

Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

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

Three and six months ended September 30, 2018 and 2017
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income

(Unaudited)

(Expressed in Canadian dollars)

Three and six months ended September 30, 2018, with comparative information for 2017

	Three Months		Six Months	
	2018	2017	2018	2017
Revenue (note 4)	\$ 10,178,977	\$ 11,591,273	\$ 20,736,587	\$ 22,484,023
Expenses:				
Salaries and benefits	4,430,071	3,651,578	8,419,293	7,407,428
Information services	1,021,009	880,182	2,255,698	1,702,115
Office and business expenses	633,617	395,484	1,294,834	947,022
Building occupancy	837,284	819,171	1,608,038	1,630,308
Professional fees	767,606	374,319	1,553,249	715,158
Amortization	1,719,951	1,834,821	3,601,301	3,620,589
	9,409,538	7,955,555	18,732,413	16,022,620
Operating income	769,439	3,635,718	2,004,174	6,461,403
Other income (expenses):				
Bank charges, interest and investment fees	(34,417)	(28,258)	(64,611)	(56,706)
Investment income (note 5)	324,220	138,448	629,636	228,050
(Loss) gain on disposal of property and equipment	(25,003)	(275)	(25,003)	125
	264,800	109,915	540,022	171,469
Income and comprehensive income before income taxes	1,034,239	3,745,633	2,544,196	6,632,872
Income tax expense (recovery) (note 12):				
Current	161,943	202,892	280,672	392,193
Deferred	(54,638)	(41,283)	(107,608)	(83,299)
	107,305	161,609	173,064	308,894
Net income and comprehensive income	\$ 926,934	\$ 3,584,024	\$ 2,371,132	\$ 6,323,978

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	September 30, 2018	March 31, 2018
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 51,394,917	\$ 44,941,338
Investments (note 7)	19,307,504	23,009,696
Funds held for customers (note 8)	3,771,784	3,467,975
Trade and other receivables (note 9)	1,030,251	76,781
Prepaid expenses	878,971	662,559
	76,383,427	72,158,349
Property and equipment (note 10)	5,758,794	3,534,270
Intangible assets (note 11)	21,168,109	22,924,128
	26,926,903	26,458,398
	\$ 103,310,330	\$ 98,616,747
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 5,791,805	\$ 4,790,745
Customer deposits held (note 8)	3,771,784	3,467,975
Provisions	260,419	224,419
Employee benefits (note 13)	2,510,900	2,506,879
Deferred revenue	680,392	554,729
Income taxes payable	19,268	68,710
Other current liabilities (note 14)	71,592	34,093
	13,106,160	11,647,550
Deferred tax liabilities (note 12)	364,205	471,813
Other non-current liabilities (note 15)	2,074,768	1,103,319
	2,438,973	1,575,132
	15,545,133	13,222,682
Equity:		
Retained earnings	87,765,197	85,394,065
	\$ 103,310,330	\$ 98,616,747

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Changes in Equity

(Unaudited)

(Expressed in Canadian dollars)

Six months ended September 30, 2018, with comparative information for 2017

	Unappropriated retained earnings	Assurance Fund Reserve	Total retained earnings
Balance, April 1, 2017	\$ 70,809,862	\$ 6,000,000	\$ 76,809,862
Net income and comprehensive income	6,323,978	-	6,323,978
Balance, September 30, 2017	\$ 77,133,840	\$ 6,000,000	\$ 83,133,840
Balance, April 1, 2018	\$ 79,394,065	\$ 6,000,000	\$ 85,394,065
Net income and comprehensive income	2,371,132	-	2,371,132
Balance, September 30, 2018	\$ 81,765,197	\$ 6,000,000	\$ 87,765,197

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

Three and six months ended September 30, 2018, with comparative information for 2017

