

Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

**LAND TITLE AND SURVEY AUTHORITY
OF BRITISH COLUMBIA**

Three months ended June 30, 2017 and 2016
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income
(Unaudited)
(Expressed in Canadian dollars)

Three months ended June 30, 2017, with comparative information for 2016

	2017	2016
Revenue (note 4)	\$ 10,892,749	\$ 12,016,238
Expenses:		
Salaries and benefits	3,755,849	3,413,245
Information services	821,933	815,507
Office and business expenses	551,538	512,835
Building occupancy	811,138	790,395
Professional fees	340,839	383,617
Amortization	1,785,770	1,589,214
	8,067,067	7,504,813
Operating income	2,825,682	4,511,425
Other income (expenses):		
Bank charges, interest and investment fees	(28,448)	(28,233)
Interest income	89,603	122,478
Gain on disposal of property and equipment	400	155
	61,555	94,400
Income and comprehensive income before income taxes	2,887,237	4,605,825
Income tax expense (recovery) (note 10)		
Current	189,301	205,253
Deferred	(42,016)	(19,742)
	147,285	185,511
Net income and comprehensive income	\$ 2,739,952	\$ 4,420,314

See accompanying notes to the condensed consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	June 30, 2017	March 31, 2017
Assets		
Current assets:		
Cash and cash equivalents (note 5)	\$ 36,336,525	\$ 34,350,982
Investments (note 6)	23,718,576	23,721,875
Funds held for customers (note 7)	3,588,531	3,472,488
Trade and other receivables	32,420	40,577
Prepaid expenses	373,929	495,136
	64,049,981	62,081,058
Property and equipment (note 8)	4,273,910	4,393,312
Intangible assets (note 9)	25,269,610	25,148,367
	29,543,520	29,541,679
	\$ 93,593,501	\$ 91,622,737
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 4,127,668	\$ 4,442,401
Customer deposits held (note 7)	3,588,531	3,472,488
Provisions	1,228,887	1,228,887
Employee benefits (note 11)	1,406,101	2,045,863
Deferred revenue	705,357	521,583
Income taxes payable	41,210	258,208
Other current liabilities (note 12)	2,199,886	2,184,963
	13,297,640	14,154,393
Deferred tax liabilities (note 10)	570,718	612,734
Other non-current liabilities (note 13)	175,329	45,748
	746,047	658,482
	14,043,687	14,812,875
Equity:		
Retained earnings	79,549,814	76,809,862
	\$ 93,593,501	\$ 91,622,737

See accompanying notes to the condensed consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Change in Equity
(Unaudited)
(Expressed in Canadian dollars)

Three months ended June 30, 2017, with comparative information for 2016

	Unappropriated retained earnings	Assurance Fund Reserve	Total retained earnings
Balance, April 1, 2016	\$ 59,967,100	\$ 6,000,000	\$ 65,967,100
Net income and comprehensive income	4,420,314	-	4,420,314
Balance, June 30, 2016	\$ 64,387,414	\$ 6,000,000	\$ 70,387,414
Balance, April 1, 2017	\$ 70,809,862	\$ 6,000,000	\$ 76,809,862
Net income and comprehensive income	2,739,952	-	2,739,952
Balance, June 30, 2017	\$ 73,549,814	\$ 6,000,000	\$ 79,549,814

See accompanying notes to the condensed consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

Three months ended June 30, 2017, with comparative information for 2016

	2017	2016
Cash flow from operating activities:		
Cash received for:		
Fees	\$ 11,076,221	\$ 12,159,284
Fees collected on behalf of the Province of BC	10,901,161	12,006,035
Fees collected on behalf of other parties	2,281,316	1,039,360
Interest	87,477	124,214
	24,346,175	25,328,893
Cash paid for:		
Salaries and benefits	(4,395,613)	(4,075,291)
Goods and services	(2,976,273)	(2,982,604)
Sales and income taxes	(506,775)	(415,423)
Interest	(712)	(614)
Fees submitted to the Province of BC	(10,849,970)	(11,915,983)
Fees submitted to other parties	(2,269,183)	(1,035,483)
	(20,998,526)	(20,425,398)
Total cash flow from operating activities	3,347,649	4,903,495
Cash flow from financing activities:		
Repayment of finance lease obligation	(7,781)	(6,946)
Cash flow from investing activities:		
Purchase of investments	(1,600,278)	-
Proceeds from sale or maturity of investments	1,603,577	2,723,690
Purchase of property and equipment	(176,001)	(148,776)
Proceeds from disposal of property and equipment	400	155
Purchase of intangible assets	(1,182,023)	(2,954,391)
	(1,354,325)	(379,322)
Net increase in cash and cash equivalents	1,985,543	4,517,227
Cash and cash equivalents, beginning of period	34,350,982	27,318,650
Cash and cash equivalents, end of period	\$ 36,336,525	\$ 31,835,877

