

PORT EVERGLADES FRANCHISE APPLICATION

An application will not be deemed complete and ready for processing until all required documents and fees are received.

A separate application must be filed for each type of franchise applied for.

FRANCHISE TYPE

CHECK ONE

STEAMSHIP AGENT

STEVEDORE

CARGO HANDLER

TUGBOAT & TOWING

VESSEL BUNKERING

VESSEL OILY WASTE REMOVAL

VESSEL SANITARY WASTE WATER REMOVAL

MARINE TERMINAL SECURITY

MARINE TERMINAL SECURITY

FIREARMS CARRYING SECURITY PERSONNEL

NON-FIREARMS CARRYING SECURITY PERSONNEL

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Note: Applicant is the legal entity applying for the franchise. If the Applicant is granted the franchise, it will be the named franchisee. All information contained in this application shall apply only to the Applicant, and not to any parent, affiliate, or subsidiary entities.

Applicant's

Name Logistec Everglades LLC.

(Name as it appears on the certificate of incorporation, charter, or other legal documentation as applicable, evidencing the legal formation of the Applicant)

Applicant's Business Address 2550 Eisenhower Blvd. Suite 304, Fort Lauderdale FL 33316
Number / Street City/State/Zip

Phone # (954) 527-0676 E-mail address bcoleman@logistec.com

Fax #: (954) 527 0676

Name of the person authorized to bind the Applicant (This person's signature must appear on Page 13.)

Name Andre Dubois

Title General Manager

Business Address 2550 Eisenhower Blvd Suite 304, Fort Lauderdale FL, 33316
Number / Street City/State/Zip

Phone # (954) 527 0676 E-mail address adubois @ logistec.com

Fax #: (954) 527-0676

Provide the Name and Contact Information of Applicant's Representative to whom questions about this application are to be directed (if different from the person authorized to bind the Applicant):

Representative's Name Andre Dubois or William Coleman

Representative's Title General Mgr. Port Mgr.

Representative's Business Address 2550 Eisenhower Blvd. Suite # 304, Fort Lauderdale FL 33316
Number / Street City/State/Zip

Representative's Phone # (954) 527-0676

Representative's E-mail address adubois @ logistec.com / bcoleman @ Logistec.com

Representative's Fax #: (954) 527-0676

PLEASE COMPLETE THIS APPLICATION AND LABEL ALL REQUIRED BACKUP DOCUMENTATION TO CLEARLY IDENTIFY THE SECTION OF THE APPLICATION TO WHICH THE DOCUMENTATION APPLIES (I.E....., SECTION A, B, C, etc.).

Section A

1. List the name(s) of Applicant's officers, including, CEO, COO, CFO, director(s), member(s), partner(s), shareholder(s), principal(s), employee(s), agents, and local representative(s) active in the management of the Applicant.

Officers:

Title General Mgr.
First Name Andre Middle Name _____
Last Name Dubois
Business Street Address 2550 Eisenhower Blvd. Suite # 304
City, State, Zip Code Fort Lauderdale FL 33316
Phone Number (954) 527-0676 Fax Number (954) 527-0676
Email Address adubois @ logistec.com

Title PORT Manager
First Name William Middle Name _____
Last Name Coleman
Business Street Address 2550 Eisenhower Blvd. Suite 304
City, State, Zip Code Fort Lauderdale FL 33316
Phone Number (954) 527-0676 Fax Number (954) 527-0676
Email Address bc Coleman @ Logistec.com

Title _____
First Name _____ Middle Name _____
Last Name _____
Business Street Address _____
City, State, Zip Code _____
Phone Number () _____ Fax Number () _____
Email Address _____ @ _____.

Title _____
First Name _____ Middle Name _____
Last Name _____
Business Street Address _____
City, State, Zip Code _____
Phone Number () _____ Fax Number () _____
Email Address _____ @ _____.

Attach additional sheets if necessary.

2. RESUMES: Provide a resume for each officer, director, member, partner, shareholder, principal, employee, agent, and local representative(s) active in the management of the Applicant, as listed above.

Section B

1. Place checkmark to describe the Applicant:
() Sole Proprietorship () Corporation () Partnership () Joint Venture Limited Liability Company
2. Provide copies of the documents filed at the time the Applicant was formed including Articles of Incorporation (if a corporation); Articles of Organization (if an LLC); or Certificate of Limited Partnership or Limited Liability Limited Partnership (if a partnership). If the Applicant was not formed in the State of Florida, provide a copy of the documents demonstrating that the Applicant is authorized to conduct business in the State of Florida.

Section C

1. Has there been any change in the ownership of the Applicant within the last five (5) years? (e.g., any transfer of interest to another party)
Yes ___ No If "Yes," please provide details in the space provided. Attach additional sheets if necessary.
2. Has there been any name change of the Applicant or has the Applicant operated under a different name within the last five (5) years?
Yes ___ No If "Yes," please provide details in the space provided, including: Prior name(s) and Date of name change(s) filed with the State of Florida's Division of Corporations or other applicable state agency. Attach additional sheets if necessary.
3. Has there been any change in the officers, directors, executives, partners, shareholders, or members of the Applicant within the past five (5) years?
Yes ___ No If "Yes," please provide details in the space provided, including:
Prior officers, directors, executives, partners, shareholders, members
Name(s) _____
New officers, directors, executives, partners, shareholders, members
Name(s) _____
Also supply documentation evidencing the changes including resolution or minutes appointing new officers, list of new principals with titles and contact information, and effective date of changes. Attach additional sheets if necessary.

Section D

Provide copies of all fictitious name registrations filed by the Applicant with the State of Florida's Division of Corporations or other State agencies. If none, indicate "None" NONE.

Section E

1. Has the Applicant acquired another business entity within the last five (5) years?
Yes ___ No If "Yes," please provide the full legal name of any business entity which the Applicant acquired during the last five (5) years which engaged in a similar business activity as the business activity which is the subject of this Port Everglades Franchise Application.
If none, indicate "None" _____.
2. Indicate in the space provided the date of the acquisition and whether the acquisition was by a stock purchase or asset purchase and whether the Applicant herein is relying on the background and history of the acquired firm's officers, managers, employees and/or the acquired firm's business reputation in the industry to describe the Applicant's experience or previous business history. Attach additional sheets if necessary.

N/A

3. Has the Applicant been acquired by another business entity within the last five (5) years?
Yes ___ No If "Yes," provide the full legal name of any business entity which acquired the Applicant during the last five (5) years which engaged in a similar business activity as the business activity which is the subject of this Port Everglades Franchise Application.
If none, indicate "None" _____.
4. Indicate in the space provided the date of the acquisition and whether the acquisition was by a stock purchase or asset purchase and whether the Applicant herein is relying on the background and history of the parent firm's officers, managers, employees and/or the parent firm's business reputation in the industry to describe the Applicant's experience or previous business history. Attach additional sheets if necessary.

N/A

Section F

Provide the Applicant's previous business history, including length of time in the same or similar business activities as planned at Port Everglades.

The applicant will continue the current business of Logistics Everglades LLC, which was previously the business of Colony Transport Co. which operated in Port Everglades since 1992.

Section G

1. Provide a list of the Applicant's current managerial employees, including supervisors, superintendents, and forepersons.
2. List the previous work history/experience of the Applicant's current managerial employees, including their active involvement in seaports and length of time in the same or similar business activities as planned at Port Everglades.

SEE ATTACHMENT "G"

Section H

List all seaports, including Port Everglades (if application is for renewal), where the Applicant is currently performing the services/operation which is the subject of this Franchise application. Use this form for each seaport listed. Photocopy additional pages as needed (one page for each seaport listed).

If none, state "None" _____.

Seaport PORT EVERGLADES Number of Years Operating at this Seaport 5 years
with Colbary/Logistics JV.

List below all of the Applicant's Clients for which it provides services at the seaport listed above.

Client Name (Company)	Number of Years Applicant has Provided Services to this Client
<u>Inter Metals</u>	<u>6 years</u>
<u>SHERWOOD LUMBER</u>	<u>4 years</u>
<u>Hoght Autoliners</u>	<u>2 years</u>
<u>NYK Line</u>	<u>2 years</u>
<u>SAGA FORREST Carrier</u>	<u>4 years</u>
<u>COGI Logistics</u>	<u>2 years</u>
<u>Caroway Logistics</u>	<u>2 years</u>
<u>STEM COR</u>	<u>1 year.</u>

Section I

1. Provide a description of all past (within the last five (5) years) and pending litigation and legal claims where the Applicant is a named party, whether in the State of Florida or in another jurisdiction, involving allegations that Applicant has violated or otherwise failed to comply with environmental laws, rules, or regulations or committed a public entity crime as defined by Chapter 287, Florida Statutes, or theft-related crime such as fraud, bribery, smuggling, embezzlement or misappropriation of funds or acts of moral turpitude, meaning conduct or acts that tend to degrade persons in society or ridicule public morals.

The description must include all of the following:

- a) The case title and docket number
- b) The name and location of the court before which it is pending or was heard
- c) The identification of all parties to the litigation
- d) General nature of all claims being made

If none, indicate "None" NONE.

2. Indicate whether in the last five (5) years the Applicant or an officer, director, executive, partner, or a shareholder, employee or agent who is or was (during the time period in which the illegal conduct or activity took place) active in the management of the Applicant was charged, indicted, found guilty or convicted of illegal conduct or activity (with or without an adjudication of guilt) as a result of a jury verdict, nonjury trial, entry of a plea of guilty or nolo contendere where the illegal conduct or activity (1) is considered to be a public entity crime as defined by Chapter 287, Florida Statutes, as amended from time to time, or (2) is customarily considered to be a white-collar crime or theft-related crime such as fraud, smuggling, bribery, embezzlement, or misappropriation of funds, etc. or (3) results in a felony conviction where the crime is directly related to the business activities for which the franchise is sought.

Yes ___ No X

If you responded "Yes," please provide all of the following information for each indictment, charge, or conviction:

- a) A description of the case style and docket number
- b) The nature of the charge or indictment
- c) Date of the charge or indictment
- d) Location of the court before which the proceeding is pending or was heard
- e) The disposition (e.g., convicted, acquitted, dismissed, etc.)
- f) Any sentence imposed
- g) Any evidence which the County (in its discretion) may determine that the Applicant and/or person found guilty or convicted of illegal conduct or activity has conducted itself, himself or herself in a manner as to warrant the granting or renewal of the franchise.

Section J

The Applicant must provide a current certificate(s) of insurance. Franchise insurance requirements are determined by Broward County's Risk Management Division and are contained in the Port Everglades Tariff No. 12 as amended, revised or reissued from time to time. The Port Everglades Tariff is contained in the Broward County Administrative Code, Chapter 42, and is available for inspection on line at: <http://www.porteverglades.net/development/tariff>.

SEE ATTACHMENT "J"

Section K

1. The Applicant must provide its most recent audited or reviewed financial statements prepared in accordance with generally accepted accounting principles, or other documents and information which demonstrate the Applicant's creditworthiness, financial responsibility, and resources, which the Port will consider in evaluating the Applicant's financial responsibility.

SEE ATTACHED "K"

2. Has the Applicant or entity acquired by Applicant (discussed in Section E herein) sought relief under any provision of the Federal Bankruptcy Code or under any state insolvency law filed by or against it within the last five (5) year period?

Yes ___ No X

If "Yes," please provide the following information for each bankruptcy or insolvency proceeding:

- a) Date petition was filed or relief sought
- b) Title of case and docket number
- c) Name and address of court or agency
- d) Nature of judgment or relief
- e) Date entered

3. Has any receiver, fiscal agent, trustee, reorganization trustee, or similar officer been appointed in the last five (5) year period by a court for the business or property of the Applicant?

Yes ___ No X

If "Yes," please provide the following information for each appointment:

- a) Name of person appointed
- b) Date appointed
- c) Name and address of court
- d) Reason for appointment

4. Has any receiver, fiscal agent, trustee, reorganization trustee, or similar officer been appointed in the last five (5) year period by a court for any entity, business, or property acquired by the Applicant?

Yes ___ No X

If "Yes," please provide the following information for each appointment:

- a) Name of person appointed
- b) Date appointed
- c) Name and address of court
- d) Reason for appointment

Section L

List four (4) credit references for the Applicant, one of which must be a bank. Use this format:

Name of Reference HARRIS BANK Nature of Business BANKING
Contact Name Brian Yachort Title _____
Legal Business Street Address 111 West Monroe Street
City, State, Zip Code Chicago IL 60603
Phone Number 312 995-3570

(Provide on a separate sheet.)

SEE ATTACHED "L"

Section M

1. Security: Pursuant to Port Everglades Tariff 12, Item 960, all Franchisees are required to furnish an Indemnity and Payment Bond or Irrevocable Letter of Credit drawn on a U.S. bank in a format and an amount not less than \$20,000 as required by Broward County Port Everglades Department.
2. Has the Applicant been denied a bond or letter of credit within the past five (5) years?
Yes ___ No
If "Yes," please provide a summary explanation in the space provided of why the Applicant was denied. Use additional sheets if necessary.

Section N

1. Provide a list and description of all equipment currently owned and/or leased by the Applicant and intended to be used by the Applicant for the type of service(s) intended to be performed at Port Everglades including the age, type of equipment and model number.
2. Identify the type of fuel used for each piece of equipment.
SEE ATTACHED "N" (1,2,3)
3. Indicate which equipment, if any, is to be domiciled at Port Everglades.
SEE ATTACHED "N" (1,2,3)
4. Will all equipment operators be employees of the Applicant, on the payroll of the Applicant, with wages, taxes, benefits, and insurance paid by the Applicant?
Yes No ___
If "No," please explain in the space provided who will operate the equipment and pay wages, taxes, benefits, and insurance, if the franchise is granted. Use additional sheets if necessary.

Section O

Provide a copy of the Applicant's current Broward County Business Tax Receipt (formerly Occupational License).
SEE ATTACHED "O"

Section P

1. Provide a copy of Applicant's safety program.
2. Provide a copy of Applicant's substance abuse policy.
3. Provide a copy of Applicant's employee job training program/policy.
4. Provide information regarding frequency of training.
5. Include equipment operator certificates, if any.

SEE ATTACHED "P"

Section Q

1. Has the Applicant received within the past five (5) years or does the Applicant have pending any citations, notices of violations, warning notices, or fines from any federal, state, or local environmental regulatory agencies?
Yes ___ No X

2. Has the Applicant received within the past five (5) years or does the Applicant have pending any citations, notices of violations, warning notices, or civil penalties from the U.S. Coast Guard?
Yes ___ No X

3. Has the Applicant received within the past five (5) years or does the Applicant have pending any citations, notices of violations, warning notices, or fines from the Occupational Safety and Health Administration?
Yes ___ No X

If you responded "Yes" to any of this section's questions 1, 2, or 3 above, please provide a detailed summary for each question containing the following information:

- a) Name and address of the agency issuing the citation or notice
- b) Date of the notice
- c) Nature of the violation
- d) Copies of the infraction notice(s) from the agency
- e) Disposition of case
- f) Amount of fines, if any
- g) Corrective action taken

Attach copies of all citations, notices of violations, warning notices, civil penalties and fines issued by local, state, and federal regulatory agencies, all related correspondence, and proof of payment of fines.

4. Provide a statement (and/or documentation) which describes the Applicant's commitment to environmental protection, environmental maintenance, and environmental enhancement in the Port.

SEE ATTACHED "Q"

Section R

Provide written evidence of Applicant's ability to promote and develop growth in the business activities, projects or facilities of Port Everglades through its provision of the services (i.e., stevedore, cargo handler or steamship agent) it seeks to perform at Port Everglades. For first-time applicants (stevedore, cargo handler and steamship agent), the written evidence must demonstrate Applicant's ability to attract and retain new business such that, Broward County may determine in its discretion that the franchise is in the best interests of the operation and promotion of the port and harbor facilities. The term "new business" is defined in Chapter 32, Part II of the Broward County Administrative Code as may be amended from time to time.

SEE ATTACHED "R"

Port Everglades Tariff 12

References to the Port Everglades Tariff 12 as amended or reissued: <http://www.porteverglades.net/development/tariff>

Application Fees

The following fees have been established for franchised businesses at Port Everglades. Initial processing fees are nonrefundable. A franchise is required for each category of business.

Stevedore

Initial processing fee, assignment fee, or reinstatement fee \$ 11,000.00

Annual Fee

\$ 4,000.00

Cargo Handler

Initial processing fee, assignment fee, or reinstatement fee \$ 11,000.00

Annual Fee

\$ 4,000.00

Steamship Agent

Initial processing fee, assignment fee, or reinstatement fee \$

4,000.00

Annual Fee

\$ 2,250.00

Tugboat and Towing

Initial processing fee, assignment fee, or reinstatement fee \$ 26,000.00

Annual Fee

By Contract

Vessel Bunkering, Vessel Oily Waste Removal,

Vessel Sanitary Waste Water Removal

Initial processing fee, assignment fee, or reinstatement fee \$ 4,000.00

Annual Fee

\$ 2,250.00

For first-time franchise Applicants, both the initial application fee and the annual fee must be submitted at time of application. Thereafter, annual franchise fees are due and payable each year on the franchise anniversary date, which is defined as the effective date of the franchise.

Note: Check(s) should be made payable to:

BROWARD COUNTY BOARD OF COUNTY COMMISSIONERS and be mailed with this application to:

Port Everglades Business Administration Division

1850 Eller Drive, Fort Lauderdale, FL 33316

Required Public Hearing

Staff review of this application will not commence until such time as all of the above requested information and documentation has been provided and the franchise application has been determined by staff to be complete. All of the above requested information and Sections are required to be completed prior to the scheduling of the public hearing. Staff will request that the Broward County Board of County Commissioners set a public hearing to consider the franchise application and hear comments from the public. The Applicant will be notified of the Public Hearing date and must plan to attend the Public Hearing.

By signing and submitting this application, Applicant certifies that all information provided in this application is true and correct. Applicant understands that providing false or misleading information on this application may result in the franchise application being denied, or in instances of renewal, a franchise revoked. Applicant hereby waives any and all claims for any damages resulting to the Applicant from any disclosure or publication in any manner of any material or information acquired by Broward County during the franchise application process or during any inquiries, investigations, or public hearings.

Applicant further understands that if there are any changes to the information provided herein (subsequent to this application submission) or to its officers, directors, senior management personnel, or business operation as stated in this application, Applicant agrees to provide such updated information to the Port Everglades Department of Broward County, including the furnishing of the names, addresses (and other information as required above) with respect to persons becoming associated with Applicant after its franchise application is submitted, and any other required documentation requested by Port Everglades Department staff as relating to the changes in the business operation. This information must be submitted within ten (10) calendar days from the date of any change made by the Applicant.

Applicant certifies that all workers performing functions for Applicant who are subject to the Longshore and Harbor Workers' Act are covered by Longshore & Harbor Workers' Act, Jones Act Insurance, as required by federal law.

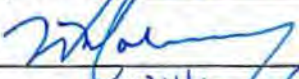
This application and all related records are subject to Chapter 119, F.S., the Florida Public Records Act.

By its execution of this application, Applicant acknowledges that it has read and understands the rules, regulations, terms and conditions of the franchise it is applying for as set forth in Chapter 32, Part II, of the Broward County Administrative Code as amended, and agrees, should the franchise be granted by Broward County, to be legally bound and governed by all such rules, regulations, terms and conditions of the franchise as set forth in Chapter 32, Part II, of the Broward County Administrative Code as amended.

The individual executing this application on behalf of the Applicant, personally warrants that s/he has the full legal authority to execute this application and legally bind the Applicant

Signature of Applicant's Authorized Representative  Date Signed 11-14-18

Signature name and title - typed or printed ANDRE DUBOIS, GENERAL MANAGER - FLORIDA

Witness Signature (*Required*) 
Witness name-typed or printed William Coleman

Witness Signature (*Required*) 
Witness name-typed or printed JUAN BARBERENA

If a franchise is granted, all official notices/correspondence should be sent to:

Name ANDRE DUBOIS Title GENERAL MANAGER - FLORIDA

Address 300 TAMPA BAY WAY SUITE 2 Phone (941) 721-7209 x-1754
PALMETTO, FL 34221

André Dubois

October 30, 2006 - Director of Operations – Port Manatee

Have overall responsibility for the day-to-day vessel and terminal activities in the Port of Manatee.

August 1st, 2005 – Director of Operations – Logistec USA

Have overall responsibility for the day-to-day vessel and terminal activities in the Port of New Haven.

May 1st, 1998 – General Manager - Marine Port Terminals in Brunswick, Georgia

November 22, 1994 – General Manager – Port of Québec

May 1st, 1993 – Operations Manager – Port of Québec

June 1st, 1992 – Superintendent – Port of Québec

Resume Morgan C. Bailey (Trip)

Trip Bailey, Vice President Operations for U.S. has been with Balterm since 1995 and prior to joining Balterm, Trip was Director of Marketing and Director of Operations for the Maryland Port Administration, and spent five years in operations for United States Lines. Trip graduated from the United States Merchant Marine Academy in 1980, with a degree in Marine Transportation, and a U.S. Coast Guard license as Third Mate, and a Masters License for vessels less than 1600 gross tons on all oceans. He sailed for three years, including a short time as Captain of a prototype surface effect ship.

William N. Coleman
1275 NW 159 Ave
Pembroke Pines, FL. 33028
Tel# 786-251-2999
W29bill@yahoo.com

Accomplished in developing effective processes and directing complex logistics functions for various projects. Excel at coordinating tasks of numerous internal divisions and external agencies to ensure rapid, accurate delivery of shipments, materials, and resources. Advanced expertise in reviewing invoices and shipping manifests to ensure full compliance with local customs and international regulations. Track record of identifying redundancies and maximizing resources to streamline operations.

AREAS OF EXPERTISE:

- Management
- Quality Assurance
- Standards / Procedures Compliance
- Leadership
- Transportation / Materials Handling
- Inventory Control Processes
- Vendor and Staff Relations
- Continuous Process Improvement

Career Goal

Obtain a position with a professional organization in the maritime industry pertaining to vessel charters and operations, utilizing my operational experience and bilingual abilities.

Professional Experience

Coleary Transport Company, Inc.

Port Manager, 1992 – to present

Operations Management

Provided management and oversight to an office and operational staff relevant to cargo handling, stevedoring and vessel agency. Managed with a hands on approach the day-to-day operations including office staff, negotiations, providing competitive quotes, port operations, vessel operations and warehouse operations.

Caribbean Transport Lines, Inc.

Operations Manager, 1997 – 2011

Operations Management

Provided management and oversight to an office staff relevant to freight sales and documentation. Managed with a hands on approach the day-to-day operations including office staff, vessel charters, port operations, vessel operations, freight, cargo and warehouse operations.

Vessel Charters

Maintained close relationships with ship and cargo brokers to keep informed on industry trends. Reviewed and negotiated charter parties with regards to daily hire, fuel consumption, lay cans and payment terms. Negotiated daily charter hire for additional vessels to accommodate overages of cargo for liner service. Negotiated daily charter hire for liner vessels during off-season. Maintained voyage calculations based on daily fuel consumption, speed, cargo operations and weather delays. Negotiated cargo claims, demurrage, speed claims and off hire statements when finalizing voyage calculations. Maintained daily communications with all vessels on charter with regards to current position, average speed, daily fuel consumption, fuel remaining onboard and estimated times of arrival.

Port Operations.

Generated loading guides for stevedores preparing to load export vessels. Verified United States Custom Clearance for cargo pending export. Correctly rolled cargo to following voyages if US Custom Clearances were not met. Worked hand in hand with International Longshoreman's Association providing labor for vessels. Maintained relationships with nonunion stevedores in ports that did not require union labor. Worked in conjunction with United States Coast Guard, United States Homeland Security in way of Customs and Immigration. Communicated vessels needs and assisted shore side agents to provide United States Customs and Agriculture clearance for foreign vessels arrivals. Worked closely with crewing, crew transportation, and crew payroll. Coordinated all deliveries to vessel and scheduled all shore side labor to assist with onboard repairs. Assisted with loading vessels and provided stow plans.

Vessel Operations.

Accurately filed vessels Electronic Notice of Arrival to United States Coast Guard prior to vessels arrival in port. Submitted vessels Ballast Water Management reports to USCG. Arranged for berthing prospects with local Harbor Masters to effectively position vessel for ease of loading cargo. Worked with vessels crew to observe and comply with onboard maintenance schedules. Developed relationships with vendors supplying vessel with spares, provisions, and services needed for vessels port call. Attended dry-docking of vessels both in the United States and Foreign. Arranged for both bunker and lube oil deliveries to vessel during port calls. Maintained shore side contracts with technical vendors for vessels radio and communication systems onboard. Worked closely with flag surveyors to maintain vessels certificates and ships documents are current and within expiration dates. Arranged for vessels internal and external audits to be completed to comply with ISPS. Worked closely with crew in order to maintain vessels solas equipment up to date such as extinguisher, life rafts, and other solas requirements. Supplied provisions to crew satisfying many different cultures onboard.

Freight

Provided excellent customer service to shippers, consignees and agents both domestic and overseas. Handled multiple responsibilities very efficiently. Problem solved any questions and or concerns that they may have had. Booked freight for overseas shipment. Various types of freights moved include vehicles, household goods, raw materials, foodstuffs, FCL and LCL cargoes. Calculated freight charges based on filed tariff. Communicate with the customers making them aware of any delays in the shipping process. Received, reviewed, and processed export documentation for various shippers and vendors. Prepared and processed Booking Confirmations, Bills of Lading, and Manifests for export shipments using in house database. Generated EDI / ITN numbers for data entered into AES Filing web site to comply with United States Customs regulations regarding SED's (Shippers Export Declarations). Courier the correct documents to the shippers and scans these copies for overseas agents and consignee's. Assisted with maintaining proper accounting for all shippers and agents. Calculated accurate freight commissions for all agents based on current volume of shipments

BCB Enterprises, Inc.

Dispatch, 1995 - 1997

Solicit freight from freight brokers and contract trips for company trucks. Developed contracts with shippers to transport multiple trailer and container loads from arrival port to destination. Utilized DAT Services to locate both FCL and LTL shipments to provide back haul for company fleet. Ordered and procured permits following IFTA. Managed drivers in way of DOT regulations, log books, payroll, and paperwork. Verified all "proof of delivery". Handled all cargo claims regarding damages and shortages.

Navieros Inter-Americanos, S.A.

Operations Manager / Dispatch, 1992 - 1997

Dispatch / Equipment Control

Positioned equipment using owner operators to provide equipment for all steamship lines bookings. Scheduled pickup of all loaded equipment and ensured delivery to port within time constraints for export. Coordinated deliveries of all import cargo from port facility to local destinations. Arranged for all empty equipment to be returned to port facility or local hub to check and prepare equipment for future use. Maintained an ongoing inventory of containers and trailers owned and leased by the line both domestic and foreign. Updated equipment inventories daily to reflect loaded or empty status. Effectively coordinated the repairs and preparation of equipment to be used for future bookings and export.

Education

Arizona State University, Tempe, Arizona
Bachelors of Science, Business Administration
August 1987 - May, 1992

RODNEY CORRIGAN
105-250 St. Laurent
Saint-Lambert, Quebec, J4R 2S2
(450) 923-4267
E-mail: rrcglo@netscape.net

Professional Summary

Several years experience successfully managing all aspects of several large stevedoring terminals in Eastern Canada and the US Midwest and East Coast. These responsibilities have involved implementing an automated distribution and inventory tracking system; selecting, managing and training staff (both unionized and non-unionized); establishing and monitoring productivity goals; developing and managing various financial budgets; developing sales and marketing strategies; business development, negotiating labour contracts and, full P & L responsibility.

Business Experience

November 2010 - **Logistec Stevedoring Inc., Montreal, Canada**
Regional Vice-President, USA and the Maritimes

The primary objective is to drive profits through focused, strategic workflow, staffing and business practice analysis. The scope of the operations includes handling bulk, break bulk, containers and intermodal cargoes.

Major Responsibilities includes:

- Implementing regional-wide strategic acquisition program in order to leverage our sizeable purchasing power,
- Reducing costs,
- Implementing efficient but collaborative processes across divisions,
- Create best practice policies that are consistent and monitor compliance,
- Lead negotiations of regional supplier contracts with the objective of securing competitive prices while maintaining quality standards and local service requirements,
- Continuously analyze market conditions and pricing in order to ensure competitive results,
- Provide professional leadership to the divisional General Managers

May 2007 - November 2010 **Novosteel SA, Neuchatel, Switzerland**
Vice-President Logistics for Novo-Group

Reporting to the President my responsibilities include:

- Negotiating agreements with ports and stevedores
- Analyzing material flows in order to identify different approaches which may create more business
- Oversee contracts in order to ensure that suppliers and customers are receiving timely information to ensure compliance with vessel schedules etc
- Assist parent companies (Harris Steel Group and Nucor) with logistic concerns in North America
- Manage all container shipments world wide
- Manage transport claims and inter-face with insurance companies

January 2006 – May 2007 **North America Stevedoring Co LLC, Chicago, IL, USA**
Vice-President & General Manager

Reporting to the Managing Board, my duties include overseeing all facets of the day-to-day operations of a marine terminal. These responsibilities include:

- Setting up the stevedoring company and terminal – NASCO started operations on January 1, 2006
- Negotiated contracts with clients, solicited new accounts and developed marketing strategies to attract new cargoes to the terminal
- Dismissed 3 unions previously working at the terminal and hired new labour and entered into agreements with subcontractors to supply labour when needed
- Negotiated long term lease and manning of mobile cranes at the terminal
- Negotiated to acquisition of USD 5 million in equipment and rolling stock
- Negotiated the 50 percent acquisition of Mineral Mart USA (a distributor and processor of various alloys for the steel industry) by NASCO
- Directing vessel and unloading operations
- Prepared the Occupational Health and Safety Program at the terminal in cooperation with OSHA
- Prepared the Homeland Security Plan in accordance with US Coast Guard Regulations
- Overseeing the repairs of the terminals rail sidings to comply with FR 1 regulations

Accomplishments;

- Handled 35 vessels and over 500 000 metric tons of cargo in first year of operation
- Continuous improvement to work procedures resulting in lower handling costs per metric ton and increased productivity (tons discharged per hour worked)
- Terminal was profitable in first year of operation

January 2002 – May 2007 **Quebec Stevedoring Company Ltd., Quebec, QC**

Vice-President, Sales and Marketing

Reporting to the President of the company, my duties include all daily commercial matters such as pricing, customer service, and driving sales and marketing efforts for our parent company and the following affiliated companies: Sorel-Tracy Maritime Terminal, Oshawa Stevedoring Company, Great Lakes Stevedoring and Quebec Ports Terminal.

Accomplishments include:

- Increased sales volume by an average of 10 percent per year.
- Formulated a pricing program, which increased profits by 25 percent in the last fiscal year.
- Created a new marketing strategy based on customer focused marketing which included developing specific service offerings
- Built effective relationships with key stakeholders.

January 1998 – May 2007 **Sorel-Tracy Maritime Terminal Inc.**, Sorel, QC
(A division of Quebec Stevedoring Company Ltd.)
General Manager

Reporting to the Executive Vice-President, my duties include all functions related to the daily operation of a marine and warehousing terminal; receiving over 100 vessels per year, with an annual volume of approximately 800,000 metric tons of break bulk and bulk cargo. These responsibilities include:

- Directing vessel and unloading operations;
- The distribution of various cargoes to destinations across North America;
- The negotiation of the most recent collective agreement;
- Ensure that company cargo handling and inventory policies are followed by terminal and ship superintendent's;
- Ensure that equipment maintenance is in accordance with Coast Guard and Ship Safety Regulations;
- Acting Co-President of the Occupational Health and Safety Committee;
- Sit on various industry committees with Government and Trade Associations.

Accomplishments:

- Actively lead the operations planning and budgeting processes including the development of short and long-term capital budgets.
- Developed an operating culture that is accountable, collaborative and innovative with a focus on efficiency, communications and performance.
- Responsible for driving improvements for planning, sourcing, vendor selection and maintenance issues – recently oversaw the construction of a second pier and the expansion of the steel cargo terminal.

- Established and maintain positive labour-management relations - negotiated a 7 year collective agreement;
- Maintain a disciplined, motivated organization through the selection, training and development of employees.
- Developed aggressive, continuous improvement and safety initiatives with appropriate metrics to measure results; the creation of an Occupational Health and Safety Committee which has reduced accidents by 10 percent every year and a 35 percent in fees paid to the provincial workers compensation board.
- Continuous improvement to work procedures resulting in lower handling costs per metric ton.

Finally, I have full P&L responsibility for this division.

April 96-Dec. 97 **Quebec Stevedoring Company Ltd., Quebec, QC**
Assistant Director, Sales and Marketing

Reporting to the Sales and Marketing Director, my duties included driving the sales and marketing efforts for the group, from retaining existing customers to acquiring new partnerships, developing marketing and sales strategies, and create competitive pricing strategies.

Sept. 90 – April 96 **Montreal Shipping Inc., Montreal, QC**
Chartering Manager, Abitibi-Price Shipping
Operations Manager, Quebec/Maritimes for Mitsui OSK Lines

As Chartering Manager for Abitibi-Price Shipping my responsibilities included operating five forest product carriers and providing information on freight rates, freight market trends and shipping strategies to our principal Abitibi-Price Sales Corporation.

As Operations Manager for MOL my responsibilities included managing all facets of the container operation in Eastern Canada; most notably, its reefer program.

EDUCATION

John Molson School of Business, Concordia University, Montreal, QC
Executive MBA (graduating in April 2004)

Concordia University, Montreal, QC
Bachelor of Commerce, With Distinction
Major: International Business
Minor: Finance

Concordia University, Montreal, QC
Successfully completed all courses in the Certified Management Accounting (CMA) Program

To: Page 4 of 4

2017-03-09 17:01:35 CST

19542080845 From: Renee McGraw

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LOGISTEC EVERGLADES LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF MARCH, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.

2017 MAR 10 AM 9:06
SECRETARY OF STATE
DELAWARE



Jeffrey W. Bullock
Jeffrey W. Bullock, Secretary of State

6325535 8300

SR# 20171695652

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Date: 03-09-17

To: Page 2 of 4
Division of Corporations

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Florida Department of State
Division of Corporations
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Foreign Limited Liability Company
LOGISTEC EVERGLADES LLC

Certificate of Status	0
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Page Count	04
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M. MILLIGAN
MAR 13 2017

APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 605.0902, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN LIMITED LIABILITY COMPANY TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. Logistec Everglades LLC
(Name of Foreign Limited Liability Company; must include "Limited Liability Company," "L.L.C.," or "LLC.")

(If name unavailable, enter alternate name adopted for the purpose of transacting business in Florida. The alternate name must include "Limited Liability Company," "L.L.C.," or "LLC.")

2. Delaware 3. 82-0729643
(Jurisdiction under the law of which foreign limited liability company is organized) (FBI number, if applicable)

4. _____
(Date first transacted business in Florida, if prior to registration.)
(See sections 605.0904 & 605.0905, F.S. to determine penalty liability)

5. 2550 Eisenhower Blvd, Suite 308
Fort Lauderdale, Florida 33166
(Street Address of Principal Office)

6. Same
(Mailing Address)

7. Name and street address of Florida registered agent: (P.O. Box NOT acceptable)
Name: C T Corporation System
Office Address: 1200 South Pine Island Road
Plantation, Florida 33324
(City) (Zip code)

2017 MAR 10 AM 9:06
FILED
STATE OF FLORIDA
CLERK OF THE CIRCUIT COURT
IN AND FOR THE COUNTY OF DADE

Registered agent's acceptance:
Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

By: Chris Rickard
(Registered agent's signature)

8. The name, title or capacity and address of the person(s) who has/have authority to manage is/are:
Andre Dubois, General Manager
2550 Eisenhower Blvd, Suite 308
Fort Lauderdale, Florida 33166

9. Attached is a certificate of existence, no more than 90 days old, duly authenticated by the official having custody of records in the jurisdiction under the law of which it is organized. (If the certificate is in a foreign language, a translation of the certificate under oath of the translator must be submitted)

[Signature]
Signature of an authorized person

This document is executed in accordance with section 605.0203 (1) (b), Florida Statutes. I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, P.S.

Andre Dubois
Typed or printed name of signer



March 13, 2017

FLORIDA DEPARTMENT OF STATE
Division of Corporations

LOGISTEC EVERGLADES LLC
2550 EISENHOWER BLVD., STE 308
FT LAUDERDALE, FL 33166

Qualification documents for LOGISTEC EVERGLADES LLC were filed on March 10, 2017, and assigned document number M17000002057. Please refer to this number whenever corresponding with this office.

Your limited liability company is authorized to transact business in Florida as of the file date.

This document was electronically received and filed under FAX audit number H17000066755.

To maintain "active" status with the Division of Corporations, an annual report must be filed yearly between January 1st and May 1st beginning in the year following the file date or effective date indicated above. If the annual report is not filed by May 1st, a \$400 late fee will be added.

A Federal Employer Identification Number (FEI/EIN) will be required when this report is filed. Apply today with the IRS online at:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>.

Please notify this office if the limited liability company address changes.

Should you have any questions regarding this matter, please contact this office at the address given below.

Michelle Milligan
Senior Section Administrator
Registration Section
Division of Corporations

Letter Number: 817A00004739

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "LOGISTEC EVERGLADES LLC", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF FEBRUARY, A.D. 2017, AT 2:55 O`CLOCK P.M.



6325535 8100
SR# 20171186954

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 202092874
Date: 02-24-17

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:55 PM 02/23/2017
FILED 02:55 PM 02/23/2017
SR 20171186954 - File Number 6325535

**Certificate of Formation
of
LOGISTEC EVERGLADES LLC**

This Certificate of Logistec Everglades LLC (the "LLC") dated as of February 8, 2017, is being duly executed and filed by John D. Padgett, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act.

FIRST. The name of the limited liability company formed hereby is as follows:

Logistec Everglades LLC

SECOND. The address of the registered office of the LLC in the State of Delaware is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, County of New Castle, 19801.

THIRD. The name and address of the registered agent for service of process on the LLC in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, County of New Castle, 19801.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first written above.


John D. Padgett, Authorized Person

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY
AGREEMENT
OF
LOGISTEC EVERGLADES LLC**

A DELAWARE LIMITED LIABILITY COMPANY

EFFECTIVE AS OF _____, 2017

THE INTERESTS DESCRIBED AND REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "**ACT**") OR ANY APPLICABLE STATE SECURITIES LAWS ("**STATE ACTS**") AND ARE RESTRICTED SECURITIES AS THAT TERM IS DEFINED IN RULE 144 UNDER THE ACT. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR QUALIFICATION UNDER THE ACT AND APPLICABLE STATE ACTS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND APPLICABLE STATE ACTS, THE AVAILABILITY OF WHICH IS TO BE ESTABLISHED TO THE SATISFACTION OF THE COMPANY.

THE TRANSFER OF THE LIMITED LIABILITY COMPANY MEMBERSHIP INTERESTS EVIDENCED BY THIS AGREEMENT IS RESTRICTED AS PROVIDED IN THIS AGREEMENT AND NO ASSIGNEE, VENDEE, TRANSFEREE OR ENDORSEE WILL BE RECOGNIZED AS HAVING ACQUIRED ANY SUCH INTERESTS FOR ANY PURPOSES UNLESS SUCH ASSIGNMENT, SALE, TRANSFER OR ENDORSEMENT IS EFFECTED IN FULL COMPLIANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN.

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

LOGISTEC EVERGLADES LLC
A DELAWARE LIMITED LIABILITY COMPANY

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "*Agreement*") of LOGISTEC EVERGLADES LLC (the "*Company*"), a Delaware limited liability company, is made and shall be effective as of the ___ day of _____, 2017, by and among, the Members (as defined herein) identified as a Delaware entity, the attached Member List (as defined herein), as the same may be amended from time to time, and incorporated herein by reference thereto, pursuant to the provisions of the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.* (the "*Act*"), on the following terms and conditions:

RECITALS

The Company was formed for the initial benefit of Coleary Transport Co., Inc. ("*CTC*"), a Florida corporation, and in connection therewith, CTC, as the sole Member of the Company, entered into a Limited Liability Company Agreement dated as of February 23, 2017 (the "*Operating Agreement*"). The Company formed the LLC for the purpose of acquiring select assets owned by CTC, free and clear of all liens and encumbrances, and the Stevedore Cargo Handling and Vessel Agency licenses ("*Licensees*") previously used by CTC and the CTC-Logistec USA Inc. ("*Logistec*") joint venture under their joint venture agreement dated December 15, 2013, as amended on February 24, 2014 ("*JV*"). As part of the consideration for such acquisition, the Company agrees to issue Units (as defined herein) to Logistec, equaling sixty percent (60.0%) of all Percentage Interests (as defined herein) in the Company pursuant to the terms of the Membership Interest Purchase Agreement dated as of the ___ day of _____, 2017.

In connection with, and as a result of the consummation of, the acquisition described above, the Members desire to enter into this Agreement in order to add Logistec as an additional Member and to provide for the operation of the Business of the Company (as defined herein), all in accordance with and subject to the terms and conditions hereinafter set forth in this Agreement and as otherwise permitted under applicable Law (as defined herein).

ACCORDINGLY, in consideration of the mutual covenants set forth herein and for other good valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Members, intending to be bound legally hereby, agree that the Operating Agreement shall be amended and restated in its entirety as follows:

ARTICLE I
DEFINED TERMS; INTERPRETATION

1.1 **DEFINED TERMS.** As used in this Agreement, all capitalized terms used herein shall have the meanings ascribed to such capitalized terms as set forth in **Schedule B** attached hereto and, together with any other terms defined elsewhere in this Agreement, shall include the plural as well as the singular.

1.2 COMPUTATION OF TIME PERIODS; CONSTRUCTION.

- (a) For purposes of computation of periods of time hereunder, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”
- (b) Unless the context of this Agreement clearly requires otherwise:
- (i) references to the plural include the singular and vice versa;
 - (ii) references to any Person include such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;
 - (iii) references to one gender include all genders;
 - (iv) “including” is not limiting (such that it will be deemed to be followed by the phrase “without limitation” if such phrase does not actually follow);
 - (v) “or” has the inclusive meaning represented by the phrase “and/or”;
 - (vi) the words “hereof,” “herein,” “hereby,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement;
 - (vii) article, section, clause, exhibit, appendix and schedule references are to this Agreement unless otherwise specified;
 - (viii) any definition of or reference to any Laws will be construed as referring to such Laws as from time to time amended, supplemented or otherwise modified; and
 - (ix) any definition of or reference to any statute will be construed as referring also to any rules and regulations promulgated thereunder.

ARTICLE II FORMATION; NO CONFLICT WITH ACT; NAME; PURPOSE

2.1 **FORMATION.** The Members acknowledge the formation of the Company by the execution and delivery of its Certificate of Organization (the “*Certificate of Organization*”) to the Delaware Secretary of State (the “*Secretary of State*”) on February 23, 2017 (the “*Effective Date*”), in accordance with and pursuant to the Act.

2.2 **NAME OF COMPANY.** The name of the Company is “Logistec Everglades LLC” The Company may do business under that name and under any other name or names that the Board determines. If the Company does business under a name other than that set forth in its Certificate of Organization, as amended, then the Company shall file fictitious name certificates as required by applicable Law.

2.3 **PURPOSE.** The purpose of the Company is to engage in the Business of the Company and any other lawful business as the Board, subject to the provisions of this Agreement, determines, together with any and all lawful acts and things that may be necessary, incidental, convenient and appropriate to carry out the Business of the Company as contemplated by this Agreement.

ARTICLE III
TERM

The Company shall continue in existence until it terminates in accordance with the provisions of this Agreement or the Act.

ARTICLE IV
TAX CLASSIFICATION

4.1 TAX CLASSIFICATION. Notwithstanding any other provision of this Agreement, if at any time there is more than one (1) Person owning an Interest, the Members intend that the Company be treated as a partnership for federal income tax purposes, and this Agreement shall be interpreted accordingly. The Board shall take all Actions necessary to cause the Company to file Form 8832 to cause the Company to be taxed as a partnership for federal income tax purposes; provided, however, if there is only one (1) Member, the Company shall be disregarded as a separate entity for federal income tax purposes and this Agreement shall be interpreted accordingly. If there is only one (1) Member, no special allocations pursuant to Sections C.1, C.2 or C.3 of **Schedule C** to this Agreement shall be made.

4.2 APPLICATION OF TREASURY REGULATIONS. For purposes of applying the Treasury Regulations to this Agreement, and for purposes of interpreting and applying the provisions of this Agreement that refer to or incorporate by reference provisions of the Treasury Regulations, the term "*Company*" as used in this Agreement shall have the same meaning as the term "partnership" as used in the Treasury Regulations, and the term "*Member*" as used in this Agreement shall have the same meaning as the term "partner" as used in the Treasury Regulations.

ARTICLE V
MAINTENANCE OF STATUS

5.1 REQUIRED FILINGS.

(a) Delaware. The Members (whether in their own right or acting through the Board and the Officers), to the extent that they are required by applicable Laws, shall take any and all Actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the Laws of the State of Delaware, including the preparation and filing of such amendments to the Certificate of Organization and such other assumed name certificates, documents, instruments and publications as may be required by Law.

(b) Other Jurisdictions. The Members (whether in their own right or acting through the Board and the Officers), to the extent that they are required by applicable Laws, shall execute and cause to be filed original or amended certificates, and shall take any and all Actions as may be reasonably necessary or advisable, to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the Laws of any other jurisdictions in which the Company engages in business.

(c) Certificate of Cancellation. Upon the dissolution and completion of the winding up and liquidation of the Company in accordance with ARTICLE XVIII, the Members (whether in their own right or acting through the Board and the Officers) shall promptly execute and cause to be filed Certificate of Cancellation in accordance with the Act and the Laws of any other jurisdictions in which such filings are deemed necessary or advisable.