	Three Months		Six Months	
	2018	2017	2018	2017
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 10,260,097	\$ 11,530,439	\$20,862,249	\$ 22,606,660
Fees collected on behalf of the Province of BC	10,054,405	11,400,542	20,435,821	22,301,704
Fees collected on behalf of other parties	2,192,971	2,514,987	4,414,774	4,796,302
Interest	325,092	145,794	627,585	233,271
	22,832,565	25,591,762	46,340,429	49,937,937
Cash paid for:				
Salaries and benefits	(3,485,544)	(3,332,029)	(8,415,269)	(7,727,642)
Goods and services	(3,381,657)	(2,795,583)	(6,259,487)	(5,772,567)
Sales and income taxes	(202,374)	(243,564)	(529,497)	(750,339)
Fees submitted to the Province of BC	(10,094,451)	(11,407,236)	(20,481,988)	(22,257,206)
Fees submitted to other parties	(2,196,942)	(2,517,842)	(4,417,642)	(4,787,025)
	(19,360,968)	(20,296,254)	(40,103,883)	(41,294,779)
Total cash flow from operating activities	3,471,597	5,295,508	6,236,546	8,643,158
Cash flow from financing activities:				
Repayment of finance lease obligation	(13,414)	(7,037)	(18,402)	(14,818)
Cash flow from investing activities:				
Purchase of investments	-	(3,383,202)	(1,452,597)	(4,983,480)
Proceeds from sale or maturity of investments	2,523,667	165,119	5,154,790	1,768,695
Purchase of property and equipment	(921,635)	(109,929)	(2,719,996)	(285,930)
Proceeds from disposal of property and equipment	650	-	650	400
Purchase of intangible assets	(310,109)	(323,649)	(747,412)	(1,505,672)
	1,292,573	(3,651,661)	235,435	(5,005,987)
Net increase in cash and cash equivalents	4,750,756	1,636,810	6,453,579	3,622,353
Cash and cash equivalents, beginning of period	46,644,161	36,336,525	44,941,338	34,350,982
Cash and cash equivalents, end of period	\$ 51,394,917	\$ 37,973,335	\$ 51,394,917	\$ 37,973,335

See accompanying notes to the 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 and six months ended September 30, 2018, with comparative information for 2017

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 consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard 34, *Interim Financial Reporting*, on a basis consistent with those followed in the most recent annual consolidated financial statements except for the adoption of IFRS 9 and 15 as described in our consolidated interim financial statements for the three months ended June 30, 2018. 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, 2018, which are included in the LTSA’s 2018 financial report. The consolidated financial statements were authorized for issue on June 8, 2018, by the LTSA’s Board of Directors. Certain comparative balances have been reclassified in the prior year statement of financial position to conform with the current year presentation.

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 and six months ended September 30, 2018, with comparative information for 2017

3. Segment information:

The LTSA has three reportable segments:

- Core Business, comprising the operations of the land title and surveyor general divisions;
- myLTSA, a simple 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:

Three months ended September 30, 2018	Core Business	myLTSA	PMBC	Total
Revenue	\$ 7,597,305	\$ 1,639,711	\$ 941,961	\$ 10,178,977
Expenses:				
Salaries and benefits	3,549,476	608,768	271,827	4,430,071
Information services	615,199	245,592	160,218	1,021,009
Office and business	582,161	42,196	9,260	633,617
Building occupancy	743,363	63,624	30,297	837,284
Professional fees	703,006	48,579	16,021	767,606
Amortization	887,604	264,775	567,572	1,719,951
Total expenses	7,080,809	1,273,534	1,055,195	9,409,538
	516,496	366,177	(113,234)	769,439
Other income net of expenses	258,301	6,499	-	264,800
Income (loss) and comprehensive income (loss) before income taxes	774,797	372,676	(113,234)	1,034,239
Income tax expense (recovery):				
Current	15,020	141,718	5,205	161,943
Deferred	(1,516)	(52,778)	(344)	(54,638)
	13,504	88,940	4,861	107,305
Net income (loss) and comprehensive income (loss)	\$ 761,293	\$ 283,736	\$ (118,095)	\$ 926,934

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Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three and six months ended September 30, 2018, with comparative information for 2017

