



**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 SEPTEMBER 30 2016	AS AT DECEMBER 31 2015
<u>ASSETS</u>		
Current		
Cash	9 314 887 \$	7 665 051 \$
Receivables	11 306 727	10 246 297
Short-term investments	2 776 519	1 528 211
	<u>23 398 133 \$</u>	<u>19 439 559 \$</u>
Non-current		
Long-term investments	2 228 741 \$	3 477 049 \$
Property and equipment	15 047 906	15 521 500
Intangible assets	478 568	746 120
Total assets	<u>41 153 348 \$</u>	<u>39 184 228 \$</u>
 <u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	12 052 037 \$	10 933 087 \$
	<u>12 052 037 \$</u>	<u>10 933 087 \$</u>
Non-current		
Employee benefits	356 911 \$	433 063 \$
Lease inducement	207 178	227 896
Total liabilities	<u>12 616 126 \$</u>	<u>11 594 046 \$</u>
 <u>EQUITY OF CANADA</u>		
Retained earnings	\$ 28 537 222	\$ 27 590 182
	<u>\$ 28 537 222</u>	<u>\$ 27 590 182</u>
TOTAL LIABILITIES AND EQUITY OF CANADA	<u>\$ 41 153 348</u>	<u>\$ 39 184 228</u>



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - SEPTEMBER 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2016	2015	2016	2015
<u>Revenues</u>				
Pilotage charges	23 317 395 \$	22 548 957 \$	63 798 850 \$	60 947 142 \$
Other revenues	35 473	406 317	131 451	503 349
	<u>23 352 868 \$</u>	<u>22 955 274 \$</u>	<u>63 930 301 \$</u>	<u>61 450 491 \$</u>
<u>Expenses</u>				
Pilot fees	18 695 862 \$	17 776 379 \$	51 272 962 \$	47 854 477 \$
Operating costs of pilot boats	2 179 187	2 122 960	7 210 136	7 064 168
Employee salaries and benefits	854 686	809 056	2 733 796	2 457 872
Professional and special services	310 417	298 053	1 009 284	947 847
Rents	87 491	75 458	272 842	228 647
Utilities, material and supplies	58 303	57 145	189 407	142 070
Communications	20 229	13 724	56 520	44 683
Transportation, travel and hospitality	23 375	27 799	57 492	63 905
Maintenance	45	659	69 675	7 065
Finance costs	4 225	4 187	10 421	5 849
Other expenses	25 828	24 664	100 726	87 226
	<u>22 259 648 \$</u>	<u>21 210 084 \$</u>	<u>62 983 261 \$</u>	<u>58 903 809 \$</u>
<u>Comprehensive income for the period</u>	<u>1 093 220 \$</u>	<u>1 745 190 \$</u>	<u>947 040 \$</u>	<u>2 546 682 \$</u>



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STATEMENT OF CHANGES IN EQUITY OF CANADA
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - SEPTEMBER 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2016	2015	2016	2015
Retained earnings, beginning of the period	27 444 002 \$	24 759 927 \$	27 590 182 \$	23 958 435 \$
Comprehensive income for the period	1 093 220	1 745 190	947 040	2 546 682
<u>Retained earnings, end of the period</u>	<u>28 537 222 \$</u>	<u>26 505 117 \$</u>	<u>28 537 222 \$</u>	<u>26 505 117 \$</u>



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STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED - SEPTEMBER 30		NINE MONTHS ENDED - SEPTEMBER 30	
	2016	2015	2016	2015
In Canadian Dollars				
<u>OPERATING ACTIVITIES</u>				
Comprehensive income for the period	1 093 220 \$	1 745 190 \$	947 040 \$	2 546 682 \$
Items not affecting cash flows				
Depreciation and amortization	262 916	260 228	779 099	757 210
Changes in long-term of employee benefits	(98 292)	(70 614)	(76 152)	(53 997)
Changes in long-term portion of the lease inducement	(6 906)	(6 906)	(20 718)	65 258
Loss (gain) on asset disposals	-	(383 610)	(250)	(383 610)
Changes in non-cash working capital items				
Changes in receivables	(1 410 593)	(384 642)	(1 060 430)	1 236 623
Changes in accounts payable and accrued liabilities	1 183 885	1 139 266	1 118 950	567 334
Cash flows from operating activities	1 024 230 \$	2 298 912 \$	1 687 539 \$	4 735 500 \$
<u>INVESTING ACTIVITIES</u>				
Net purchase of investments	- \$	- \$	- \$	(28 211) \$
Acquisition of property and equipment	(19 167)	(6 950)	(37 953)	(38 867)
Acquisition of intangible asset	-	-	-	(317 589)
Proceeds on property and equipment disposal	-	385 000	250	385 000
Cash flows from investing activities	(19 167) \$	378 050 \$	(37 703) \$	333 \$
<u>CASH</u>				
Change for the period	1 005 063 \$	2 676 962 \$	1 649 836 \$	4 735 833 \$
Balance, beginning of period	8 309 824	5 826 600	7 665 051	3 767 729
<u>BALANCE, END OF PERIOD</u>	9 314 887 \$	8 503 562 \$	9 314 887 \$	8 503 562 \$

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, 2015.

The Authority's Audit Committee has approved for issue these interim financial statements on November 17, 2016.

The Authority's third operating quarter usually is usually representative in terms of assignment volume of the full year (almost 27% of total 2015 assignments were performed during the third quarter of 2015). 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 SEPTEMBER 30, 2016

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, 2015. Note 3 of these audited annual financial statements can also be reviewed to consult current and future accounting standards.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rentals as at September 30, 2016 are as follows:

Less than 1 year	\$	438 019
1 to 5 years		1 803 084
Over 5 years		<u>1 966 058</u>
	\$	<u>4 207 161</u>

Furthermore, the Authority has entered into agreements covering legal services, computer services and ancillary costs related to pilotage services. As at September 30, 2016, estimated amounts payable are:

Less than 1 year	\$	1 126 242
1 to 5 years		1 897 257
Over 5 years		<u>-</u>
	\$	<u>3 023 499</u>