



**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 2012 | AS AT DECEMBER 31 2011 |
|---|-----------------------|---------------------------|
| ASSETS | | |
| Current | | |
| Cash | 9 311 283 \$ | 11 344 973 \$ |
| Receivable | 9 528 528 | 9 178 542 |
| | <u>18 839 811 \$</u> | <u>20 523 515 \$</u> |
| Non-current | | |
| Property, plant and equipment | 11 368 599 \$ | 7 850 873 \$ |
| Intangible assets | 189 013 | 183 318 |
| Total assets | <u>30 397 423 \$</u> | <u>28 557 706 \$</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | 11 736 176 \$ | 10 416 030 \$ |
| | <u>11 736 176 \$</u> | <u>10 416 030 \$</u> |
| Non-current | | |
| Post-employment benefits | 292 693 \$ | 517 923 \$ |
| Total liabilities | <u>12 028 869 \$</u> | <u>10 933 953 \$</u> |
| EQUITY OF CANADA | | |
| Retained earnings | 18 368 554 \$ | 17 623 753 \$ |
| | <u>18 368 554 \$</u> | <u>17 623 753 \$</u> |
| TOTAL LIABILITIES AND EQUITY OF CANADA | <u>30 397 423 \$</u> | <u>28 557 706 \$</u> |



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STATEMENT OF CASH FLOW
(unaudited)

| | THREE MONTHS ENDED - JUNE 30 | | SIX MONTHS ENDED - JUNE 30 | |
|--|---------------------------------|----------------------|-------------------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 |
| OPERATING ACTIVITIES | | | | |
| Comprehensive income for the period | 850 685 \$ | 1 659 920 \$ | 744 801 \$ | 2 038 437 \$ |
| Items not affecting cash flows | | | | |
| Depreciation and amortization | 57 398 | 52 935 | 114 796 | 105 869 |
| Changes in long-term post-employment benefits | 8 622 | 14 700 | (225 230) | 28 321 |
| Loss (gain) on disposals of assets | - | - | - | - |
| Changes in non-cash working capital items | | | | |
| Changes in receivable | (2 377 699) | (1 625 469) | (349 986) | (827 724) |
| Changes in accounts payable and accrued liabilities | 3 132 243 | 1 980 604 | 1 320 146 | 329 735 |
| Cash flows from operating activities | 1 671 249 \$ | 2 082 690 \$ | 1 604 527 \$ | 1 674 638 \$ |
| INVESTING ACTIVITIES | | | | |
| Acquisition of property and equipment | (2 412 655) \$ | (268 354) \$ | (3 625 842) \$ | (503 678) \$ |
| Disposal of property and equipment | - | - | - | - |
| Acquisition of intangible asset | - | - | (12 375) | - |
| Cash flows from investing activities | (2 412 655) \$ | (268 354) \$ | (3 638 217) \$ | (503 678) \$ |
| CASH | | | | |
| Change for the period | (741 406) \$ | 1 814 336 \$ | (2 033 690) \$ | 1 170 960 \$ |
| Balance, beginning of period | 10 052 689 | 9 320 142 | 11 344 973 | 9 963 518 |
| BALANCE, END OF PERIOD | 9 311 283 \$ | 11 134 478 \$ | 9 311 283 \$ | 11 134 478 \$ |



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

| In Canadian Dollars | THREE MONTHS ENDED - JUNE 30 | | SIX MONTHS ENDED - JUNE 30 | |
|---|---------------------------------|----------------------|-------------------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 |
| <u>Revenues</u> | | | | |
| Pilotage charges | 18 963 357 \$ | 18 855 145 \$ | 35 716 475 \$ | 36 385 526 \$ |
| Other revenues | 34 626 | 43 429 | 84 351 | 80 098 |
| | <u>18 997 983 \$</u> | <u>18 898 574 \$</u> | <u>35 800 826 \$</u> | <u>36 465 624 \$</u> |
| <u>Expenses</u> | | | | |
| Pilots' fees, salaries and benefits | 14 881 285 \$ | 14 213 092 \$ | 27 985 042 \$ | 27 823 106 \$ |
| Operating costs of pilot boats | 1 760 278 | 1 853 654 | 4 413 594 | 4 256 587 |
| Staff salaries and benefits | 794 602 | 779 843 | 1 600 085 | 1 523 430 |
| Professional and special services | 280 481 | 244 728 | 468 848 | 420 058 |
| Rentals | 66 942 | 70 663 | 136 394 | 139 381 |
| Utilities, material and supplies | 91 911 | 23 655 | 116 125 | 82 778 |
| Communications | 15 576 | 16 526 | 32 595 | 33 582 |
| Transportation, travel and hospitality | 35 497 | 15 912 | 57 859 | 42 041 |
| Maintenance | 4 249 | 1 433 | 5 653 | 5 537 |
| Financing costs | (65) | 1 626 | 1 690 | 4 040 |
| Other | 216 542 | 17 522 | 238 140 | 96 647 |
| | <u>18 147 298 \$</u> | <u>17 238 654 \$</u> | <u>35 056 025 \$</u> | <u>34 427 187 \$</u> |
| <u>Comprehensive income for the period</u> | <u>850 685 \$</u> | <u>1 659 920 \$</u> | <u>744 801 \$</u> | <u>2 038 437 \$</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 | |
|--|---------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Retained earnings, beginning of the period | 17 517 869 \$ | 12 633 252 \$ | 17 623 753 \$ | 12 254 735 \$ |
| Comprehensive income for the period | 850 685 \$ | 1 659 920 \$ | 744 801 \$ | 2 038 437 \$ |
| <u>Retained earnings, end of the period</u> | <u>18 368 554 \$</u> | <u>14 293 172 \$</u> | <u>18 368 554 \$</u> | <u>14 293 172 \$</u> |

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, 2011.

On August 29, 2012, the Authority's Audit Committee has recommended these interim financial statements for approval by the Board of directors and for their disclosure.

The Authority's second operating quarter usually is usually representative in terms of assignment volume of the full year (almost 26% of total 2011 assignments were performed during the second quarter of 2011). 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, 2012

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, 2011. Note 3 of these audited annual financial statements can also be consulted to review future accounting changes.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rental payments as at June 30, 2012 are as follow:

| | |
|------------------|-------------------|
| Less than 1 year | 269 000 \$ |
| 1 to 5 years | 231 000 |
| Over 5 years | - |
| | <u>500 000 \$</u> |

Furthermore, the Authority has entered into agreements covering the construction of a breakwater wharf and a pilot boat, legal services and computer services. As at June 30, 2012, estimated amounts payable are:

| | |
|------------------|---------------------|
| Less than 1 year | 5 529 000 \$ |
| 1 to 5 years | 456 000 |
| Over 5 years | - |
| | <u>5 985 000 \$</u> |