Interim Financial Report for the Period Ended June 24, 2017

Q2 2017

Revenue
(in millions of Canadian dollars)

	2014	2015	2016	2017
March	62.7	60.4	64.9	**60.1**
June	78.7	89.3	79.6	**101.9**
September	93.9	115.9	103.1	
December	86.9	92.4	95.8	
Year	322.2	358.0	343.3	

Profit (loss) attributable to owners of the Company
(in millions of Canadian dollars)

	2014	2015	2016	2017
March	4.3	2.5	(0.01)	**(1.5)**
June	7.4	6.7	1.0	**4.8**
September	12.0	12.1	9.2	
December	7.3	7.9	8.9	
Year	31.0	29.1	18.9	

Total earnings (loss) per share *(1)*
(in Canadian dollars)

	2014	2015	2016	2017
March	0.34	0.20	(0.01)	**(0.13)**
June	0.59	0.54	0.07	**0.37**
September	0.95	0.97	0.71	
December	0.58	0.63	0.71	
Year	2.46	2.34	1.48	

(1) *For earnings per share per class of share, please refer to the "Selected Quarterly Financial Information" table on page 4*

To Our Shareholders

During the second quarter of 2017, consolidated revenue reached a record level for second quarter, totalling $101.9 million, an increase of $22.2 million or 27.9% compared with the same period in 2016. The increase in revenue came from both our marine and environmental services segments and more particularly from increases in our bulk-handling business from three new terminals, which were added to the network since the beginning of the year. Revenue from the marine services segment was up by $7.7 million or 14.5% to $53.0 million, while revenue from the environmental services segment amounted to $48.9 million, up by $14.5 million or 42.2% compared with the second quarter of 2016. The increase in revenue in the marine services segment stems primarily from bulk activity, while break-bulk cargo volumes were stable. The high revenue increase in the environmental services segment is due to higher levels of activity in both Aqua-Pipe and site remediation, partially offset by decreased activity in Europe, where we closed our asbestos removal activities.

The second quarter of 2017 closed with a consolidated profit attributable to owners of the Company of $4.8 million, compared with a profit of $1.0 million for the second quarter of 2016. The profit attributable to owners of the Company translated into total diluted earnings per share of $0.37, of which $0.36 was attributable to Class A Common Shares and $0.39 was attributable to Class B Subordinate Voting Shares.

During the first six months of 2017, consolidated revenue increased to $161.9 million, compared with $144.5 million for the first half of 2016. The profit attributable to owners of the Company amounted to $3.3 million, which is substantially more than last year's profit of $0.8 million. This translated into total diluted earnings per share of $0.25, of which $0.24 was attributable to Class A Common Shares and $0.27 was attributable to Class B Subordinate Voting Shares. For the same period in 2016, diluted earnings per share totalled $0.06, of which $0.06 was attributable to Class A Common Shares and $0.07 was attributable to Class B Subordinate Voting Shares.

Outlook

We view our outlook with optimism. We are very pleased with our results for the marine services segment. In particular, our bulk business has shown considerable improvement, especially with the addition of our two new bulk projects. Our container business has also shown double-digit growth and, with the completion of our new Viau container terminal, we are showing improved efficiencies. Results have been disappointing in our environmental services segment, and this can be linked to seasonality, lower-than-expected results for Aqua-Pipe services in the USA, but more particularly, extremely poor results in France. Despite the slow start, our backlog allows us to believe that the next six months will reach record levels. Furthermore, with the acquisition of 51% of FER-PAL Construction Ltd., we are optimistic about a strong finish to the year in both our marine and environmental services segments.

(signed) George R. Jones
George R. Jones
Chairman of the Board

(signed) Madeleine Paquin
Madeleine Paquin
President and Chief Executive Officer

July 28, 2017

Introduction

This management's discussion and analysis deals with Logistec Corporation's operations, results and financial position for the three-month and six-month periods ended June 24, 2017, and June 25, 2016. All financial information contained in this management's discussion and analysis and the attached condensed consolidated interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS") using the same accounting policies as outlined in Note 2 of the notes to 2016 consolidated financial statements, except as described in Note 3 of the notes to Q2 2017 condensed consolidated interim financial statements. In this report, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars.

Our Business

The Company is incorporated in the Province of Québec and its shares are listed on the Toronto Stock Exchange ("TSX") under the ticker symbols LGT.A and LGT.B. The Company's largest shareholder is Sumanic Investments Inc.

The operations of Logistec Corporation, its subsidiaries, and its joint ventures (collectively "Logistec", the "Company", "we", "us", or "our") are divided into two segments: marine services and environmental services.

Marine Services

Logistec Corporation provides specialized cargo handling and other services to a wide variety of marine and industrial customers. The Company has cargo handling facilities in some 30 ports and 40 terminals in eastern North America. It is widely diversified on the basis of cargo type and port location with a good balance between import and export activities.

Our other marine services include marine transportation services geared primarily to the Arctic coastal trade; short-line rail transportation services; and agency services to foreign shipowners and operators serving the Canadian market.

Environmental Services

The Company, through its subsidiary Sanexen Environmental Services Inc. ("Sanexen"), operates in the environmental sector, where it provides services to industrial, municipal and other governmental customers for the trenchless structural rehabilitation of underground water mains, regulated materials management, site remediation, risk assessment, and manufacturing of woven hoses.

Selected Quarterly Financial Information

(in thousands of Canadian dollars, except per share amounts)

	Q1	Q2	Q3	Q4	Year
	$	$	$	$	$
2017					
Revenue	**60,071**	**101,861**			
Profit (loss) attributable to owners of the Company	**(1,530)**	**4,789**			
Basic earnings per Class A Common Share [(1)]	**(0.12)**	**0.38**			
Basic earnings per Class B Subordinate Voting Share [(2)]	**(0.13)**	**0.41**			
Total basic earnings per share	**(0.13)**	**0.39**			
Diluted earnings per Class A share	**(0.12)**	**0.36**			
Diluted earnings per Class B share	**(0.13)**	**0.39**			
Total diluted earnings per share	**(0.13)**	**0.37**			
2016					
Revenue	64,859	79,616	103,093	95,758	343,326
Profit (loss) attributable to owners of the Company	(138)	951	9,153	8,892	18,858
Basic earnings per Class A Share	(0.01)	0.08	0.72	0.70	1.48
Basic earnings per Class B Share	(0.01)	0.08	0.80	0.76	1.63
Total basic earnings per share	(0.01)	0.08	0.75	0.73	1.55
Diluted earnings per Class A share	(0.01)	0.07	0.67	0.68	1.41
Diluted earnings per Class B share	(0.01)	0.08	0.75	0.74	1.56
Total diluted earnings per share	(0.01)	0.07	0.71	0.71	1.48

(1) *Class A Common Share ("Class A share")*
(2) *Class B Subordinate Voting Share ("Class B share")*

Seasonal Nature of Operations

Operations are affected by weather conditions and are therefore of a seasonal nature. During the winter months, the St. Lawrence Seaway is closed. There is no activity on the Great Lakes, reduced activity on the St. Lawrence River, and no activity in Arctic transportation due to ice conditions.

