

BELLEDUNE...*Unlimited!*

2008 ANNUAL REPORT



TABLE OF CONTENTS

Board of Directors	1
Message from the Chairman of the Board of Directors	2
Message from the President & CEO	3
10 th Anniversary of the M.D. Young Terminal	4
2008 Highlights	5
Belledune Port Authority Summarized Financial Statements	6
Audit Committee Report	7
Auditors' Message	7
Summarized Statement of Income	8
Summarized Balance Sheet	9
Notes to the Summarized Financial Statements	10
Belledune Port Authority Management & Staff	12

BELLEDUNE PORT AUTHORITY

112 Shannon Drive
Belledune, New Brunswick E8G 2W2 Canada

Tel: 1.506.522.1200
Fax: 1.506.522.0803
info@portofbelledune.ca

www.portofbelledune.ca

HUMAN RESOURCES & COMPENSATION

Chair: Léo Cormier
Nancy McKay
Claude Doucet

AUDIT

Chair: Albert Doucet
Léo Cormier
Claude Doucet

FINANCE

Chair: Nancy McKay
Albert Doucet
Basile Chiasson

BUSINESS DEVELOPMENT

Chair: Claude Doucet
Nancy McKay
Léo Cormier
Albert Doucet
Basile Chiasson

LAW & GOVERNANCE

Chair: Basile Chiasson
Claude Doucet

DONATION

Board: Claude Doucet



*From left to right – standing: Léo Cormier, Albert Doucet, Ligouri Roy and Basile Chiasson
From left to right – sitting: Rayburn Doucett, Harry H. Williamson, Claude Doucet and Nancy McKay*

Picture taken April 2009



MESSAGE FROM THE **CHAIRMAN** OF THE **BOARD OF DIRECTORS**



At the Port of Belledune we share a core philosophy and a common vision for the future: it is one of prosperity, growth and global competitiveness, which underscores the region's skilled workforce and strategic location. In 2008 we were unrelenting in our efforts to create attractive business options in the area, first-rate employment opportunities for the local workforce, and a strong and vibrant regional economy.

Consistent with this core vision, the Port of Belledune has continued to cultivate and effectively manage its resources as a catalyst for local development. I am happy to report that this year marks the fourth consecutive year of record profits in which revenue and net income rose an impressive 10% and 27% respectively. The Port's vitals all remain robust including a 30% increase in tonnage handled and a 33% increase in vessels calling on the Port.

However, while the Port continues to move from strength to strength, the troubling status of the global economy prohibits complacency in the face of any success. To realize the area's full potential for growth in the face of the current financial climate, the infrastructural capacity of our own facilities and those of the wider region must be further improved. To this end, we are constantly seeking out and developing innovative ways to build upon the existing infrastructure, while liaising with government authorities in a coordinated effort to bring these plans to fruition.

In all of these endeavors, at the Port of Belledune we recognize that we do not work in isolation, but rely on the goodwill and support of members of the wider community in order to promote our shared interests. Therefore, I would like to thank the federal, provincial and local governments, our business partners and our Port ambassadors for their ongoing support and dedication to this important work. I would also like to offer a special thanks to our Board of Directors; vice chair Ms. Nancy McKay, and Board members, Mr. Leo Cormier, Mr. Ligouri Roy, Mr. Albert Doucet, and Mr. Basile Chaisson and to our CEO, Rayburn Doucett, and all of the staff for their dedication and hard work in attaining another consecutive record year. Finally, I would like to welcome our newest Board member, Mr. Barry Kyle, who will be a key player in the future development of the Port and to welcome back Mr. Harry Williamson who has been reappointed to the Board and whose experience, knowledge and competence are well known by all.

With our proactive team, dynamic support network and strategic vision, 2009 is sure to be an exciting and productive year for the Port of Belledune and the wider region.

Claude Doucet
Chairman of the Board



MESSAGE FROM THE **PRESIDENT & CEO**

03

It is again my pleasure, as President & CEO of the Port of Belledune, to report on the activities and accomplishments of the port.

Through 2008, our efforts centered on retaining and expanding current business and seeking out new clients. We have made additions of over \$5 million dollars to the Port's infrastructure to meet current demands. Two warehouses were built, the pipeline was extended and plans were developed for continuation of construction and other improvement in 2009.

