

# **SIR Royalty Income Fund**

Consolidated Financial Statements  
(Unaudited)

**For the three-month and six-month periods  
ended June 30, 2013 and June 30, 2012**

**SIR Royalty Income Fund**  
Consolidated Statements of Financial Position  
(Unaudited)

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	June 30, 2013 \$	December 31, 2012 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	191,800	316,588
Prepaid expenses and other assets	20,657	28,274
Amounts due from related parties (note 7)	1,318,252	1,106,254
Income taxes receivable	-	6,539
	<u>1,530,709</u>	<u>1,457,655</u>
<b>Loan receivable from SIR Corp.</b> (note 3)	40,000,000	40,000,000
<b>Investment in SIR Royalty Limited Partnership</b> (note 4)	28,985,871	17,977,371
	<u>70,516,580</u>	<u>59,435,026</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	58,099	69,930
Distributions payable to unitholders	-	294,028
Income taxes payable	255,958	-
	<u>314,057</u>	<u>363,958</u>
<b>Deferred income taxes</b>	1,463,000	1,345,000
	<u>1,777,057</u>	<u>1,708,958</u>
<b>Fund units</b> (note 5)	74,171,337	63,162,837
<b>Deficit</b>	(5,431,814)	(5,436,769)
<b>Total unitholders' equity</b>	<u>68,739,523</u>	<u>57,726,068</u>
	<u>70,516,580</u>	<u>59,435,026</u>
<b>Subsequent event</b> (note 5)		

The accompanying notes are an integral part of these consolidated financial statements.

# SIR Royalty Income Fund

## Consolidated Statements of Earnings and Comprehensive Income (Unaudited)

	Three-month period ended June 30, 2013 \$	Three-month period ended June 30, 2012 \$	Six-month period ended June 30, 2013 \$	Six-month period ended June 30, 2012 \$
<b>Investment income</b>				
Equity income from SIR Royalty Limited Partnership (notes 4 and 7)	2,119,385	1,394,710	3,603,953	2,646,276
Interest income (note 3)	750,000	750,000	1,500,000	1,500,000
	<u>2,869,385</u>	<u>2,144,710</u>	<u>5,103,953</u>	<u>4,146,276</u>
<b>Expenses</b>				
General and administrative (note 7)	111,060	121,268	222,790	206,792
	<u>2,758,325</u>	<u>2,023,442</u>	<u>4,881,163</u>	<u>3,939,484</u>
<b>Net earnings before income taxes</b>				
<b>Income tax expense</b> (note 8)	746,900	549,500	1,408,800	1,064,300
	<u>2,011,425</u>	<u>1,473,942</u>	<u>3,472,363</u>	<u>2,875,184</u>
<b>Net earnings and comprehensive income for the period</b>				
	<u>2,011,425</u>	<u>1,473,942</u>	<u>3,472,363</u>	<u>2,875,184</u>
<b>Basic and diluted earnings per Fund unit</b> (note 6)	\$ 0.30	\$ 0.28	\$ 0.54	\$ 0.54

The accompanying notes are an integral part of these consolidated financial statements.

**SIR Royalty Income Fund**  
Consolidated Statements of Unitholders' Equity  
(Unaudited)

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	<b>Six-month period ended June 30, 2013</b>			
	<b>Number of Fund units</b>	<b>Amount \$</b>	<b>Deficit \$</b>	<b>Total \$</b>
<b>Balance - Beginning of period</b>	5,880,567	63,162,837	(5,436,769)	57,726,068
Net earnings for the period	-	-	3,472,363	3,472,363
Distributions declared (note 5)	-	-	(3,467,408)	(3,467,408)
Issuance of Fund units (note 5)	895,000	11,008,500	-	11,008,500
<b>Balance - End of period</b>	<b>6,775,567</b>	<b>74,171,337</b>	<b>(5,431,814)</b>	<b>68,739,523</b>

  

	<b>Six-month period ended June 30, 2012</b>			
	<b>Number of Fund units</b>	<b>Amount \$</b>	<b>Deficit \$</b>	<b>Total \$</b>
<b>Balance - Beginning of period</b>	5,356,667	56,352,137	(5,389,770)	50,962,367
Net earnings for the period	-	-	2,875,184	2,875,184
Distributions declared and paid (note 6)	-	-	(2,694,404)	(2,694,404)
<b>Balance - End of period</b>	<b>5,356,667</b>	<b>56,352,137</b>	<b>(5,208,990)</b>	<b>51,143,147</b>

The accompanying notes are an integral part of these consolidated financial statements.