Sanexen's activities are also affected by weather conditions as most of the specialized services it offers depend upon the excavation of soils, which is more difficult during the winter.

Historically, the first quarter and, to a lesser extent, the second quarter have always presented a lower level of activity and yielded weaker results than the other quarters. The third and fourth quarters are usually the most active.

Business Acquisitions

On July 6, 2017, the Company acquired 51% of the shares of FER-PAL Construction Ltd. ("FER-PAL"), a company that is a licensee of our Aqua-Pipe technology and that offers complete water main rehabilitation solutions, for an aggregate purchase price of $49.5 million. The purchase price paid by Logistec consists of a cash payment of $41.5 million and the issuance of 230,747 Class B shares in the share capital of Logistec and is subject to post-closing adjustments. The Logistec shares issued as part of the purchase price will be covered by contractual lock-up restrictions as to 100% of such shares until January 6, 2018 and as to 50% until July 6, 2018, and orderly disposal provisions.

This transaction consolidates and expands the Company's environmental services based in Toronto (ON), in water main rehabilitation projects utilizing trenchless technologies of all types and sizes for municipalities in Canada and the United States, including our Aqua-Pipe technology.

The Company granted the 49% non-controlling interest shareholders in FER-PAL a put option, exercisable at any time after July 6, 2021, allowing them to sell all the remaining shares to Logistec in three equal tranches over a two-year period for cash consideration based on a predetermined purchase price formula based on the performance of FER-PAL. The Company also has a call option, exercisable by Logistec at any time after July 6, 2022, to purchase all the remaining shares from the vendors on the same terms.

The acquisition price is subject to adjustments and the purchase price allocation will be determined once the final valuation of the assets acquired and liability assumed are completed.

On February 16, 2017, the Company invested US$4.4 million (CA$5.8 million) in Logistec Gulf Coast LLC ("LGC"), a newly formed company. The funds were used to acquire essentially all of the operating assets of Gulf Coast Bulk Equipment, Inc. ("GCBE"). The Company holds a 70% interest in LGC, and GCBE holds the remaining 30% interest.

Please refer to Notes 9 and 10 of the notes to Q2 2017 condensed consolidated interim financial statements for further details on these business acquisitions.

Results

Revenue

Consolidated revenue reached a record level for a second quarter, totalling $101.9 million, an increase of $22.2 million or 27.9% over the $79.6 million reported for the same period in 2016. Consolidated revenue was positively affected by $1.8 million due to a strong U.S dollar against the Canadian dollar in the second quarter of 2017, as opposed to the Canadian/U.S. dollar translation rate in the second quarter of 2016.

Revenue in the marine services segment amounted to $53.0 million, up by $7.7 million or 14.5% compared with the second quarter of 2016. This increase is mainly due to higher volumes handled in our bulk terminals when compared with the same quarter in 2016. As for break-bulk, volumes were stable, with a slight decrease compared with the second quarter of last year. In the second quarter of 2017, the overall profitability of our cargo-handling operations has increased.

Revenue in the environmental services segment amounted to $48.9 million, up by $14.5 million or 42.2% compared with the second quarter of 2016. This increase is due to higher levels of activity in both Aqua-Pipe and site remediation, partially offset by decreased activity in Europe, where we closed our asbestos removal activities.

For the six-month period ended June 24, 2017, consolidated revenue totalled $161.9 million, an increase of $17.5 million compared with $144.5 million for the same period in 2016. Revenue in the marine services segment totalled $94.2 million for the first half of 2017, up by $3.6 million from $90.7 million for the same period last year. The environmental services segment delivered revenue totalling $67.7 million, an increase of $13.9 million or 25.8% over the revenue of $53.8 million for the same period in 2016.

Employee Benefits Expense

In the second quarter of 2017, the employee benefits expense totalled $48.4 million, an increase of $10.3 million compared with $38.1 million for the same quarter in 2016. This is in line with our revenue increase. The ratio of employee benefits expense to revenue shows a slight variation at 47.5%, compared with 47.9% for the same period last year.

For the first half of 2017, employee benefits expense reached $80.2 million, an increase of $10.1 million or 14.4% compared with $70.1 million recorded for the same period last year. The increase came from higher levels of activity in both segments. The ratio of employee benefits expense to revenue was at 49.5%, compared with 48.5% for the same period last year. The higher expense ratio is due to our environmental services segment's revenue mix which has, on average, a higher labour ratio. This expense was particularly affected by a challenging contract in Europe. It is also due to the seasonality of the Excava-Tech Inc. business we acquired in 2016, which resulted in higher labour costs for the first half of 2017, compared with the same period last year.

Equipment and Supplies Expense

Equipment and supplies expense amounted to $29.1 million in the second quarter of 2017, an increase of $4.4 million or 17.6% compared with the $24.8 million reported in the second quarter of 2016. This increase is mostly in line with the revenue increase. The proportion of equipment and supplies expense to consolidated revenue was better at 28.6% for the second quarter of 2017, compared with 31.1% for the second quarter of 2016.

For the first half of 2017, equipment and supplies expense amounted to $46.4 million, an increase of $3.2 million or 7.5% over the first half of 2016, less of an increase than the revenue. Consequently, the overall ratio of equipment and supplies expense to revenue was 28.6% for the first half of 2017 compared with 29.9% for the same period of 2016. This better ratio is in line with a more favourable revenue mix in the environmental services segment for this type of expense in 2017, compared with 2016.

Rental Expense

Rental expense totalled $8.1 million for the second quarter of 2017, compared with $6.9 million for the same period in 2016. The fixed portion of this expense does not fluctuate substantially from quarter to quarter, unless changes occur within our network of facilities. The variable portion of this expense accounted for the variation in second quarter results, reflecting higher throughput fee due to an increase in cargo volumes in the marine services segment.

For the first half of 2017, rental expense totalled $15.1 million, representing 9.3% of revenue. This figure is comparable with $13.7 million for the same period in 2016, which represented 9.5% of revenue.

Other Expenses

Other expenses amounted to $5.0 million, representing a variation of $1.9 million or 61.3% compared with the second quarter of 2016. This variation is mainly due to an increase in professional fees expense during the second quarter of 2017, related to acquisition projects.

