



BELLEDUNE...*Unlimited!*

2012 ANNUAL REPORT



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BELLEDUNE PORT AUTHORITY

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HUMAN RESOURCES & COMPENSATION

Chair: Léo Cormier
Barry Kyle
Claude Doucet
Jean Guy Dubé

AUDIT

Chair: Albert Doucet
Léo Cormier
Claude Doucet

FINANCE

Chair: Alberta Buttimer
Albert Doucet
Claude Doucet

LAW & GOVERNANCE

Chair: Harry H. Williamson
Jean Guy Dubé
Albert Doucet

DONATION

Chair: Claude Doucet
Barry Kyle
Léo Cormier



*From left to right – standing: Albert Doucet, Alberta Buttimer, Léo Cormier, Jean Guy Dubé
From left to right – sitting: Rayburn Doucett, Barry Kyle, Harry H. Williamson, Claude Doucet*

Picture taken March 2013



2012 Marks **Year of Exceptional Achievement** for the Belledune Port Authority

The Belledune Port Authority once again concluded 2012 with exceptional achievement. The Port of Belledune has been noted for outstanding performance since its beginnings. Yet in many respects, that performance reached new levels in 2012 as we were successful in the marketing of our new Modular Fabrication Facility and Complementary Building, our new Roll-on/Roll-off Terminal and expanded lay-down areas continued to create opportunities for our communities and region. The Port of Belledune prides itself on having maintained long-term partnerships with its customers and, in 2012 the Port of Belledune has also secured new long-term partnerships with new customers and has handled more new products than ever before being shipped to new markets. We also strengthened our commitment to responsible corporate citizenship and made further strides in being a highly regarded economic initiator. As a result, the Port remains well-positioned to capitalize on broad economic trends that hold great promise for the future.

Net Income exceeded our targets once again, which center on operating consistency and a disciplined approach to asset and cost management and the rigorous execution of our plan.

Our values both unite and differentiate us. They have sustained the loyalty of our customers and are a source of inspiration for our extremely talented employees.

As the Port of Belledune expands throughout the world, we continue to dedicate ourselves to the company's core values – integrity, quality, commitment and innovation – and we recognize their prominent role in sustaining our success. Being a responsible corporate

citizen and a progressive employer are essential to being a great company.

As we take the next steps, we'll maintain our innovative thinking, advance on our marketing strategies and welcome new partnerships with the Provincial and Federal Governments as we strive to enhance the prosperity of the local area and the region.

I sincerely thank our President & CEO, Rayburn Doucett, for his continued perseverance and total dedication to the Port of Belledune as well as the Members and past Members of the Board of Directors for their most irrefutable support throughout the year. In fact, in appreciation of his on-going efforts, Terminal 4 has been named the Rayburn Doucett Roll-on/Roll Off Barge Terminal. By the same token, I say thank you to all the Port's customers for their business and to our Terminal Operators for their continued excellence. And, on behalf of the Board of Directors, I extend a sincere thank you to all employees for their commitment and hard work in attaining another consecutive profitable year.

Together, we have built the solid foundation needed to continue to meet the challenges and reach new goals as we are: "*Belledune... Unlimited!*"

Barry Kyle
Chairman of the Board of Directors



MESSAGE FROM THE **PRESIDENT & CEO**

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2012 was an exceptional year for the Belledune Port Authority – **Full of change and progress!**

In 2012, every inch of rental space was occupied. We welcomed our first tenants to house our new Modular Fabrication Facility as well as the Complementary Fabrication Facility. Both these facilities complement the Ro-Ro and Barge terminal, which will also play an important logistics role since it will serve to transport the modular units constructed to their final destination. We also welcomed new Board members, celebrated long-term partnerships and have been building new partnerships that will have a lasting and positive impact for our communities and region.

