



**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	AS AT DECEMBER 31
	2016	2015
<u>ASSETS</u>		
Current		
Cash	8 309 824 \$	7 665 051 \$
Short-term investments	2 776 519	1 528 211
Receivable	9 896 134	10 246 297
	<u>20 982 477 \$</u>	<u>19 439 559 \$</u>
Non-current		
Long-term investments	2 228 741 \$	3 477 049 \$
Property, plant and equipment	15 201 491	15 521 500
Intangible assets	568 732	746 120
Total assets	<u>38 981 441 \$</u>	<u>39 184 228 \$</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	10 868 152 \$	10 933 087 \$
	<u>10 868 152 \$</u>	<u>10 933 087 \$</u>
Non-current		
Post-employment benefits	455 203 \$	433 063 \$
Lease Inducement	214 084	227 896
Total liabilities	<u>11 537 439 \$</u>	<u>11 594 046 \$</u>
<u>EQUITY OF CANADA</u>		
Retained earnings	27 444 002 \$	27 590 182 \$
	<u>27 444 002 \$</u>	<u>27 590 182 \$</u>
 TOTAL LIABILITIES AND EQUITY OF CANADA	 <u>38 981 441 \$</u>	 <u>39 184 228 \$</u>



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STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

In Canadian Dollars	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2016	2015	2016	2015
<u>Revenues</u>				
Pilotage charges	20 369 284 \$	20 822 379 \$	40 481 455 \$	38 398 185 \$
Other revenues	51 143	53 916	95 978	97 032
	<u>20 420 427 \$</u>	<u>20 876 295 \$</u>	<u>40 577 433 \$</u>	<u>38 495 217 \$</u>
<u>Expenses</u>				
Pilots' fees, salaries and benefits	16 619 282 \$	16 287 399 \$	32 577 100 \$	30 078 098 \$
Operating costs of pilot boats	2 196 021	2 460 730	5 030 949	4 941 208
Staff salaries and benefits	903 308	813 279	1 879 110	1 648 816
Professional and special services	378 378	320 324	698 867	649 794
Rentals	90 658	78 417	185 351	153 189
Utilities, material and supplies	33 137	32 244	131 104	84 925
Communications	22 192	15 484	36 291	30 959
Transportation, travel and hospitality	16 356	12 929	34 117	36 106
Maintenance	28 013	3 163	69 630	6 406
Financing costs	3 098	(240)	6 196	1 662
Other	31 718	21 935	74 898	62 562
	<u>20 322 161 \$</u>	<u>20 045 664 \$</u>	<u>40 723 613 \$</u>	<u>37 693 725 \$</u>
<u>Comprehensive income for the period</u>	<u>98 266 \$</u>	<u>830 631 \$</u>	<u>(146 180) \$</u>	<u>801 492 \$</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	
	2016	2015	2016	2015
Retained earnings, beginning of the period	27 345 736 \$	23 929 296 \$	27 590 182 \$	23 958 435 \$
Comprehensive income for the period	98 266 \$	830 631 \$	(146 180) \$	801 492 \$
<u>Retained earnings, end of the period</u>	<u>27 444 002 \$</u>	<u>24 759 927 \$</u>	<u>27 444 002 \$</u>	<u>24 759 927 \$</u>



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STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED - JUNE 30		SIX MONTHS ENDED - JUNE 30	
	2016	2015	2016	2015
In Canadian Dollars				
<u>OPERATING ACTIVITIES</u>				
Comprehensive income for the period	98 266 \$	830 631 \$	(146 180) \$	801 492 \$
Items not affecting cash flows				
Depreciation and amortization	259 518	265 932	516 183	496 982
Changes in long-term employee benefits	6 175	2 534	22 140	16 617
Changes in long-term lease inducement	(6 906)	16 409	(13 812)	72 164
Loss (gain) on disposals of assets	-	-	(250)	-
Changes in non-cash working capital items				
Changes in receivable	(243 586)	(2 096 344)	350 163	1 621 265
Changes in accounts payable and accrued liabilities	919 775	2 630 034	(64 935)	(571 932)
Cash flows from operating activities	1 033 242 \$	1 649 196 \$	663 309 \$	2 436 588 \$
<u>INVESTING ACTIVITIES</u>				
Net purchase of investments	- \$	(28 211) \$	- \$	(28 211) \$
Acquisition of property and equipment	-	(27 617)	(18 786)	(31 917)
Acquisition of intangible asset	-	(312 589)	-	(317 589)
Proceeds on property and equipment disposal	-	-	250	-
Cash flows from investing activities	- \$	(368 417) \$	(18 536) \$	(377 717) \$
<u>CASH</u>				
Change for the period	1 033 242 \$	1 280 779 \$	644 773 \$	2 058 871 \$
Balance, beginning of period	7 276 582	4 545 821	7 665 051	3 767 729
<u>BALANCE, END OF PERIOD</u>	8 309 824 \$	5 826 600 \$	8 309 824 \$	5 826 600 \$

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 August 25, 2016.

The Authority's second operating quarter usually is usually representative in terms of assignment volume of the full year (almost 26% of total 2015 assignments were performed during the second quarter of 2015). 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, 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 June 30, 2016 are as follows:

Less than 1 year	\$	442 603
1 to 5 years		1 794 200
Over 5 years		<u>2 082 693</u>
	\$	<u>4 319 496</u>

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

Less than 1 year	\$	1 141 853
1 to 5 years		2 090 040
Over 5 years		<u>-</u>
	\$	<u>3 231 893</u>