See accompanying notes to the condensed consolidated interim financial statements

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

1. Nature of operations:

The Land Title and Survey Authority of British Columbia (the "LTSA") is an independent, not-for-profit corporation without share capital. It is established under the *Land Title and Survey Authority Act* and has responsibility for managing, operating and maintaining British Columbia's land title and land survey systems. Our corporate head office is located at Suite 200, 1321 Blanshard Street, Victoria, British Columbia. The LTSA's primary customers are lawyers, notaries public and land surveyors who act on behalf of those who have an interest in conducting land-related transactions. Other stakeholders include all levels of government and First Nations, real estate professionals, financial institutions, historians, registry agents and other organizations, and the general public.

The LTSA operates independently from the provincial government, but must meet obligations and targets that the provincial government has established for it both in legislation and in a written Operating Agreement. The Operating Agreement has a term of 60 years, with the provision to renegotiate the revenue arrangement between the Province and the LTSA every 10 years.

2. Basis of presentation and statement of compliance:

These unaudited consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the LTSA's consolidated financial statements for the year ended March 31, 2017. These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard 34, *Interim Financial Reporting*. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These consolidated interim financial statements should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2017, which are included in the LTSA's 2017 financial report. The consolidated financial statements were authorized for issue on June 9, 2017 by the LTSA's Board of Directors.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

3. Segment information:

The LTSA has three reportable segments:

- Core Business, comprising the operations of the land title and surveyor general divisions;
- myLTSA, an electronic and communications portal to LTSA information and services; and
- ParcelMap BC (“PMBC”) a single, complete, trusted and sustainable electronic map of all titled parcels and surveyed provincial Crown land parcels.

The following tables summarize the operating performance of the reportable segments:

June 30, 2017	Core Business	myLTSA	PMBC	Total
Revenue	\$ 8,130,912	\$ 1,752,436	\$ 1,009,401	\$ 10,892,749
Expenses:				
Salaries and benefits	2,955,341	664,059	136,449	3,755,849
Information services	377,051	126,185	318,697	821,933
Office and business	477,879	65,011	8,648	551,538
Building occupancy	707,344	64,531	39,263	811,138
Professional fees	265,724	59,686	15,429	340,839
Amortization	990,407	269,793	525,570	1,785,770
Total expenses	5,773,746	1,249,265	1,044,056	8,067,067
	2,357,166	503,171	(34,655)	2,825,682
Other income net of expenses	59,270	2,285	-	61,555
Income (loss) and comprehensive income (loss) before income taxes	2,416,436	505,456	(34,655)	2,887,237
Income tax expense (recovery):				
Current	12,628	171,907	4,766	189,301
Deferred	(3,252)	(38,764)	-	(42,016)
	9,376	133,143	4,766	147,285
Net income (loss) and comprehensive income (loss)	\$ 2,407,060	\$ 372,313	\$ (39,421)	\$ 2,739,952
Assets	\$ 70,346,712	\$ 6,552,087	\$ 16,694,702	\$ 93,593,501
Liabilities	\$ 5,385,384	\$ 4,628,462	\$ 4,029,841	\$ 14,043,687

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

3. Segment information (continued) :

June 30, 2016	Core Business	myLTSA	PMBC	Total
Revenue	\$ 9,069,884	\$ 1,840,167	\$ 1,106,187	\$ 12,016,238
Expenses:				
Salaries and benefits	2,702,497	575,202	135,546	3,413,245
Information services	526,641	161,224	127,642	815,507
Office and business	455,572	53,095	4,168	512,835
Building occupancy	696,349	72,212	21,834	790,395
Professional fees	339,470	35,362	8,785	383,617
Amortization	968,740	265,748	354,726	1,589,214
Total expenses	5,689,269	1,162,843	652,701	7,504,813
	3,380,615	677,324	453,486	4,511,425
Other income net of expenses	93,280	1,120	-	94,400
Income and comprehensive income before income taxes	3,473,895	678,444	453,486	4,605,825
Income tax expense (recovery):				
Current	10,394	190,840	4,019	205,253
Deferred	(2,381)	(17,361)	-	(19,742)
	8,013	173,479	4,019	185,511
Net income and comprehensive income	\$ 3,465,882	\$ 504,965	\$ 449,467	\$ 4,420,314
Assets	\$ 60,702,870	\$ 7,074,274	\$ 16,011,458	\$ 83,788,602
Liabilities	\$ 3,636,974	\$ 4,259,631	\$ 5,504,583	\$ 13,401,188

