-	69.8
Total assets	2,153.8	517.7	11.8	-	-	2,683.3

NEWFOUNDLAND AND LABRADOR HYDRO

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

	Hydro Regulated	Churchill Falls	Energy Marketing	Other	Inter- Segment	Total
<i>(millions of Canadian dollars)</i>						
For the three months ended June 30, 2016						
Energy sales	116.9	15.4	10.8	-	(0.9)	142.2
Other revenue	0.9	0.2	4.7	-	0.9	6.7
Revenue	117.8	15.6	15.5	-	-	148.9
Fuels	27.6	-	-	-	-	27.6
Power purchased	15.2	-	10.6	-	(0.9)	24.9
Operating costs	31.2	10.4	4.7	0.4	-	46.7
Depreciation and amortization	16.9	4.0	-	-	-	20.9
Net finance (income) expense	18.3	(0.3)	-	-	-	18.0
Other (income) expense	(0.4)	0.1	(13.0)	-	-	(13.3)
Profit (loss) for the period from operations	9.0	1.4	13.2	(0.4)	0.9	24.1
Preferred dividends	-	(0.9)	-	-	0.9	-
Profit (loss) before regulatory adjustments	9.0	2.3	13.2	(0.4)	-	24.1
Regulatory adjustments	12.0	-	-	-	-	12.0
(Loss) profit for the period	(3.0)	2.3	13.2	(0.4)	-	12.1
Capital expenditures	33.5	12.6	-	0.1	-	46.2
Total assets	2,230.6	551.0	34.0	-	-	2,815.6

	Hydro Regulated	Churchill Falls	Energy Marketing	Other	Inter- Segment	Total
<i>(millions of Canadian dollars)</i>						
For the three months ended June 30, 2015						
Energy sales	130.9	16.6	20.2	-	(1.0)	166.7
Other revenue	0.8	0.2	-	-	1.1	2.1
Revenue	131.7	16.8	20.2	-	0.1	168.8
Fuels	36.3	-	-	-	-	36.3
Power purchased	15.0	-	10.3	-	(1.0)	24.3
Operating costs	39.1	9.6	6.4	0.3	-	55.4
Depreciation and amortization	15.3	3.7	-	-	-	19.0
Net finance (income) expense	18.5	(0.3)	(0.1)	-	-	18.1
Other (income) expense	0.6	0.2	(3.4)	-	-	(2.6)
Share of loss of joint arrangement	-	0.1	-	-	-	0.1
Profit (loss) for the period from operations	6.9	3.5	7.0	(0.3)	1.1	18.2
Preferred dividends	-	(1.1)	-	-	1.1	-
Profit (loss) before regulatory adjustments	6.9	4.6	7.0	(0.3)	-	18.2
Regulatory adjustments	27.6	-	-	-	-	27.6
(Loss) profit for the period	(20.7)	4.6	7.0	(0.3)	-	(9.4)
Capital expenditures	41.3	7.9	0.1	-	-	49.3
Total assets	2,153.8	517.7	11.8	-	-	2,683.3

NEWFOUNDLAND AND LABRADOR HYDRO
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the basis of presentation adopted during the current reporting period. The changes have been summarized as follows:

<i>(millions of Canadian dollars)</i>	Previously reported	Foreign exchange	Twin Block	Curtailed Energy presentation	Reclassified balance
Energy sales	426.2		18.8	(0.5)	444.5
Power purchased	33.8		18.8	(0.5)	52.1
Operating costs	109.2	(0.1)			109.1
Net finance (income) expense ^(a)	36.2	(0.1)			36.1
Other (income) expense ^(a)	(2.5)	(1.1)			(3.6)

(a) For the period ended June 30, 2015, \$1.2 million in foreign exchange forward contracts relating to Energy Marketing were incorrectly settled in Hydro. This was subsequently adjusted through intercompany and presented correctly in Hydro's annual audited financial statements at December 31, 2015.

23. SUBSEQUENT EVENTS

On August 1, 2016, Churchill Falls received judgment from the Québec Court of Appeal upholding the 2014 Québec Superior Court ruling on the motion filed by Churchill Falls to address the inequities of the pricing terms of the 1969 Power Contract between Churchill Falls and Hydro-Québec. The Court ruled against Churchill Falls and the ruling requires Churchill Falls to pay court costs of \$1.4 million to Hydro-Québec, of which Hydro has recognized its share of \$0.9 million. Churchill Falls is reviewing the decision of the Court of Appeal to determine next steps.

On August 4, 2016, Churchill Falls experienced two separate but related fires in its switchyard which resulted in damage requiring significant equipment replacement through utilization of on site material and spare equipment. The Company continues to assess the damage and work is underway to bring units that were currently out of service for maintenance and repairs back in service as quickly as possible.

On August 8, 2016, Churchill Falls received judgment from the Québec Superior Court regarding a Motion for Declaratory Judgment filed by Hydro-Québec relating to the interpretation of the 1969 Power Contract between Churchill Falls and Hydro-Québec and the associated Renewal Contract, which commences September 1, 2016. The Court ruled in favour of Hydro-Québec. Churchill Falls is reviewing the decision of the Québec Superior Court to determine next steps.