ARTICLE VI
ADDRESSES

6.1 **PRINCIPAL PLACE OF BUSINESS.** The initial principal place of Business of the Company shall be 2550 Eisenhower Blvd, Suite 308, Fort Lauderdale, Florida, USA, 33166. The Company may locate its principal place or other places of business at any other place or places as the Board may from time to time deem advisable.

6.2 **REGISTERED OFFICE AND REGISTERED AGENT.** The Company's registered office and the name of the registered agent at such address shall be as set forth in the Certificate of Organization. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State pursuant to the Act. The Company shall retain other registered agents and registered offices in other jurisdictions where required by the Laws of any such other jurisdiction in which the Company owns property or otherwise conducts its business.

ARTICLE VII
MEMBERS OF THE COMPANY

7.1 **GENERAL.** The term "*Member*" or "*Members*" means only the undersigned and any Persons subsequently admitted as Members pursuant to and strictly in accordance with the terms and conditions of this Agreement. A Member ceases to be a Member upon the Transfer of such Person's entire interest in the Company.

7.2 **MEMBER LIST; NAMES AND ADDRESSES.** The Company shall maintain at its principal office a current list (the "*Member List*") showing the name, address, percentage interest in Profits and Losses ("*Percentage Interest*"), and any required Capital Contribution, of each Member (the current Member List is attached hereto as **Schedule A**). The Member List, absent manifest error, shall be the definitive record of ownership and all relevant information with respect to each Member. Unless the Board shall determine otherwise, all of the Interests are personal property for all purposes and shall be uncertificated and recorded in the books and records of the Company.

7.3 **MEMBER'S REPRESENTATIONS AND WARRANTIES.** By its execution hereof, each Member (for itself only) represents and warrants to the Company and the other Members:

- (a) Power; Qualification. Such Member has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution and delivery by such Member of this Agreement, and the performance of all obligations hereunder have been duly authorized by all necessary action; and
- (b) Authority; Enforceability. This Agreement has been duly and validly executed and delivered by such Member and, assuming due execution and delivery of this Agreement by the other parties hereto, constitutes the binding obligation of such Member enforceable against him in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally, and by principles of equity.

7.4 **NO AUTHORITY OF MEMBERS.** Except as specifically provided in this Agreement, no Member shall have any:

- (a) authority to bind or act for, or assume any obligations or responsibility on behalf of, the Company; or
- (b) any right or power to take part in the management or control of the Company or its business and affairs in any way.

7.5 ADMISSION OF MEMBER. A Person acquiring an interest in the Company from the Company may be admitted as a Member only pursuant to and in accordance with Section 17.6.

7.6 LIMITED LIABILITY. Anything in this Agreement or elsewhere to the contrary notwithstanding, the personal liability of each Member arising out of or in any manner relating to the Company shall be limited to and shall not exceed such Member's Capital Contribution except as otherwise provided by applicable Law. No Member shall have any personal liability for liabilities or obligations of the Company or any other Member solely by reason of being a Member. Except as expressly provided in this Agreement, no Member shall be required to lend or advance funds to the Company for any purpose.

7.7 VOTING RIGHTS. Whenever the Members are entitled, by this Agreement or by the Act, to vote on or consent to a particular matter, the affirmative vote of the Members holding more than fifty (50%) of the Percentage Interests held by all such Members shall be required to constitute the act of the Members (including voting as a class); *provided, however*, that with respect to any Action provided for herein requiring "*Member Consent*," the affirmative vote of the Members holding sixty percent (60.0%) or more of the Percentage Interests shall be required.

7.8 MEETINGS OF THE MEMBERS.

(a) The Members may, but shall not be required to hold any annual, periodic or other formal meetings; *provided, however*, meetings of the Members may be called by any Members holding more than twenty-five (25.0%) of the outstanding Interests. The call shall state the location of the meeting and the nature of the business to be transacted. Notice of any such meeting shall be given to all Members not less than three (3) Business Days nor more than thirty (30) days prior to the date of such meeting. Whenever the vote or consent of the Members is permitted or required under the Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in this Section 7.8.

(b) For the purpose of determining the Members holding Units entitled to vote at any meeting of the Members or any adjournment thereof, the Member requesting such meeting may fix, in advance, a date as the record date for any such determination. Such date shall not be more than thirty (30) days nor less than ten (10) Business Days before any such meeting.

(c) Each Member may authorize any Person or Persons to act for it by proxy on all matters in which such Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member holding Units or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it unless otherwise provided in the proxy.

(d) Each meeting of Members shall be conducted by the Chairman or such other Person elected by holders of a majority of the Units.

(e) Notwithstanding paragraphs (a) through (d) of this Section 7.8, the Company may take any Action contemplated under this Agreement to be approved by Member Consent, such consent to be provided in writing, or by telephone, facsimile or electronic mail, if such telephone conversation,

facsimile or electronic mail is followed by a written summary of the telephone conversation or facsimile or electronic mail communication sent by registered or certified mail, postage and charges prepaid, addressed as described in Section 19.3 below, or to such other address as such Person may from time to time specify by notice to the Members.

7.9 TITLE TO PROPERTY. All Company Property shall be owned by the Company as an entity in the name of the Company (and not in the name or names of any Member or Members) and no Member shall have any ownership interest in such property in such Member's individual name or right, and each Member's Interest in the Company shall be such Member's personal property for all purposes.

7.10 NO PAYMENTS OF INDIVIDUAL OBLIGATIONS. The Company's credit and Company Property shall be used solely for the benefit of the Company in accordance with the terms of this Agreement, and no Company Property shall be transferred or encumbered for or in payment of any individual obligation of any Member unless otherwise provided herein.

7.11 PROHIBITION AGAINST PARTITION. Each Member irrevocably waives any and all rights the Member may have to maintain an action for partition with respect to any Company Property.

7.12 CONDUCT OF MEMBERS. The Members shall have the same duties and obligations to each other that members of a limited liability company formed under the Act have to each other. Except as otherwise specified herein, any Action by a Member may be given or taken in the sole and absolute discretion of that Member in its own best interests and without regard to the best interests of, or the financial, tax or other effect on, any other Member. ~~No Member is authorized to act as the agent, representative or attorney-in-fact for any other Member, unless expressly so provided herein.~~

7.13 OTHER ACTIVITIES OF THE MEMBERS. Except as provided in ARTICLE XXIII, nothing in this Agreement or the Certificate of Organization shall limit or restrict the right of any Member or any Affiliate of any Member to engage in or to conduct any other activity or trade or business, independently or with others, or to make investments of any nature whatsoever, if such other activity, trade, or business or investment is not adverse to, does not compete with or is non-complementary with the Business of the Company, or does not otherwise conflict with such Member's obligations under this Agreement or any other agreements made by such Member or Affiliate. Nothing herein shall be deemed to confer upon the Company or any of the other Members any right or interest in any such other venture or investment or in any income, profit or other benefit derived therefrom. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of a Member or any Affiliate of any Member or to the income or proceeds derived therefrom. Notwithstanding the foregoing, each Member shall give notice to the Board and each other Member of its interest, or the interest of any of its Affiliates, in any other business or undertaking which proposes to enter into any business transactions with the Company.

7.14 WITHDRAWAL.

(a) Voluntary Withdrawal; Right to Dissociate; Wrongful Dissociation. The term "*Voluntary Withdrawal*" means a Member's dissociation from the Company by means other than an Involuntary Withdrawal in accordance with Section 7.14(b) below. A Member's Voluntary Withdrawal from the Company is wrongful and will constitute a breach of this Agreement if:

- (i) the dissociation occurs prior to the dissolution and winding up of the Company;
- (ii) the Member is expelled by judicial order; or

- (iii) the Member (other than an individual, estate or non-business trust) intentionally dissolves or terminates its legal existence.

A Member of the Company shall have the power to dissociate from the Company prior to the dissolution and winding up of the Company in accordance with ARTICLE XVIII of this Agreement by providing written notice to the Company. Such Voluntary Withdrawal shall be effective as of the later of the date specified in the notice or the date such notice is received by the Company. Notwithstanding the foregoing, if a Member voluntarily gives notice of dissociation as set forth above, such action shall be considered wrongful and a breach of this Agreement. Any Member who wrongfully dissociates as a Member is liable to the Company and the other Members for any damages caused by the dissociation; a Member's Voluntary Withdrawal shall not entitle the Member to require the Company to purchase such Member's Interest and such Member shall be considered an Assignee as of the date of the Voluntary Withdrawal.

(b) Involuntary Withdrawal. Except as otherwise provided in ARTICLE XVIII, if a Member undergoes an event of Involuntary Withdrawal, such Member shall be deemed to withdraw from the Company, shall cease to be a Member of the Company, and shall become an Assignee with respect to such Member's entire Interest. Such withdrawing Member shall neither (i) be entitled to receive the return of such Member's Capital Contribution, nor (ii) be entitled to require the Company to pay to such Member the fair market value of such Member's Interest by reason of such withdrawal. Except as provided in ARTICLE XVIII, the withdrawing Member shall (x) be entitled only to such allocations and distributions to which such Member was entitled before such withdrawal, (y) have no rights of a Member hereunder other than the right to allocations and distributions, and (z) be disregarded in determining whether any approval, consent or other action has been given or taken by the Members, any percentage.

ARTICLE VIII **CAPITAL CONTRIBUTIONS AND MEMBER LOANS**

8.1 CAPITAL CONTRIBUTIONS. The Members shall make Capital Contributions in the amounts and at the times set forth on the Member List. A separate capital account shall be maintained for each Member's ownership interest in the Units (a "*Capital Account*"). In addition to the foregoing, in the event that the Company is unable to borrow funds required for operations, the Members may, but are not obligated to, contribute such additional Capital Contributions (or to make loans to the Company) as may be required from time to time in order to fund working capital and acquisition of new equipment and facilities, which additional Capital Contributions by Members shall be promptly reflected in an amended Member List at the time so made.

8.2 ADDITIONAL CONTRIBUTIONS OR LOANS.

(a) The Members acknowledge that the Company may require funds in excess of the Initial Capital Contributions. In such event, the Board shall, in its sole and absolute discretion, either:

- (i) make a capital call on all Members (based upon the Members' respective Percentage Interests) for additional funds (such funds referred to herein as the "*Additional Capital Contributions*"), which funds shall be contributed by the Members to the Company within the time period necessary to meet the payment deadline of the event(s) for which the funds are required as set forth in the notice of the capital call; or
- (ii) cause the Company to obtain the funds, as a loan, on commercially-reasonable market terms and conditions acceptable to the Board, from non-affiliated third party sources.

(b) Except as specifically provided in this Section 8.2, no Member shall be required, nor entitled, to make (i) any Additional Capital Contributions or (ii) any loans to the Company. The Percentage Interests of the Members shall not be changed or otherwise affected by the funding or non-funding of Additional Capital Contributions pursuant to this Section 8.2, except as provided in Section 8.3(b).

8.3 FAILURE TO MAKE CAPITAL CONTRIBUTIONS. Any Member who fails to make its Additional Capital Contribution pursuant to Section 8.2 when required thereunder and fails to cure such default within five (5) business days after receipt of a written notice of such default (a "*Default Notice*") from another Member, shall be referred to as a "*Defaulting Member*" and any Member who makes its respective Additional Capital Contribution when due shall be referred to as a "*Non-Defaulting Member*". The Non-Defaulting Member shall send a written notice of default, upon the failure of a Member to make an Additional Capital Contribution when required, to the Defaulting Member(s) and all other Non-Defaulting Members. If one or more Members are Defaulting Members and one or more Members are Non-Defaulting Members, then the Non-Defaulting Member(s) may, in their sole and absolute discretion, exercise any one or more of the following remedies:

(a) Member Loans. The Non-Defaulting Members may lend the entire (but not less than the entire) amount of such Additional Capital Contribution to the Company (a "*Member Loan*") on a basis with recourse solely to the assets of the Company, except that a Non-Defaulting Member may have recourse against a Defaulting Member pursuant to Section 8.3(b)(i) of this Agreement. If more than one Non-Defaulting Member ("*Contributing Member*") shall elect to make a Member Loan, each such Non-Defaulting Member shall make a loan in an amount equal to the product of the amount in default multiplied by a fraction, the numerator of which is such Non-Defaulting Member's Percentage Interest and the denominator of which is the sum of the Percentage Interests of all Non-Defaulting Members electing to make such Member Loan. To the extent that there are two or more Non-Defaulting Members and one or more of such Non-Defaulting Members elects not to advance its share of the Member Loans, the other Contributing Member(s) may, but shall not be obligated to, advance such amount to the Company in the same manner as set forth above; provided, however, the amount of all such advances by the Contributing Members shall not be less than the entire amount of the Additional Capital Contributions of the Defaulting Members. In the event that the amount of the Member Loans made by Contributing Members is less than the amount of the required Additional Capital Contributions, then the sole rights and remedies of the Non-Defaulting Members with respect to Defaulting Members shall be the rights and remedies set forth in Section 8.3(b)(iii) of this Agreement. Each such Member Loan shall bear interest at the Preferred Return Rate, but in no event at a rate greater than the maximum permissible rate under applicable usury Laws in the State of Delaware. All Member Loans, together with any interest accrued thereon, shall be paid by the Company prior to any other distribution to the Members. All payments on Member Loans shall be applied first to accrued interest, then to unpaid principal. All Member Loans shall rank *pari passu* with all other Member Loans.

(b) Dilution. If any Member Loan has not been repaid in full (whether by the Defaulting Member(s) making the Additional capital Contributions or otherwise) within ninety (90) days of the date the Member Loan is made, then, in addition to any other rights or remedies available to the Contributing Member(s) hereunder, at any time thereafter each of the Contributing Members may elect to proceed under Sections 8.3(b)(i) or 8.3(b)(ii) below:

- (i) Each Contributing Member, by written notice to the Defaulting Member, may elect to treat the outstanding principal balance of the Member Loan made by such Contributing Member as an Additional Capital Contribution to the Company by such Contributing Member, and the Percentage Interests of the Defaulting Member and such Contributing Member shall be adjusted by reducing the Percentage Interest of the Defaulting Member and increasing

the Percentage Interest of the Contributing Members so that their respective Percentage Interests shall be in proportion to the total Capital Contributions then made by them. In addition, the amounts treated as Capital Contributions under this 8.3(b) shall be repaid to the Contributing Members who elected under this 8.3(b), from distributions of Net Cash prior to any distributions to the Defaulting Member (but after repayments therefrom to a Contributing Member who elects under 8.3(b)(ii) below). Accrued interest on any Member Loan which is converted to capital as provided above shall not be converted to capital and shall be payable as provided in 8.3(a) above; *provided, however*, that if such accrued interest is not paid in full upon demand in accordance therewith, the Member making such demand may at any time thereafter exercise its rights under 8.3(b)(ii) below with respect to the then-outstanding amount of such accrued interest.

- (ii) Any Contributing Member may elect to make written demand upon the Defaulting Member for payment in full of that part of such Contributing Member's Member Loan attributable to the Defaulting Member's delinquent Additional Capital Contribution, including accrued interest thereon. Upon failure of the Non-Contributing Member to pay such part of the Member Loan and interest in full upon demand, the provisions of 8.3(a) shall continue to apply, and the Contributing Member may bring suit against the Defaulting Member to collect such part of the Member Loan made by such Contributing Member plus interest and reasonable costs of collection (including, without limitation, attorneys fees and expenses).
- (iii) Unless a Member has elected to proceed under 8.3(b)(i) above, such Member's Member Loan shall remain in place and shall bear interest and be repaid as provided in 8.3(a) above, if and until collected under 8.3(b)(ii) above. The rights of a Member under 8.3(b)(i) or 8.3(b)(ii) shall be mutually exclusive and a Member electing to proceed under one of the two identified sections shall waive its rights to proceed under the section not so elected as to that particular Member Loan (except as otherwise provided in 8.3(b)(ii) with respect to the payment of accrued interest on any Member Loan which is converted to capital).
- (iv) If the Non-Defaulting Member(s) do not make Member Loans, then notwithstanding anything to the contrary herein, (i) the Non-Defaulting Member(s), acting as a majority (in terms of relative Percentage Interests of the Non-Defaulting Members) if there are more than one, may cause the Company to borrow from third parties the defaulted amount plus any additional sums required by reason of the default and in such event the Non-Defaulting Members may either bring suit against the Defaulting Member for the amount of such loans attributable to the Defaulting Member's delinquent Additional Capital Contribution plus interest and damages or reduce the interest of the Defaulting Member and increase their interests as if the Non-Defaulting Members had made a Member Loan in accordance with subsection (b)(i) above; or (ii) the Non-Defaulting Member(s), acting jointly if there are more than one, may exercise (or cause the Company to exercise) any other rights and remedies at law or in equity in respect of such default.

8.4 RETURN OF CAPITAL. No Member shall be entitled to interest on, or to require the return of all or any part of, such Member's Capital Contribution.

8.5 CAPITAL ACCOUNT DEFICITS. No Member shall be obligated to repay to the Company or to any other Member any deficit in such Member's Capital Account arising at any time during the term of the Company or upon dissolution and liquidation of the Company.

8.6 RETURN OF CAPITAL CONTRIBUTION. Except as otherwise specifically set forth in this Agreement, no Member shall:

- (a) be entitled to the return of such Member's Capital Contribution at any fixed time or upon demand;
- (b) have the right to receive property other than cash in return for such Member's Capital Contribution at such time, if any, as it is returned and any such return shall be made solely from Company Property; and
- (c) receive interest on its Capital Contribution.

No Member, nor any member of the Board, shall be personally liable for the return of a Member's Capital Contribution.

8.7 LOANS NOT CAPITAL CONTRIBUTIONS. Except as may occur pursuant to Section 8.3(b) above, a loan to the Company shall not be considered a Capital Contribution.

ARTICLE IX
UNITS

9.1 UNITS REPRESENT OWNERSHIP OF COMPANY. The Members collectively have sole ownership of the Company. Each Member's ownership interest is represented by units ("*Units*") with the rights and obligations specified in the Act, the Certificate of Organization and this Agreement.

9.2 AUTHORIZED UNITS. The Company is authorized to issue an unlimited number of Units divided into multiple classes of Units, but as of the date of this Agreement there shall be only one (1) class of Units, referred to as the "*Units*," which class shall consist of one hundred (100) Units, to be initially issued in accordance with the terms and conditions of this Agreement. The Board may establish, from time to time in accordance with such procedures as the Board shall determine, other classes, one or more series of any such classes, or other securities with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Units or other securities), as shall be determined by the Board, including:

- (a) the right to share in Profits and Losses or items thereof;
- (b) the right to share in Company distributions;
- (c) the rights upon dissolution and liquidation of the Company;
- (d) whether, and the terms and conditions upon which, the Company may or shall be required to redeem the Units or other securities (including sinking fund provisions);
- (e) whether such Unit or other security is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange;
- (f) the terms and conditions upon which each Unit or other security will be issued, evidenced by certificates and Transferred;

- (g) the method for determining the Percentage Interest as to such Units or other securities; and
- (h) the right, if any, of the holder of each such Unit or other security to vote on Company matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units or other securities.

Except as expressly provided in this Agreement to the contrary, any reference to “Units” shall include the Units and any other classes that may be established in accordance with this Agreement. All Units of a particular class or series shall have identical rights in all respects as all other Units of such class or series and, accordingly, shall entitle the holder to (x) the same rights and obligations as a holder of any other Unit of that class or series, including the any preference, priority or right and (y) participate equally with respect to any and all distributions made by the Company, if any, in all circumstances with respect to other Members in respect of any Unit of the same class or series.

9.3 UNITS FULLY-PAID AND NON-ASSESSABLE. The Company shall issue Units only as fully-paid and non-assessable.

9.4 FRACTIONAL UNITS. The Company may issue fractional Units.

9.5 MEMBER LIST. The Member List of the Company shall be the definitive record of ownership of each Unit and all relevant information with respect to each Member. Unless the Board shall determine otherwise, Units are personal property for all purposes and shall be uncertificated and recorded in the books and records of the Company. The Board shall maintain **Schedule A** listing all Members and their respective Units and Percentage Interest and may unilaterally restate **Schedule A** to reflect changes in the Member List, such as admission of new Members, additional Capital Contributions or Transfers.

9.6 REGISTERED MEMBERS. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided in this Agreement or by the Act or other applicable Law.

9.7 UNITS ARE SECURITIES. All Units shall constitute “securities” governed by Articles 8 and 9 of the Delaware Uniform Commercial Code (“UCC”), as provided in UCC §8.103(c) and, unless otherwise designated or approved by the Board, shall not be represented by certificates (*i.e.*, Units are “uncertificated securities” as defined by UCC §8.102(a)(18)).

ARTICLE X

PERCENTAGE INTERESTS

10.1 CALCULATION OF PERCENTAGE INTERESTS. The “*Percentage Interest*” for each Interest Holder is its relative Unit ownership expressed as a percentage of the total Units then outstanding (whether in the same class of a Interest Holder or as an aggregate of all classes of Interest Holders as appropriate). The rights, preferences, privileges and limitations of each Interest Holder are proportional to its Percentage Interest, except as expressly stated in this Agreement.

ARTICLE XI
ALLOCATIONS AND DISTRIBUTIONS

11.1 ALLOCATION OF PROFITS. After giving effect to the special allocations set forth in, and generally subject to, **Schedule C**, Profits for each Fiscal Year shall be allocated to the Interest Holders in the following manner and order of priority:

- (a) *First, pro rata* among the Interest Holders in accordance with their respective Percentage Interests until the cumulative Profits allocated to the Interest Holders pursuant to this Section 11.1(a) for the current Fiscal Year and all prior Fiscal Years equal the cumulative Losses allocated to the Interest Holders pursuant to Section 11.2(a) for all prior Fiscal Years; and
- (b) *Second, pro rata* among the Interest Holders in accordance with their respective Percentage Interests.

11.2 ALLOCATION OF LOSSES. After giving effect to the special allocations set forth in, and generally subject to, **Schedule C**, Losses for each Fiscal Year shall be allocated to the Interest Holders in the following manner and order of priority:

- (a) *First*, to each Interest Holder to the extent of such Interest Holder's positive Capital Account balance in accordance with the ratio that the amount of such Interest Holder's positive Capital Account balance bears to the total of the positive Capital Account balances of all Interest Holders having such balances (determined as of the date of allocation under, or with respect to, this Section 11.2(a) allocation is to be made); and
- (b) *Second, pro rata* among the Interest Holders in accordance with their respective Percentage Interests.

11.3 DISTRIBUTIONS OF NET CASH FROM OPERATIONS. Subject to Sections 11.5 through 11.10 below, the Net Cash from Operations shall be distributed at such times as the Board determines in its sole discretion but not less than annually, to the Interest Holders, *pro rata*, in accordance with their respective Percentage Interests; *provided, however*, that if the Board reasonably determines that there is adequate cash available to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements and replacements, then within ninety (90) days after the end of each Fiscal Year, then the Board shall cause the Company to distribute Net Cash from Operations in an amount at least equal to forty percent (40.0%) of its net income for such prior Fiscal Year.

11.4 DISTRIBUTIONS OF NET CASH FROM SALES AND REFINANCINGS. Subject to Sections 11.5 through 11.10 below, the Net Cash from Sales and Refinancings shall be distributed in the following order of priority:

- (a) First, to repay all Company debt, whether or not currently due, or establish escrow or other reserves therefor;
- (b) Next, to the Interest Holders, *pro rata* in accordance with their respective Percentage Interests.

11.5 GUARANTEED PAYMENTS. Guaranteed payments ("*Guaranteed Payments*") for salary, wages, fees, payments on loans, rents, etc., may be made to the Interest Holders and such Guaranteed Payments shall not be deemed to be distributions to the Interest Holders on account of their

Interests, and shall not be charged to the Interest Holders' Capital Accounts. To the extent any compensation paid to any Interest Holder by the Company, including fees payable to any Interest Holder, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Interest Holder other than in the Person's capacity as a Interest Holder within the meaning of Code Section 707(a), the Interest Holder shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Interest Holder's Capital Account shall be adjusted to reflect the payment of that compensation.

11.6 AMOUNTS WITHHELD. All amounts withheld pursuant to the Code or any provision of any Law with respect to any payment, distribution or allocation to the Company or the Interest Holders shall be treated as amounts paid or distributed, as the case may be, to the Interest Holders with respect to which such amount was withheld pursuant to this Section 11.6 for all purposes under this Agreement. The Company is authorized to withhold from payments and distributions, or with respect to allocations to the Interest Holders, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other Law, and shall allocate any such amounts to the Interest Holders with respect to which such amount was withheld.

11.7 TAX DISTRIBUTIONS. Because the Company has elected to be categorized as a partnership for both federal and state income tax purposes, the Interest Holders will be taxed on a share of items of Profit or Loss of the Company. Notwithstanding anything in this Agreement to the contrary, the Board shall cause the Company to distribute at least enough cash (a "*Tax Distribution*") to each Interest Holder which, when combined with all other distributions pursuant to Section 11.3 and this Section 11.7 to such Interest Holder in respect of such Fiscal Year, equals the product of (x) the combined maximum federal, state and local marginal income tax rate applicable to ordinary income or capital gains for a corporation, as appropriate, applicable to any Interest Holder for such period and (y) (i) the aggregate income allocated to such Interest Holder in the current and all preceding Fiscal Years over (ii) the aggregate Loss allocated to such Interest Holder in the current and all preceding Fiscal Years, or such other formula as the Board may determine in its reasonable discretion. Notwithstanding the foregoing, any Tax Distribution may be reduced or not made with respect to any Fiscal Year to the extent that the Board reasonably determines that there is not adequate cash available to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements and replacements. Tax Distributions made to any Interest Holder on a non-ratable basis to such Interest Holder pursuant to this Section 11.7 shall be treated as advances against future distributions that otherwise would be made to such Interest Holder (but only to the extent that the non-ratable amount distributed to such Interest Holder exceeds the amounts distributed to all Interest Holders on a ratable basis) and, therefore, shall reduce the amount of such future distribution dollar for dollar. The Tax Distributions shall be reduced by any amount paid or required to be paid by the Company on behalf of any Interest Holder (or, in the case of Interest Holders that are limited liability companies or trusts, on behalf of a member or beneficiary of an Interest Holder) to any state or local taxing authority.

11.8 LIMITATION UPON DISTRIBUTIONS. No distribution shall be made if such distribution would violate the Act.

11.9 DISTRIBUTIONS UPON DISSOLUTION. Upon the dissolution of the Company, the assets of the Company shall be distributed as set forth in Section 18.1 **Error! Reference source not found.**

11.10 REPAYMENT OF LOANS. Before the Company makes any distribution pursuant to Section 11.3, the Company shall repay any debt that is due or may, with the passage of time, become due within ninety (90) days, including, but not limited to, any Member Loan or any loan or other indebtedness guaranteed by a Member, or establish escrow or other reserves therefor.

ARTICLE XII
POWERS DELEGATED BY THE MEMBERS TO THE BOARD

12.1 MANAGER-MANAGED. The Company shall be a manager-managed company within the meaning of the Act.

12.2 DELEGATION OF POWER AND AUTHORITY; CONSENT TO EXCLUSIVE AUTHORITY. The power and authority to manage and control the Business of the Company shall be delegated to the Board established pursuant to ARTICLE XIII and to the Officers of the Company as set forth in Section ARTICLE XIV below and hereby consent to the Board's and such Officers' exclusive management of the Company and its business and to the Board's and such Officers' exercise of the powers conferred by this Agreement.

12.3 POWERS DELEGATED TO BOARD OF DIRECTORS. Without limiting the generality of the foregoing, but subject to the limitations of Section 12.4, the Board shall have power and authority, on behalf of the Company to:

- (a) purchase, lease, or otherwise acquire, and sell, lease, exchange, or otherwise dispose of, Company Property, and any other real or personal property necessary or convenient to the operation of the Company;
- (b) delegate all or any of its duties hereunder and in furtherance of any such delegation, to appoint, employ, or contract with any Person whom the Board may, in its sole discretion, deem necessary or desirable for the transaction of the Company's business, including Affiliates of the Members; provided, however, that the Board shall continue to be primarily responsible for the performance of all such obligations;
- (c) expend the Company's capital and revenues in furtherance of the Company's purposes;
- (d) manage, operate, and develop Company Property or investments, and to enter into a management, operating, development, construction or any commercial agreement with others (including the Members and their Affiliates) with respect to properties, investments acquired by the Company and any Business of the Company containing such terms, provisions, and conditions as it shall approve;
- (e) create or acquire Affiliate entities of the Company and exercise all rights of the Company with respect to such Affiliates;
- (f) borrow money from banks, other lending institutions or other Persons (including any Member or any Affiliate of a Member) for any Company purpose, and in connection therewith to issue notes, debentures, and other debt securities; to hypothecate Company Property to secure repayment of the borrowed sums; and no bank, other lending institution or other Person to which application is made for a loan shall be required to inquire as to the purpose for which such loan is sought; and, as between this Company and such bank, other lending institution or other Person, it shall be conclusively presumed that the proceeds of such loan are to be and will be used for the purposes authorized hereunder; provided, however, that no Member or Director shall be obligated to guarantee or otherwise incur any direct liability with respect to such indebtedness without its consent;

- (g) invest Company Property in bank demand deposit and savings accounts, money market funds, savings and loan association deposits, commercial paper, certificates of deposit, bankers' acceptances, government securities and other short term interest bearing obligations;
- (h) grant security interests in and mortgages on Company Property and to obtain replacements of any security agreement or mortgage related in any way to Company Property, and to repay in whole or in part, refinance, recast, modify, consolidate, or extend any security agreement or mortgage affecting any such property and to give deeds, bills of sale, receipts, releases and discharges, with respect to all of the foregoing and any matters incident thereto as it may deem advisable or appropriate;
- (i) place record title to any property in the Company name, or in the name of a nominee or trustee, for the purpose of mortgage financing or other convenience or benefit of the Company;
- (j) enter into agreements and contracts with any Person to execute any guaranty or accommodation endorsement incident to the conduct of the Business of the Company and execute, acknowledge and deliver any and all instruments, documents, or agreements to effectuate such guaranty or accommodation endorsement;
- (k) maintain, at the expense of the Company, adequate records and accounts of all operations and expenditures and to furnish the Members the reports specified in Section 19.2;
- (l) purchase, from or through others, policies of liability, casualty and other insurance which the Board deems advisable, appropriate or convenient for the protection of any Company Property or affairs of the Company or for any purpose convenient or beneficial to the Company;
- (m) arrange for the preparation and filing of any required federal, state or local tax returns, and the payment from Company funds of any tax due from the Company;
- (n) construct any real property improvements to or on Company Property or to make any alterations thereto;
- (o) enter into any and all agreements, contracts, documents, certifications, and instruments necessary or convenient in connection with the management, maintenance and operation of Company Property, or in connection with managing the affairs of the Company, including amendments to this Agreement and the Certificate of Organization to the extent provided herein or therein;
- (p) establish, maintain and expend reserves from amounts which otherwise would be distributed to Interest Holders to provide for working capital, debt service, other obligations of the Company and such other purposes as it may deem necessary or advisable;
- (q) prepay in whole or in part, refinance, recast, increase, modify, or extend any liabilities affecting Company Property and in connection therewith execute any extensions or renewals of encumbrances on any or all of such property;

- (r) make distributions to the Interest Holders in accordance with the provisions of this Agreement, and perform all matters in furtherance of the objectives of the Company or this Agreement, including opening and maintaining Company bank accounts and authorizing signatories with respect thereto;
- (s) employ accountants, legal counsel, agents and other Persons (including Affiliates of Members) to perform services for the Company and to compensate them from Company funds;
- (t) make any and all elections for federal, state, and local tax purposes including any election, if permitted by applicable Law;
- (u) to extend the statute of limitations for assessment of tax deficiencies against Interest Holders with respect to adjustments to the Company's federal, state, or local tax returns; and
- (v) institute, prosecute, defend, settle, compromise, and dismiss lawsuits or other judicial or administrative proceedings brought by or on behalf of, or against, the Company in connection with activities arising out of, connected with, or incidental to this Agreement, and to engage counsel or others in connection therewith;
- ~~(w) make or have made for the Company such research reports, economic and statistical data, evaluations, analyses, opinions and recommendations as it may deem necessary or desirable with respect to investment or business opportunities in connection with the Business of the Company or development of Company Property;~~
- (x) enter into joint venture agreements or any other arrangement with another entity or entities for the acquisition, development and operation of any asset or property;
- (y) approve any contract between the Company and any Member or any Affiliate of such Member;
- (z) engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to Company Property) necessary or incidental to, or in connection with, the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited liability company under the Act;
- (aa) take, or refrain from taking, all Actions not expressly proscribed or limited by or addressed in this Agreement, as may be necessary or appropriate to accomplish the purposes of the Company; and
- (bb) interpret this Agreement to resolve any ambiguities or inconsistencies in this Agreement.

12.4 LIMITATION UPON RIGHTS AND POWERS. In addition to other acts expressly prohibited by this Agreement or by Law, the Board of Directors and the Officers shall not have the authority to:

- (a) do any act in contravention of this Agreement;

- (b) do any act which would make it impossible to carry on the Business of the Company, except as expressly provided in this Agreement;
- (c) execute or deliver any general assignment for the benefit of the creditors of the Company;
- (d) possess Company Property or assign the rights of the Company in specific property for other than a Company purpose; or
- (e) knowingly or willingly do any Action (except an Action expressly permitted by this Agreement) which causes the Company to be treated for tax purposes as other than as a partnership.

12.5 AUTHORITY TO ACT OR EXPEND ADDITIONAL FUNDS IN EMERGENCY. Notwithstanding anything to the contrary in this Agreement, in the event an emergency arises by act of God or otherwise, the Chairman shall have the right to take such Actions (including expending any funds of the Company necessary to prevent any damage and to effect any required repairs to Company Property), as the Chairman, in his or her reasonable judgment, deems necessary for the protection of life or health or preservation of Company Property if, in the good faith determination of the Chairman, any delay would materially increase the risk to life or health or materially increase the magnitude of such property damage; *provided, however*, that the Chairman shall notify the members of the Board of the emergency situation and the Action the Chairman proposes to take or has taken (including the amount of any expenditures) as soon as reasonably practical.

12.6 NO AUTHORITY OF MEMBERS. Except as specifically provided to the contrary in this Agreement, no Member shall have any:

- (a) authority to bind or act for, or assume any obligations or responsibility on behalf of, the Company; or
- (b) any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way.

ARTICLE XIII **BOARD OF DIRECTORS; RIGHTS, POWERS AND DUTIES**

13.1 EXCLUSIVE RIGHT TO MANAGE. The business and affairs of the Company shall be managed exclusively by its Board of Directors (the "*Board*") and, except for situations in which the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable Law, the Board shall have full, complete and exclusive authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Company's business. Each of the duly elected members of the Board (individually, a "*Director*" and, collectively, the "*Directors*") shall act only through the Board. The Board may delegate its executive authority pursuant to consent of the Board as required by this Agreement to implement the decisions of the Board and take Action on behalf of the Company to one or more of the Company's officers (individually, an "*Officer*" and, collectively, the "*Officers*"), who are hereby empowered to perform any and all acts incident to the day-to-day management of the Company's business, to exercise any and all powers of the Company, and to execute the policies and decisions of the Board, in accordance with and subject to the limitations set forth in this Agreement, the Certificate of Organization and the Act, all as set forth in and subject to ARTICLE XIV below. Accordingly, the Board and the Directors, in their capacity as such, have no authority to perform executive acts on behalf of the Company or to bind the

Company to any obligation, and such powers are vested solely in the Officers, and the Directors shall not make any representation to the contrary to the public or to any third party.

13.2 COMPOSITION AND ELECTION OF BOARD. The Board will initially consist of three (3) Directors, two (2) of whom shall be appointed by Logistec (the “*Logistec Representatives*”) and one (1) of which shall be appointed by CTC (the “*CTC Representatives*”), respectively. The initial Logistec Representatives shall be Rodney Corrigan, and Alain Pilotte and the initial CTC shall be William Coleman. Thereafter, Logistec and CTC shall have the right (but not the obligation) to appoint, remove, or replace the Directors appointed by it. The number of Directors may be changed only with Member Consent; *provided, however*, that in no instance shall the Company have less than three (3) Directors, two (2) of whom shall have been appointed by Logistec and one (1) of which shall have been appointed by CTC. No Director need be a resident of the State of Delaware.

13.3 MEETINGS OF THE BOARD. The Board shall hold quarterly meetings; *provided, however*, other meetings of the Board may be called by as needed from time to time by the Chairman or the Logistec Representatives. The call shall state the location of the meeting and the nature of the business to be transacted. Notice of any such meeting shall be given to all Board members not less than three (3) Business Days nor more than thirty (30) days prior to the date of such meeting.

13.4 QUORUM; BOARD CONSENT; ACTION WITHOUT MEETING. The presence of a not less than two (2) of the Logistec Representatives and one (1) CTC Representative shall be necessary at any meeting to constitute a quorum of the Board to transact business. Whenever the consent or approval of the Board is required to take any Action concerning the Company, such Action shall be approved by the affirmative vote of a majority of the Directors present and voting, unless otherwise provided in this Agreement or the Act. A Director may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person and attendance at a meeting. Any Action of the Board, which is required or permitted to be taken at a meeting, may be taken without a meeting if written consent to the Action is signed by all of the members of the Board and is filed in the minutes of the proceedings of the Board before the taking of such Action.

13.5 REQUIRED MEMBER CONSENT. Notwithstanding anything in this Agreement to the contrary, the following Actions by or on behalf of the Company shall require Member Consent, as evidenced by written consent, ballots or other reasonable means:

- (a) amending the Certificate of Organization or of any specific terms of this Agreement (except for restating **Schedule A**); *provided, however*, that the terms of this Agreement may be amended without Member Consent if such amendment is made pursuant to the implementation of a Transfer of an Interest as permitted under the provisions of ARTICLE XVII, **Error! Reference source not found.** and such amendment would not have an adverse effect on any rights or obligations of any non-Transferring Member under this Agreement (including any amendment to or restatement of **Schedule A**);
- (b) adversely changing the Economic Rights or Management Rights of any Member;
- (c) amending this Agreement to provide for additional classes or groups of Members having such relative rights, powers and duties as may be established, which additional classes or groups are senior to existing classes and groups of Members (or otherwise issuing additional Units of existing classes, which issuance does not equally dilute the Percentage Interests of the existing Members) or to grant to

all or certain identified Members or a specified class or group of the Members the right to vote separately or with all or any class or group of the Members, on any matter, which voting by such Member may be on a per capita, number, financial interest, class group or any other basis;

- (d) approving:
- (i) the sale, restructuring, refinancing or disposition of all or any significant portion of Company Property;
 - (ii) the admission of an Assignee as a substituted Member;
 - (iii) appointing or removing an Officer;
 - (iv) hiring or firing any senior level employee;
 - (v) approving increases in employee compensation;
 - (vi) creating or issuing any equity incentive or cash bonus plan increases in the compensation of Officers;
 - (vii) selling, assigning or licensing any material technology or intellectual property;
 - (viii) increasing or decreasing the size of the Board;
 - (ix) acquiring another company or its assets or business;
 - (x) approving or entering any contract requiring the payment by, or providing for the payment to, the Company of an amount more than \$150,000.00 (a "*Material Contract*");
 - (xi) amending or modifying any Material Contract
 - (xii) forming a subsidiary of the Company or entering any other joint venture;
 - (xiii) changing the principal Business of the Company, entering any new line of business or discontinuing any existing line of Business of the Company
 - (xiv) Engagement or termination of the Company's auditors;
 - (xv) Any change to the tax or accounting policies of the Company;
 - (xvi) the conversion of the Company into another organization;
 - (xvii) the merger or consolidation of the Company with any other entity;
 - (xviii) the acceptance or rejection of any offer or proposal by a third party regarding such a transaction; or
 - (xix) the material terms of any such sale, restructuring, refinancing, disposition, merger, consolidation, liquidation or dissolution.
- (e) filing any petition in bankruptcy or reorganization or instituting any other type of bankruptcy, reorganization or insolvency proceeding with respect to the

Company or Company Property, consenting to the institution of involuntary bankruptcy, reorganization or insolvency proceedings with respect to the Company or Company Property, the admission in writing by the Company of its inability to pay its debts generally as they become due or the making by the Company of a general assignment for the benefit of its creditors.

- (f) dissolving the Company;
- (g) lending money to, or guaranteeing the debts or other obligations of, a Member or any other Person; and
- (h) comingling of any Company monies with monies of any Member (including the Board) or maintaining any Company funds in other than an account of the Company.

13.6 RESIGNATION. A Director may resign at any time by giving written notice to the Members. The resignation of a Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Upon the resignation of a Director, the Member appointing such Director shall appoint a successor to such Director.

13.7 REMOVAL. A Director may be removed at any time with or without cause by the ~~Member that appointed such Director.~~ Upon the removal of a Director, ~~such Member shall appoint a~~ successor to such Director.

13.8 COMPENSATION OF THE DIRECTORS. The Directors shall not receive any compensation for their services to the Company in such capacity; *provided, however*, that a Director shall be entitled to reimbursement of reasonable expenses incurred by such Director in the performance of his duties on behalf of the Company and further provided that no Person who is a Director shall be precluded from receiving such salary or other compensation from the Company based on the fact that such Person is also a Director.

13.9 DIRECTORS HAVE NO EXCLUSIVE DUTY TO COMPANY. The Directors may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of any Director or to the income or proceeds derived therefrom.

13.10 TRANSACTIONS WITH AFFILIATES. The Board may engage any Member, any Affiliate of a Member or any business entity in which a Member, any Affiliate of a Member or any officer, director, shareholder or partner thereof, has a direct or indirect interest, to provide goods to or perform services for or on behalf of the Company, including maintenance, repair, management consulting, administrative management, property management and leasing, construction, engineering, legal, accounting, and bookkeeping services; *provided, however*, that the terms and conditions of such employment shall be competitive with the terms which could reasonably be obtained from non-affiliated Persons supplying comparable goods or performing comparable services. No contract or other transaction between the Company and one or more of its Members, any Affiliate of a Member or any other Person in which one or more of the Members is financially interested, shall be either void or voidable because of such relationship or interest if the contract or transaction is fair and reasonable as to the Company (and does not divert funds which would otherwise be appropriate for distribution or reasonably allocated to other uses) at the time it is authorized by the Board.

ARTICLE XIV
OFFICERS OF THE COMPANY.

14.1 GENERAL. The Officers are not managers of the Company under the Act, but are entitled to exercise the executive powers of the Board by virtue of the power delegated to them from time to time under Section 13.1 above. The Officers are not authorized to take, or cause the Company to take, any Actions requiring special approval under this Agreement in the absence of such approval. The Officers of the Company have the following authority and responsibilities:

- (a) Chairman. The Board may appoint a Chairman of the Board (the "*Chairman*"). The Chairman is the principal executive officer of the Company and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the Company. The Chairman shall take Action on behalf of the Company with respect to all its rights in and to its assets, including casting all votes to which the Company is entitled by nature of its ownership of equity or debt securities. The Chairman shall sign any deeds, mortgages, bonds, contracts, or other instruments authorized under this Agreement generally or by the Board specifically, and in general the Chairman shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board from time to time. In addition, the Chairman shall represent the Company and its Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and its Members, and shall file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company or the Members. The initial Chairman shall be Rodney Corrigan.
- (b) President. The Board may appoint a President. The President primarily shall be responsible for the day-to-day operations and management of the Company's business and shall report directly to the Chairman. The President shall in general perform all duties incident to such delegation of authority and responsibility and such other duties as from time to time may be prescribed by the Chairman or by the Board. The initial President shall be Rodney Corrigan.
- (c) Vice-Presidents. The Board may appoint one or more Vice-Presidents. In the absence of the President, or in the event of the President's death, inability or refusal to act, the Vice-Presidents in the order of their length of service as such, unless otherwise determined by the Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall in general perform all duties incident to such delegation of authority and responsibility and such other duties as from time to time may be prescribed by the Chairman, the President or by the Board.
- (d) Secretary. The Board may appoint a Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Members and the Board, and of all committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with this Agreement or as required by Law; (c) maintain and authenticate the records of the Company; (d) maintain and have general charge of the books of the Company; (e) attest the signature or certify the incumbency or signature of any Officer of the Company; and (f) in general perform all duties incident to the office of secretary and such other duties as from time to time may

be prescribed by the Chairman or by the Board. The initial Secretary shall be Ingrid Stefancic.

- (e) Assistant Secretary. The Board may appoint one or more Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as such, unless otherwise determined by the Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be prescribed by the Secretary, by the Chairman, or by the Board.
- (f) Treasurer. The Board may appoint a Treasurer. The Treasurer shall have the custody of the Company's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. In addition, the Treasurer shall (a) maintain appropriate accounting records as required by Law; (b) prepare, or cause to be prepared, annual financial statements and other reports required by this Agreement or the Board; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be prescribed by the Board. The Treasurer shall disburse the funds of the Company as may be ordered by the Board, or by the Chairman with respect to expenditures within the Chairman's authority, taking proper vouchers for such disbursements, and shall render to the Chairman and the Directors, when this Agreement generally or the Board specifically require, an account of all transactions as Treasurer and of the financial condition of the Company. The initial Treasurer shall be Jack Lassen.
- (g) Assistant Treasurers. The Board may appoint one or more Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as such, unless otherwise determined by the Board, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be prescribed by the Treasurer or by the Board.
- (h) Other Officers. The Board may establish such other Officers as it determines, from time to time, to be necessary or convenient to the Company's operations, and may modify the authority and duties of the Officers, by written resolution. Such written resolutions shall be appended to this Agreement and to the extent so appended are hereby incorporated herein by reference. The initial General Manager shall be André Dubois and the General Manager will report to the President; the initial Port Manager shall be William Coleman and the Port Manager will report to the General Manager.

14.2 LIMITATION UPON RIGHTS AND POWERS OF OFFICERS. Without the consent of the Board as set forth in this Agreement, and addition to other acts expressly prohibited by this Agreement or by Law, the Officers shall not have the authority to:

- (a) do any act in contravention of this Agreement;

- (b) do any act which would make it impossible to conduct or carry on the ordinary Business of the Company, except as expressly provided in this Agreement;
- (c) execute or deliver any general assignment for the benefit of the creditors of the Company; or
- (d) possess Company Property or assign the rights of the Company in specific property for other than a Company purpose.

