Independent Auditor's Report

To the Directors of
Aéroport de Québec inc.

We have audited the accompanying financial statements of Aéroport de Québec inc., which comprise the statement of financial position as at December 31, 2015 and the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aéroport de Québec inc. as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Québec City
February 25, 2016

[1] CPA auditor, CA public accountancy permit no. A119912

Comprehensive Income

Year ended December 31, 2015

	2015 **$**	2014 $
Revenues		
Landing and terminal	**13,130,988**	12,825,066
Airport improvement fees	**20,354,222**	19,198,149
Concessions	**3,375,949**	3,167,237
Rentals	**2,017,437**	1,644,286
Parking	**5,901,206**	5,069,928
Services and recoveries	**5,647,140**	5,607,323
Safety and security	**3,485,031**	3,333,435
Other income	**39,769**	1,018
	53,951,742	50,846,442
Expenses		
Employee benefit expenses (Note 14)	**12,969,288**	12,007,433
Rent	**3,116,152**	2,984,701
Goods and services	**12,693,643**	13,240,351
In lieu of taxes	**4,143,626**	3,388,355
Amortization of property, plant and equipment	**11,641,566**	9,463,237
Amortization of deferred expenses	**78,820**	177,210
Amortization of deferred revenues relating to property, plant and equipment	**(2,216,167)**	(1,761,446)
	42,426,928	39,499,841
Operating results	**11,524,814**	11,346,601
Finance income (Note 16)	**1,394,852**	1,462,322
Finance costs (Note 16)	**(4,892,691)**	(2,723,979)
NET REVENUES AND EXPENSES	**8,026,975**	10,084,944
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Revaluation of net defined benefit pension plan liability	**111,300**	351,900
COMPREHENSIVE INCOME	**8,138,275**	10,436,844

The accompanying notes are an integral part of the financial statements.

AÉROPORT DE QUÉBEC INC.

Changes in Net Assets

Year ended December 31, 2015

	Accumulated revenues $	Accumulated other comprehensive income $	Total net assets $
Balances as at January 1, 2015	**102,519,855**	**(2,371,900)**	**100,147,955**
Net revenues and expenses	**8,026,975**		**8,026,975**
Revaluation of net defined benefit pension plan liability		**111,300**	**111,300**
Comprehensive income			**8,138,275**
Balances as at December 31, 2015	**110,546,830**	**(2,260,600)**	**108,286,230**
Balances as at January 1, 2014	92,434,911	(2,723,800)	89,711,111
Net revenues and expenses	10,084,944		10,084,944
Revaluation of net defined benefit pension plan liability		351,900	351,900
Comprehensive income			10,436,844
Balances as at December 31, 2014	102,519,855	(2,371,900)	100,147,955

The accompanying notes are an integral part of the financial statements.

AÉROPORT DE QUÉBEC INC.

Cash Flows

Year ended December 31, 2015

	2015 $	2014 $
OPERATING ACTIVITIES		
Excess of revenues over expenses	**8,026,975**	10,084,944
Non-cash items		
Gain on disposal of property, plant and equipment	**(39,769)**	(1,018)
Amortization of transaction costs	**32,058**	
Amortization of property, plant and equipment	**11,641,566**	9,463,237
Amortization of deferred expenses	**78,820**	177,210
Amortization of deferred revenues relating to property, plant and equipment	**(2,216,167)**	(1,761,446)
Defined benefit pension plan liability	**(66,389)**	(180,489)
Net change in working capital items (Note 19)	**(1,592,713)**	1,816,728
Cash flows from operating activities	**15,864,381**	19,599,166
INVESTING ACTIVITIES		
Term deposits	**(141,949,058)**	(2,838,477)
Receipt of note receivable	**116,666**	116,667
Acquisition of property, plant et equipment	**(39,137,761)**	(58,860,377)
Disposal of property, plant et equipment	**45,731**	7,800
Deferred expenses		41,403
Cash flows from investing activities	**(180,924,422)**	(61,532,984)
FINANCING ACTIVITIES		
Receipt of grants receivable	**9,586,232**	4,637,899
Loans	**267,000,000**	44,000,000
Transaction costs	**(1,199,684)**	
Repayment of loans	**(109,881,200)**	(3,881,200)
Cash flows from financing activities	**165,505,348**	44,756,699
Net increase in cash	**445,307**	2,822,881
Cash, beginning of year	**5,170,872**	2,347,991
Cash, end of year	**5,616,179**	5,170,872

During the year, AQi paid a total of $7,522,393 ($3,216,639 in 2014) in interest and received a total of $2,037,856 ($1,312,586 in 2014) in interest.

During the year, AQi reclassified $69,937 from last year's deferred expenses into the transaction costs.

The accompanying notes are an integral part of the financial statements.

AÉROPORT DE QUÉBEC INC.

