Inter Pipeline Fund

Interim Consolidated Balance Sheets

(unaudited) (thousands of Canadian dollars)		**As at June 30 2013**		As at December 31 2012
ASSETS				
Current Assets				
Cash and cash equivalents (note 20)	**$**	**48,158**	$	64,979
Accounts receivable		**139,220**		146,746
Derivative financial instruments (note 17)		**18,167**		20,816
Prepaid expenses and other deposits		**39,999**		31,279
Total Current Assets		**245,544**		263,820
Non-Current Assets				
Derivative financial instruments (note 17)		**2,547**		4,865
Property, plant and equipment (note 5)		**5,568,732**		4,793,508
Goodwill and intangible assets (note 6)		**612,818**		620,202
Total Assets	**$**	**6,429,641**	$	5,682,395
LIABILITIES AND EQUITY				
Current Liabilities				
Distributions payable to unitholders (note 7)	**$**	**26,602**	$	25,452
Accounts payable and accrued liabilities (note 14)		**448,022**		292,999
Current income taxes payable		**28,062**		8,685
Derivative financial instruments (note 17)		**6,835**		8,336
Deferred revenue		**14,535**		6,143
General Partner internalization liability (note 3)		**178,584**		-
Commercial paper (note 8)		**1,337,629**		1,351,132
Total Current Liabilities		**2,040,269**		1,692,747
Non-Current Liabilities				
Long-term debt (note 8)		**2,224,045**		1,760,902
Long-term payable		**2,483**		4,865
General Partner internalization liability (note 3)		**170,000**		-
Provisions (note 9)		**61,815**		59,953
Employee benefits (note 10)		**5,921**		9,631
Long-term deferred revenue and other liabilities		**15,837**		16,958
Deferred income taxes (note 11)		**397,292**		384,531
Total Liabilities		**4,917,662**		3,929,587
Commitments (notes 5 and 15)				
Partners' Equity				
Partners' equity (note 12)		**1,422,697**		1,682,955
Total reserves (note 12)		**(8,442)**		(23,504)
Total Partners' Equity		**1,414,255**		1,659,451
Non-Controlling Interest (note 13)		**97,724**		93,357
Total Equity		**1,511,979**		1,752,808
Total Liabilities and Equity	**$**	**6,429,641**	$	5,682,395

See accompanying condensed notes to the interim consolidated financial statements.

Inter Pipeline Fund

Interim Consolidated Statements of Changes in Equity

(unaudited) (thousands of Canadian dollars)

	Attributable to Unitholders of Inter Pipeline Fund					
	Class A Limited Liability Partnership Units	Class B Unlimited Liability Partnership Units	Reserves *(note 12)*	Total Partners' Equity	Non-Controlling Interest *(note 13)*	Total Equity
Balance, January 1, 2013	$1,681,274	$ 1,681	$ (23,504)	$1,659,451	$ 93,357	**$ 1,752,808**
Net (loss) income for the period	(214,011)	(214)	-	(214,225)	4,813	**(209,412)**
Other comprehensive income	-	-	15,062	15,062	-	**15,062**
	1,467,263	1,467	(8,442)	1,460,288	98,170	**1,558,458**
Distributions declared to unitholders (note 7)	(154,838)	(155)	-	(154,993)	-	**(154,993)**
Issuance of Partnership units (note 12)						
Issued under Premium Distribution™ and Distribution Reinvestment Plan	108,851	109	-	108,960	-	**108,960**
Cash distributions paid by Cold Lake to non-controlling interest	-	-	-	-	(5,829)	**(5,829)**
Capital contributions received from Cold Lake non-controlling interest	-	-	-	-	5,383	**5,383**
Balance, June 30, 2013	$ 1,421,276	$ 1,421	$ (8,442)	$ 1,414,255	$ 97,724	**$ 1,511,979**
Balance, January 1, 2012	$ 1,450,617	$ 1,449	$ (32,280)	$ 1,419,786	$ -	$ 1,419,786
Opening IFRS 10 adjustment (note 2)	-	-	-	-	86,076	86,076
Balance, beginning of the period	1,450,617	1,449	(32,280)	1,419,786	86,076	1,505,862
Net income for the period *(restated)*	183,828	184	-	184,012	4,942	188,954
Other comprehensive loss	-	-	(8,896)	(8,896)	-	(8,896)
	1,634,445	1,633	(41,176)	1,594,902	91,018	1,685,920
Distributions declared to unitholders (note 7)	(140,354)	(141)	-	(140,495)	-	(140,495)
Issuance of Partnership units (note 12)						
Issued under Premium Distribution™ and Distribution Reinvestment Plan	104,884	105	-	104,989	-	104,989
Cash distributions paid by Cold Lake to non-controlling interest	-	-	-	-	(4,670)	(4,670)
Capital contributions received from Cold Lake non-controlling interest	-	-	-	-	2,727	2,727
Balance, June 30, 2012 *(restated)*	$ 1,598,975	$ 1,597	$ (41,176)	$ 1,559,396	$ 89,075	$ 1,648,471

See accompanying condensed notes to the interim consolidated financial statements.

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Inter Pipeline Fund

Interim Consolidated Statements of Net (Loss) Income

(unaudited) (thousands of Canadian dollars)	Three Months Ended June 30 **2013**	Three Months Ended June 30 2012	Six Months Ended June 30 **2013**	Six Months Ended June 30 2012
		(restated - see note 21)		*(restated - see note 21)*
REVENUES				
Operating revenues	**$ 320,276**	$ 279,880	**$ 647,955**	$ 581,569
EXPENSES				
Shrinkage gas	**51,646**	36,765	**113,240**	92,735
Midstream product purchases	**14,908**	12,821	**28,863**	12,821
Operating	**94,832**	66,401	**175,877**	135,805
Depreciation and amortization	**31,377**	34,499	**62,303**	62,526
Financing charges (note 19)	**22,326**	24,978	**46,204**	48,256
General and administrative	**14,203**	13,831	**30,451**	28,974
Unrealized change in fair value of derivative financial instruments (note 17)	**194**	(52,153)	**910**	(55,220)
Acquisition fee to General Partner (note 14)	**-**	-	**-**	4,591
Management and incentive fees to General Partner (note 14)	**4,590**	3,257	**8,772**	6,961
General Partner internalization (note 3)	**348,584**	-	**348,584**	-
(Gain) loss on disposal of assets	**-**	(95)	**1,733**	(95)
	582,660	140,304	**816,937**	337,354
(LOSS) INCOME BEFORE INCOME TAXES	**(262,384)**	139,576	**(168,982)**	244,215
Provision for income taxes (note 11)				
Current	**13,583**	14,345	**28,102**	30,021
Deferred	**5,677**	18,381	**12,328**	25,240
	19,260	32,726	**40,430**	55,261
NET (LOSS) INCOME	**$ (281,644)**	$ 106,850	**$ (209,412)**	$ 188,954
Net (loss) income attributable to				
Unitholders of Inter Pipeline Fund	**$ (283,876)**	$ 104,378	**$ (214,225)**	$ 184,012
Non-controlling interest (note 13)	**2,232**	2,472	**4,813**	4,942
	$ (281,644)	$ 106,850	**$ (209,412)**	$ 188,954
Net (loss) income per Partnership unit attributable to unitholders of Inter Pipeline Fund (note 12)				
Basic and diluted	**$ (1.02)**	$ 0.39	**$ (0.77)**	$ 0.69

See accompanying condensed notes to the interim consolidated financial statements.

Inter Pipeline Fund

Interim Consolidated Statements of Comprehensive (Loss) Income

(unaudited) (thousands of Canadian dollars)	Three Months Ended June 30 2013	Three Months Ended June 30 2012	Six Months Ended June 30 2013	Six Months Ended June 30 2012
		(restated - see note 21)		*(restated - see note 21)*
NET (LOSS) INCOME	**$ (281,644)**	$ 106,850	**$ (209,412)**	$ 188,954
OTHER COMPREHENSIVE INCOME (LOSS) (note 12)				
Item that may be reclassified subsequently to net (loss) income				
Unrealized gain (loss) on translating financial statements of foreign operations	**34,895**	(19,401)	**14,819**	(8,783)
Items that will not be reclassified to net (loss) income				
Actuarial gain on defined benefit pension plan	**-**	-	**322**	-
Income tax relating to defined benefit pension reserve	**-**	-	**(79)**	(113)
	34,895	(19,401)	**15,062**	(8,896)
COMPREHENSIVE (LOSS) INCOME	**$ (246,749)**	$ 87,449	**$ (194,350)**	$ 180,058
Comprehensive (loss) income attributable to				
Unitholders of Inter Pipeline Fund	**$ (248,981)**	$ 84,977	**$ (199,163)**	$ 175,116
Non-controlling interest (note 13)	**2,232**	2,472	**4,813**	4,942
	$ (246,749)	$ 87,449	**$ (194,350)**	$ 180,058

See accompanying condensed notes to the interim consolidated financial statements.

