



**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 2018	AS AT DECEMBER 31 2017
ASSETS		
Current		
Cash	6 903 957 \$	9 565 813 \$
Receivables	13 724 247	13 100 652
Short-term investments	5 112 241	5 097 644
	<u>25 740 445 \$</u>	<u>27 764 109 \$</u>
Non-current		
Property and equipment	15 333 531	15 813 508
Intangible assets	682 029	216 658
Total assets	<u>41 756 005 \$</u>	<u>43 794 275 \$</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	13 347 610 \$	13 874 287 \$
	<u>13 347 610 \$</u>	<u>13 874 287 \$</u>
Non-current		
Employee benefits	301 931 \$	309 716 \$
Lease Inducement	158 836	172 648
Total liabilities	<u>13 808 377 \$</u>	<u>14 356 651 \$</u>
EQUITY		
Retained earnings	27 947 628 \$	29 437 624 \$
	<u>27 947 628 \$</u>	<u>29 437 624 \$</u>
TOTAL LIABILITIES AND EQUITY	<u>41 756 005 \$</u>	<u>43 794 275 \$</u>



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**STATEMENT OF COMPREHENSIVE INCOME
(unaudited)**

In Canadian Dollars	THREE MONTHS ENDED		SIX MONTHS ENDED	
	- JUNE 30		- JUNE 30	
	2018	2017	2018	2017
<u>Revenues</u>				
Pilotage charges	25 647 006 \$	23 328 922 \$	46 961 134 \$	43 244 302 \$
Other income	63 658	37 985	112 273	78 448
	<u>25 710 664 \$</u>	<u>23 366 907 \$</u>	<u>47 073 407 \$</u>	<u>43 322 750 \$</u>
<u>Expenses</u>				
Pilot fees	21 225 863 \$	19 102 825 \$	39 070 791 \$	35 384 807 \$
Operating costs of pilot boats	2 863 872	2 584 152	5 902 390	5 298 579
Employee salaries and benefits	1 089 952	1 064 235	2 234 844	2 033 567
Professional and special services	432 411	607 296	752 354	1 073 810
Utilities, material and supplies	61 973	63 969	205 661	145 684
Rents	96 707	91 637	189 074	183 722
Transportation, travel and hospitality	37 458	41 138	86 155	71 745
Communications	16 834	20 028	38 650	40 308
Maintenance	5 216	(2 568)	9 834	6 822
Finance costs	2 071	2 993	4 483	5 030
Other expenses	18 517	45 043	69 167	75 182
	<u>25 850 874 \$</u>	<u>23 620 748 \$</u>	<u>48 563 403 \$</u>	<u>44 319 256 \$</u>
<u>Comprehensive income for the period</u>	<u>(140 210) \$</u>	<u>(253 841) \$</u>	<u>(1 489 996) \$</u>	<u>(996 506) \$</u>



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**STATEMENT OF CHANGES IN EQUITY
(unaudited)**

In Canadian Dollars	THREE MONTHS ENDED		SIX MONTHS ENDED	
	- JUNE 30		- JUNE 30	
	2018	2017	2018	2017
Retained earnings, beginning of the period	28 087 838 \$	28 387 261 \$	29 437 624 \$	29 129 926 \$
Comprehensive income for the period	(140 210) \$	(253 841) \$	(1 489 996) \$	(996 506) \$
<u>Retained earnings, end of the period</u>	<u>27 947 628 \$</u>	<u>28 133 420 \$</u>	<u>27 947 628 \$</u>	<u>28 133 420 \$</u>



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**STATEMENT OF CASH FLOW
(unaudited)**

In Canadian Dollars	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2018	2017	2018	2017
<u>OPERATING ACTIVITIES</u>				
Comprehensive income for the period	(140 210) \$	(253 841) \$	(1 489 996) \$	(996 506) \$
Adjustment to determine net cash flows generated by (used for) operating activities :				
Depreciation and amortization	317 717	192 053	634 949	402 917
Changes in long-term portion of employee benefits	2 328	(7 534)	(7 785)	(11 594)
Changes in long-term portion of the lease inducement	(6 906)	(6 906)	(13 812)	(13 812)
Loss (gain) on asset disposals	40	-	40	-
Changes in non-cash working capital items :				
Changes in receivables	(4 282 592)	(2 946 719)	(623 595)	290 079
Changes in accounts payable and accrued liabilities	2 301 223	2 175 313	(526 677)	(1 067 654)
Cash flows from operating activities	(1 808 400) \$	(847 634) \$	(2 026 876) \$	(1 396 570) \$
<u>INVESTING ACTIVITIES</u>				
Net purchase of investments	(12 308) \$	(2 091) \$	(14 597) \$	(14 382) \$
Acquisition of property and equipment	(23 295)	(35 052)	(33 583)	(1 458 652)
Acquisition of intangible assets	-	-	(587 800)	-
Proceeds on property and equipment disposal	1 000	-	1 000	-
Cash flows from investing activities	(34 603) \$	(37 143) \$	(634 980) \$	(1 473 034) \$
<u>CASH</u>				
Change for the period	(1 843 003) \$	(884 777) \$	(2 661 856) \$	(2 869 604) \$
Balance, beginning of period	8 746 960	8 985 824	9 565 813	10 970 651
<u>BALANCE, END OF PERIOD</u>	6 903 957 \$	8 101 047 \$	6 903 957 \$	8 101 047 \$

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, 2017.

The Authority's Audit Committee has recommended for approval the disclosure of these interim financial statements on August 21, 2018.

The Authority's second operating quarter usually is usually representative in terms of assignment volume of the full year (more than 25% of total 2017 assignments were performed during the second quarter of 2017). 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, 2018

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

3. Significant accounting policies

The June 30, 2018 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, 2017. Note 3 of these audited annual financial statements can also be reviewed to consult new current and future accounting standards.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rentals as at June 30, 2018 are as follows:

Less than 1 year	\$	527 188
1 to 5 years		2 321 911
Over 5 years		4 590 506
	\$	<u>7 439 605</u>

Furthermore, the Authority has entered into agreements covering legal services, computer services and ancillary costs related to pilotage services. As at June 30, 2018, estimated amounts payable are:

Less than 1 year	\$	1 744 668
1 to 5 years		1 632 991
Over 5 years		-
	\$	<u>3 377 659</u>