Financial Position

December 31, 2015

	2015 $	2014 $
ASSETS		
Current		
Cash	**5,616,179**	5,170,872
Term deposits (Note 17)	**71,826,403**	26,278,497
Accounts receivable (Note 7)	**8,225,049**	5,461,468
Grants receivable (Note 8)	**10,242,572**	12,268,941
Note receivable (Note 17)	**116,667**	116,667
Supplies in inventory	**719,417**	651,349
Prepaid expenses	**651,653**	475,558
	97,397,940	50,423,352
Non-current		
Term deposits (Note 17)	**123,091,153**	26,690,001
Note receivable (Note 17)	**2,091,667**	2,208,333
Grants receivable (Note 8)	**51,845,364**	6,500,000
Property, plant and equipment (Note 9)	**256,755,296**	228,980,403
Deferred expenses		148,757
	433,783,480	264,527,494
	531,181,420	314,950,846
LIABILITIES		
Current		
Accounts payable (Note 10)	**20,292,772**	18,176,428
Provisions (Note 11)		850,000
Deferred revenues	**485,658**	227,296
Customer deposits	**535,686**	580,008
Loans (Note 12)	**7,220,767**	5,091,000
	28,534,883	24,924,732
Non-current		
Loans (Note 12)	**293,252,623**	141,875,000
Deferred revenues relating to property, plant and equipment (Note 13)	**100,393,455**	47,330,548
Customer deposits	**219,307**	
Defined benefit pension plan liability (Note 14)	**494,922**	672,611
	394,360,307	189,878,159
	422,895,190	214,802,891
NET ASSETS		
Accumulated revenues and accumulated other comprehensive income	**108,286,230**	100,147,955
	531,181,420	314,950,846

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Signed:

André Fortin, CPA, CA, ASC, lawyer
Chair of the Board

Signed:

Lise Lapierre, CPA, CA, ASC
Chair of Audit Committee

Notes to Financial Statements
December 31, 2015

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Aéroport de Québec inc. (AQi) is a not-for-profit corporation without share capital, governed by the *Canada Not-for-profit Corporations Act*. AQi is exempted under the *Income Tax Act*. The corporation is in charge of managing, operating, maintaining and developing the Aéroport international Jean-Lesage de Québec ("YQB") in accordance with a 60-year ground lease signed on October 27, 2000 with the Canadian government, with an option to renew for another 20 years.

AQi's head office is located at 505 Principale Street, Québec, Quebec G2G 0J4.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

AQi's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared in Canadian dollars, AQi's functional currency.

The financial statements for the year ended December 31, 2015 were approved on February 25, 2016 by the Board of Directors, which also approved their issuance.

3. SIGNIFICANT ACCOUNTING POLICIES

General

AQi's financial statements have been prepared in accordance with IFRS in effect as at December 31, 2015. Significant accounting policies used in the preparation of the financial statements are summarized below.

Note 5 presents a summary of the IFRS standards, amendments and interpretations issued but not yet effective and that have not yet been adopted by AQi.

Supplies in inventory

Supplies in inventory are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

Deferred expenses

Deferred expenses include required expenses under the terms of the lease and technical studies. They are amortized on a straight-line basis over three and five years.

Financial instruments

Financial assets and liabilities are recognized when AQi becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all the significant risks and rewards of ownership are transferred. A financial liability is derecognized when it is settled, terminated, cancelled or expired.

Financial assets and liabilities are measured initially at fair value plus transaction costs.

Financial assets and liabilities are subsequently measured as indicated below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

For the purpose of subsequent measurement, AQi's financial assets are classified as loans and receivables upon initial recognition.

All financial assets of AQi are tested for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or group of financial assets is impaired.

All revenues and expenses relating to financial assets recognized in revenues and expenses are presented in finance income or finance costs, except for impairment losses on accounts receivable presented in goods and services.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method, less an allowance for any impairment. Discounting is omitted if it does not have a significant impact. Cash, term deposits, accounts receivable, accrued interest receivable, grants receivable and the note receivable are included in this class of financial instruments.

Individually significant accounts receivable are tested for impairment when they are past due or there is objective evidence that a specific counterparty will fail to discharge its obligations. Accounts receivable that are not considered to be individually impaired are tested as a group that is determined on the basis of an industry or other known credit risk characteristics. The estimated impairment loss is then based on recent history of the counterparty's delinquency rates for each identified group.

Financial liabilities

AQi's financial liabilities include trade payables, accrued interest payable, customer deposits and loans. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest expenses are presented in finance costs or income.

Leases

All leases for which a significant portion of the risks and benefits is retained by the lessor are recognized as operating leases. Operating lease payments are recognized as expenses on a straight line basis over the lease term. Related costs, such as maintenance and insurance, are recognized in expenses as they are incurred.

Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost, less depreciation and any subsequent impairment losses. Cost includes expenses directly attributable to the purchase or construction of the item of property, plant and equipment and costs for dismantling or removing the item.

Items of property, plant and equipment in progress are transferred to their respective classes only when they are ready for service, that is the item is in its location, the necessary conditions have been satisfied and management considers that the item is capable of operating in the manner intended.

AQi capitalizes interest on loans and ancillary costs in the cost of property, plant and equipment until management considers that the item of property, plant and equipment is ready for service.