Inter Pipeline Fund

Interim Consolidated Statements of Cash Flows

(unaudited) (thousands of Canadian dollars)	Three Months Ended June 30 **2013**	2012 *(restated - see note 21)*	Six Months Ended June 30 **2013**	2012 *(restated - see note 21)*
OPERATING ACTIVITIES				
Net (loss) income	**$ (281,644)**	$ 106,850	**$ (209,412)**	$ 188,954
Items not involving cash:				
Depreciation and amortization	**31,377**	34,499	**62,303**	62,526
(Gain) loss on disposal of assets	**-**	(95)	**1,733**	(95)
Non-cash expense (recovery)	**1,212**	2,629	**(1,690)**	(475)
Unrealized change in fair value of derivative financial instruments	**194**	(52,153)	**910**	(55,220)
General Partner internalization (note 3)	**348,584**	-	**348,584**	-
Deferred income tax expense	**5,677**	18,381	**12,328**	25,240
Funds from operations	**105,400**	110,111	**214,756**	220,930
Net change in non-cash operating working capital (note 20)	**4,675**	26,386	**15,421**	(21,555)
Cash provided by operating activities	**110,075**	136,497	**230,177**	199,375
INVESTING ACTIVITIES				
Expenditures on property, plant and equipment	**(401,629)**	(75,633)	**(816,823)**	(122,227)
Proceeds on sale of assets	**-**	95	**8**	95
Acquisition of Inter Terminals	**-**	-	**-**	(509,413)
Assumption of cash on acquisition of Inter Terminals	**-**	460	**-**	48,293
Capital contributions received from Cold Lake non-controlling interest	**1,855**	1,822	**5,383**	2,727
Net change in non-cash investing working capital (note 20)	**(9,619)**	(14,942)	**165,096**	(1,667)
Cash used in investing activities	**(409,393)**	(88,198)	**(646,336)**	(582,192)
FINANCING ACTIVITIES				
Cash distributions paid to unitholders of Inter Pipeline Fund (note 7)	**(23,628)**	(19,268)	**(46,033)**	(35,506)
Cash distributions paid by Cold Lake to non-controlling interest	**(2,933)**	(2,151)	**(5,829)**	(4,670)
Increase (decrease) in debt	**330,738**	(62,425)	**449,615**	410,390
Transaction costs on debt	**(1,491)**	(1,751)	**(1,643)**	(2,455)
Net change in non-cash financing working capital (note 20)	**1,910**	244	**2,138**	508
Cash provided by (used in) financing activities	**304,596**	(85,351)	**398,248**	368,267
Effect of foreign currency translation on foreign currency denominated cash	**1,527**	(1,856)	**1,090**	(820)
Increase (decrease) in cash and cash equivalents	**6,805**	(38,908)	**(16,821)**	(15,370)
Cash and cash equivalents, beginning of period	**41,353**	74,355	**64,979**	50,817
Cash and cash equivalents, end of period	**$ 48,158**	$ 35,447	**$ 48,158**	$ 35,447
Cash taxes paid	**$ 244**	$ 15	**$ 8,758**	$ 49,354
Cash interest paid	**$ 26,953**	$ 22,222	**$ 52,491**	$ 46,106

See accompanying condensed notes to the interim consolidated financial statements.

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements (interim financial statements) have been prepared in accordance with International Accounting Standards (IAS) 34 – *Interim Financial Reporting*. These interim financial statements do not contain all disclosures required by International Financial Reporting Standards (IFRS) for annual financial statements and accordingly, should be read in conjunction with Inter Pipeline Fund's (Inter Pipeline) audited consolidated financial statements and notes thereto for the year ended December 31, 2012.

Inter Pipeline has consistently applied the same accounting policies for all periods presented in these interim financial statements as those used in Inter Pipeline's audited consolidated financial statements for the year ended December 31, 2012, except as described in note 2 of the interim financial statements for the three months ended March 31, 2013. The accounting policies disclosed in the interim financial statements for the three months ended March 31, 2013, have been applied consistently in preparing these interim financial statements for the three and six months ended June 30, 2013, and June 30, 2012, and the consolidated balance sheets as at December 31, 2012 and June 30, 2012. In preparing the interim financial statements for the three and six months ended June 30, 2013, Inter Pipeline has adjusted comparative amounts reported previously. A reconciliation of the changes is provided in note 21.

These interim financial statements were authorized for issue by the Board of Directors of the General Partner on August 8, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inter Pipeline adopted the following new accounting policies effective January 1, 2013, as disclosed in note 2 of the interim financial statements for the three months ended March 31, 2013: IFRS 10 *Consolidated Financial Statements* (IFRS 10); IFRS 11 *Joint Arrangements*; IFRS 12 *Disclosure of Interests in Other Entities*; IFRS 13 *Fair Value Measurement*; IAS 19 *Employee Benefits (Revised);* and IAS 1 *Presentation of Financial Statements, Amendment*.

3. GENERAL PARTNER INTERNALIZATION

On June 1, 2013, Inter Pipeline completed several internal transactions related to the restructuring of its current limited partnership structure to position the business for a planned conversion to corporate form (Corporate Conversion). Inter Pipeline indirectly purchased Pipeline Management Inc., its general partner (General Partner), for initial consideration of $170 million, plus adjustments of $8.6 million, and a second instalment of up to $170 million, which is partially contingent on the outcome of certain organic growth projects in the Foster Creek and Christina Lake areas currently under development. New diluent delivery services to the Foster Creek and Christina Lake projects are expected to be operational in mid 2014 and new bitumen blend facilities in support of the Foster Creek project are expected to be in service in early 2015. In the event that the Foster Creek and Christina Lake projects are not both generating revenue by January 1, 2017, the amount of the second instalment will be reduced to $70 million.

These transactions (Internalization Transactions) were designed to position Inter Pipeline for Corporate Conversion, which, if successful, will eliminate all future management, acquisition, divestiture and incentive fees payable to the General Partner.

The General Partner currently holds a 0.1% partnership interest in Inter Pipeline represented by Class B units. Public investors hold the remaining 99.9% partnership interest as limited partners represented by Class A units. Until June 1, 2013, the General Partner's 0.1% partnership interest was controlled by Pipeline Assets Corp. (PAC) and the General Partner was a wholly owned subsidiary of PAC, a corporation controlled solely by the Chairman of the Board of the General Partner. As a result of the Internalization Transactions, the General Partner's 0.1% partnership interest is now controlled by the independent directors of the General Partner.

As a result of the Internalization Transactions, the PAC shareholders agreed to accept consideration in the form of Class A and Class B preferred shares in Inter Pipeline GP Corp., a new corporation established for the purpose of the Internalization Transactions, rather than cash. Initial consideration of $178.6 million, including adjustments of $8.6 million, was satisfied with the issuance of 7,411,683 Class A preferred shares in Inter Pipeline GP Corp., which are exchangeable on a one for one basis into common shares of Inter Pipeline Ltd., the corporate successor of Inter Pipeline, upon unitholder approval of the Corporate Conversion and the exchange of Class A preferred shares in Inter Pipeline GP Corp. for common shares in Inter Pipeline Ltd. In addition to unitholder approval, Corporate Conversion will be subject to receipt of all required regulatory, stock exchange and Court of Queen's Bench of Alberta approvals. The Corporate Conversion is expected to be effective September 1, 2013. Adjustments of $8.6 million reflect the value of 279,469 Class B limited partnership units held by the General Partner, incentive fees earned by the General Partner prior to closing on June 1, 2013 and working capital adjustments.

Consideration for the second instalment of $170 million was in the form of 7,055,406 Class B preferred shares in Inter Pipeline GP Corp., which are exchangeable on a one for one basis for convertible shares of Inter Pipeline Ltd. upon unitholder approval of the Corporate Conversion and the exchange of Class B preferred shares for convertible shares in Inter Pipeline Ltd. These convertible shares will be converted to common shares in Inter Pipeline Ltd. on a one for one basis when the Foster Creek and Christina Lake projects are both generating revenue. If this does not occur prior to January 1, 2017, the convertible shares will be exchanged on a 70/170th basis and the value of the second instalment will be reduced to $70 million.

Inter Pipeline entered into a support agreement to unconditionally guarantee the performance of obligations under the preferred share provisions and to provide sufficient funds to Inter Pipeline GP Corp. to declare and pay dividends on and to redeem the preferred shares in certain circumstances. If unitholders do not vote in favour of both the Corporate Conversion and the exchange of Class A and Class B preferred shares for common shares and convertible shares, the holders of Class A and Class B preferred shares can retract or put their shares to an affiliate of Inter Pipeline for cash, which Inter Pipeline has guaranteed.

Inter Pipeline recognized a $348.6 million non-cash expense, as a result of the Internalization Transactions, in the three months ended June 30, 2013. A current financial liability of $178.6 million and a non-current financial liability of $170 million relating to the initial and second instalment payments, respectively, were recognized in Inter Pipeline's balance sheet as at June 30, 2013. Management expects the Foster Creek and Christina Lake projects will be generating revenue within the specified timeframe and, as a result, the full financial liability of $170 million has been recorded. As the Class B preferred shares cannot be retracted or put until the Foster Creek and Christina Lake projects are both generating revenue, the liability related to the second instalment has been recorded as non-current. If approval of Corporate Conversion and the exchange of shares is obtained, the Class B preferred shares exchanged for convertible common shares will remain as a liability as the number of common shares to be issued upon conversion may not be a fixed amount.

The Internalization Transactions have been accounted for as transactions between entities under common control. Upon successful Corporate Conversion, the consolidated financial statements of Inter Pipeline Ltd. will reflect the assets and liabilities of Inter Pipeline at the respective carrying amounts and comparative information will be that of Inter Pipeline as previously reported. In addition, Inter Pipeline Fund will be dissolved, the Limited Partnership Agreement (LPA) will be terminated and Inter Pipeline Ltd. will no longer be required to pay management, acquisition, divestiture and incentive fees to the General Partner (note 14).