Other expenses for the first six months of 2017 amounted to $8.6 million, compared with $7.3 million in 2016. This $1.3 million variation is due to the same factors mentioned above.

Depreciation and Amortization Expense

Depreciation and amortization expense amounted to $4.2 million for the second quarter of 2017, an increase of $0.8 million compared with $3.5 million for the same period in 2016. For the first six months of 2017, the expense totalled $8.2 million, compared with $6.5 million for the corresponding period in 2016.

The increase in both the second quarter and first half of 2017 is in line with our business acquisitions and property, plant and equipment investments in 2016 and 2017.

Other Gains and Losses

Other gains and losses showed a minimal amount of losses for the second quarter of 2017, compared with a loss of $0.7 million for the same quarter in 2016. The first six months of 2017 showed a gain of $1.7 million, compared with a loss of $1.8 million in 2016. The 2017 gain is mainly due to a gain on disposal of property, plant and equipment following the loss of the concession in Saint John (NB), while the 2016 loss was mainly attributable to foreign exchange variations.

Profit for the Period and Earnings per Share

Overall, the Company reported a profit for the period of $4.8 million in the second quarter of 2017, of which a minimal loss was attributable to non-controlling interests, generating a profit attributable to owners of the Company of $4.8 million. That translated into a total diluted profit per share of $0.37, of which $0.36 was attributable to Class A shares and $0.39 was attributable to Class B shares.

For the first six months of 2017, the Company achieved a profit for the period of $3.2 million, of which a loss of less than $0.1 million was attributable to non-controlling interests, computing to a profit attributable to owners of the Company of $3.3 million. That translated into total diluted earnings per share of $0.25, of which $0.24 per share was attributable to Class A shares and $0.27 per share was attributable to Class B shares.

All other items of the condensed consolidated interim statements of earnings varied according to normal business parameters.

Dividends

On July 28, 2017, the Company's Board of Directors elected to increase the dividend payment by 10.0% for both classes of shares.

Accordingly, on July 28, 2017, the Board of Directors declared dividends of $0.08250 per Class A share and $0.09075 per Class B share, for a total consideration of $1.0 million. These dividends will be paid on October 13, 2017, to shareholders of record as at September 29, 2017.

On May 9, 2017, the Board of Directors declared dividends of $0.075 per Class A share and $0.0825 per Class B share, for a total consideration of $1.0 million. These dividends were paid on July 7, 2017, to shareholders of record as at June 23, 2017.

All dividends mentioned above are eligible dividends for Canada Revenue Agency purposes. The Company's Board of Directors determines the level of dividend payments. While Logistec does not have a formal dividend policy, the practice to date has been to maintain regular quarterly dividends with modest increases over the years.

Liquidity and Capital Resources

Capital Management

The Company's financial strategy and primary objectives when managing capital are described in Note 5 of the notes to consolidated financial statements in the 2016 annual report and were applied consistently in the second quarter of 2017. Please refer also to Note 4 of the notes to Q2 2017 condensed consolidated interim financial statements for an update on financial risk management information.

Capital Resources

Total assets amounted to $356.2 million as at June 24, 2017, up by $0.3 million compared with the December 31, 2016 closing balance of $355.9 million. The increase is mainly due to an investment in property, plant and equipment of $14.1 million, offset by the reduction in trade and other receivables of $13.2 million.

Cash and cash equivalents totalled $8.3 million at the end of the second quarter of 2017, a decrease of $7.7 million from $16.0 million as at December 31, 2016. The main items behind this decrease are as follows:

(in thousands of dollars)	
Positive:	
Changes in non-cash working capital items	12,517
Dividends received from equity accounted investments	3,600
Depreciation and amortization expense	8,249
	24,366
Negative:	
Acquisition of property, plant and equipment	(14,668)
Repayment of long-term debt, net of issuance	(12,352)
Business acquisition	(5,805)
	(32,825)

Working Capital

Working capital totalled $53.6 million at the end of the second quarter of 2017, for a current ratio of 1.89:1. This is lower than the working capital of $75.8 million for a ratio of 2.51:1 as at December 31, 2016.

Equity Attributable to Owners of the Company

Equity attributable to owners of the Company amounted to $199.8 million as at June 24, 2017. Adding long-term debt yields a capitalization of $247.6 million, which computes to a debt/capitalization ratio of 19.3%.

As at July 28, 2017, 7,410,522 Class A shares and 4,962,956 Class B shares were issued and outstanding. Each Class A share is convertible at any time by its holder into one Class B share. Please refer to Note 5 of the notes to Q1 2017 condensed consolidated interim financial statements for further details regarding the Company's share capital.

Significant Joint Venture

As disclosed in Note 20 of the notes to 2016 consolidated financial statements, the Company holds many investments in joint ventures. The Company has only one significant joint venture, Termont Terminal Inc., whose activities are aligned with its core business.

The following table summarizes the financial information of Termont Terminal Inc. at 100%. The Company holds a 50%-equity interest in this joint venture.

(in thousands of dollars)

	As at June 24, 2017 $	As at December 31, 2016 $
Statement of financial position		
Total assets	**39,439**	37,438
Total liabilities	**216**	284

	For the three months ended		**For the six months ended**	
	June 24, 2017 $	June 25, 2016 $	**June 24, 2017 $**	June 25, 2016 $
Statement of earnings				
Revenue	**782**	669	**1,594**	1,394
Share of profit of an equity accounted investment	**1,986**	798	**3,023**	1,565
Profit for the period	**2,453**	1,190	**3,982**	2,383

Other Items in the Consolidated Statements of Financial Position

Financial position as at *(in millions of dollars)*	**June 24, 2017 $**	December 31, 2016 $	**Var. $**	**Var. %**	Explanation of variation
Trade and other receivables	**73.2**	86.4	**(13.2)**	**(15.3)**	The variation is explained by a sustained collection effort in all segments during the first half of 2017 that offset the higher level of activity in the second quarter of 2017 compared with the fourth quarter of 2016.
Work in progress	**14.6**	4.4	**10.2**	**231.7**	Work in progress represents the gross unbilled amount that will be collected from customers for contract work performed to date in our environmental services segment. Increased site remediation activity led to higher work in progress at the end of the second quarter of 2017.
Property, plant and equipment	**152.7**	138.6	**14.1**	**10.2**	The increase stems mainly from capital expenditures, including a business acquisition, totalling $22.7 million, which exceeded the depreciation expense of $7.6 million and the disposal of assets of $2.2 million.
Trade and other payables	**52.7**	43.1	**9.6**	**22.2**	The increase reflects the higher level of activity in all business segments in the second quarter of 2017 compared with the fourth quarter of 2016.
Current portion of long-term debt	**2.3**	1.7	**0.6**	**34.7**	The decrease of $12.4 million derives mainly from the following elements - a repayment of $26.0 million came from cash flow generated by improvements in our working capital, as previously discussed in the Liquidity and Capital Resources section, which was offset by $14.7 million used for capital expenditure investments.
Long-term debt	**45.5**	58.6	**(13.1)**	**(22.3)**	
Post-employment benefit obligations	**15.5**	13.1	**2.5**	**18.8**	The increase is explained by the actuarial loss resulting from a decrease in the interest rate used to discount the post-employment benefit obligations.
Non-current financial liabilities	**15.1**	12.5	**2.6**	**20.9**	The increase is mainly due to the acquisition of the non-controlling interest in LGC in the first quarter of 2017. As a result of that transaction, Logistec recorded a long-term liability obligation to repurchase the non-controlling interest amounting to $2.5 million as at June 24, 2017.