Each part of an investment with a cost that is significant in relation to the total cost of the total investment is amortized separately when the useful life of that part differs from the useful life of the overall investment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amortization is recognized on a straight-line basis to reduce the cost to the estimated residual value of the property, plant and equipment. Amortization periods are as follows:

	Periods
Buildings	8, 10, 15, 25 and 40 years
Leasehold improvements	5 and 15 years
Runways, roadways and other paved surfaces	3, 15, 25 and 40 years
Machinery and equipment	
Airport terminal	5, 10 and 25 years
Bag room	5, 10 and 25 years
Other	5, 10, 15 and 25 years
Computer equipment	3, 5 and 10 years
Automotive equipment, furniture and fixtures	5, 10 and 20 years

Grants for items of property, plant and equipment are recognized when there is reasonable certainty that AQi has satisfied the requirements of the agreements and that collection is likely. Grants are recognized in liabilities and amortized on the same basis as the related property, plant and equipment.

Significant estimates regarding the residual value and estimated useful life are reviewed as required and at least once a year.

Gains (losses) on the disposal of an item of property, plant and equipment correspond to the difference between the disposal revenue and the carrying amount of the item and are recognized in revenues and expenses as other revenues.

Impairment test of property, plant and equipment

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the property, plant and equipment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

All property, plant and equipment are subsequently remeasured to determine whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the recoverable amount of the asset exceeds its carrying amount.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualified asset are recognized in the cost of the asset during the period required to prepare the asset for use.

Other borrowing costs are recognized as expenses in the period during which they are incurred and presented in financial expenses (refer to Note 16).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenues are measured at the fair value of the consideration received or receivable for goods sold and services provided, excluding sales taxes, rebates and discounts.

Revenues from airport activities, consisting primarily of landing fees and general terminal charges, are earned primarily from air carriers and recognized according to the use of airport facilities.

Revenues from airport improvement fees are recognized when departing passengers board their aircraft and are based on the number of passengers who board.

Concession rents are recorded on a straight-line basis over the term of the leases and, in some cases, are calculated as a percentage of concession sales, subject to minimum guaranteed rents. Rents from office and land leases are recognized on a straight-line basis over the term of the leases.

Parking revenues are recognized according to the use of the space.

Proceeds from recovery, safety and security services are recognized when the service is rendered.

Interest income is recognized when earned, based on the number of days the investment is held.

Post-employment benefits and short-term employee benefits

Since it was privatized on November 1, 2000, AQi offers a defined contribution pension plan to its employees. Employees in service at the time of privatization participate in a defined benefit pension plan.

Under the terms of the defined contribution plan, AQi pays fixed contributions to an independent entity. AQi has no legal or constructive obligation to pay further contributions. Plan contributions are recognized in expenses in the period during which the corresponding service is provided by the employees.

Under the terms of the defined benefit plan sponsored by AQi, the pension benefit receivable by an employee is based on years of service and final earnings. AQi has a legal obligation to pay benefits even when the assets to be used to finance the defined benefit plan have been set aside.

AQi recognizes its defined benefit obligations and the related costs, net of plan assets, and has adopted the following methods for this purpose:

- The cost of pension and other retirement benefits earned by employees is calculated by the accrued benefit method pro-rated over years of service, based on management's best estimate assumptions, in particular future salary increases and retirement age;
- The service cost and net interest over the defined benefit pension plan net liability portion of the defined benefit cost for the year is recognized in net revenues and expenses and the remeasurements of the net defined benefit pension plan liability portion is recognized in other comprehensive income. Remeasurements include actuarial variances and any change in the effect of limiting the asset;
- Short-term employee benefits, in particular vacation entitlement, are current liabilities included in retirement and other employee benefit obligations measured at the undiscounted amount that AQi expects to pay as a result of unused rights.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions and contingent liabilities and assets

Provisions are recognized when present obligations, resulting from a past event, will likely result in an outflow of AQi resources embodying economic benefits and the amounts can be reasonably estimated. The outflow maturity or amount may be uncertain. A present obligation results from legal or constructive obligations from past events, such as litigation or onerous contracts.

The measurement of provisions corresponds to the estimated expenses required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties related to the present obligation. Provisions are discounted when the time value of money is significant.

A reimbursement that AQi is virtually certain to receive from a third party in respect of the obligation is recognized as a separate asset. However, the asset cannot be greater than the provision.

Provisions are reviewed at each reporting date and adjusted to reflect best estimates at that date.

4. NEW AND REVISED STANDARDS

A number of new and revised standards are effective for annual periods beginning on or after January 1, 2015. Information on these new standards is presented below.

IAS 19, *Defined Benefit Plans: Employee Contributions*

Defined Benefit Plans: Employee Contributions (amendments to IAS 19) came into mandatory effect for the first time in 2015 but AQi early adopted these amendments in 2014.

Other amendments to IFRSs that became mandatorily effective in 2015 have no material impact on AQi's financial results or position. Accordingly, AQi has made no changes to its accounting policies in 2015.

5. FUTURE ACCOUNTING CHANGES

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the International Accounting Standards Board (IASB) that are not yet effective, and have not been adopted early by AQi. Information on those expected to be relevant to AQi's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in AQi's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments neither adopted nor listed below are not expected to have a material impact on AQi's financial statements.