4. Revenue:

The LTSA's sources of revenue from operations are as follows:

	2017	2016
Information products	\$ 3,814,937	\$ 4,025,520
Examination services	5,325,376	6,150,551
Service fees	1,752,436	1,840,167
	\$ 10,892,749	\$ 12,016,238

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

5. Cash and cash equivalents:

	June 30, 2017	March 31, 2017
Cash in bank and on hand	\$ 31,770,335	\$ 29,768,787
Cash equivalents	4,566,190	4,582,195
	\$ 36,336,525	\$ 34,350,982

Included in cash in bank and on hand is fees payable to the Province of British Columbia of \$285,796 (March 31, 2017: \$234,605) and other fees payable of \$30,850 (March 31, 2017: \$18,717).

Under the terms of the Operating Agreement with the Province of British Columbia, the province's share of fees are collected on behalf of the province and must be remitted within one business day of collection. These amounts payable to the province are included in trade and other payables.

6. Investments:

	June 30, 2017	March 31, 2017
Short-term notes	\$ 723,301	\$ 499,092
Bonds	22,995,275	23,222,783
	\$ 23,718,576	\$ 23,721,875

Short-term notes consist of term deposits and commercial paper with maturities extending to one year.

7. Funds held for customers:

At June 30, 2017, LTSA held funds due to customers in the amount of \$3,588,531 (March 31, 2017: \$3,472,488). The funds held for customers are comprised of cash transferred by customers to the LTSA and held in trust.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

8. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost:					
Balance, April 1, 2016	\$ 424,538	\$ 2,619,526	\$ 2,084,140	\$ 4,951,232	\$ 10,079,436
Additions	-	33,571	57,581	65,848	157,000
Disposals	-	-	-	-	-
Balance, June 30, 2016	\$ 424,538	\$ 2,653,097	\$ 2,141,721	\$ 5,017,080	\$ 10,236,436
Balance, April 1, 2017	\$ 443,989	\$ 2,815,956	\$ 2,206,163	\$ 5,112,657	\$ 10,578,765
Additions	-	75,385	50,921	57,919	184,225
Disposals	-	(103,810)	(35,189)	-	(138,999)
Balance, June 30, 2017	\$ 443,989	\$ 2,787,531	\$ 2,221,895	\$ 5,170,576	\$ 10,623,991
Amortization:					
Balance, April 1, 2016	\$ (245,548)	\$ (2,073,150)	\$ (900,308)	\$ (1,952,794)	\$ (5,171,800)
Amortization	(10,423)	(66,505)	(61,871)	(140,373)	(279,172)
Disposals	-	-	-	-	-
Balance, June 30, 2016	\$ (255,971)	\$ (2,139,655)	\$ (962,179)	\$ (2,093,167)	\$ (5,450,972)
Balance, April 1, 2017	\$ (288,377)	\$ (2,298,202)	\$ (1,073,311)	\$ (2,525,563)	\$ (6,185,453)
Amortization	(11,001)	(79,324)	(67,656)	(145,647)	(303,628)
Disposals	-	103,810	35,190	-	139,000
Balance, June 30, 2017	\$ (299,378)	\$ (2,273,716)	\$ (1,105,777)	\$ (2,671,210)	\$ (6,350,081)
Net book value:					
June 30, 2016	\$ 168,567	\$ 513,442	\$ 1,179,542	\$ 2,923,913	\$ 4,785,464
June 30, 2017	\$ 144,611	\$ 513,815	\$ 1,116,118	\$ 2,499,366	\$ 4,273,910

Included in technical equipment at June 30, 2017 is \$133,140 (March 31, 2017: \$133,140) of equipment held under a finance lease and related accumulated amortization of \$69,932 (March 31, 2016: \$62,276).

