



**LAURENTIAN PILOTAGE
AUTHORITY**

(Established under the Pilotage Act)

**ADMINISTRATION DE PILOTAGE
DES LAURENTIDES**

(Constituée en vertu de la Loi sur le pilotage)

STATEMENT OF FINANCIAL POSITION
(unaudited)

In Canadian Dollars	AS AT JUNE 30 2014	AS AT DECEMBER 31 2013
<u>ASSETS</u>		
Current		
Cash	4 918 381 \$	3 747 504 \$
Short-term investments	1 500 000	-
Receivable	10 189 120	9 585 475
	<u>16 607 501 \$</u>	<u>13 332 979 \$</u>
Non-current		
Long-term investments	- \$	1 500 000 \$
Property, plant and equipment	16 380 171	16 623 430
Intangible assets	911 576	1 048 608
Total assets	<u>33 899 248 \$</u>	<u>32 505 017 \$</u>
 <u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	11 649 462 \$	10 180 221 \$
	<u>11 649 462 \$</u>	<u>10 180 221 \$</u>
Non-current		
Post-employment benefits	483 879 \$	457 112 \$
Total liabilities	<u>12 133 341 \$</u>	<u>10 637 333 \$</u>
 <u>EQUITY OF CANADA</u>		
Retained earnings	21 765 907 \$	21 867 684 \$
	<u>21 765 907 \$</u>	<u>21 867 684 \$</u>
TOTAL LIABILITIES AND EQUITY OF CANADA	<u>33 899 248 \$</u>	<u>32 505 017 \$</u>



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2014	2013	2014	2013
<u>Revenues</u>				
Pilotage charges	20 524 421 \$	19 725 300 \$	37 594 307 \$	35 855 917 \$
Other revenues	26 909	20 350	49 997	52 096
	<u>20 551 330 \$</u>	<u>19 745 650 \$</u>	<u>37 644 304 \$</u>	<u>35 908 013 \$</u>
<u>Expenses</u>				
Pilots' fees, salaries and benefits	15 975 427 \$	15 915 162 \$	29 844 027 \$	28 751 387 \$
Operating costs of pilot boats	2 589 797	1 808 016	5 255 672	4 265 754
Staff salaries and benefits	848 500	778 280	1 707 685	1 579 714
Professional and special services	322 176	182 669	544 759	427 327
Rentals	71 735	71 780	142 166	150 271
Utilities, material and supplies	41 864	49 333	98 102	99 225
Communications	22 424	14 576	33 243	30 578
Transportation, travel and hospitality	25 767	21 490	46 907	37 108
Maintenance	7 321	3 512	8 425	7 039
Financing costs	1 789	4 958	4 030	7 284
Other	32 102	39 136	61 065	62 304
	<u>19 938 902 \$</u>	<u>18 888 912 \$</u>	<u>37 746 081 \$</u>	<u>35 417 991 \$</u>
<u>Comprehensive income for the period</u>	<u>612 428 \$</u>	<u>856 738 \$</u>	<u>(101 777) \$</u>	<u>490 022 \$</u>



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STATEMENT OF CHANGES IN EQUITY OF CANADA
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2014	2013	2014	2013
Retained earnings, beginning of the period	21 153 479 \$	19 989 136 \$	21 867 684 \$	20 355 852 \$
Comprehensive income for the period	612 428 \$	856 738 \$	(101 777) \$	490 022 \$
<u>Retained earnings, end of the period</u>	<u>21 765 907 \$</u>	<u>20 845 874 \$</u>	<u>21 765 907 \$</u>	<u>20 845 874 \$</u>



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STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2014	2013	2014	2013
OPERATING ACTIVITIES				
Comprehensive income for the period	612 428 \$	856 738 \$	(101 777) \$	490 022 \$
Items not affecting cash flows				
Depreciation and amortization	236 211	229 665	460 199	352 004
Changes in long-term employee benefits	4 508	(31 649)	26 767	(19 373)
Loss (gain) on disposals of assets	5 670	-	5 670	-
Changes in non-cash working capital items				
Changes in receivable	(2 740 375)	(2 064 037)	(603 645)	(181 202)
Changes in accounts payable and accrued liabilities	3 840 689	1 402 674	1 469 241	(2 472 844)
Cash flows from operating activities	1 959 131 \$	393 391 \$	1 256 455 \$	(1 831 393) \$
INVESTING ACTIVITIES				
Purchase of long-term investments	- \$	- \$	- \$	- \$
Acquisition of property and equipment	(85 808)	(6 242)	(85 808)	(353 737)
Disposal of property and equipment	230	-	230	-
Acquisition of intangible asset	-	(318 900)	-	(926 200)
Cash flows from investing activities	(85 578) \$	(325 142) \$	(85 578) \$	(1 279 937) \$
CASH				
Change for the period	1 873 553 \$	68 249 \$	1 170 877 \$	(3 111 330) \$
Balance, beginning of period	3 044 828	3 682 205	3 747 504	6 861 784
BALANCE, END OF PERIOD	4 918 381 \$	3 750 454 \$	4 918 381 \$	3 750 454 \$

Notes to the interim financial statements (unaudited)
(in Canadian dollars)

1. Status and activities

The Laurentian Pilotage Authority was established in 1972 under the *Pilotage Act*. Its objectives are to establish, operate, maintain and administer, in the interest of safety, an efficient pilotage service within certain designated Canadian waters in and around the Province of Québec. The Act provides that pilotage tariffs shall permit the Authority to operate on a self-sustaining financial basis and shall be fair and reasonable. The Authority does not have access to Parliamentary appropriations.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Authority is not an agent of Her Majesty and is exempt from income taxes.

2. Basis of preparation

The Laurentian Pilotage Authority (or the « Authority » or the « LPA ») prepares its financial statements in accordance with generally accepted accounting principles (GAAP), which incorporates International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 « Interim Financial Reporting ». The current financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Authority for the year ended December 31, 2013.

The Authority's Audit Committee has approved for issue these interim financial statements on August 28, 2014.

The Authority's second operating quarter usually is usually representative in terms of assignment volume of the full year (more than 26% of total 2013 assignments were performed during the second quarter of 2013). This period coincides with the reopening of the St-Lawrence Seaway which closes between the end of December until the end of March of the following year. The Authority's cost structure includes an important proportion of variable costs which reduces potential unfavorable economic impact in the event of reduced revenues.

LAURENTIAN PILOTAGE AUTHORITY
Unaudited financial statements
QUARTER ENDED JUNE 30, 2014

Notes to the interim financial statements (unaudited)
(in Canadian dollars)

3. Significant accounting policies

The interim financial statements of the Laurentian Pilotage Authority have been prepared in accordance with accounting policies outlined in Note 4 of its audited annual financial statements as at December 31, 2013. Note 3 of these audited annual financial statements can also be reviewed to consult future accounting changes.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rentals as at June 30, 2014 are as follows:

Less than 1 year	\$	340 000
1 to 5 years		1 294 000
Over 5 years		<u>1 840 000</u>
	\$	<u>3 474 000</u>

Furthermore, the Authority has entered into agreements covering legal services, computer services, ancillary costs to pilotage services and pilot boat construction. As at June 30, 2014, estimated amounts payable are :

Less than 1 year	\$	895 000
1 to 5 years		327 000
Over 5 years		<u>-</u>
	\$	<u>1 222 000</u>