IFRS 9, *Financial Instruments*

The IASB recently released IFRS 9, *Financial Instruments* (2014), representing the completion of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

AQi's management has yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

5. FUTURE ACCOUNTING CHANGES (Continued)

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. AQi's management has not yet assessed the impact of IFRS 15 on these financial statements.

6. MANAGEMENT'S SIGNIFICANT JUDGEMENTS AND ESTIMATES

Management's significant judgements in applying the accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses. Future results are likely to differ from the estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions is provided below.

Judgement, assumption and estimation uncertainty

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

- Useful lives of depreciable assets:

  Management examines the useful life of depreciable assets at each reporting date based on the expected useful lives of the assets. The carrying amounts are detailed in Note 9. Actual results may however be different for various reasons, such as early wear, insufficient capacity, regulatory changes, etc.

- Defined benefit pension plan liability:

  Management undertakes an annual assessment of the defined benefit liability with the assistance of independent actuaries. Actual results may differ as a result of estimation uncertainty regarding standard inflation rates, mortality rates and future salary increases.

- Allowance for doubtful accounts:

  Management uses judgement in establishing the allowance for doubtful accounts based on, among others, the age of overdue accounts, debtors' current ability to pay, debtors' payment history and the general condition of the economy or the debtor's industry.

- Lease:

  The exact nature of a lease may not always be obvious and management must, therefore, use judgement in determining to what extent the risks and rewards of ownership are transferred to AQi.

- Impairment of long-lived assets:

  An asset is impaired if its realizable value is less than its carrying amount. Assessing the realizable value of an asset requires the determination of its present value which requires management to estimate future cash flows and assess appropriate interest rates. These estimates may have an impact on the realizable value and the actual amount may differ.

- Provisions:

  AQi has recognized provisions with respect to certain claims. The expected disbursements recognized in the financial statements may differ from actual amounts. To avoid causing serious prejudice to AQi's position, no additional information is provided about the provisions or contingent liabilities.

7. ACCOUNTS RECEIVABLE

	2015 $	2014 $
Current		
Trade receivables, gross	**5,604,542**	4,932,704
Allowance for doubtful accounts	**(305,142)**	(153,150)
Trade receivables, net	**5,299,400**	4,779,554
Accrued interest receivable	**2,157,134**	588,606
Indirect taxes receivable	**768,515**	93,308
	8,225,049	5,461,468

All amounts are receivable in the short term. The net carrying amount of trade receivables and accrued interest receivable is considered to be a reasonable approximation of their fair value.

8. GRANTS RECEIVABLE

AQi obtained $36,245,589 in grants for the refection of the airport terminal. Of this amount, $15,000,000 is used to repay the series B bonds. As at December 31, 2015, an amount of $8,500,000 has been used for this purpose ($7,500,000 in 2014). The grant receivable bears interest at a rate of 4.77% and is applicable to debt service in quarterly instalments of $250,000 until April 2022.

AQi obtained $50,000,000 in grants for the refection of the airport terminal. This grant is used to repay the series D bonds. As at December 31, 2015, an amount of $1,373,847 has been used for this purpose. The grant receivable bears interest at a rate of 2.80% and is applicable to debt service in quarterly instalments of $1,023,419 until May 2030.

Furthermore, AQi obtained a $26,401,784 ($5,279,074 in 2015; $10,243,425 in 2014; $10,879,285 in 2013) total grant to finance the construction of some projects. Of this amount, a total of $19,440,000 ($9,586,231 in 2015; $3,637,899 in 2014; $6,215,870 in 2013) was received.

Grants received and receivable are recognized under “Deferred revenues relating to property, plant and equipment”.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements $	Runways, roadways and other paved surfaces $	Machinery and equipment $	Computer equipment $	Automotive equipment $	Furniture and fixtures $	Projects in progress $	Total $
Cost								
Balance as at January 1, 2015	**126,394,497**	**75,076,512**	**39,491,661**	**11,770,398**	**9,766,764**	**4,093,377**	**14,482,158**	**281,075,367**
Acquisitions and reclassifications	**561,257**	**16,861,509**	**189,468**	**1,067,796**	**207,197**	**57,410**	**20,477,785**	**39,422,422**
Disposals and write-offs			**(236,889)**		**(139,688)**			**(376,577)**
Balance as at December 31, 2015	**126,955,754**	**91,938,021**	**39,444,240**	**12,838,194**	**9,834,273**	**4,150,787**	**34,959,943**	**320,121,212**
Accumulated amortization								
Balance as at January 1, 2015	**12,252,342**	**9,663,643**	**14,616,443**	**8,194,024**	**5,259,422**	**2,109,090**		**52,094,964**
Amortization	**3,500,751**	**3,597,859**	**2,214,472**	**1,103,027**	**817,932**	**407,525**		**11,641,566**
Disposals and write-offs			**(236,889)**		**(133,725)**			**(370,614)**
Balance as at December 31, 2015	**15,753,093**	**13,261,502**	**16,594,026**	**9,297,051**	**5,943,629**	**2,516,615**		**63,365,916**
Carrying amount as at December 31, 2015	**111,202,661**	**78,676,519**	**22,850,214**	**3,541,143**	**3,890,644**	**1,634,172**	**34,959,943**	**256,755,296**
Cost								
Balance as at January 1, 2014	66,881,190	45,977,756	36,090,001	9,687,427	8,924,649	3,733,047	58,935,093	230,229,163
Acquisitions and reclassifications	59,513,307	29,098,756	3,413,629	2,082,971	842,115	360,330	(44,452,935)	50,858,173
Disposals and write-offs			(11,969)					(11,969)
Balance as at December 31, 2014	126,394,497	75,076,512	39,491,661	11,770,398	9,766,764	4,093,377	14,482,158	281,075,367
Accumulated amortization								
Balance as at January 1, 2014	9,649,472	7,085,524	12,432,404	7,287,505	4,466,239	1,715,770		42,636,914
Amortization and reclassifications	2,602,870	2,578,119	2,189,226	906,519	793,183	393,320		9,463,237
Disposals and write-offs			(5,187)					(5,187)
Balance as at December 31, 2014	12,252,342	9,663,643	14,616,443	8,194,024	5,259,422	2,109,090		52,094,964
Carrying amount as at December 31, 2014	114,142,155	65,412,869	24,875,218	3,576,374	4,507,342	1,984,287	14,482,158	228,980,403