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

9. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
Balance, April 1, 2016	\$ 36,372,646	\$ 3,419,866	\$ 1,742,349	\$ 5,436,561	\$ 46,971,422
Additions	14,430	1,097,592	-	957,818	2,069,840
Transfers	2,533,284	(2,533,284)	2,323,132	(2,323,132)	-
Disposals	-	-	-	-	-
Balance, June 30, 2016	\$ 38,920,360	\$ 1,984,174	\$ 4,065,481	\$ 4,071,247	\$ 49,041,262
Balance, April 1, 2017	\$ 40,737,486	\$ 489,906	\$ 8,377,047	\$ 1,626,776	\$ 51,231,215
Additions	-	1,392,107	-	211,278	1,603,385
Transfers	-	-	1,838,054	(1,838,054)	-
Disposals	(39,222)	-	-	-	(39,222)
Balance, June 30, 2017	\$ 40,698,264	\$ 1,882,013	\$ 10,215,101	\$ -	\$ 52,795,378
Amortization:					
Balance, April 1, 2016	\$ (20,468,401)	\$ -	\$ (51,625)	\$ -	\$ (20,520,026)
Amortization	(1,248,737)	-	(61,305)	-	(1,310,042)
Disposals	-	-	-	-	-
Balance, June 30, 2016	\$ (21,717,138)	\$ -	\$ (112,930)	\$ -	\$ (21,830,068)
Balance, April 1, 2017	\$ (25,668,972)	\$ -	\$ (413,876)	\$ -	\$ (26,082,848)
Amortization	(1,326,480)	-	(155,662)	-	(1,482,142)
Disposals	39,222	-	-	-	39,222
Balance, June 30, 2017	\$ (26,956,230)	\$ -	\$ (569,538)	\$ -	\$ (27,525,768)
Net book value:					
June 30, 2016	\$ 17,203,222	\$ 1,984,174	\$ 3,952,551	\$ 4,071,247	\$ 27,211,194
June 30, 2017	\$ 13,742,034	\$ 1,882,013	\$ 9,645,563	\$ -	\$ 25,269,610

Software systems under development are primarily costs to design, build and implement ParcelMap BC and the LTSA's land title and registry system. Cadastral fabric under development is for the costs to design, build and implement ParcelMap BC. The initial build of the cadastral fabric was completed in June 2017.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

10. Income taxes:

	June 30, 2017	March 31, 2017
Deferred tax liabilities (assets):		
Technical equipment	\$ 5,114	\$ 8,342
Office furniture and equipment	8,289	8,839
Leasehold improvements	(3,595)	(4,122)
Software systems	560,910	599,675
	\$ 570,718	\$ 612,734

The LTSA's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2017	2016
Net earnings before income taxes	\$ 2,887,237	\$ 4,605,825
Net tax exempt earnings	(2,350,022)	(3,906,246)
Net earnings subject to income taxes	\$ 537,215	\$ 699,579
Expected income tax expense at the combined tax rate of 26% (2016: 26%)	\$ 139,676	\$ 181,891
Increase in income tax expense resulting from:		
Other	7,609	3,620
Income tax expense	\$ 147,285	\$ 185,511

11. Employee benefits:

The following amounts represent the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months:

	June 30, 2017	March 31, 2017
Current:		
Salaries payable	\$ 564,835	\$ 1,282,774
Employee leave liability	756,130	659,202
Superannuation and group RRSP benefits	85,136	103,887
	\$ 1,406,101	\$ 2,045,863

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

11. Employee benefits (continued):

Public service pension plan:

The LTSA paid \$196,443 (2016: \$186,411) for employer contributions to the plan during the three months ended June 30, 2017.

LandSure retirement benefit:

LandSure contributes 6.0% of employee base salaries to a group registered retirement savings plan. The amount recognized as an expense for the three months ended June 30, 2016 was \$44,545 (2016: \$36,326).

12. Other current liabilities:

The LTSA has a contract with MacDonald Dettweiler and Associates Ltd. ("MDA") to build ParcelMap BC and Project ACE. The LTSA is entitled to hold back 15% from each milestone payment which will be released and paid upon successful completion of the work.

As at June 30, 2017, the current portion of holdbacks payable to MDA was for the ParcelMap BC Project (March 31, 2017: \$2,184,963).

	June 30, 2017	March 31, 2017
Holdbacks payable	\$ 2,199,886	\$ 2,184,963

13. Other non-current liabilities:

As at June 30, 2017, the non-current portion of holdbacks payable to MDA for Project ACE was \$137,362 (March 31, 2017: nil).

	June 30, 2017	March 31, 2017
Holdbacks payable	\$ 137,362	\$ -
Capital lease obligation	37,967	45,748
	\$ 175,329	\$ 45,748

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2017, with comparative information for 2016

14. Related party transactions:

Province of British Columbia

The Province of British Columbia provincial ministries, central agencies and certain other organizations are exempt from the payment of LTSA fees. During the three month period ended June 30, 2017, the LTSA provided services to these organizations which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$872,651 (2016: \$726,330).

Products and services acquired from the province for the three months ended June 30, 2017 totalled \$147,658 (2016: \$167,538).

Real property taxation authorities

Various real property taxation authorities are entitled to use the land title system free of charge for the administration of the taxation of real property. During the three month period ended June 30, 2017, the LTSA provided services to these authorities which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$166,454 (2016: \$157,961).