After more than a decade of transformation, the BPA is enabling a stronger future and looking forward is a must. What we have accomplished in the last few years is a benchmark for what we have to overcome in the next ones. In our business, challenging scenarios are opportunities to exercise our unique practices without losing sight of our goal – in fact, we must focus even further – that way, we will strengthen our commitment and the trust of our clients, our people, our partners and the societies we serve, while always maintaining the direction of our Board of Directors lead by Mr. Barry Kyle, who for the 4th consecutive year was named as one of Atlantic Business Magazine's TOP 50 CEOs in Atlantic Canada.

In 2012, we created a plan to guide us which is well reflected in our 2012 results. I am pleased to report that in 2012, the Port met its financial targets with net profits of \$2.4M. Total cargo tonnage of 1.872M tonnes was handled and 88 vessels called at the Port.

We are very fortunate to live and work in a supportive, business-friendly community. In return, we recognize

worthy endeavors in the region by donating to groups and charitable events such as The Relay for Life, Canadian Cancer Society, Junior Achievement Programs, Smurfit-Stone Public Library, Bullying Canada, arts & theatre, as well as assorted fun and fitness activities. The Port donated more than \$75,000 to these endeavors in 2012.

Maximizing both the knowledge and the opportunities will be essential in responding to the challenges of the near-term future. We will continue to diversify our cargo while maintaining our focus on core business and generating new insights: to strengthen existing partnerships and welcome new ones; to inspire creative new approaches; to benefit from knowledge shared. The Belledune Port Authority also greatly values its relationship with the Provincial and Federal Governments as it continues its partnership to create opportunities for our communities. We'll work to leverage all of these opportunities as we move into 2013.

I must also congratulate and extend my sincere appreciation to our small team, our Board of Directors and our partners as they continue to make every effort and rise to new challenges to reach new goals as: *Belledune...Unlimited!*

Rayburn Doucett
President & CEO





ROLL-ON ROLL-OFF TERMINAL NAMED THE “RAYBURN DOUCETT TERMINAL”

In 2012, the BPA hosted a special Terminal Naming Ceremony where the new Roll-on Roll-off/Barge Marine Terminal was officially named the ‘Rayburn Doucett Terminal’.

It was the honour of the BPA Board of Directors to officially name the ‘Rayburn Doucett Terminal’ which serves to recognize the long standing career of this public servant and business man. Rayburn’s contributions and continued support to the local communities spans over three decades. The Board of Directors as well as the community at large are very thankful for his contribution over the years and it is with great pride that the BPA honor him for years to come with the naming of the Roll on-Roll off/Barge terminal at the Port of Belledune.

The naming of the Roll on-Roll off Terminal carries a very special meaning as this new infrastructure is an important factor in the future development of the Port of Belledune and marks a significant milestone in the Port of Belledune’s history.



*Rayburn Doucett
Terminal*





S & B MINERALS CELEBRATE 10 YEARS AT THE PORT OF BELLEDUNE



The Belledune Port Authority enjoys a rich history with many accomplishments in infrastructure development, community relations and shipping excellence; all of this is made possible by the loyalty and excellent partnerships the BPA has with its clients.

2012 marked S & B Minerals' 10th year anniversary at the Port of Belledune. S & B Minerals, Eastern Canada Stevedoring and the BPA have worked together to import, discharge and store perlite during this time; the Port has gone through major changes but having consistent customers is what makes the Port a success.

Perlite is an agricultural product that is imported from the Milos Islands of Greece. It is used in the peat moss industry in North Eastern New Brunswick and is found in residential potting soil to maintain high moisture content in potting soils and other agricultural products. Over the past 10 years the Port of Belledune has seen more than 142,000 metric tonnes of perlite imported on more than 33 vessels through Terminal #3.