We extend our appreciation to the Federal government for the changes to the Canada Marine Act that enable the Port to apply for funding assistance and appreciation is extended to all of our contractors whose excellent services helped ensure our projects were completed on time and on budget.

In keeping with our support of environmentally friendly business activities we were pleased to have the opportunity to participate in local green initiatives such as wind power. The future for this looks promising.

We are fortunate to live and work in a supportive, business-friendly community. In return, we support worthy endeavors in the region donating to groups such as palliative care, theatre, fun and fitness activities and Junior Achievement to name a few. The Port donated a total of \$95,000 to these endeavors in 2008.

Two employees joined the Port officially in 2008 thereby filling all our positions. Welcome aboard is

extended to Mark Doucet, Maintenance Assistant, and Tracy Eddy, Director of Engineering & Property Management.

I am pleased to have been elected to the Board of Directors of the Association of Canadian Port Authorities and I thank my colleagues from the other three Atlantic Canada Ports for their support. This gives our ports the opportunity to attain a higher profile and greater access to key players in both government and the shipping world.

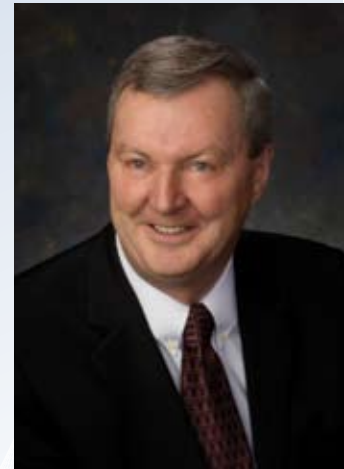
We continue to explore all avenues to showcase the excellent facilities and services at the Port of Belledune. We have obtained outstanding business and financial results in 2008. This is due in no small part to the combined and focused cooperation of our clients, all levels of government, our employees and our Board of Directors.

We can expect continued success in 2009 as we continue our efforts to increase shipping while keeping costs down. We are, for example, actively pursuing new markets for aggregates that are plentiful in this region and are of superior quality.

The future looks promising for the Port of Belledune. We have the right team, the right facilities and the rigor to attain our goals.

We are Belledune...Unlimited!

Rayburn Doucett
President & CEO





04 10TH ANNIVERSARY OF THE M.D. YOUNG TERMINAL

2008 marks 10 years since the M.D. Young mixed cargo Terminal III officially opened; there have been many changes at the Port of Belledune since the Terminal's inception and prospects for the future look bright.

The port itself is now run by a local authority whereas prior to 2000 it was operated by a federal crown corporation. The port continues to evolve, grow and attract new clients and cargo.

Although the transit shed and part of the construction was not completed in 1998 vessels had already taken berths to load gypsum beginning as early as 1996 when the terminal construction had first begun. In 1998 the M.D. Young Terminal III officially opened to regular ship traffic.

There are continuous improvements being made to the Terminal such as the modifications in 2000 when it was identified that roll-on roll-off capability should be added; a ramp suitable to accommodate quarter ramp vessels was then constructed.



In the first years, there had been some experimentation in cargo but the main emphasis was on gypsum and forest products. Today there is product that wasn't there 10 years ago such as perlite, wood pellets and aggregates. Project cargoes have also become customary at the M.D. Young Terminal III. Tanks were assembled on the terminal, mobile-trailer units were shipped north and wind turbines will arrive at the terminal beginning in 2009.

The port continues to diversify and develop. Major new initiatives include the completion of two new storage facilities and the refitting and upgrading of the pipeline and tank farm in 2008.



2008 HIGHLIGHTS

05

AGGREGATES

Envirem Technologies Inc., part of the ATCON Group, identified a market for Belledune aggregate in Florida where stringent standards exist to ensure the longevity and strength of asphalt.

In July 2008, the first shipment of aggregates sailed from Belledune to Tampa and Jacksonville, Florida. Three vessels of approximately 50,000 metric tonnes each were shipped to Tampa and Jacksonville in 2008. In 2009 we expect 8-10 vessels resulting in increased volumes for the Port.

The aggregate in Belledune is abundant and exceeds the highest standards of the United States department of transportation; it is a high quality rock that is ideal for asphalt.



