



**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 2015	AS AT DECEMBER 31 2014
<u>ASSETS</u>		
Current		
Cash	5 826 600 \$	3 767 729 \$
Short-term investments	2 750 001	4 250 001
Receivable	10 556 108	12 177 373
	<u>19 132 709 \$</u>	<u>20 195 103 \$</u>
Non-current		
Long-term investments	1 528 211 \$	– \$
Property, plant and equipment	15 777 517	16 078 322
Intangible assets	926 975	773 646
Total assets	<u>37 365 412 \$</u>	<u>37 047 071 \$</u>
 <u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	11 821 907 \$	12 393 839 \$
	<u>11 821 907 \$</u>	<u>12 393 839 \$</u>
Non-current		
Post-employment benefits	541 870 \$	525 253 \$
Lease Inducement	241 708	169 544
Total liabilities	<u>12 605 485 \$</u>	<u>13 088 636 \$</u>
 <u>EQUITY OF CANADA</u>		
Retained earnings	24 759 927 \$	23 958 435 \$
	<u>24 759 927 \$</u>	<u>23 958 435 \$</u>
TOTAL LIABILITIES AND EQUITY OF CANADA	<u>37 365 412 \$</u>	<u>37 047 071 \$</u>



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2015	2014	2015	2014
<u>Revenues</u>				
Pilotage charges	20 822 379 \$	20 524 421 \$	38 398 185 \$	37 594 306 \$
Other revenues	53 916	26 909	97 032	49 997
	<u>20 876 295 \$</u>	<u>20 551 330 \$</u>	<u>38 495 217 \$</u>	<u>37 644 303 \$</u>
<u>Expenses</u>				
Pilots' fees	16 287 398 \$	15 975 427 \$	30 078 098 \$	29 844 027 \$
Operating costs of pilot boats	2 460 730	2 589 797	4 941 208	5 255 672
Staff salaries and benefits	813 279	848 500	1 648 816	1 707 685
Professional and special services	320 324	322 176	649 794	544 759
Rentals	78 417	71 733	153 189	142 166
Utilities, material and supplies	32 244	41 864	84 925	98 102
Communications	15 484	22 423	30 959	33 243
Transportation, travel and hospitality	12 929	25 768	36 106	46 907
Maintenance	3 164	7 321	6 406	8 425
Financing costs	(240)	1 789	1 662	4 030
Other	21 935	32 104	62 562	61 064
	<u>20 045 664 \$</u>	<u>19 938 902 \$</u>	<u>37 693 725 \$</u>	<u>37 746 080 \$</u>
<u>Comprehensive income for the period</u>	<u>830 631 \$</u>	<u>612 428 \$</u>	<u>801 492 \$</u>	<u>(101 777) \$</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	
	2015	2014	2015	2014
Retained earnings, beginning of the period	23 929 296 \$	21 153 479 \$	23 958 435 \$	21 867 684 \$
Comprehensive income for the period	830 631 \$	612 428 \$	801 492 \$	(101 777) \$
<u>Retained earnings, end of the period</u>	<u>24 759 927 \$</u>	<u>21 765 907 \$</u>	<u>24 759 927 \$</u>	<u>21 765 907 \$</u>



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STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2015	2014	2015	2014
OPERATING ACTIVITIES				
Comprehensive income for the period	830 631 \$	612 428 \$	801 492 \$	(101 777) \$
Items not affecting cash flows				
Depreciation and amortization	265 932	236 211	496 982	460 199
Changes in long-term employee benefits	2 534	4 508	16 617	26 767
Changes in long-term lease inducement	16 409	-	72 164	-
Loss (gain) on disposals of assets	-	5 670	-	5 670
Changes in non-cash working capital items				
Changes in receivable	(2 096 344)	(2 740 375)	1 621 265	(603 645)
Changes in accounts payable and accrued liabilities	2 630 034	3 840 689	(571 932)	1 469 241
Cash flows from operating activities	1 649 196 \$	1 959 131 \$	2 436 588 \$	1 256 455 \$
INVESTING ACTIVITIES				
Short-term investments	1 500 000 \$	(1 500 000) \$	1 500 000 \$	(1 500 000) \$
Long-term investments	(1 528 211)	1 500 000	(1 528 211)	1 500 000
Acquisition of property, plant and equipment	(27 617)	(85 808)	(31 917)	(85 808)
Proceeds from disposal of property, plant and equipment	-	230	-	230
Acquisition of intangible asset	(312 589)	-	(317 589)	-
Cash flows from investing activities	(368 417) \$	(85 578) \$	(377 717) \$	(85 578) \$
CASH				
Change for the period	1 280 779 \$	1 873 553 \$	2 058 871 \$	1 170 877 \$
Balance, beginning of period	4 545 821	3 044 828	3 767 729	3 747 504
<u>BALANCE, END OF PERIOD</u>	<u>5 826 600 \$</u>	<u>4 918 381 \$</u>	<u>5 826 600 \$</u>	<u>4 918 381 \$</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, 2014.

The Authority's Audit Committee has approved for issue these interim financial statements on August 25, 2015.

The Authority's second operating quarter usually is usually representative in terms of assignment volume of the full year (almost 26% of total 2014 assignments were performed during the second quarter of 2014). 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, 2015

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, 2014. Note 3 of these audited annual financial statements can also be reviewed to consult current and future accounting changes.

4. Commitments

The Authority rents office space and equipment. Non-cancellable operating lease rentals as at June 30, 2015 are as follows:

Less than 1 year	\$	407 393
1 to 5 years		1 611 724
Over 5 years		<u>1 886 306</u>
	\$	<u>3 905 423</u>

Furthermore, the Authority has entered into agreements covering legal services, computer services and ancillary costs related to pilotage services. As at June 30, 2015, estimated amounts payable are:

Less than 1 year	\$	512 654
1 to 5 years		736 624
Over 5 years		<u>-</u>
	\$	<u>1 249 278</u>