**SIR Royalty Income Fund**  
Consolidated Statements of Cash Flows  
(Unaudited)

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	Three-month period ended June 30, 2013 \$	Three-month period ended June 30, 2012 \$	Six-month period ended June 30, 2013 \$	Six-month period ended June 30, 2012 \$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net earnings for the period	2,011,425	1,473,942	3,472,363	2,875,184
Items not affecting cash				
Deferred income taxes	15,000	11,000	118,000	22,000
Current income taxes	731,900	538,500	1,290,800	1,042,300
Equity income from SIR Royalty Limited Partnership	(2,119,385)	(1,394,710)	(3,603,953)	(2,646,276)
Distributions received from SIR Royalty Limited Partnership	1,689,205	1,098,050	3,163,608	2,196,100
Income taxes paid	(493,897)	(535,929)	(1,028,303)	(3,215,573)
Net change in non-cash working capital items (note 9)	111,731	658,927	224,133	859,414
	1,945,979	1,849,780	3,636,648	1,133,149
<b>Financing activities</b>				
Distributions paid to unitholders	(1,836,178)	(1,360,594)	(3,761,436)	(2,694,404)
<b>Change in cash and cash equivalents</b>	109,801	489,186	(124,788)	(1,561,255)
<b>Cash and cash equivalents - Beginning of period</b>	81,999	50,023	316,588	2,100,464
<b>Cash and cash equivalents - End of period</b>	191,800	539,209	191,800	539,209

The accompanying notes are an integral part of these consolidated financial statements.

# **SIR Royalty Income Fund**

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2013

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### **1 Nature of operations and seasonality**

#### **Nature of operations**

SIR Royalty Income Fund (the Fund) is a trust established on August 23, 2004 under the laws of the Province of Ontario, Canada.

On October 1, 2004, the Fund filed a final prospectus for a public offering of units of the Fund. The net proceeds of the offering to the Fund of \$51,166,670 were used by the Fund to acquire, directly, certain bank debt of SIR Corp. (the SIR loan) and, indirectly, through SIR Holdings Trust (the Trust), all of the Ordinary LP Units of SIR Royalty Limited Partnership (the Partnership). The Partnership owns the Canadian trademarks (the SIR Rights) formerly owned or licensed by SIR Corp. (SIR) or its subsidiaries and used in connection with the operation of the majority of SIR's restaurants in Canada (the SIR Restaurants). The Partnership has granted SIR a 99-year licence to use the SIR Rights in most of Canada in consideration for a Royalty, payable by SIR to the Partnership, equal to 6% of the revenues of the restaurants included in the Royalty Pooled Restaurants (the Licence and Royalty Agreement). The Fund indirectly participates in the revenues generated under the Licence and Royalty Agreement through its Investment in the Partnership (note 4).

The address of the Fund's registered office is 5360 South Service Road, Suite 200, Burlington, Ontario. The interim consolidated financial statements were approved by the Board of Trustees on August 8, 2013.

#### **Seasonality**

The full-service restaurant sector of the Canadian food-service industry, in which SIR operates, experiences seasonal fluctuations in revenues. Favourable summer weather generally results in increased revenues during SIR's fourth quarter (ending the last Sunday in August) when patios can be open. Additionally, certain holidays and observances also affect dining patterns both favourably and unfavourably. Accordingly, equity income from the Partnership recognized by the Fund will vary in conjunction with the seasonality in revenues experienced by SIR.

### **2 Basis of presentation and summary of significant accounting policies**

The Fund prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34, Interim Financial Reporting. The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of IFRS for annual financial statements and should be read in conjunction with the 2012 audited annual consolidated financial statements and notes thereto. The financial performance of the Fund for the interim period is not necessarily indicative of the results that may be expected for the full year due to the seasonality of the Fund's business.