An amount of $1,294,012 ($459,916 in 2014) representing interest on loans in the course of the construction period was charged to property, plant and equipment cost during the year.

The interest rate used to capitalize borrowing costs included in property, plant and equipment was 2.63% (1.67% in 2014).

10. ACCOUNTS PAYABLE

	2015 $	2014 $
Current		
Trade payables	**2,572,675**	1,880,170
Trade payables relating to property, plant and equipment	**14,941,396**	14,656,736
Salaries, vacation and employee benefits	**1,486,354**	1,190,960
Accrued interest	**1,292,347**	448,562
	20,292,772	18,176,428

The carrying amount of accounts payable is considered to be a reasonable approximation of their fair value.

11. PROVISIONS AND CONTINGENT LIABILITIES

Provisions

Provisions are all considered to be current. The carrying amounts are as follows:

	2015 $	2014 $
Carrying amount as at January 1	**850,000**	1,070,866
Amount reversed	**(850,000)**	(220,866)
Carrying amount as at December 31		850,000

Contingent liabilities

Some claims or legal actions have been instituted against AQi during the current and prior years. Management estimates that these claims are unwarranted and that there is little likelihood AQi will be required to settle them. This assessment is consistent with that of independent external legal advisors.

12. LOANS

Loans consist of the following financial liabilities:

	Current		Non-current	
	2015 $	2014 $	**2015 $**	2014 $
Series A bonds, 5.12%, interest payable quarterly and principal payable in quarterly instalments of $562,500, maturing in April 2029 (a)	**2,250,000**	2,250,000	**28,125,000**	30,375,000
Series B bonds, 4.77%, payable from a grant receivable in quarterly instalments of $250,000 plus interest, maturing in April 2022 (a)	**1,000,000**	1,000,000	**5,500,000**	6,500,000
Series C bonds, 4.36%, net of transaction costs of $1,007,318, interest payable quarterly and principal payable at the maturity date, in May 2045 (a)			**173,992,681**	
Series D bonds, 2.80%, payable from a grant receivable in quarterly instalments of $1,023,419, principal and interest, maturing in May 2030 (a)	**2,760,967**		**45,865,186**	
Series E bonds, 3.42%, net of transaction costs of $230,244, interest payable quarterly and principal payable at the maturity date, in May 2025 (a)			**39,769,756**	
Non-revolving term loan, floating rate (1.92%), maturing in January 2016 (a)	**1,209,800**	1,841,000		
Revolving loan repaid during the year				105,000,000
Total carrying amount	**7,220,767**	5,091,000	**293,252,623**	141,875,000

(a) Under the credit agreement, AQi is subject to certain conditions. As at December 31, 2015, these conditions were met.

Series A, C and E bonds are grafted to a provident fund for debt service and an operation and maintenance reserve fund. This reserve consists of non-current term deposits.

Furthermore, AQi may use a bank loan and term loans with financial institutions, totalling $2,000,000 and $3,790,200 respectively and bearing interest at prime rate (2.7%). Also, AQi has a term loan for an authorized amount of $10,000,000. This term loan could be increased by increments of $10,000,000 up to a maximum of $50,000,000 and it bears interest at the banker's acceptance rate plus a premium. All these loans are renegotiable annually. As at December 31, 2015, they are unused and guaranty letters of credit issued by a financial institution total $290,000.