14.3 EXECUTION OF DOCUMENTS.

(a) The Officers are authorized, in the name and on behalf of the Company, to sign and deliver all contracts, agreements, leases, notes, mortgages and other documents and instruments which are necessary, appropriate or convenient for the conduct of the Company's day-to-day business and the furtherance of its purposes or which are necessary, appropriate or convenient to carry out matters permitted by this Agreement, and no other signatures shall be required, except for such contracts, agreements, leases, notes, mortgages and other documents and instruments which, by their terms and conditions, require more than the signature of one Officer.

(b) Any Person dealing with the Company shall be entitled to rely on a certificate of the Secretary as conclusive evidence of the incumbency of any authorized representative of the Company and its authority to take Action on behalf of the Company.

(c) Any document executed on behalf of Company shall constitute a binding, legal and enforceable obligation of Company, even if the party executing the same is a party to the transaction that is the subject of such document.

14.4 REQUIRED ACTS OF OFFICERS ON BEHALF OF THE COMPANY. Subject to the authority of the Board and this Agreement, the Officers shall perform all acts and execute and file, record or publish such other documents as necessary to comply with the requirements to (a) operate a limited liability company under the Laws of the State of Delaware, (b) limit the liability of the Members as provided for herein, and (c) vest and confirm in the Company the power to own the Company Property and to carry out the Business of the Company.

14.5 AUTHORITY TO ACT OR EXPEND ADDITIONAL FUNDS IN EMERGENCY. Notwithstanding anything to the contrary in this Agreement, in the event an emergency arises by act of God or otherwise, the Officers of the Company, acting singly, shall have the right to take such Actions (including expending any funds of the Company necessary to prevent any damage and to effect any required repairs to Company Property), as such Officer, in his reasonable judgment, deems necessary for the protection of life or health or preservation of Company Property if, in the good faith determination of such Officer, any delay would materially increase the risk to life or health or materially increase the magnitude of such property damage; *provided, however*, that the Officer taking such Action shall promptly notify the Directors of the emergency situation and the Action the Officer proposes to take or has taken (including the amount of any expenditures) as soon as reasonably practical.

14.6 COMPENSATION OF AN OFFICER. An Officer shall not be entitled to any compensation for the performance of his services unless such compensation (or any increase to any prior approved compensation) is approved by the Board; *provided, however*, this Section 14.6 does not affect any rights of a Person to receive distributions as a Interest Holder.

ARTICLE XV
OTHER MATTERS REGARDING DIRECTORS AND OFFICERS

15.1 REIMBURSEMENT OF EXPENSES. The Company shall pay or reimburse the Directors and the Officers (without mark-up) for any reasonable expenses incurred on behalf of the Company.

15.2 BUSINESS JUDGMENT RULE. The Directors and Officers shall perform all Actions in good faith and shall exercise their business judgment when managing the Company and its business. Unless otherwise expressly limited herein or by the Act, the Board has sole, absolute, arbitrary and subjective discretion over all Actions of the Company. A Company agent, which includes the Directors, Officers and other agents engaged by the them, may rely and shall be justified in acting or refraining from acting upon any certificate, document, or other instrument that such agent believed was genuine and signed or presented by the proper party(ies). On behalf of the Company, the Board may hire experts, which include legal counsel, accountants, tax consultants, appraisers, management consultants, investment bankers and other advisors. Any advice within such expert's professional competence fully justifies any Action taken by the Board or a Company agent in accordance with such advice.

15.3 NO REQUIRED TIME. The Directors and Officers may devote such time to the performance of their duties as they, in good faith, deem appropriate.

15.4 NO EXCLUSIVE DUTY TO COMPANY. No Director or Officer shall be required to manage the Company as such Person's sole and exclusive function and he or she may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of another Member, Director or Officer or to the income or proceeds derived therefrom, unless such investments or activities are otherwise in violation of this Agreement.

15.5 NO OBLIGATION TO PRESENT OPPORTUNITIES TO COMPANY. No Member or Director has any obligation to present any business opportunity to the Company, unless the opportunity is of a character such that it would be eligible to become Company Property within the guidelines of the Company's plan for the Business of the Company. Except as described in the preceding sentence, a Member may, without presentation to the Company, take advantage of any business opportunity for its own account. The Company and the Members waive any right to share or participate in any income or profit derived by a Member from any such opportunity.

ARTICLE XVI
SECURITIES AND TAX MATTERS

16.1 SECURITIES LAWS. Notwithstanding any provision in this Agreement to the contrary, no Member shall Transfer its Interest by will, trust or otherwise, whether voluntary or involuntary, to any individual, corporation, partnership, trust or other entity that if such Transfer would, in the opinion of the legal counsel for the Company, result in a violation of either federal or applicable state securities Laws.

16.2 RETURNS AND OTHER ELECTIONS. The Board shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Fiscal Year (taking into account any extensions of such filings elected or requested by the Board). All elections permitted to be made by the Company under federal or state Laws shall be made by the Board in its sole discretion.

16.3 ALLOCATION OF INCOME AND LOSS AND DISTRIBUTIONS IN RESPECT OF INTERESTS TRANSFERRED.

(a) If any Interests are Transferred, or any Interest is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of income, gain, loss, deduction, or credit of the Company for such Fiscal Year shall be assigned *pro rata* to each day in the particular period of such Fiscal Year to which such item is attributable (*i.e.*, the day on or during which it is accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member based upon its respective Interest at the close of such day.

(b) Distributions shall be made only to the Members who, according to the books and records of the Company, are the holders of record of Interests as Members in respect of which such distributions are made on the actual date of distribution. Neither the Company nor any member of the Board or any Officer shall incur any liability for making, or not making, distributions in accordance with the provisions of the preceding sentence, whether or not the Company or such Person has knowledge or notice of any Transfer or purported Transfer of Interests which has not been approved in accordance with the provisions of ARTICLE XVII. Notwithstanding any provision above to the contrary, any gain or loss of the Company realized in connection with a sale or other disposition of any Company Property shall be allocated solely to the parties owning Interests as of the date such sale or other disposition occurs.

16.4 TAX DECISION NOT SPECIFIED. Tax decisions and elections for the Company not provided for herein must be approved by the Board.

16.5 NOTICE OF TAX AUDIT. Prompt notice shall be given to the Members upon receipt of advice that the IRS intends to examine the Company income tax returns for any year.

16.6 AUDITS BY THE INTERNAL REVENUE SERVICE ("IRS"). For purposes of compliance with Code Sections 6221 through 6233, the following shall be applicable:

- (a) The Treasurer (or, if no Person holds such office, the Chairman) shall be the initial Tax Matters Member ("*Tax Matters Member*"), as defined under Code Section 6231(a)(7), prior to the effective date of the amendment by the Revised Partnership Audit Procedures, and as the "partnership representative" of the Company for any tax period subject to the provisions of Section 6223 of the Code, as amended by the Revised Partnership Audit Procedures (in each such capacity, the "*Tax Matters Representative*"), after the effective date of the Revised Partnership Audit Procedures;
- (b) The Tax Matters Representative may be changed by designation of the Board;
- (c) The Tax Matters Representative shall be required to comply with the duties and notice requirements imposed under the Code on the Tax Matters Representative and, additionally, shall immediately, in writing, notify all Members of any proposed position espoused by the IRS or with any state, local, or non-U.S. taxing authority that is adverse to the position taken by the Company on any previously filed tax return;
- (d) The Members acknowledge and agree that it is the intention of the Members to minimize any obligations of the Company to pay taxes and interest in connection with any audit of the Company, including, if the Tax Matters Representative so determines, by means of elections under Section 6226 of the Code and/or the Members filing amended returns under Section 6225(c)(2) of the Code, in each case as amended by the Revised Partnership Audit Procedures. The Members

agree to cooperate in good faith, including by timely providing information requested by the Tax Matters Representative and making elections and filing amended returns requested by the Tax Matters Representative, and by paying any applicable taxes, interest and penalties, to give effect to the preceding sentence. The Company shall make any payments it may be required to make under the Revised Partnership Audit Procedures and, in the Tax Matters Representative's discretion, allocate any such payment among the current or former Members of the Company for the "reviewed year" to which the payment relates in a manner that reflects the current or former Members' respective interests in the Company for that year and any other factors taken into account in determining the amount of the payment. To the extent payments are made by the Company on behalf of or with respect to a current Member in accordance with this Section 16.6(d), such amounts shall, at the election of the Tax Matters Representative, (i) be applied to and reduce the next distribution(s) otherwise payable to such Member under this Agreement or (ii) be paid by the Member to the Company within thirty (30) days of written notice from the Tax Matters Representative requesting the payment. In addition, if any such payment is made on behalf of or with respect to a former Member, that Member shall pay over to the Company an amount equal to the amount of such payment made on behalf of or with respect to it within thirty (30) days of written notice from the Tax Matters Representative requesting the payment. The provisions contained in this Section 16.6(d) shall survive the dissolution of the Company and the withdrawal of any Member or the transfer of any Member's Interest in the Company and shall apply to any current or former Member

- (e) The Company shall reimburse the Tax Matters Representative for any expenses incurred in acting as Tax Matters Representative and, additionally, shall immediately pay the reasonable fees and costs for any tax advisors employed by the Tax Matters Representative to assist it in handling the audit and responding to the positions asserted by the IRS;
- (f) The Tax Matters Representative shall be indemnified and held harmless for any liability to any Member for any Actions taken as Tax Matters Representative if such Actions were taken in furtherance of the Company's interests, were not illegal or fraudulent and were taken in the reasonable belief that such Actions were in the best interests of the majority of the Members;
- (g) The Tax Matters Representative may resign at any time by notice to the Board not less than fifteen (15) days prior to the effective date of resignation. With any such resignation, the Board shall appoint a successor Tax Matters Representative.

ARTICLE XVII **TRANSFERS**

17.1 GENERAL.

- (a) Applicability. All Interests now owned or hereafter acquired by each Interest Holder shall be subject to the terms and conditions and restrictions on Transfer set forth in this ARTICLE XVII.
- (b) General Prohibition on Transfers. Except as otherwise provided herein and subject to satisfaction of the conditions set forth in Sections 17.2 and 17.8, no Interest Holder shall have the right to

Transfer all or any part of such Interest Holder's Interest (or any Management Right or Economic Right of such Interest Holder with respect thereto) to any Person unless:

- (i) the Transfer is effected with Member Consent, which consent can be granted or withheld by any member of the Board in its sole and absolute discretion, with or without cause (and further provided that the giving of Member Consent in any one or more instances shall not limit or waive the need for such consent in any other or subsequent instances); or
- (ii) such Person is an Eligible Person.

For purposes of clarity, Member Consent shall not be required for any Transfer described in paragraph (ii). Any Transfer described in clauses (i) or (ii) shall be considered a "*Permitted Transfer*". Any Assignee of an Interest Transferred by a Permitted Transfer shall be a "*Permitted Transferee*".

(c) Indemnification. Each Interest Holder shall hold the Company and each other Member harmless from any fees, judgments, fines, penalties, costs, damages or losses (including liabilities for income taxes and costs of enforcing this provision, including reasonable attorneys' fees) incurred by the Company or any of the other Members as a result of any Transfer in violation of this Agreement or any applicable Laws, including federal or state securities Laws.

17.2 AGREEMENTS WITH PERMITTED TRANSFEREES. No Permitted Transfer shall be effective to make the Assignee thereof a Member or entitle such Assignee to any Management Rights or Economic Rights unless and until the proposed Assignee agrees in writing to assume and be bound by all the obligations of the Assignor and be subject to all the restrictions to which the Assignor is subject under the terms of this Agreement and any further agreement or other matter contemplated by this Agreement to which the Assignor is then subject or is then required to be a party. Furthermore, unless waived in whole or in part by the Board, no Transfer of all or any portion of an Interest may be effective unless the following conditions are met:

- (a) The delivery to the Company of a fully executed copy of all documents relating to the Transfer, including this Agreement, an instrument of transfer and the agreement in writing of the Assignee to:
 - (i) be bound by the terms of this Agreement;
 - (ii) pay all reasonable costs and expenses of the Company incident to the Transfer; and
 - (iii) assume all obligations of the Assignor under this Agreement relating to the Interest that is the subject of such Transfer; *provided, however*, that:
 - (1) if less than the entire Interest of the Assignor is to be acquired, then the assumption need only be as to a share of the Assignor's obligations in proportion to the portion of the Assignor's Interest so acquired; and
 - (2) no assumption shall be required unless the Assignee is being substituted or added as a Member.
- (b) The representations of the Assignor and the Assignee, and the delivery of an opinion of counsel reasonably acceptable to the Board, that:

- (i) the Transfer will not cause the Company to be treated as an association taxable as a corporation for Federal income tax purposes; and
 - (ii) the Transfer will not violate the Securities Act of 1933, as amended, or any other applicable Federal or state securities Laws.
- (c) The representation by the Assignor and the Assignee that all of the conditions under this ARTICLE XVII relating to the admission of a Member have been satisfied.

17.3 EFFECT OF ATTEMPTED PROHIBITED TRANSFER. Any purported Transfer other than a Permitted Transfer (a "*Prohibited Transfer*") shall be of no effect as between the Company and the purported Assignee and shall be unenforceable as against the Company or any Member. No Member shall be charged with actual or constructive notice of any such Prohibited Transfer. The Board is expressly prohibited from making allocations and distributions hereunder to any purported Assignee of any such Prohibited Transfer and any Person to whom an Interest is attempted to be transferred in violation of this ARTICLE XVII shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Interest or otherwise as a Member. If the ownership of an Interest is in doubt, or if there is a reasonable doubt as to who is entitled to distribution of cash or property attributable to such Interest, the Board may accumulate any cash otherwise distributable to the holder of such Interest until such issue is finally determined and resolved. Such accumulated cash or property will be credited to the Capital Account of the Interest Holder whose Interest is in question. If any Person shall acquire an Interest as a result of the action of a court of competent jurisdiction that the Company is required to recognize or otherwise by operation of law (an "*Involuntary Transfer*"), or if an Interest Holder attempts to make a Prohibited Transfer of an Interest, then such Interest shall be immediately subject to the option to purchase set forth in Section 17.7. In the event that the Company or the Members do not exercise their options to purchase that arise as a result of a Prohibited Transfer or an Involuntary Transfer, the holder of such Interest as a result of such Prohibited Transfer or Involuntary Transfer shall be an Assignee and shall be entitled only to the rights of an Assignee as provided in this Agreement, but shall not acquire any other rights of a Member unless admitted as a Member pursuant to Section 17.1(b)(i).

17.4 RESTRAINING ORDER. In the event that any Interest Holder shall at any time Transfer or attempt to Transfer all or any part of its Interest in violation of the provisions of this Agreement and any rights hereby granted, then the Company and any of the other Members, shall, in addition to all rights and remedies at law and in equity, be entitled to a decree or order restraining and enjoining such Transfer and the offending Interest Holder shall not plead in defense thereto that there would be an adequate remedy at law; it being hereby expressly acknowledged and agreed that damages at law will be an inadequate remedy for a breach or threatened breach of the violation of the provisions concerning Transfer set forth in this Agreement. In the case of a Prohibited Transfer (or attempted Prohibited Transfer) or Involuntary Transfer, the parties engaging (or attempting to engage) in such Prohibited Transfer or causing such Involuntary Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that the Company or any of such indemnified Members may incur (including incremental tax liabilities, lawyers' fees and expenses) as a result of such Prohibited Transfer (or attempted Prohibited Transfer) or Involuntary Transfer and efforts to enforce the restraining order and indemnity granted hereby.

17.5 REASONABLENESS. Each Member hereby acknowledges the reasonableness of the restrictions imposed by this Agreement in view of the Company's purposes and the relationship of the Members. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable.

17.6 GENERAL. A Permitted Transferee of an Interest shall be admitted as a Member in place of the Assignor Transferring its Interest to the Permitted Transferee and shall have all rights of a Member with respect to the Interest Transferred. An Assignee of an Interest other than a Permitted Transferee shall be admitted as a Member only with Member Consent. The rights of an Assignee who is not admitted as a Member shall be limited to the right to receive allocations and distributions from the Company with respect to the Interest Assigned as provided by this Agreement. The Assignee of such Interest shall not be a Member with respect to such Interest, and, without limiting the foregoing, shall not have the right to inspect the Company's books, act for or bind the Company, vote in Company decisions, or otherwise interfere in its operations. Any Interest held by an Assignee shall be subject to all restrictions applicable to a Transfer of an Interest, including the option to purchase contained in Section 17.7; those restrictions shall be applied as though the Assignee were a Member Transferring an Interest. Regardless of whether an Assignee is a Permitted Transferee, the Assignee shall pay all reasonable fees and expenses incurred by the Company in connection with the Transfer, including attorneys' and accountants' fees, as determined by the Board. The Member List shall reflect the same information with regard to Assignees as it does with regard to Members.

17.7 INVOLUNTARY WITHDRAWAL OF A MEMBER.

(a) In the event of the Involuntary Withdrawal of a Member (for purposes of this Section 17.7, the "*Withdrawing Member*"), the Company shall have the option to redeem, and if such option is exercised as provided herein, the Withdrawing Member or its successor shall sell, all of the Withdrawing Member's Interest according to the terms in this Section 17.7. ~~This option may be exercised by delivery~~ of written notice to the Withdrawing Member, not later than forty-five (45) days after the date of the event causing the Involuntary Withdrawal (the "*Triggering Event*"). If the Company does not exercise its option, the option shall lapse and the Remaining Members shall have the option to purchase their Proportionate Share of the Interest owned by the Withdrawing Member at the time of the Triggering Event, upon the same terms that the Company was entitled to redeem such Interest. Any Remaining Member may exercise this option by delivery of written notice to the Withdrawing Member, or the Withdrawing Member's personal representative, as the case may be, not later than forty-five (45) days after the lapse of the Company's option. If neither the Company nor any Remaining Member exercises their respective options to purchase the Withdrawing Member's Interest, then such options shall lapse. If the option is exercised by the Company or Remaining Member(s), the Withdrawing Member's Interest shall be purchased according to Section 17.7(b).

(b) In the event of any purchase pursuant to this Section 17.7, the purchase price (the "*Withdrawal Purchase Price*") shall be an amount equal to the Book Value of the Company times the Withdrawing Member's Percentage Interest. The purchase and sale shall be on the following terms and conditions:

- (i) The Company, by written notice to the Withdrawing Member shall fix a closing date (the "*Withdrawal Closing Date*") for the purchase. The Withdrawal Closing Date shall not be earlier than ten (10) days or later than ninety (90) days after the Trigger Date.
- (ii) The Withdrawal Purchase Price shall be paid by delivery by the Company to the Withdrawing Member of a promissory note (the "*Promissory Note*") payable to the Withdrawing Member in an amount equal to the Withdrawal Purchase Price. The Promissory Note shall be payable in ten (10) equal annual installments of principal and interest beginning one (1) year after Closing, with interest calculated at the long-term applicable federal rate on the date the first payment is to be made and shall contain such other terms and conditions as the parties may agree. Notwithstanding the foregoing, in

the event that the Involuntary Withdrawal is due to the termination of a Member's full-time employment with the Company for any reason other than death, termination for cause (as such term is generally understood) or such Member's resignation (other than for good cause due to the actions of the employer), then in lieu of the Promissory Note, the Withdrawing Member shall be paid in cash at the Withdrawal Closing Date.

17.8 RIGHT OF FIRST REFUSAL ON BONA FIDE OFFER. In the event that an Interest Holder receives a bona fide, written third party offer for the purchase or transfer of all or part of such Interest Holder's Interest, or the Interest Holder desires to sell the Interest Holder's interest then such Interest Holder (the "*Seller*"), shall provide, prior to the sale or other transfer of any or all of the Seller's Interest, a notice that Seller desires to sell his interest in the Negotiated Purchase Price (the "*Written Notice*") to the Company and to the other Members (the "*Remaining Members*"). Within fifteen (15) days after receipt of the Written Notice (the "*Option Period*"), the Company shall have the option to purchase the Seller's Interest for the Negotiated Purchase Price. If the Company decides to exercise its option to purchase such Interest, the Company shall notify the Seller and purchase the Interest for the Negotiated Purchase Price. If the Company does not exercise its option to purchase such Interest within the Option Period, then the Remaining Members shall have the option to purchase their Proportionate Share of the Seller's Interest (at the Negotiated Purchase Price), by giving notice to the Seller of their intent to exercise said option within fifteen (15) days after the expiration of the Option Period. As used in this Section 17.8, "*Proportionate Share*" shall mean that portion of the Seller's Interest which is equal to the ratio that the Percentage owned by each Member who elects to purchase its Proportionate Share of the Seller's Interest pursuant to this Section 17.8 bears to the total Percentage owned by all of the Members who elect to purchase their Proportionate Share of the Seller's Interest. For example, if only one Member elects to purchase such Member's Proportionate Share of the Seller's Interest pursuant to this Section 17.8, then such Member shall be entitled to, and shall be required to, purchase all of the Seller's Interest. In the event that neither the Company, nor any of the Remaining Members, elect to exercise this option within the stated period, the Seller shall be free to sell its Interest to the third party purchaser, provided however, that such sale is on the same terms as those set forth in the Written Notice.

17.9 TAG-ALONG RIGHTS. Notwithstanding the terms of Section 17.8, if any one or more Interest Holder (the "*Selling Holders*") proposes to sell more than one-half of the Interests held by such Selling Holders pursuant to such section, and such Interests, in the aggregate, represent more than thirty percent (30.0%) of the total Percentage Interests in the Company, then, the Selling Holders shall permit each other Interest Holder, or cause each other Interest Holder to be permitted, to sell the same proportionate part of the Interests held by such Interest Holder as the Selling Holders shall sell of the Interests owned by them for the same consideration and otherwise on the same terms and conditions obtained by the Selling Members (the "*Tag-Along Right*"). The obligation of the Selling Holders under this Section 17.9 to afford the other Interest Holders, or cause the other Interest Holders to be afforded, the rights referred to herein will be discharged if the other Interest Holders are given written notice which allows the other Interest Holders thirty (30) days after receipt of such notice to elect to avail themselves of such rights by a written reply, addressed to such Person as may be designated in the notice and, if requested in such notice, sent by registered mail, return receipt requested.

17.10 CONTINUATION OF OBLIGATIONS. Notwithstanding any Transfer, whether Permitted or otherwise, the obligations of each Interest Holder under this Agreement, including the obligations set forth in ARTICLE XXIII, shall continue in full force and effect, and shall be binding and enforceable against, each such Transferring Interest Holder to the same extent as if such Transfer had not occurred.

ARTICLE XVIII
DISSOLUTION

18.1 EVENTS OF DISSOLUTION. Subject to the limitations in ARTICLE XIII, the Company shall be dissolved and its affairs wound up on the earliest of the date (a) if all of the Member(s) agree in writing, determined by all of the Members, or (b) on which the Company sells substantially all of the Company Property, whereupon the Company Property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefore, shall be applied and distributed in the following order:

- (a) first, to creditors, including Interest Holders who are creditors, to the extent permitted by Law, in satisfaction of liabilities of the Company, whether by payment or establishment of reserves, other than liabilities for distributions to Interest Holders under § 18-601 or § 18-604 of the Act;
- (b) second, to Interest Holders and former Interest Holders in satisfaction of liabilities for distributions under § 18-601 or § 18-604 of the Act;
- (c) third, to Interest Holders with positive balances in their Capital Accounts in proportion to their respective positive balances in their Capital Accounts until the balances of their Capital Accounts are reduced to zero; and
- (d) fourth, to the Interest Holders in proportion to their Percentage Interests.

Except as otherwise provided in this Agreement, no Interest Holder shall receive any additional compensation for any services performed pursuant to this Section.

18.2 NEGATIVE CAPITAL ACCOUNT. In the event any Interest Holder's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations for all taxable years, including the year in which the liquidation of the Company takes place), such Interest Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or any other Person for any purpose whatsoever.

18.3 COMPLIANCE WITH TIMING REQUIREMENTS OF TREASURY REGULATIONS. In the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Section to the Interest Holders who have positive Capital Accounts in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2). In the discretion of the Board, a *pro rata* portion of the distributions that would otherwise be made to the Interest Holders pursuant to this Section may be:

- (a) distributed to a trust established for the benefit of the Interest Holders for the purposes of liquidating Company Property, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Board arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Interest Holders from time to time, in the reasonable discretion of the Board, in the same proportions as the amount distributed to such trust by the Company, would otherwise have been distributed to the Interest Holders pursuant to this Agreement; or
- (b) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations

owed to the Company, provided that such withheld amounts shall be distributed to the Interest Holders as soon as reasonably practicable thereafter.

18.4 DEEMED LIQUIDATION. Notwithstanding any other provisions of this Agreement, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), but no decision to terminate the Company's existence pursuant to the Certificate of Organization or this Agreement has been made, the Company Property shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up.

18.5 RIGHTS OF INTEREST HOLDERS. Except as otherwise provided in this Agreement, each Interest Holder shall look solely to the assets of the Company for the return of such Interest Holder's Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company. Except as otherwise expressly provided in this Agreement, no Interest Holder shall have priority over any other Interest Holder as to the return of Capital Contributions, distributions, or allocations.

18.6 TERMINATION. Upon completion of the winding up, the Company shall terminate.

ARTICLE XIX **ADMINISTRATIVE PROVISIONS**

19.1 OFFICES. The principal office, registered office, and registered agent shall be as set forth in the Certificate of Organization.

19.2 BOOKS AND RECORDS. The Company shall keep full, accurate and current books of account and records at the principal office of the Company or such other office as may be designated for such purpose by the Board upon prior notice to all Members. Upon reasonable notice, each Member, or the Member's designated representative, shall have access to such books and records during reasonable business hours and may inspect and make copies of them at the Member's expense. Each Director shall have access to the Company's books and records as may be requested from time to time. In order to maintain the books and records of the Company, the Board:

- (a) shall have monthly, quarterly and annual financial statements of the Company prepared in such detail as the Board deems appropriate, which financial statements shall be distributed to the Board; and
- (b) may cause the Company's financial statements to be reviewed by an independent certified public accountant to the extent the Board deems necessary.

19.3 NOTICES. All notices required hereunder shall be given in writing and shall be delivered by hand, by facsimile transmission, by overnight delivery service or by registered or certified mail, return receipt requested, postage prepaid, to the Person to receive the same, at such Person's address as then shown on the Member List. All such notices shall be deemed effective (a) when received, if delivered personally and (b) on the Business Day delivered (or the next Business Day following delivery, if not delivered on a Business Day) if sent by facsimile transmission, overnight delivery service or registered or certified mail.

ARTICLE XX **ALTERNATIVE DISPUTE RESOLUTION**

20.1 AGREEMENT TO USE PROCEDURE. The Members have entered into this Agreement in good faith and in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they pledge to attempt to resolve any dispute amicably without the necessity of

litigation. Accordingly, the Members agree that if any dispute arises between them relating to this Agreement (the "*Dispute*"), they will first utilize the procedures specified in this ARTICLE XX (the "*Procedure*") before commencing any other proceedings.

20.2 INITIATION OF PROCEDURE. The Member seeking to initiate the Procedure (the "*Initiator*") shall give written notice to the other Members, describing in general terms the nature of the Dispute, the Initiator's claims for relief, and identifying one or more individuals with authority to settle the Dispute on the Initiator's behalf. The Member(s) receiving such notice (each a "*Respondent*") shall have five (5) Business Days within which to designate by written notice to the Initiator, one or more individuals with authority to settle the Dispute on such Member's behalf. The individuals so designated shall be known as the "*Authorized Individuals*." The Initiator and the Respondents shall be referred to collectively as the "*Disputing Parties*" or individually as the "*Disputing Party*."

20.3 DIRECT NEGOTIATION. The Authorized Individuals shall be entitled to make such investigation of the Dispute as they deem appropriate, but agree to promptly, and in no event later than thirty (30) days from the date of the Initiator's written notice, meet to discuss resolution of the Dispute. The Authorized Individuals shall meet at such times and places and with such frequency as they may agree. If the Dispute has not been resolved within thirty (30) days from the date of their initial meeting, the Disputing Parties shall cease direct negotiations and shall submit the Dispute to mediation in accordance with the following procedure.

20.4 SELECTION OF MEDIATOR. The Authorized Individuals shall have five (5) Business Days from the date they cease direct negotiations to submit to each other a written list of acceptable qualified attorney-mediators not affiliated with or related to any of the Members or their Affiliates. Within five (5) days from the date of receipt of such list, the Authorized Individuals shall rank the mediators in numerical order of preference and exchange such rankings. If one or more names are on both lists, the highest ranking person shall be designated as mediator. If no mediator has been selected under this procedure, the Disputing Parties will jointly request a judge of the Florida Circuit Court or United States District Court having jurisdiction and venue pursuant to Section 24.16, to supply a list of potential qualified attorney-mediators. Within five (5) Business Days of receipt of the list, the Authorized Individuals shall again rank the proposed mediators in numerical order of preference and shall simultaneously exchange such lists and shall select as the mediator the individual receiving the highest combined ranking. If such mediator is not available to serve, they shall proceed to contact the mediator who has the next highest ranking until they are able to select a mediator.

20.5 TIME AND PLACE OF MEDIATION. In consultation with the mediator selected, the Authorized Individuals shall promptly designate a mutually convenient time and place (which place shall be within Broward County, Florida, unless all of the Disputing Parties consent to another place) for the mediation, and, unless circumstances require otherwise, such time shall be no later than forty-five (45) days after selection of the mediator.

20.6 EXCHANGE OF INFORMATION. In the event any Disputing Party has substantial need for information in the possession of another Disputing Party to prepare for the mediation, all Disputing Parties shall attempt in good faith to agree to procedures for the expeditious exchange of such information, with the help of the mediator if required.

20.7 SUMMARY OF VIEWS. At least seven (7) days before the first scheduled session of the mediation, each Disputing Party shall deliver to the mediator and to the other Disputing Parties a concise written summary of its views on the matter in Dispute and such other matters required by the mediator. The mediator may also request that a confidential issue paper be submitted by each Disputing Party.

20.8 PARTIES TO BE REPRESENTED. In the mediation, each Disputing Party shall be represented by an Authorized Individual and may also be represented by legal counsel. In addition, each Disputing Party may, with permission of the mediator, bring such additional Persons as needed to respond to questions, contribute information, and participate in the negotiations.

20.9 CONDUCT OF MEDIATION. The mediator shall determine the format for the meetings, which must be designed to assure that both the mediator and the Authorized Individuals have an opportunity to hear an oral presentation of each Disputing Party's views on the matter in dispute, and that the Authorized Individuals, the Disputing Parties, and their counsel (if any) attempt to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others, but with the assistance of the mediator. To this end, the mediator is authorized to conduct both joint meetings and separate private caucuses with the Disputing Parties. The mediation session shall be private. The mediator will keep confidential all information learned in private caucus with any Disputing Party unless specifically authorized by such Disputing Party to make disclosure of the information to the other Disputing Party. The Disputing Parties commit to participate in the proceedings in good faith with the intention of resolving the Dispute if at all possible.

20.10 CONFIDENTIALITY. Mediation is a compromise negotiation for purposes of Federal and Florida Rules of Evidence and constitutes privileged communication. The entire mediation process is confidential; no stenographic, visual, or audio record thereof shall be made. All conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of the mediation by any Disputing Party, their agents, employees, representatives, or other invitees and by the mediator shall be confidential and shall, in addition and where appropriate, be deemed privileged. Such conduct, statements, promises, offers, views, and opinions shall neither be (a) discoverable or admissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, nor (b) disclosed to anyone who is not an agent employee, expert, witness, or representative of any of the Members. Notwithstanding the foregoing, however, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

20.11 TERMINATION OF PROCEDURE. The Disputing Parties agree to participate in the mediation procedure to its conclusion. The mediation shall be terminated (a) by the execution of a settlement agreement by the Disputing Parties, (b) by a declaration of the mediator that the mediation is terminated, or (c) by a written declaration of a Disputing Party to the effect that the mediation process is terminated at the conclusion of one full day's mediation session. Even if the mediation is terminated without a resolution of the Dispute, the Disputing Parties agree not to terminate negotiations and not to commence any additional proceedings prior to the expiration of five (5) days following the mediation. Notwithstanding the foregoing, any Disputing Party may commence additional proceedings within such five (5) day period if the Dispute could be barred by an applicable statute of limitations.

20.12 ARBITRATION. If the Disputing Parties are not successful in resolving the dispute through the mediation process, the Disputing Parties may unanimously elect, but shall not be required, to submit the matter to binding arbitration in accordance with the provisions of the Florida Arbitration Act, Chapter 682, Florida Statutes. Judgment upon the award rendered by the arbitrator(s) may be entered into any court having jurisdiction.

20.13 SELECTION OF ARBITRATOR. The Authorized Individuals shall have ten (10) Business Days from the date they cease mediation to submit to each other a written list of acceptable qualified attorney-arbitrators not affiliated with any of the Members. Within five (5) days from the date of receipt of such list, the Authorized Individuals shall rank the arbitrators in numerical order of preference and exchange such rankings. If one or more names are on both lists, the highest ranking person shall be designated as arbitrator. If no arbitrator has been selected under this procedure, the Disputing Parties are jointly to request a judge of the Florida Circuit Court or the United States District

Court having jurisdiction and venue pursuant to Section 24.16 to supply a list of potential qualified attorney-arbitrators. Within five (5) Business Days of receipt of the list, the Authorized Individuals shall again rank the proposed arbitrators in numerical order of preference and shall simultaneously exchange such list and shall select as the arbitrator the individual receiving the highest combined ranking. If such arbitrator is not available to serve, they shall proceed to contact the arbitrator who has the next highest ranking until they are able to select an arbitrator.

20.14 FEES OF MEDIATION AND ARBITRATION; DISQUALIFICATION. The fees and expenses of the mediator and/or arbitrator(s), if any, shall be shared equally by the Disputing Parties. The mediator and arbitrator(s), if any, shall be disqualified as witnesses, consultants, experts, or counsel for any Disputing Party with respect to the Dispute and any related matters.

ARTICLE XXI **LIABILITY AND INDEMNIFICATION**

21.1 NO PERSONAL LIABILITY. This Agreement neither creates a partnership among the Members nor establishes a relationship for any purpose other than the limited liability company as expressly set forth herein. Neither the Company nor any Member shall be responsible or liable for any indebtedness or obligation of any other Member or otherwise relating to the Company whether incurred or arising before or after the execution of this Agreement, except as to those responsibilities, liabilities, indebtedness or obligations incurred after the date hereof pursuant to and as limited by the provisions of this Agreement; provided, however, the foregoing shall in no way limit or otherwise adversely affect such indebtedness to which a Member has expressly agreed to guarantee or otherwise be liable for.

21.2 LIABILITY OF MEMBERS. No Member shall be obligated to make additional Capital Contributions to the Company except as provided in ARTICLE VIII. No Member (nor any shareholder, director, officer, member, principal, employee or agent of any Member or any Affiliate of any Member) shall have any personal liability with respect to the liabilities or obligations of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Agreement, the Certificate of Organization or the Act shall not be grounds for imposing personal liability on the Members for liabilities or obligations of the Company. The Board shall not be liable, responsible or accountable in damages or otherwise to any of the Members or to the Company for errors in judgment or any acts or omissions resulting from errors in judgment or for any act or omission performed or omitted by it in good faith, and in the reasonable belief that such act or omission was within the scope of the authority granted to it by this Agreement, provided that the Board, or any member thereof, was not guilty of gross negligence or willful misconduct.

21.3 LIABILITY FOR CERTAIN ACTS. The Board shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member (or successor thereto), except to the extent, if any, that the loss or damage shall have been the result of gross negligence, fraud, deceit, willful misconduct, or breach of this Agreement.

21.4 INDEMNIFICATION.

(a) Actions by Third Persons. Unless otherwise prohibited by the Laws of the State of Delaware, the Company shall indemnify any Person who was or is a party (other than as a plaintiff) or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Company, by reason of the fact that such Person is or was a member of the Board, Officer, Member, employee or agent of the Company, or is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or

other enterprise or entity (an "*Indemnitee*") against expenses (including but not limited to reasonable attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by it in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any claim, action or proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that its conduct was unlawful.

(b) Actions by the Company. Unless otherwise prohibited by the Laws of the State of Delaware, the Company shall indemnify Indemnitee who was or is a party (other than as a plaintiff) or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company, to procure a judgment in its favor by reason of the fact that he or she is or was a member of the Board, Officer, employee or agent of the Company, or is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise or entity against expenses (including but not limited to reasonable attorneys' fees) actually and reasonably incurred by it in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company; notwithstanding the foregoing, no indemnification shall be made in respect of any claim, issue or matter as to which such Person shall have been adjudged to be liable to the Company.

(c) Determination. Any indemnification provided to an Indemnitee pursuant to Section 21.4(a) or Section 21.4(b), unless ordered by a court, shall be made by the Company only as authorized in the specific case upon a determination that indemnification of a member of the Board, Officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such Sections, as applicable. Such determination shall be made:

- (i) except as provided in clause (ii) below, if the Members are disinterested and not a party to such action, by a Member Consent;
- (ii) if the Members are disinterested and not a party to such action, by independent legal counsel in a written opinion if so elected by Member Consent; or
- (iii) if the Members are not disinterested, regardless of whether the Members are a party to such action, by independent legal counsel in a written opinion.

(d) Expense Advances. Expenses incurred by an Indemnitee in defending a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon the Company's receipt of an application therefore by or on behalf of such Indemnitee. Indemnitee shall repay such amounts if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized by the provisions of this Section 21.4. Such expenses incurred by other employees and agents may be paid upon such terms and conditions, if any, as the Members deem appropriate.

(e) Insurance. The Company may, to the full extent permitted by the Laws of the State of Delaware, purchase and maintain insurance on behalf of any Indemnitee against any liability asserted against and incurred by it in any such capacity or arising out of its status as such, whether or not the

Company would have the power to indemnify such Indemnitee against such liability under the provisions of this Section 21.4.

(f) Continuation of Indemnification. The indemnification and advancement of expenses provided by or granted pursuant to this Section shall continue as to a Person who has ceased to be a member of the Board, Officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person as well as the successors of any entity.

(g) Other Matters regarding Indemnification.

- (i) Any indemnification permitted under this Section 21.4 shall be made only out of the assets of the Company, and no Member shall be obligated to contribute to the capital of, or loan funds to, the Company to enable the Company to provide such indemnification;
- (ii) In no event may an Indemnitee subject a Member to personal liability by reason of the indemnification provisions of this Agreement, except for the matters set forth in this Agreement; and
- (iii) The provisions of this Section 21.4 are for the benefit of the Indemnitees and the heirs, successors, permitted assigns, administrators and personal representatives of the Indemnitees and shall not be deemed to create any ~~rights for the benefit of any other Persons.~~ The indemnification obligations under this Section 21.4 shall survive the Transfer of any Interest by any Member, the Transfer of Company Property or any portion thereof by the Company, or the dissolution of the Company.

ARTICLE XXII POWER OF ATTORNEY

Each Member hereby irrevocably makes, constitutes and appoints the Chairman (or any Person named by the Members holding a majority of the Interests), acting singly, with full power of substitution, so long as such Person is acting in such a capacity (and any successor Person thereof so long as such successor Person is acting in such capacity), its true and lawful attorney, in such Person's name, place and stead (it is expressly understood and intended that the grant of such power of attorney is coupled with an interest) to make, execute, sign, acknowledge, swear and file with respect to the Company:

- (a) all amendments of this Agreement adopted in accordance with the terms hereof;
- (b) all documents which such Person deems necessary or desirable to effect the dissolution and termination of the Company;
- (c) all such other instruments, documents and certificates which may from time to time be required by the Laws of the State of Delaware or any other jurisdiction in which the Company shall determine to do business, or any political subdivision or agency thereof, to effectuate, implement, continue and defend the valid existence of the Company; and
- (d) all instruments, documents and certificates which the Board deems necessary or desirable in connection with a Reorganization which has been authorized in accordance with the terms of this Agreement.

This power of attorney shall not be affected by and shall survive the bankruptcy, insolvency, death, incompetency, or dissolution of a Member and shall survive the delivery of any assignment by the Member of the whole or any portion of its Interest. Each Member hereby releases each Person from any liability or claim in connection with the exercise of the authority granted pursuant to this power of attorney, and in connection with any other Action taken by such Person pursuant to which such Person purports to act as the attorney-in-fact for one or more Members, if the Person believed in good faith that such Action taken was consistent with the authority granted to it pursuant to this ARTICLE XXII.

ARTICLE XXIII
NON-COMPETITION; NON-SOLICITATION AND NON-DISCLOSURE

23.1 NONCOMPETITION. Except with the express written consent of the Board, no Member or owner of Member shall compete anywhere, directly or indirectly, through an Affiliate or otherwise, either for its own benefit or for the benefit of any other Person, directly compete in any capacity (through any form of ownership or as an advisor, principal, agent, partner, officer, director, employee, employer, consultant, member of any association or in any other manner whatsoever) with the Business of the Company during the period of its ownership of Units and, with respect to Members other than Logistec and its Affiliates, for the greater of (the "*Restricted Period*") (a) three (3) years after ceasing to be a Member (whether such cessation is due to withdrawal, dissociation, Permitted Transfer or otherwise) or (b) three (3) years after termination of employment, for any reason whatsoever, with respect to any individual Affiliates of a Member who are employed by the Company, Logistec or any of their Affiliates, nor will any Member or Affiliate, directly or indirectly, assist or encourage any other Person in carrying out, directly or indirectly, any activity that would be prohibited by the foregoing provisions of this Section 23.1 if such activity were carried out by such Member, either directly or indirectly.

23.2 ACKNOWLEDGEMENT. By its execution hereof, each Member hereby acknowledges that:

- (a) the geographic boundaries, scope of prohibited activities and the time duration of the provisions of this Section 23.1 are reasonable and are no broader than are necessary to protect the legitimate business interests of the Company, and that each Member is relying on the covenant of each Member as an inducement to enter into this Agreement; and
- (b) are fair and reasonable in light of all of the facts and circumstances of the relationship between the Company and Members; however, the Company and Members are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of, and not in derogation of the provisions of Section 23.1, in the event that a court should decline to enforce the provisions of Section 23.1, such Section will be deemed to be modified or reformed to restrict a Member's competition, as applicable, with the Company to the maximum extent, as to time, geography and business scope, which the court will find enforceable. Subject to the foregoing, to the extent that any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable Law, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby.

23.3 NON-SOLICITATION. For the time Restricted Period, no (former) Member, nor any of its Affiliates, shall:

- (a) request, induce or attempt to influence, directly or indirectly, any current or future employee of the Company or any Affiliate of the Company to leave the

employ of the Company or such Affiliate, or in any way interfere with the relationship between the Company or any such Affiliate and any employee thereof;

- (b) employ any Person who as of the date of proposed employment, is an employee of the Company or any Affiliate of the Company; or
- (c) induce or attempt to induce, directly or indirectly, any customer, supplier, distributor, franchisor, licensor, franchisee, licensee or other business relation of the Company or its Affiliates to cease doing business with the Company or any of its Affiliates, or in any way interfere with the relationship between any such customer, supplier, distributor, franchisor, licensor, franchisee, licensee or other business relation of the Company or any of its Affiliates.

23.4 NON-DISCLOSURE. All business information of the Company is deemed confidential and proprietary information and only the Board may authorize disclosure of any such information. From the date of this Agreement, each Member hereby agrees to use only on behalf of the Company, and not otherwise to disclose, information regarding the business and finances of the Company, regardless of the means or capacity in which the Member became aware of such information, until the filing of the Certificate of Cancellation as provided in Section 5.1(c), except that a Member may disclose such confidential information:

- (a) as directed by the Board;
- (b) at any time to a regulatory or judicial authority when legally obligated to do so or when given under appropriate confidentiality arrangements;
- (c) at any time to any Person to the extent not inconsistent with the furthering of the Company's business and affairs and otherwise in accordance with the duties and obligations owed by the disclosing Member to the other Members;
- (d) at any time to Affiliates of a Member; and
- (e) at any time to the directors, officers, employees, agents and advisors, including its attorneys, accountants and bankers, of a Member (or its Affiliates), provided that such Persons are made aware of the confidential nature of such information and agree to keep such information in confidence to the same extent as provided in this Agreement.

For a period of two (2) years after the filing of the Certificate of Cancellation, the restrictions on disclosure or use of such Company information under this Agreement shall continue; *provided, however*, that the two-year period of time after such filing shall not lessen or otherwise affect the obligations of any Member under any other agreement with the Company.

23.5 GENERALLY AVAILABLE INFORMATION. Notwithstanding Section 23.4 above, the obligation of non-disclosure shall not apply to any information relating to the business and finances of the Company which is or becomes generally available to the public through no fault of any Person owing an obligation of non-disclosure or confidentiality to the Company.

23.6 BREACH AND RECOURSE. Each Member hereby acknowledges and agrees that a breach of any of the covenants of non-competition (23.1), non-solicitation (23.3) or nondisclosure (23.4) would be difficult fully to compensate the Company for damages resulting from any breach by it of such provisions of this Agreement and may cause immediate and irreparable injury to the Company and its

Members. Accordingly, in the event of any actual or threatened breach of such provisions, the Company will (in addition to any other remedies which it may have) be entitled to apply to a court for temporary or permanent injunctive relief to enforce such provisions, and such relief may be granted without the necessity of proving actual damages.

23.7 AFFIRMATION OF OTHER RESTRICTIVE COVENANTS. The Members acknowledge that the restrictions and covenants set forth herein are in addition to, and not in lieu or substitution of, any other restrictive covenants, each of which other restrictive covenants are expressly affirmed as being valid and binding obligations of such Members notwithstanding the terms and conditions of this ARTICLE XXIII.