The accounting policies as applied in these unaudited interim consolidated financial statements are consistent with those followed in the 2012 audited annual consolidated financial statements, except for the adoption of the following new pronouncements.

# **SIR Royalty Income Fund**

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2013

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### **IFRS 10, Consolidated Financial Statements**

IFRS 10 requires an entity to consolidate an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 10 replaced Standing Interpretations Committee 12, Consolidation - Special Purpose Entities, and parts of IAS 27. Management has determined that the adoption of this standard has no impact on the interim consolidated financial statements.

### **IFRS 12, Disclosure of Interests in Other Entities**

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. Management has determined that the adoption of this standard has no impact on the interim consolidated financial statements. The adoption of this standard will require additional disclosures in the annual consolidated financial statements.

### **IFRS 13, Fair Value Measurement**

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Management has determined that the adoption of this standard has no impact on the interim consolidated financial statements.

### **IFRS issued but not yet effective**

#### **IFRS 9, Financial Instruments - Classification and Measurement**

IFRS 9, Financial Instruments, is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured using amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest; otherwise, it is at fair value through profit or loss. IFRS 9 is effective for years beginning on or after January 1, 2015. Management is evaluating the standard and has not yet determined the impact on its consolidated financial statements.

#### **IAS 36, Impairment of assets**

IAS 36, Impairment of assets has been amended to include limited scope amendments to the impairment disclosures. The amendments are effective for annual periods beginning on or after January 1, 2014. Management is evaluating this standard and has not yet determined the impact on its consolidated financial statements.

# SIR Royalty Income Fund

Notes to Consolidated Financial Statements  
(Unaudited)

June 30, 2013

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## 3 Loan receivable from SIR Corp.

The SIR loan of \$40,000,000 bears interest at 7.5% per annum, is due October 12, 2044 and is collateralized by a general security agreement covering substantially all of the assets of SIR and its subsidiaries in Canada. Interest income of \$1,500,000 was earned during the six-month periods ended June 30, 2013 and 2012 (three-month periods ended June 30, 2013 and 2012 - \$750,000).

SIR has the right to require the Fund to, indirectly, purchase the Class C GP Units and assume a portion of the SIR loan as consideration for the acquisition of the Class C GP Units.

## 4 Investment in SIR Royalty Limited Partnership

On October 12, 2004, the Fund, indirectly through the Trust and SIR GP Inc., respectively, acquired all of the Ordinary LP Units and 99 Ordinary GP Units. The holders of the Ordinary LP Units are entitled to receive a pro rata share of distributions and the holders of the Ordinary GP Units receive a fixed monthly distribution of \$5. In November 2012, 523,900 Class A LP Units were issued to the Trust at a fair value of \$6,810,700. On March 14, 2013, 895,000 Class A LP Units were issued to the Trust at a fair value of \$11,008,500. The Class A LP Units were issued as part of a series of transactions in connection with SIR converting Class A GP Units into Fund units (note 5). The holders of the Class A LP Units are entitled to receive a pro rata share of all residual distributions of the Partnership. The continuity of the Investment in the Partnership is as follows:

	Three-month period ended June 30, 2013 \$	Three-month period ended June 30, 2012 \$	Six-month period ended June 30, 2013 \$	Six-month period ended June 30, 2012 \$
Balance - Beginning of period	28,985,871	11,166,671	17,977,371	11,166,671
Issuance of Class A LP Units	-	-	11,008,500	-
Equity income	2,119,385	1,394,710	3,603,953	2,646,276
Distributions declared	(2,119,385)	(1,394,710)	(3,603,953)	(2,646,276)
Balance - End of period	28,985,871	11,166,671	28,985,871	11,166,671



# SIR Royalty Income Fund

Notes to Consolidated Financial Statements  
(Unaudited)

June 30, 2013

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The summarized financial information of the Partnership is as follows:

	<b>June 30, 2013</b>	<b>December 31, 2012</b>
	<b>\$</b>	<b>\$</b>
Total assets	78,763,616	74,195,449
Total liabilities	1,265,968	1,023,655