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

4. SEGMENT REPORTING

Inter Pipeline operates its business under the following principal business segments:

Three Months Ended June 30, 2013

	Canada					Europe	
	Oil Sands Transportation Business	NGL Extraction Business	Conventional Oil Pipelines Business	Corporate	Total Canadian Operations	Bulk Liquid Storage Business	Total Canadian and European Operations
Revenues	$ 93,352	$ 117,451	$ 71,438	$ -	$ 282,241	$ 38,035	$ 320,276
Expenses							
Shrinkage gas	-	51,646	-	-	51,646	-	51,646
Midstream product purchases	-	-	14,908	-	14,908	-	14,908
Operating	31,074	34,729	12,986	-	78,789	16,043	94,832
Depreciation and amortization	11,224	6,794	2,513	645	21,176	10,201	31,377
Financing charges	8,681	66	157	13,181	22,085	241	22,326
General and administrative	2,828	-	-	9,321	12,149	2,054	14,203
Unrealized change in fair value of derivative financial instruments	-	374	(180)	-	194	-	194
Management and incentive fees to General Partner	-	-	-	4,590	4,590	-	4,590
General Partner internalization	-	-	-	348,584	348,584	-	348,584
Total expenses	53,807	93,609	30,384	376,321	554,121	28,539	582,660
Income (loss) before income taxes	39,545	23,842	41,054	(376,321)	(271,880)	9,496	(262,384)
Provision for (recovery of) income taxes	6,844	-	-	12,854	19,698	(438)	19,260
Net income (loss)	$ 32,701	$ 23,842	$ 41,054	$ (389,175)	$ (291,578)	$ 9,934	$ (281,644)
Items not involving cash:							
Depreciation and amortization	11,224	6,794	2,513	645	21,176	10,201	31,377
Non-cash expense	49	100	123	785	1,057	155	1,212
Unrealized change in fair value of derivative financial instruments	-	374	(180)	-	194	-	194
Deferred income tax expense (recovery)	5,054	-	-	1,378	6,432	(755)	5,677
General Partner internalization	-	-	-	348,584	348,584	-	348,584
Funds from (used in) operations	$ 49,028	$ 31,110	$ 43,510	$ (37,783)	$ 85,865	$ 19,535	$ 105,400
Property, plant and equipment additions	$ 382,511	$ 10,782	$ 2,391	$ 2,021	$ 397,705	$ 3,924	$ 401,629
							As at June 30, 2013
Property, plant and equipment - net book value	$ 3,971,468	$ 421,634	$ 473,493	$ 12,727	$ 4,879,322	$ 689,410	$ 5,568,732
Goodwill and intangible assets - net book value	$ 227,260	$ 205,291	$ -	$ -	$ 432,551	$ 180,267	$ 612,818
Other assets	$ 62,309	$ 60,145	$ 77,685	$ 156	$ 200,295	$ 47,796	$ 248,091
Total assets	$ 4,261,037	$ 687,070	$ 551,178	$ 12,883	$ 5,512,168	$ 917,473	$ 6,429,641

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Three Months Ended June 30, 2012 (restated)

	Canada					Europe	
	Oil Sands Transportation Business	NGL Extraction Business	Conventional Oil Pipelines Business	Corporate	Total Canadian Operations	Bulk Liquid Storage Business	Total Canadian and European Operations
Revenues	$ 72,319	$ 106,303	$ 58,806	$ -	$ 237,428	$ 42,452	$ 279,880
Expenses							
Shrinkage gas	-	36,765	-	-	36,765	-	36,765
Midstream product purchases	-	-	12,821	-	12,821	-	12,821
Operating	17,747	21,115	11,882	-	50,744	15,657	66,401
Depreciation and amortization	10,850	6,691	2,381	690	20,612	13,887	34,499
Financing charges	9,278	64	162	15,196	24,700	278	24,978
General and administrative	1,381	-	-	9,559	10,940	2,891	13,831
Unrealized change in fair value of derivative financial instruments	-	(51,556)	-	(597)	(52,153)	-	(52,153)
Management and incentive fees to General Partner	-	-	-	3,257	3,257	-	3,257
Gain on disposal of assets	(27)	(13)	(47)	(8)	(95)	-	(95)
Total expenses	39,229	13,066	27,199	28,097	107,591	32,713	140,304
Income (loss) before income taxes	33,090	93,237	31,607	(28,097)	129,837	9,739	139,576
Provision for income taxes	4,927	-	-	27,415	32,342	384	32,726
Net income (loss)	$ 28,163	$ 93,237	$ 31,607	$ (55,512)	$ 97,495	$ 9,355	$ 106,850
Items not involving cash:							
Depreciation and amortization *	10,823	6,678	2,334	682	20,517	13,887	34,404
Non-cash expense (recovery)	116	108	1,344	1,117	2,685	(56)	2,629
Unrealized change in fair value of derivative financial instruments	-	(51,556)	-	(597)	(52,153)	-	(52,153)
Deferred income tax expense	4,856	-	-	13,418	18,274	107	18,381
Funds from (used in) operations	$ 43,958	$ 48,467	$ 35,285	$ (40,892)	$ 86,818	$ 23,293	$ 110,111
Property, plant and equipment additions	$ 34,054	$ 5,767	$ 26,475	$ 689	$ 66,985	$ 8,648	$ 75,633
							As at December 31, 2012
Property, plant and equipment - net book value	$ 3,228,340	$ 406,313	$ 473,192	$ 9,251	$ 4,117,096	$ 676,412	$ 4,793,508
Goodwill and intangible assets - net book value	$ 229,057	$ 210,396	$ -	$ -	$ 439,453	$ 180,749	$ 620,202
Other assets	$ 68,451	$ 85,341	$ 51,811	$ 389	$ 205,992	$ 62,693	$ 268,685
Total assets	$ 3,525,848	$ 702,050	$ 525,003	$ 9,640	$ 4,762,541	$ 919,854	$ 5,682,395

* Includes gain on disposal of assets

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Six Months Ended June 30, 2013

	Canada					Europe	
	Oil Sands Transportation Business	NGL Extraction Business	Conventional Oil Pipelines Business	Corporate	Total Canadian Operations	Bulk Liquid Storage Business	Total Canadian and European Operations
Revenues	$ 184,935	$ 246,849	$ 138,774	$ -	$ 570,558	$ 77,397	$ 647,955
Expenses							
Shrinkage gas	-	113,240	-	-	113,240	-	113,240
Midstream product purchases	-	-	28,863	-	28,863	-	28,863
Operating	58,659	59,345	25,557	-	143,561	32,316	175,877
Depreciation and amortization	22,411	13,516	4,948	1,229	42,104	20,199	62,303
Financing charges	17,428	133	314	27,521	45,396	808	46,204
General and administrative	5,306	-	-	20,752	26,058	4,393	30,451
Unrealized change in fair value of derivative financial instruments	-	1,182	(272)	-	910	-	910
Management and incentive fees to General Partner	-	-	-	8,772	8,772	-	8,772
General Partner internalization	-	-	-	348,584	348,584	-	348,584
Loss (gain) on disposal of assets	-	1,741	(8)	-	1,733	-	1,733
Total expenses	103,804	189,157	59,402	406,858	759,221	57,716	816,937
Income (loss) before income taxes	81,131	57,692	79,372	(406,858)	(188,663)	19,681	(168,982)
Provision for (recovery of) income taxes	13,459	-	-	27,805	41,264	(834)	40,430
Net income (loss)	$ 67,672	$ 57,692	$ 79,372	$ (434,663)	$ (229,927)	$ 20,515	$ (209,412)
Items not involving cash:							
Depreciation and amortization*	22,411	15,257	4,940	1,229	43,837	20,199	64,036
Non-cash (recovery) expense	(276)	(11)	(123)	(1,916)	(2,326)	636	(1,690)
Unrealized change in fair value of derivative financial instruments	-	1,182	(272)	-	910	-	910
Deferred income tax expense (recovery)	9,983	-	-	3,820	13,803	(1,475)	12,328
General Partner internalization	-	-	-	348,584	348,584	-	348,584
Funds from (used in) operations	99,790	74,120	83,917	(82,946)	174,881	39,875	214,756
Property, plant and equipment additions	$ 764,500	$ 23,732	$ 5,398	$ 3,698	$ 797,328	$ 17,754	$ 815,082

* Includes loss (gain) on disposal of assets

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Six Months Ended June 30, 2012 (restated)

