

Interim Consolidated Balance Sheets

	As at	
	March 31	December 31
(unaudited) (thousands of Canadian dollars)	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (note 15)	\$ 62,948	\$ 61,098
Accounts receivable	159,679	156,827
Current income taxes receivable	-	11,474
Derivative financial instruments (note 12)	-	424
Prepaid expenses and other deposits	24,161	27,007
Total Current Assets	246,788	256,830
Non-Current Assets		
Property, plant and equipment (note 3)	7,895,574	7,793,693
Goodwill and intangible assets	591,467	596,663
Total Assets	\$ 8,733,829	\$ 8,647,186
LIABILITIES AND EQUITY		
Current Liabilities		
Dividends payable (note 4)	\$ 40,945	\$ 39,961
Accounts payable, accrued liabilities and provisions (notes 6 and 7)	344,886	390,228
Current income taxes payable	2,413	-
Derivative financial instruments (note 12)	233	169
Deferred revenue	16,760	18,762
Convertible shares (note 8)	-	170,000
Current portion of long-term debt (note 5)	-	149,990
Commercial paper (note 5)	1,416,377	1,277,530
Total Current Liabilities	1,821,614	2,046,640
Non-Current Liabilities		
Long-term debt (note 5)	3,244,058	3,143,941
Provisions (note 6)	66,616	66,702
Employee benefits (note 7)	15,206	20,088
Long-term deferred revenue and other liabilities	10,631	13,848
Deferred income taxes	501,995	481,333
Total Liabilities	5,660,120	5,772,552
Commitments (notes 3 and 10)		
Shareholders' Equity		
Shareholders' equity (note 8)	2,706,872	2,513,408
Total reserves (note 8)	30,748	34,731
Total Shareholders' Equity	2,737,620	2,548,139
Non-Controlling Interest (note 9)	336,089	326,495
Total Equity	3,073,709	2,874,634
Total Liabilities and Equity	\$ 8,733,829	\$ 8,647,186

See accompanying condensed notes to the interim consolidated financial statements.

Interim Consolidated Statements of Changes in Equity

(unaudited) (thousands of Canadian dollars)

	Attributable to Shareholders of Inter Pipeline Ltd.						Non-Controlling Interest	Total Equity
	Share Capital (note 8)	Earnings / (Deficit)	Contributed Surplus	Reserves (note 8)	Shareholders' Equity	Total		
Balance, January 1, 2015	\$ 2,625,942	\$ (114,991)	\$ 2,457	\$ 34,731	\$ 2,548,139	\$ 326,495		\$ 2,874,634
Net income for the period	-	113,738	-	-	113,738	9,056		122,794
Other comprehensive loss	-	-	-	(3,983)	(3,983)	-		(3,983)
Dividends declared (note 4)	-	(121,846)	-	-	(121,846)	-		(121,846)
Issuance of common shares (note 8)								
Issued under Premium Dividend™								
and Dividend Reinvestment Plan	31,572	-	-	-	31,572	-		31,572
Exchanged from convertible shares	170,000	-	-	-	170,000	-		170,000
Cash distributions paid by Cold Lake to non-controlling interest	-	-	-	-	-	(5,868)		(5,868)
Capital contributions received from Cold Lake non-controlling interest	-	-	-	-	-	6,406		6,406
Balance, March 31, 2015	\$ 2,827,514	\$ (123,099)	\$ 2,457	\$ 30,748	\$ 2,737,620	\$ 336,089		\$ 3,073,709
Balance, January 1, 2014	\$ 3,096,752	\$ (1,053,255)	\$ 2,457	\$ 54,296	\$ 2,100,250	\$ 284,017		\$ 2,384,267
Net income for the period	-	86,124	-	-	86,124	3,498		89,622
Other comprehensive income	-	-	-	32,552	32,552	-		32,552
Dividends declared (note 4)	-	(99,617)	-	-	(99,617)	-		(99,617)
Issuance of common shares (note 8)								
Issued under Premium Dividend™								
and Dividend Reinvestment Plan	80,093	-	-	-	80,093	-		80,093
Issued for cash (net of issue costs)	291,043	-	-	-	291,043	-		291,043
Cash distributions paid by Cold Lake to non-controlling interest	-	-	-	-	-	(4,091)		(4,091)
Capital contributions received from Cold Lake non-controlling interest	-	-	-	-	-	12,892		12,892
Balance, March 31, 2014	\$ 3,467,888	\$ (1,066,748)	\$ 2,457	\$ 86,848	\$ 2,490,445	\$ 296,316		\$ 2,786,761

See accompanying condensed notes to the interim consolidated financial statements.