WOOD PELLETS SHIPPED FROM BELLEDUNE

In June 2008, with friends and dignitaries present, Shaw Group celebrated the opening of its \$9 million pellet plant in Belledune.

The plant employs 15 people and has the capacity to produce 75,000 tonnes of wood pellets annually. The pellet plant is an excellent example of using a waste product to create a marketable product, creating jobs and opportunities in the process. It uses the Port of Belledune to ship its products to markets in Europe where large pellets made from recycled wood waste are used in various industrial settings.

The first shipment of wood pellets departed from the Port of Belledune in July of 2008 aboard the M.V. Maineborg.

2008 HIGHLIGHTS

SUMMARIZED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008



AUDIT COMMITTEE REPORT

The primary task of the Belledune Port Authority's (BPA) Audit Committee is to oversee the financial reporting process on behalf of the Board of Directors. In order to carry out this responsibility, the Committee reviews the BPA's financial statements and gives its recommendations to the Board of Directors.

The Audit Committee also reviews any reports prepared by the BPA's Auditor regarding the BPA's accounting policies and procedures, as well as its internal controls. The Audit Committee meets independently with management and the Auditor to review the involvement of each in the financial reporting process and to review the independence of the Auditor. These

meetings also facilitate any private communication with the Audit Committee that is desired by either party.

This Committee also has the responsibility of recommending the appointment of the BPA's Auditor, who is appointed annually by the Board of Directors.



Albert Doucet
Chairman, Audit Committee

AUDITORS' MESSAGE

To the Board of /Directors of Belledune Port Authority

The accompanying summarized balance sheet and statements of earnings and surplus are derived from the complete financial statements of Belledune Port Authority as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated February 12th, 2009. The preparation of summarized financial statements from the complete financial statements is the responsibility of management.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principals. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the

entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.



ALLEN, PAQUET & ARSENEAU LLP

Bathurst, New Brunswick
February 12, 2009

SUMMARIZED STATEMENT OF INCOME | BELLEDUNE PORT AUTHORITY

Year Ended December 31	2008	2007
INCOME		
Harbour Services	\$ 1,760,420	\$ 1,375,677
Rentals	5,917,109	5,542,985
Shipping and Other Services	41,720	76,673
	7,719,249	6,995,335
EXPENSES		
Salaries and Employee Benefits	485,980	412,098
Maintenance and Repairs	696,180	230,794
Professional Fees and Fees for Consulting Services	1,004,005	1,130,274
Amortization	1,368,600	1,425,174
Gross Revenue Charge	160,517	146,803
Other Operating Expenses	687,091	780,564
	4,402,373	4,125,707
EARNINGS FROM OPERATIONS BEFORE INTEREST EXPENSE AND INVESTMENT INCOME	3,316,876	2,869,628
INTEREST EXPENSE AND INVESTMENT INCOME		
Interest Expense	(1,168,288)	(1,283,361)
Investment Income	306,173	344,815
	(862,115)	(938,546)
NET INCOME FOR THE YEAR	\$ 2,454,761	\$ 1,931,082

See accompanying notes to the financial statements.

SUMMARIZED BALANCE SHEET | BELLEDUNE PORT AUTHORITY

December 31	2008	2007
ASSETS		
<u>CURRENT ASSETS</u>		
Cash and Term Deposits	\$ 5,857,744	\$ 6,125,986
Account Receivables	725,845	624,086
Prepaid Expenses	57,103	38,063
	<hr/> 6,640,692	<hr/> 6,788,135
Restricted Cash	1,428,433	1,428,433
Deferred Financing Cost	219,461	271,099
Property and Equipment (Notes 3)	37,514,135	38,151,885
	<hr/> \$ 45,802,721	<hr/> \$ 46,639,552
Total Assets		
 LIABILITIES		
<u>CURRENT LIABILITIES</u>		
Bank Advances	\$ 1,569,307	\$ 2,144,210
Accounts Payable and Accrued Liabilities	618,738	840,905
Current Portion of Long Term Debt	2,708,318	2,497,856
	<hr/> 4,896,363	<hr/> 5,482,971
Accrued Employee Benefits	119,745	115,026
Long Term Debt (Note 4)	10,237,994	12,947,697
	<hr/> 15,254,102	<hr/> 18,545,694
Total Liabilities		
 EQUITY		
Contributed Surplus	22,278,564	22,278,564
Surplus, End of Year	8,270,055	5,815,294
	<hr/> 30,548,619	<hr/> 28,093,858
Total Equity	<hr/> 30,548,619	<hr/> 28,093,858
Total Liabilities & Equity	<hr/> \$ 45,802,721	<hr/> \$ 46,639,552

1. Nature of operations

The Belledune Port Authority was established under the Canada Marine Act to administer, manage and control Belledune harbour, as well as the property of Canada transferred by the Governor in Council. The Authority is named in Part 2 of the Schedule Canada Marine Act and is exempt from income tax.