ARTICLE XXIV **MISCELLANEOUS**

24.1 AMENDMENT. This Agreement may be amended only with Member Consent.

24.2 ATTORNEYS' FEES. In the event any of the Members institutes a legal proceeding to enforce its rights hereunder and/or in regard to the Company, the legal fees and all costs of the proceeding shall be paid by the non-prevailing party to the prevailing party, whether in arbitration, at trial, or on appeal.

24.3 COUNTERPARTS. This Agreement may be executed in any number of counterparts, ~~each of which is an original but all of which shall constitute one and the same instrument.~~

24.4 ENTIRE AGREEMENT. This Agreement together with the Certificate of Organization constitutes the entire agreement of the parties with respect to the subject matter described herein and replaces and supersedes all prior and contemporaneous agreements by and among the parties with respect to the subject matter hereof. Any prior understandings or representations preceding the date of this Agreement will not be binding on any party.

24.5 GOVERNING DOCUMENTS; EFFECT OF INCONSISTENCIES. The Members intend that this Agreement, together with the Certificate of Organization, shall be the sole source of the relationship among the Members, and, except to the extent a provision of this Agreement (a) expressly incorporates federal income tax rules by reference to sections of the Code or Treasury Regulations or (b) is expressly prohibited or ineffective under the Act, this Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act. To the extent any provision of this Agreement is prohibited or ineffective under the Act, this Agreement shall be considered amended to the smallest degree possible in order to make such provision effective under the Act. If the Act is subsequently amended or interpreted in such a way as to validate a provision of this Agreement that was formerly invalid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

24.6 FURTHER ASSURANCES. Each party will execute and deliver such other instruments, provide such information, and take or forbear such further acts as may be reasonably required to carry out the intent and purpose of this Agreement as long as it is not inconsistent with the terms of this Agreement.

24.7 GOVERNING LAW. This Agreement, and the application and interpretation hereof, shall be exclusively governed by and construed in accordance with the Laws of the State of Delaware, and specifically the Act, without giving effect to any choice or conflicts of law provisions or rule (of either the State of Delaware or any other jurisdiction).

24.8 NOTICE. Whenever notice is required to be given under this Agreement, it shall be given in writing and sent to the address for each part as specified in herein; if such notice is served by certified mail, return receipt requested, it shall be deemed to have been given on the date four days after the date such notice is mailed.

24.9 RIGHTS AND REMEDIES CUMULATIVE. The rights and remedies provided in this Agreement are cumulative; the use of any one right or remedy shall not preclude or waive any other right or remedy.

24.10 SEVERABILITY. If any provision in this Agreement is held to be invalid, illegal, or unenforceable in any respect or the application of any provision is held to be invalid, illegal, or unenforceable as to any Person, fact, circumstance or situation, such invalidity, illegality, or unenforceability shall not affect the remainder of such provision, any other provision hereof, or any permitted application. This Agreement shall be construed so as to be valid, legal, binding and enforceable to the fullest extent permitted by Law, as if this Agreement had never contained any such invalid, illegal, or unenforceable provision.

24.11 SPECIFIC PERFORMANCE. Each Member agrees with the other Members that (a) the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms, and (b) monetary damages would not provide an adequate remedy in such event. Therefore, the Members all agree that, in addition to any other remedy to which a Member may be entitled, at law or in equity, the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement in any action instituted in any court having subject matter jurisdiction thereof.

24.12 SUCCESSORS. To the full extent permitted by Law, this Agreement shall be binding upon and shall operate for the benefit of each party and shall be binding upon and shall operate for the benefit of their heirs, legal representative, transferees, assigns, and any successor to any such Person.

24.13 SURVIVAL OF REPRESENTATIONS, WARRANTIES, AND COVENANTS. The covenants, representations, warranties and other written statements set forth in this Agreement or any separate instrument pursuant to which the Members subscribe to this Agreement shall survive the execution and delivery hereof and thereof. Each of such covenants, representations, warranties and other written statements shall be deemed to be independent and material and to have been relied upon by the party to whom made.

24.14 TIME. If any date described in this Agreement falls on a Saturday, Sunday or national holiday that date shall be automatically extended to the next day that is not a Saturday, Sunday or national holiday.

24.15 THIRD PARTY BENEFICIARIES. Except as otherwise provided herein, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of a Member or the Company.

24.16 VENUE AND JURISDICTION. Subject to the provisions in ARTICLE XX regarding mediation and arbitration, the parties consent to exclusive jurisdiction and venue in the courts having jurisdiction over Broward County, Florida in connection with any action, suit, or other proceeding arising from, relating to, or in any way connected with this Agreement. Each party agrees that it will not assert in any such action, suit, or proceeding that it is not personally subject to the jurisdiction of such court, that the action, suit, or proceeding is brought in an inconvenient forum, and/or that the venue of the action, suit, or proceeding is improper. Each such party further irrevocably consents to the service of process out

of any of the aforementioned courts in any such action or proceeding by the mailing by certified or registered mail, return receipt requested, of any process required by any such court and acknowledges that it shall constitute valid and lawful service of process against them, without necessity for service by any other means by statute or rule of court; provided, however, notwithstanding the foregoing, a party hereto may otherwise effect service of process in accordance with the laws of the State of Florida. Each party hereto agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law; provided, however, that nothing in this Section 24.16 is intended to impair any party's right under applicable Legal Requirement to appeal or seek a stay of any judgment. Each party hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in such courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

24.17 WAIVER. The failure to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

24.18 WAIVER OF JURY TRIAL. EACH MEMBER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AFTER OPPORTUNITY FOR CONSULTATION WITH INDEPENDENT COUNSEL, WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING ARISING FROM OR BASED UPON ANY LITIGATION OR OTHER PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR OBLIGATIONS ARISING FROM THIS AGREEMENT OR ANY COURSE OF DEALING, COURSE OF CONDUCT, STATEMENT (VERBAL OR WRITTEN) OR ACTION OF THE PARTIES IN CONNECTION WITH THIS OPERATING AGREEMENT. EACH PARTY AGREES THAT:

- (a) IT SHALL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED.
- (b) THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO AND SHALL BE SUBJECT TO NO EXCEPTIONS.
- (c) NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * * *

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SIGNATURES FOLLOW ON SEPARATE PAGES]

* * * * *

MEMBER SIGNATURE PAGE
TO
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
LOGISTEC EVERGLADES LLC

The undersigned, by its execution below, hereby adopts, accepts and agrees to be bound by all of the terms and provisions of the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC, a Delaware limited liability company (the "*Company*"), as a Member and holder of Units of the Company.

IN WITNESS WHEREOF, the undersigned has executed this Member Signature Page to the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC as of _____, 2017.

LOGISTEC USA INC.

By: _____
_____, Its _____

MEMBER SIGNATURE PAGE
TO
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
LOGISTEC EVERGLADES LLC

The undersigned, by its execution below, hereby adopts, accepts and agrees to be bound by all of the terms and provisions of the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC, a Delaware limited liability company (the "*Company*"), as a Member and holder of Units of the Company.

IN WITNESS WHEREOF, the undersigned has executed this Member Signature Page to the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC as of _____, 2017.

COLEARY TRANSPORT CO., INC.

By: _____
_____, Its _____

SCHEDULE A
MEMBER LIST
OF
LOGISTEC EVERGLADES LLC

<u>Name and Business Address of Member</u>	<u>Initial Capital Contribution</u>	<u>Units</u>	<u>Initial Percentage Interest</u>
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SCHEDULE B
DEFINITIONS

- B.1 *Act* shall mean the Delaware Limited Liability Company Act, codified as 6 Del. C. § 18-101, *et seq.*, as amended from time to time hereafter (or any corresponding provisions of succeeding Law).
- B.2 *Action* shall mean any action, inaction, determinations, decisions, omissions, refraining from acting, whether directly or indirectly, appropriate, proper, advisable, incidental to, or convenient to further and accomplish the purpose of the Company, unless expressly prohibited by this Agreement or by any Law.
- B.3 *Additional Capital Contributions* has the meaning set forth in Section 8.2(a)(i) of this Agreement.
- B.4 *Adjusted Capital Account Deficit* means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year after giving effect to the following adjustments:
- (a) credit to such Capital Account any amounts that such Member is deemed to be obligated to restore pursuant to the next to the last sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), together with such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain; and
 - (b) debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

- B.5 *Affiliate* means, when used with reference to any Person, (a) any Person that, directly or indirectly, through one or more intermediaries controls, is controlled by, or is under common control with, the specified Person (the term "control" for this purpose, shall mean the ability, whether by the ownership of shares or other equity interest, by contract or otherwise, to elect a majority of the directors of a corporation, independently to select the general partner of a partnership or a manager of a limited liability company, or otherwise to have the power independently to remove and then select a majority of those Persons exercising governing authority over an entity, and control shall be conclusively presumed in the case of the direct or indirect ownership of fifty percent (50%) or more of the equity interests); and (b) an officer, director, shareholder, partner, member or other principal of such Person (if not an individual), or a spouse, lineal ancestor, lineal descendant, or a spouse of lineal descendant of such Person (if an individual), or a trust for the benefit of one or more of the same.
- B.6 *Agreement* has the meaning set forth in the introductory paragraph hereof.
- B.7 *Assignee* means the Person to whom a Transfer, or attempted Transfer, has been made.
- B.8 *Assignor* means any Person who makes, or attempts to make, a Transfer.
- B.9 *Authorized Individual* has the meaning set forth in Section 20.2 of this Agreement.
- B.10 *Bankruptcy* means, with respect to any Member, the occurrence of any of the following events:
- (a) the Member makes an assignment for the benefit of creditors;

- (b) the Member files a voluntary petition of bankruptcy;
 - (c) the Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;
 - (d) the Member files a petition or answer seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law;
 - (e) the Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;
 - (f) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (a) through (e); or
 - (g) any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law, continues for one hundred twenty (120) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated.
- B.11 *Board* has the meaning set forth in Section 13.1 of this Agreement.
- B.12 *Book Value of the Company* means the net book value of the Company based on the information shown on the books of the Company on the last day of the Fiscal Year ending most recently before the date of the Triggering Event.
- B.13 *Business Day* means any day other than Saturday, Sunday or any recognized federal, state or local holiday on which businesses located in Broward, Florida generally are not open in the normal course.
- B.14 *Business of the Company* means (a) breakbulk cargo-handling activities (stevedoring and terminal work) in Port Everglades, Florida currently performed under the JV.
- B.15 *Capital Account* has the meaning set forth in Section 8.1 of this Agreement and more specifically, means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:
- (a) to each Member's Capital Account there shall be credited such Member's Capital Contribution, such Member's distributive share of Profits, any items in the nature of income or gain that are specially allocated pursuant to Section C.1 of **Schedule C** to this Agreement, and the amount of any Company liabilities assumed or paid by such Member or that are secured by any Company Property distributed to such Member;
 - (b) to each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Company Property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses, any items in the nature of expenses or losses that are specially allocated pursuant to Section C.1 of

Schedule C to this Agreement, and the amount of any liabilities of such Member assumed by the Company or that are secured by any Company Property contributed by such Member to the Company;

- (c) in the event an Interest is Transferred in accordance with the terms of this Agreement, the assignee shall succeed to the Capital Account of the assignor to the extent it relates to the Transferred Interest; and
- (d) in determining the amount of any liability for purposes of this Section B.14, Code Section 752(c) and any other applicable provisions of the Code and Treasury Regulations shall be taken into account.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704 1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the Tax Matters Member determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed to comply with such Treasury Regulations, the Tax Matters Member may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to ARTICLE XVIII upon the dissolution of the Company. The Tax Matters Member also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes in accordance with Treasury Regulations Section 1.704 1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event of unanticipated events (for example, the acquisition by the Company of oil or gas properties) that might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704 1(b).

- B.16 **Capital Contribution** means, with respect to any Member, the amount of money and the Initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the Interest held by such Member. The principal amount of a promissory note that is not readily traded on an established securities market and that is contributed to the Company by the maker of the note (or any person related to the maker of the note within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(d)(2). Any interest paid on any such note shall be treated as taxable income to the Company rather than as a Capital Contribution by the maker thereof. **Initial Capital Contribution** means the initial contribution to the capital of the Company made by a Member pursuant to this Agreement.
- B.17 **Certificate of Cancellation** has the meaning set forth in § 18-203 of the Act.
- B.18 **Certificate of Organization** has the meaning set forth in Section 2.1 of this Agreement.
- B.19 **Chairman** has the meaning set forth in Section 14.1(a) of this Agreement.
- B.20 **Code** means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding Law).
- B.21 **Company** means Logistec Everglades LLC, as formed and registered as a limited liability company in accordance with the Act and existing under this Agreement.

- B.22 *Company Minimum Gain* means, with respect to all Nonrecourse Liabilities of the Company, the minimum amount of gain that would be realized by the Company if the Company disposed of the Company Property subject to such Nonrecourse Liabilities in full satisfaction thereof computed as provided in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).
- B.23 *Company Property* means all real and personal property acquired by the Company and any improvements thereto and shall include both tangible and intangible property.
- B.24 *Contributing Member* has the meaning set forth in Section 8.3(a) of this Agreement.
- B.25 *CTC* has the meaning set forth in the Recitals of this Agreement.
- B.26 *Default Notice* has the meaning set forth in Section 8.3 of this Agreement.
- B.27 *Defaulting Member* has the meaning set forth in Section 8.3 of this Agreement.
- B.28 *Depreciation* means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Member
- B.29 *Director* and *Directors* have the meanings set forth in Section 13.1 of this Agreement.
- B.30 *Dispute* has the meaning set forth in Section 20.1 of this Agreement.
- B.31 *Disputing Party* and *Disputing Parties* have the meanings set forth in Section 20.2 of this Agreement.
- B.32 *Economic Rights* means only the right to receive allocations of Profits and Losses and distributions, reimbursement of expenses, and/or a return of capital as, and only as, expressly provided in this Agreement attributable to a specific Interest, but an Economic Right is not an ownership interest in Company and the holder of an Economic Right shall satisfy all duties and obligations imposed on Members by this Agreement but the Economic Rights holder shall not be a Member and shall not have any rights of a Member as provided under the Act or this Agreement.
- B.33 *Effective Date* means November 16, 2016, the date on which the Certificate of Organization were filed.
- B.34 *Eligible Person* means a Member or any Affiliate of a Member that (a) is wholly-owned by such Member or (b) wholly owns the Member.
- B.35 *Fair Market Value of the Interest* means an amount, set by an appraiser, having at least ten (10) years of experience as an appraiser and who is not related to or affiliated with any Member, selected by the Company, at which the property being appraised would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. In determining the Fair Market Value of the

Interest, the selected appraiser shall determine the Fair Market Value of the Interest as of the date of the event giving rise to the need for the appraisal and shall **NOT** make any discounts, including discounts for lack of marketability, lack of liquidity, minority interest, the tax consequences associated with built in gains, or loss of a key individual. The appraisal shall be binding on all of the parties.

B.36 *Fiscal Year* means the twelve-month period commencing on January 1 and ending on December 31.

B.37 *Gross Asset Value* means, with respect to any Company Property, the adjusted basis of such Company Property for federal income tax purposes, except as follows:

- (a) the Gross Asset Value of any Company Property contributed to the Company by a Member shall be, at the time of such contribution, the Initial Gross Asset Value of such asset;
- (b) the Gross Asset Values of all Company Property shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: (i) the acquisition of an additional Interest by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company Property as consideration for an Interest; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made in accordance with Treasury Regulations Section 1.704-1(b)(iv)(f) and only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;
- (c) the Gross Asset Value of any Company Property distributed to any Member shall be adjusted to equal the gross fair market value of such Company Property on the date of distribution; and
- (d) the Gross Asset Values of Company Property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Company Property pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), Section B.36(f) of **Schedule B** and Section C.1(k) of **Schedule C** to this Agreement; *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this Section B.37(d) to the extent the Board determines that an adjustment pursuant to Section B.37(b) at this **Schedule B** is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section B.37(d).

If the Gross Asset Value of any Company Property has been determined or adjusted pursuant to Section B.37(a), Section B.37(b), or Section B.37(d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such item of Company Property for purposes of computing Profits and Losses.

B.38 *Guaranteed Payments* has the meaning set forth in Section 11.5 of this Agreement.

B.39 *Indemnitee* has the meaning set forth in Section 21.4(a) of this Agreement.

B.40 *Initial Gross Asset Value* means:

- (a) with respect to the assets contributed by the Members upon the formation of the Company, the amounts set forth on **Schedule A**; and
 - (b) with respect to any asset contributed by a Member subsequent to the formation of the Company, the gross fair market value of such asset at the time contributed, as determined by agreement between the contributing Member and the Board.
- B.41 *Initiator* has the meaning set forth in Section 20.2 of this Agreement.
- B.42 *Interest* means, with respect to any Member, the Interest held by the Member as shown opposite such Member's name on the Member List and includes, with respect to any Member, all or any portion of such Member's rights and interests in the Company (including the Economic Rights and Management Rights of such Member), including such Member's Units and Percentage Interest.
- B.43 *Interest Holder* means any Person who holds an Interest, whether as a Member or as an unadmitted Assignee of a Member.
- B.44 *Involuntary Transfer* has the meaning set forth in Section 17.3 of this Agreement.
- B.45 *Involuntary Withdrawal* means, with respect to any Member, the occurrence of any of the following events:
-
- (a) the Member's Bankruptcy;
 - (b) an attempt by a creditor (whether a judgment creditor or other type of creditor) to seize the Member's Interest or other assets in satisfaction of a debt;
 - (c) the imposition of a charging order on the Member's Interest;
 - (d) any action similar to any of the foregoing actions being taken with respect to the Member or the Member's assets;
 - (e) the attempted Transfer of all or any part of an Interest other than a Permitted Transfer; or
 - (f) the Member is a full-time employee of the Company and such employment is terminated for any reason whatsoever, including by death or permanent disability.
- B.46 *IRS* has the meaning set forth in Section 16.6 of this Agreement.
- B.47 *Issuance Items* shall have the meaning set forth in Section C.1(h) of **Schedule C** to this Agreement.
- B.48 *Law* means any constitution, statute, rule, regulation, code, injunction, judgment, order, decree, ruling, restriction or charge. Unless expressly limited in a particular provision, such term includes federal, state and local Law. A reference to a specific statute also refers to (a) the regulations, if any, relating to that statute and (b) that statute as revised or amended at the time such statute is being applied.
- B.49 *Logistec* has the meaning set forth in the Recitals of this Agreement.
- B.50 *Management Rights* means the rights, if any, of a Member to participate in the management of the Company and to vote on, consent to, or approve Actions of the Company.

- B.51 *Material Contract* has the meaning set forth in Section 13.5(d)(x) of this Agreement.
- B.52 *Member* means any Person who (a) is referred to as such in this Agreement or has been admitted as an additional or substitute Member pursuant to the terms of this Agreement; and (b) has not ceased to be a Member pursuant to the terms of this Agreement. *Members* means all such Persons.
- B.53 *Member Consent* has the meaning set forth in Section 7.7 of this Agreement.
- B.54 *Member List* has the meaning set forth in Section 7.2 of this Agreement.
- B.55 *Member Loan* has the meaning set forth in Section 8.3(a) of this Agreement.
- B.56 *Member Nonrecourse Debt* has the meaning set forth in Section 1.704-2(b)(4) of the Treasury Regulations.
- B.57 *Member Nonrecourse Debt Minimum Gain* means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(2) of the Treasury Regulations.
- B.58 *Member Nonrecourse Deductions* has the meaning set forth in Section 1.704-2(i)(1) and Section 1.704-2(i)(2) of the Treasury Regulations. The amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a Company fiscal year equals the excess, if any, of the net increase, if any, in the amount of Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt during that fiscal year over the aggregate amount of any distributions during that fiscal year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such distributions are attributable to the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(2) of the Treasury Regulations.
- B.59 *Membership Rights* means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; (iii) right to participate in the management of and vote on matters coming before the Company; and (iv) unless this Agreement or the Certificate of Organization provide to the contrary, right to act as an agent of the Company.
- B.60 *Negotiated Purchase Price* means the greater of Book Value or five (5) times the net income (determined in accordance with GAAP applied on a consistent basis throughout the periods covered) of the Company for the two most recent fiscal adjusted to exclude the effect of any income tax paid or payable by the Company with respect to such periods.
- B.61 *Net Cash* means, collectively, Net Cash from Operations and Net Cash from Sales or Refinancings.
- B.62 *Net Cash from Operations* means the gross cash proceeds from Company operations less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements and contingencies, all as determined by the Board. "*Net Cash from Operations*" shall include the net cash proceeds from all sales or other dispositions made in the ordinary course of business. "*Net Cash from Operations*" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves established pursuant to the preceding sentence.

- B.63 *Net Cash from Sales or Refinancings* means the net cash proceeds from all sales or other dispositions (other than in the ordinary course of business) and all refinancings of Company Property, less any portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the Board in its sole and absolute discretion. “*Net Cash from Sales or Refinancings*” shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with the sale or other disposition (other than in the ordinary course of business) of Company Property. For purposes of clarity, refinancings shall not include debt incurred by the Company in respect of (x) loans made by Members pursuant to Section 8.7, (y) lines of credit or other similar loan arrangements made for the purposes financing the Company’s working capital needs or (z) loans or capital leases incurred in connection with the Company’s acquisition of property, plant and equipment, but shall only be applicable to financing transactions made for the principal purpose of making an extraordinary distribution to the Members.
- B.64 *Non-Defaulting Member* has the meaning set forth in Section 8.3 of this Agreement.
- B.65 *Nonrecourse Deductions* has the meaning set forth in Section 1.704-2(b)(1) of the Treasury Regulations. The amount of Nonrecourse Deductions for a Company fiscal year equals the net increase, if any, in the amount of Company Minimum Gain during that fiscal year over the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Section 1.704-2(c) of the Treasury Regulations.
- B.66 *Nonrecourse Liability* means any Company liability (or portion thereof) for which no Member or Related Person bears the economic risk of loss as set forth in Section 1.704-2(b)(3) of the Treasury Regulations.
- B.67 *Officer* and *Officers* have the meanings set forth in Section 13.1 of this Agreement.
- B.68 *Operating Agreement* has the meaning set forth in the Recitals to this Agreement.
- B.69 *Option Period* has the meaning set forth in Section 17.8 of this Agreement.
- B.70 *Percentage Interest* means, as of the date of any calculation, with respect to any Member, the Percentage Interest set forth opposite such Member’s name on **Schedule A**, as amended from time to time, or such percentage determined by dividing the number of Units held by such Member by the number of Units held by all Members, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member’s Interest. In the event an Interest is Transferred in accordance with the provisions of this Agreement, the assignee of such Interest shall succeed to the Percentage Interest of the assignor to the extent it relates to the Transferred Interest.
- B.71 *Permitted Transfer* has the meaning set forth in Section 17.1(b) of this Agreement.
- B.72 *Permitted Transferee* has the meaning set forth in Section 17.1(b) of this Agreement.
- B.73 *Person* means and includes any individual, trust, corporation, partnership, limited partnership, association, limited liability company, business trust, or any other commercial entity.
- B.74 *Preferred Return Rate* means, for any day, the sum of (i) rate which is published by the *Wall Street Journal* (or by any publication generally recognized to be the successor therefor if the *Wall*

Street Journal ceases publication) as the “prime rate” on such day or if the *Wall Street Journal* is not published on such day, then the immediately preceding day on which the *Wall Street Journal* is published and (ii) 200 basis points (with respect to Member Loans made pursuant to Section 8.3(a)) or 400 basis points (with respect to Member Loans made pursuant to Section 8.3(b)(iii)).

- B.75 *President* has the meaning set forth in Section 14.1(b) of this Agreement.
- B.76 *Procedure* has the meaning set forth in Section 20.1 of this Agreement.
- B.77 *Profits and Losses* mean, for each Fiscal Year or other period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:
- (a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss;
 - (b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be subtracted from such taxable income or loss;
 - (c) in the event the Gross Asset Value of any Company Property is adjusted pursuant to Section B.37(b) or Section B.37(c) of this **Schedule B**, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such Company Property for purposes of computing Profits or Losses;
 - (d) gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Company Property disposed of notwithstanding that the adjusted tax basis of such Company Property differs from its Gross Asset Value;
 - (e) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with Section B.24 of this **Schedule B**;
 - (f) to the extent an adjustment to the adjusted tax basis of any Company Property pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member’s Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of such Company Property) or loss (if the adjustment decreases the basis of such Company Property) from the disposition of such Company Property and shall be taken into account for purposes of computing Profits or Losses; and
 - (g) notwithstanding any other provision of this Section, any items that are specially allocated pursuant to Section C.1 of **Schedule C** to this Agreement shall not be taken into account in computing Profits or Losses. The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Section C.1 of **Schedule C** to

this Agreement shall be determined by applying rules analogous to those set forth in Sections B.77(a) through B.77(f) of this **Schedule B**.

- B.78 *Prohibited Transfer* has the meaning set forth in Section 17.3 of this Agreement.
- B.79 *Promissory Note* has the meaning set forth in Section 17.7(b)(ii) of this Agreement.
- B.80 *Proportionate Share* has the meaning set forth in Section 17.8 of this Agreement.
- B.81 *Related Person* means a Person having a relationship to a Member that is described in Treasury Regulations Section 1.752-4(b).
- B.82 *Remaining Members* has the meaning set forth in Section 17.8 of this Agreement.
- B.83 *Reorganization* means the merger or conversion of the Company, or a sale or other disposition of assets of the Company, or sale or other disposition of Ownership Interests, or other transaction pursuant to which a Person or Persons acquire all or substantially all of the assets of, or Ownership Interests in, the Company in a single or series of related transactions, including a merger or conversion of the Company into a corporation or other entity, whether or not such corporation or other entity has the same owners as the Company and whether or not additional capital is contributed to such corporation or other entity.

- ~~B.84 *Respondent* has the meaning set forth in Section 20.2 of this Agreement.~~
- B.85 *Restricted Period* has the meaning set forth in Section 23.1 of this Agreement.
- B.86 *Revised Partnership Audit Procedures* means the provisions of Subchapter C of Subtitle A, Chapter 64 of the Code, as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 (together with any subsequent amendments thereto, Regulations promulgated thereunder, and published administrative interpretations thereof).
- B.87 *Secretary* has the meaning set forth in Section 14.1(d) of this Agreement.
- B.88 *Secretary of State* has the meaning set forth in Section 2.1 of this Agreement.
- B.89 *Seller* has the meaning set forth in Section 17.8 of this Agreement.
- B.90 *Selling Holders* has the meaning set forth in Section 17.9 of this Agreement.
- B.91 *Tag-Along Right* has the meaning set forth in Section 17.9 of this Agreement.
- B.92 *Tax Distribution* has the meaning set forth in Section 11.7 of this Agreement.
- B.93 *Tax Matters Member* has the meaning set forth in Section 16.6(a) of this Agreement.
- B.94 *Tax Matters Representative* has the meaning set forth in Section 16.6(a) of this Agreement.
- B.95 *Transfer* means, as a noun, any voluntary or involuntary transfer, sale, gift, pledge, hypothecation, encumbrance, transfer at death, passage by operation or process of law, or other disposition, of any Interest and, as a verb, voluntarily or involuntarily, to transfer, sell, give, pledge, hypothecate, encumber, transfer at death, pass by operation or process of law, or dispose of in any other manner, any Interest.
- B.96 *Treasurer* has the meaning set forth in Section 14.1(f) of this Agreement.

- B.97 *Treasury Regulations* means the regulations promulgated by the Department of the Treasury pursuant to the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).
- B.98 *Trigger Date* means:
- (a) With respect to a sale occasioned by the Bankruptcy of a Member, the date such Member became Bankrupt pursuant to the terms of this Agreement; or
 - (b) With respect to the occurrence of any event making a Member ineligible to own an Interest in the Company pursuant to any Applicable Law, or any other event giving rise to an Involuntary Transfer of a Member's Interest, the date that the Company has actual notice of such event.
- B.99 *Triggering Event* has the meaning set forth in Section 17.7(a) of this Agreement.
- B.100 *UCC* has the meaning set forth in Section 9.7 of this Agreement.
- B.101 *Units* has the meaning set forth in Section 9.1 of this Agreement.
- B.102 *Vice Presidents* has the meaning set forth in Section 14.1(c) of this Agreement.
- ~~B.103 *Voluntary Withdrawal* means the dissociation of a Member from the Company by means other than an Involuntary Withdrawal.~~
- B.104 *Withdrawal Closing Date* has the meaning set forth in Section 17.7(b)(i) of this Agreement.
- B.105 *Withdrawal Purchase* has the meaning set forth in Section 17.7(b)(ii) of this Agreement.
- B.106 *Withdrawal Purchase Price* has the meaning set forth in Section 17.7(b)(ii) of this Agreement.
- B.107 *Withdrawing Member* has the meaning set forth in Section 17.7(a) of this Agreement.
- B.108 *Written Notice* has the meaning set forth in Section 17.8 of this Agreement.

SCHEDULE C

C.1 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this **Schedule C**, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items so allocated shall be determined in accordance with Section 1.704-2(f)(6) and Section 1.704-2(j)(2) of the Treasury Regulations. This Section C.1(a) is intended to comply with the minimum gain chargeback requirement in such Sections of the Treasury Regulations and shall be interpreted consistently therewith.

(b) Member Nonrecourse Debt Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this **Schedule C** except Section C.1(a), if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Company fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items so allocated shall be determined in accordance with Section 1.704-2(i)(4) and Section 1.704-2(j)(2) of the Treasury Regulations. This Section C.1(b) is intended to comply with the minimum gain chargeback requirements in such Sections of the Treasury Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section C.1(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section C.1 have been tentatively made as if this Section C.1(c) were not in this Agreement. The provisions of this Section C.1(c) are intended to constitute a "qualified income offset" as that term is defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be construed consistently with any administrative or judicial interpretations of such term.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company fiscal year that is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the next to last sentences of Treasury Regulations Section 1.704-2(g)(1) and Treasury Regulations Section 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section C.1(d) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this **Schedule C** have been made as if Section C.1(c) and this Section C.1(d) were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Members in proportion to their Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).

(g) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any item of Company Property pursuant to Code Section 732, Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall, except to the extent such gain or loss is described in Section B.77 of **Schedule B** to this Agreement, be specially allocated to the Members in accordance with their Percentage Interests in the event Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or the Member to whom such distribution was made in the event Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of Company Interests. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an Interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

(i) Imputed Interest. To the extent the Company realizes taxable interest income pursuant to Section 483 or Sections 1271 through 1288 of the Code with respect to any Member's obligation to make a Capital Contribution under either Section 8.1 or Section 8.2:

- (i) such interest income shall be specially allocated to the Member to whom such obligation to make such Capital Contribution relates; and
- (ii) the amount of such interest income shall be excluded from the Capital Contribution credited to such Member's Capital Account in connection with the payment of any principal amount of such Capital Contribution.

(j) Capital Account Limit on Loss Allocation. In the event that any allocation of Loss would cause or increase a Member's Adjusted Capital Account Deficit as of the end of the Company fiscal year to which such allocation relates, and one or more other Members do not have Adjusted Capital Account Deficits as of the end of such year, then to the extent that such allocation of Loss would cause or increase the Member's Adjusted Capital Account Deficit, such Losses shall instead be charged to the Capital Accounts of Members that would not have an Adjusted Capital Account Deficit as a result of the allocation, in proportion to their respective Capital Accounts, but only to the extent that such Losses do not cause an Adjusted Capital Account Deficit with respect to such other Members. An allocation pursuant to this Section C.1(j) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this **Schedule C** have been tentatively made as if this Section C.1(j) were not in this Agreement.

(k) Curative Allocations. To the extent permitted by the Code and the Treasury Regulations, any special allocations of items of income, gain or loss pursuant to all of the preceding subsections of this Section C.1 or any other reallocations of such items pursuant to the Treasury Regulations under Section

704(b) of the Code prevailing over the allocations otherwise provided for in this Agreement shall be taken into account in determining subsequent allocations of income, gain and loss pursuant to this Section C.1 so that the net amount so allocated shall, to the extent possible, be equal to the net amounts that would have been allocated to each Member pursuant to the provisions of this Agreement if such special allocations or reallocations had not occurred.

C.2 Other Allocation Rules.

(a) In the event additional Members are admitted to the Company, the Profits or Losses allocated to the Members pursuant to Sections 11.1 and C.1 for each such fiscal year during which Members are so admitted shall be allocated among Members based upon the Percentage Interest each holds from time to time during such fiscal year in accordance with Code Section 706, using any convention permitted by Law and selected by the Tax Matters Member.

(b) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Tax Matters Member using any permissible method under Code Section 706 and the Treasury Regulations thereunder.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, and any other allocations not otherwise provided for shall be divided among the Members in the same proportion as they share Profits or Losses, as the case may be, for the fiscal year.

(d) The Members are aware of the income tax consequences of the allocations made by this Section and agree to be bound by the provisions of ARTICLE XVIII and **Schedule C** to this Agreement in reporting their share of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) and 1.704-2(i)(6) of the Treasury Regulations, the Tax Matters Member shall endeavor to treat distributions of Net Cash from Operations or Net Cash from Sales or Refinancings as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

(f) If a Member's Interest is reduced (provided the reduction does not result in a complete termination of the Member's Interest), the Member's share of the Company's "unrealized receivables" and "inventory items" (within the meaning of Code Section 751) shall not, to the extent possible, be reduced, so that, notwithstanding any other provision of this Agreement to the contrary, that portion of the Profits otherwise allocable to such Member's Interest upon a liquidation or dissolution of the Company pursuant to ARTICLE XVIII that is taxable as ordinary income (recaptured) for federal income tax purposes shall, to the extent possible without increasing the total gain to the Company or to any other Member, be specially allocated among all of the Members in proportion to the deductions (or basis reductions treated as deductions) giving rise to such recapture.

C.3 Tax Allocations; Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Company Property to the Company for federal income tax purposes and its Initial Gross Asset Value.

(b) In the event the Gross Asset Value of any item of Company Property is adjusted pursuant to Section B.37 of **Schedule B** to this Agreement, subsequent allocations of income, gain, loss, and

deduction with respect to such Company Property shall take account of any variation between the adjusted basis of such Company Property for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Tax Matters Member in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section C.3 are made solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.



only 2 were listed missing (C)

Department of State / Division of Corporations / Search Records / Detail By Document Number /

Detail by Entity Name

Foreign Limited Liability Company
LOGISTEC EVERGLADES LLC

Filing Information

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Principal Address

2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

Changed: 07/26/2018

Mailing Address

2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

Changed: 07/26/2018

Registered Agent Name & Address

C T CORPORATION SYSTEM
1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324

Authorized Person(s) Detail

Name & Address

Title General Manager

DUBOIS, ANDRE
2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

Resume ✓

- Listed

Title President, Chairman, Director

CORRIGAN, RODNEY
2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

Resume ✓

- Not Listed

Title Port Manager, Director

COLEMAN, WILLIAM ✓
2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

Resume

- Listed

Title Director

BAILEY, MORGAN C. ?
2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

No Resume

- Not Listed

Title Treasurer

LASSEN, JACK, Jr. ?
2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

No Resume

- Not Listed

Title Secretary

STEFANCIC, INGRID ?
2550 EISENHOWER BLVD., STE 304
FT LAUDERDALE, FL 33316

No Resume

- Not Listed

Annual Reports

Report Year	Filed Date
2018	07/26/2018

Document Images

07/26/2018 -- ANNUAL REPORT	View image in PDF format
03/10/2017 -- Foreign Limited	View image in PDF format

Attachment "G"

Logistec Everglades LLC - Port Everglades Managers / Supervisors

Mr. Andre Dubois - General Manager

Mr. William Coleman - Port Manager

Mr. Juan Barberena - Supervisor

Mr. Ricardo Headley - Supervisor

André Dubois

October 30, 2006 - Director of Operations – Port Manatee

Have overall responsibility for the day-to-day vessel and terminal activities in the Port of Manatee.

August 1st, 2005 – Director of Operations – Logistec USA

Have overall responsibility for the day-to-day vessel and terminal activities in the Port of New Haven.

May 1st, 1998 – General Manager - Marine Port Terminals in Brunswick, Georgia

November 22, 1994 – General Manager – Port of Québec

May 1st, 1993 – Operations Manager – Port of Québec

June 1st, 1992 – Superintendent – Port of Québec

William N. Coleman
1275 NW 159 Ave
Pembroke Pines, FL. 33028
Tel# 786-251-2999
W29bill@yahoo.com

Accomplished in developing effective processes and directing complex logistics functions for various projects. Excel at coordinating tasks of numerous internal divisions and external agencies to ensure rapid, accurate delivery of shipments, materials, and resources. Advanced expertise in reviewing invoices and shipping manifests to ensure full compliance with local customs and international regulations. Track record of identifying redundancies and maximizing resources to streamline operations.

AREAS OF EXPERTISE:

- Management
- Quality Assurance
- Standards / Procedures Compliance
- Leadership
- Transportation / Materials Handling
- Inventory Control Processes
- Vendor and Staff Relations
- Continuous Process Improvement

Career Goal

Obtain a position with a professional organization in the maritime industry pertaining to vessel charters and operations, utilizing my operational experience and bilingual abilities.

Professional Experience

Coleary Transport Company, Inc.

Port Manager, 1992 – to present

Operations Management

Provided management and oversight to an office and operational staff relevant to cargo handling, stevedoring and vessel agency. . Managed with a hands on approach the day-to-day operations including office staff, negotiations, providing competitive quotes, port operations, vessel operations and warehouse operations.

Caribbean Transport Lines, Inc.

Operations Manager, 1997 – 2011

Operations Management

Provided management and oversight to an office staff relevant to freight sales and documentation. Managed with a hands on approach the day-to-day operations including office staff, vessel charters, port operations, vessel operations, freight, cargo and warehouse operations.

Vessel Charters

Maintained close relationships with ship and cargo brokers to keep informed on industry trends. Reviewed and negotiated charter parties with regards to daily hire, fuel consumption, lay cans and payment terms. Negotiated daily charter hire for additional vessels to accommodate overages of cargo for liner service. Negotiated daily charter hire for liner vessels during off-season. Maintained voyage calculations based on daily fuel consumption, speed, cargo operations and weather delays. Negotiated cargo claims, demurrage, speed claims and off hire statements when finalizing voyage calculations. Maintained daily communications with all vessels on charter with regards to current position, average speed, daily fuel consumption, fuel remaining onboard and estimated times of arrival.

Port Operations.

Generated loading guides for stevedores preparing to load export vessels. Verified United States Custom Clearance for cargo pending export. Correctly rolled cargo to following voyages if US Custom Clearances were not met. Worked hand in hand with International Longshoreman's Association providing labor for vessels. Maintained relationships with nonunion stevedores in ports that did not require union labor. Worked in conjunction with United States Coast Guard, United States Homeland Security in way of Customs and Immigration. Communicated vessels needs and assisted shore side agents to provide United States Customs and Agriculture clearance for foreign vessels arrivals. Worked closely with crewing, crew transportation, and crew payroll. Coordinated all deliveries to vessel and scheduled all shore side labor to assist with onboard repairs. Assisted with loading vessels and provided stow plans.

Vessel Operations.

Accurately filed vessels Electronic Notice of Arrival to United States Coast Guard prior to vessels arrival in port. Submitted vessels Ballast Water Management reports to USCG. Arranged for berthing prospects with local Harbor Masters to effectively position vessel for ease of loading cargo. Worked with vessels crew to observe and comply with onboard maintenance schedules. Developed relationships with vendors supplying vessel with spares, provisions, and services needed for vessels port call. Attended dry-docking of vessels both in the United States and Foreign. Arranged for both bunker and lube oil deliveries to vessel during port calls. Maintained shore side contracts with technical vendors for vessels radio and communication systems onboard. Worked closely with flag surveyors to maintain vessels certificates and ships documents are current and within expiration dates. Arranged for vessels internal and external audits to be completed to comply with ISPS. Worked closely with crew in order to maintain vessels solas equipment up to date such as extinguisher, life rafts, and other solas requirements. Supplied provisions to crew satisfying many different cultures onboard.

Freight

Provided excellent customer service to shippers, consignees and agents both domestic and overseas. Handled multiple responsibilities very efficiently. Problem solved any questions and or concerns that they may have had. Booked freight for overseas shipment. Various types of freights moved include vehicles, household goods, raw materials, foodstuffs, FCL and LCL cargoes. Calculated freight charges based on filed tariff. Communicate with the customers making them aware of any delays in the shipping process. Received, reviewed, and processed export documentation for various shippers and vendors. Prepared and processed Booking Confirmations, Bills of Lading, and Manifests for export shipments using in house database. Generated EDI / ITN numbers for data entered into AES Filing web site to comply with United States Customs regulations regarding SED's (Shippers Export Declarations). Courier the correct documents to the shippers and scans these copies for overseas agents and consignee's. Assisted with maintaining proper accounting for all shippers and agents. Calculated accurate freight commissions for all agents based on current volume of shipments

BCB Enterprises, Inc.

Dispatch, 1995 - 1997

Solicit freight from freight brokers and contract trips for company trucks. Developed contracts with shippers to transport multiple trailer and container loads from arrival port to destination. Utilized DAT Services to locate both FCL and LTL shipments to provide back haul for company fleet. Ordered and procured permits following IFTA. Managed drivers in way of DOT regulations, log books, payroll, and paperwork. Verified all "proof of delivery". Handled all cargo claims regarding damages and shortages.

Navieros Inter-Americanos, S.A.

Operations Manager / Dispatch, 1992 - 1997

Dispatch / Equipment Control

Positioned equipment using owner operators to provide equipment for all steamship lines bookings. Scheduled pickup of all loaded equipment and ensured delivery to port within time constraints for export. Coordinated deliveries of all import cargo from port facility to local destinations. Arranged for all empty equipment to be returned to port facility or local hub to check and prepare equipment for future use. Maintained an ongoing inventory of containers and trailers owned and leased by the line both domestic and foreign. Updated equipment inventories daily to reflect loaded or empty status. Effectively coordinated the repairs and preparation of equipment to be used for future bookings and export.

Education

Arizona State University, Tempe, Arizona
Bachelors of Science, Business Administration
August 1987 - May, 1992

Juan Barberena
961 Azure Lane
Weston, Florida 33326
Tel# 954-868-3630
Jbarberena@coleary.com

Professional Experience

Coleary Transport Company, Inc.
2550 Eisenhower Blvd, Suite #308
Port Everglades, Florida 33166

Superintendant, 2012 – to present

Provide supervision and oversee vessel operations, cargo operations and terminal operations. Maintain documentation for outbound deliveries of bulk cargo. Maintain inventories of bulk cargo. Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard mules and toppicks. Maintain and oversee all rigging equipment.

Portus

3505 SE 19TH Ave.
Fort Lauderdale, Florida 33316

Supervisor, 2002 - 2012

Provide supervision and oversee vessel operations, cargo operations and terminal operations. Maintain documentation for outbound deliveries as well as overseeing inventory control systems for bulk cargo. Equipment control regarding chassis, forklifts, mules and rigging. Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard mules and toppicks. Maintain and oversee all rigging equipment.

Skills

Forklift Certified, CDL License, knowledge in rigging, assessment of vessel stow plans, crane operator for geared vessels

References can be provided upon request.

Ricky Headley
6960 NW 82ND Court
Tamarac, Florida 33321
Tel#954-868-9941

Professional Experience

Coleary Transport Company, Inc.
2550 Eisenhower Blvd, Suite #308
Port Everglades, Florida 33166

Superintendant, 2012 – to present

Provide supervision and oversee vessel operations, cargo operations and terminal operations.
Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard
mules and toppicks. Maintain and oversee all rigging equipment.

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3505 SE 19TH Ave.
Fort Lauderdale, Florida 33316

Supervisor, 2002 - 2012

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Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard
mules and toppicks. Maintain and oversee all rigging equipment.

Skills

Forklift Certified, CDL License, knowledge in rigging, assessment of vessel stow plans, crane
operator for geared vessels

References can be provided upon request.



CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MHBT, a Marsh & McLennan Agency, LLC company 8144 Walnut Hill Lane, 16th Floor Dallas TX 75231	CONTACT NAME: Stacy Brimer	
	PHONE (A/C, No, Ext): 972-770-1689	FAX (A/C, No):
E-MAIL ADDRESS: Stacy_Brimer@mhbt.com		
INSURED LOGISCOR Logistec Everglades, LLC 300 Tampa Way, Suite 2 Palmetto, FL 34221		INSURER(S) AFFORDING COVERAGE
		INSURER A : Arch Insurance Company
		INSURER B : Lloyd's of London
		INSURER C :
		INSURER D :
		INSURER E :
		INSURER F :

COVERAGES **CERTIFICATE NUMBER:** 617200187 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.


INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	ZAWCI9929302	10/1/2018	10/1/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER State Act E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	USL&H Coverage Jones Act			23200 J1660232	10/1/2018	10/1/2019	USL&H \$10M Jones Act Incidental

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Excludes all Executive Officers

Waiver of subrogation form #WC000313 edition 04/84 applies to the Workers Compensation policy.

The Worker's Compensation policy includes a waiver of subrogation endorsement that may apply only when there is a written contract between the named insured and the certificate holder that requires such wording.

CERTIFICATE HOLDER **CANCELLATION**

Broward County Attn: Port Everglades Dept. 1850 Eller Drive Ft. Lauderdale FL 33316	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

Our Vision

To be the provider of choice for safe, sustainable and creative solutions in the marine and environmental sectors. By 2022, LOGISTEC will be recognized for its remarkable contributions to its customers, its partners and its communities.

Building the Future Together



WORDS FROM OUR PRESIDENT AND CEO

Thank you for your continued support and investment in LOGISTEC. We are proud of our progress this year, and we are eager to explore how we can continue to expand this meaningful work together.