3. Segment information (continued):

Six months ended September 30, 2018	Core Business	myLTSA	PMBC	Total
Revenue	\$ 15,468,691	\$ 3,348,994	\$ 1,918,902	\$ 20,736,587
Expenses:				
Salaries and benefits	6,637,509	1,243,072	538,712	8,419,293
Information services	1,329,073	577,806	348,819	2,255,698
Office and business	1,159,900	113,578	21,356	1,294,834
Building occupancy	1,418,959	127,817	61,262	1,608,038
Professional fees	1,420,927	100,582	31,740	1,553,249
Amortization	1,937,627	529,370	1,134,304	3,601,301
Total expenses	13,903,995	2,692,225	2,136,193	18,732,413
	1,564,696	656,769	(217,291)	2,004,174
Other income and expenses	525,570	14,452	-	540,022
Income (loss) and comprehensive income (loss) before income taxes	2,090,266	671,221	(217,291)	2,544,196
Income tax expense (recovery):				
Current	4,627	265,940	10,105	280,672
Deferred	(6,952)	(100,579)	(77)	(107,608)
	(2,325)	165,361	10,028	173,064
Net income (loss) and comprehensive income (loss)	\$ 2,092,591	\$ 505,860	\$ (227,319)	\$ 2,371,132
Assets	\$ 80,354,862	\$ 8,492,610	\$ 14,462,858	\$ 103,310,330
Liabilities	\$ 10,738,236	\$ 4,437,964	\$ 368,933	\$ 15,545,133

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Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three and six months ended September 30, 2018, with comparative information for 2017

3. Segment information (continued):

Three months ended September 30, 2017	Core Business	myLTSA	PMBC	Total
Revenue	\$ 8,700,523	\$ 1,810,823	\$ 1,079,927	\$ 11,591,273
Expenses:				
Salaries and benefits	2,796,317	617,279	237,982	3,651,578
Information services	412,288	140,363	327,531	880,182
Office and business	346,755	36,515	12,214	395,484
Building occupancy	714,482	65,100	39,589	819,171
Professional fees	314,275	44,870	15,174	374,319
Amortization	1,018,559	270,147	546,115	1,834,821
Total expenses	5,602,676	1,174,274	1,178,605	7,955,555
	3,097,847	636,549	(98,678)	3,635,718
Other income and expenses	105,040	4,875	-	109,915
Income (loss) and comprehensive income (loss) before income taxes	3,202,887	641,424	(98,678)	3,745,633
Income tax expense (recovery):				
Current	10,953	187,720	4,219	202,892
Deferred	(4,039)	(37,719)	475	(41,283)
	6,914	150,001	4,694	161,609
Net income (loss) and comprehensive income (loss)	\$ 3,195,973	\$ 491,423	\$ (103,372)	\$ 3,584,024

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Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2018, with comparative information for 2017

3. Segment information (continued):

Six months ended September 30, 2017	Core Business	myLTSA	PMBC	Total
Revenue	\$ 16,831,436	\$ 3,563,259	\$ 2,089,328	\$ 22,484,023
Expenses:				
Salaries and benefits	5,751,659	1,281,337	374,432	7,407,428
Information services	789,338	266,548	646,229	1,702,115
Office and business	824,634	101,526	20,862	947,022
Building occupancy	1,421,825	129,631	78,852	1,630,308
Professional fees	579,999	104,556	30,603	715,158
Amortization	2,008,964	539,940	1,071,685	3,620,589
Total expenses	11,376,419	2,423,538	2,222,663	16,022,620
	5,455,017	1,139,721	(133,335)	6,461,403
Other income and expenses	164,309	7,160	-	171,469
Income (loss) and comprehensive income (loss) before income taxes	5,619,326	1,146,881	(133,335)	6,632,872
Income tax expense (recovery):				
Current	23,581	359,627	8,985	392,193
Deferred	(7,291)	(76,483)	475	(83,299)
	16,290	283,144	9,460	308,894
Net income and comprehensive income	\$ 5,603,036	\$ 863,737	\$ (142,795)	\$ 6,323,978
Assets	\$ 75,748,961	\$ 6,423,388	\$ 16,197,993	\$ 98,370,342
Liabilities	\$ 6,409,807	\$ 4,806,273	\$ 4,020,422	\$ 15,236,502