BELLEDUNE PORT AUTHORITY SUMMARIZED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012



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

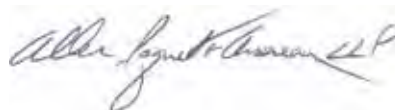
AUDITORS' MESSAGE

To the Board of Directors of Belledune Port Authority

The accompanying summarized statement of financial position and statement of operations and comprehensive income are derived from the complete financial statements of Belledune Port Authority as at December 31, 2012 and for the year then ended on which we expressed an opinion without reservation in our report dated March 7th, 2013. 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 International Financial Reporting Standards. 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
March 7, 2013

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME For the year ended December 31, 2012

	2012	2011
Revenues		
Harbour Services	\$ 1,346,995	\$ 1,405,116
Rentals	7,074,649	6,455,694
Shipping and Other Services	20,896	19,759
	<u>8,442,540</u>	<u>7,880,569</u>
Operating Expenses		
Salaries and Employee Benefits	860,908	722,921
Maintenance and Repairs	532,591	697,963
Professional Fees and Fees for Consulting Services	871,532	925,522
Amortization	1,751,817	1,458,891
Gross Revenue Charge	170,782	159,778
Other Operating Expenses	955,729	885,030
	<u>5,143,359</u>	<u>4,850,105</u>
Earnings Before Interest Expense and Investment Income	<u>3,299,181</u>	<u>3,030,464</u>
Interest Expense and Investment Income		
Interest Expense	(1,054,159)	(580,795)
Investment Income	92,990	108,319
	<u>(961,169)</u>	<u>(472,476)</u>
Net Income for the Year Before Comprehensive Income	<u>2,338,012</u>	<u>2,557,988</u>
Other Comprehensive Income (Loss)		
Actuarial Gain (Loss) on Defined Benefit Plan	29,000	(78,000)
	<u>29,000</u>	<u>(78,000)</u>
Total Net Income and Comprehensive Income For The Year	<u>\$ 2,367,012</u>	<u>\$ 2,479,988</u>

See accompanying notes to the financial statements.

STATEMENT OF FINANCIAL POSITION As at December 31, 2012

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	2012	2011
Assets		
<u>Current Assets</u>		
Cash and Term Deposits	\$ 6,427,622	\$ 3,675,220
Accounts Receivable	787,932	2,349,202
Prepaid Expenses	75,723	58,486
	<u>7,291,277</u>	<u>6,082,908</u>
<u>Non-Current Assets</u>		
Long Term Investment	1,000,000	1,000,000
Property and Equipment (Note 3)	57,306,745	60,184,792
	<u>58,306,745</u>	<u>61,184,792</u>
Total Assets	\$ 65,598,022	\$ 67,267,700
Liabilities		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Liabilities	\$ 1,123,784	\$ 2,009,684
Long Term Debt Due Within One Year (Note 4)	1,749,628	3,591,392
	<u>2,873,412</u>	<u>5,601,076</u>
<u>Non-Current Liabilities</u>		
Accrued Employee Benefits	160,992	158,233
Accrued Pension Benefit Obligation	46,000	76,000
Long Term Debt (Note 4)	21,038,615	22,323,781
Deferred Revenue	10,144	6,763
	<u>21,255,751</u>	<u>22,554,777</u>
Total Liabilities	24,129,163	28,165,853
Equity		
Contributed Surplus	22,278,564	22,278,564
Surplus, End of Year	19,190,295	16,823,283
	<u>41,468,859</u>	<u>39,101,847</u>
Total Equity	41,468,859	39,101,847
Total Liabilities & Equity	\$ 65,598,022	\$ 67,267,700

1. NATURE OF ACTIVITIES

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. The Authority operates on a commercial basis and is mandated to be financially self-sufficient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets.

Property and equipment

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

Amortization 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 fixtures	3 and 5 years

Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable. Revenue is recognized when it is probable that the economic benefits will flow to the Belledune Port Authority, delivery has occurred, the amount is fixed or determinable and when collectability is reasonably assured.

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 cost of pension benefits for defined contribution pension plans are expensed at the time active employees are compensated.