	Canada					Europe	
	Oil Sands Transportation Business	NGL Extraction Business	Conventional Oil Pipelines Business	Corporate	Total Canadian Operations	Bulk Liquid Storage Business	Total Canadian and European Operations
Revenues	$ 147,423	$ 242,959	$ 110,045	$ -	$ 500,427	$ 81,142	$ 581,569
Expenses							
Shrinkage gas	-	92,735	-	-	92,735	-	92,735
Midstream product purchases	-	-	12,821	-	12,821	-	12,821
Operating	37,349	44,629	22,043	-	104,021	31,784	135,805
Depreciation and amortization	21,743	13,381	4,752	1,333	41,209	21,317	62,526
Financing charges	18,773	127	324	28,595	47,819	437	48,256
General and administrative	2,971	-	-	20,402	23,373	5,601	28,974
Unrealized change in fair value of derivative financial instruments	-	(55,220)	-	-	(55,220)	-	(55,220)
Acquisition fee to General Partner	-	-	-	4,591	4,591	-	4,591
Management and incentive fees to General Partner	-	-	-	6,961	6,961	-	6,961
Gain on disposal of assets	(27)	(13)	(47)	(8)	(95)	-	(95)
Total expenses	80,809	95,639	39,893	61,874	278,215	59,139	337,354
Income (loss) before income taxes	66,614	147,320	70,152	(61,874)	222,212	22,003	244,215
Provision for (recovery of) income taxes	9,666	-	-	46,318	55,984	(723)	55,261
Net income (loss)	$ 56,948	$ 147,320	$ 70,152	$ (108,192)	$ 166,228	$ 22,726	$ 188,954
Items not involving cash:							
Depreciation and amortization*	21,716	13,368	4,705	1,325	41,114	21,317	62,431
Non-cash (recovery) expense	(71)	8	959	(1,319)	(423)	(52)	(475)
Unrealized change in fair value of derivative financial instruments	-	(55,220)	-	-	(55,220)	-	(55,220)
Deferred income tax expense (recovery)	9,525	-	-	17,118	26,643	(1,403)	25,240
Funds from (used in) operations	$ 88,118	$ 105,476	$ 75,816	$ (91,068)	$ 178,342	$ 42,588	$ 220,930
Property, plant and equipment additions	$ 64,211	$ 11,020	$ 30,171	$ 1,239	$ 106,641	$ 15,586	$ 122,227

* Includes gain on disposal of assets

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

5. PROPERTY, PLANT AND EQUIPMENT

	Pipelines, Facilities and Equipment	Pipeline Line fill	Construction Work in Progress	Total
Cost				
Balance, January 1, 2012	$ 4,578,128	$ 249,971	$ 143,077	$ 4,971,176
Acquisition of Inter Terminals	340,881	-	1,278	342,159
Additions/transfers from construction*	171,052	23,858	368,736	563,646
Disposals/completed construction*	(8,625)	-	(169,968)	(178,593)
Foreign currency translation adjustment	11,474	-	275	11,749
Balance, December 31, 2012	5,092,910	273,829	343,398	5,710,137
Additions/transfers from construction*	58,356	-	814,831	873,187
Disposals/completed construction*	(38)	-	(58,106)	(58,144)
Foreign currency translation adjustment	11,900	-	(383)	11,517
Balance, June 30, 2013	**$ 5,163,128**	**$ 273,829**	**$ 1,099,740**	**$ 6,536,697**
Accumulated Depreciation				
Balance, January 1, 2012	$ 808,213	$ 8,639	$ -	$ 816,852
Depreciation	94,815	3,359	-	98,174
Disposals	(430)	-	-	(430)
Foreign currency translation adjustment	2,033	-	-	2,033
Balance, December 31, 2012	904,631	11,998	-	916,629
Depreciation	49,532	1,452	-	50,984
Disposals	(38)	-	-	(38)
Foreign currency translation adjustment	390	-	-	390
Balance, June 30, 2013	**$ 954,515**	**$ 13,450**	**$ -**	**$ 967,965**
Net Book Value				
At December 31, 2012	$ 4,188,279	$ 261,831	$ 343,398	$ 4,793,508
At June 30, 2013	**$ 4,208,613**	**$ 260,379**	**$ 1,099,740**	**$ 5,568,732**

* The majority of property, plant and equipment additions are related to constructed assets and are initially recorded as construction work in progress before being transferred to pipelines, facilities and equipment or pipeline line fill when the related asset is available for use.

At June 30, 2013, Inter Pipeline expects to spend approximately $2,174.5 million on property, plant and equipment, of which $872.7 million is due within one year and $1,301.8 million is due in one to five years. These amounts do not include expenditures related to the 15% non-controlling interest in Cold Lake.

6. GOODWILL AND INTANGIBLE ASSETS

	June 30 2013	December 31 2012
Goodwill	**$ 327,818**	$ 324,077
Intangible assets	**285,000**	296,125
Goodwill and intangible assets	**$ 612,818**	$ 620,202

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

7. DISTRIBUTIONS TO UNITHOLDERS

Section 5.2 of the LPA specifies the terms for Inter Pipeline to make distributions of LPA Distributable Cash on a monthly basis, provided that Inter Pipeline has cash available for such payment (thereby excluding any cash withheld as a reserve). LPA Distributable Cash is defined to generally mean cash from operating, investing and financing activities, less certain items, including any cash withheld as a reserve that the General Partner determines to be necessary or appropriate for the proper management of Inter Pipeline and its assets. As a result of the General Partner's discretion to establish reserves under the LPA, cash distributed to unitholders is always equal to LPA Distributable Cash.

For the three and six months ended June 30, 2013, Inter Pipeline declared distributions totaling $78.2 million and $155.0 million, respectively, or $0.28 per unit and $0.5575 per unit, respectively (three and six months ended June 30, 2012 - $70.6 million and $140.5 million, respectively, and $0.2625 per unit and $0.5250 per unit, respectively). Of the total distributions declared, $54.6 million and $109.0 million were settled with the issuance of units under the Premium Distribution[TM] and Distribution Reinvestment Plan (Plan) for the three and six months ended June 30, 2013, respectively (three and six months ended June 30, 2012 - $51.4 million and $105.0 million, respectively). As at June 30, 2013, distributions of $26.6 million were payable on 279.7 million outstanding Class A units and on 0.3 million outstanding Class B units at $0.095 per unit (December 31, 2012 - $25.5 million payable on 274.9 million outstanding Class A units and 0.3 million outstanding Class B units at $0.0925 per unit).

On July 4, 2013, Inter Pipeline declared distributions of $0.095 per unit, or approximately $26.7 million, which will be paid on August 15, 2013, to all unitholders of record on July 22, 2013.

8. LONG-TERM DEBT AND COMMERCIAL PAPER

	June 30 2013	December 31 2012
$1,550 million Unsecured Revolving Credit Facility (a)	**$ 1,340,400**	$ 1,353,950
$1,250 million Unsecured Revolving Credit Facility (b)	**724,000**	260,000
Loan payable to General Partner	**288,648**	288,648
Corridor Debentures (c)	**300,000**	300,000
Senior Unsecured Medium-Term Notes (d)	**925,000**	925,000
Long-term debt and commercial paper (excluding transaction costs and discounts)	**3,578,048**	3,127,598
Less: commercial paper*	**(1,340,400)**	(1,353,950)
	2,237,648	1,773,648
Transaction costs, net of accumulated amortization	**(13,436)**	(13,461)
Discount, net of accumulated amortization	**(2,938)**	(2,103)
Add: Current portion of transaction costs and discounts	**2,771**	2,818
Long-term debt	**2,224,045**	1,760,902
Commercial paper including current portion of transaction costs and discounts* (a)	**1,337,629**	1,351,132
	$ 3,561,674	$ 3,112,034

* Commercial paper issued by Corridor is fully supported and management expects that it will continue to be supported by the Unsecured Revolving Credit Facility that has no repayment requirements until December 2016.

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(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

(a) At June 30, 2013, letters of credit of $0.2 million were issued by Corridor.

(b) On April 19, 2013, Inter Pipeline increased the size of its Unsecured Revolving Credit Facility from $750 million to $1,250 million. The term of the credit facility remains unchanged with a maturity date of December 5, 2017, which can be extended further upon certain conditions.

Inter Pipeline increased the size of its demand facility from $20 million to $40 million on May 14, 2013. The terms of this demand facility remain unchanged.

At June 30, 2013, letters of credit of $0.3 million were issued by Inter Pipeline under its demand facility.

(c) Corridor Debentures are defined as the $150 million 5.033% Series B debentures due February 2, 2015 and the $150 million 4.897% Series C debentures due February 3, 2020.

(d) Senior Unsecured Medium-Term Notes are defined as the $325 million 4.967% Series 1 notes due February 2, 2021, the $200 million 3.839% Series 2 notes due July 30, 2018, and the $400 million 3.776% Series 3 notes due May 30, 2022.

On July 19, 2013, Inter Pipeline issued $500 million of 3.448% Senior Unsecured Medium-Term Notes, Series 4 (MTN Series 4) due July 20, 2020, in the Canadian public debt market. The MTN Series 4 were issued under Inter Pipeline's short form base shelf prospectus dated November 30, 2012, a related prospectus supplement and a related pricing supplement both dated July 16, 2013. The MTN Series 4 bear interest at the rate of 3.448% per annum, payable semi-annually. The proceeds from this issuance were used to pay down a portion of the amount drawn under Inter Pipeline's $1,250 million Unsecured Revolving Credit Facility.

9. PROVISIONS

		June 30 2013		December 31 2012
Decommissioning obligations	**$**	**43,353**	$	41,914
Environmental liabilities		**18,462**		18,039
Provisions	**$**	**61,815**	$	59,953

10. EMPLOYEE BENEFITS

		June 30 2013		December 31 2012
Pension liability	**$**	**2,409**	$	2,396
Long-term incentive plan liability		**3,512**		7,235
Employee benefits	**$**	**5,921**	$	9,631

For the three and six months ended June 30, 2013, employee benefits expense recognized in net (loss) income were $19.4 million and $39.2 million, respectively (three and six months ended June 30, 2012 - $18.3 million and $37.6 million, respectively).

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Long-Term Incentive Plan

The following table summarizes the status of Inter Pipeline's deferred unit rights (DURs) as at June 30, 2013, and December 31, 2012 and the changes during the six months and year then ended, respectively:

	DURs Number
Balance, January 1, 2012	1,370,679
Granted	682,476
Exercised	(723,922)
Forfeitures	(34,748)
Balance, December 31, 2012	1,294,485
Granted	629,593
Exercised	(64,284)
Forfeitures	(20,029)
Balance, June 30, 2013	**1,839,765**

If Corporate Conversion is approved, Inter Pipeline's DUR Plan will be amended to replace references to Inter Pipeline and Class A units to Inter Pipeline Ltd. and common shares, respectively.