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 and six months ended September 30, 2018, with comparative information for 2017

4. Revenue:

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

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Examination services	\$ 5,045,914	\$ 5,986,173	\$ 10,146,088	\$ 11,311,549
Information products	3,493,352	3,794,277	7,241,505	7,609,214
Service fees	1,639,711	1,810,823	3,348,994	3,563,260
	\$ 10,178,977	\$ 11,591,273	\$ 20,736,587	\$ 22,484,023

During the six months ended September 30, 2018, the LTSA recognized \$542,449 (2017: \$508,095) of revenue from opening deferred revenue.

5. Investment income:

The LTSA's investment income is comprised as follows:

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Interest income	\$ 395,880	\$ 296,643	\$ 779,051	\$ 484,307
Change in fair value of investments	(61,739)	(141,660)	(72,732)	(239,722)
Loss on disposal of investments	(9,921)	(16,535)	(76,683)	(16,535)
	\$ 324,220	\$ 138,448	\$ 629,636	\$ 228,050

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 and six months ended September 30, 2018, with comparative information for 2017

6. Cash and cash equivalents:

	September 30, 2018	March 31, 2018
Cash in bank and on hand	\$ 41,953,704	\$ 39,450,939
Cash equivalents	9,441,213	5,490,399
	\$ 51,394,917	\$ 44,941,338

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$220,460 (March 31, 2018: \$266,627) and other fees payable of \$24,291 (March 31, 2018: \$27,159).

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.

7. Investments:

	September 30, 2018	March 31, 2018
Short-term notes	\$ 1,745,155	\$ 504,829
Bonds	17,562,349	22,504,867
	\$ 19,307,504	\$ 23,009,696

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

8. Funds held for customers:

At September 30, 2018, LTSA held funds due to customers in the amount of \$3,771,784 (March 31, 2018: \$3,467,975). 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 and six months ended September 30, 2018, with comparative information for 2017

9. Trade and other receivables:

	September 30, 2018	March 31, 2018
Leasehold inducements receivable	\$ 957,473	\$ -
Trade and interest receivable	72,778	76,781
	\$ 1,030,251	\$ 76,781

Under the terms of the lease agreements for LTSA's newly constructed New Westminster land title office and expansion of its LandSure office, LTSA will receive leasehold inducements totalling \$957,473 (March 31, 2018: nil).

10. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost					
Balance, April 1, 2017	\$ 443,989	\$ 2,815,956	\$ 2,206,163	\$ 5,112,657	\$ 10,578,765
Additions	12,811	115,610	53,180	120,775	302,376
Disposals	(816)	(147,888)	(35,303)	(5,538)	(189,545)
Balance, September 30, 2017	\$ 455,984	\$ 2,783,678	\$ 2,224,040	\$ 5,227,894	\$ 10,691,596
Balance, April 1, 2018	\$ 460,706	\$ 2,586,026	\$ 2,229,789	\$ 5,321,285	\$ 10,597,806
Additions	282,325	287,434	208,638	2,195,889	2,974,286
Disposals	(13,761)	(382,482)	(24,566)	(1,099,107)	(1,519,916)
Balance, September 30, 2018	\$ 729,270	\$ 2,490,978	\$ 2,413,861	\$ 6,418,067	\$ 12,052,176
Amortization					
Balance, April 1, 2017	\$ (288,377)	\$ (2,298,202)	\$ (1,073,311)	\$ (2,525,563)	\$ (6,185,453)
Amortization	(23,472)	(150,290)	(136,342)	(326,459)	(636,563)
Disposals	816	147,613	35,303	5,538	189,270
Balance, September 30, 2017	\$ (311,033)	\$ (2,300,879)	\$ (1,174,350)	\$ (2,846,484)	\$ (6,632,746)
Balance, April 1, 2018	\$ (337,527)	\$ (2,177,842)	\$ (1,311,657)	\$ (3,236,510)	\$ (7,063,536)
Amortization	(31,413)	(110,202)	(137,822)	(403,728)	(683,165)
Disposals	13,761	338,117	11,396	1,090,045	1,453,319
Balance, September 30, 2018	\$ (355,179)	\$ (1,949,927)	\$ (1,438,083)	\$ (2,550,193)	\$ (6,293,382)
Net book value					
September 30, 2017	\$ 144,951	\$ 482,799	\$ 1,049,690	\$ 2,381,410	\$ 4,058,850
September 30, 2018	\$ 374,091	\$ 541,051	\$ 975,778	\$ 3,867,874	\$ 5,758,794