The liability recognized in the statement of financial position for the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The assets do not include Belledune Port Authority's own financial instruments or any property occupied or used by the entity.

Under IFRS Accrued Pension Benefit Obligation is recognized in the statement of Financial Position.

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.

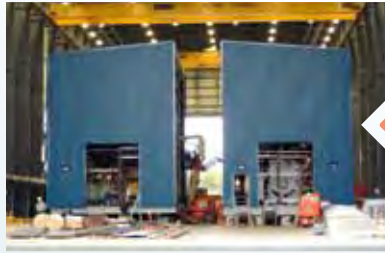
3. PROPERTY AND EQUIPMENT

			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 16,863,875	\$ -	\$ 16,863,875	\$ 16,847,310
Dredging	10,338,432	3,516,828	6,821,604	6,575,207
Berthing Structures	33,175,642	12,954,717	20,220,925	20,987,210
Buildings	11,767,635	2,113,170	9,654,465	5,530,591
Utilities	6,716,898	3,879,475	2,837,423	3,083,532
Roads & Surfaces	3,462,129	2,794,988	667,141	815,475
Machinery & Equipment	570,655	356,624	214,031	238,022
Furniture & Fixtures	251,546	238,737	12,809	7,251
Projects Under Construction	14,472	-	14,472	6,100,194
	\$ 83,161,284	\$ 25,854,539	\$ 57,306,745	\$ 60,184,792

4. LONG TERM DEBT

	2012	2011
Bank Loan, bearing interest at prime plus 0.25%, repayable in equal quarterly instalments of \$785,714 principal and interest, maturing in March 2013.	\$ 785,714	\$ 3,928,571
Bank Loan, \$14,344,107 bearing interest at 5.29% and \$5,062,935 bearing interest at 4.58%, repayable in equal quarterly instalments of \$305,584 and \$101,084 principal and interest, maturing in April 2016 and July 2016.	19,407,042	20,020,337
ACOA Provisionally Repayable Contribution, non-interest bearing, repayable based on average occupancy level. The amounts due to the Agency will be calculated as follows: occupancy level less than thirty percent – the annual payment is \$0. Occupancy level thirty percent to fifty percent – the annual payment is \$100,000. Occupancy level greater than fifty percent – the annual payment is \$320,000. Any unpaid balance is forgiven after 15 years.	3,200,000	2,301,484
Imputed interest adjustment for non-market rate loan, imputed interest calculation is based on the assumption that Belledune Port Authority will have an occupancy level greater than fifty percent each year using a discount rate of 4%.	(604,513)	(335,219)
	22,788,243	25,915,173
Less: Amount Due Within One Year	1,749,628	3,591,392
	\$ 21,038,615	\$ 22,323,781
Principal payments of long term debt are in the next five years:		
	2013	\$ 1,749,628
	2014	989,169
	2015	1,024,379
	2016	1,061,450
	2017	1,100,483

2012 HIGHLIGHTS



MAN Diesel & Turbo leased the Belledune facility to begin the fabrication and assembly of an electrical module destined for Nunavik, QC. MAN Diesel & Turbo are the **first tenants** in the new Modular Fabrication Facility.

Maritime Welding shipped 20 pieces to make 10 stainless steel tanks in total and additional piping from the Port of Belledune on the M.V. Saimaagracht in 2012 for the first time.



www.fabricationfacility.com is a micro-site specified to promote key features about the Modular Fabrication Facility; having all of the specifications and a short video easily attainable online was the next step.

In 2012, Terminal 3 saw the **M.V. Yildizlar II** arrive for the first shipment of wood chips **from Belledune to Turkey**.



2012 saw **100% of the Port's storage capacity** utilized making for a full house; a true testament to the development at the Port.

Belledune is home to some of the **highest quality aggregates in the world** and to several quarry owners. In 2012, armour stone was shipped to a new market, Barbados, on the M. V. Baltic Pearl and loaded by Eastern Canada Stevedoring.