13. DEFERRED REVENUES RELATING TO PROPERTY, PLANT AND EQUIPMENT

			2015
	Cost **$**	**Accumulated amortization** **$**	**Unamortized cost** **$**
Buildings and leasehold improvements, runways, roadways and other paved surfaces	**112,647,373**	**12,253,918**	**100,393,455**

			2014
	Cost $	Accumulated amortization $	Unamortized cost $
Buildings and leasehold improvements, runways, roadways and other paved surfaces	57,368,299	10,037,751	47,330,548

14. PENSION AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

Expenses recognized as employee benefits are detailed as follows:

	2015 **$**	2014 $
Salaries	**10,046,947**	9,617,306
Employee benefits	**1,995,935**	1,775,846
Retirement - defined benefit plan	**279,000**	232,800
Retirement - defined contribution plan	**489,841**	380,372
Retirement and termination allowances	**157,565**	1,109
Employee benefit expenses	**12,969,288**	12,007,433

14. PENSION AND OTHER EMPLOYEE BENEFIT OBLIGATIONS (Continued)

Defined benefit pension plan

The defined benefit plan is registered with the Office of the Superintendent of Financial Institutions under number 57205, in accordance with the *Pension Benefits Standards Act, 1985*.

AQi offered a defined benefit plan to its full-time employees who were employed before November 1, 2000. The required employee contributions vary between 8.0% and 14.8% (4.0% and 7.5% before February 28, 2014) of the employee's salary, subject to a maximum. AQi pays the necessary contributions to finance the plan for current services and cover the shortfall. The employee annuity corresponds to a salary percentage for the five highest-paid consecutive years of service recognized for eligibility purposes. The standard retirement age is 65. However, there is an optional retirement age for participants 60 years and older who have at least two years of recognized service for eligibility purposes, and for participants 55 years and older who have at least 30 years of recognized service for eligibility purposes.

AQi is subject to certain risks related to employee benefits, including investment performance, the discount rate used to measure defined benefit pension plan obligations, participant life expectancy and future inflation. The plan's administrator is the employer and its responsibility is to determine the investment policy and analyse regulatory changes, benefits, the funding and financial situation of the defined benefit contributory plan. The plan's administrator retained the services of an independent investment manager to manage the plan's assets.

For recognition purposes, AQi measures its defined benefit pension plan obligations and the fair value of its plan assets as at December 31 of each year. The most recent complete actuarial valuation on a funding basis was performed December 31, 2013 and the results have been extrapolated until December 31, 2015.

Balancing contributions required based on the 2014 actuarial valuation amount to $203,000 ($267,800 in 2014).

The defined benefit pension plan obligations for the current period are as follows:

	2015 **$**	2014 $
Defined benefit pension plan obligations as at January 1	**8,695,700**	7,173,600
Current service cost	**189,100**	181,200
Past service cost		(53,900)
Financial cost	**353,500**	357,100
Employees' contributions	**85,000**	73,800
Actuarial gaps		
Actuarial loss (profit) from the experience of the plan	**47,400**	(118,300)
Actuarial loss from changes in demographic assumptions		155,900
Actuarial loss from changes in financial assumptions		1,070,300
Benefits paid	**(159,100)**	(144,000)
Defined benefit pension plan obligations as at December 31	**9,211,600**	8,695,700

14. PENSION AND OTHER EMPLOYEE BENEFIT OBLIGATIONS (Continued)

The significant actuarial assumptions used to measure the defined benefit obligations are the following:

	2015 %	2014 %
Discount rate	**4.0**	4.0
Increase rate of compensation	**3.5**	3.5
Inflation	**2.0**	2.0

The expected average remaining service life of pension plan participants is 15.2 years.

Management developed these assumptions with the advice of an independent valuation actuary.

The reconciliation of the assets held in respect of AQi's defined benefit pension plan obligations and the opening balance at the reporting date is as follows:

	2015 $	2014 $
Fair value of plan assets as at January 1	**8,998,489**	7,460,700
Asset increase		
Employer's contributions	**345,389**	413,289
Employees' contributions	**85,000**	73,800
Performance of plan assets, excluding interest income	**64,900**	870,000
Interest income	**362,600**	371,700
	857,889	1,728,789
Asset decrease		
Administration fees	**60,000**	47,000
Benefits paid	**159,100**	144,000
	219,100	191,000
Fair value of plan assets as at December 31	**9,637,278**	8,998,489

Plan assets are held in balanced-strategy mutual fund units.

Plan assets recognized at fair value are classified according to a hierarchy that reflects the importance of the data used to determine the valuations. The fair value measurement hierarchy includes three levels. Level 1 uses (unadjusted) pricing data quoted on active markets for assets to which the pension plan has access. The plan assets are level 1.

14. PENSION AND OTHER EMPLOYEE BENEFIT OBLIGATIONS (Continued)

The defined benefit pension plan expense for the period presented in the statement of comprehensive income under "Employee benefit expenses" is detailed as follows:

	2015 **$**	2014 $
Current service cost	**189,100**	181,200
Past service cost		(53,900)
Net interest	**29,900**	58,500
Administration fees	**60,000**	47,000
Defined benefit pension plan expense	**279,000**	232,800

AQi plans on making contributions of $280,364 ($402,033 in 2014) to the pension plan over the next year.

The reconciliation of the defined benefit pension plan obligations and plan assets with the amounts on the statement of financial position is as follows.