The LOGISTEC family's success is built on its core values of reliability, sustainability, imagination and always striving to excel. It is these values that have powered our emergence as a business success story in Canada. Throughout our history, we have sought to grow and strengthen our business through organic growth and acquisitions. That remains the case. We are investing in our future. Against this backdrop, our strategy is to build on five key strategic enablers that will help our customers succeed while allowing us to capture leading positions in the most attractive markets:

- Most passionate talent
- Innovation
- Operational excellence
- Asset utilization
- A strong balance sheet

2017 WAS A COMEBACK YEAR FOR THE LOGISTEC FAMILY

Total revenue reached a record \$475.7 million in comparison to last year's \$343.3 million. EBITDA has reached a new record of \$74.7 million, up 78% from \$42.0 million last year. Profit attributable to owners of the Company closed at \$27.4 million, 45% over the previous \$18.9 million. These results were affected by a \$15.8 million charge to amortize our intangible assets in FER-PAL, related to contracts that are of an annual nature and thus subject to amortization over the first

year. Without this charge, profit attributable to owners of the Company would have amounted to \$39 million. These improved results stem from a combination of many positive factors, including the FER-PAL transaction, new terminal activities in cargo handling, additional bulk volumes in our existing terminals, increased container traffic at the Port of Montréal and record volumes transported to the Canadian Arctic, as well as increased activity in our environmental services business in Canada, particularly for Aqua-Pipe.

Marine Services

TERMINAL NETWORK

LOGISTEC's terminal network today spreads across 58 terminals in 35 ports in North America. Here, we handle a diverse group of cargoes that include bulk, general cargo and containers.

Bulk volumes, which include iron ore, nickel, salt, biomass and other, improved considerably throughout 2017. This trend is continuing in 2018. Further, we were pleased to add two new projects and three terminals to our portfolio in 2017: Cleveland (OH) and Port Manatee and Tampa (FL).

Our container handling business also had a great year, with a 9% volume growth over 2016. As in all our terminals, we continued to make smart investments in our terminal equipment, allowing for improved productivity.

The opportunity landscape in the port and terminal sector remains good. We are eager to continue to extend the footprint of our terminal network in 2018 and position ourselves in key strategic hubs. To this end, we are very excited about our recent acquisition, in which we added ten new terminals in five ports in the U.S. Gulf region, the largest growth market for general cargo in North America. This acquisition assures us a solid position in this region and will add some CA\$85 million of new revenue to our cargo-handling business.

COASTAL SHIPPING

Our coastal shipping business, which operates as a joint venture with our partners, The North West Company and Makivik Corporation, had an outstanding year. The joint venture carried record volumes of cargo to the Arctic. To this end, it purchased a new vessel and chartered another to complete all deliveries to the Arctic. We also had voyages throughout the St. Lawrence River, which contributed to the year's success.

MARINE AGENCY

Our port agency business was also buoyant in 2017, taking care of a record number of international vessels in Eastern Canada.

Environmental Services

REMEDIATION AND OTHER SOLUTIONS

Our environmental team worked very closely with our customers to address important environmental challenges across the country. Amongst many projects, the team worked on the removal and disposal of electrical equipment at a former aluminium smelter in Kitimat (BC). They also worked on the site remediation of a former Pratt and Whitney plant in Longueuil (QC), as well as of a former air force landfill site in Goose Bay (NL). Our wholly owned subsidiary, which operates under the name Sanexen, was also proud to complete an environmental dredging project in Baie-Comeau (QC), as well as the continued decontamination of a petrochemical complex in Varennes (QC). These endeavours all contributed to record revenue for Sanexen in 2017.

However, the last year was not without its challenges. After substantial losses in our activities in France, we made the decision to close our operations there, as we did not see sustainable profits going forward. This decision had a negative impact on our financials for 2017.

WATER TECHNOLOGY

In 2017, we continued to partner with major cities in Canada that are addressing their aging water infrastructure. These cities are demonstrating solid leadership in a critical sector. Our Aqua-Pipe product was installed across 50 kilometres of drinking water distribution systems in the province of Québec alone, an amount similar to last year. In July, we were pleased to announce a highly strategic transaction, namely with FER-PAL, the largest licensee of our Aqua-Pipe technology in Canada and in the American Midwest. Also, given that it is the largest watermain structural liner company in Canada, FER-PAL's addition to the LOGISTEC family secures an important market share. This transaction has added \$92 million of additional revenue to our environmental services segment in 2017.

We invested to grow our Aqua-Pipe business in the USA, but did not get the positive and rapid commercial results we had hoped for. We will persist in this marketplace, as we strongly believe we have the best solution to rehabilitate damaged drinking water pipes in a market which loses up to 30% of its drinking water in today's aging pipes. On a more positive note, we have started deploying the Aqua-Pipe product in Australia through our strategic partner Ventia and are confident that we will capture new opportunities in this very large market.

We look forward to deploying our innovative technology on a larger scale in Canada and the USA to demonstrate the cost-effectiveness and environmental benefits of our solution.

SAFETY IS A CHOICE

For the LOGISTEC family, safety is a choice. Our ambition is clear: all our people and partners must return home safely at the end of each day. In 2017, our team continued to build and enhance our Health, Safety and Environment ("HSE") initiative. We will be launching an updated HSE system in early 2018 and will continue to learn and share best practices for the benefit of our people, our partners and our customers.

NEW BEGINNINGS

LOGISTEC's continued success can be traced back to Roger Paquin, our visionary founder. His innate drive, ambition, commitment to going above and beyond for his customers, and uncanny knack for predicting changes in customer needs and innovation in the industry have enabled LOGISTEC to thrive for over 65 years in the constantly evolving marine and environmental industry. To celebrate this progress and recognize the expansion of our fields of expertise over the years, we are excited to introduce a new branding that clearly reflects our business segments: marine services and environmental services, both linked by water. What a wonderful way to honour and recognize our heritage and launch a new beginning!

When I reflect on the past year, I am proud of how we have tackled the challenges brought by our customers, and of the solutions we have developed and implemented. There is something special about the LOGISTEC family. There is a sense of pride that comes from providing the solutions our customers and communities need and making the most of ourselves as a team and as individuals. We are on a new journey of growth, building on our most formidable assets: our people, and the strong commitment of our customers and partners.

OUTLOOK

The future is bright for the LOGISTEC family! We hold leadership positions in each of our business segments niche markets, and each of their development plans yield positive outlooks.

In cargo handling, we were pleased to announce the acquisition of Gulf Stream Marine in March 2018. We are very excited about joining our teams together. This acquisition will add a growing customer base to our strong network of ports, and we are confident that the resulting synergies will benefit all stakeholders. Our other marine businesses also have positive outlooks.

In our environmental business, we have ambitions for growth in both the traditional environmental business as well as Aqua-Pipe. This growth will be generated through geographic expansion and an increase in the scope of specialized services attached to our service package. Here again, the collaboration of our talented teams drives us to believe in the future growth of Aqua-Pipe in North America as well as selected regions of the world.

We take this opportunity to express our gratitude to our directors, employees, customers, shareholders, partners and other stakeholders. Your support and energy contribute to our success every day and are the foundation upon which we will continue to grow our business.

Thank you,

(signed) Madeleine Paquin
Madeleine Paquin, C.M.
President and CEO
LOGISTEC Corporation



“Our people are accountable for our performance and committed to our growth. By empowering them and setting clear goals, we delivered superior results and more value for our shareholders.”

— JEAN-CLAUDE DUGAS, CPA, CA
VICE-PRESIDENT, FINANCE

2017 Highlights

Today, LOGISTEC is well positioned as one of the leading terminal operators in an attractive industry with good long-term growth prospects. LOGISTEC is also recognized as a leader in the environmental sector in Canada.

\$475.7 MILLION IN
REVENUE

39% INCREASE FROM 2016
\$343.3 MILLION

EBITDA

\$74.7

MILLION

78%

INCREASE OVER
LAST YEAR'S
\$42.0 MILLION

PROFIT ATTRIBUTABLE
TO OWNERS OF THE
COMPANY REACHED

\$27.4

MILLION

45%

INCREASE OVER
LAST YEAR'S
\$18.9 MILLION



The Most Passionate Talent

“Our people are our
most precious asset.”

Central to our success is our devoted family of over 2,400 people who are ready to go above and beyond and challenge the status quo. They strive to continuously push boundaries. They seek new ways to improve our leadership position in the marine and environmental industries.

We invest strategically in our greatest asset, our people, as enabling them to grow and succeed is crucial to building our future.



“No investment in our future has
more impact than our investment
in developing our future
leadership, our next generation.”

— STÉPHANE BLANCHETTE, CHRP
VICE-PRESIDENT, HUMAN RESOURCES

TALENT MANAGEMENT

We strongly believe in developing our talent and creating personal development opportunities for everyone. We constantly evaluate and review the programs we offer to ensure our people have the training they need to reach their full potential. As we continue to grow as an organization, we will keep investing strategically in our next generation.

ROBUST SUCCESSION PLANNING

It is not enough to have the right people in the right jobs for the time being: as an industry leader, we understand that we need to plan for the future. The first step is to understand our business strategy and the roles that are most important in making it a reality. This has allowed us to create a succession framework for the advancement of our future leaders, the next generation, and our critical positions. Our success attracts a steady supply of port managers, project managers, environmental experts, scientists and other key roles.

COACHING FOR PERFORMANCE

Leaders learn best from the experience of other leaders. We strongly believe that coaching is a prime driver for creating an environment where our people develop a sense of engagement, and gain the clarity and energy needed to deliver great results. The purpose of the Coaching for Performance program is to help our managers and the people they lead be the best they can be. It has been designed to develop and optimize our managers' coaching skills by providing them with a clear notion of the principles of good coaching in theory and in practice.

LEADERSHIP ENGAGEMENT

Our leadership team is highly engaged at all levels of the organization. Our CEO passionately leads the charge. She has created a clear vision for our future. Our people have a deep sense of pride and belonging with regard to our organization and their roles. Throughout the LOGISTEC family, we are all aligned with our CEO, her leadership team and the values of our organization.

PROMISING TALENT

LOGISTEC has made a major long-term investment through Building our Future Together, the program for high-potential personnel focused on building leadership capability and providing a wealth of experience over an intensive, multi-year period. In order to raise the next generation of leaders, the program focuses on the potential of the individual and the speed at which they are likely to be able to transition to a more demanding role. We are excited to extend this promising program to the rest of the LOGISTEC family in 2018.

Innovation

Our people are imaginative thinkers who generate new and unique solutions and have the courage to take action to put these innovative solutions in place. They foster the creative ideas of others, using good instincts and agility to bring the right solutions to our customers.

As we expand our terminal footprint and environmental expertise, we continue to identify sustainable growth opportunities and drive innovation across all our fields of expertise.

CONTINUOUS IMPROVEMENT

Over the years, solid processes and continuous learning have allowed us to establish reliable supply chains for our customers. Whatever the circumstances, our people have an uncanny ability to find solid, innovative solutions. In 2017, a range of new innovations were implemented across our terminals to increase our operating efficiencies and meet our customers' unique needs.

ENVIRONMENTAL INNOVATION

Tackling today's complex environmental challenges demands a solution-oriented approach that combines both expertise and resourcefulness. Our scientists and environment specialists not only remain up to date on the latest research and development and remediation methods, but also constantly look for ways to strengthen our technical capabilities through innovation.

WATER TECHNOLOGY

Over the years, we have acquired extensive expertise in materials science, which has allowed us to perfect our Aqua-Pipe composite and give it its unique properties like resiliency to seismic ground movement.

We want to maintain our advanced position in materials science for drinking water applications. We continue to invest in our water technology and innovate with new materials to further improve the properties of Aqua-Pipe. In 2018, we will focus on implementation in markets with significant potential, especially in the USA, given the challenges of aging water infrastructure.

2017 FINANCIAL HIGHLIGHTS

<i>(in thousands of dollars, except where indicated)</i>	2017	2016	2015	2014	2013	Variation 16-17 %	Variation 13-17 %
Financial Results							
Revenue	475,743	343,326	358,008	322,220	298,300	38.6	59.5
EBITDA ⁽¹⁾	74,741	42,034	56,321	55,557	57,297	77.8	30.4
Profit for the year ⁽²⁾	27,426	18,858	29,142	31,037	27,522	45.4	(0.3)
Financial Position							
Total assets	512,542	355,860	328,415	286,987	239,306	44.0	114.2
Working capital	70,196	75,745	71,717	58,992	55,374	(7.4)	26.7
Long-term debt (including the current portion)	83,404	60,325	32,079	29,268	5,632	38.1	1,380.9
Equity ⁽²⁾	228,574	201,383	189,413	163,501	151,891	13.5	50.5
Per Share Information ⁽³⁾⁽⁴⁾							
Profit for the year ⁽²⁾ (\$)	2.11	1.48	2.34	2.46	2.13	31.4	(1.1)
Equity ⁽²⁾ (\$)	17.56	15.77	15.20	12.96	11.78	10.3	49.1
Outstanding shares, diluted (weighted average in thousands)	13,016	12,768	12,458	12,617	12,894		
Share price as at December 31							
Class A Common Shares (\$)	44.04	38.00	44.01	49.00	30.00		
Class B Subordinate Voting Shares (\$)	44.75	35.10	38.00	41.00	27.50		
Dividends declared per share							
Class A Common Shares ⁽⁵⁾ (\$)	0.3150	0.3000	0.2750	0.9800	0.1950		
Class B Subordinate Voting Shares ⁽⁵⁾ (\$)	0.3465	0.3300	0.3025	1.0780	0.2145		
Financial Ratios							
Return on average equity ⁽²⁾	12.76%	9.65%	16.52%	19.68%	19.81%		
Profit for the year / revenue	5.76%	5.49%	8.14%	9.63%	9.23%		
Long-term debt / capitalization ⁽⁶⁾	27%	23%	14%	15%	4%		
Price / earnings ratio (Class B Subordinate Voting Shares)	21.24	23.76	16.24	16.66	12.88		

⁽¹⁾ EBITDA is a non-IFRS measure and is calculated as the sum of profit attributable to owners of the Company plus interest expense, income taxes, depreciation and amortization expense, customer repayment of investment in a service contract, and including impairment charge

⁽²⁾ Attributable to owners of the Company

⁽³⁾ For earnings per share per class of share, please refer to the "Selected Quarterly Information" table on page 36

⁽⁴⁾ All per share information has been adjusted to reflect the two-for-one stock split of June 2014

⁽⁵⁾ On May 7, 2014, the Company declared a special dividend of \$0.75 per Class A Common Share and \$0.83 per Class B Subordinate Voting Share, for a total consideration of \$9.9 million

⁽⁶⁾ Capitalization equals long-term debt (including the current portion) plus equity attributable to owners of the Company

Introduction

This management's discussion and analysis ("MD&A") of operating results deals with LOGISTEC Corporation's operations, results and financial position for the fiscal years ended December 31, 2017 and 2016. All financial information contained in this MD&A and the attached audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this report, unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A should be read in conjunction with LOGISTEC's audited consolidated financial statements and the notes thereon.

Our Business

Founded in 1952, LOGISTEC Corporation is incorporated in the province of Québec and its shares are listed on the Toronto Stock Exchange ("TSX") (ticker symbols LGT.A and LGT.B). The Company's consolidated revenue amounted to \$475.7 million in 2017 (\$343.3 million in 2016). The Company has earned a profit each year since going public in 1969 and posted a profit attributable to owners of the Company of \$27.4 million in 2017, which works out to \$2.11 per diluted share (\$18.9 million and \$1.48 per share in 2016). 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 provides specialized cargo handling and other services to a wide variety of marine and industrial customers. The Company is one of Eastern Canada's largest cargo handling companies and a growing player in the USA with revenue from its marine services segment amounting to \$205.3 million. Marine services accounted for 43.1% of the Company's consolidated revenue in 2017. Our services also include marine transportation and marine agency services.

CARGO HANDLING

With a presence in 35 ports and 58 terminals in eastern North America, our Company specializes in handling all types of dry cargo, including bulk, break-bulk and containers. Cargoes handled typically consist of forest products, metals, dry bulk, fruit, grain and bagged cargoes, containers, general and project cargoes. We also offer container stuffing and destuffing, warehousing and distribution, and other value-added services to industrial customers. We provide short-line rail transportation in Cape Breton (NS), a value-added service to an existing contract with an important customer.

Our strategy is focused on diversifying our operations to cover a wide geographical area with a broad cargo mix and a blend of import-export activities. This helps minimize the impact of a negative situation affecting any one particular region or cargo type.

Our extended network of port terminals allows us to specialize our facilities and thereby tailor our services to our customers' specific cargo handling needs. This improves the quality of services, enhances operating efficiencies, lowers the risk of cargo damage, and ensures greater control over costs. In general, this strategy enables us to provide our customers with top-quality cost-competitive services.

We aim to be a choice operator, facilitating the movement of cargo for industrial customers as well as shipowners and operators.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

OTHER MARINE SERVICES

Our other marine services include coastal transportation of cargoes to communities in the Canadian Arctic through our 50%-owned joint venture Transport Nanuk Inc. ("Nanuk"). Nanuk owns a 50% interest in NEAS Inc. ("NEAS"), in partnership with Inuit shareholders. NEAS owns five ice-class vessels and operated six vessels in 2017. We served close to 50 communities in Nunavut and Nunavik. Nanuk's results are included in the Company's results using the equity method of accounting.

We also offer marine agency services to foreign shipowners and operators active in Canadian waters. A shipping agent is the local representative of a foreign shipping company and will usually take care of all routine tasks on its behalf. The agent ensures that essential supplies, crew transfer, customs documentation and waste declarations are all arranged with port authorities. The agency will ensure a berth for the incoming ship, obtain services for the pilot and organize the necessary contacts with the stevedores.

Environmental Services

The Company, through its subsidiaries Sanexen Environmental Services Inc. ("Sanexen") and FER-PAL Construction Ltd. ("FER-PAL"), operates in the environmental sector. It provides services to industrial and municipal organizations relative to underground water mains, regulated materials management, site remediation, risk assessment, and manufacturing of woven hoses.

Operational since 1985, Sanexen became a subsidiary of LOGISTEC Corporation in 1992. LOGISTEC Corporation entered into an agreement to acquire the non-controlling interest in 2016 and now owns 100% of the voting shares of this company, as described later in this MD&A. LOGISTEC acquired a 51% interest in FER-PAL in 2017. Please refer to the Business Acquisition section of this MD&A for more details. Revenue from the environmental services segment amounted to \$270.5 million in 2017, and accounted for 56.9% of the Company's consolidated revenue.

AQUA-PIPE

Sanexen has developed the Aqua-Pipe technology, a process involving structural lining with minimal excavation, for the rehabilitation of drinking water supply lines between 150 millimetres and 400 millimetres in diameter. Aqua-Pipe is a technology which creates a new structural pipe made of composite materials within aging pipes that have reached the end of their useful life.

Sanexen owns Niedner Inc. ("Niedner"), a manufacturer of woven hoses. Through Niedner, Sanexen manufactures the structural lining used in the Aqua-Pipe process as well as woven hoses destined for the fire-fighting market and the energy industry. Niedner also produces the resin that is part of the Aqua-Pipe installation process.

Sanexen either performs the installation of Aqua-Pipe itself or licenses the technology to specialized contractors. Developing, manufacturing and installing the product gives Sanexen a competitive advantage as it allows us to better understand all aspects of the product and its installation, and enables us to continue to improve the product and better assist our licensees. FER-PAL is the largest holder of Aqua-Pipe licenses and the largest installer of the Aqua-Pipe line of products. Our U.S. operations are handled through Sanexen Water, Inc., with two offices, one near Philadelphia (PA) and the other in the vicinity of Los Angeles (CA), and through FER-PAL Construction USA, LLC, with offices near Chicago (IL) and Detroit (MI).

Using this technology, approximately 1,570 kilometres of water mains have been rehabilitated to date, directly or via licensees.

OTHER ENVIRONMENTAL SERVICES

The Company provides services for the characterization and remediation of sites as well as for risk assessment and for regulated materials management, and has carried out hundreds of projects involving

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

a wide spectrum of decontamination issues. It offers turnkey solutions for the assessment of properties (phases I and II) and the clean-up of soils, groundwater, buildings, lagoons and underground tanks. Sanexen also analyzes and evaluates the human and environmental risks associated with contamination issues.

Mission and Development Strategy

"LOGISTEC provides high-quality, specialized cargo handling and other services to its marine, industrial, and municipal customers through the expertise of its personnel, the use of the latest technologies and a network of strategically located facilities.

LOGISTEC will maximize shareholder value through its focus on customer service, operational excellence and a commitment to growth.

In cargo handling, LOGISTEC is an innovative, solutions-based service provider in North America. We provide cargo handling, port logistics and other value-added services to industrial companies and carriers. Our growth strategy is based on organic growth and business acquisitions. We aim to maximize cargo handled through our existing network of terminals while also diversifying our cargo base, where appropriate, to avoid overexposure to any specific commodity or product. Management is always seeking new business opportunities, and potential investment projects are regularly analyzed. Such opportunities may include the acquisition of other operators, the addition of port facilities, outsourcing and providing turnkey solutions or value-added solutions for existing or new customers. We apply very strict evaluation criteria from both a financial and a strategic fit perspective to all our projects. Indeed, prior to proceeding with an acquisition, we make sure that the investment is accretive, that it provides the proper return from future sustainable cash flows and, if financing is needed, that our financial position continues to present an acceptable debt level and debt/capitalization ratio. We are striving to expand our geographical presence while maintaining a balanced portfolio of commodities or products handled. A potential business acquisition is pursued only if it will contribute to maximizing shareholder value.

Sanexen's long-term development strategy, while maintaining a strong focus on its traditional business (regulated materials management, site remediation and risk assessment), relies extensively on the development of Aqua-Pipe and the large potential of the North American market as well as, to a lesser extent, the international market. Through Niedner, Sanexen controls the research, development and production of the lining and resin, two of the key components in the Aqua-Pipe process. The development of large-diameter woven hoses for Aqua-Pipe is an important part of Sanexen's growth plan.

Finally, the acquisition of a majority position in FER-PAL consolidates our position as a North-American leader in the installation of structural lining for the rehabilitation of drinking water supply lines. Furthermore, the recent acquisition of Gulf Stream Marine, Inc. ("GSM"), which we discuss in the Business Acquisition section of this MD&A, allows LOGISTEC to establish a stronghold in the U.S. Gulf region and represents a major expansion of our network of terminals in the USA.

Performance Factors

Three performance factors are particularly important for the Company: a qualified and dedicated workforce, a reliable fleet of equipment and access to port facilities.

Our Personnel

Our employees are key to our successful business strategy, since they ensure optimal management of our facilities and efficient use of our fleet of equipment. Our success is a reflection of their skills.

We consider ourselves fortunate to count on a team of dynamic and qualified people to manage our operations despite a competitive job market. We have developed in-house programs to motivate, train and retain our employees, and we benefit from a low personnel turnover rate. Before the acquisition of GSM, we employed the equivalent of 1,740 people. With this acquisition, we now employ more than 2,400 people across North America, from the Arctic to Brownsville (TX). This number is the full-time equivalent based on a forty-hour work week of all salaried and hourly employees, including longshoremen whose services are retained directly or under multi-employer jurisdictions as a complement to our direct employees. It also includes Sanexen's and FER-PAL's highly qualified employees, many of whom are university graduates, including some with masters and doctoral degrees. The Company's involvement in the environmental industry means that we require highly qualified personnel, as our solid reputation is based on our ability to attract and retain technical and professional staff.

Being mostly a service provider (as opposed to a manufacturing business), employee benefits expense is the most significant expense for the Company and represented \$235.2 million or 49.4% of revenue in 2017 (\$158.8 million or 46.2% of revenue in 2016). Please refer to Notes 8, 25 and 34 of the notes to 2017 consolidated financial statements (the "2017 Notes") and to page 26 of this MD&A for further details on employee compensation and benefits.

Fleet of Equipment

Specializing our port facilities enables us to deploy our equipment according to the particular cargo we handle. Each type of cargo requires unique methods and equipment to ensure safe and efficient handling.

LOGISTEC has an impressive mix of equipment to handle bulk and break-bulk cargoes, as well as containers. We usually spend between \$15 million and \$20 million annually on equipment replacement. Such capital spending is in line with our annual depreciation charge. This practice allows us to maintain our production capacity and operational efficiency. In 2017, our consolidated capital expenditures were higher at \$22.0 million.

We own numerous weaving machines and, with a research and development team unique in its industry, have the ability to develop and adapt our woven-hose products to a wide variety of customers. Within Niedner, we own the plant housing these machines, which are used to manufacture Aqua-Pipe hoses, and where we produce resin, two key ingredients in our watermain rehabilitation services. In order to meet the growing demand for Aqua-Pipe technology, in 2014, we initiated a modernization and expansion of the Niedner plant to obtain better operating efficiency and increase production capacity. This project was completed in 2017 for a total investment of \$12.5 million.

Equipment and supplies constitute the second largest expense incurred by the Company as shown in the consolidated statements of earnings, and when combined with depreciation and amortization expense, totalled \$156.5 million in 2017, which represents 32.9% of revenue (\$116.9 million or 34.1% of revenue in 2016).

Access to Port Facilities

Access to port facilities is a key success factor for a cargo handling company. It is also a barrier to entry in this segment of our business. The number of port facilities with adequate characteristics (geographical location, draft, loading and warehousing capacity, access to land transportation, etc.) is limited, and such facilities are generally leased on a long-term basis. We are present in 35 ports and 58 terminals in eastern North America.

We lease the terminals where we operate and a majority of the warehouses we use. Most of our sites are under long-term leases, permitting us to invest in proper infrastructure. The rent may be a fixed monthly charge, a throughput fee based on tonnage handled, or a combination of both. We have access to thousands of square metres of dock space along with several kilometres of dock front.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

In the Company's consolidated statements of earnings, rental expense, which includes rent on leased properties, municipal taxes and maintenance costs of our sites, is the third largest expense at \$33.8 million or 7.1% of revenue in 2017 (\$28.9 million or 8.4% of revenue in 2016).

Tracking Performance

In addition to a sophisticated accounting system that enables us to rigorously analyze the performance of each of our facilities and business units, we use a costing system that allows us to monitor our operations. We have developed a multitude of automated reporting and tracking tools that provide our managers with accurate and timely information, helping to optimize our operations.

Our senior management team meets once a month to discuss results, forecasts and development projects. This practice enables management to accurately assess results and development, and to allocate necessary resources as required in a timely manner.

In addition to these monthly meetings, senior management provides our Board of Directors and our Audit Committee with quarterly performance reports. The Audit Committee's members question management and hold regular in camera discussions with the independent auditor to ensure that publicly disclosed financial reports are accurate.

Finally, before any financial or regulatory information is issued to the public, it is reviewed by a Disclosure Committee composed of members of the Company's senior management, the President and Chief Executive Officer, the Chairman of the Board, and the Chairman of the Audit Committee.

Ability to Perform

We have achieved a profit every year since becoming a public company in 1969. Our history of success attests to our long-term financial stability and our ability to perform on a sustained basis in a changing environment.

Business Strategy

In the marine services segment, our business strategy is rooted in the diversification of the cargoes we handle, the wide geographical area covered by our facilities and a well-balanced mix of import and export activities. This strategy has proven particularly effective over the years, as we have seen fluctuations in mining, steel, forest products, containers and other cargo volumes, where negative situations are often offset by positive ones. In the environmental services segment, we have positioned ourselves as a leader in our traditional markets, and we are counting on the penetration of Aqua-Pipe services in the USA and international markets for future growth.

We have sound internal expertise as well as access to a qualified labour force, an efficient, well-maintained and well-deployed fleet of equipment, and a solid reputation in both cargo handling and environmental services. These features have earned the trust of our customers, suppliers and partners, and contribute to our growth.

Ability to Negotiate with Unions

LOGISTEC employs union and non-union workers depending on the company and location. Over the years, we have proven our ability to negotiate directly or through employer associations and reach agreements with unions where applicable. The Company is party to 31 collective agreements. We signed seven agreements in 2017, while five are still being negotiated at the end of 2017 and 12 will expire in 2018.

Borrowing Capacity

LOGISTEC generates positive operating cash flows. These reached \$71.3 million and \$48.3 million in 2017 and 2016, respectively, which is more than sufficient to cover our capital expenditures and working capital needs.

At the end of 2017, our total consolidated long-term debt, including the current portion, was \$83.4 million, whereas our equity attributable to owners of the Company totalled \$228.6 million, giving us a debt/capitalization ratio of 26.7%.

The Company has organized its banking facilities in order to segregate credits available to its wholly owned activities and subsidiaries from credits available to non-wholly owned subsidiaries and joint ventures. All credits available to non-wholly owned subsidiaries and joint ventures are without recourse to LOGISTEC. At the end of 2017, LOGISTEC had available credit facilities, including short-term and long-term facilities, totalling \$154.0 million, of which \$76.7 million were used (including letters of guarantee) as at December 31, 2017. As part of the acquisition of GSM, the Company exercised the accordion facility in place with its main banker, increasing the actual available credit by \$50 million, to bring the total credits available to LOGISTEC to \$204.0 million.

Please refer to Note 29 of the 2017 Notes for further details on long-term debt.

Joint ventures and non-wholly owned subsidiaries' available credit facilities totalled \$86.1 million at the same date (representing 100% of the value, i.e. not our proportionate share) of which \$77.9 million were used.

These figures demonstrate the Company's financial capacity and its ability to secure financial resources to ensure our performance and development over the long term.

Selected Annual Financial Information

years ended December 31

(in thousands of dollars, except earnings and dividends per share)

	2017	2016	2015	Variation 16-17	
	\$	\$	\$	\$	%
Revenue	475,743	343,326	358,008	132,417	38.6
Profit attributable to owners of the Company	27,426	18,858	29,142	8,568	45.4
Total basic earnings per share ⁽¹⁾	2.23	1.55	2.34	0.68	43.9
Total diluted earnings per share ⁽¹⁾	2.11	1.48	2.34	0.63	42.6
Total assets	512,452	355,860	328,415	156,592	44.0
Total non-current liabilities	173,368	102,549	64,674	70,819	69.1
Cash dividends per share:					
— Class A shares ⁽²⁾	0.3075	0.3000	0.2625		
— Class B shares ⁽³⁾	0.3383	0.3300	0.2888		
Total cash dividends	3,917	3,814	3,408		

⁽¹⁾ Combined for both classes of shares

⁽²⁾ Class A Common Shares ("Class A shares")

⁽³⁾ Class B Subordinate Voting Shares ("Class B shares")

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS**2017 versus 2016**

Revenue was up by 38.6% in 2017, an increase of \$132.4 million over 2016. The variation came from both our marine services segment, with an increase of 10.4%, and our environmental services segment, with an increase of \$113.2 million or 71.9%.

Profit attributable to owners of the Company increased by \$8.6 million or 45.4% in 2017. The variation came from a 24.9% increase in our marine services segment, mainly due to higher cargo handling volumes. The environmental services segment was less profitable in relation to revenue due to a significantly lower margin in all services.

The additional profit deriving from the acquisition of FER-PAL was almost completely offset by the amortization of the intangible asset that was part of the acquisition. This intangible asset was the value of contracts on hand at the time of the purchase, whose life expectancy only lasted seven months.

Total assets amounted to \$512.5 million at the end of 2017, up by \$156.6 million over 2016. This growth in assets is due to investments in capital expenditures, and to two business acquisitions, FER-PAL and Logistec Gulf Coast LLC ("LGC"). Please refer to page 23 of this MD&A for details on these business acquisitions. Our cash position decreased by \$12.0 million, mainly due to our investment activities of \$69.7 million and a negative change in non-cash working capital of \$23.9 million. This was partly offset by \$71.3 million in cash generated from operations, and the issuance of long-term debt net of repayment for \$19.2 million.

Total non-current liabilities increased to \$173.4 million in 2017, compared with \$102.5 million in 2016. This is due to the \$19.3 million increase in our long-term debt in 2017 to finance our investments in capital expenditures. It also stems from the \$49.1 million increase in non-current liabilities mostly related to the FER-PAL business acquisition, detailed on page 23 of this MD&A.

Cash dividends paid in 2017 increased by 2.7% to \$3.9 million, compared with \$3.8 million in 2016.

2016 versus 2015

Revenue was down by 4.1% in 2016, a decrease of \$14.7 million over 2015. The variation came from our marine services segment with a decrease of 9.9%, partially offset by a 3.9% increase in the environmental services segment.

Profit attributable to owners of the Company decreased by \$10.3 million or 35.3% in 2016. The variation came from both of our business segments: a 23.9% and 49.6% decrease for the marine and environmental services segments, respectively. This decline stemmed largely from lower cargo handling volumes for the marine services segment. The environmental services segment was less profitable due to significantly lower sales in Aqua-Pipe installation services.

Total assets amounted to \$355.9 million at the end of 2016, up by \$27.4 million over 2015. This growth in assets was mainly due to investments in capital expenditures, and to an increase in trade and other receivables. Our cash position decreased by \$7.8 million, which is mainly due to our investment activities of \$32.2 million, income taxes paid of \$7.5 million, and a negative change in working capital of \$15.3 million, partly offset by \$48.3 million in cash generated from operations.

Total non-current liabilities increased to \$102.5 million in 2016 from \$64.7 million in 2015, due mainly to the \$28.7 million increase in our long-term debt during the year in order to finance our investments in capital expenditures, and to the \$12.5 million increase of our other non-current liabilities related to the repurchase of the non-controlling interest in Sanexen.

Cash dividends paid in 2016 increased by 11.8% to \$3.8 million from \$3.4 million in 2015.

Repurchase of the Non-Controlling Interest in Sanexen

On March 24, 2016, LOGISTEC entered into an agreement to acquire the remaining 29.8% equity interest it did not own in Sanexen for an agreed value of \$43.8 million.

To determine the value, we used the ratio of LOGISTEC's shares on the stock market over LOGISTEC's equity at book value, and applied the same ratio to Sanexen's equity at book value. In order to avoid any anomalies, we used the average of the daily close price of LOGISTEC's LGT.A and LGT.B stocks on the TSX for the 30 calendar days prior to the transaction date.

As part of the transaction, the non-controlling interest shareholders of Sanexen exchanged their common shares in the capital of Sanexen for two classes of newly created non-voting and non-dividend bearing preferred shares of Sanexen, Class G Preferred Shares ("Class G shares") and Class H Preferred Shares ("Class H shares"), for an aggregate value of \$43.8 million, resulting in LOGISTEC holding 100% of the common shares of Sanexen.

Immediately following the share exchange, LOGISTEC and the non-controlling interest shareholders entered into a put and call option agreement ("Option Agreement") pursuant to which LOGISTEC was granted call options, exercisable in whole or in part at any time, to acquire from them their Class G shares for cash consideration of \$15.9 million and to acquire their Class H shares in exchange for 754,015 Class B shares of LOGISTEC. The number of Class B shares was determined using the average price for Class B shares over the prior 30 days (\$36.92 per share).

Pursuant to the Option Agreement, each non-controlling interest shareholder was granted a put option to sell to LOGISTEC their Class G shares upon certain events, including termination of employment, and a put option to sell to LOGISTEC their Class H shares as to one-fifth (1/5) on each of the first five anniversaries of the signature of the Option Agreement, each at the same price and consideration as the call options granted to LOGISTEC.

A retention restriction was imposed to certain non-controlling interest shareholders who are executives of Sanexen as follows: a 40% discount, representing \$4.5 million, will be applied to the purchase price of the Class G shares of these shareholders should they leave Sanexen voluntarily before March 24, 2021.

The Board of Directors of LOGISTEC received a fairness opinion from PricewaterhouseCoopers LLP to the effect that the consideration paid for the transaction was fair, from a financial point of view, to LOGISTEC.

The recording of the transaction is summarized as follows:

Pursuant to the Option Agreement, the Class G shares will be repurchased for a fixed cash amount. Accordingly, the options are classified as a long-term liability in the consolidated statements of financial position of the Company.

The options have a nominal value of \$15.9 million. The portion related to the retention of certain Sanexen executives of \$4.5 million will be recorded as a compensation expense over the retention period using the straight-line method, with a corresponding increase to the long-term liability. The remaining \$11.4 million liability was recorded at the date of the transaction.

Since the options related to the Class G shares are not expected to be immediately exercisable, we recorded this long-term liability of \$11.4 million at its fair value of \$8.9 million, which represents the present value of our best estimate of when LOGISTEC will exercise its call option, or when the non-controlling interest shareholders will exercise their put option, and a corresponding decrease to non-controlling interests. The long-term liability will accrete to \$11.4 million over the expected life of the option through an interest charge.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

The Class H shares are redeemable in 754,015 Class B shares of LOGISTEC, as described above. As opposed to the \$36.92 per share price that was used to determine the number of Class B shares of LOGISTEC to be issued, the value used for accounting purposes was the current market price of Class B shares. On March 24, 2016, the closing trading price of the Class B shares on the TSX was \$39.75 per share. In addition, because the Class H shares are redeemable in Class B shares over a period of five years, we have determined the fair value of the Class B shares to be issued using a Black-Scholes option pricing model based on assumptions regarding the volatility of LOGISTEC Class B shares, dividend yield and interest rates, resulting in a value of \$33.02 per share.

As a result, as at March 24, 2016, LOGISTEC recorded share capital to be issued amounting to \$24.9 million with a corresponding decrease in retained earnings.

Furthermore the 754,015 Class B Shares to be issued were included in our calculation of earnings per share presented on a fully diluted basis.

During 2017, 150,803 Class B shares were issued to acquire Class H shares of Sanexen. As at December 31, 2017, there are 600,231 Class B shares to be issued, and the related amount recorded in our financial statements as share capital to be issued is \$19.9 million.

Business Acquisitions

Business acquisitions for the year ended December 31, 2017

On July 6, 2017, the Company acquired 51% of the shares of FER-PAL, a Toronto (ON)-based company that utilizes our Aqua-Pipe technology and that offers complete watermain rehabilitation solutions, for an estimated aggregate purchase price of \$49.5 million. The purchase price paid by LOGISTEC consisted of a cash payment of \$41.5 million and the issuance of 230,747 Class B shares in the share capital of LOGISTEC, subject to a post-closing adjustment. The LOGISTEC shares issued as part of the purchase price were 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. Transaction costs amounting to some \$0.9 million are included in the financial results.

This transaction consolidates and expands the Company's environmental services in watermain rehabilitation projects utilizing our Aqua-Pipe trenchless technology for municipalities in Canada and the United States.

On February 16, 2017, the Company also 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.

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

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

FER-PAL and LGC Acquisitions

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

<i>(in thousands of dollars)</i>	FER-PAL \$	LGC \$	Total \$
Current assets	29,624	194	29,818
Property, plant and equipment	8,034	8,457	16,491
Goodwill	83,347	564	83,911
Other intangible assets	16,750	—	16,750
Non-current financial assets	317	—	317
Bank overdraft	(8,251)	—	(8,251)
Current liabilities	(23,791)	(866)	(24,657)
Long-term debt	(1,648)	—	(1,648)
Deferred income tax liabilities	(6,298)	—	(6,298)
Non-current financial liabilities	(1,058)	—	(1,058)
	97,026	8,349	105,375

<i>(in thousands of dollars)</i>	FER-PAL \$	LGC \$	Total \$
Purchase consideration			
Cash ⁽¹⁾	41,483	5,805	47,288
230,747 Class B shares issued (Note 32)	8,000	—	8,000
Non-controlling interests ⁽²⁾	47,543	2,544	50,087
	97,026	8,349	105,375

⁽¹⁾ Based on the performance of FER-PAL for the six-month period ended December 31, 2017, the company recorded a preliminary estimated gain of \$5.3 million in the consolidated financial statements of earnings, under the heading *Other gains and losses*, as a post-closing adjustment settlement of the purchase consideration

⁽²⁾ Non-controlling interest shareholders hold 49% and 30% interest in FER-PAL and in LGC, respectively. Non-controlling interests are measured at fair value as at the acquisition date

The cash portion of the purchase consideration includes an amount of \$5.0 million paid in escrow, which will be used to settle the post-closing adjustments based on the performance of FER-PAL for the year ended December 31, 2017. At the acquisition date, the Company estimated that no additional amount would be payable nor any reduction in the purchase price would occur. As of December 31, 2017, based on the lower than anticipated performance of FER-PAL, an estimated gain of \$5.3 million was recorded, included in the caption "Other gains and losses" and an equivalent amount as a receivable. The purchase price, as of the date of these financial statements, is subject to further material post-closing adjustments, which may result in additional further future impacts to the consolidated results of the Company. The uncertainty regarding the purchase price is due to the ongoing review, by the Company, of pre-acquisition results of FER-PAL, which are significant in the performance for the year ended December 31, 2017.

The purchase price and allocation thereof regarding FER-PAL is preliminary and is subject to change once final valuations of the assets acquired and liability assumed are completed. The principal valuations which have not yet been completed are with respect to inventory, property, plant and equipment and the impacts to goodwill and deferred income taxes. Once the valuations are completed, the consolidated financial statements will be adjusted on a retroactive basis.

The purchase price allocation of LGC is final.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Goodwill

Goodwill from the acquisitions is mainly the result of expected synergies and intangible assets not qualifying for separate recognition. Goodwill is not deductible for tax purposes.

Repurchase of the Non-Controlling Interests**FER-PAL**

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 FER-PAL's performance. At the acquisition date, the Company recorded a liability and reduced the non-controlling interest by an amount of \$47.5 million representing the estimated present value of the redemption amount of such cash consideration. As at December 31, 2017, following the accretion of interest a liability of \$48.4 million has been included in non-current financial liabilities in the consolidated financial statements.

The Company also has a call option, exercisable by LOGISTEC at any time after July 6, 2022, to purchase the remaining 49% shares from the non-controlling interest shareholders on the same terms as the put option.

LGC

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⁽¹⁾, minus LGC's debt. Consequently, the Company recorded a liability and reduced the non-controlling interest by an amount of \$2.6 million representing the estimated present value of the purchase price of the non-controlling interest. As at December 31, 2017, a liability of \$2.2 million is included in non-current financial liabilities in the consolidated financial statements.

The purchase price allocation of LGC is final. As a result of the non-participant nature of the non-controlling interests in the results of both FER-PAL and LGC, no profit is attributed to the non-controlling interests other than with respect to amounts representing the distribution of profits pursuant to a shareholder agreement entered into with the FER-PAL non-controlling shareholders.

⁽¹⁾ EBITDA is a non-IFRS measure and is calculated as the sum of profit attributable to owners of the Company plus interest expense, income taxes, depreciation and amortization expense, customer repayment of investment in a service contract, and including impairment charge

Impact of the Acquisitions on the Results of the Company

The Company's results for the year ended December 31, 2017, include \$92.1 million in revenue, and an additional net profit of \$1.7 million generated from FER-PAL. They also include \$11.6 million in revenue and a net loss of \$1.3 million generated from additional business at LGC for the year ended December 31, 2017.

If these business acquisitions had been completed on January 1, 2017, the Company's consolidated revenue and net profit for the year ended December 31, 2017 would have totalled \$507.6 million and \$33.9 million, respectively.

Business acquisitions for the year ended December 31, 2016

On March 8, 2016, the Company acquired Excava-Tech Inc. ("Excava-Tech") for \$5.7 million. This acquisition represents a vertical integration for Aqua-Pipe services.

Please refer to Note 6 of the 2017 Notes for further details on business acquisitions.

Gulf Stream Marine Acquisition

On March 1, 2018, the Company concluded the acquisition of GSM. This transaction will allow LOGISTEC to establish a stronghold in the U.S. Gulf region, strengthen its position in a high-growth market in the United States, provide access to an experienced talent pool, facilitate knowledge transfer between the two organizations, and generate immediate positive benefits to shareholders.

This acquisition also represents a major expansion of our network of terminals in the USA. With GSM's 10 terminals in 5 ports, LOGISTEC's cargo handling activities now cover 58 terminals in 35 ports in North America.

Headquartered in Houston (TX), GSM is a leader in cargo handling, stevedoring and terminal operations in the U.S. Gulf region. For the year ended October 31, 2017, the ultimate parent company of GSM, GSM Maritime Holdings, LLC ("GSM Holdings"), generated revenue of US\$68.7 million (approximately CA\$87.7 million) and an adjusted EBITDA of US\$8.2 million (approximately CA\$10.5 million).

The acquisition was effected through the merger of a wholly-owned subsidiary of LOGISTEC with GSM Holdings, pursuant to which LOGISTEC acquired 100% of the shares of the merged entity and GSM Holdings shareholders received aggregate cash consideration of US\$65.7 million (approximately CA\$83.9 million), subject to adjustments.

Due to the short period between the date of acquisition and the date of issuance of these consolidated financial statements, the fair value of the tangible and intangible assets acquired and liabilities assumed has not yet been determined. Consequently, the initial accounting of the transaction has not been completed. The acquisition was financed by the Company's revolving existing credit facility and long-term debt.

Results

Significant accounting policies applied in the 2017 consolidated financial statements are described in Note 2 of the 2017 Notes.

Revenue

Consolidated revenue totalled \$475.7 million in 2017, an increase of \$132.4 million or 38.6% over 2016. Revenue was affected by the decrease in the U.S. dollar against the Canadian dollar. For the year, the negative impact on revenue was \$3.6 million.

The marine services segment posted revenue of \$205.3 million in 2017, representing higher sales compared with \$186.0 million in 2016. The increase was mostly due to bulk activity.

The environmental services segment delivered a good performance in 2017, as revenue increased by \$113.2 million or 71.9% over 2016 to reach \$270.5 million. Revenue growth came primarily from the business acquisition of FER-PAL, and from increased activity in site remediation and Aqua-Pipe.

Employee Benefits Expense

Employee benefits expense increased from \$158.8 million in 2016 to \$235.2 million in 2017. This \$76.5 million variation reflects the overall increase in activity in 2017, and stems from higher levels of activity related to the investment in FER-PAL, along with a higher labour ratio of employee benefits expense to revenue, which rose from 46.2% in 2016 to 49.4% in 2017. The higher expense ratio is due to our environmental services segment's revenue mix which has, on average, a higher labour ratio, particularly in the last quarter. This expense was affected by a challenging contract in Europe.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Equipment and Supplies Expense

Equipment and supplies expense amounted to \$122.7 million, an increase of \$20.0 million or 19.5% over the same period in 2016, a lower percentage than the revenue increase. Consequently, the overall ratio of equipment and supplies expense to revenue was 25.8% compared with 29.9% for the same period in 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, and is particularly impacted by FER-PAL, as mentioned above.