At June 30, 2013, the current portion of the liability included in accounts payable and accrued liabilities was $24.8 million (December 31, 2012 - $16.2 million). At June 30, 2013, 578,407 DURs are exercisable. Inter Pipeline's closing Class A unit price at June 30, 2013, was $21.67.

The total intrinsic value of DURs vested and not exercised as at June 30, 2013, was $14.0 million (December 31, 2012 - $15.5 million).

The weighted average remaining contractual life of the outstanding DURs as at June 30, 2013, was 1.47 years.

For the three months ended June 30, 2013, operating expenses included $0.4 million and general and administrative expenses included $2.1 million related to DURs (three months ended June 30, 2012 - $0.6 million and $2.2 million, respectively). For the six months ended June 30, 2013, operating expenses included $1.2 million and general and administrative expenses included $5.5 million related to DURs (six months ended June 30, 2012 - $1.8 million and $6.3 million, respectively).

11. INCOME TAXES

In the bulk liquid storage business, the 2013 results reflect recent Danish tax legislative changes. In Denmark, tax legislation was passed on June 27, 2013, which will reduce the statutory income tax rate from 25% to 24.5% for 2014; from 24.5% to 23.5% for 2015 and from 23.5% to 22% for 2016 onward. The effect of recognizing these Danish income tax rate changes is a $1.3 million reduction in deferred income tax expense in the three and six months ended June 30, 2013.

In the United Kingdom (UK), tax legislation was substantively enacted on July 2, 2013, which will reduce the statutory income tax rate from 23% to 21%, effective April 1, 2014, and from 21% to 20%, effective April 1, 2015 (2012 - 25% to 24%, effective April 1, 2012, and from 24% to 23%, effective April 1, 2013). The effect of recognizing these UK income tax rate changes in future periods will be a reduction in deferred income tax expense of approximately $4.7 million (2012 - $3.5 million).

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Income tax expense varies from amounts computed by applying the Canadian federal and provincial statutory income tax rates to (loss) income before income taxes as shown in the following table:

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	**2013**	2012
		(restated)		*(restated)*
(Loss) income before income taxes per consolidated financial statements	**$ (262,384)**	$ 139,576	**$ (168,982)**	$ 244,215
Income before income taxes attributable to non-controlling interest	**(2,243)**	(2,483)	**(4,835)**	(4,964)
Adjusted income before income taxes	**$ (264,627)**	$ 137,093	**$ (173,817)**	$ 239,251
Tax rate	**25.0%**	25.0%	**25.0%**	25.0%
	(66,157)	34,273	**(43,454)**	59,813
General Partner internalization	**87,369**	-	**87,369**	-
Deductible intercompany interest expense	**(1,532)**	(1,721)	**(3,027)**	(3,340)
Impact of rate reductions	**(1,257)**	-	**(1,257)**	(1,757)
Other	**837**	174	**799**	545
Provision for income taxes	**$ 19,260**	$ 32,726	**$ 40,430**	$ 55,261

12. PARTNERS' EQUITY

Units Issued, Fully Paid and Outstanding

Authorized

Unlimited number of Class A limited liability units, with voting rights and no par value.
Unlimited number of Class B unlimited liability units, with voting rights and no par value.

Issued, Fully Paid and Outstanding

	Class A Units	Class B Units	Total
Balance, January 1, 2012	263,892,445	264,413	264,156,858
Issued under Premium Distribution™ and Distribution Reinvestment Plan	10,987,873	11,009	10,998,882
Balance, December 31, 2012	274,880,318	275,422	275,155,740
Issued under Premium Distribution™ and Distribution Reinvestment Plan	4,859,275	4,872	4,864,147
Balance, June 30, 2013	**279,739,593**	**280,294**	**280,019,887**

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(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Calculation of Net (Loss) Income per Partnership Unit

Partnership units share equally on a pro rata basis in the allocation of net (loss) income. The number of diluted units outstanding is calculated using the Treasury Stock method based on the weighted average number of units outstanding for the period as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012 *(restated)*	**2013**	2012 *(restated)*
Net (loss) income attributable to unitholders –basic and diluted	**$ (283,876)**	$ 104,378	**$ (214,225)**	$ 184,012
Weighted average units outstanding – basic	**278,815,580**	268,562,560	**277,612,294**	267,119,247
Effect of Premium Distribution™ and Distribution Reinvestment Plan*	**-**	798,601	**-**	731,618
Weighted average units outstanding – diluted	**278,815,580**	269,361,161	**277,612,294**	267,850,865
Net (loss) income per Partnership unit attributable to unitholders – basic and diluted	**$ (1.02)**	$ 0.39	**$ (0.77)**	$ 0.69

* The effect of units issued under the Premium Distribution™ and Distribution Reinvestment Plan of 609,666 and 620,260 for the three and six months ended June 30, 2013, respectively, was not included in the calculation of diluted net loss per Partnership unit attributable to unitholders, as these units are anti dilutive.

Reserves

Reserves are summarized as follows:

	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Total Reserves
Balance, January 1, 2012	$ (23,923)	$ (8,357)	$ (32,280)
Other comprehensive loss	(8,783)	(113)	(8,896)
Balance, June 30, 2012	$ (32,706)	$ (8,470)	$ (41,176)
Balance, January 1, 2013	$ (13,437)	$ (10,067)	$ (23,504)
Other comprehensive income	14,819	243	15,062
Balance, June 30, 2013	**$ 1,382**	**$ (9,824)**	**$ (8,442)**

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13. NON-CONTROLLING INTEREST

Summarized information on the balance sheets and results of operations relating to the non-controlling interest's 15% ownership interest in Cold Lake are:

		June 30 2013		December 31 2012
Current assets	**$**	**4,512**	$	2,498
Non-current assets		**92,516**		89,699
Current liabilities		**708**		1,172
Non-current liabilities		**(12)**		(12)
Proportionate share of net assets	**$**	**97,724**	$	93,357

	Three Months Ended June 30				Six Months Ended June 30			
		2013		2012		**2013**		2012
				(restated)				*(restated)*
Revenues	**$**	**5,012**	$	4,272	**$**	**9,860**	$	8,737
Expenses		**2,769**		1,789		**5,025**		3,773
Current income tax		**11**		11		**22**		22
Proportionate share of net income and comprehensive income	**$**	**2,232**	$	2,472	**$**	**4,813**	$	4,942

14. RELATED PARTY TRANSACTIONS

No revenue was earned from related parties for the three and six months ended June 30, 2013 and 2012.

Amounts due from or to the General Partner and its affiliates related to their services are non-interest bearing and have no fixed repayment terms, with the exception of the loan payable to the General Partner (note 8). At June 30, 2013, accounts payable includes $3.8 million owing to the General Partner by Inter Pipeline (December 31, 2012 - $2.7 million). Following Corporate Conversion, the General Partner will be amalgamated with Inter Pipeline. As a result, the loan balance will be owed directly to the Private Placement note holders by Inter Pipeline Ltd.

Under the LPA, the General Partner is entitled to recover all direct and indirect expenses, including general and administrative expenses, incurred on behalf of Inter Pipeline. The General Partner also receives an annual base fee equal to 2% of Inter Pipeline's annual "Operating Cash" as defined in the LPA. In addition, the General Partner is entitled to earn an annual incentive fee of 15% of Inter Pipeline's annual distributable cash, as defined in the LPA (LPA Distributable Cash), in excess of $1.01 per unit annually but less than or equal to $1.10 per unit annually, 25% of available LPA Distributable Cash in excess of $1.10 per unit annually but less than or equal to $1.19 per unit annually, and 35% of available LPA Distributable Cash in excess of $1.19 per unit annually; an acquisition fee of 1.0% of the purchase price of any assets acquired by Inter Pipeline (excluding the pipeline assets originally acquired); and a disposition fee of 0.5% of the sale price of any assets sold by Inter Pipeline.

Management fees of $2.9 million and $6.0 million were earned by the General Partner in the three and six months ended June 30, 2013, respectively (three and six months ended June 30, 2012 - $2.9 million and $6.2 million, respectively). Incentive fees of $1.7 million and $2.8 million were accrued to the General Partner in the three and six months ended June 30, 2013, respectively, as Inter Pipeline's LPA Distributable Cash is expected to be in excess of $1.01 per unit annually (three and six months ended June 30, 2012 - $0.4 million and $0.8 million, respectively) and this obligation exists until Corporate Conversion is approved. If Corporate Conversion is approved, then incentive fees accrued for the year ended December 31, 2013, will be reversed in the period in which approval is obtained. No acquisition fees or disposition fees were earned by the General Partner in the three and six months ended June 30, 2013 (three and six months ended June 30, 2012 – $nil and $4.6 million respectively). Following Corporate Conversion, Inter Pipeline will no longer be required to pay management, acquisition, divestiture and incentive fees (note 3).

In 2004, Inter Pipeline entered into a loan agreement with the General Partner for $379.8 million, of which $288.6 million is outstanding at June 30, 2013 (December 31, 2012 - $288.6 million). At June 30, 2013, accounts payable includes interest payable to the General Partner on the loan of $3.2 million (December 31, 2012 - $3.2 million).