	2015 **$**	2014 $
Fair value of plan assets	**9,637,278**	8,998,489
Defined benefit pension plan obligations	**9,211,600**	8,695,700
Excess	**425,678**	302,789
Effect of the asset ceiling for defined benefit pension plan obligations	**(920,600)**	(975,400)
Defined benefit pension plan liability	**(494,922)**	(672,611)

Actuarial assumptions may have a significant impact on employee benefits related amounts.

The following table illustrates how changes that could have reasonably been made to the significant actuarial assumptions used as at December 31, 2015 could have influenced the defined benefit pension plan obligations on that date.

		Impact on the defined benefit pension plan obligations 2015 $	Impact on the defined benefit pension plan obligations 2014 $
Discount rate	3.75% (instead of 4.00%)	**344,200**	328,800
Salary increase rate	3.25% (instead of 3.50%)	**(22,500)**	(35,800)
Inflation	1.75% (instead of 2.00%)	**(203,400)**	(210,000)

15. LEASES AND OTHER COMMITMENTS

Operating lease as lessee

AQi leases airport facilities under a lease agreement with Transport Canada since November 1, 2000. The rent is determined based on an escalating percentage that varies according to different income levels. Income does not include interest payable since it is lower than interest receivable. The income levels and agreed-upon percentages are as follows:

	%
Product levels	
$0 to $5M	0
$5 to $10M	1
$10 to $25M	5
$25 to $100M	8
$100 to $250M	10
$250M and over	12

Operating leases as lessor

AQi leases airport land and buildings to sub-lessees. Income from the sub-leases is $2,017,437 ($1,644,286 in 2014).

Other commitments

AQi has entered into service agreements expiring at various dates until December 2020 which call for a total lease payment of $27,660,665. Minimum lease payments for the next five years are $9,582,361 in 2016, $6,997,649 in 2017, $7,819,152 in 2018, $3,235,316 in 2019 and $26,187 in 2020.

Moreover, AQi has agreed to pay $31,958,366 in the course of the next year for construction contracts.

16. FINANCE INCOME AND EXPENSES

Finance income

Finance income for the reporting periods is detailed as follows:

	2015 $	2014 $
Interest income on cash	**51,640**	71,638
Interest income on term deposits	**1,158,131**	1,195,315
Interest income on the note receivable	**185,081**	195,369
	1,394,852	1,462,322

Finance costs

Finance costs for the reporting periods are detailed as follows:

	2015 $	2014 $
Interest expenses on loans	**5,340,184**	3,101,161
Interest income on the grant receivable relating to a loan	**(479,551)**	(377,182)
Amortization of transaction costs	**32,058**	
	4,892,691	2,723,979

17. FINANCIAL INSTRUMENTS

Classes of financial assets and liabilities

The carrying amount of amounts presented in the statement of financial position relates to the following classes of assets and liabilities:

Financial assets

Loans and receivables

	Interest rate and maturity	2015 $	2014 $
Current			
Cash		**5,616,179**	5,170,872
Term deposits	Weighted average rate of 1.85% (1.96% as at December 31, 2014)	**71,826,403**	26,278,497
Accounts receivable, excluding commodity taxes receivable (Note 7)		**7,456,534**	5,368,160
Grants receivable (Note 8)		**10,242,572**	12,268,941
Note receivable		**116,667**	116,667
		95,258,355	49,203,137
Non-current			
Term deposits	Weighted average rate of 1.80% (2.43% as at December 31, 2014), maturing on various dates until December 2016	**123,091,153**	26,690,001
Note receivable	Residential mortgage rate plus 5.25%	**2,091,667**	2,208,333
Grants receivable (Note 8)		**51,845,364**	6,500,000
		177,028,184	35,398,334
		272,286,539	84,601,471

Note receivable

Loans and receivables include a note receivable under an emphyteutic agreement, bearing interest at the rate of a five-year residential mortgage, plus 5.25% (8.14%; 8.19% as at December 31, 2014), receivable in monthly instalments of $9,722, ending in January 2033, followed by 333 monthly instalments of $1 until October 30, 2060. The current portion receivable totals $116,667.

Financial liabilities

	2015 $	2014 $
Current		
Accounts payable, excluding salaries, vacations and employee benefits payable (Note 10)	**18,806,418**	16,985,466
Customer deposits	**535,686**	580,008
Loans (Note 12)	**7,220,767**	5,091,000
	26,562,871	22,656,474
Non-current		
Loans (Note 12)	**293,252,623**	141,875,000
	319,815,494	164,531,474

17. FINANCIAL INSTRUMENTS (Continued)

The fair value of non-current financial instruments is classified within level 2 of the fair value hierarchy.

Fair value measurement

The valuation methods and techniques used to measure fair value are the same as those used in the previous reporting period. The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

Term deposits, grant receivable and loans

The fair value of a grant receivable and loans was determined by discounting the contractual cash flows using market interest rates for similar financial instruments having the same term to maturity and approximates their carrying amount. The fair value of the term deposits is $194,922,549 ($53,482,111 in 2014). The fair value of the loans is $302,663,695 ($146,966,000 in 2014).