Rental Expense

Rental expense was stable between 2017 and 2016, totalling \$33.8 million and \$28.9 million, representing 7.1% and 8.4% of revenue, respectively. 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 2017 results, reflecting a higher throughput fee due to an increase in cargo volumes in the marine services segment.

Other Expenses

Other expenses stood at \$22.0 million, representing a variation of \$6.8 million or 44.4% compared with 2016. This variation is mainly due to an increase in professional fee expenses related to acquisition projects during 2017, and to our investment in FER-PAL.

Depreciation and Amortization Expense

Depreciation and amortization expense amounted to \$33.9 million in 2017, an increase of \$19.6 million compared with \$14.3 million for the same period in 2016. The increase results from our business acquisitions and property, plant and equipment investments in 2016 and 2017. The investment in FER-PAL resulted in a \$15.8 million depreciation charge stemming from other intangible assets related to the backlog acquired, which will be fully amortized over a period of seven months and represents a total value of \$16.8 million. Please refer to Note 6 of the 2017 Notes for further details.

Income Taxes

Income taxes stood at \$6.2 million for 2017. When the profit before income taxes is adjusted to exclude the effect of the share of the profit of equity accounted investments, the 2017 tax rate computes to 23.3% compared with 33.9% in 2016. This variation is mainly due to the adjustment of future income tax in the USA. The tax rate changed from 39.9% to 25.3%, representing an adjustment of \$2.2 million in 2017 and computing to an average rate of 32.0%. This variation is within normal parameters, considering that this average rate may vary depending on the distribution of profits over the various tax jurisdictions. Please refer to Note 12 of the 2017 Notes for a full reconciliation of the effective income tax rate and other relevant income tax information.

Profit for the Year and Earnings per Share

In 2017, LOGISTEC achieved a consolidated profit for the year of \$27.4 million, of which \$27.4 million was attributable to owners of the Company. This is higher than the 2016 consolidated profit of \$18.5 million and \$18.9 million was attributable to owners of the Company.

The 2017 profit attributable to owners of the Company computes to total diluted earnings per share of \$2.11 which corresponds to \$2.02 attributable to Class A shares and \$2.22 attributable to Class B shares.

All other expenses affecting operating profit varied within normal business parameters and were comparable to 2016 levels.

Dividends

LOGISTEC paid a total of \$3.9 million in dividends to its shareholders in 2017.

On March 17, 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 April 21, 2017, to shareholders of record as of April 7, 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.

On July 28, 2017, the 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 \$0.0825 per Class A share and \$0.09075 per Class B share, for a total consideration of \$1.1 million. These dividends were paid on October 13, 2017, to shareholders of record as at September 29, 2017.

On December 5, 2017, the Board of Directors declared dividends of \$0.0825 per Class A share and of \$0.09075 per Class B share, for a total consideration of \$1.1 million. These dividends were paid on January 19, 2018, to shareholders of record as of January 5, 2018.

All dividends paid in 2017 were eligible dividends for Canada Revenue Agency purposes.

On March 16, 2018, the Board of Directors declared a dividend of \$0.0825 per Class A share and \$0.09075 per Class B share, which will be paid on April 20, 2018, to all shareholders of record as of April 6, 2018. The total estimated dividend to be paid is \$1.1 million.

The Company's Board of Directors determines the level of dividend payments. Although LOGISTEC does not have a formal dividend policy, the practice has been to maintain regular quarterly dividends with modest increases over the years.

Liquidity and Capital Resources

Capital Management

The Company's primary objectives when managing capital are to:

- Maintain a capital structure that allows financing options to the Company in order to benefit from potential opportunities as they arise;
- Provide an appropriate return on investment to its shareholders;
- Maintain a debt/capitalization ratio of less than 40%. The debt/capitalization ratio is defined as long-term debt (including the current portion) over long-term debt (including the current portion) plus equity attributable to owners of the Company.

The Company includes the following in its capital:

- Cash and cash equivalents and short-term investments, if any;
- Long-term debt (including the current portion) and short-term bank loans, if any;
- Equity attributable to owners of the Company.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with the objectives stated above and corresponds to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may refinance its existing debt, raise new debt, pay down debt, repurchase shares for cancellation purposes pursuant to normal course issuer bids or issue new shares.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

When looking at business investment opportunities, the Company uses discounted cash flow models to ensure that the rate of return meets its objectives. Furthermore, investment opportunities must be accretive to earnings per share, therefore enhancing shareholder value.

The decision to repay debt is based on an assessment of current levels of cash in relation to expected cash that will be generated from operations. The Company has credit facilities with various financial institutions that can be utilized when investment opportunities arise.

Capital Resources

Total assets amounted to \$512.5 million as at December 31, 2017, up by \$156.6 million over the closing balance of \$355.9 million as at December 31, 2016.

Cash and cash equivalents totalled \$4.0 million at the end of 2017, down by \$12.0 million from \$16.0 million as at December 31, 2016. The main items behind this decrease were as follows:

(in thousands of dollars)

Positive:

Profit for the year	27,356
Issuance of long-term debt, net of repayment	19,185
Current income taxes	12,380
Depreciation and amortization expense	33,859
	<u>92,780</u>

Negative:

Acquisition of property, plant and equipment	(21,965)
Changes in non-cash working capital items	(23,885)
Share of profit of equity accounted investments, not distributed	(6,952)
Business acquisitions	(48,038)
Income taxes paid	(6,021)
	<u>(106,861)</u>

Working Capital

As at December 31, 2017, current assets totalled \$178.5 million and current liabilities totalled \$108.3 million, computing into working capital of \$70.2 million for a current ratio of 1.65:1. This compares with working capital of \$75.7 million and a 2.51:1 ratio as at December 31, 2016.

Long-Term Debt

Combining the current and long-term portions of long-term debt, the balance of \$60.3 million as at December 31, 2016, was up by \$23.1 million to \$83.4 million as at December 31, 2017. The increase mainly reflects our investment in capital expenditures, where we borrowed \$90.0 million in 2017 (excluding business acquisitions), less the repayments of \$70.8 million.

Under the terms of our various financing agreements, the Company, its subsidiaries and its joint ventures must satisfy certain restrictive covenants with respect to minimum financial ratios. As at December 31, 2017, all the group's entities complied with such covenants. In some cases, financing covenants may limit the ability of some subsidiaries or joint ventures to pay dividends to LOGISTEC. However, LOGISTEC generates sufficient cash flows from its wholly owned subsidiaries to meet its financial obligations.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Payments Due by Period

The following table provides a summary of the Company's long-term debt and contractual obligations:

Contractual Obligations
as at December 31, 2017
(in thousands of dollars)

	Total \$	Less than 1 year \$	1 - 3 years \$	4 - 5 years \$	More than 5 years \$
Long-term debt	92,396	6,848	6,597	52,340	26,611
Operating leases					
— Equipment	6,968	2,646	2,235	1,224	863
— Occupancy	57,783	11,866	22,598	15,786	7,533
Purchase obligations ⁽¹⁾	1,822	1,822	—	—	—
Long-term liabilities to shareholders	59,168	—	—	18,299	40,869
Non-current financial liabilities	2,473	—	—	—	2,473
Total contractual obligations	220,610	23,182	31,430	87,649	78,349

⁽¹⁾ Consists of equipment ordered, not yet delivered at the end of 2017

The reader is referred to Notes 5, 25, 29, 30, 37 and 38 of the 2017 Notes for further details about financial risk management, post-employment benefit assets and obligations, long-term debt, provisions, commitments, and contingent liabilities and guarantees.

Equity Attributable to Owners of the Company

Equity attributable to owners of the Company amounted to \$228.6 million as at December 31, 2017. Adding long-term debt yields a capitalization of \$312.0 million, which computes to a debt/capitalization ratio of 26.7%, significantly below the 40% threshold mentioned previously in the Company's capital management objectives. This also means that the Company has substantial financial leverage available should the need arise.

As at March 20, 2018, 7,405,822 Class A shares and 5,111,755 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 32 of the 2017 Notes for full details on the Company's share capital.

Normal Course Issuer Bid ("NCIB")

Since October 20, 2005, LOGISTEC has repurchased some of its shares for cancellation purposes pursuant to consecutive annual NCIBs, the latest of which terminated on October 25, 2017. On October 26, 2017, the Company launched another NCIB that will terminate on October 25, 2018. The Company believes that the repurchase of its shares may constitute an appropriate and desirable use of its available cash and, consequently, that the offer is in the best interest of LOGISTEC and its shareholders. Pursuant to the current NCIB, LOGISTEC intends to repurchase for cancellation purposes up to 370,496 Class A shares and 255,997 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 20, 2017.

Shareholders may obtain a free copy of the notice of intention regarding the NCIB filed with the TSX by contacting the Company.

During 2017, under the NCIB programs, 3,700 Class A shares and 6,700 Class B shares were repurchased at average prices per share of \$41.85 and \$43.69, respectively. Please refer to Note 32 of the 2017 Notes for further details.

Equity in Joint Ventures

The Company's results include its share of operations in joint ventures, which are accounted for in the share of profit of equity accounted investments. The closing balance of \$34.4 million at the end of 2017 is mainly the result of the 2016 closing balance of \$31.1 million plus the 2017 share of profit of equity accounted investments of \$7.0 million, less \$3.6 million in dividends received.

As at December 31, 2017, the Company's 50%-equity interests are in the following joint ventures: Termont Terminal Inc., Transport Nanuk Inc., Quebec Mooring Inc., Moorings (Trois-Rivières) Ltd., Quebec Maritime Services Inc., 9260-0873 Québec Inc. and Flexiport Mobile Docking Structures Inc. The Company also owns 49%-equity interests in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

None of the Company's joint ventures are publicly listed entities and, consequently, do not have published price quotations.

The Company has one significant joint venture, Termont Terminal Inc., specialized in handling containers, which is aligned with the Company's core business. Please refer to Note 20 of the 2017 Notes for its financial information.

Post-Employment Benefits

The Company offers either defined benefit retirement plans or defined contribution retirement plans to its employees. In consideration that a majority of beneficiaries from the defined benefit retirement plans were pensioners already, the Company elaborated a derisking strategy with regard to these plans.

A summary of the fair value of plan assets, benefit obligation, funded status of the retirement plans, and significant assumptions can be found in Note 25 of the 2017 Notes.

Calculations on the retirement plans' funded statuses have been performed by the Company's independent actuaries as of December 31, 2017. They calculated a benefit obligation of \$33.9 million, compared with a fair value of plan assets of \$20.6 million, which computed into a funded status deficit of \$13.3 million. The Company offers supplemental retirement plans to senior executives ("SERP"). The reader is referred to the description of the "Senior Management Pension Plan" in our information circular. These SERP are unfunded and the related obligation of \$12.3 million is included in the above numbers. Excluding the SERP obligation, the funded status deficit amounts to \$1 million.

Management's assumption for the discount rate was 4.0% in 2016 and 3.5% in 2017. Actuarial calculations made for actual funding and cash disbursements use different assumptions and therefore compute into different funded statuses. The Company's SERP are non-registered plans and, therefore, are not subject to actuarial valuations. The most recent actuarial valuations of the retirement plans for funding purposes were as of December 31, 2016. Based on these valuations, the Company's combined surplus amounts to \$1.6 million when calculated using the going concern method, and to a combined deficit of \$1.9 million when using the solvency method.

Prior to December 31, 2017, the Company sponsored three registered defined benefit retirement plans. The Board of Directors of each of Logistec Stevedoring (Nova Scotia) Inc. and LOGISTEC Corporation have resolved, subject to the provisions of any applicable legislation, regulations and administrative rules of any applicable regulatory authorities and subject to the receipt of the required approvals of any applicable regulatory authorities, to merge, effective December 31, 2017, the Retirement Plan for Employees of Logistec Atlantic ("Atlantic Plan") and the Régime de rentes de retraite des employés de LOGISTEC Corporation et ses filiales ("LOGISTEC Plan"). Pursuant to the merger, the assets of the Atlantic Plan (transferring plan) was transferred to the LOGISTEC Plan (receiving plan). Consequently, the Company now sponsors two defined benefit retirement plans.

Other Items in the Consolidated Statements of Financial Position

Financial position as at (in millions of dollars)	December 31, 2017 \$	December 31, 2016 \$	Var. \$	Var. %	Explanation of variation
Trade and other receivables	153.3	86.4	67.0	77.5	The variation is due to two factors - a greater level of activity in the fourth quarter of 2017 compared with the same quarter of 2016, and the FER-PAL business acquisition.
Inventories	11.6	7.5	4.0	53.9	The majority of the inventories increase stems from FER-PAL's \$4.2 million year-end inventories added to the total in 2017, compared to 2016.
Property, plant and equipment	156.7	138.6	18.1	13.1	The majority of the increase stems from capital expenditures of \$22.0 million plus \$16.8 million included in business acquisitions, less the depreciation expense of \$16.6 million.
Goodwill	108.6	24.9	83.7	336.0	The majority of the increase stems from the FER-PAL and LGC acquisitions, as discussed in the Business Acquisitions section of this MD&A.
Trade and other payables	85.2	43.1	42.1	97.7	The increase is due to higher levels of activity in all business segments in the fourth quarter of 2017, compared with the fourth quarter of 2016, and to FER-PAL activity, which represents 56% of the increase.
Current portion of long-term debt	5.4	1.7	3.8	224.0	The increase of \$21.8 million derives mainly from the two business acquisitions, with a total cash impact of \$48.0 million. This was partially offset by cash generated from operations, which was partly used to pay the debt.
Long-term debt	78.0	58.6	19.3	32.9	
Non-current financial liabilities	61.6	12.5	49.1	392.6	The increase is mainly due to the acquisition of the non-controlling interests in FER-PAL and LGC. As a result of those transactions, LOGISTEC recorded a long-term liability obligation to repurchase the non-controlling interests amounting to \$50 million as at December 31, 2017.
Share capital	29.0	15.6	13.4	85.8	The variation as at December 31, 2017, is due to the investment in FER-PAL and the resulting issuance of \$8.0 million of Class B shares as discussed previously, and to the issuance of 1/5 of the share capital to be issued after the acquisition of the non-controlling interest in Sanexen in 2016.
Share capital to be issued	19.8	24.9	(5.1)	(20.4)	

Other items in the consolidated statements of financial position varied according to normal business parameters.

Financial Risk Management

By the nature of the activities carried out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, especially interest rate risk and foreign exchange risk.

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 1,750 customers. In 2017, the 20 largest customers accounted for 51.7% of consolidated revenue (45.7% in 2016) and one single customer accounts for more than 10% of consolidated revenue and trade receivables, at 10.9% for revenue and 19.5% for trade receivables (none in 2016).

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date. The Company updates its estimate of the allowance for doubtful accounts on a specific basis and, if required, using a set percentage applied to the aging of accounts receivable. Trade and other receivables are written off once determined not to be collectable.

Pursuant to their respective terms, trade and other receivables were aged as follows:

<i>(in thousands of dollars)</i>	As at December 31, 2017 \$	As at December 31, 2016 \$
Current	57,651	28,342
31-60 days	34,857	21,216
Past due 1-30 days	28,106	16,135
Past due 31-60 days	8,421	9,445
Past due 61-120 days	8,072	1,253
Past due over 121 days ⁽¹⁾	16,235	9,982
	153,342	86,373

⁽¹⁾ Includes contract holdbacks amounting to \$2.8 million (\$1.9 million in 2016)

The movements in the allowance for doubtful accounts were as follows:

<i>(in thousands of dollars)</i>	2017 \$	2016 \$
Balance, beginning of year	2,848	2,519
Bad debt expense	2,309	462
Reversals (write offs)	(1,104)	(133)
Balance, end of year	4,053	2,848

The Company's maximum exposure to credit risk with respect to each of its financial assets (cash and cash equivalents, investment in a service contract, trade and other receivables, and non-current financial assets) corresponds to its carrying amount.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity Risk

Liquidity risk is the Company's exposure to the risk of not being able to meet its financial obligations when they become due. The Company monitors its levels of cash and debt, and takes appropriate actions to ensure it has sufficient cash to meet operational needs while ensuring compliance with covenants.

The following were the contractual maturities of financial obligations:

As at December 31, 2017 <i>(in thousands of dollars)</i>	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	1-3 years \$	More than 3 years \$
Short-term bank loans	9,829	9,829	9,829	—	—
Trade and other payables	85,174	85,174	85,174	—	—
Long-term debt ⁽¹⁾	92,396	92,396	6,848	6,597	78,951
Non-current financial liabilities, excluding the derivative	61,637	61,637	—	18,299	43,338
	249,036	249,036	101,851	24,896	122,289

As at December 31, 2016 <i>(in thousands of dollars)</i>	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	1-3 years \$	More than 3 years \$
Trade and other payables	43,081	43,081	43,081	—	—
Long-term debt ⁽¹⁾	60,707	60,707	814	58,693	1,200
Non-current financial liabilities, excluding the derivative	12,437	12,437	1,836	2,138	8,463
	116,225	116,225	45,731	60,831	9,663

⁽¹⁾ Includes principal and interest

Given the actual liquidity level combined with future cash flows that will be generated by operations, and considering the increase in financial obligations, the Company believes that its liquidity risk is low to moderate.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results or the value of its financial instruments. The Company is mainly exposed to interest risk and foreign exchange risk.

INTEREST RISK

The Company is exposed to interest risk through interest rate fluctuations. However, the Company holds interest rate swap contracts to partly swap the floating rate to a fixed rate, and in 2017, the Company entered into an interest rate swap contract with our main banks for an amount of \$25.0 million. As at December 31, 2017, the degressive notional principal amount of the outstanding interest rate swap contract was \$23.8 million (nil in 2016). The Company also contracted a new loan with a new financial institution which is on a fixed interest basis, thus decreasing the Company's sensitivity to interest rate fluctuations.

SENSITIVITY ANALYSIS

As at December 31, 2017, the floating rate portion of the Company's long-term debt was 61.4% (92% in 2016). Taking into account the interest rate swap contracts mentioned above, the floating rate portion was 24.9% as at December 31, 2017 (80% in 2016). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2017, excluding the floating rate debt for which the floating rate has been swapped to fixed, would have a negative impact of \$0.2 million (\$0.6 million in 2016) on profit

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

for the year. A hypothetical variation of -1.0% in the prime interest rate would have the opposite impact on profit for the year.

FOREIGN EXCHANGE RISK

The Company is mainly exposed to fluctuations in the U.S. dollar. The Company considers the risk to be limited and, therefore, does not use derivative instruments to reduce its exposure.

During 2017, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have a positive impact of \$2.3 million (\$2.2 million in 2016) on profit for the year and a positive impact of \$2.9 million (\$2.8 million in 2016) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2017, a total of \$41.4 million or US\$32.6 million and €0.3 million (\$42.4 million or US\$29.0 million and €2.5 million in 2016) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2017, a total of \$30.1 million or US\$23.7 million and €0.3 million (\$17.8 million or US\$11.7 million and €1.5 million in 2016) of trade and other payables is denominated in foreign currencies.

Fair Value of Financial Instruments

As at December 31, 2017 and 2016, the estimated fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximated their respective carrying values due to their short-term nature.

The estimated fair value of long-term notes receivable, included in other non-current financial assets, was not significantly different from their carrying value as at December 31, 2017 and 2016, based on the Company's estimated rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of an investment in a service contract was not significantly different from its carrying value as at December 31, 2016, as terms and conditions were similar to current conditions.

The estimated fair value of long-term debt was not significantly different from its carrying value as at December 31, 2017 and 2016, since it mainly bore interest at floating rates and had financing conditions similar to those then available to the Company.

Business Risks

The business risks to which we are exposed have been fairly consistent over the last few years. The following is a summary of these major risks:

Market Risk — The Company handles a wide variety of commodities and, although our geographical and product diversification strategy should protect us against significant impacts, major fluctuations in specific commodities or in specific regions may affect our performance.

Port Terminal Related Risks — Access to strategic terminals is critical to a successful cargo handling operation. Our facilities are generally leased on a long-term basis. Such leases give us operating rights in exchange for rent that are generally fixed costs for the Company. Consequently, we quickly feel the financial impact of a major decline in cargo volumes.

Government Policies — Government investment in port infrastructures, legislation, tariffs or taxation powers can have a direct impact on a site's profitability and even on the flow of cargo.

Currency Fluctuations — Fluctuations in the Canadian/U.S. dollar conversion rate may affect Canadian companies. This situation, although it may affect our customers, does not affect us directly. Indeed, we usually provide services locally and are paid in the same currency in which we incur costs.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Hence, fluctuations in the U.S. dollar do not usually have a significant impact on our results, as our U.S. subsidiaries are financially self-sustaining. As discussed in the previous section "Financial Risk Management", the Company is mainly exposed to fluctuations in the U.S. dollar versus the Canadian dollar, particularly for its consolidated statements of financial position items held in U.S. dollars. However, the Company considers this risk to be relatively limited.

Personnel and Labour Related Risks — Some of our facilities are located near small urban centres where it can be difficult to find qualified labour. In addition, the industry in our marine services segment is strongly unionized and there is always a risk of strike or work stoppage when negotiating collective agreements.

Related Party Transactions

In addition to compensation to key management personnel and dividends to shareholders that occur in the normal course of business and that are quantified in Note 34 of the 2017 Notes, services rendered to or by related parties are essentially professional services, rent, management fees, and operational costs charged to or by joint ventures. These transactions are also in the normal course of business, and their consideration is established and agreed to by the related parties. Included in the amounts owed from joint ventures is Nanuk's share of the post-employment benefit obligation of one of the Company's sponsored retirement plans.

Selected Quarterly Information

	Q1	Q2	Q3	Q4	Year
<i>(in thousands of Canadian dollars, except per share amounts)</i>	\$	\$	\$	\$	\$
2017					
Revenue	60,071	101,861	168,314	145,497	475,743
Profit (loss) attributable to owners of the Company	(1,530)	4,789	10,955	13,212	27,426
Basic earnings per Class A share	(0.12)	0.38	0.84	1.01	2.14
Basic earnings per Class B share	(0.13)	0.41	0.93	1.12	2.35
Total basic earnings per share	(0.13)	0.39	0.88	1.05	2.23
Diluted earnings per Class A share	(0.12)	0.36	0.80	0.97	2.02
Diluted earnings per Class B share	(0.13)	0.39	0.88	1.06	2.22
Total diluted earnings per share	(0.13)	0.37	0.83	1.01	2.11
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

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.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Sanexen's and FER-PAL'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.

Fourth Quarter of 2017 Results and Comparative Figures

<i>(in thousands of dollars, except per share amounts)</i>	Q4 2017 \$	Q4 2016 \$
Revenue	145,497	95,758
Employee benefits expense	(71,689)	(42,797)
Equipment and supplies expense	(35,009)	(26,064)
Rental expense	(9,613)	(8,122)
Other expenses	(5,803)	(3,986)
Depreciation and amortization expense	(13,191)	(4,141)
Share of profit of equity accounted investments	1,581	1,546
Other gains and losses	5,430	955
Impairment charge	(2,917)	—
Operating profit	14,286	13,149
Finance expense	(2,158)	(520)
Finance income	125	33
Profit before income taxes	12,253	12,662
Income taxes	(286)	(3,775)
Profit for the period	11,967	8,887
Profit attributable to:		
Owners of the Company	13,212	8,892
Non-controlling interests	(1,245)	(5)
Profit for the period	11,967	8,887
Basic earnings per Class A share	1.01	0.70
Basic earnings per Class B share	1.12	0.76
Diluted earnings per Class A share	0.97	0.68
Diluted earnings per Class B share	1.06	0.74

Consolidated revenue totalled \$145.5 million in 2017, an increase of \$49.7 million or 51.9% over 2016. This increase is mainly due to strong activity in the environmental services segment during the fourth quarter of 2017, and to the business acquisition of FER-PAL, as mentioned earlier.

Employee benefits expense to revenue ratio for the fourth quarter of 2017 was higher at 49.3% compared with 44.7% for the same period in 2016. The higher ratio is mainly due to Sanexen's revenue mix, as Sanexen recorded more Aqua-Pipe installation revenue combined with FER-PAL activity, which has a higher labour component. Consequently, the overall proportion of employee benefits expense to revenue was higher.

Equipment and supplies expense for the fourth quarter of 2017 was higher at \$35.0 million, up by \$8.9 million over the fourth quarter of 2016. This increase is, for the most part, influenced by Sanexen's revenue mix and the FER-PAL business acquisition, as mentioned earlier. The overall proportion of equipment and supplies expense to revenue was lower, posting a ratio of 24.1% for the fourth quarter of 2017 versus 27.2% for the same period in 2016.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Depreciation and amortization expense amounted to \$13.2 million for the fourth quarter of 2017, up by \$9.1 million over \$4.1 million for the same period in 2016. This significant increase is the result of the depreciation expense of FER-PAL's backlog, for an amount of \$8.2 million for the quarter.

Operating profit for the fourth quarter of 2017 amounted to \$14.3 million, up from \$13.1 million in the fourth quarter of 2016. The increase in operating profit derives from the various elements discussed above.

All other expenses affecting operating profit varied within normal business parameters and were comparable to 2016 levels.

Income taxes for the fourth quarter of 2017 amounted to a credit of \$0.3 million. This is mainly due to the adjustment of future income taxes in the USA following the recent tax reform.

Non-controlling interests at (\$1.3) million reflect the reversal of an attribution we originally expected to distribute to non-controlling shareholders for which the contractual requirements were not met by the subsidiary.

Significant Judgments, Estimates and Assumptions

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 that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from those estimates. The measurement of some assets and liabilities in the preparation of the financial statements includes assumptions made by management that are described in Note 4 of the 2017 Notes. Further details on judgments, estimates and assumptions can be found in the 2017 Notes, particularly regarding trade receivables (Notes 5 and 18), goodwill (Note 22), finite-life intangible assets (Note 23), equity accounted investments (Note 20), impairment of long-lived assets including goodwill (Note 22), deferred income taxes (Note 12), post-employment benefits (Note 25), and provisions (Note 30). The Company's significant accounting policies are applied consistently to all its reportable industry segments (Note 35).

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 financial statements.

Accounting Standards and Interpretation 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".

The following interpretation has been published: IFRIC 23, "Accounting for Uncertainties in Income Taxes (IAS 12)".

Please refer to Note 3 of the 2017 Notes for further details on these standards and this interpretation.

Environmental Matters

Climate Change

It is not possible to assess the impact of climate change on our business at this time. We believe it may create concerns but also opportunities. Although it may have an impact on water levels in certain ports, it may also lead to a longer season for Arctic transportation. These are monitored regularly to ensure that we will be well positioned to deal with any changes that may occur in the flow of trade.

Other Environmental Concerns

We handle various bulk commodities on sites that have had industrial activities for many years. It is more than likely that some sites were already contaminated from such activities prior to our arrival. We normally make a baseline assessment of the sites' contamination prior to signing a new lease. This limits our liability to our own operations. LOGISTEC takes environmental matters very seriously and is committed to limiting and reducing its environmental footprint.

ENVIRONMENTAL POLICY

LOGISTEC has a health, safety and environment ("HSE") policy that recognizes the importance of environmental aspects of the business. It commits us to take into account the possible repercussions on the environment of all our current and future decisions and operations.

The policy states that the Company will subscribe to certain principles, such as:

- Respect of and compliance with current environmental laws and regulations in the conduct of all our operations;
- Reduction of our possible impact on the environment with protective and preventive measures;
- Use of environmentally friendly technologies;
- Adoption and application of programs aimed at continuous improvement, as measured through the monitoring of emissions and waste resulting from our activities.

GREEN MARINE

As proof of its commitment towards the environment, LOGISTEC has been a certified Green Marine participant since 2009. Green Marine is a joint Canada-USA initiative aimed at implementing a marine industry environmental program throughout North America. Founded in 2008 by CEOs of leading marine services companies in Eastern Canada, including our CEO, Green Marine has rapidly gained a reputation for credibility and transparency, and for challenging participant companies to improve their environmental performance beyond regulatory compliance. The cornerstone of the Green Marine initiative is its far-reaching environmental program, which makes it possible for any marine company operating in Canada or the USA to voluntarily improve its environmental performance by undertaking concrete and measurable actions.

Although the program was originally conceived for the Great Lakes and St. Lawrence corridor, the interest it has generated throughout the marine industry has enabled it to evolve and cover North America in its entirety. Companies participating in the voluntary program evaluate their performance yearly on a scale that ranges from regulatory compliance to excellence in their practices with respect to seven priority environmental issues, namely: aquatic invasive species, pollutant air emissions, greenhouse gases, cargo residues, oily waters, conflicts of use in ports and terminals, and environmental leadership. The program is reviewed and adjusted every year to reflect new regulations and keep up with technological innovation.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

OPPORTUNITIES

Serving the marine industry may represent an opportunity from an environmental point of view. Indeed, carrying goods by ship is one of the most economical and environmentally friendly means of transportation. The large volume of cargoes being transported on each sailing generally converts into a lower consumption of energy per tonne of cargo handled versus ground transportation. Environmental pressures from authorities to lower greenhouse gas emissions may favour marine transportation (via the St. Lawrence River for instance) which in turn may favour our business, since such ships will need to be loaded and unloaded.

Our subsidiary Sanexen is active in the field of environmental cleanup and rehabilitation of watermains, and the more conscientious businesses and municipalities become, the more opportunities this may represent for Sanexen.

Corporate Governance

LOGISTEC has implemented high standards of corporate governance. LOGISTEC has in place corporate governance practices that are consistent with the requirements of National Policy 58-201 "Corporate Governance Guidelines" and National Instrument 58-101 "Disclosure of Corporate Governance Practices". 9 of LOGISTEC's 12 directors are independent, and the roles of Chairman and Chief Executive Officer are separate. The Governance and Human Resources Committee and the Audit Committee consist exclusively of independent directors. The Audit Committee, which is involved in the review of interim and annual reports and financial statements prior to their submission to the Board of Directors for approval, meets separately with the Company's independent auditor. The Board of Directors recommends the appointment of the independent auditor to shareholders after the Audit Committee has made a proper analysis.

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 MD&A, the annual financial statements, the annual information form and the information circular, which includes a compensation disclosure and analysis (the "Annual Filings"). Based on their knowledge, the Annual 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 Annual Filings. Based on their knowledge, the annual financial statements, together with the other financial information included in the Annual 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 Annual Filings.

Under the supervision of the Certification Steering Committee, the effectiveness of DC&P was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Vice-President, Finance concluded that the DC&P were effective as at the end of the fiscal period ended December 31, 2017, and that the design of these 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 Annual Filings, and that information required to be disclosed in its Annual 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.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

Under the supervision of the Certification Steering Committee, the effectiveness of ICFR was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Vice-President, Finance concluded that ICFR is adequate and effective to provide such assurance as at December 31, 2017.

The management's evaluation of the design and the effectiveness of the Company's internal control over financial reporting excludes controls, conventions and procedures regarding FER-PAL, acquired on July 6, 2017. The Company has a period of one year from the acquisition date to conduct this analysis and to implement internal controls deemed necessary. Please refer to the Business Acquisition section for further financial information.

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

Outlook

Since our marine services segment handles commodities and all types of cargo, and our environmental services segment manages large site remediation projects and watermain rehabilitation that are infrastructure projects, our business and performance will be influenced by the economy. In this regard, the North American economy is still performing very well and is expected to remain strong, most likely beyond 2018.

The U.S. economy will be somewhat stimulated by the recent overall reduction of federal tax rates, at least in the foreseeable future. Government prime interest rates are beginning to increase, but should remain below 2% until the end of 2018 in the USA and in Canada. They will therefore remain in the stimulating range, making it easier for companies and governments to finance their projects and their investments.

These conditions are further improved by the economy being close to full employment in both Canada and the USA, meaning that people are working and spending, with positive effects on the economy. It all adds up to a recipe that bodes very well for LOGISTEC's performance in the foreseeable future.

Even the European economy is expected to do well, and China's growth should progress slightly. Therefore, most macroeconomic trends are positive. For LOGISTEC, specifically, 2017's positive growth should continue in 2018.

One of the highlights of 2017 was the acquisition of a majority position in FER-PAL in July 2017. We are very pleased with its performance in 2017, but on a consolidated basis, we had to support some \$15.8 million of amortization of intangible assets acquired during that transaction: the value of the customer backlog, to be precise. Since this asset is now fully amortized, our 2018 results will now include a full year of FER-PAL operations without that significant charge, directly improving our earnings. We do have to keep in mind that, being an amortization expense, its elimination will not impact our EBITDA.

As for Sanexen, which was faced with greater competition for site remediation projects and experienced a less favourable revenue mix in 2017, we expect a better performance in 2018, including more contracts for our Aqua-Pipe technology in the USA.

The outlook is also positive in the marine services segment. The momentum regained in 2017 should continue in our cargo handling operations, particularly in bulk cargo and containers. As for break-bulk cargo, we just completed the acquisition of GSM for US\$65.7 million, which will generate additional revenue for this business segment.

As mentioned earlier in this MD&A, this strategic acquisition positions the Company as a leader in cargo handling in the U.S. Gulf region. We are very excited to welcome this dynamic group of individuals, who add expertise to our organization and will no doubt contribute to LOGISTEC's continued growth.

2017 MANAGEMENT'S DISCUSSION AND ANALYSIS

In conclusion, the Company was successful in completing two significant acquisitions, one in each of our business segments. Moreover, we are still actively identifying, studying and evaluating other acquisition targets.

Our people are fully accountable for our performance and truly committed to our long-term growth. By empowering our people, setting clear goals, and measuring our progress on a timely basis, we have delivered superior results in 2017, and look forward to creating more value for our shareholders going forward.

This Management's Discussion and Analysis along with the annual report, audited annual consolidated financial statements, the annual information form and the information circular and compensation disclosure and analysis are all filed on SEDAR's website (www.sedar.com) and some of these documents can also be consulted on LOGISTEC's website (www.logistec.com), in the Investors section.

The interim financial reports and financial press releases can also be consulted on SEDAR and LOGISTEC's website.

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 position 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 this document 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.

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

March 20, 2018

Independent Auditor's Report

To the Shareholders of Logistec Corporation

We have audited the accompanying consolidated financial statements of Logistec Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Logistec Corporation as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(s) *Deloitte LLP*¹
March 20, 2018
Montreal, Québec

¹ CPA auditor, CA, public accountancy permit No. A109522

Consolidated Statements of Earnings

years ended December 31

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

	Notes	2017 \$	2016 \$
Revenue	7	475,743	343,326
Employee benefits expense	8	(235,247)	(158,784)
Equipment and supplies expense		(122,651)	(102,636)
Rental expense		(33,799)	(28,899)
Other expenses		(21,997)	(15,230)
Depreciation and amortization expense	21, 23	(33,859)	(14,288)
Share of profit of equity accounted investments	20	6,952	4,310
Other gains and losses	9	4,875	(345)
Impairment charge	23	(2,917)	—
Operating profit		37,100	27,454
Finance expense	10	(3,937)	(1,894)
Finance income	11	404	194
Profit before income taxes		33,567	25,754
Income taxes	12	(6,211)	(7,268)
Profit for the year		27,356	18,486
Profit attributable to:			
Owners of the Company		27,426	18,858
Non-controlling interest		(70)	(372)
Profit for the year		27,356	18,486
Basic earnings per Class A Common Share ⁽¹⁾	14, 32	2.14	1.48
Basic earnings per Class B Subordinate Voting Share ⁽²⁾	14, 32	2.35	1.64
Diluted earnings per Class A share	14, 32	2.02	1.41
Diluted earnings per Class B share	14, 32	2.22	1.56

⁽¹⁾ Class A Common Share ("Class A share")

⁽²⁾ Class B Subordinate Voting Share ("Class B share")

Consolidated Statements of Comprehensive Income

years ended December 31
(in thousands of Canadian dollars)

	Notes	2017 \$	2016 \$
Profit for the year		27,356	18,486
Other comprehensive income (loss)			
Items that are or may be reclassified to the consolidated statements of earnings			
Currency translation differences arising on translation of foreign operations		(2,787)	(1,158)
Gains on derivatives designated as cash flow hedges		151	—
Transfer of gains on derivatives designated as cash flow hedges to the consolidated statements of earnings		—	167
Income taxes relating to derivatives designated as cash flow hedges		(41)	(45)
Total items that are or may be reclassified to the consolidated statements of earnings		(2,677)	(1,036)
Items that will not be reclassified to the consolidated statements of earnings			
Remeasurement losses on benefit obligation	25	(1,515)	(44)
Return on retirement plan assets excluding amounts included in profit for the year	25	830	669
Income taxes on remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the year	12	151	(168)
Total items that will not be reclassified to the consolidated statements of earnings		(534)	457
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		32	1
Items that will not be reclassified to the consolidated statements of earnings		(133)	12
Total share of other comprehensive income of equity accounted investments, net of income taxes		(101)	13
Other comprehensive loss for the year, net of income taxes		(3,312)	(566)
Total comprehensive income for the year		24,044	17,920
Total comprehensive income (loss) attributable to:			
Owners of the Company		24,114	18,292
Non-controlling interest		(70)	(372)
Total comprehensive income for the year		24,044	17,920

2017 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Notes	As at December 31, 2017 \$	As at December 31, 2016 \$
Assets			
Current assets			
Cash and cash equivalents	16	3,963	15,971
Investment in a service contract	17	—	865
Trade and other receivables	18	153,342	86,373
Work in progress		5,306	4,395
Current income tax assets	12	494	3,767
Other financial assets		1,055	1,014
Assets available for sale		—	330
Prepaid expenses		2,775	5,654
Inventories	19	11,550	7,506
		178,485	125,875
Equity accounted investments	20	34,350	31,141
Property, plant and equipment	21	156,691	138,591
Goodwill	22	108,557	24,899
Other intangible assets	23	14,903	18,233
Other non-current assets	24	1,658	1,534
Post-employment benefit assets	25	606	706
Non-current financial assets	26	7,984	7,166
Deferred income tax assets	12	9,218	7,715
Total assets		512,452	355,860
Liabilities			
Current liabilities			
Short-term bank loans	27	9,829	—
Trade and other payables	28	85,174	43,081
Deferred revenue		2,252	2,928
Current income tax liabilities	12	3,699	149
Dividends payable	32	1,075	947
Current portion of long-term debt	29	5,447	1,681
Provisions	30	813	1,344
		108,289	50,130
Long-term debt	29	77,957	58,644
Provisions	30	771	800
Deferred income tax liabilities	12	14,488	13,382
Post-employment benefit obligations	25	14,778	13,076
Deferred revenue		3,733	4,133
Non-current financial liabilities	31	61,641	12,514
Total liabilities		281,657	152,679
Commitments, contingent liabilities and guarantees	37, 38		
Equity			
Share capital	32	29,019	15,618
Share capital to be issued	32	19,820	24,898
Retained earnings		173,129	151,616
Accumulated other comprehensive income		6,606	9,251
Equity attributable to owners of the Company		228,574	201,383
Non-controlling interest		2,221	1,798
Total equity		230,795	203,181
Total liabilities and equity		512,452	355,860

On behalf of the Board

(signed) George R. Jones
Director

(signed) Madeleine Paquin
Director

2017 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Notes	Attributable to owners of the Company							
		Share capital	Share capital to be issued	Accumulated other comprehensive income			Total	Non-controlling interest	Total equity
				Cash flow hedges	Foreign currency translation	Retained earnings			
		\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2017		15,618	24,898	(4)	9,255	151,616	201,383	1,798	203,181
Profit (loss) for the year		—	—	—	—	27,426	27,426	(70)	27,356
Other comprehensive income (loss)									
Currency translation differences arising on translation of foreign operations		—	—	—	(2,787)	—	(2,787)	—	(2,787)
Remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the year, net of income taxes	25	—	—	—	—	(534)	(534)	—	(534)
Cash flow hedges, net of income taxes		—	—	142	—	—	142	—	142
Share of other comprehensive income of equity accounted investments, net of income taxes		—	—	—	—	(133)	(133)	—	(133)
Total comprehensive income (loss) for the year		—	—	142	(2,787)	26,759	24,114	(70)	24,044
Repurchase of Class A shares	32	(4)	—	—	—	(243)	(247)	—	(247)
Issuance and repurchase of Class B shares	32	327	—	—	—	(959)	(632)	—	(632)
Issuance of Class B shares related to a business acquisition		8,000	—	—	—	—	8,000	—	8,000
Long-term liability for the obligation to repurchase a non-controlling interest		—	—	—	—	—	—	(50,089)	(50,089)
Non-controlling interest arising on a business acquisition		—	—	—	—	—	—	50,582	50,582
Issuance of Class B shares capital to a subsidiary shareholder upon the exercise of the put option	32	5,078	(5,078)	—	—	—	—	—	—
Dividends on Class A shares	32	—	—	—	—	(2,334)	(2,334)	—	(2,334)
Dividends on Class B shares	32	—	—	—	—	(1,710)	(1,710)	—	(1,710)
Balance as at December 31, 2017		29,019	19,820	138	6,468	173,129	228,574	2,221	230,795

Consolidated Statements of Changes in Equity (Continued)

(in thousands of Canadian dollars)

	Notes	Attributable to owners of the Company							Total equity \$
		Share capital \$	Share capital to be issued \$	Accumulated other comprehensive income		Retained earnings \$	Total \$	Non-controlling interests \$	
				Cash flow hedges \$	Foreign currency translation \$				
Balance as at January 1, 2016		14,985	—	(139)	10,413	164,154	189,413	20,232	209,645
Profit (loss) for the year		—	—	—	—	18,858	18,858	(372)	18,486
Other comprehensive income (loss)									
Currency translation differences arising on translation of foreign operations		—	—	—	(1,158)	—	(1,158)	—	(1,158)
Remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the year, net of income taxes	25	—	—	—	—	457	457	—	457
Cash flow hedges, net of income taxes		—	—	122	—	—	122	—	122
Share of other comprehensive income of equity accounted investments, net of income taxes		—	—	13	—	—	13	—	13
Total comprehensive income (loss) for the year		—	—	135	(1,158)	19,315	18,292	(372)	17,920
Repurchase of Class A shares	32	(16)	—	—	—	(953)	(969)	—	(969)
Issuance and repurchase of Class B shares	32	649	—	—	—	(8,957)	(8,308)	—	(8,308)
Repurchase of non-controlling interests	32	—	24,898	—	—	(18,148)	6,750	(18,062)	(11,312)
Dividends on Class A shares	32	—	—	—	—	(2,226)	(2,226)	—	(2,226)
Dividends on Class B shares	32	—	—	—	—	(1,569)	(1,569)	—	(1,569)
Balance as at December 31, 2016		15,618	24,898	(4)	9,255	151,616	201,383	1,798	203,181

2017 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Cash Flows

years ended December 31
(in thousands of Canadian dollars)

	Notes	2017 \$	2016 \$
Operating activities			
Profit for the year		27,356	18,486
Items not affecting cash and cash equivalents	33	43,899	29,787
Cash generated from operations		71,255	48,273
Dividends received from equity accounted investments	20	3,637	2,213
Contributions to defined benefit retirement plans	25	(1,036)	(866)
Settlement of provisions	30	(154)	(304)
Changes in non-cash working capital items	33	(23,885)	(15,028)
Income taxes paid		(6,021)	(7,473)
		43,796	26,815
Financing activities			
Net change in short-term bank loans		1,579	—
Issuance of long-term debt, net of transaction costs	29, 33	90,014	53,852
Repayment of long-term debt	29, 33	(70,829)	(29,909)
Interest paid		(2,822)	(1,867)
Issuance of Class B shares	32	201	607
Repurchase of Class A shares	32	(248)	(969)
Repurchase of Class B shares	32	(1,043)	(9,484)
Dividends paid on Class A shares	32	(2,279)	(2,227)
Dividends paid on Class B shares	32	(1,638)	(1,587)
		12,935	8,416
Investing activities			
Customer repayment of an investment in a service contract		865	292
Interest received		403	206
Cash acquired in a business acquisition	6	—	205
Business acquisitions	6	(48,038)	(5,262)
Repurchase of a non-controlling interest		(2,880)	(2,393)
Acquisition of property, plant and equipment	21	(21,965)	(32,198)
Proceeds from disposal of property, plant and equipment	21	2,473	363
Acquisition of other financial assets	7	—	(4,039)
Acquisition of intangible assets	23	(45)	(33)
Repayment of non-current financial assets		104	3
Increase of other non-current assets		(805)	(827)
Disposal of other non-current assets		191	68
		(69,697)	(43,615)
Net change in cash and cash equivalents		(12,966)	(8,384)
Cash and cash equivalents, beginning of year		15,971	23,811
Effect of exchange rate on balances held in foreign currencies of foreign operations		958	544
Cash and cash equivalents, end of year		3,963	15,971
Non-cash transactions and supplemental information	33		

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1. General Information

LOGISTEC Corporation (the "Company") provides specialized cargo handling and other services to a wide variety of marine, industrial and municipal customers. The Company has cargo handling facilities in 35 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 subsidiaries Sanexen Environmental Services Inc. ("Sanexen") and FER-PAL Construction Ltd. ("FER-PAL"), operates in the environmental sector where it provides services for the trenchless structural rehabilitation of underground watermains, 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.

These audited consolidated financial statements were approved by the Company's Board of Directors on March 20, 2018.

2. Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of these consolidated financial statements are set out below.

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Preparation

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments that are measured at fair value, including derivative financial instruments, post-employment benefit assets, post-employment benefit obligations, and provisions for asset retirement obligations. Historical cost is generally based on the fair value of the consideration given in exchange for services. Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants on the valuation date. The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries.

SUBSIDIARIES

Subsidiaries are all entities controlled by the Company. Control is achieved where the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of these returns. The subsidiaries continue to be consolidated until the date that such control ceases.

Revenue and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of earnings and of comprehensive income from the effective date of acquisition

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of control and up to the effective date of loss of control, as appropriate. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, liabilities incurred and equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's net assets.

Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

All intra-group transactions, balances, revenue expenses, and cash flows are eliminated on consolidation until they are realized with a third party. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items ~~receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur~~ (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

The following subsidiaries are wholly owned by the Company:

BalTerm, LLC, CrossGlobe Transport, Ltd., Les Terminaux Rideau Bulk Terminals Inc., Logistec Environmental Services Inc., Logistec Marine Agencies Inc., Logistec Marine Services Inc., Logistec Stevedoring Inc., Logistec Stevedoring (New Brunswick) Inc., Logistec Stevedoring (Nova Scotia) Inc., Logistec Stevedoring (Ontario) Inc., Logistec Stevedoring U.S.A. Inc., Logistec USA Inc., Niedner Inc., Ramsey Greig & Co. Ltd., Sanexen Environmental Services Inc., Sanexen Water, Inc., SETL Real Estate Management Inc., Sorel Maritime Agencies Inc., and Tartan Terminals, Inc. The Company also holds an 85.82% investment in MtlLINK Multimodal Solutions Inc.

On July 6, 2017, the Company acquired 51% of the shares of FER-PAL, and on February 16, 2017, the Company invested in Logistec Gulf Coast LLC ("LGC") and holds a 70% interest.

NON-CONTROLLING INTERESTS

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity.

EQUITY ACCOUNTED INVESTMENTS

Equity accounted investments consist of investments in joint ventures and associates of the Company.

JOINT VENTURES

A joint venture is a contractual arrangement whereby the Company and other parties undertake to have joint control over an arrangement, which exists only when decisions about the activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. It involves the establishment of a corporation or a partnership and the parties having joint control have rights to the net assets of the arrangement.

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ASSOCIATES

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The profit or loss, assets and liabilities of equity accounted investments are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in a joint venture or associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and of other comprehensive income or loss of the joint venture or associate. When the Company's share of loss of a joint venture or associate exceeds the Company's interest in that joint venture or associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture or associate), the Company discontinues recognizing its share of further losses unless the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a joint venture or associate recognized at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after reassessment, is recognized immediately in the consolidated statements of earnings.

When the Company transacts with its joint venture or associate, profit or loss resulting from transactions with the joint venture or associate is recognized in the Company's consolidated financial statements only to the extent of interests in the joint venture or associate that are not related to the Company.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognized when it is probable that the economic benefits will flow to the Company, sale price is determinable, services are rendered or goods are shipped, and collectability is reasonably assured.

The Company earns revenue for stevedoring, material loading and unloading, container stuffing and destuffing, ship dockage, rail and road transportation, storage, tailgating (truck loading and discharging), and marine agency services. Revenue for stevedoring, material loading and unloading, container stuffing and destuffing, ship dockage, rail and road transportation, tailgating and marine agency services is recognized when services are performed. Fees for storage are recognized for material stored at the facilities.

The Company also earns revenue from environmental services relating to the rehabilitation of underground water mains, regulated materials management, site remediation, risk analysis as well as manufacturing of woven hoses. Revenue from rehabilitation of underground water mains, regulated materials management services, site remediation, and risk analysis is recognized based on the stage of completion of work, which, depending on the nature of the revenue arrangement, is determined by surveys of work performed. Revenue is calculated based on billing rates for the services performed or proportionally with its stage of completion at any given time by dividing the cumulative costs incurred as at the period end date by the sum of incurred costs and anticipated costs for completing a contract. When using the stage of completion method to recognize revenue, the cumulative effect of changes to anticipated costs and anticipated revenue for completing a contract are recognized in the period in

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which the revisions are identified. In the event that the total anticipated costs exceed the total anticipated revenue on a contract, such loss is recognized in its entirety in the period it becomes known. Estimates are required to determine the appropriate anticipated costs and revenue. Anticipated revenue on contracts may include future revenue from unapproved change orders, if such additional revenue can be reliably estimated and it is considered probable that it will be recovered. Also, anticipated revenue on contracts may include future revenue from claims, if negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and that it is probable that the amount will be accepted by the customer can be measured reliably. Revenue from manufacturing of woven hoses is recognized when goods are shipped.

Service Concession Arrangements under IFRIC Interpretation 12

IFRIC Interpretation 12, "Service Concession Arrangements", provides guidance on the accounting of certain qualifying public-private partnership arrangements under which the grantor, usually a government:

- Controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- Controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

The concessionaire accounts for the assets related to the infrastructure as a financial asset when it does not assume the financial risk associated with the usage of the infrastructure, as an intangible asset when it assumes the demand risk and a mix of both when it shares the demand risk with the grantor.

Revenue from service concession arrangements associated with the construction of an infrastructure is recognized based on the stage of completion of work. Revenue from the operation of the infrastructure is recognized in the period in which the services are rendered. Finance income generated on financial assets is recognized using the effective interest method.

Foreign Currencies**FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of each of the Company's foreign operations are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional and presentation currency is the Canadian dollar.

The financial statements of foreign operations that have a functional currency different from that of the Company's presentation currency are translated into Canadian dollars. Assets and liabilities are translated at the rates in effect at the end of the reporting period; revenue and expense items are translated at the rates in effect on transaction dates. Gains or losses arising from translation are recorded in equity under the heading accumulated other comprehensive income – foreign currency translation.

TRANSACTIONS AND BALANCES

Revenue and expense items arising from transactions in foreign currencies are converted into the functional currency at the rates in effect on transaction dates. Monetary asset and liability items on the consolidated statements of financial position are translated into the functional currency at the rates in effect at the end of the reporting period; non-monetary items are translated at the rates in effect on transaction dates. Exchange gains or losses arising from translation are recognized in the consolidated statements of earnings under the heading Other Gains and Losses, except where hedge accounting is applied as described under derivative financial instruments.

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Income Taxes

Income tax expense comprises current and deferred income taxes. The income tax expense is recognized in the consolidated statements of earnings except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current Income Taxes

Current income taxes are the expected taxes payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable with respect to previous years.

Deferred Income Taxes

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

DEFERRED INCOME TAX ASSETS

Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Such deferred income tax assets are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred income tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures are only recognized to the extent that it is probable that there will be sufficient taxable profit against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Such deferred income tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks, highly liquid investments with maturity dates less than three months from the acquisition date, and highly liquid investments redeemable at all times without penalty.

Trade and Other Receivables

Trade receivables are amounts due from customers for the rendering of services or sale of goods in the normal course of business. Trade and other receivables are classified as current assets if payment is due within one year or less. Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, less impairment. The Company maintains an allowance for doubtful accounts to provide for impairment of trade receivables. The expense relating to doubtful accounts is included within other expenses in the consolidated statements of earnings.

Work in Progress

Work in progress represents the gross unbilled amount for a given project that is expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized by the Company to date less progress billings. If progress billings for a given project exceed costs incurred plus recognized profit, then the difference is presented as deferred revenue.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Cost of work in progress and finished goods includes raw material cost, labour cost and appropriate overhead cost. Net realizable value represents the estimated sale price for inventories less all estimated costs of completion and costs necessary to make the sale.

Investment in a Service Contract

Investment in a service contract is an amount paid by the Company for assets that will be used in a service contract where the customer has the exclusive right to all or a portion of these assets for a specific period and the Company is not able to sell or otherwise use these assets to service others without the customer's consent. The investment is accounted for as financing arrangements based on the return established in the terms of the contracts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of government grants, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are recorded in the consolidated statements of earnings during the period in which they are incurred.

Property, plant and equipment, less their residual value, are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Buildings	5 to 25 years
Machinery and automotive equipment	3 to 20 years
Computer equipment	3 to 7 years
Furniture and fixtures	3 to 10 years
Leasehold improvements	4 to 10 years
Automotive equipment held under finance leases	5 years

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The estimated useful lives, residual values and method of depreciation are reviewed annually, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is determined by comparing the sales proceeds with the carrying amount of the asset and is included in the consolidated statements of earnings.

Leases

Leases are classified as either operating or finance leases based on the substance of the transaction at the inception of the lease.

OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Expenses under an operating lease are recognized in the consolidated statements of earnings on a straight-line basis over the period of the lease.

FINANCE LEASES

Leases in which substantially all the risks and rewards of ownership are transferred to the Company are classified as finance leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation and is classified in long-term debt.

Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. A finance expense is charged directly to the consolidated statements of earnings, unless it is directly attributable to qualifying assets, in which case it is capitalized.

Government Grants

Government grants related to the acquisition of capital expenditures are reflected as a reduction of the cost of the related assets. Accordingly, they are recognized in the consolidated statements of earnings over the life of the depreciable asset as a reduced depreciation expense. Government grants for expenses are recognized as a reduction of the related expenses. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Goodwill

Goodwill is measured as the excess of the acquisition cost over the Company's share in the fair value of all identified assets and liabilities. Goodwill is initially recognized as an asset at fair value and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGU") (or groups of CGUs) expected to benefit from the synergies of the combination, and which represent the lowest level within the Company at which goodwill is monitored for internal purposes.

CGUs to which goodwill has been allocated are tested for impairment annually, except when certain criteria are met, or more frequently when there is an indication that the unit may be impaired. Recoverable amount is the higher of fair value less costs of disposal to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. If the recoverable

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amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Intangible Assets

Intangible assets consist primarily of lease rights and location, and client relationships. Intangible assets have finite useful lives and are stated at cost less accumulated amortization and impairment losses.

Intangible assets are amortized using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Client relationships	2 to 10 years
Computer software	3 to 5 years
Dredging costs	2 years
Lease rights and location	21 years

Following the FER-PAL acquisition, the company recorded an intangible asset related to contract backlog which is fully amortized over the delivery period of seven months.

Research expenditures are recognized as an expense as incurred. Development expenditures are recognized as an intangible asset when all the following criteria can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditures that do not meet these criteria are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an intangible asset in a subsequent year.

Impairment of Non-Financial Assets Other Than Goodwill

At the end of each reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

If the carrying amount of an asset (or CGU) exceeds its recoverable amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is immediately recognized in the consolidated statements of earnings.

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Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of earnings.

Provisions

Provisions include provisions for warranty, claims and litigation, provisions to further recognize the Company's share of losses of certain joint ventures for which it has incurred constructive obligations, and asset retirement obligations. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, when it is probable that the Company will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

WARRANTY

A subsidiary of the Company provides a limited warranty on its products to be free of defects in material and workmanship for a period of five years from the date goods are sold. The provision is based on management's best estimate of the amount required to settle the obligation.

CLAIMS AND LITIGATION

A provision for claims and litigation is recognized when it is probable that the Company will be held responsible. The provision is based on management's best estimate of the amount required to settle the obligation.

ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations essentially derive from its obligations to remove assets and to restore its sites under operating leases. The fair value of a liability for an asset retirement obligation is recorded in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between independent parties that is other than in a forced or liquidation transaction. The asset retirement cost is capitalized as part of the related asset and is amortized using a systematic and rational method over the asset's useful life.

Post-Employment Benefits

Certain employees have entitlements under the Company's retirement plans which are either defined contribution or defined benefit retirement plans. These plans take different forms depending on the legal, financial and tax regime of each country.

For defined benefit retirement plans, the level of benefit provided is based on the length of service and earnings of the person entitled. Also, the cost of retirement is actuarially determined using the projected unit credit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

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The retirement liability recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The net interest expense is calculated on the net defined benefit liability (asset) by applying the discount rate used to calculate the defined benefit obligation at the beginning of the year.

Remeasurements are included in other comprehensive income, namely actuarial gains and losses on benefit obligations and return on plan assets excluding amounts included in profit for the year. Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income, without recycling to the consolidated statements of earnings in subsequent periods.

Past service cost is recognized at the earlier of the following two dates:

- i. When the plan amendment or curtailment occurs; or
- ii. When the entity recognizes related restructuring costs or termination benefits.

Contributions for defined contribution retirement plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recorded at fair value.

FINANCIAL ASSETS

Financial assets are classified as available for sale, at fair value through profit or loss ("FVTPL"), held-to-maturity, or loans and receivables. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

CLASSIFICATION

Cash and cash equivalents, trade and other receivables, non-current financial assets and investments in service contracts are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognized when the contractual right to the asset's cash flows expires.

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FINANCIAL LIABILITIES

Financial liabilities are classified either as at FVTPL or other financial liabilities.

CLASSIFICATION

Trade and other payables, dividends payable, long-term debt, long-term incentive plans, and workers' compensation are classified as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

TRANSACTION COSTS

Transaction costs related to financial liabilities classified as FVTPL are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest method.

DERECOGNITION OF FINANCIAL LIABILITIES

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative Financial Instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and to interest risk. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognized immediately in the consolidated statements of earnings unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the consolidated statements of earnings depends on the nature of the hedge relationship.

HEDGE ACCOUNTING

Hedge accounting enables the recording of the effective portion of gains or losses from derivative financial instruments in the same period as for those related to the hedged item. The Company designates foreign exchange forward contracts as hedging instruments in respect of foreign currency risk related to some forecasted transactions of non-financial assets as cash flow hedges. The Company also designates interest rate swap contracts as hedging instruments in respect of interest risk related to floating interest rate debts as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge relationship and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading accumulated other comprehensive income – cash flow hedges. The gain or loss relating to the ineffective portion is recorded in the consolidated statements of earnings, if any, and is included in the other gains and losses line item.

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The gains and losses previously recognized in other comprehensive income and accumulated in equity related to the forecasted transactions of the non-financial assets are transferred from equity and included in the initial measurement of the cost of the non-financial asset while those related to interest rate swap contracts are reclassified to the consolidated statements of earnings over the period that the floating rate interest payments on debts affect profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized only when the forecasted transaction is ultimately recognized in the consolidated statements of earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the consolidated statements of earnings.

Earnings per Share (“EPS”)

Basic EPS are calculated by dividing the profit (loss) for the year, attributable to owners of the Company by the weighted average number of Class A and Class B shares outstanding during the year.

Diluted EPS are calculated by adjusting the weighted average number of Class A and Class B shares outstanding for dilutive instruments. Diluted EPS are calculated using the treasury stock method.

Share Capital

Class A and Class B shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Share-Based Payment

Equity-settled share-based payment to employees is measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized prospectively in the consolidated statements of earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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 financial statements.

Accounting Standards and Interpretation 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”.

The following interpretation has been published: IFRIC 23, “Accounting for Uncertainties in Income Taxes (IAS 12)”.

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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 decided to adopt IFRS 9 using the retrospective approach and chose not to restate prior year comparatives. The requirements for hedge accounting in IFRS 9 will be applied prospectively on January 1, 2018. The Company completed its assessment of the impact of this new standard and the adoption of the standard will not have a material impact on the financial statements other than additional required note disclosures.

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 decided to adopt IFRS 15 using the modified retrospective approach. The Company completed its assessment of the impact of this new standard and the adoption of the standard will not have a material impact on the financial statements other than additional required note disclosures.

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.

The Company is currently assessing the impact of this standard on the financial statements. The Company expects a material impact to the financial statements. However, at this time, it is not possible to provide a reasonable estimate of the effects of this new standard.

IFRIC 23, "Accounting for Uncertainties in Income Taxes (IAS 12)"

In June 2017, the IASB issued IFRIC 23, "Uncertainty over Income Tax Treatments (IAS 12)", to clarify how to apply the recognition and measurement requirements in IAS 12 ("Income Taxes"), when there is uncertainty over income tax treatments.

This new interpretation applies to fiscal years beginning on or after January 1, 2019. The Company is currently assessing the estimated impact on the financial statements.

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4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's significant accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The measurement of some assets and liabilities in the preparation of these consolidated financial statements includes assumptions made by management, in particular regarding the following items:

Trade Receivables

The Company must make an assessment of whether trade receivables are collectable from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment on a specific basis and, if required, using a set percentage applied to the aging of trade receivables. Trade receivables are written off once determined not to be collectable. If future collections differ from estimates, future profit would be affected.

Goodwill and Other Intangible Assets

Goodwill and certain of the Company's other intangible assets, consisting of lease rights and location, client relationships and acquired contractual backlog, arise out of business combinations. The purchase method involves the allocation of the cost of an acquisition to the net assets acquired based on their respective estimated fair values. As part of this allocation process, the Company must identify and attribute values and estimated useful lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted cost of capital.

These estimates and assumptions are used to determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives. If future events or results differ adversely from these estimates and assumptions, the Company would record the impact of the change on a prospective basis.

Impairment of Long-Lived Assets, Including Goodwill

At each reporting date, if any indication of impairment exists for long-lived assets, including goodwill, and at least annually for the goodwill, the Company performs an impairment test to determine if the carrying amounts are recoverable. The impairment review process is subjective and requires significant estimates throughout the analysis. Refer to Note 22 for a discussion on the Company's goodwill impairment test.

Deferred Income Taxes

The evaluation of the recoverability of deferred income tax assets is based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable profit. The assessment is based upon existing tax laws and estimates of future taxable profit.

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Work in Progress

Work in progress being measured at cost plus profit recorded by the Company to date, to which progress billings are subtracted, the Company must assess the profit to be accounted for on a given contract, which is based on the anticipated profit on the contract and the history for that type of contract.

Post-Employment Benefits

The actuarial techniques used to assess the value of defined benefit retirement plans involve significant financial (discount rate) and demographic (salary increase rate) assumptions. The Company uses the assistance of an independent actuary in the assessment of these assumptions.

The actuarial assumptions used by the Company may differ materially from actual results in future years due to changing market and economic conditions, regulatory events, judicial rulings, withdrawal rates, or participant life spans. Refer to Note 25 for further details on the significant actuarial assumptions used in the measurement of the Company's net benefit liability.

Non-Current Financial Liabilities

The determination of the liability resulting from the options granted the FER-PAL and LGC non-controlling interest shareholders require the use of estimates and assumptions regarding the future performance of the entities. The actual amounts payable may be materially different from those estimates at the reporting date as a result of unforeseen events, changes in circumstances and other matters outside of the control of the Company. Refer to Note 6 for further details.

Long-Term Incentive Plans

To determine the expense relating to long-term incentive plans, the Company must assess the probability of attaining each threshold creating a right to the long-term bonus, which depends on the expected results to be achieved.

5. Financial Risk Management

Capital Management

The Company's primary objectives when managing capital are to:

- Maintain a capital structure that allows financing options to the Company in order to benefit from potential opportunities as they arise;
- Provide an appropriate return on investment to its shareholders;
- Maintain a debt/capitalization ratio of less than 40%. The debt/capitalization ratio is defined as long-term debt (including the current portion) over long-term debt (including the current portion) plus equity attributable to owners of the Company.

The Company includes the following in its capital:

- Cash and cash equivalents and short-term investments, if any;
- Long-term debt (including the current portion) and short-term bank loans, if any;
- Equity attributable to owners of the Company.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with the objectives stated above and corresponds to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may refinance its existing debt, raise new debt, pay down debt, repurchase shares for cancellation purposes pursuant to normal course issuer bids or issue new shares.

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The Company's Board of Directors determines the level of dividend payments. To date, the practice has been to maintain regular quarterly dividend payments with increases over the years.

The capital managed is as follows:

	As at December 31, 2017 \$	As at December 31, 2016 \$
Cash and cash equivalents	3,963	15,971
Short-term bank loans	9,829	—
Long-term debt, including the current portion	83,404	60,325
Non-current financial liabilities	61,641	12,514
Equity attributable to owners of the Company	228,574	201,383

The Company monitors the debt/capitalization ratio on a quarterly basis. As at December 31, 2017, the ratio is 26.7% based on debt of \$83,404 divided by a capitalization of \$311,978 (23.1% as at December 31, 2016, based on debt of \$60,325 divided by capitalization of \$261,708), which is within the Company's objective.

Note that an amount of \$61,641 is presented as non-current financial liabilities in the condensed consolidated financial statements of financial position. Of this amount, \$59,168 represents long-term liabilities associated with past acquisitions due to non-controlling and former shareholders of such businesses acquired. If we include these non-current financial liabilities of \$59,168 in our debt/capitalisation ratio, the calculation becomes a debt of \$142,572 over a capitalization of \$371,146, resulting in a ratio of 38.4%.

As at December 31, 2017, the Company is in compliance with all of its obligations under the terms of its banking agreements.

Financial Risk Management

By the nature of the activities carried out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, especially interest rate risk and foreign exchange risk.

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 1,750 customers. In 2017, the 20 largest customers account for 51.7% (45.7% in 2016) of consolidated revenue, and one single customer accounts for more than 10% of consolidated revenue and trade receivables, at 10.9% for revenue and 19.5% for trade receivables (none in 2016).

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date. Allowance for doubtful accounts and past due receivables are presented in further detail in Note 18.

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The Company's maximum exposure to credit risk with respect to each of its financial assets (cash and cash equivalents, investment in a service contract, trade and other receivables, and non-current financial assets) corresponds to its carrying amount.

LIQUIDITY RISK

Liquidity risk is the Company's exposure to the risk of not being able to meet its financial obligations when they become due. The Company monitors its levels of cash and debt, and takes appropriate actions to ensure it has sufficient cash to meet operational needs while ensuring compliance with covenants.

The following are the contractual maturities of financial obligations:

As at December 31, 2017	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	1-3 years \$	More than 3 years \$
Short-term bank loans	9,829	9,829	9,829	—	—
Trade and other payables	85,174	85,174	85,174	—	—
Long-term debt ⁽¹⁾	92,936	92,936	6,848	6,597	78,951
Non-current financial liabilities, excluding the derivative	61,637	61,637	—	18,299	43,338
	249,036	249,036	101,851	24,896	122,289

As at December 31, 2016	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	1-3 years \$	More than 3 years \$
Trade and other payables	43,081	43,081	43,081	—	—
Long-term debt ⁽¹⁾	60,707	60,707	814	58,693	1,200
Non-current financial liabilities, excluding the derivative	12,437	12,437	1,836	2,138	8,463
	116,225	116,225	45,731	60,831	9,663

⁽¹⁾ Includes principal and interest

Given the actual liquidity level combined with future cash flows that will be generated by operations, and considering the increase in financial obligations, Company believes that its liquidity risk is low to moderate.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results or the value of its financial instruments. The Company is mainly exposed to interest risk and foreign exchange risk.

INTEREST RISK

The Company holds interest rate swap contracts related to its debts to swap the floating rate to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations.

SENSITIVITY ANALYSIS

As at December 31, 2017, the floating rate portion of the Company's long-term debt is 61.4% (92% in 2016). Taking into account the interest rate swap contracts mentioned above, the floating rate portion is 24.9% as at December 31, 2017 (80% in 2016). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2017, excluding the floating rate debt for which the floating rate has been swapped to fixed, would have had a negative impact of \$202 (\$557 in 2016) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have had the opposite impact on profit for the year.

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INTEREST RATE SWAP CONTRACTS

In 2017, the Company entered into an interest rate swap contract with our main banks for an amount of \$25,000. The interest rate swap contract was designated as a cash flow hedge, settles on a monthly basis and will mature on July 22, 2022. As at December 31, 2017, the degressive notional principal amount of the outstanding interest rate swap contract was \$23,750 (nil in 2016). The floating interest rate on the interest rate swap is CDOR and the fixed interest rate is 1.80%.

Another interest rate swap contract was designated as a cash flow hedge until September 2017. It settles on a monthly basis and will mature on August 27, 2018. As at December 31, 2017, the degressive notional principal amount of the outstanding interest rate swap contract was \$5,833 (\$7,261 in 2016). The floating interest rate on the interest rate swap is CDOR and the fixed interest rate is 1.79%.

FOREIGN EXCHANGE RISK

The Company is mainly exposed to fluctuations in the U.S. dollar. The Company considers the risk to be limited and, therefore, does not use derivative instruments to reduce its exposure.

During 2017, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have had a positive impact of \$2,329 (\$2,205 in 2016) on profit for the year and a positive impact of \$2,853 (\$2,783 in 2016) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have had the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2017, a total of \$41,368 or US\$32,628 and €290 (\$42,445 or US\$28,966 and €2,507 in 2016) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2017, a total of \$30,118 or US\$23,707 and €251 (\$17,775 or US\$11,669 and €1,487 in 2016) of trade and other payables is denominated in foreign currencies.

Fair Value of Financial Instruments

As at December 31, 2017 and 2016, the estimated fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximated their respective carrying values due to their short-term nature.

The estimated fair value of long-term notes receivable, included in other non-current financial assets, was not significantly different from their carrying value as at December 31, 2017 and 2016, based on the Company's estimated rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of the investment in a service contract was not significantly different from its carrying value as at December 31, 2016, as terms and conditions were similar to current conditions.

The estimated fair value of long-term debt was not significantly different from its carrying value as at December 31, 2017 and 2016, since it mainly bore interest at floating rates or had financing conditions similar to those then available to the Company.

6. Business Acquisitions

Business acquisitions for the year ended December 31, 2017

On July 6, 2017, the Company acquired 51% of the shares of FER-PAL, a Toronto (ON)-based company that utilizes our Aqua-Pipe technology and that offers complete watermain rehabilitation solutions, for an estimated aggregate purchase price of \$49,483. The purchase price paid by LOGISTEC consisted of a cash payment of \$41,483 and the issuance of 230,747 Class B shares in the share capital of LOGISTEC, subject to a post-closing adjustment. The LOGISTEC shares issued as part of the purchase price were covered by contractual lock-up restrictions as to 100% of such shares until January 6, 2018, and as to

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50% until July 6, 2018, and orderly disposal provisions. Transaction costs amounting to some \$873 are included in the financial results.

This transaction consolidates and expands the Company's environmental services in watermain rehabilitation projects utilizing our Aqua-Pipe trenchless technology for municipalities in Canada and the United States.

On February 16, 2017, the Company also 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.

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

FER-PAL and LGC Acquisitions

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

<i>(in thousands of dollars)</i>	FER-PAL \$	LGC \$	Total \$
Current assets	29,624	194	29,818
Property, plant and equipment	8,034	8,457	16,491
Goodwill	83,347	564	83,911
Other intangible assets	16,750	—	16,750
Non-current financial assets	317	—	317
Bank overdraft	(8,251)	—	(8,251)
Current liabilities	(23,791)	(866)	(24,657)
Long-term debt	(1,648)	—	(1,648)
Deferred income tax liabilities	(6,298)	—	(6,298)
Non-current financial liabilities	(1,058)	—	(1,058)
	97,026	8,349	105,375
Purchase consideration			
Cash ⁽¹⁾	41,483	5,805	47,288
230,747 Class B shares issued (Note 32)	8,000	—	8,000
Non-controlling interests ⁽²⁾	47,543	2,544	50,087
	97,026	8,349	105,375

⁽¹⁾ Based on the performance of FER-PAL for the six-month period ended December 31, 2017, the company recorded a preliminary estimated gain of \$5,260 in the consolidated financial statements of earnings, under the heading Other gains and losses, as a post-closing adjustment settlement of the purchase consideration

⁽²⁾ Non-controlling interest shareholders hold 49% and 30% interest in FER-PAL and in LGC, respectively. Non-controlling interests are measured at fair value as at the acquisition date

The cash portion of the purchase consideration includes an amount of \$5,000 paid in escrow, which will be used to settle the post-closing adjustments based on the performance of FER-PAL for the year ended December 31, 2017. At the acquisition date, the Company estimated that no additional amount would be payable nor any reduction in the purchase price would occur. As of December 31, 2017, based on the lower than anticipated performance of FER-PAL, an estimated gain of \$5,260 was recorded, included in the caption "Other gains and losses" and an equivalent amount as a receivable. The purchase price, as of the date of these financial statements, is subject to further material post-closing adjustments, which may result in additional future impacts to the consolidated results of the Company.

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The uncertainty regarding the purchase price is due to the ongoing review, by the Company, of pre-acquisition results of FER-PAL, which are significant in the performance for the year ended December 31, 2017.

The purchase price and allocation thereof regarding FER-PAL is preliminary and is subject to change once final valuations of the assets acquired and liability assumed are completed. The principal valuations which have not yet been completed are with respect to inventory, property, plant and equipment and the impacts to goodwill and deferred income taxes. Once the valuations are completed, the consolidated financial statements will be adjusted on a retroactive basis.

The purchase price allocation of LGC is final.

Goodwill

Goodwill from the acquisitions is mainly the result of expected synergies and intangible assets not qualifying for separate recognition. Goodwill is not deductible for tax purposes.

Repurchase of the Non-Controlling Interests**FER-PAL**

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 FER-PAL's performance. At the acquisition date, the Company recorded a liability and reduced the non-controlling interest by an amount of \$47,543, representing the estimated present value of the redemption amount of such cash consideration. As at December 31, 2017, following the accretion of interest a liability of \$48,427 has been included in non-current financial liabilities in the consolidated financial statements.

The Company also has a call option, exercisable by LOGISTEC at any time after July 6, 2022, to purchase the remaining 49% shares from the non-controlling interest shareholders on the same terms as the put option.

LGC

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 and reduced the non-controlling interest by an amount of \$2,545, representing the estimated present value of the purchase price of the non-controlling interest. As at December 31, 2017, a liability of \$2,156 is included in non-current financial liabilities in the consolidated financial statements.

The purchase price allocation of LGC is final. As a result of the non-participant nature of the non-controlling interests in the results of both FER-PAL and LGC, no profit is attributed to the non-controlling interests other than with respect to amounts representing the distribution of profits pursuant to a shareholder agreement entered into with the FER-PAL non-controlling shareholders.

Impact of the Acquisitions on the Results of the Company

The Company's results for the year ended December 31, 2017, include \$92,052 in revenue, and an additional net profit of \$1,741 generated from FER-PAL. They also include \$11,582 in revenue and a net loss of \$1,256 generated from additional business at LGC for the year ended December 31, 2017.

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If these business acquisitions had been completed on January 1, 2017, the Company's consolidated revenue and net profit for the year ended December 31, 2017 would have totaled \$507,574 and \$33,853, respectively.

Business acquisitions for the year ended December 31, 2016

On March 8, 2016, the Company acquired Excava-Tech Inc. ("Excava-Tech") for \$5,562. This acquisition represents a vertical integration for Aqua-Pipe services.

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

	Excava-Tech \$	Other \$	Total \$
Current assets	1,704	973	2,677
Property, plant and equipment	5,262	1,244	6,506
Goodwill	2,439	244	2,683
Other non-current financial assets	44	-	44
Current liabilities	(2,000)	(1,431)	(3,431)
Deferred income tax liabilities	(546)	(80)	(626)
Long-term debt	(1,341)	(100)	(1,441)
	5,562	850	6,412
Settlement			
Cash	4,562	700	5,262
Non-interest bearing balance of sale, payable in two annual instalments of \$500 in 2017 and 2018 for Excava-Tech Inc. and in one annual instalment in 2018 for the other company	1,000	150	1,150
	5,562	850	6,412

Receivables acquired (consisting primarily of trade receivables) as part of the acquisitions had a fair value and gross contractual amounts of \$1,610, and were fully collected.

Goodwill

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

Impact of the Acquisitions on the Results of the Company

For the year ended December 31, 2016, revenue amounted to \$2,190 and profit for the year was not significant.

Had these business acquisitions been made effective January 1, 2016, the Company's revenue would have amounted to \$345,197 and profit for the year would have been \$17,855.

7. Revenue

	2017 \$	2016 \$
Revenue from the sale of goods	42,216	39,769
Revenue from the rendering of services	433,517	303,458
Interest revenue from an investment in a service contract	10	99
	475,743	343,326

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Contract in the scope of IFRIC 12

In 2015, the Company entered into a service contract with a federal Crown corporation and a department of the Québec government whereby the Company was required to design and construct a groundwater pumping and treatment system (the "System") to better control migration of groundwater and to prevent it from flowing into the St. Lawrence River. The contract is for a period of 15 years.

The federal Crown corporation and the department of the Québec government jointly assume the management of the land bordering the St. Lawrence River.

In connection with the construction of the System, the Company recorded revenue of \$711 (\$7,407 in 2016). Payment of the total amount is as follows: 40% at the provisional completion of construction, 10% upon final completion of the construction, and 50% spread over the number of quarters corresponding to the period beginning on the date of the provisional completion and ending at the end of the initial term of 15 years, payable quarterly. The Company expects to recover an aggregate amount of \$1,248 in 2018, therefore this amount is presented in current assets. An amount of \$217 (\$4,563 in 2016) is recorded in accounts receivable and other receivables, including consumption taxes, and an amount of \$968 (\$1,243 in 2016) is recorded in the current portion of other non-current financial assets. In addition, an amount of \$3,758 (\$4,012 in 2016), which bears interest at a rate of 5%, is included in other non-current financial assets.

8. Employee Benefits Expense

The aggregate compensation of the Company's employees, including that of members of key management personnel, is as follows:

	2017	2016
	\$	\$
Wages, salaries and fringe benefits	228,194	150,717
Defined benefit retirement plans (Note 25)	1,697	1,498
Defined contribution retirement plans (Note 25)	2,323	1,982
Government pension plans	1,512	1,863
Perigovernmental organization pension plan	681	442
Other long-term benefits	840	2,282
	235,247	158,784

The compensation of key management personnel is further disclosed in Note 34.

9. Other Gains and Losses

	2017	2016
	\$	\$
Net foreign exchange losses	(2,151)	(1,046)
Preliminary estimated gain on post-closing adjustment for a purchase consideration related to a business acquisition (Note 6)	5,260	—
Gain on disposal of property, plant and equipment	1,766	701
	4,875	(345)

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10. Finance Expense

	2017	2016
	\$	\$
Interest on short-term bank loans	86	154
Interest on long-term debt	3,835	1,711
Amortization of transaction costs and other interest expense	16	29
	3,937	1,894

11. Finance Income

	2017	2016
	\$	\$
Interest on cash and cash equivalents	365	177
Other	39	17
	404	194

12. Income Taxes

The reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense is as follows:

	2017	2016
	\$	\$
Profit before income taxes	33,567	25,754
Less: share of profit of equity accounted investments	(6,952)	(4,310)
Parent company's and subsidiaries' profit before income taxes	26,615	21,444
Income tax expense calculated at the statutory income tax rate of 27.32% (26.63% in 2016)	7,272	5,711
Non-deductible items	1,684	516
Non-taxable income	(1,394)	—
Effect of recognition of previous capital loss	—	655
Effect of deferred US tax rate decrease	(2,220)	—
Adjustments in respect of prior years and other	869	386
Income tax expense recognized in profit or loss	6,211	7,268
Effective income tax rate	23.3%	33.90%

Components of the income tax expense for the years are as follows:

	2017	2016
	\$	\$
Current income taxes		
Current income tax expense in respect of the current year	12,320	5,383
Adjustments in respect of the prior year	60	299
Deferred income taxes		
Deferred income tax expense recognized in the year	(6,169)	1,586
Income tax expense recognized in profit or loss	6,211	7,268

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Deferred Income Tax Balances

The amounts recognized in the consolidated statements of financial position are as follows:

	As at December 31, 2017 \$	As at December 31, 2016 \$
Deferred income tax assets	9,218	7,715
Deferred income tax liabilities	(14,488)	(13,382)
	(5,270)	(5,667)

Deferred income tax balances for which a right of offset exists within the same jurisdiction are presented net in the consolidated statements of financial position as permitted by IAS 12, "Income Taxes".

The movements in deferred income tax assets and liabilities, prior to this offsetting of balances, are shown below:

Deferred income tax assets	Property, plant and equipment \$	Unused tax losses \$	Post- employment benefits \$	Other intangible assets \$	Other \$	Total \$
As at January 1, 2016	1,796	3,972	3,237	181	3,178	12,364
Acquisitions through business acquisitions (Note 6)	—	—	—	—	7	7
Benefit (expense) to statement of earnings	(142)	253	197	(106)	627	829
Benefit to statement of comprehensive income	—	—	(168)	—	(110)	(278)
Effect of foreign currency exchange differences	52	(10)	—	—	(48)	(6)
As at December 31, 2016	1,706	4,215	3,266	75	3,654	12,916
Acquisitions through business acquisitions (Note 6)	—	980	—	—	—	980
Benefit (expense) to statement of earnings	(1,423)	5	123	(65)	(644)	(2,004)
Benefit to statement of comprehensive income	—	—	151	—	(41)	110
Effect of foreign currency exchange differences	203	(76)	—	—	—	127
As at December 31, 2017	486	5,124	3,540	10	2,969	12,129

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Deferred income tax liabilities	Property, plant and equipment \$	Investment in a service contract \$	Contract holdbacks and backlog \$	Other intangible assets \$	Other \$	Total \$
As at January 1, 2016	(4,618)	(312)	(3,224)	(7,600)	(11)	(15,765)
Acquisitions through business acquisitions (Note 6)	(608)	—	(25)	—	—	(633)
Benefit (expense) to statement of earnings	(2,564)	291	(404)	508	(246)	(2,415)
Effect of foreign currency exchange differences	—	—	—	230	—	230
As at December 31, 2016	(7,790)	(21)	(3,653)	(6,862)	(257)	(18,583)
Acquisitions through business acquisitions (Note 6)	(700)	—	(2,021)	(4,557)	—	(7,278)
Benefit (expense) to statement of earnings	729	27	(372)	7,729	60	8,173
Effect of foreign currency exchange differences	—	—	—	289	—	289
As at December 31, 2017	(7,761)	6	(6,046)	(3,401)	(197)	(17,399)

Unused Tax Losses

The Company has unused non-capital tax losses in the amount of \$25,684 (\$19,543 in 2016) of which \$8,667 has not been recognized (\$5,562 in 2016). These losses are expiring in the following years:

Year	As at December 31, 2017 \$	As at December 31, 2016 \$
2026 to 2029	233	233
2030	10	60
2031	94	213
2032	588	6,336
2033	1,084	1,083
2034	3,482	4,855
2035	8,292	3,640
2036	1,874	3,123
2037	6,619	—

Tax benefits of \$5,124 (\$3,574 in 2016) have been recorded related to unused non-capital tax losses, including \$2,031 (\$2,058 in 2016) from foreign subsidiaries. The Company also has \$1,342 (\$1,639 in 2016) of unrecognized capital losses that may be carried forward indefinitely.

13. Operating Lease Arrangements

The Company as Lessee

LEASE ARRANGEMENTS

Operating leases relate to lease agreements to rent offices, port facilities, and equipment that expire until 2031. The Company has the option to purchase some of the leased equipment at the end of the lease terms. The Company also has the option to renew certain lease arrangements to rent offices, port facilities and equipment. Contingent rentals are determined based on the volume and type of cargo handled.

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Payments recognized are as follows:

	2017	2016
	\$	\$
Minimum lease payments	14,303	14,819
Contingent rentals	10,300	6,411
Sublease payments received	(2,061)	(1,655)
	22,542	19,575

Future minimum sublease payments amounting to \$55 (\$61 in 2016) are expected to be received.

The Company's commitments under operating lease arrangements are further discussed in Note 37.

14. Earnings Per Share

The earnings and weighted average number of Class A shares and Class B shares used in the calculation of basic and diluted earnings per share are as follows:

	2017	2016
Profit attributable to owners of Class A shares (\$)	15,859	11,040
Profit attributable to owners of Class B shares (\$)	11,567	7,818
	27,426	18,858
Weighted average number of Class A shares outstanding, basic	7,410,139	7,419,847
Weighted average number of Class B shares outstanding, basic	4,913,685	4,777,058
	12,323,824	12,196,905
Weighted average number of Class A shares outstanding, diluted	7,410,139	7,419,847
Weighted average number of Class B shares outstanding, diluted	5,605,701	5,348,861
	13,015,840	12,768,708

15. Financial Instruments

Financial assets and financial liabilities in the consolidated statements of financial position are as follows:

	As at December 31, 2017	As at December 31, 2016
Carrying amount	\$	\$
Loans and receivables		
Cash and cash equivalents	3,963	15,971
Investment in a service contract	—	865
Trade and other receivables	153,342	86,373
Other financial assets	1,055	1,014
Non-current financial assets, excluding the derivative	7,834	7,166
	166,194	111,389
Other financial liabilities		
Short-term bank loans	9,829	—
Trade and other payables	85,174	43,081
Dividends payable	1,075	947
Current portion of long-term debt	5,447	1,681
Long-term debt	77,957	58,644
Non-current financial liabilities, excluding the derivative	61,637	12,437
	241,119	116,790

The fair value of the Company's financial instruments is disclosed in Note 5.

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16. Cash and Cash Equivalents

	As at December 31, 2017	As at December 31, 2016
	\$	\$
Cash on hand	3,963	15,971

17. Investment in a Service Contract

	As at December 31, 2017	As at December 31, 2016
	\$	\$
Investment in a service contract	—	865

The investment in a service contract, bearing interest at 9.66%, required fixed monthly repayments of \$33 (including principal and interest). This contract ended in January 2017.

18. Trade and Other Receivables

	As at December 31, 2017	As at December 31, 2016
	\$	\$
Trade receivables	116,824	71,106
Allowance for doubtful accounts	(4,053)	(2,848)
Net trade receivables	112,771	68,258
Accrued revenue	10,737	6,667
Contract holdbacks	17,121	5,831
Commodity taxes	2,199	—
Insurance reimbursement receivable related to claims	1,022	3,290
Other ⁽¹⁾	9,492	2,327
	153,342	86,373

⁽¹⁾ Includes a preliminary estimated gain on post-closing adjustment for a purchase consideration related to a business acquisition (note 6) amounting to \$5,260 (nil in 2016)

Pursuant to their respective terms, trade and other receivables are aged as follows:

	As at December 31, 2017	As at December 31, 2016
	\$	\$
Current	57,651	28,342
31-60 days	34,857	21,216
Past due 1-30 days	28,106	16,135
Past due 31-60 days	8,421	9,445
Past due 61-120 days	8,072	1,253
Past due over 121 days ⁽¹⁾	16,235	9,982
	153,342	86,373

⁽¹⁾ Includes contract holdbacks amounting to \$2,822 (\$1,885 in 2016)

The movements in the allowance for doubtful accounts were as follows:

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	2017	2016
	\$	\$
Balance, beginning of year	2,848	2,519
Bad debt expense	2,309	462
Reversals (write offs)	(1,104)	(133)
Balance, end of year	4,053	2,848

Credit risk exposure and mitigation are further discussed in Note 5.

19. Inventories

	As at December 31, 2017	As at December 31, 2016
	\$	\$
Raw materials	2,194	1,661
Work in progress	2,793	2,525
Finished goods	408	608
Consumables	6,155	2,712
	11,550	7,506

The cost of inventories recognized as an expense during the year is \$45,404 (\$41,205 in 2016).

20. Equity Accounted Investments

Investments in Joint Ventures

The Company's results include its share of operations in joint ventures, which are accounted for using the equity method. The Company's 50%-equity interests are in the following joint ventures: Termont Terminal Inc., Transport Nanuk Inc., Quebec Mooring Inc., Moorings (Trois-Rivières) Ltd., Quebec Maritime Services Inc., 9260-0873 Québec Inc. and Flexiport Mobile Docking Structures Inc. The Company also owns 49%-equity interests in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

None of the Company's joint ventures are publicly listed entities and, consequently, do not have published price quotations.

The Company has one significant joint venture, Termont Terminal Inc., specialized in handling containers, which is aligned with the Company's core business. The address of Termont Terminal Inc.'s registered office is Port of Montréal, Section 68, P.O. Box 36, Station. K, Montréal (QC) H1N 3K9, Canada.

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The following tables summarize the financial information of Termont Terminal Inc.:

	2017	2016
	\$	\$
Statement of financial position		
Current assets (including cash and cash equivalents of \$2,076 (\$1,402 in 2016))	3,111	3,214
Non-current assets	40,379	34,224
Current liabilities	(298)	(284)
Net assets	43,192	37,154
The Company's share of net assets presented as an equity accounted investments	21,599	18,578
Results		
Revenue	3,137	2,782
Share of profit of an equity accounted investment	6,154	3,638
Interest income	17	12
Income taxes	(688)	(599)
Profit for the year	8,042	5,270
Total comprehensive income for the year	8,042	5,272
The Company's share of profit for the year	4,021	2,635
The Company's share of total comprehensive income for the year	4,021	2,636
Dividend received by the Company	1,000	750

The Company also has interests in individually immaterial joint ventures. The following table provides, in aggregate, the financial information for the Company's share of all immaterial joint ventures:

	2017	2016
	\$	\$
Carrying amount of interests in individually immaterial joint ventures	12,734	12,530
Profit for the year	2,911	1,663
Other comprehensive (loss) income	(100)	23
Total comprehensive income for the year	2,811	1,686
Dividends received by the Company	2,600	1,463

Investments in Associates

The Company's results include its share of operations in associates, which are accounted for using the equity method. The Company's equity interests are in the following associates, none of which is individually material: Sept-Îles Mooring Inc. (33.3% ownership), and St-Lawrence Mooring Inc. (25.0% ownership).

None of the Company's associates are publicly listed entities and, consequently, do not have published price quotations.