All other items included in the condensed consolidated interim statements of financial position varied according to normal business parameters in the second quarter of 2017.

Application of New and Revised IFRS

On January 1, 2016, the Company adopted IAS 7, "Statement of Cash Flows", which did not significantly affect the presentation of the financial statements. Please refer to Note 3 of the Q2 2017 condensed consolidated interim financial statement notes for a full description of this standard.

Additionally, the following accounting standards have been published or modified: IFRS 9, "Financial Instruments"; IFRS 15, "Revenue from Contracts with Customers"; and IFRS 16, "Leases". Again, please refer to Note 3 of the Q2 2017 condensed consolidated interim financial statement notes for further details on these standards.

Report on Disclosure Controls

Pursuant to the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", the President and Chief Executive Officer and the Vice-President, Finance are responsible for the establishment and maintenance of disclosure controls and procedures ("DC&P"), and internal control over financial reporting ("ICFR"). They are assisted in these tasks by a Certification Steering Committee, which is comprised of members of the Company's senior management including the two previously mentioned executives.

They have reviewed this management's discussion and analysis and the Q2 2017 condensed consolidated interim financial statements and related notes (the "Interim Filings"). Based on their knowledge, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the Interim Filings. Based on their knowledge, the Q2 2017 condensed consolidated interim financial statements, together with the other financial information included in the Interim Filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date and for the periods presented in the Interim Filings.

The President and Chief Executive Officer and the Vice-President, Finance have concluded that the design of DC&P provided reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, was communicated to them in a timely manner for the preparation of the Interim Filings and that information required to be disclosed in its Interim Filings was recorded, processed, summarized and reported within the required time periods.

The President and Chief Executive Officer and the Vice-President, Finance have also designed such ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, the Company's generally accepted accounting principles.

There has been no change in the Company's ICFR that occurred during the second quarter of 2017 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Outlook

The results for the second quarter are very encouraging. Consolidated revenue is the highest ever reported for a second quarter, and several elements are in place that should allow us to maintain the momentum.

In the marine services segment, bulk revenue has improved considerably and the addition of LGC and Cleveland have had a positive impact on our revenue base. The terminal reconstruction at Brunswick (GA) has been completed and volumes and efficiencies have materialized. Container volumes are strong at our Termont Montréal Inc. joint venture in Montréal (QC), and operating improvements are noticeable at the Viau terminal with the commissioning late last year of new cranes and related equipment.

In the environmental services segment, revenue was also very strong and all sectors are doing well. The backlog is very solid, with contracts in both Aqua-Pipe and our traditional environmental services.

Our cost structure, however, is up for a few reasons. We are now fully prepared to tackle the U.S. market for Aqua-Pipe, but this means higher fixed costs, while the revenue cycle for Aqua-Pipe south of the border starts later in the year. With regard to our traditional environmental services, we are set to perform especially well in the second half of the year. We have closed our asbestos removal operation in France, as it was not profitable and was draining too many resources.

Positive trends in both our segments should continue for the rest of the year, and we are confident the annual results will be much improved over 2016.

The highlight of the quarter was most definitely the efforts that led to the acquisition of a 51% interest in FER-PAL, which closed on July 6, 2017. FER-PAL has been a licensee of Sanexen's Aqua-Pipe technology for 10 years and is the largest installer of Aqua-Pipe outside of the province of Quebec. This acquisition will allow FER-PAL and Logistec to fully align their interests. Indeed, the combination of our administrative support, the R&D of Aqua-Pipe technology and FER-PAL's operational and sales expertise makes the outlook promising. Already present in the USA, FER-PAL will contribute to the expansion of Aqua-Pipe there, and its office in the Toronto (ON) area is a solid base to address the Canadian western market. FER-PAL recorded revenue of $97.0 million in 2016, and the forecast for 2017 is even better.

This $49.5 million acquisition was financed with the issue of $8.0 million of Logistec's Class B shares (LGT.B), the balance being drawn from our existing banking facility with the Bank of Montréal ("BMO"). Please refer to Note 10 of the Q2 2017 condensed consolidated interim financial statement notes for further details.

In line with this transaction, we have just committed to an additional financing with the Fonds de solidarité des travailleurs du Québec ("FSTQ"), from which we will borrow $25 million for a 10-year term with capital repayment starting on the 6 th year only, and a fixed interest rate. Furthermore, we will have an additional $25 million of available credit with the FSTQ for future projects. The new credit, combined with the existing credit available at the BMO (including the $50 million accordion), will give Logistec access to undrawn facilities of up to $115 million.

Considering our conservative financial leverage and sturdy balance sheet, we are well positioned to continue our growth efforts, for the future benefit of our shareholders.

For the purpose of informing shareholders and potential investors about the Company's prospects, sections of this document may contain forward-looking statements, within the meaning of securities legislation, about the Company's activities, performance and financial situation and, in particular, hopes for the success of the Company's efforts in the development and growth of its business. These forward-looking statements express, as of the date of this document, the estimates, predictions, projections, expectations or opinions of the Company about future events or results. Although the Company believes that the expectations produced by these forward-looking statements are founded on valid and reasonable bases and assumptions, these forward-looking statements are inherently subject to important uncertainties and contingencies, many of which are beyond the Company's control, such that the Company's performance may differ significantly from the predicted performance expressed or presented in such forward-looking statements.

The important risks and uncertainties that may cause the actual results and future events to differ significantly from the expectations currently expressed are examined under "Business Risks" in the Company's annual report and include (but are not limited to) the performances of domestic and international economies and their effect on shipping volumes, weather conditions, labour relations, pricing and competitors' marketing activities. The reader of this document is thus cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to update or revise these forward-looking statements, except as required by law.

Additional information relating to our Company can be found on SEDAR at www.sedar.com and on Logistec's website at www.logistec.com.