  

	<b>Three-month period ended June 30, 2013</b>	<b>Three-month period ended June 30, 2012</b>	<b>Six-month period ended June 30, 2013</b>	<b>Six-month period ended June 30, 2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	3,781,506	3,419,810	7,072,899	6,617,156
Net earnings	3,760,095	3,395,180	7,023,912	6,580,844

## 5 Fund units

An unlimited number of Fund units may be issued pursuant to the Declaration of Trust. Fund units are redeemable by the holder at a price equal to the lesser of 90% of the market price of a Fund unit during the ten consecutive trading day period ending on the trading day immediately prior to the date on which the Fund units were surrendered for redemption and an amount based on the closing price on the redemption date, subject to certain restrictions. Each holder of Fund units participates pro rata in any distributions from the Fund.

In November 2012, SIR converted 523,900 of its Class A GP Units in the Partnership into 523,900 Fund units and sold these Fund units. In exchange for the Fund issuing an additional 523,900 Fund units, the Fund received an increased interest in the Partnership recorded at fair value of \$6,810,700. The issuance of the Fund units has been recorded at \$6,810,700, being the gross proceeds received by SIR for the sale of the Fund units received. In accordance with the exchange agreement between the Fund, the Partnership, the Trust and SIR, the Fund exchanged the Class A GP Units received from SIR for the 523,900 Class A LP Units. Accordingly, the Partnership issued 523,900 Class A LP Units to the Fund.

# **SIR Royalty Income Fund**

## **Notes to Consolidated Financial Statements**

(Unaudited)

**June 30, 2013**

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On March 14, 2013, SIR converted 895,000 of Class A GP Units in the Partnership into 895,000 Fund units and sold these Fund units. In exchange for the Fund issuing an additional 895,000 Fund units, the Fund received an increased interest in the Partnership recorded at fair value of \$11,008,500. The issuance of the Fund units has been recorded at \$11,008,500, being the gross proceeds received by SIR for the sale of the Fund units received. In accordance with the exchange agreement between the Fund, the Partnership, the Trust and SIR, the Fund exchanged the Class A GP Units received from SIR for the 895,000 Class A LP Units. Accordingly, the Partnership issued 895,000 Class A LP Units to the Fund.

These transactions did not have a dilutive effect on the Fund unitholders. As at June 30, 2013, there are 6,775,567 (December 31, 2012 – 5,880,567; June 30, 2012 – 5,356,667) Fund units issued and outstanding. Each Fund unit is entitled to one vote at any meeting of unitholders.

During the three-month and six-month periods ended June 30, 2013, the Fund declared distributions of \$0.271 and \$0.535 per unit, respectively (three-month and six-month periods ended June 30, 2012 - \$0.254 and \$0.503 per unit, respectively). Subsequent to June 30, 2013, the Fund declared distributions of \$0.095 per unit for each of the months of July and August 2013.

The distribution policy of the Fund is, at the discretion of the Trustees, to make distributions of its available cash to the fullest extent possible, taking into account trends in revenues, earnings and cash flows.

### **6 Earnings per Fund unit**

Basic earnings per Fund unit is computed by dividing net earnings by the weighted average number of Fund units outstanding during the period.

SIR has the right to convert the Class A GP Units into Fund units. Diluted earnings per Fund unit is calculated using the weighted average number of Fund units outstanding adjusted to include the effect of the conversion of the Class A GP Units into Fund units.