The following table provides, in aggregate, the financial information of all immaterial associates:

	2017	2016
	\$	\$
Carrying amount of interests in associates	17	33
Profit for the year and total comprehensive income for the year	20	12

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21. Property, Plant and Equipment

Cost	Land and buildings \$	Machinery, automotive equipment and automotive equipment held under finance leases \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
As at January 1, 2016	53,906	138,520	3,390	5,368	6,686	207,870
Additions	9,160	11,019	238	385	13,775	34,577
Addition through business acquisitions (Note 6)	1,741	4,756	9	—	—	6,506
Disposals and write offs	(68)	(6,376)	(58)	—	—	(6,502)
Transfers	4,932	66	—	—	(4,998)	—
Effect of foreign currency exchange differences	(267)	(928)	(20)	(117)	(43)	(1,375)
As at December 31, 2016	69,404	147,057	3,559	5,636	15,420	241,076
Additions	1,801	16,815	405	116	3,156	22,293
Addition through business acquisitions (Note 6)	—	9,862	344	6,584	—	16,790
Disposals and write offs	(3,581)	(7,368)	(318)	(747)	—	(12,014)
Transfers	37	7,634	(79)	—	(7,592)	—
Effect of foreign currency exchange differences	(914)	(3,642)	(38)	(488)	(1,029)	(6,111)
As at December 31, 2017	66,747	170,358	3,873	11,101	9,955	262,034

Accumulated depreciation	Land and buildings \$	Machinery, automotive equipment and automotive equipment held under finance leases \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
As at January 1, 2016	10,029	79,699	2,485	4,635	—	96,848
Depreciation expense	2,002	10,318	407	131	—	12,858
Elimination on disposal of assets and write offs	(68)	(6,405)	(37)	—	—	(6,510)
Effect of foreign currency exchange differences	(14)	(562)	(24)	(111)	—	(711)
As at December 31, 2016	11,949	83,050	2,831	4,655	—	102,485
Depreciation expense	1,742	13,863	465	558	—	16,628
Elimination on disposal of assets and write offs	(3,557)	(7,021)	(311)	(747)	—	(11,636)
Effect of foreign currency exchange differences	(52)	(2,444)	53	309	—	(2,134)
As at December 31, 2017	10,082	87,448	3,038	4,775	—	105,343

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Carrying amount	Land and buildings \$	Machinery, automotive equipment and automotive equipment held under finance leases \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
As at December 31, 2016	57,455	64,007	728	981	15,420	138,591
As at December 31, 2017	56,665	82,910	835	6,326	9,955	156,691

22. Goodwill

Cost

	2017 \$	2016 \$
Balance, beginning of year	26,199	23,915
Business acquisitions (Note 6)	83,911	2,683
Effect of foreign currency exchange differences	(253)	(399)
Balance, end of year	109,857	26,199

Accumulated Impairment Losses

	2017 \$	2016 \$
Balance, beginning and end of year	1,300	1,300

Carrying Amount

	As at December 31, 2017 \$	As at December 31, 2016 \$
Cost	109,857	26,199
Accumulated impairment losses	(1,300)	(1,300)
	108,557	24,899

Impairment Testing

The carrying amount of goodwill has been allocated to the following CGUs or groups of CGUs:

Carrying amount	As at December 31, 2017 \$	As at December 31, 2016 \$
Stevedoring	13,307	13,194
Aqua-Pipe	89,384	6,038
Environment	5,681	5,482
Agencies	185	185
	108,557	24,899

The recoverable amount of all CGUs or groups of CGUs has been determined based on value in use, which is calculated by discounting five-year cash flow projections from the budget approved by the Board of Directors covering a one-year period. These cash flow projections reflect past experience and

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future expectations of financial performance. A growth rate of 3.0% (3.0% in 2016) has been used to extrapolate cash flow projections beyond that one-year period.

The discount rates, before income taxes, used to calculate value in use are based on market data and were 9.1% (9.1% in 2016) for Stevedoring, 12.70% (13.3% in 2016), for Aqua-Pipe and 12.70% (13.1% in 2016) for Environment.

The 2016 calculation of value in use for Stevedoring, which represented the most recent calculation of value in use, was used for the impairment test as at December 31, 2017, since the following criteria were met:

- The assets and liabilities making up the CGU have not changed significantly since the most recent recoverable amount calculation;
- The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU by a substantial margin; and
- Based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the CGU is remote.

23. Other Intangible Assets

Cost	Lease rights and location \$	Client relationships and backlog \$	Dredging costs \$	Computer software \$	Total \$
As at January 1, 2016	20,623	6,962	370	1,998	29,953
Additions	—	—	—	33	33
Fully amortized	—	(1,900)	—	—	(1,900)
Effect of foreign currency exchange differences	(615)	(120)	(12)	(9)	(756)
As at December 31, 2016	20,008	4,942	358	2,022	27,330
Additions	1,197	—	—	45	1,242
Fully amortized	—	(1,050)	(344)	(61)	(1,455)
Addition through business acquisitions (Note 6)	—	16,750	—	—	16,750
Impairment charge and disposal	(2,917)	—	—	(26)	(2,943)
Effect of foreign currency exchange differences	(1,308)	(254)	(14)	(19)	(1,595)
As at December 31, 2017	16,980	20,388	—	1,961	39,329

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Accumulated amortization	Lease rights and location \$	Client relationships and backlog \$	Dredging costs \$	Computer software \$	Total \$
As at January 1, 2016	3,287	4,323	329	1,767	9,706
Amortization expense	921	384	6	119	1,430
Fully amortized	—	(1,900)	—	—	(1,900)
Effect of foreign currency exchange differences	(85)	(36)	(9)	(9)	(139)
As at December 31, 2016	4,123	2,771	326	1,877	9,097
Amortization expense	929	16,228	—	74	17,231
Fully amortized	—	(1,050)	—	—	(1,050)
Disposal	—	—	(308)	(80)	(388)
Effect of foreign currency exchange differences	(298)	(125)	(18)	(23)	(464)
As at December 31, 2017	4,754	17,824	—	1,848	24,426
Carrying amount	Lease rights and location \$	Client relationships \$	Dredging costs \$	Computer software \$	Total \$
As at December 31, 2016	15,885	2,171	32	145	18,233
As at December 31, 2017	12,226	2,564	—	113	14,903

Accumulated Impairment Losses

	2017 \$	2016 \$
Balance, beginning of year	—	—
Impairment charge on lease rights and location	2,917	—
Balance, end of year	2,917	—

Research and Development Expenditures

Research and development expenditures of \$1,313 (\$819 in 2016) were recognized as an expense during the year.

24. Other Non-Current Assets

	As at December 31, 2017 \$	As at December 31, 2016 \$
Amount owed from a joint venture (Note 34)	152	(118)
Prepaid expenses	34	69
Other	1,472	1,583
	1,658	1,534

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25. Post-Employment Benefit Assets and Obligations

The Company has various defined benefit and defined contribution retirement plans providing retirement benefits to its employees.

The projected benefit obligation as at December 31, 2017, has been extrapolated using the projected benefit obligation based on the latest actuarial valuations.

The most recent actuarial valuations of the retirement plans for funding purposes were as of December 31, 2016. The Board of Directors of each of Logistec Stevedoring (Nova Scotia) Inc. and LOGISTEC Corporation have resolved, subject to the provisions of any applicable legislation, regulations and administrative rules of any applicable regulatory authorities and subject to the receipt of the required approvals of any applicable regulatory authorities, to merge, effective December 31, 2017, the Retirement Plan for Employees of Logistec Atlantic ("Atlantic Plan") and the Régime de rentes de retraite des employés de LOGISTEC Corporation et ses filiales ("LOGISTEC Plan"). Pursuant to the merger, the assets of the Atlantic Plan (transferring plan) was transferred to the LOGISTEC Plan (receiving plan).

The Company's retirement plans may be exposed to various types of risks. The Company has not identified any unusual risks to which its retirement plans are exposed. Regular asset-liability matching analyses are performed in order to align the investment policy with the plans' obligations. Allocation to fixed income investments is then adjusted following the plans' obligations evolution. Fixed income investments are made up of bonds and annuities. Annuities are purchased when opportunities arise on financial markets.

The weighted average duration of the defined benefit obligation is 15.93 years.

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The following table presents information concerning the defined benefit retirement plans, as established by an independent actuary:

	2017	2016
	\$	\$
Benefit obligation, beginning of year	(30,383)	(28,476)
Current service cost	(1,273)	(1,121)
Interest cost	(1,251)	(1,179)
Employees' contributions	(143)	(166)
Remeasurement losses		
Actuarial loss arising from experience adjustments	(2,054)	(82)
Benefits paid	1,191	598
Past service cost	—	43
Benefit obligation, end of year	(33,913)	(30,383)
Fair value of plan assets, beginning of year	18,690	16,540
Interest income	751	674
Return on plan assets, excluding amounts included in interest income	1,062	940
Administrative fees	(15)	(13)
Employer's contributions ⁽¹⁾	1,166	981
Employees' contributions	143	166
Benefits paid	(1,191)	(598)
Fair value of plan assets, end of year	20,606	18,690
Net benefit liability, end of year	(13,307)	(11,693)

Net benefit liability is comprised of:

Post-employment benefit assets	606	706
Post-employment benefit obligations ⁽²⁾	(13,913)	(12,399)
Net benefit liability, end of year	(13,307)	(11,693)

⁽¹⁾ Employer's contributions include contributions made by an equity accounted investment of the Company of \$130 (\$115 in 2016)

⁽²⁾ Post-employment benefit obligations in the consolidated statements of financial position include \$865 (\$677 in 2016) for defined contribution retirement plans provided to certain members of key management personnel, for which no contributions were made

The following table provides the reconciliation of the benefit obligation, the fair value of plan assets and plan deficit in respect of wholly and partially funded plans, and unfunded plans:

	Wholly and partially funded		Unfunded		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Benefit obligation	(21,596)	(19,069)	(12,317)	(11,314)	(33,913)	(30,383)
Fair value of plan assets	20,606	18,690	—	—	20,606	18,690
Plan deficit	(990)	(379)	(12,317)	(11,314)	(13,307)	(11,693)

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Plan assets consist of:

	As at December 31, 2017 \$	As at December 31, 2016 \$
Cash	81	—
Bonds	7,307	6,610
Annuity contracts	3,336	3,255
Canadian stock	3,818	4,075
Foreign stock	6,064	4,750
	20,606	18,690

The following table provides the reconciliation of the net expense for all defined benefit and defined contribution retirement plans in the employee benefits expense in the consolidated statements of earnings for the years ended December 31:

	2017 \$	2016 \$
Current service cost	1,273	1,121
Net interest expense	500	505
Past service cost	—	(43)
Administrative fees	15	13
	1,788	1,596
Less: net expense assumed by an equity accounted investment of the Company	(91)	(99)
Defined benefit cost recognized	1,697	1,497
Net expense on defined contribution retirement plans	2,323	1,982
Net expense for all defined benefit and defined contribution retirement plans	4,020	3,479

Significant Actuarial Assumptions

The significant actuarial assumptions used in the measurement of the Company's net benefit liability are as follows:

	2017 %	2016 %
Accrued benefit liability		
Discount rate, end of year	3.5	4.0
Expected rate of compensation increase	3.5 to 4.0	3.5 to 4.0
Benefit cost		
Discount rate	4.0	4.0
Expected rate of compensation increase	3.5 to 4.0	3.5

SENSITIVITY ANALYSIS

As at December 31, 2017, all else being equal, a hypothetical variation of +1.0% in the discount rate would have a positive impact of \$4,821 (\$4,411 in 2016), whereas a hypothetical variation of -1.0% would have a negative impact of \$6,111 (\$5,600 in 2016) on the benefit obligation.

As at December 31, 2017, all else being equal, a hypothetical variation of +1.0% in the expected rate of compensation increase would have a negative impact of \$1,285 (\$1,320 in 2016), whereas a hypothetical variation of -1.0% would have a positive impact of \$1,190 (\$1,221 in 2016) on the benefit obligation.

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Contributions to Retirement Plans

Total cash payments for post-employment benefits for 2017, consisting of cash contributed by the Company to its funded 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 \$2,962 (\$2,542 in 2016).

The Company expects to make a contribution of \$1,319 to the defined benefit retirement plans in 2018.

26. Non-Current Financial Assets

	As at December 31, 2017 \$	As at December 31, 2016 \$
Other non-current assets (Note 7)	3,916	4,039
Contract holdbacks	4,068	3,127
	7,984	7,166

27. Short-Term Bank Loans

As of December 8, 2017, FER-PAL, has an overdraft lending facility of up to \$10,000 available secured by all existing property of the business of FER-PAL, including equipment and trade and other receivables and all property to be acquired in the future, it is due on demand and bears interest at the bank at a prime lending rate plus 0.75%. At December 31, 2017, the bank's prime lending rate was 2.70% and the overdraft facility was drawn at \$9,829.

The facility can be used in the form of overdraft, banker's acceptances, and letters of credit. Pursuant to the terms of the facility, FER-PAL must satisfy certain restrictive covenants as to maximum funded debt/EBITDA, minimum fixed charge coverage and debt/capitalization ratios. As at December 31, 2017, FER-PAL was in compliance with all its covenants.

28. Trade and Other Payables

	As at December 31, 2017 \$	As at December 31, 2016 \$
Trade payables	50,414	19,106
Accruals	25,550	18,121
Other	9,210	5,854
	85,174	43,081

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29. Long-Term Debt

	As at December 31, 2017 \$	As at December 31, 2016 \$
Revolving credit facility, bearing interest at banker's prime rate and or banker's acceptance and LIBOR loans, with no principal repayment required until September 2021. The weighted average interest rate was 3.31% at year end ⁽¹⁾	47,962	55,699
Unsecured long-term debt, bearing interest at 4.82%, without any principal repayment and due on the 63 rd month after issuance date, to be paid in 20 equal consecutive quarterly payments, maturing in 2027 ⁽²⁾	25,000	—
Term credit facility, bearing interest at prime rate plus 0.75%, with minimum annual principal repayment of 1/5 of the original loan balance of \$6,067 ⁽³⁾	1,861	—
Non-interest bearing government loan, without any principal repayment due before January 2018, maturing in 2022	2,000	2,000
Loan for equipment purchases, maturing from 2018 to 2022, bearing interest from 0.5% to 6.20%	3,686	229
Balance of sale from business acquisitions, bearing no interest, maturing in 2018 (Note 6)	650	1,150
Other	2,245	1,247
	83,404	60,325
Less:		
Current portion	5,447	1,681
	77,957	58,644

⁽¹⁾ As of September 7, 2016, the Company and its wholly owned subsidiary, Logistec USA Inc., solidarily entered into a \$100,000 credit agreement.

The credit facility details are as follows:

- A \$100,000 four-year committed revolving credit facility or the U.S. dollar equivalent, to be used for short-term and long-term cash flow needs and investment purposes, and to refinance existing indebtedness. The facility can be used in the form of direct advances, bankers' acceptances, and letters of credit.
- The interest rate charged on the borrowings made under this agreement depends on the form of the borrowing, to which is added a margin that varies according to the level of funded debt to EBITDA (i) ratio achieved by the Company.
- In July 2017, the Company entered into an interest swap contract for a notional amount of \$25,000 to a fixed interest rate at 1.80% spread over the banker's acceptance stamping fees. On a monthly basis, the fixed rate is compared to the CDOR floating rate and any variation is applied to the notional amount for refund to or repayment by the Company. The notional amount is reduced by \$1,250 on a quarterly basis, and is maturing in July 2022. The Company has elected to apply hedge accounting, and consequently recorded an unrealized gain of \$151 in the consolidated statements of comprehensive income
- This facility is secured by a \$30,000 first-ranking movable and immovable hypothec on all present and future assets of a subsidiary. As at December 31, 2017, the security includes inventories amounting to \$5,631 and property, plant and equipment with a carrying value of \$34,093.

⁽²⁾ As of September 14, 2017, the Company entered into an additional \$50,000 unsecured loan agreement.

The loan facility details are as follows:

- A \$25,000 unsecured loan issued on September 14, 2017 for the acquisition of a subsidiary. The loan matures in 10 years and bears interest at 4.82%, paid quarterly. The repayment schedule begins on the 63rd month after the issuance date, and is to be paid in 20 equal consecutive quarterly instalments of \$1,250.

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- A \$25,000 unsecured loan to be used for future acquisitions, available within the first 60 months of the closing date of September 14, 2017, in \$5,000 instalments. The loan will bear interest based on a credit spread of 2.73% over Government of Canada bonds, with a 10-year maturity. If any amount is drawn, the repayment schedule begins on the 63rd month after September 14, 2017, to be paid in 20 equal consecutive quarterly payments.

(3) As of December 8, 2017, the Company and its subsidiary, FER-PAL, entered into a \$12,811 credit agreement.

The credit facility details are as follows:

- A \$10,000 overdraft facility due on demand, to be used for operating requirement. The facility can be used in the form of overdrafts, banker's acceptances and letters of credit. The advances are based on accounts receivables estimated worth of good quality.
- A demand loan for an amount of \$2,061 due over 60 months in equal principal repayments plus monthly interest, bearing interest at prime rate plus 0.75%.
- A \$750 corporate credit card credit facility.

The facility is secured by a first-ranking movable and immovable hypothec on all current and future assets.

Under the conditions attached to its long-term debt, the Company must satisfy certain restrictive covenants as to minimum financial ratios, which are EBIT⁽ⁱⁱ⁾ to interest and funded debt to EBITDA. As at December 31, 2017 and December 31, 2016, the Company was in compliance with all its covenants.

(ii) EBITDA is a non-IFRS measure and is calculated as the sum of profit attributable to owners of the Company plus interest expense, income taxes, depreciation and amortization expense, customer repayments of investment in a service contract, and impairment charge

(iii) EBIT is a non-IFRS measure and is calculated as EBITDA, less depreciation and amortization expense

Long-term debt matures as follows:

	As at December 31, 2017 \$	As at December 31, 2016 \$
Total principal repayments required		
Less than 1 year	5,447	1,681
Between 1 and 5 years	54,207	58,244
More than 5 years	23,750	400
	83,404	60,325

30. Provisions

	Claims and litigation \$	Share of losses of certain joint ventures \$	Other \$	Total \$
As at December 31, 2016	1,101	486	557	2,144
Additional provisions	356	—	9	365
Settlement of provisions	(154)	(6)	6	(154)
Reversal of provisions	(653)	—	(118)	(771)
As at December 31, 2017	650	480	453	1,584
Less: current provisions	650	—	163	813
Non-current provisions	—	480	291	771

Other provisions include provisions for warranty and provisions for asset retirement obligations. Provisions for asset retirement obligations essentially derive from the obligation to remove assets and to restore the sites under operating leases expiring until 2025.

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Reimbursements

An amount of \$1,022 (\$3,290 in 2016) is recognized as an asset in trade and other receivables relative to the reimbursement to be received from the insurance company in connection with claims.

31. Non-Current Financial Liabilities

	As at December 31, 2017 \$	As at December 31, 2016 \$
Long-term incentive plans	2,469	1,944
Workers' compensation	-	768
Long-term liabilities due to shareholders ⁽¹⁾ (Notes 6 and 32)	59,168	9,725
Other	4	77
	61,641	12,514

⁽¹⁾ Long-term liabilities due to FER-PAL, Sanexen and LGC shareholders amount to respectively \$48,427, \$8,585 and \$2,156

32. Share Capital

Authorized in an unlimited number:

- First Ranking Preferred Shares, non-voting, issuable in series;
- Second Ranking Preferred Shares, non-voting, issuable in series;
- Class A Common Shares, without par value, 30 votes per share, convertible into Class B Subordinate Voting Shares at the holder's discretion;
- Class B Subordinate Voting Shares, without par value, one vote per share, entitling their holders to receive a dividend equal to 110% of any dividend declared on each Class A Common Share.

	As at December 31, 2017 \$	As at December 31, 2016 \$
Issued and outstanding ⁽¹⁾		
7,406,222 Class A shares (7,412,722 in 2016)	4,895	4,899
5,113,255 Class B shares (4,744,300 in 2016)	24,124	10,719
	29,019	15,618

⁽¹⁾ All issued and outstanding shares are fully paid

Repurchase of the Non-Controlling Interest in Sanexen

On March 24, 2016, LOGISTEC entered into an agreement to acquire the remaining 29.78% equity interest it did not already own in Sanexen for an aggregate consideration of \$40,818, (the "Sanexen Transaction").

As part of the transaction, the non-controlling interest shareholders of Sanexen exchanged their common shares in the capital of Sanexen for two classes of newly created non-voting and non-dividend bearing preferred shares of Sanexen, Class G Preferred Shares ("Class G shares") and Class H Preferred Shares ("Class H shares"), resulting in LOGISTEC holding 100% of the common shares of Sanexen.

Immediately following the share exchange, LOGISTEC and the non-controlling interest shareholders entered into a put and call option agreement ("Option Agreement") pursuant to which LOGISTEC was granted call options, exercisable in whole or in part at any time, to acquire from the non-controlling

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interest shareholders their Class G shares for cash consideration of \$15,920, and to acquire their Class H shares in exchange for 754,015 Class B shares in the capital of LOGISTEC with a value of \$24,898.

Pursuant to the Option Agreement, each non-controlling interest shareholder was granted a put option to sell to LOGISTEC their Class G shares upon certain events, including termination of employment, and a put option to sell to LOGISTEC their Class H shares as to one-fifth (1/5) on each of the first five anniversaries of the signature of the Option Agreement, each at the same price and consideration as the call options granted to LOGISTEC. A 40% discount, representing \$4,518, will be applied to the purchase price of the Class G shares of certain non-controlling interest shareholders should they leave Sanexen voluntarily before March 24, 2021.

As at March 24, 2016, LOGISTEC recorded a long-term liability amounting to \$8,856, representing the present value of the option to repurchase, for cash, the Class G shares of Sanexen amounting to \$11,402, net of the retention discount of 40% described above, and a corresponding decrease to non-controlling interest. The accretion of the long-term liability will be recorded as a charge to interest expense over the expected life of the option. An additional liability amounting to \$4,518 will be recorded on a straight-line basis, over a period of 60 months related to the retention discount through a charge to compensation expense.

As at March 24, 2016, LOGISTEC also recorded share capital to be issued amounting to \$24,898, representing the fair value at the transaction date of the Class B shares to be issued, related to the option to acquire the Class H shares in exchange for 754,015 Class B shares in the capital of LOGISTEC, as described above, and a corresponding decrease to retained earnings. The fair value of the Class B shares to be issued was determined using a Black-Scholes option pricing model based on assumptions of the volatility of LOGISTEC Class B shares, dividend yield and interest rates, resulting in a fair value of \$33.02 per share.

Also in March 2016, but not as part of the transaction described above, LOGISTEC disbursed \$2,392 to repurchase from certain non-controlling interest shareholders all the Class F Preferred Shares of Sanexen.

During 2017, 150,803 Class B shares were issued to acquire Class H shares of Sanexen. As at December 31, 2017, there are 600,231 Class B shares to be issued, and the related amount recorded in our financial statements as share capital to be issued is \$19,820.

The balances are as follows:

	As at December 31, 2017 \$	As at December 31, 2016 \$
Non-current financial liabilities	8,584	9,725
Share capital to be issued	19,820	24,898

Executive Stock Option Plan

The Company had set aside 580,000 Class B shares pursuant to the Executive Stock Option Plan. Said options are granted at market price. The options granted vest over a period of five years at the rate of 20% per year, starting at the grant date. Options to purchase 550,000 Class B shares were granted pursuant to this plan. There remains an unallocated balance of 180,000 Class B shares reserved for issuance pursuant to the plan as 150,000 options were not exercised and expired or were forfeited in prior years, which options returned to the reserve of shares issuable pursuant to the Executive Stock Option Plan. There were no outstanding options as at December 31, 2017 and 2016.

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Employee Stock Purchase Plan (“ESPP”)

Pursuant to the ESPP, 300,000 Class B shares were reserved for future issuance. On April 26, 2012, the number of Class B shares reserved for issuance under the ESPP was increased by 300,000, bringing the unallocated balance of Class B shares reserved for issuance to 335,400 at that date. As at January 1, 2017, there remained an unallocated balance of 247,600 Class B shares reserved pursuant to this ESPP. Eligible employees designated by the Board of Directors need to have at least two years of service. Participation is on a voluntary basis. The subscription price is determined by the average high and low board lot trading prices of the Class B shares on the TSX during five days, consecutive or not, preceding the last Thursday of the month of May of the year the shares are issued for the last Thursday of such month as shall be determined by the Board, which shall be the month preceding the date of issuance less a maximum 10% discount. A non-interest bearing loan offered by the Company is available to acquire the said shares. The loans are reimbursed over a two-year period by way of payroll deductions. As at December 31, 2017, following the issuance of 15,850 (33,000 in 2016) Class B shares under this ESPP, there remains an unallocated balance of 231,750 Class B shares reserved for issuance pursuant to this ESPP. Those 15,850 (33,000 in 2016) Class B shares were issued for cash consideration of \$201 (\$607 in 2016) and for non-interest bearing loans of \$334 (\$563 in 2016), repayable over two years with a carrying value of \$423 as at December 31, 2017 (\$462 in 2016).

Normal Course Issuer Bid (“NCIB”)

The Company repurchased some of its shares for cancellation purposes pursuant to NCIBs. Pursuant to the current NCIB, which was launched on October 26, 2017, and will terminate on October 25, 2018, LOGISTEC intends to repurchase for cancellation purposes, up to 370,496 Class A shares and 255,997 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 20, 2017.

Shareholders may obtain a free copy of the notice of intention regarding the NCIB filed with the TSX by contacting the Company.

Under the various NCIBs, repurchases were made through the TSX. The tables below summarize the number of shares repurchased by NCIB and by year:

Shares repurchased by bid	Class A shares	Class B shares	Class A shares	Class B shares
			Average price	Average price
			\$	\$
NCIB 2015 (October 26, 2015 to October 25, 2016)				
Repurchase in 2015	4,600	15,900	44.70	39.51
Repurchase in 2016	22,400	233,500	41.15	37.58
Total NCIB 2015	27,000	249,400	41.75	37.70
NCIB 2016 (October 26, 2016 to October 25, 2017)				
Repurchase in 2016	1,200	19,500	38.51	36.04
Repurchase in 2017	2,500	21,300	37.01	35.21
Total NCIB 2016	3,700	40,800	37.50	35.60
NCIB 2017 (October 26, 2017 to October 25, 2018)				
Repurchase in 2017	3,700	6,700	41.85	43.69
Total NCIB 2017	3,700	6,700	41.85	43.69

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Shares repurchased by year	Class A shares	Class B shares
2016		
NCIB 2015	22,400	233,500
NCIB 2016	1,200	19,500
Total 2016	23,600	253,000
2017		
NCIB 2016	2,500	21,300
NCIB 2017	3,700	6,700
Total 2017	6,200	28,000

The number of shares varied as follows:

	Number of Class A shares	Number of Class B shares	Class A shares \$	Class B shares \$
As at January 1, 2016	7,436,322	4,964,300	4,915	10,070
Repurchased under the NCIBs	(23,600)	(253,000)	(16)	(518)
ESPP	—	33,000	—	1,167
As at December 31, 2016	7,412,722	4,744,300	4,899	10,719
Repurchased under the NCIBs	(6,200)	(28,000)	(4)	(84)
ESPP	—	15,850	—	535
Conversion	(300)	300	—	—
Exercise of option pursuant to the Sanexen Transaction	—	150,058	—	4,954
Issuance of shares pursuant to FER-PAL acquisition (Note 6)	—	230,747	—	8,000
As at December 31, 2017	7,406,222	5,113,255	4,895	24,124

Dividends

Details of dividends declared per share are as follows:

	2017 \$	2016 \$
Class A shares	0.32	0.30
Class B shares	0.35	0.33

Details of dividends paid per share are as follows:

	2017 \$	2016 \$
Class A shares	0.31	0.30
Class B shares	0.34	0.33

On March 16, 2018, the Board of Directors declared a dividend of \$0.0825 per Class A share and \$0.09075 per Class B share, which will be paid on April 20, 2018, to all shareholders of record as of April 6, 2018. The estimated dividend to be paid is \$611 on Class A shares and \$464 on Class B shares.

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33. Consolidated Statements of Cash Flows

a. Items not Affecting Cash and Cash Equivalents

	2017	2016
	\$	\$
Defined benefit and contribution retirement plans expense	1,878	1,679
Depreciation and amortization expense	33,859	14,288
Share of profit of equity accounted investments	(6,952)	(4,310)
Finance expense	3,937	1,894
Finance income	(404)	(194)
Current income taxes	12,380	5,682
Deferred income taxes	(6,169)	1,586
Other non-current assets	2,775	6,860
Deferred revenue	(400)	(400)
Non-current financial liabilities	(193)	2,025
Impairment charge on lease rights and location (note 23)	2,917	—
Other	271	677
	43,899	29,787

b. Changes in Non-Cash Working Capital Items

	2017	2016
	\$	\$
Decrease (increase) in:		
Trade and other receivables	(42,370)	(2,058)
Income taxes	1,269	476
Prepaid expenses	1,393	(276)
Inventories	(1,188)	(715)
Other financial assets	(40)	(1,014)
Increase (decrease) in:		
Trade and other payables	17,727	(11,669)
Deferred revenue	(676)	228
	(23,885)	(15,028)

c. Non-Cash Transactions

During 2017, the Company acquired property, plant and equipment, of which \$2,067 (\$1,717 in 2016) is unpaid at the end of the year.

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d. Reconciliation of liabilities arising from financing activities

The following table provides a reconciliation between the opening and closing balances for financing activities, including cash and non-cash flows changes:

	Opening		Cash Changes		Non Cash Changes	Ending December 31, 2017
	December 31, 2016	Repayments	Borrowings	Debt from Acquisition/ adjustment	Foreign exchange	
	\$	\$	\$	\$	\$	
Revolving credit facility	55,699	(66,933)	59,785	—	(589)	47,962
Unsecured Loan debt	—	—	25,000	—	—	25,000
Term credit facility	—	(1,000)	—	2,861	—	1,861
Government loan	2,000	—	—	—	—	2,000
Equipment loan	229	(594)	3,782	382	(113)	3,686
Balance of sale	1,150	(500)	—	—	—	650
Other	1,247	(1,802)	1,447	1,353	—	2,245
Total	60,325	(70,829)	90,014	4,596	(702)	83,404

34. 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 hereafter.

Trading Transactions

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

	2017 \$	2016 \$
Sale of services	2,392	1,819
Purchase of services	592	793

	As at December 31, 2017 \$	As at December 31, 2016 \$
Amounts owed to joint ventures	1,404	1,487
Amounts owed from joint ventures	830	539

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

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Loans to Related Parties

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

	As at December 31, 2017 \$	As at December 31, 2016 \$
Key management personnel	111	123

The Company has provided loans to several members of key management personnel in connection with the ESPP (Note 32).

Transactions with Shareholders

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

	2017 \$	2016 \$
Dividends paid to Sumanic Investments Inc.	1,787	1,743
Dividends paid to certain members of key management personnel	102	103

Compensation of Key Management Personnel

The compensation of directors and of other members of key management personnel (1) during the years ended was as follows:

	2017 \$	2016 \$
Short-term benefits	5,365	4,525
Post-employment benefits	331	521
Other long-term benefits	1,039	1,306
	6,735	6,352

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

35. Segmented Information

The Company and its subsidiaries are organized and operate 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 consolidated 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 and geographic segments is as follows:

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Industry Segments

REVENUE, RESULTS AND OTHER INFORMATION

	Marine services \$	Environmental services \$	Total \$
2017			
Revenue	205,278	270,465	475,743
Depreciation and amortization expense	10,926	22,933	33,859
Share of profit of equity accounted investments	6,496	456	6,952
Finance expense	1,472	2,465	3,937
Finance income	81	323	404
Profit before income taxes	20,283	13,284	33,567
Acquisition of property, plant and equipment, including business acquisitions	22,745	16,361	39,106

	Marine services \$	Environmental services \$	Total \$
2016			
Revenue	186,020	157,306	343,326
Depreciation and amortization expense	9,287	5,001	14,288
Share of profit of equity accounted investments	4,322	(12)	4,310
Finance expense	1,097	797	1,894
Finance income	78	116	194
Profit before income taxes	16,239	9,515	25,754
Acquisition of property, plant and equipment, including business acquisitions	32,522	9,406	41,928

ASSETS AND LIABILITIES

	Marine services \$	Environmental services \$	Total \$
2017			
Total assets	236,173	276,279	512,452
Equity accounted investments	33,197	1,154	34,350
Total liabilities	124,764	156,893	281,657

2016			
Total assets	233,839	122,021	355,860
Equity accounted investments	30,438	703	31,141
Total liabilities	98,205	54,474	152,679

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Geographic Segments

The Company's revenue from external customers by country of origin and information about its non-current assets by location of assets are detailed below:

Revenue	Canada \$	USA \$	Total \$
2017	355,151	120,592	475,743
2016	255,756	87,570	343,326
Non-current assets⁽¹⁾			
As at December 31, 2017	244,126	72,033	316,159
As at December 31, 2016	152,498	61,900	214,398

⁽¹⁾ Non-current assets exclude post-employment benefit assets, non-current financial assets and deferred income tax assets

36. Government Grants

The Company incurs research and development expenses eligible for investment tax credits. Investment tax credits are recorded based on estimates prepared by management in respect of amounts that should be recovered and are subject to a tax audit. These tax credits amount to \$300 (\$158 in 2016), and are recorded as a reduction in employee benefits expense.

37. Commitments

The Company is committed until 2031, under operating lease agreements, to rent offices, port facilities, and equipment. The minimum amounts payable over the next years are as follows:

	2017 \$	2016 \$
No later than 1 year	14,511	14,071
Later than 1 year and no later than 5 years	41,844	27,313
Later than 5 years	8,396	9,660
	64,751	51,044

As at December 31, 2017, the Company has \$1,892 (\$6,220 in 2016) of property, plant and equipment under order, not yet delivered. Delivery and payment are expected to occur in 2018.

38. Contingent Liabilities and Guarantees

As at December 31, 2017, the Company has outstanding letters of guarantee for an amount of \$3,149 (\$2,651 in 2016) relating to financial guarantees issued in the normal course of business. These letters of guarantee mature within the next 12 months.

In addition to the information disclosed in Notes 27 and 29, a subsidiary of the Company has granted a \$30,000 (\$30,000 in 2016) second-ranking movable hypothec on all its present and future trade receivables and on the totality of its assets as a guarantee for its performance bond facilities.

The Company, together with one of its partners, severally guarantees the obligations of an operating lease in one of its joint ventures. The guarantee is limited to a cumulative amount of \$4,201.

As at December 31, 2017, the Company has contingent liabilities totalling \$534 (\$534 in 2016) for contingent obligations to remove assets and to restore sites under operating leases.

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The Company indemnifies its directors and officers for prejudices suffered by reason or in respect of the execution of their duties for the Company to the extent permitted by law. The Company has underwritten and maintains directors' and officers' liability insurance coverage.

No amounts have been recorded in the consolidated financial statements related to the above contingent liabilities and guarantees.

39. Subsequent Event

On March 1, 2018, the Company acquired 100% ownership of GSM Maritime Holdings, LLC, the ultimate owner of Gulf Stream Marine, Inc., which provides cargo handling operations in the U.S. Gulf Coast to a diverse mix of customers, for a purchase price of US \$65,700 (CA \$83,880 million), subject to certain adjustments. Due to the short period between the date of acquisition and the date of issuance of these consolidated financial statements, the fair value of the assets acquired and liabilities assumed has not yet been determined. Consequently, the initial accounting of the transaction has not been completed. The acquisition was financed by the Company's revolving credit facility and long-term debt.

This acquisition expands the Company's network of marine terminals and strategically position LOGISTEC in that region.

DIRECTORS AND OFFICERS

Directors

James C. Cherry, FCPA, FCA ⁽¹⁾⁽²⁾⁽³⁾
Corporate Director

Serge Dubreuil, Eng. ⁽³⁾⁽⁴⁾
Consultant
Corporate Director

Curtis Jay Foltz, ⁽¹⁾⁽⁴⁾
Consultant
Corporate Director

George Gugelmann ⁽²⁾⁽³⁾
Private Investor

George R. Jones ⁽³⁾
Corporate Director

Rudy Mack ⁽²⁾⁽⁴⁾
Principal Consultant
Rudy Mack Associates, Inc.
Corporate Director

David M. Mann, Q.C. ⁽¹⁾⁽⁴⁾
Corporate Director

Madeleine Paquin, C.M. ⁽³⁾⁽⁴⁾
President and Chief Executive Officer
LOGISTEC Corporation

Nicole Paquin
Vice-President, Information Systems
Logistec Stevedoring Inc.

Suzanne Paquin ⁽³⁾
President
Transport Nanuk Inc.

J. Mark Rodger ⁽¹⁾⁽²⁾
Partner
Borden Ladner Gervais LLP

Luc Sabbatini ⁽¹⁾⁽²⁾
Chief Executive Officer
PBSC Urban Solutions Inc.

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Governance and Human Resources Committee

⁽³⁾ Member of the Executive Committee

⁽⁴⁾ Member of the Pension Committee

Officers

George R. Jones
Chairman of the Board

Madeleine Paquin, C.M.
President and Chief Executive Officer

Jean-Claude Dugas, CPA, CA
Vice-President, Finance
Assistant-Secretary

Stéphane Blanchette, CHRP
Vice-President, Human Resources

Suzanne Paquin
Vice-President

Alain Sauriol, M. Sc.
Vice-President, Environmental Services

Marie-Chantal Savoy
Vice-President, Strategy and Communications

Ingrid Stefancic, LL.B., FCIS
Vice-President, Corporate and Legal Services
Corporate Secretary

Martin Beaulac, CPA, CGA
Treasurer

Luc Pilon, CPA, CA
Corporate Controller

CORPORATE INFORMATION

Subsidiaries

BalTerm, LLC
CrossGlobe Transport, Ltd.
FER-PAL Construction Ltd.
FER-PAL Construction USA, LLC
GSM Intermediate Holdings, Inc.
GSM Maritime Holdings, LLC
Gulf Stream Marine, Inc.
Les Terminaux Rideau Bulk Terminals Inc.
Logistec Environmental Services Inc.
Logistec Everglades LLC
Logistec Gulf Coast LLC
Logistec Marine Agencies Inc.
Logistec Marine Services Inc.
Logistec Stevedoring Inc.
Logistec Stevedoring (New Brunswick) Inc.
Logistec Stevedoring (Nova Scotia) Inc.
Logistec Stevedoring (Ontario) Inc.
Logistec Stevedoring U.S.A. Inc.
Logistec USA Inc.
MtlLINK Multimodal Solutions Inc.
Niedner Inc.
Ramsey Greig & Co. Ltd.
Sanexen Environmental Services Inc.
Sanexen Water, Inc.
SETL Real Estate Management Inc.
Sorel Maritime Agencies Inc.
Tartan Terminals, Inc.

Associates

Sept-Îles Mooring Inc.
St-Lawrence Mooring Inc.

Joint Ventures / Partnerships

Avataani Environmental Services Inc.
Flexiport Mobile Docking Structures Inc.
Mooring (Trois-Rivières) Ltd.
NEAS Inc.
NEAS Group Inc.
Northern Bear Shipping B.V.
Northern Fox Shipping B.V.
Northern Hare Shipping B.V.
Nunavik Eastern Arctic Shipping Inc.
Nunavut Eastern Arctic Shipping Inc.
Qikiqtaaluk Environmental Inc.
Quebec Maritime Services Inc.
Quebec Mooring Inc.
Termontr Montréal Inc.
Termontr Terminal Inc.
Transport Inukshuk Inc.
Transport Mitiq Inc.
Transport Nanuk Inc.
Transport Nunalik Inc.
Transport Qamutik Inc.
Transport Umialaruk Inc.
9260-0873 Québec Inc.

Banks

Bank of America
Bank of Montreal
Bank of Nova Scotia
Canadian Imperial Bank of Commerce
Harris Trust and Savings Bank
HSBC Bank Canada
JPMorgan Chase & Co.
National Bank of Canada
The Toronto-Dominion Bank

Independent Auditor

Deloitte LLP

Transfer Agent and Registrar

Computershare Investor Services Inc.
1500 Robert-Bourassa Blvd.
7th Floor
Montréal (QC) H3A 3S8

Shares Listed

Toronto Stock Exchange

Head Office

LOGISTEC Corporation
360 St. Jacques Street
Suite 1500
Montréal (QC) H2Y 1P5

Tel.: (514) 844-9381

Fax: (514) 844-9650

E-mail addresses:

info@logistec.com

ir@logistec.com

Internet: www.logistec.com

Annual Meeting of Shareholders

Thursday, May 10, 2018 at 11:30 a.m.

BMO Bank of Montréal, Hochelaga Room, 129 Saint-Jacques Street, 14th Floor, Montréal (QC)

Ticker Symbols

LGT.A and LGT.B

Trademarks

LOGISTEC is a registered trademark in Canada and in the USA

Aqua-Pipe is a registered trademark in Canada and in the USA

CrossGlobe and logo are registered trademarks in the USA

MtlLINK is a registered trademark in Canada

Sanexen is a registered trademark in Canada and in the USA

LOGISTEC Corporation
360 St. Jacques Street
Suite 1500
Montréal (QC) H2Y 1P5

www.logistec.com

LOGISTEC

SECTION L

CREDIT INFORMATION

Logistec Port Everglades activities

BANK: HARRIS BANK
111 West Monroe St.
Chicago, IL
60603

Account Number: 3178969

Contact person : Brian Vachout
Tel : (312) 995-3570

Three suppliers with whom we do business with:

Peopleready Florida Inc.

P.O Box 740345
Atlanta, GA 30374-0435
Tel : (954) 922-6913
Fax : (954) 922-6914

Contact name :
Jennifer Howard

Nationwide Lift Trucks

3900 North 28th Terrace
Hollywood, FL 33020
Tel : (954) 658-7286
Fax : (954) 922-8182

Contact name :
Michelle Damiano

Lank Oil Co.

P.O. Box 100909
Fort Lauderdale, FL 33310
Tel : (954) 978-6600
Fax : (954) 974-0854

Contact name :
Linda Barlet

SECTION N (1,2 and 3)

Description of equipment owned and/or lease by Logistec Everglades LLC to be used in connection with the activities covered by the franchises that are subject matters of the applications.

DESCRIPTION OF THE EQUIPMENT	YEAR OF BUILT	TYPE OF FUEL	EQUIPMENT DOMICILED IN PORT EVERGLADES
Kawasaka lift 2395	2009	Gasoline	YES
Kawasaka lift 2396	2009	Gasoline	YES
Kalmar lift 4500	2011	Diesel	YES
Hyster lift 280 -2199	2010	Diesel	YES
Hyster H36HD	2008	Diesel	YES
Huster H80	2010	Diesel	YES

Note: Obviously, additional equipment will be added on as needed basis.

Bill Coleman

From: no-reply@payment-express.net
Sent: Friday, November 16, 2018 12:51 PM
To: Bill Coleman
Subject: Broward County Tax Collector: Payment Confirmation

Thank you for your payment.

Tax Collector
Broward County Records, Taxes & Treasury Div.
115 S. Andrews Ave. Fort Lauderdale, FL 33301

Confirmation # 49198276811

Items Paid

Transaction Details

Payment Date: 11/16/2018 12:50 PM EST
Transaction #: 11571273
Recipient: Broward County Tax Collector
Location: Internet
Received Via: Online

Authorization Details

Terminal Number: 002
TRC: 045012
Data Source: Manual Entry

Paid By

William N Coleman
bcoleman@logistec.com

Items

Item	Description	Amount
Business Tax	Acc# 140957 Rct# 329-284278 Yr: 2019	\$ 37.95

Payments

Payment	Account	Paid
Credit Card	Visa ***5119	\$ 37.95
Convenience Fee:		\$ 1.95
Total Charged:		\$ 39.90

For more information on payments handled by the tax collector, please visit our web site at <http://www.broward.org/RecordsTaxesTreasury/Pages/Default.aspx>.

The payment will appear on your statement as "BROWARD COUNTY TAX PYMT". The fee may appear separately as "BROWARD CO. TAX GSG FEE".



RECORDS, TAXES AND TREASURY DIVISION

Successfully checked out.

The Broward County 2018 Tax Roll is Now Open for Collection. Tax Bills were mailed October 31st, and can now be paid online. 2018 3rd Installment Bills will be mailed December 1st.

Enroll now for Next Year's (2019) Quarterly Installment Plan: [Click Here](#) for the 2019 online application which you can automatically email to our office when completed. Taxes paid through Escrow Arrangement are not eligible for this plan.

LOCAL BUSINESS TAX PAYMENTS. After your online payment is completed and confirmed, please **PRINT YOUR BUSINESS TAX RECEIPT** from the link shown on the same payment receipt page. To request a printed receipt to be mailed to you, contact businesstax@broward.org

CREDIT & DEBIT CARD CONVENIENCE FEES: Credit and Debit card transactions will be charged 2.55% of the full payment amount (\$1.95 minimum fee). You will be shown and asked to approve the amount of this NON-REFUNDABLE convenience fee before completing your payment and check-out process. **There is NO FEE for making payment by eCheck.**

If you need to request Wire Payment Instructions: email your request to revenue@broward.org.

Receipt

[Print this page](#)

Thank you! Your payment is now being processed. You may wish to print this page for your records.

Receipt #
WWW-18-00039625
Date
11/16/2018 12:50PM
Paid by
William N Coleman
Using
Credit or Debit Card ending in 5119

Business Tax		Print Business Tax Receipt
2019 receipt #329-284278	Receipt 329-284278	LOGISTIC EVERGLADES LLC \$37.95
	Account 140957	2550 EISENHOWER BLVD # 308
	ALL OTHERS	FORT LAUDERDALE, FL 33316
		Convenience fee + \$1.95
		Payment - \$39.80
		Total due \$0.00



RECORDS, TAXES AND TREASURY DIVISION

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CREDIT & DEBIT CARD CONVENIENCE FEES: Credit and Debit card transactions will be charged 2.55% of the full payment amount (\$1.95 minimum fee). You will be shown and asked to approve the amount of this NON-REFUNDABLE convenience fee before completing your payment and check-out process. **There is NO FEE for making payment by eCheck.**

If you need to request Wire Payment Instructions: email your request to revenue@broward.org.

2019 Details — Business Tax Account LOGISTIC EVERGLADES LLC

Business Tax Account #140957 [Account details](#) [Account history](#) [Print this page](#)

2019 2018 2017
Paid Paid Paid

Account number: 140957 Mailing address: WILLIAM COLEMAN
2550 EISENHOWER BLVD # 308
FORT LAUDERDALE, FL 33316

Business start date: 05/23/2017

Physical business location: FT LAUDERDALE Owner(s) WILLIAM COLEMAN
2550 EISENHOWER BLVD # 308
FORT LAUDERDALE, FL 33316

Business address: LOGISTIC EVERGLADES LLC
2550 EISENHOWER BLVD # 308
FORT LAUDERDALE, FL 33316 [Print exemption application \(PDF\)](#)

Receipts And Occupations

Receipt 329-284278 [Print Business Tax Receipt](#)

SERVICE 10/01/2018–09/30/2019 Units: 3 [Return to Search](#)

ALL OTHERS