Financial instrument risk

AQi is exposed to various financial instrument risks. AQi's financial assets and liabilities are summarized above by category. The main types of risk are the interest rate risk, credit risk and liquidity risk.

AQi's risk management is coordinated by management in close cooperation with the Board of Directors and focuses on actively securing the availability of AQi's short to medium-term cash flows by minimizing the exposure to financial markets. AQi's financial investments all mature within five years.

AQi does not actively negotiate financial assets for speculative purposes. AQi's main financial risk exposure is as follows.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument fluctuate and result in a loss due to changes in interest rates.

Term deposits, a grant receivable and bonds bear interest at a fixed rate and AQi is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. Since financial instruments are recognized at amortized cost, changes in the fair value have no impact on net revenues and expenses.

The note receivable under an emphyteutic agreement and term loans bear interest at a variable rate and AQi is, therefore, exposed to the risk of cash flow resulting from interest rate fluctuations.

In accordance with its policies, it is AQi's intention to reduce the exposure of its long-term financing to the cash flow risk resulting from interest rate fluctuations. Longer-term loans therefore bear interest at a fixed rate.

AQi's term deposit investments all bear interest at a fixed rate.

In the opinion of management, a 1% fluctuation in interest rates would not have a significant impact on AQi's results.

Credit risk

Credit risk is the risk that one of AQi's debtors be unable to fulfill its obligations.

Credit risk relating to trade accounts receivable is generally diversified since AQi negotiates with a large number of establishments.

AQi's maximum credit risk exposure is limited to the carrying amount of the financial assets recognized at the reporting date.

AQi's policy is to deal with solvent parties only. AQi's management considers that the credit quality of the above-mentioned financial assets that are not impaired or in default at each reporting date is good.

None of AQi's financial assets are secured by collateral or any other form of credit enhancement.

17. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that AQi be unable to meet its commitments. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that AQi has sufficient financing sources to pursue its activities. AQi establishes annual budget and cash estimates to this end.

AQi considers expected cash flows from financial assets when assessing and managing liquidity risk, in particular cash and accounts receivable. AQi's cash, term deposits and accounts receivable are significantly greater than current cash requirements.

As at December 31, 2015, the contractual maturities of AQi's non-derivative financial liabilities (including any interest payment), are detailed as follows:

				2015
		Current		**Non-current**
	Less than 6 months $	**6 to 12 monts $**	**1 to 5 years $**	**Over 5 years $**
Trade and other payables	**17,712,288**	**442,747**	**651,383**	
Customer deposits		**535,686**	**219,307**	
Loans	**9,419,808**	**9,954,608**	**70,959,767**	**471,781,533**
	27,132,096	**10,933,041**	**71,830,457**	**471,781,533**

				2014
		Current		Non-current
	Less than 6 months $	6 to 12 months $	1 to 5 years $	Over 5 years $
Trade and other payables	16,678,380	307,088		
Customer deposits			580,008	
Loans	3,890,818	5,056,818	126,410,826	29,374,787
	20,569,198	5,363,906	126,990,834	29,374,787

18. CAPITAL MANAGEMENT

AQi's capital management objectives are to:

- Ensure it has the necessary capital for developing and improving air and airport services to guarantee quality service to passengers;
- Maintain a flexible capital structure enabling AQi to obtain financing to develop its infrastructure and real estate;
- Maintain the necessary cash flows to address the risks most likely to affect its financial situation.

AQi's capital includes net assets and loans totalling $408,759,620 ($247,113,955 as at December 31, 2014).

To ensure it attains its objectives, AQi's management:

- Produces and presents to the Board of Directors short- and long-term financial forecasts;
- Produces and presents to the Board of Directors quarterly financial statements and the management discussion and analysis, and follows up on financial forecasts;
- Periodically reviews service prices.

19. NET CHANGE IN WORKING CAPITAL

The following adjustments to non-cash working capital have been made to determine operating cash flows:

	2015 $	2014 $
Accounts receivable	**(2,763,581)**	1,904,119
Supplies in inventory	**(68,068)**	132,352
Prepaid expenses	**(176,095)**	288,456
Accounts payable, excluding trade payables relating to property, plant and equipment	**1,831,684**	(284,467)
Provisions	**(850,000)**	(220,866)
Deferred revenues	**258,362**	22,134
Customer deposits	**174,985**	(25,000)
	(1,592,713)	1,816,728

20. RELATED PARTY TRANSACTIONS

AQi's related parties include its directors, key management personnel and post-employment benefit plans for AQi's employees.

Transactions with key management personnel

AQi's key management personnel includes the directors and management and their compensation is detailed as follows:

	2015 $	2014 $
Salaries, including bonuses	**1,594,540**	1,572,709
Employee benefit cost	**172,163**	135,933
Post-employment benefits	**71,615**	58,186
Attendance and directors' fees	**385,593**	372,494
Total compensation	**2,223,911**	2,139,322

Transactions related to post-employment benefit plans

The defined benefit and defined contribution plans are related parties. AQi's transactions with the pension plans include plan contributions, which are presented in Note 14. There are no other transactions with the pension plans and no unpaid balances other than contributions for the last month of the fiscal year, which are paid during the subsequent month.