™ Denotes trademark of Canaccord Genuity Corp.

Interim Consolidated Statements of Net Income

Three Months Ended March 31

(unaudited) (thousands of Canadian dollars)	2015	2014
REVENUES		
Operating revenues	\$ 405,792	\$ 410,738
EXPENSES		
Shrinkage gas	51,203	90,455
Midstream product purchases	14,941	30,888
Operating	88,647	92,001
Depreciation and amortization	42,288	33,266
Financing charges (note 14)	34,100	20,833
General and administrative	18,637	25,421
Unrealized change in fair value of derivative financial instruments	64	(1,214)
Gain on disposal of assets	(1,219)	(860)
	248,661	290,790
INCOME BEFORE INCOME TAXES	157,131	119,948
Provision for income taxes		
Current	14,286	16,963
Deferred	20,051	13,363
	34,337	30,326
NET INCOME	\$ 122,794	\$ 89,622
Net income attributable to		
Shareholders of Inter Pipeline Ltd.	\$ 113,738	\$ 86,124
Non-controlling interest (note 9)	9,056	3,498
	\$ 122,794	\$ 89,622
Net income per share attributable to shareholders of Inter Pipeline Ltd. (note 8)		
Basic	\$ 0.34	\$ 0.28
Diluted	\$ 0.34	\$ 0.27

See accompanying condensed notes to the interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

Three Months Ended March 31

(unaudited) (thousands of Canadian dollars)		2015	2014
NET INCOME	\$	122,794	\$ 89,622
OTHER COMPREHENSIVE (LOSS) INCOME (note 8)			
Item that may be reclassified subsequently to net income			
Unrealized (loss) gain on translating financial statements of foreign operations		(3,983)	32,552
		(3,983)	32,552
COMPREHENSIVE INCOME	\$	118,811	\$ 122,174
Comprehensive income attributable to			
Shareholders of Inter Pipeline Ltd.	\$	109,755	\$ 118,676
Non-controlling interest (note 9)		9,056	3,498
	\$	118,811	\$ 122,174

See accompanying condensed notes to the interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

Three Months Ended March 31

(unaudited) (thousands of Canadian dollars)		2015	2014
OPERATING ACTIVITIES			
Net income	\$	122,794	\$ 89,622
Items not involving cash:			
Depreciation and amortization		42,288	33,266
Gain on disposal of assets		(1,219)	(860)
Non-cash recovery		(7,469)	(2,447)
Unrealized change in fair value of derivative financial instruments		64	(1,214)
Deferred income tax expense		20,051	13,363
Funds from operations		176,509	131,730
Net change in non-cash operating working capital (note 15)		(17,926)	2,482
Cash provided by operating activities		158,583	134,212
INVESTING ACTIVITIES			
Expenditures on property, plant and equipment		(142,307)	(553,550)
Proceeds on disposal of assets		1,686	1,386
Net change in non-cash investing working capital (note 15)		(15,390)	123,219
Cash used in investing activities		(156,011)	(428,945)
FINANCING ACTIVITIES			
Cash dividends paid to shareholders of Inter Pipeline Ltd. (note 4)		(90,274)	(19,524)
Cash distributions paid by Cold Lake to non-controlling interest		(5,868)	(4,091)
Cash contributions received from Cold Lake non-controlling interest		6,406	12,892
Increase in debt		90,154	194,827
Transaction costs on debt		(1,970)	10
Issuance of common shares		-	300,560
Share issue costs		-	(12,519)
Net change in non-cash financing working capital (note 15)		953	330
Cash (used in) provided by financing activities		(599)	472,485
Effect of foreign currency translation on foreign currency denominated cash		(123)	1,101
Increase in cash and cash equivalents		1,850	178,853
Cash and cash equivalents, beginning of period		61,098	47,236
Cash and cash equivalents, end of period	\$	62,948	\$ 226,089
Cash taxes paid	\$	601	\$ 48,292
Cash interest paid	\$	37,476	\$ 36,818

See accompanying condensed notes to the interim consolidated financial statements.