# SIR Royalty Income Fund

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2013

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The following table reconciles the basic and diluted weighted average number of Fund units outstanding and basic and diluted earnings per Fund unit:

	<b>Basic earnings</b>	<b>Adjustment for conversion of Class A GP Units</b>	<b>Diluted earnings</b>
Net earnings for the three-month period ended June 30, 2013	\$ 2,011,425	\$ 649,520	\$ 2,660,945
Earnings per Fund unit for the three-month period ended June 30, 2013	\$ 0.30	\$ -	\$ 0.30
Weighted average number of Fund units outstanding for the period	6,775,567	2,187,951	8,963,518
Net earnings for the six-month period ended June 30, 2013	\$ 3,472,363	\$ 1,356,476	\$ 4,828,839
Earnings per Fund unit for the six-month period ended June 30, 2013	\$ 0.54	\$ -	\$ 0.54
Weighted average number of Fund units outstanding for the period	6,402,650	2,560,868	8,963,518
Net earnings for the three-month period ended June 30, 2012	\$ 1,473,942	\$ 910,879	\$ 2,384,821
Earnings per Fund unit for the three-month period ended June 30, 2012	\$ 0.28	\$ -	\$ 0.28
Weighted average number of Fund units outstanding for the period	5,356,667	3,310,392	8,667,059
Net earnings for the six-month period ended June 30, 2012	\$ 2,875,184	\$ 1,776,830	\$ 4,652,014
Earnings per Fund unit for the six-month period ended June 30, 2012	\$ 0.54	\$ -	\$ 0.54
Weighted average number of Fund units outstanding for the period	5,356,667	3,310,392	8,667,059

# SIR Royalty Income Fund

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2013

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### 7 Related party transactions and balances

During the three-month and six-month periods ended June 30, 2013, the Fund recorded equity income of \$2,119,385 and \$3,603,953, respectively (three-month and six-month periods ended June 30, 2012 - \$1,394,710 and \$2,646,276, respectively) and received distributions of \$1,689,205 and \$3,163,608, respectively (three-month and six-month periods ended June 30, 2012 - \$1,098,050 and \$2,196,100, respectively) from the Partnership. The Fund, indirectly through the Trust, is entitled to receive a pro rata share of all residual distributions. The Fund's equity income is dependent upon the revenues generated by SIR for the restaurants subject to the Licence and Royalty Agreement. Under the terms of the Licence and Royalty Agreement, SIR may be required to pay a Make-Whole Payment in respect of the reduction in revenues for restaurants permanently closed during a reporting period. SIR is not required to pay any Make-Whole Payment in respect of a permanently closed restaurant following the date on which the number of restaurants in the Royalty Pooled Restaurants is equal to or greater than 68 or following October 12, 2019, whichever occurs first. On January 1 of each year (the Adjustment Date), the restaurants subject to the Licence and Royalty Agreement are adjusted for new restaurants opened for at least 60 days preceding such Adjustment Date in the previous fiscal year. At each Adjustment Date, SIR will be entitled to convert its Class B GP Units into Class A GP Units based on a conversion formula defined in the Partnership Agreement.

On January 1 of each year, Class B GP Units are converted into Class A GP Units for new SIR Restaurants added to the Royalty Pooled Restaurants based on 80% of the initial estimated revenues and the formula defined in the Partnership Agreement. Additional Class B GP Units may be converted into Class A GP Units in respect of these new SIR Restaurants if actual revenues of the new SIR Restaurants exceeded 80% of the initial estimated revenues and the formula defined in the Partnership Agreement. Conversely, converted Class A GP Units will be returned by SIR if the actual revenues of the new SIR Restaurants are less than 80% of the initial estimated revenues. In December of each year, an additional distribution will be payable to the Class B GP unitholders provided that actual revenues of the new SIR Restaurants exceed 80% of the initial estimated revenues, or there will be a reduction in the distributions to the Class A GP unitholders if revenues are less than 80% of the initial estimated revenues.

On January 1, 2013, four (January 1, 2012 - one) new SIR Restaurants were added to Royalty Pooled Restaurants in accordance with the Partnership Agreement. As consideration for the additional Royalty associated with the addition of four new SIR Restaurants on January 1, 2013 (January 1, 2012 - one), as well as the Second Incremental Adjustment for one new SIR Restaurant added to Royalty Pooled Restaurants on January 1, 2012 (January 1, 2011 - one), SIR converted its Class B GP Units into Class A GP Units based on the formula defined in the Partnership Agreement. The number of Class B GP Units that SIR converted into Class A GP Units was reduced by an adjustment for the permanent closure two (January 1, 2012 - nil) SIR Restaurants during the prior year. The net effect of these adjustments to Royalty Pooled Restaurants was that SIR converted 296,459 (January 1, 2012 - 203,878) Class B GP Units into 296,459 (January 1, 2012 - 203,878) Class A GP Units on January 1, 2013 at an estimated fair value of \$4,325,854 (January 1, 2012 - \$1,906,391).