(signed) Jean-Claude Dugas
Jean-Claude Dugas, CPA, CA
Vice-President, Finance

July 28, 2017

(in thousands of Canadian dollars, except for per share amounts and number of shares)

Condensed Consolidated Interim Statements of Earnings

	For the three months ended		For the six months ended	
	June 24, 2017 $	June 25, 2016 $	**June 24, 2017 $**	June 25, 2016 $
Revenue	**101,861**	79,616	**161,932**	144,475
Employee benefits expense	**(48,426)**	(38,126)	**(80,232)**	(70,127)
Equipment and supplies expense	**(29,113)**	(24,762)	**(46,387)**	(43,139)
Rental expense	**(8,185)**	(6,923)	**(15,118)**	(13,742)
Other expenses	**(4,969)**	(3,081)	**(8,605)**	(7,266)
Depreciation and amortization expense	**(4,223)**	(3,450)	**(8,249)**	(6,486)
Share of profit of equity accounted investments	**827**	101	**1,234**	291
Other gains and losses	**(59)**	(730)	**1,671**	(1,788)
Operating profit	**7,713**	2,645	**6,246**	2,218
Finance expense	**(495)**	(409)	**(890)**	(714)
Finance income	**98**	45	**181**	107
Profit before income taxes	**7,316**	2,281	**5,537**	1,611
Income taxes	**(2,535)**	(1,343)	**(2,315)**	(1,174)
Profit for the period	**4,781**	938	**3,222**	437
Profit attributable to:				
Owners of the Company	**4,789**	951	**3,259**	813
Non-controlling interests	**(8)**	(13)	**(37)**	(376)
Profit for the period	**4,781**	938	**3,222**	437
Basic earnings per Class A Common Share [(1)]	**0.38**	0.08	**0.26**	0.06
Basic earnings per Class B Subordinate Voting Share [(2)]	**0.41**	0.08	**0.28**	0.07
Diluted earnings per Class A share	**0.36**	0.07	**0.24**	0.06
Diluted earnings per Class B share	**0.39**	0.08	**0.27**	0.07
Weighted average number of Class A shares outstanding, basic and diluted	**7,410,922**	7,421,155	**7,411,589**	7,425,739
Weighted average number of Class B shares outstanding, basic	**4,735,742**	4,756,467	**4,737,673**	4,795,333
Weighted average number of Class B shares outstanding, diluted	**5,483,448**	5,510,482	**5,487,482**	5,184,908

(1) *Class A Common Share ("Class A share")*
(2) *Class B Subordinate Voting Share ("Class B share")*

(in thousands of Canadian dollars)

Condensed Consolidated Interim Statements of Comprehensive Income

	For the three months ended		For the six months ended	
	June 24, 2017 $	June 25, 2016 $	**June 24, 2017 $**	June 25, 2016 $
Profit for the period	**4,781**	938	**3,222**	437
Other comprehensive income				
Items that are or may be reclassified to the consolidated statements of earnings				
Currency translation differences arising on translation of foreign operations	**(365)**	(662)	**(529)**	(2,297)
Gains on derivatives designated as cash flow hedges	**–**	9	**–**	9
Transfer of losses on derivatives designated as cash flow hedges to the consolidated statements of earnings	**–**	17	**–**	31
Income taxes relating to derivatives designated as cash flow hedges	**–**	(6)	**–**	(10)
Total items that are or may be reclassified to the consolidated statements of earnings	**(365)**	(642)	**(529)**	(2,267)
Items that will not be reclassified to the consolidated statements of earnings				
Remeasurement losses on benefit obligation	**(2,511)**	(2,014)	**(2,511)**	(2,014)
Return on retirement plan assets excluding amounts included in profit for the period	**(232)**	262	**141**	47
Income taxes on remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the period	**737**	472	**637**	530
Total items that will not be reclassified to the consolidated statements of earnings	**(2,006)**	(1,280)	**(1,733)**	(1,437)
Share of other comprehensive income of equity accounted investments, net of income taxes				
Items that are or may be reclassified to the consolidated statements of earnings	**–**	(14)	**–**	(106)
Total share of other comprehensive income of equity accounted investments, net of income taxes	**–**	(14)	**–**	(106)
Other comprehensive loss for the period, net of income taxes	**(2,371)**	(1,936)	**(2,262)**	(3,810)
Total comprehensive income (loss) for the period	**2,410**	(998)	**960**	(3,373)
Total comprehensive income (loss) attributable to:				
Owners of the Company	**2,418**	(985)	**997**	(2,997)
Non-controlling interests	**(8)**	(13)	**(37)**	(376)
Total comprehensive income (loss) for the period	**2,410**	(998)	**960**	(3,373)

(in thousands of Canadian dollars)

Condensed Consolidated Interim Statements of Financial Position

	Notes	**As at June 24, 2017 $**	As at December 31, 2016 $
Assets			
Current assets			
Cash and cash equivalents		**8,289**	15,971
Short-term portion of an investment in a service contract		**–**	865
Trade and other receivables		**73,171**	86,373
Work in progress		**14,577**	4,395
Current income tax assets		**4,122**	3,767
Other financial assets		**1,051**	1,014
Assets available for sale		**–**	330
Prepaid expenses		**4,754**	5,654
Inventories		**8,045**	7,506
		114,009	125,875
Equity accounted investments		**28,769**	31,141
Property, plant and equipment		**152,688**	138,591
Goodwill	9	**26,224**	24,899
Other intangible assets		**17,330**	18,233
Other non-current assets		**1,511**	1,534
Non-current financial assets		**6,064**	7,166
Post-employment benefit assets		**537**	706
Deferred income tax assets		**9,050**	7,715
Total assets		**356,182**	355,860
Liabilities			
Current liabilities			
Trade and other payables		**52,627**	43,081
Deferred revenue		**2,767**	2,928
Current income tax liabilities		**950**	149
Dividends payable		**947**	947
Current portion of long-term debt		**2,264**	1,681
Provisions		**902**	1,344
		60,457	50,130
Long-term debt		**45,544**	58,644
Provisions		**765**	800
Deferred income tax liabilities		**13,308**	13,382
Post-employment benefit obligations		**15,529**	13,076
Deferred revenue		**3,933**	4,133
Non-current financial liabilities		**15,124**	12,514
Total liabilities		**154,660**	152,679
Equity			
Share capital	5	**15,783**	15,618
Share capital to be issued		**24,689**	24,898
Retained earnings		**150,567**	151,616
Accumulated other comprehensive income		**8,722**	9,251
Equity attributable to owners of the Company		**199,761**	201,383
Non-controlling interests		**1,761**	1,798
Total equity		**201,522**	203,181
Total liabilities and equity		**356,182**	355,860