2. Summary of significant accounting policies**Deferred financing cost**

Deferred financing cost consists of various professional fees incurred to obtain long term financing. These costs are amortized over 152 months on the straight-line basis.

Property and equipment

Grants, including forgivable loans, towards capital projects received from Canada and from third parties are deducted from the cost of the related assets.

Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Dredging	40 years
Berthing structures	32, 38 and 40 years
Buildings	10, 37 and 40 years
Utilities	10, 19, 20, 29 and 30 years
Roads and surfaces	10, 20 and 30 years
Machinery and equipment	3, 5 and 10 years
Furniture and fixture	3 and 5 years

Revenue recognition

Revenue is recognized as the related services are provided.

Pension costs

All permanent employees of the Authority are covered by the Canadian Airports Council and Harbour Board pension plan. The funds are held in trust by AON in two (2) different plans (Defined Benefits and Defined Contribution).

One (1) employee is a member of the Defined Benefits plan and the remaining employees are members of the Defined Contributions plan. The annual contributions for pensions are recognized in the accounts on a current basis.

NOTES TO THE SUMMARIZED FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

11

Employee benefits

The Authority accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave, which are payable to its employees in subsequent years in accordance with its policy.

3. PROPERTY AND EQUIPMENT		2008		2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Lands	\$ 7,941,134	\$ -	\$ 7,941,135	\$ 7,941,134
Dredging	7,107,308	2,694,328	4,412,982	4,590,663
Berthing Structures	25,608,969	10,342,832	15,266,136	15,848,890
Buildings	7,291,756	1,269,384	6,022,373	3,867,034
Utilities	5,884,687	2,982,882	2,901,805	3,118,041
Roads & Surfaces	2,914,009	2,340,663	575,993	669,516
Machinery & Equipment	567,197	261,679	302,868	123,784
Furniture & Fixtures	188,972	172,138	16,834	9,934
Projects under Construction	74,009	-	74,009	1,982,889
	\$ 57,578,041	\$ 20,063,906	\$ 37,514,135	\$ 38,151,885

4. LONG TERM DEBT	2008	2007
Trust notes, bearing interest at 7.535%, repayable in equal quarterly instalments of \$828,433 principal and interest, maturing in March 2013. The Authority has maintained the required debt covenants.	\$ 11,955,717	\$ 14,259,099
Loan from the Caisse populaire des Fondateurs, bearing interest at 5.85%, repayable in equal monthly instalments of \$23,196 principal and interest maturing in 2013.	990,595	1,186,454
	12,946,312	15,445,553
Less: current portion of long term debt	2,708,318	2,497,856
	\$ 10,237,994	\$ 12,947,697

Principal repayments in each of the next five years are due as follows:

2009	\$ 2,708,318
2010	\$ 2,938,804
2011	\$ 3,114,207
2012	\$ 3,374,609
2013	\$ 810,374
	\$ 12,946,312



TAKING ON ALL CHALLENGES

The members of the team at the Belledune Port Authority have a wide variety of experiences and expertise, all of which they share in the workplace. They make the day-to-day activity at the port not only efficient but also enjoyable and rewarding for all who come in contact with Port.

Being members of the small team that runs the Port is as interesting as it is challenging. The reward for the team is

in developing the Port to its fullest potential. They know that the region benefits through jobs and opportunities that quite possibly would not exist were it not for the Port of Belledune's pro-active role in drumming up new business.

It is this small group that is making continued growth possible and success an expectation at the Port.



*From left to right – standing: Tracy Eddy, Léo-Paul Sonier, Wynford Goodman, Rayburn Doucett and Mark Doucet
From left to right – sitting: Monica Legacy, Jenna Doucet, Lynn Russell and Rolande Comeau-Roy*