In the three and six months ended June 30, 2013, certain of the officers and directors of the General Partner received $0.9 million and $1.2 million in dividends from PAC pursuant to their non-voting shares (three and six months ended June 30, 2012 - $0.4 million and $1.3 million, respectively).

On June 1, 2013, Inter Pipeline recognized a non-cash General Partner internalization expense of $348.6 million related to the indirect purchase of its General Partner (note 3). In addition, certain key management personnel contracts were renegotiated, resulting in recognition of an additional short-term employee benefits expense of $0.3 million and unit based payment expense related to DURs of $1.0 million in the three and six months ended June 30, 2013.

15. COMMITMENTS AND CONTINGENCIES

On June 15, 2007, Inter Pipeline entered into an agreement with the Corridor shippers to guarantee the payment and performance of all obligations, other than repayment of borrowed amounts or similar financial obligations, of Corridor, the General Partner, or the operator (if the operator is not Inter Pipeline) in favour of the shippers under the Firm Service Agreement (FSA) and other related agreements. The guarantee may be exercised in the event that Corridor, the General Partner or the operator (if the operator is not Inter Pipeline) fails to pay or perform such obligations for any reason.

Inter Pipeline has entered into lease agreements for office space, storage, land and property, plant and equipment for periods ranging from 2013 to 2090. At June 30, 2013, the future minimum lease obligations are approximately $227.1 million.

Inter Pipeline has committed to purchase obligations totaling approximately $167.0 million at June 30, 2013 (refer to note 5 for expected property, plant and equipment expenditures). Inter Pipeline is also committed to investing capital in the bulk liquid storage business to comply with the UK's post Buncefield regulations. Potential solutions are being evaluated and expenditures are estimated to be in the range of $5.0 million to $7.0 million over the next eight years.

16. CAPITAL DISCLOSURES

Capital under management includes long-term debt, short-term debt and commercial paper (excluding discounts and transaction costs) and partners' equity.

At June 30, 2013, Inter Pipeline had access to committed credit facilities totaling $2,800.0 million, of which $735.6 million remains unutilized. Inter Pipeline also had access to unutilized demand facilities of $65.0 million, of which $64.5 million remains unutilized. Certain unutilized amounts under these facilities are available to specific subsidiaries of Inter Pipeline.

Management's long-term objectives are to remain well below its maximum permitted ratio of 65% recourse debt to capitalization[*] and maximum senior recourse debt to EBITDA[**] ratio of 4.25 times. In March 2013, terms under an amended note purchase agreement became effective, which enabled the permitted recourse debt to EBITDA[**] ratio to increase from 4.25 to 5.5 times. The higher ratio provides Inter Pipeline with greater financial flexibility to fund its oil sands transportation expansion projects. Once

[*] Recourse debt to capitalization is an additional GAAP measure and is calculated by dividing the sum of debt facilities outstanding with recourse to Inter Pipeline (excluding discounts and debt transaction costs) by total capitalization excluding outstanding debt facilities with no recourse to Inter Pipeline.

[**] EBITDA is an additional GAAP measure whose nearest GAAP measure is net income. Additional GAAP measures do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

the debt issued under the note purchase agreement matures in October 2014, the recourse debt to EBITDA** covenant will no longer exist. The recourse debt to capitalization* and senior recourse debt to EBITDA** measures below are similar to the coverage ratio terms contained in Inter Pipeline's credit agreements. EBITDA** calculated below includes the 15% non-controlling interest in Cold Lake and all net income associated with non-recourse subsidiaries, while the credit agreements only include distributed earnings attributable to unitholders of Inter Pipeline.

	June 30 2013	December 31 2012
Long-term debt and commercial paper		
(excluding transaction costs and discounts, per note 8)		
Recourse debt	$ 1,937,648	$ 1,473,648
Non-recourse debt	1,640,400	1,653,950
	3,578,048	3,127,598
Partners' equity	1,414,255	1,659,451
Total capitalization	$ 4,992,303	$ 4,787,049
Capitalization (excluding non-recourse debt)	$ 3,351,903	$ 3,133,099
Recourse debt to capitalization*	57.8%	47.0%

	Twelve Months Ended June 30 2013	December 31 2012
Net (loss) income	$ (81,384)	$ 316,982
Add:		
Depreciation and amortization	124,370	124,593
Loss on disposal of assets	2,003	175
Financing charges	95,552	97,604
Non-cash recovery	(1,898)	(234)
Unrealized change in fair value of derivative financial instruments	11,767	(44,363)
Provision for income taxes	74,464	89,295
General Partner internalization	348,584	-
EBITDA**	$ 573,458	$ 584,052
Recourse debt to EBITDA**	3.4	2.5

Inter Pipeline was compliant with all covenants throughout each of the periods presented.

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

17. FINANCIAL INSTRUMENTS

Classification of Financial Assets and Financial Liabilities

The carrying value of Inter Pipeline's financial assets and liabilities recorded at June 30, 2013, are classified as follows:

	Fair Value Through Profit or Loss	Cash, Loans and Receivables	Other Financial Liabilities	Carrying Value of Financial Asset or Liability	Non-Financial Asset or Liability*	Carrying Value of Asset or Liability
Assets**						
Cash and cash equivalents	$ -	$ 48,158	$ -	$ 48,158	$ -	$ 48,158
Accounts receivable	-	115,317	-	115,317	23,903	139,220
Prepaid expenses and other deposits	-	24,851	-	24,851	15,148	39,999
Derivative financial instruments***	20,714	-	-	20,714	-	20,714
Liabilities						
Distributions payable to unitholders	-	-	26,602	26,602	-	26,602
Accounts payable and accrued liabilities	4,396	-	402,799	407,195	40,827	448,022
Derivative financial instruments***	6,835	-	-	6,835	-	6,835
Deferred revenue and other liabilities	-	-	8,895	8,895	21,477	30,372
Long-term debt and commercial paper (note 8)****	-	-	3,578,048	3,578,048	-	3,578,048
Long-term payable	2,483	-	-	2,483	-	2,483
General Partner Internalization liabilities (note 3)	-	-	348,584	348,584	-	348,584

* Not all components of assets and liabilities meet the definition of a financial asset or liability.
** Inter Pipeline does not have any assets that meet the definition of "available-for-sale" or "held-to-maturity."
*** Financial instruments at fair value through profit or loss (FVTPL) are recorded at fair value using a discounted cash flow methodology.
**** Carrying values include commercial paper and exclude discounts and transaction costs with the respective accumulated amortization.

a) Fair Value of Financial Instruments

The fair values of long-term debt and derivative financial instruments are discussed in the following paragraphs. The long-term portion of unrealized gains arising from the interest rate swap contract payable to the Corridor shippers is designated as FVTPL and is carried at fair value. The carrying value of all other financial assets and liabilities, approximate their fair value due to the relatively short-term maturity.

Due to the short-term maturity of instruments under long-term variable rate revolving credit facilities, it is assumed that the carrying amounts of these financial instruments approximate their fair values. At June 30, 2013, the carrying values of fixed rate debt and General Partner internalization liabilities compared to fair values are as follows:

	Carrying Value*	Fair Value
Loan Payable to General Partner	$ 288,648	$ 303,757
Corridor Debentures	$ 300,000	$ 322,461
Senior Unsecured Medium-Term Notes	$ 925,000	$ 960,742
General Partner Internalization Liabilities	$ 348,584	$ 332,598

* Carrying value excludes transaction costs, discount and accumulated amortization.

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

The fair values of derivatives and other financial instruments used for risk management activities are recorded in the consolidated balance sheets as follows:

	June 30 2013	December 31 2012
Current asset	**$ 18,167**	$ 20,816
Non-current asset	**2,547**	4,865
Current liability	**(6,835)**	(8,336)
	$ 13,879	$ 17,345

Derivative financial instruments carried at fair value are as follows:

	June 30 2013	December 31 2012
Frac-spread risk management		
NGL swaps	**$ 13,588**	$ 16,246
Natural gas swaps	**(3,470)**	(6,776)
Foreign exchange swaps	**(3,366)**	(1,535)
	6,752	7,935
Interest rate risk management		
Interest rate swaps	**6,879**	9,435
	6,879	9,435
Power price risk management		
Electricity price swap	**248**	(25)
	248	(25)
	$ 13,879	$ 17,345

Net Gains or Losses

Realized and Unrealized Gain (Loss) on Derivative Instruments – Fair Value Through Profit or Loss

Realized gains (losses) represent actual settlements under derivative contracts during the period. The realized gains (losses) on derivative financial instruments recognized in net (loss) income were:

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	**2013**	2012
Revenues				
NGL swaps	**$ 5,915**	$ 4,173	**$ 11,156**	$ 2,130
Foreign exchange swaps (frac-spread)	**(990)**	(289)	**(1,651)**	(322)
	4,925	3,884	**9,505**	1,808
Shrinkage gas expense				
Natural gas swaps	**(1,440)**	(4,799)	**(3,383)**	(8,295)
	(1,440)	(4,799)	**(3,383)**	(8,295)
Operating expenses				
Electricity price swaps	**279**	-	**304**	-
	279	-	**304**	-
Financing charges				
Interest rate swap	**1,226**	1,192	**2,385**	2,388
	1,226	1,192	**2,385**	2,388
General and administrative				
Foreign exchange swaps	**-**	943	**-**	943
	-	943	**-**	943
Net realized gain (loss) on derivative financial instruments	**$ 4,990**	$ 1,220	**$ 8,811**	$ (3,156)

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

The unrealized change in fair value related to derivative financial instruments recognized in net (loss) income was:

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	**2013**	2012
Frac-spread risk management				
NGL swaps	**$ 384**	$ 46,731	**$ (2,658)**	$ 50,956
Natural gas swaps	**(90)**	6,857	**3,307**	1,947
Foreign exchange swaps	**(669)**	(2,032)	**(1,831)**	2,317
	(375)	51,556	**(1,182)**	55,220
Power price risk management				
Electricity price swaps	**181**	-	**272**	-
	181	-	**272**	-
Foreign exchange risk management				
Foreign exchange swaps	**-**	597	**-**	-
	-	597	**-**	-
Unrealized change in fair value of derivative financial instruments	**$ (194)**	$ 52,153	**$ (910)**	$ 55,220

Realized and Unrealized Gain (Loss) on Other Classes of Financial Instruments

Inter Pipeline had no significant gains (losses) or impairment losses on other classes of financial instruments.