(in thousands of Canadian dollars)

Condensed Consolidated Interim Statements of Changes in Equity

		Attributable to owners of the Company							
				Accumulated other comprehensive income					
	Notes	Share capital $	Share capital to be issued $	Cash flow hedges $	Foreign currency translation $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Balance as at January 1, 2017		**15,618**	**24,898**	**(4)**	**9,255**	**151,616**	**201,383**	**1,798**	**203,181**
Profit for the period		–	–	–	–	3,259	3,259	(37)	3,222
Other comprehensive income (loss)									
Currency translation differences arising on translation of foreign operations		–	–	–	(529)	–	(529)	–	(529)
Remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the period, net of income taxes		–	–	–	–	(1,733)	(1,733)	–	(1,733)
Total comprehensive loss for the period		–	–	–	(529)	1,526	997	(37)	960
Repurchase of Class A shares		(1)	–	–	–	(80)	(81)	–	(81)
Issue and repurchase of Class B shares		(43)	–	–	–	(601)	(644)	–	(644)
Non-controlling interest arising from a business acquisition	9	–	–	–	–	–	–	2,545	2,545
Long-term liability for the obligation to repurchase the non-controlling interest	9	–	–	–	–	–	–	(2,545)	(2,545)
Issuance of Class B share capital to a subsidiary shareholder upon the exercise of put options	5	209	(209)	–	–	–	–	–	–
Dividends on Class A shares		–	–	–	–	(1,112)	(1,112)	–	(1,112)
Dividends on Class B shares		–	–	–	–	(782)	(782)	–	(782)
Balance as at June 24, 2017		**15,783**	**24,689**	**(4)**	**8,726**	**150,567**	**199,761**	**1,761**	**201,522**

(in thousands of Canadian dollars)

Condensed Consolidated Interim Statements of Changes in Equity (Continued)

		Attributable to owners of the Company							
				Accumulated other comprehensive income					
	Notes	Share capital $	Share capital to be issued $	Cash flow hedges $	Foreign currency translation $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Balance as at January 1, 2016		**14,985**	**–**	**(139)**	**10,413**	**164,154**	**189,413**	**20,232**	**209,645**
Profit for the period		–	–	–	–	813	813	(376)	437
Other comprehensive income (loss)									
Currency translation differences arising on translation of foreign operations		–	–	–	(2,297)	–	(2,297)	–	(2,297)
Remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the period, net of income taxes		–	–	–	–	(1,437)	(1,437)	–	(1,437)
Cash flow hedges, net of income taxes		–	–	30	–	–	30	–	30
Share of other comprehensive income of equity accounted investments, net of income taxes		–	–	(106)	–	–	(106)	–	(106)
Total comprehensive loss for the period		–	–	(76)	(2,297)	(624)	(2,997)	(376)	(3,373)
Repurchase of Class A shares	5	(12)	–	–	–	(715)	(727)	–	(727)
Repurchase of Class B shares	5	(460)	–	–	–	(8,075)	(8,535)	–	(8,535)
Repurchase of non-controlling interests		–	24,898	–	–	(18,148)	6,750	(18,062)	(11,312)
Dividends on Class A shares	5	–	–	–	–	(1,113)	(1,113)	–	(1,113)
Dividends on Class B shares	5	–	–	–	–	(785)	(785)	–	(785)
Balance as at June 25, 2016		**14,513**	**24,898**	**(215)**	**8,116**	**134,694**	**182,006**	**1,794**	**183,800**

(in thousands of Canadian dollars)

Condensed Consolidated Interim Statements of Cash Flows

	Notes	For the six months ended June 24, 2017 $	June 25, 2016 $
Operating activities			
Profit for the period		**3,222**	437
Items not affecting cash and cash equivalents		**10,486**	13,084
Cash generated from operations		**13,708**	13,521
Dividends received from equity accounted investments		**3,600**	1,000
Contributions to defined benefit retirement plans		**(557)**	(479)
Settlement of provisions		**(148)**	(107)
Changes in non-cash working capital items		**12,517**	(13,354)
Income taxes paid		**(2,277)**	(5,998)
		26,843	(5,417)
Financing activities			
Net change in short-term bank loans		**–**	7,607
Issuance of long-term debt		**13,614**	20,269
Repayment of long-term debt		**(25,966)**	(4,641)
Interest paid		**(956)**	(707)
Repurchase of Class A shares		**(81)**	(727)
Repurchase of Class B shares		**(643)**	(8,535)
Dividends paid on Class A shares		**(1,112)**	(1,114)
Dividends paid on Class B shares		**(782)**	(802)
		(15,926)	11,350
Investing activities			
Customer repayment of an investment in a service contract		**865**	142
Interest received		**190**	94
Repurchase of a non-controlling interest		**(1,332)**	(2,393)
Business acquisition		**(5,805)**	(4,562)
Cash acquired in a business acquisition		**–**	197
Acquisition of property, plant and equipment		**(14,668)**	(16,056)
Proceeds from disposal of property, plant and equipment		**2,225**	106
Acquisition of other non-current financial assets		**–**	(27)
Repayment of other non-current financial assets		**94**	–
Acquisition of intangible assets		**(6)**	(29)
Acquisition of other non-current assets		**(191)**	(29)
Repayment of other non-current assets		**67**	3
		(18,561)	(22,554)
Net change in cash and cash equivalents		**(7,644)**	(16,621)
Cash and cash equivalents, beginning of period		**15,971**	23,811
Effect of exchange rate on balances held in foreign currencies of foreign operations		**(38)**	619
Cash and cash equivalents, end of period		**8,289**	7,809
Additional information			
Acquisition of property, plant and equipment included in trade and other payables		**1,553**	1,162

1. General Information

Logistec Corporation provides specialized cargo handling and other services to a wide variety of marine, industrial and municipal customers. The Company has cargo handling facilities in 30 ports in eastern North America; short-line rail transportation services; and marine agency services to foreign shipowners and operators serving the Canadian market. The Company is widely diversified on the basis of cargo type and port location with a balance between import and export activities. Furthermore, the Company, through its subsidiary Sanexen Environmental Services Inc. ("Sanexen"), operates in the environmental sector where it provides services for the trenchless structural rehabilitation of underground water mains, regulated materials management, site remediation, risk assessment and manufacturing of woven-hoses.

The Company is incorporated in the Province of Québec and is governed by the Québec Business Corporations Act. Its shares are listed on the Toronto Stock Exchange ("TSX") under the ticker symbols LGT.A and LGT.B. The address of its registered office is 360 St. Jacques Street, Suite 1500, Montréal (QC) H2Y 1P5, Canada.

The Company's largest shareholder is Sumanic Investments Inc.