In December 2012, an additional distribution of \$22,707 (December 2011 - \$33,667) was declared and paid in cash in January 2013 (January 2012).

Class A GP Units and Class B GP Units are held by SIR.

# SIR Royalty Income Fund

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2013

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The Partnership has entered into an arrangement with the Fund and the Trust whereby the Partnership will provide or arrange for the provision of services required in the administration of the Fund and the Trust. The Partnership has arranged for these services to be provided by SIR GP Inc. in its capacity as the Managing General Partner, or SIR as the General Partner. SIR, on behalf of SIR GP Inc., also provides services to the Partnership for its administration. For the three-month periods ended June 30, 2013 and 2012, the Partnership provided these services to the Fund and the Trust for consideration of \$6,000 (six-month periods ended June 30, 2013 and 2012 - \$12,000), which was the amount of consideration agreed to by the related parties.

Amounts due from (to) related parties consist of:

	June 30, 2013 \$	December 31, 2012 \$
<b>SIR Royalty Limited Partnership</b>		
Distribution receivable	3,408,214	2,967,869
Advances payable	(2,335,354)	(2,110,140)
Amounts receivable from SIR Royalty Limited Partnership - net	<u>1,072,860</u>	<u>857,729</u>
<b>SIR Corp.</b>		
Interest receivable	250,000	250,000
Advances payable	(4,608)	(1,475)
Amounts receivable from SIR Corp. - net	<u>245,392</u>	<u>248,525</u>
Amounts due from related parties - net	<u><u>1,318,252</u></u>	<u><u>1,106,254</u></u>

Amounts due from (to) related parties are non-interest bearing and due on demand. All advances were conducted as part of the normal course of business operations.

### Compensation of key management

The Fund does not have any employees. Compensation awarded to the Board of Trustees consists of fees of \$26,500 and \$53,000 for the three-month and six-month periods ended June 30, 2013, respectively (three-month and six-month periods ended June 30, 2012 - \$20,900 and \$40,800, respectively).

## 8 Income taxes

Prior to January 1, 2011, the Fund was not taxable so long as it distributed its taxable income to unitholders.

Effective January 1, 2011, as a result of changes in legislation relating to income trusts, the Fund is required to pay income taxes at the prevailing corporate income tax rates on its taxable income. The Fund's first income tax payment was made on March 31, 2012.

# SIR Royalty Income Fund

## Notes to Consolidated Financial Statements

(Unaudited)

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Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rate used for both, the three-month and six-month periods ended June 30, 2012 was 26.50% (three-month and six-month periods ended June 30, 2012 - 26.50%).

Income tax expense is as follows:

	Three-month period ended June 30, 2013 \$	Three-month period ended June 30, 2012 \$	Six-month period ended June 30, 2013 \$	Six-month period ended June 30, 2012 \$
Current	731,900	538,500	1,290,800	1,042,300
Deferred	15,000	11,000	118,000	22,000
	<u>746,900</u>	<u>549,500</u>	<u>1,408,800</u>	<u>1,064,300</u>

### 9 Net change in non-cash working capital items

Net change in non-cash working capital items comprises:

	Three-month period ended June 30, 2013 \$	Three-month period ended June 30, 2012 \$	Six-month period ended June 30, 2013 \$	Six-month period ended June 30, 2012 \$
Prepaid expenses and other assets	14,140	14,822	7,617	10,933
Amounts due from related parties	102,412	636,836	228,347	860,776
Accounts payable and accrued liabilities	(4,821)	7,269	(11,831)	(12,295)
	<u>111,731</u>	<u>658,927</u>	<u>224,133</u>	<u>859,414</u>

### 10 Economic dependence

The Fund's income is derived from interest income on the SIR loan and distributions from the Partnership; accordingly, the Fund is economically dependent on SIR.