18. RISK MANAGEMENT

Inter Pipeline is exposed to a number of inherent financial risks arising in the normal course of operations which include market price risk related to commodity prices, foreign currency exchange rates and interest rates, credit risk and liquidity risk.

a) Market Risk

Frac-Spread Risk Management

Contracts outstanding at June 30, 2013, represented approximately 39.6% of forecast propane-plus volumes at the Cochrane extraction facility for the period July 1, 2013 to December 31, 2013, at an average frac-spread price of approximately $0.98 CAD/US gallon. This average price approximated $0.93 USD/US gallon, based on the average USD/CAD forward curve as at June 30, 2013.

The following table illustrates how a 10% change in NGL and AECO natural gas commodity prices and foreign exchange rates in isolation could individually impact the mark-to-market valuation of Inter Pipeline's derivative financial instruments used to manage frac-spread risk and consequently after-tax income assuming rates associated with each of the other components and all other variables remain constant:

	Fair Value of Derivative Financial Instruments	Change in Net Income Based on 10% Increase in Prices/Rates**	Change in Net Income Based on 10% Decrease in Prices/Rates**
NGL*	$ 13,588	$ (2,517)	$ 2,517
AECO natural gas	(3,470)	748	(748)
Foreign exchange	(3,366)	(3,543)	3,543
Frac-spread risk management	$ 6,752		

* Assumes that a commodity price change will impact all propane, normal butane, isobutane and pentanes-plus products linearly.

* * Negative amounts represent a liability increase or asset decrease.

Interest Rate Risk Management

Based on the variable rate debt obligations outstanding at June 30, 2013, a 1% change in interest rates at this date would have changed interest expense on credit facilities for the three and six months ended June 30, 2013, by approximately $5.1 million and $10.2 respectively, assuming all other variables remain constant. Of these amounts, $3.3 million and $6.6 million, for the three and six months ended June 30, 2013, respectively, relate to the $1.55 billion Unsecured Revolving Credit Facility (note 8) and are recoverable through the terms of Corridor's FSA, therefore the after-tax income impact for the three and six months ended June 30, 2013 would be $1.4 million and $2.7 million, respectively.

Power Price Risk Management

Inter Pipeline enters into electricity price swap contracts to manage power price risk exposure in the conventional oil pipelines business. During the six months ended June 30, 2013, Inter Pipeline entered into an electricity price swap agreement in the conventional oil pipelines business in addition to the existing electricity price swap agreement entered into in 2012. Inter Pipeline may also enter into financial heat rate swap contracts to manage power price risk exposure in the NGL extraction business. As at June 30, 2013, there are no heat rate price swap agreements outstanding.

At June 30, 2013, a 10% change in Alberta power pool commodity prices in isolation with all other variables held constant would have changed the mark-to-market valuation of Inter Pipeline's derivative financial instruments used to manage power price risk, and consequently after-tax income, by approximately $0.2 million.

Foreign Exchange Risk Management

Inter Pipeline is exposed to currency risk resulting from the translation of assets and liabilities of its European bulk liquid storage operations and transactional currency exposures arising from purchases in currencies other than Inter Pipeline's functional currency, the Canadian dollar. Transactional foreign currency risk exposures have not been significant historically, therefore are generally not hedged; however, Inter Pipeline may decide to hedge this risk in the future.

b) Credit Risk

With respect to credit risk arising from cash, deposits and derivative financial instruments, Inter Pipeline believes the risks of non-performance of counterparties are minimal as cash, deposits and derivative financial instruments outstanding are predominantly held with major financial institutions or investment grade corporations.

At June 30, 2013, Inter Pipeline considers that the risk of non-performance of its customers is minimal based on Inter Pipeline's credit approval, ongoing monitoring procedures and historical experience.

At June 30, 2013, accounts receivable outstanding meeting the definition of past due and impaired are insignificant.

Concentrations of credit risk associated with accounts receivable relate to a limited number of principal customers in the oil sands transportation and NGL extraction business segments, the majority of which are affiliated with investment grade corporations in the energy and chemical industry sectors. At June 30, 2013, accounts receivable associated with these two business segments were $78.8 million or 56.6% of total accounts receivable outstanding. Inter Pipeline believes the credit risk associated with the remainder of accounts receivable is minimized due to diversity across business segments and customers.

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

c) *Liquidity Risk*

The table below summarizes the contractual maturity profile of Inter Pipeline's financial liabilities at June 30, 2013, on an undiscounted basis:

	Total	Less Than One Year	One to Five Years	After Five Years
Distributions payable to unitholders	$ 26,602	$ 26,602	$ -	$ -
Accounts payable and accrued liabilities	448,022	448,022	-	-
Deferred revenue and other liabilities	30,372	14,535	9,650	6,187
Derivative financial instruments*	6,875	6,875	-	-
Long-term debt and commercial paper**	3,578,048	1,340,400	1,162,648	1,075,000
General Partner internalization liabilities***	348,584	178,584	170,000	-
Long-term payable*	2,588	-	2,588	-
	$ 4,441,091	$ 2,015,018	$ 1,344,886	$ 1,081,187

* Derivative financial instruments are shown on a net basis. Derivative financial instruments and the long-term payable represent an estimate of the fair value liability on an undiscounted basis for financially net settled derivative contracts outstanding at June 30, 2013, based upon contractual maturity dates. Fair values of derivative financial instruments and the long-term payable reported on the consolidated balance sheets are shown on a discounted basis.

** Commercial paper issued by Corridor is fully supported and management expects that it will continue to be supported by the Unsecured Revolving Credit Facility that has no repayment requirements until December 2016.

*** General Partner internalization liabilities are not expected to be settled in cash, assuming Corporate Conversion and exchange of shares is approved (note 3).

19. FINANCING CHARGES

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	**2013**	2012
		(restated)		*(restated)*
Interest expense on credit facilities	**$ 9,770**	$ 8,974	**$ 17,970**	$ 18,542
Interest on loan payable to General Partner	**4,438**	5,771	**8,876**	11,542
Interest on Corridor Debentures	**2,488**	2,521	**5,002**	5,039
Interest on Senior Unsecured Medium-Term Notes	**9,731**	7,297	**19,462**	13,252
Total interest	**26,427**	24,563	**51,310**	48,375
Capitalized interest	**(5,447)**	(805)	**(8,084)**	(2,648)
Amortization of transaction costs on long-term debt and commercial paper	**852**	741	**1,669**	1,572
Accretion of provisions and pension plan funding charges	**494**	479	**1,309**	957
Financing charges	**$ 22,326**	$ 24,978	**$ 46,204**	$ 48,256

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

20. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in Non-Cash Working Capital

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	**2013**	2012
		(restated)		*(restated)*
Accounts receivable	**$ (1,720)**	$ 3,805	**$ 7,526**	$ 3,227
Prepaid expense and other deposits	**(7,823)**	(3,197)	**(8,720)**	(16,853)
Distributions payable to unitholders	**922**	244	**1,150**	508
Accounts payable and accrued liabilities	**(7,713)**	517	**155,197**	(13,346)
Deferred revenue	**203**	(4,352)	**8,392**	7,598
Current income taxes payable	**13,388**	14,330	**19,377**	(19,328)
Working capital acquired	**-**	(282)	**-**	15,214
Impact of foreign exchange rate differences and other	**(291)**	623	**(267)**	266
Changes in non-cash working capital	**$ (3,034)**	$ 11,688	**$ 182,655**	$ (22,714)
These changes relate to the following activities:				
Operating	**$ 4,675**	$ 26,386	**$ 15,421**	$ (21,555)
Investing	**(9,619)**	(14,942)	**165,096**	(1,667)
Financing	**1,910**	244	**2,138**	508
Changes in non-cash working capital	**$ (3,034)**	$ 11,688	**$ 182,655**	$ (22,714)

Cash and Cash Equivalents

	June 30 2013	December 31 2012
Cash on hand and at banks	**$ 37,767**	$ 53,604
Short-term deposits	**10,391**	11,375
	$ 48,158	$ 64,979

21. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS 10

Inter Pipeline has re-assessed its consolidation conclusions at January 1, 2013, in accordance with IFRS 10 and concluded that it has controlled Cold Lake since the acquisition of its additional 70% ownership interest on January 2, 2003, and that 100% of Cold Lake should be consolidated. The 15% ownership interest in Cold Lake that is not attributable to Inter Pipeline is presented in the consolidated financial statements as activities and balances attributable to a non-controlling interest. Inter Pipeline's 85% ownership interest in Cold Lake was previously accounted for as a joint venture and was consolidated in a manner that reflected Inter Pipeline's 85% ownership interest in the individual income, expenses, assets, liabilities and cash flows of Cold Lake on a line by line basis in its consolidated results. Inter Pipeline has accounted for this change in accounting policy using the relevant transitional provisions of IFRS 10 by accounting for its acquisition of Cold Lake using IFRS 3 *Business Combinations*, as at the acquisition date of January 2, 2003, and consolidating Cold Lake since the acquisition date. The adjustments for each financial statement line item affected are presented in the following tables:

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Reconciliation of Consolidated Balance Sheet at June 30, 2012

	June 30, 2012		
	As Previously Reported	IFRS 10 Adjustment	**As Restated**
ASSETS			
Current Assets			
Cash and cash equivalents	**$ 34,822**	$ 625	**$ 35,447**
Accounts receivable	**106,345**	(5)	**106,340**
Derivative financial instruments	**30,721**	-	**30,721**
Prepaid expenses and other deposits	**27,626**	369	**27,995**
Total Current Assets	**199,514**	989	**200,503**
Derivative financial instruments	**18,572**	-	**18,572**
Property, plant and equipment	**4,488,610**	75,327	**4,563,937**
Goodwill and intangible assets	**617,501**	11,104	**628,605**
Total Assets	**$ 5,324,197**	$ 87,420	**$ 5,411,617**
LIABILITIES AND PARTNERS' EQUITY			
Current Liabilities			
Distributions payable to unitholders	**$ 23,622**	$ -	**$ 23,622**
Accounts payable and accrued liabilities	**150,728**	(1,755)	**148,973**
Current income taxes payable	**30,430**	3	**30,433**
Derivative financial instruments	**13,594**	-	**13,594**
Deferred revenue	**12,114**	90	**12,204**
Current portion of long-term debt	**91,087**	-	**91,087**
Commercial paper	**1,447,593**	-	**1,447,593**
Total Current Liabilities	**1,769,168**	(1,662)	**1,767,506**
Long-term debt	**1,528,803**	-	**1,528,803**
Long-term payable	**7,134**	-	**7,134**
Derivative financial instruments	**5,144**	-	**5,144**
Provisions	**56,882**	7	**56,889**
Employee benefits	**4,257**	-	**4,257**
Long-term deferred revenue and other liabilities	**16,045**	-	**16,045**
Deferred income taxes	**377,368**	-	**377,368**
Total Liabilities	**3,764,801**	(1,655)	**3,763,146**
Partners' Equity			
Partners' equity	**1,600,572**	-	**1,600,572**
Total reserves	**(41,176)**	-	**(41,176)**
Total Partners' Equity	**1,559,396**	-	**1,559,396**
Non-controlling Interest	**-**	89,075	**89,075**
Total Equity	**1,559,396**	89,075	**1,648,471**
Total Liabilities and Partners' Equity	**$ 5,324,197**	$ 87,420	**$ 5,411,617**

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Reconciliation of Consolidated Statements of Net income and Comprehensive Income for the three and six months ended June 30, 2012

	Three months ended June 30, 2012			Six months ended June 30, 2012		
	As Previously Reported	IFRS 10 Adjustment	**As Restated**	**As Previously Reported**	IFRS 10 Adjustment	**As Restated**
REVENUES						
Operating revenues	**$ 275,608**	$ 4,272	**$ 279,880**	**$ 572,832**	$ 8,737	**$ 581,569**
EXPENSES						
Shrinkage gas	**36,765**	-	**36,765**	**92,735**	-	**92,735**
Midstream product purchases	**12,821**	-	**12,821**	**12,821**	-	**12,821**
Operating	**64,970**	1,431	**66,401**	**132,752**	3,053	**135,805**
Depreciation and amortization	**34,133**	366	**34,499**	**61,795**	731	**62,526**
Financing charges	**24,982**	(4)	**24,978**	**48,263**	(7)	**48,256**
General and administration	**13,831**	-	**13,831**	**28,974**	-	**28,974**
Unrealized change in fair value of derivative financial instruments	**(52,153)**	-	**(52,153)**	**(55,220)**	-	**(55,220)**
Acquisition fee to General Partner	**-**	-	**-**	**4,591**	-	**4,591**
Management and incentive fees to General Partner	**3,257**	-	**3,257**	**6,961**	-	**6,961**
Gain on disposal of assets	**(91)**	(4)	**(95)**	**(91)**	(4)	**(95)**
	138,515	1,789	**140,304**	**333,581**	3,773	**337,354**
INCOME BEFORE INCOME TAXES	**137,093**	2,483	**139,576**	**239,251**	4,964	**244,215**
Provision for income taxes						
Current	**14,334**	11	**14,345**	**29,999**	22	**30,021**
Deferred	**18,381**	-	**18,381**	**25,240**	-	**25,240**
	32,715	11	**32,726**	**55,239**	22	**55,261**
NET INCOME	**$ 104,378**	$ 2,472	**$ 106,850**	**$ 184,012**	$ 4,942	**$ 188,954**
Net income attributable to						
Unitholders of Inter Pipeline Fund	**$ 104,378**	$ -	**$ 104,378**	**$ 184,012**	$ -	**$ 184,012**
Non-controlling interest	**-**	-	**2,472**	**-**	-	**4,942**
	$ 104,378	$ -	**$ 106,850**	**$ 184,012**	$ -	**$ 188,954**
Net income per Partnership unit attributable to unitholders of Inter Pipeline Fund						
Basic and diluted	**$ 0.39**	$ -	**$ 0.39**	**$ 0.69**	$ -	**$ 0.69**

IFRS 10 had no impact on Inter Pipeline's other comprehensive income for the three and six months ended June 30, 2012. Comprehensive income for the three and six months ended June 30, 2012 increased by $2.5 million and $4.9 million, respectively, as a result of the IFRS 10 changes recorded in the consolidated statements of net income.

(tabular amounts in thousands of Canadian dollars, except as otherwise indicated)

Reconciliation of Consolidated Statements of Cash Flows for the three and six months ended June 30, 2012

	Three months ended June 30, 2012			Six months ended June 30, 2012		
	As Previously Reported	IFRS 10 Adjustment	**As Restated**	**As Previously Reported**	IFRS 10 Adjustment	**As Restated**
OPERATING ACTIVITIES						
Net income	**$ 104,378**	$ 2,472	**$ 106,850**	**$ 184,012**	$ 4,942	**$ 188,954**
Items not involving cash:						
Depreciation and amortization	**34,133**	366	**34,499**	**61,795**	731	**62,526**
Gain on disposal of assets	**(91)**	(4)	**(95)**	**(91)**	(4)	**(95)**
Non-cash expense (recovery)	**2,629**	-	**2,629**	**(475)**	-	**(475)**
Unrealized change in fair value of derivative financial instruments	**(52,153)**	-	**(52,153)**	**(55,220)**	-	**(55,220)**
Deferred income tax expense	**18,381**	-	**18,381**	**25,240**	-	**25,240**
Funds from operations	**107,277**	2,834	**110,111**	**215,261**	5,669	**220,930**
Net change in non-cash operating working capital	**26,605**	(219)	**26,386**	**(20,322)**	(1,233)	**(21,555)**
Cash provided by operating activities	**133,882**	2,615	**136,497**	**194,939**	4,436	**199,375**
INVESTING ACTIVITIES						
Expenditures on property, plant and equipment	**(73,837)**	(1,796)	**(75,633)**	**(119,740)**	(2,487)	**(122,227)**
Proceeds on sale of assets	**91**	4	**95**	**91**	4	**95**
Acquisition of Inter Terminals	**-**	-	**-**	**(509,413)**	-	**(509,413)**
Assumption of cash on acquisition of Inter Terminals	**460**	-	**460**	**48,293**	-	**48,293**
Capital contribution received from Cold Lake non-controlling interest	**-**	1,822	**1,822**	**-**	2,727	**2,727**
Net change in non-cash investing working capital	**(14,657)**	(285)	**(14,942)**	**(1,486)**	(181)	**(1,667)**
Cash (used in) provided by investing activities	**(87,943)**	(255)	**(88,198)**	**(582,255)**	63	**(582,192)**
FINANCING ACTIVITIES						
Cash distributions paid to unitholders of Inter Pipeline Fund	**(19,268)**	-	**(19,268)**	**(35,506)**	-	**(35,506)**
Cash distributions paid by Cold Lake to non-controlling interest	**-**	(2,151)	**(2,151)**	**-**	(4,670)	**(4,670)**
(Decrease) increase in debt	**(62,425)**	-	**(62,425)**	**410,390**	-	**410,390**
Transaction costs on debt	**(1,751)**	-	**(1,751)**	**(2,455)**	-	**(2,455)**
Net change in non-cash financing working capital	**244**	-	**244**	**508**	-	**508**
Cash (used in) provided by financing activities	**(83,200)**	(2,151)	**(85,351)**	**372,937**	(4,670)	**368,267**
Effect of foreign currency translation on foreign currency denominated cash	**(1,856)**	-	**(1,856)**	**(820)**	-	**(820)**
(Decrease) increase in cash and cash equivalents	**(39,117)**	209	**(38,908)**	**(15,199)**	(171)	**(15,370)**
Cash and cash equivalents, beginning of period	**73,939**	416	**74,355**	**50,021**	796	**50,817**
Cash and cash equivalents, end of period	**$ 34,822**	$ 625	**$ 35,447**	**$ 34,822**	$ 625	**$ 35,447**