The accompanying unaudited condensed interim consolidated financial statements of Logistec Corporation have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's independent auditor.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on July 28, 2017.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting", using the same accounting policies as outlined in Note 2 of the notes to 2016 consolidated financial statements, except as described in Note 3 below.

In the application of the Company's significant accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. The measurement of certain assets and liabilities in the preparation of these condensed consolidated interim financial statements includes significant assumptions made by management, which have been set out in Note 4 of the notes to 2016 consolidated financial statements.

The condensed consolidated interim financial statements do not include all of the information required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements included in the Company's 2016 annual report.

3. Application of New and Revised IFRS

On January 1, 2017, the Company adopted the following revised standard:

IAS 7, "Statement of Cash Flows"

IAS 7 was amended in January 2016 to enable the users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. It did not have any significant impact on the Company's Q2 2017 condensed consolidated interim financial statements.

Accounting Standards Issued but not yet Applied

The following accounting standards have been published: IFRS 9, "Financial Instruments"; IFRS 15, "Revenue from Contracts with Customers"; and IFRS 16, "Leases";

IFRS 9, "Financial Instruments"

In July 2014, the final version of IFRS 9 was issued and it replaces IAS 39, "Financial Instruments – Recognition and Measurement". Classification and measurement of financial assets are based on a single approach, which reflects the business model in which they are managed and their cash flow characteristics. Requirements for financial liabilities largely carried forward existing requirements in IAS 39. Expected credit losses will be accounted for from when financial instruments are first recognized and the threshold for recognition of full lifetime expected losses is lowered. A new hedge accounting model is introduced, together with corresponding disclosures about risk management activity. The new hedge accounting model will allow entities to better reflect their risk management activities when hedging financial and non-financial risk exposures in the financial statements.

The standard is to be applied for accounting periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still assessing the impact of this new standard and does not expect to be significantly affected by it, although the Company currently expects to complete its assessment in the second half of 2017.

IFRS 15, "Revenue from Contracts with Customers"

IFRS 15, issued in May 2014, specifies when and how revenue will be recognized. It provides a single five-step model to be applied- to all contracts with customers. It also provides additional disclosure requirements. The standard is to be applied for accounting periods beginning on or after January 1, 2018.

The Company is still assessing the impact of this new standard. The Company does not expect to be significantly affected by this new standard, although the Company's current estimate of the time it will take to complete its assessment extends to the second half of 2017.

IFRS 16, "Leases"

IFRS 16, issued in February 2016, specifies how to recognize, evaluate and present leases and provide information about them. The standard contains a unique model for lessee accounting which requires the recognition of assets and liabilities for all contracts unless the contract term is 12 months or less or the underlying asset has a low value. However, the recognition by the lessor remains largely unchanged from IAS 17, "Leases", and the distinction between contracts of leasing and contract hire remains single. The standard is effective for accounting periods beginning on or after January 1, 2019. Based upon the current facts and circumstances, the Company expects to be significantly affected by this new standard. However, at this time, it is not possible to provide a reasonable estimate of the effects of this new standard.

(in thousands of Canadian dollars, except for per share amounts)

4. Financial Risk Management

Capital Management

The Company monitors the debt/capitalization ratio on a quarterly basis. As at June 24, 2017, the ratio is 19.3% based on debt of $47,808 divided by a capitalization of $247,569 (23.1% as at December 31, 2016, based on $60,325/$261,708). Note that, on the Q2 2017 condensed consolidated interim financial statements of financial position, an amount of $15,124 is presented as a non-current financial liability. Of this amount, $11,573 represents long-term liabilities associated with past acquisitions due to non-controlling and former shareholders of such businesses acquired. If we include this non-current financial liability of $11,573 in our debt/capitalization ratio, the calculation becomes a debt of $59,381 over a capitalization of $259,142 for a ratio of 22.9%.

As at June 24, 2017, the Company is in compliance with all of its obligations under the terms of its banking agreements.

Credit Risk

Credit risk arises from the possibility that a counterpart will fail to perform its obligations. The Company conducts a thorough assessment of credit issues prior to committing to the investment and actively monitors the financial health of its investees on an ongoing basis. In addition, the Company is exposed to credit risk from customers. On the one hand, the Company does business mostly with large industrial and well-established customers, thus reducing its credit risk. On the other hand, the number of customers served by the Company is limited, which increases the risk of business concentration and economic dependency. Overall, the Company serves approximately 1,600 customers. For the six months ended June 24, 2017, the 20 largest customers account for 48.6% (48.4% in 2016) of consolidated revenue.

5. Share Capital

Since the beginning of the year, pursuant to the Company's normal course issuer bid, 2,200 (17,600 in 2016) Class A shares and 18,400 (227,300 in 2016) Class B shares were repurchased and cancelled for cash consideration of $81 ($727 in 2016) and $644 ($8,535 in 2016), respectively. Of this amount, the excess over stated capital of the repurchased shares of $80 ($715 in 2016) and $601 ($8,075 in 2016), respectively, was charged to retained earnings.

Following last year's agreement with Sanexen, as at March 24, 2017, Logistec issued 6,309 Class B shares at $33.02 per share. This reduced the share capital to be issued from $24,898 as at December 31, 2016 to $24,689 as at June 24, 2017.

The issued and outstanding shares were as follows:

	As at June 24, 2017 $	As at December 31, 2016 $
7,410,522 Class A shares (7,412,722 as at December 31, 2016)	**4,898**	4,899
4,732,209 Class B shares (4,744,300 as at December 31, 2016)	**10,885**	10,719
	15,783	15,618

As at June 24, 2017, the outstanding balance of the non-interest bearing loans granted under the Employee Stock Purchase Plan ("ESPP") and repayable over two years has a carrying value of $262 ($462 as at December 31, 2016). There remains an unallocated balance of 247,600 Class B shares reserved for issuance pursuant to this ESPP.

(in thousands of Canadian dollars, except for per share amounts)

Dividends

Details of dividends declared per share are as follows:

	For the six months ended	
	June 24, 2017 $	June 25, 2016 $
Class A shares	**0.15**	0.15
Class B shares	**0.17**	0.17

6. Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

Trading Transactions

The following tables summarize the Company's related party transactions with its joint ventures:

	For the three months ended		For the six months ended	
	June 24, 2017 $	June 25, 2016 $	**June 24, 2017 $**	June 25, 2016 $
Sale of services	**605**	1,001	**976**	1,411
Purchase of services	**266**	138	**716**	273

	As at June 24, 2017 $	As at December 31, 2016 $
Amounts owed to joint ventures	**165**	1,487
Amounts owed from joint ventures	**524**	539

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

(in thousands of Canadian dollars, except for per share amounts)

Loans to Related Parties

The following balances were outstanding at the end of the reporting periods:

	As at June 24, 2017 $	As at December 31, 2016 $
Key management personnel	**59**	123

The Company has provided loans to several members of key management personnel in connection with the ESPP, as described in Note 5.