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Three and six months ended September 30, 2018, with comparative information for 2017

10. Property and equipment (continued):

Included in technical equipment at September 30, 2018, is \$133,670 (March 31, 2018: \$133,140) of equipment held under a finance lease and related accumulated amortization of \$7,037 (March 31, 2018: \$87,234).

11. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost					
Balance, April 1, 2017	\$ 40,737,486	\$ 489,906	\$ 8,377,047	\$ 1,626,776	\$ 51,231,215
Additions	93,832	2,637,807	-	211,277	2,942,916
Transfers	-	-	1,838,053	(1,838,053)	-
Disposals	(39,222)	(129,348)	-	-	(168,570)
Balance, September 30, 2017	\$ 40,792,096	\$ 2,998,365	\$ 10,215,100	\$ -	\$ 54,005,561
Balance, April 1, 2018	\$ 41,592,845	\$ 3,187,382	\$ 10,215,100	\$ -	\$ 54,995,327
Additions	113,900	1,048,216	-	-	1,162,116
Transfers	502,834	(502,834)	-	-	-
Balance, September 30, 2018	\$ 42,209,579	\$ 3,732,764	\$ 10,215,100	\$ -	\$ 56,157,443
Amortization					
Balance, April 1, 2017	\$ (25,668,972)	\$ -	\$ (413,876)	\$ -	\$ (26,082,848)
Amortization	(2,658,112)	-	(325,914)	-	(2,984,026)
Disposals	39,222	-	-	-	39,222
Balance, September 30, 2017	\$ (28,287,862)	\$ -	\$ (739,790)	\$ -	\$ (29,027,652)
Balance, April 1, 2018	\$ (30,990,906)	\$ -	\$ (1,080,293)	\$ -	\$ (32,071,199)
Amortization	(2,577,631)	-	(340,504)	-	(2,918,135)
Balance, September 30, 2018	\$ (33,568,537)	\$ -	\$ (1,420,797)	\$ -	\$ (34,989,334)
Net book value					
September 30, 2017	\$ 12,504,234	\$ 2,998,365	\$ 9,475,310	\$ -	\$ 24,977,909
September 30, 2018	\$ 8,641,042	\$ 3,732,764	\$ 8,794,303	\$ -	\$ 21,168,109

Software systems under development are primarily costs to design, build and implement LTSA's Web Filing system. Cadastral fabric under development is for the costs to design, build and implement PMBC.

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(Unaudited)

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

Three and six months ended September 30, 2018, with comparative information for 2017

12. Income taxes:

	September 30, 2018	March 31, 2018
Deferred tax liabilities (assets):		
Technical equipment	\$ 4,660	\$ 4,238
Office furniture and equipment	4,474	6,403
Leasehold improvements	(5,121)	(1,689)
Software systems	360,192	462,861
	\$ 364,205	\$ 471,813

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:

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Net earnings before income taxes	\$ 1,034,239	\$ 3,745,633	\$ 2,544,196	\$ 6,632,872
Net tax exempt earnings	(625,177)	(3,072,846)	(1,897,839)	(5,422,872)
Net earnings subject to income taxes	\$ 409,062	\$ 672,787	\$ 646,357	\$ 1,210,000
Expected income tax expense at the combined tax rate of 27% (2017: 26%)	\$ 110,447	\$ 174,924	\$ 174,516	\$ 314,600
(Decrease) increase in income tax expense resulting from:				
Current tax refunds for prior years	-	(13,246)	-	(13,246)
Other	(3,142)	(69)	(1,452)	7,540
	(3,142)	(13,315)	(1,452)	(5,706)
Income tax expense	\$ 107,305	\$ 161,609	\$ 173,064	\$ 308,894