Transactions with Shareholders

The Company's largest shareholder is Sumanic Investments Inc. Transactions with the Company's shareholders were as follows:

	For the six months ended	
	June 24, 2017 $	June 25, 2016 $
Dividends paid to Sumanic Investments Inc.	**871**	871
Dividends paid to certain members of key management personnel	**47**	51

Contribution to Retirement Plans

Total cash payments for employee future benefits for the three-month period ended June 24, 2017, consisting of cash contributed by the Company to its funded benefit retirement plans, cash payments made directly to beneficiaries for its unfunded other benefit retirement plans, and cash contributed to its defined contribution retirement plans, were $1,654 ($1,501 in 2016).

Compensation of Key Management Personnel

The compensation of directors and of other members of key management personnel [(1)] was as follows:

	For the three months ended		**For the six months ended**	
	June 24, 2017 $	June 25, 2016 $	**June 24, 2017 $**	June 25, 2016 $
Short-term benefits	**1,317**	1,552	**2,717**	3,048
Post-employment benefits	**87**	256	**250**	401
Other long-term benefits	**260**	538	**520**	878
	1,664	2,346	**3,487**	4,327

[(1)] *The compensation of members of key management personnel includes the compensation of the president of one of the Company's joint ventures*

(in thousands of Canadian dollars, except for per share amounts)

7. Segmented Information

The Company and its subsidiaries are organized and operate primarily in two reportable industry segments: marine services and environmental services. The accounting policies used within the segments are applied in the same manner as for the condensed consolidated interim financial statements.

The Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company uses segmented profit before income taxes to measure the operating performance of its segments.

The financial information by industry segment is as follows:

	Marine services $	Environmental services $	Total $
For the three months ended June 24, 2017			
Revenue	**52,963**	**48,898**	**101,861**
Profit before income taxes	**5,908**	**1,324**	**7,232**
For the six months ended June 24, 2017			
Revenue	**94,245**	**67,687**	**161,932**
Profit (loss) before income taxes	**8,752**	**(3,299)**	**5,453**
As at June 24, 2017			
Total assets	**232,039**	**124,143**	**356,182**
Total liabilities	**95,107**	**59,553**	**154,660**
For the three months ended June 25, 2016			
Revenue	45,247	34,369	79,616
Profit before income taxes	1,880	401	2,281
For the six months ended June 25, 2016			
Revenue	90,662	53,813	144,475
Profit (loss) before income taxes	2,890	(1,279)	1,611
As at June 25, 2016			
Total assets	219,250	113,155	332,405
Total liabilities	95,638	52,967	148,605

8. Seasonal Nature of Operations

Operations are affected by weather conditions and are therefore of a seasonal nature. During the winter months, the St. Lawrence Seaway is closed. There is no activity on the Great Lakes, reduced activity on the St. Lawrence River, and no activity in Arctic transportation due to ice conditions.

Sanexen’s activities are also affected by weather conditions as the majority of the specialized services it offers depend upon the excavation of soils, which is more difficult during the winter.

Historically, the first quarter and, to a lesser extent, the second quarter have always presented a lower level of activity and yielded weaker results than the other quarters. The third and fourth quarters are usually the most active.

(in thousands of Canadian dollars, except for per share amounts)

9. Business Acquisition

On February 16, 2017, the Company invested US$4,429 (CA$5,805) in Logistec Gulf Coast LLC ("LGC"), a newly formed company. The funds were used to acquire essentially all of the operating assets of Gulf Coast Bulk Equipment, Inc. ("GCBE"). The Company holds a 70% interest in LGC and GCBE holds the remaining 30% interest. The cash consideration is subject to adjustment based on the final determination of GCBE's financial results between October 1, 2016 and February 16, 2017, which have not yet been finalized.

This transaction consolidates and expands the Company's bulk cargo handling services in the U.S. Southeast and the Gulf of Mexico region.

At the acquisition date, the preliminary fair value of the underlying identifiable assets acquired and liability assumed was as follows:

	Total CA$
Property, plant and equipment	8,041
Goodwill	1,204
Long-term debt	(886)
	8,359
Settlement	
Cash	5,805
30% non-controlling interest in LGC	2,554
	8,359

The purchase price allocation is preliminary and is subject to change once final valuations of the assets acquired and liability assumed are completed.

The Company has the obligation to repurchase the 30% non-controlling interest in LGC on December 31, 2021 at the latest, or sooner, upon the occurrence of certain events. The purchase price will be the greater of: i) the book value of the 30% non-controlling interest or ii) a multiple of the applicable three-year average EBITDA, minus LGC's debt. Consequently, the Company recorded a liability of $2,545, which is included in non-current financial liabilities.

Goodwill

Goodwill mainly arose in the acquisition as a result of expected synergies and intangible assets not qualifying for separate recognition. Goodwill is not deductible for tax purposes.

Impact of the Acquisition on the Results of the Company

Revenue and profit for the three-month and six-month periods ended June 24, 2017 were not significant.

Had this business acquisition been made effective January 1, 2017, the impact on the Company's revenue and profit for the period would not have been significant.

10. Subsequent Event

On July 6, 2017, the Company acquired 51% of the shares of FER-PAL Construction Ltd. ("FER-PAL"), a company that is a licensee of our Aqua-Pipe technology and that offers complete water main rehabilitation solutions, for an aggregate purchase price of $49,500. The purchase price paid by Logistec consists of a cash payment of $41,500 and the issuance of 230,747 Class B shares in the share capital of Logistec and is subject to post-closing adjustments. The Logistec shares issued as part of the purchase price will be covered by contractual lock-up restrictions as to 100% of such shares until January 6, 2018 and as to 50% until July 6, 2018, and orderly disposal provisions.

This transaction consolidates and expands the Company's environmental services based in Toronto (ON), in water main rehabilitation projects utilizing trenchless technologies of all types and sizes for municipalities in Canada and the United States, including our Aqua-Pipe technology.

The Company granted the 49% non-controlling interest shareholders in FER-PAL a put option, exercisable at any time after July 6, 2021, allowing them to sell all the remaining shares to Logistec in three equal tranches over a two-year period for cash consideration based on a predetermined purchase price formula based on the performance of FER-PAL. The Company also has a call option, exercisable by Logistec at any time after July 6, 2022, to purchase all the remaining shares from the vendors on the same terms.

The acquisition price is subject to adjustments and the purchase price allocation will be determined once the final valuation of the assets acquired and liability assumed are completed.

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