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(Unaudited)

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Three and six months ended September 30, 2018, with comparative information for 2017

13. 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:

	September 30, 2018	March 31, 2018
Current:		
Salaries payable	\$ 1,721,966	\$ 1,650,959
Employee leave liability	636,828	692,765
Superannuation and group RRSP benefits	152,106	163,155
	\$ 2,510,900	\$ 2,506,879

Public service pension plan:

The LTSA paid \$194,303 and \$392,542 for employer contributions to the plan during the three and six months ended September 30, 2018 (2017: \$208,863 and \$405,305).

LandSure retirement benefit:

LandSure contributes 6.0% of employees' base salaries to a group registered retirement savings plan. The amount recognized as an expense for the three and six months ended September 30, 2018 was \$47,135 and \$110,762 (2017: \$43,951 and \$88,496).

14. Other current liabilities:

The LTSA has contracts with MacDonald Dettweiler and Associates Ltd. ("MDA") to build PMBC and Web Filing. The LTSA is entitled to hold back 15% from each milestone payment which will be released and paid upon successful completion of the work. In addition, the LTSA has contracts with other parties to build a new office to relocate the New Westminster land title office. The LTSA is entitled to hold back 10% from each progress payment that will be released and paid upon successful completion of the work.

As at September 30, 2018, the current portion of holdbacks payable was \$71,592 (March 31, 2018: \$34,093), comprised of \$39,325 (March 31, 2018: \$34,093) to MDA for PMBC and \$32,267 (March 31, 2018: nil) to other parties.

	September 30, 2018	March 31, 2018
Holdbacks payable	\$ 71,592	\$ 34,093

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15. Other non-current liabilities:

	September 30, 2018	March 31, 2018
Deferred leasehold inducements	\$ 840,687	\$ -
Deferred rent averaging	691,803	715,737
Holdbacks payable	440,439	362,088
Capital lease obligation	101,839	25,494
	\$ 2,074,768	\$ 1,103,319

Deferred leasehold inducements relate to leasehold improvements in the currently occupied New Westminster land title office and expanded LandSure office. The LTSA also recognizes a deferred rent averaging benefit over the lease terms of the Victoria and LandSure offices. The non-current portion of holdbacks payable are to MDA for Web Filing.

16. 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 and six months ended September 30, 2018, 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 \$1,896,812 and \$3,511,010 (2017: \$1,030,646 and \$1,903,297).

Products and services acquired from the province for the three and six months ended September 30, 2018 totalled \$143,867 and \$260,870 (2017: \$116,630 and \$264,287).

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 and six months ended September 30, 2018, 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 \$168,807 and \$327,582 (2017: \$186,923 and \$353,377).

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Three and six months ended September 30, 2018, with comparative information for 2017

17. Subsequent event:

On October 23, 2018, the LTSA's wholly owned subsidiary, LandSure Systems Ltd., acquired 100% of the shares of Autoprop Software Ltd. ("Autoprop") for \$1.5 million, subject to adjustments and holdbacks. Autoprop is a Canadian company that enables professionals to use map-based searching to compile comprehensive property information from over 125 databases in British Columbia. The purchase price totaled \$1.5 million, with \$1.0 million paid on closing and a further \$0.5 million to be paid 6 months after the closing date. The additional payment of \$0.5 million is subject to adjustment based on final working capital balances.

We are currently in the process of evaluating the assets and liabilities acquired and their fair values. We anticipate the value of software acquired to be approximately \$1.5 million and do not anticipate a significant adjustment to the purchase price as a result of finalization of working capital balances.

The rationale for our acquisition was to access Autoprop's technology to integrate into our own platforms to allow better decision making for public and private sector customers.