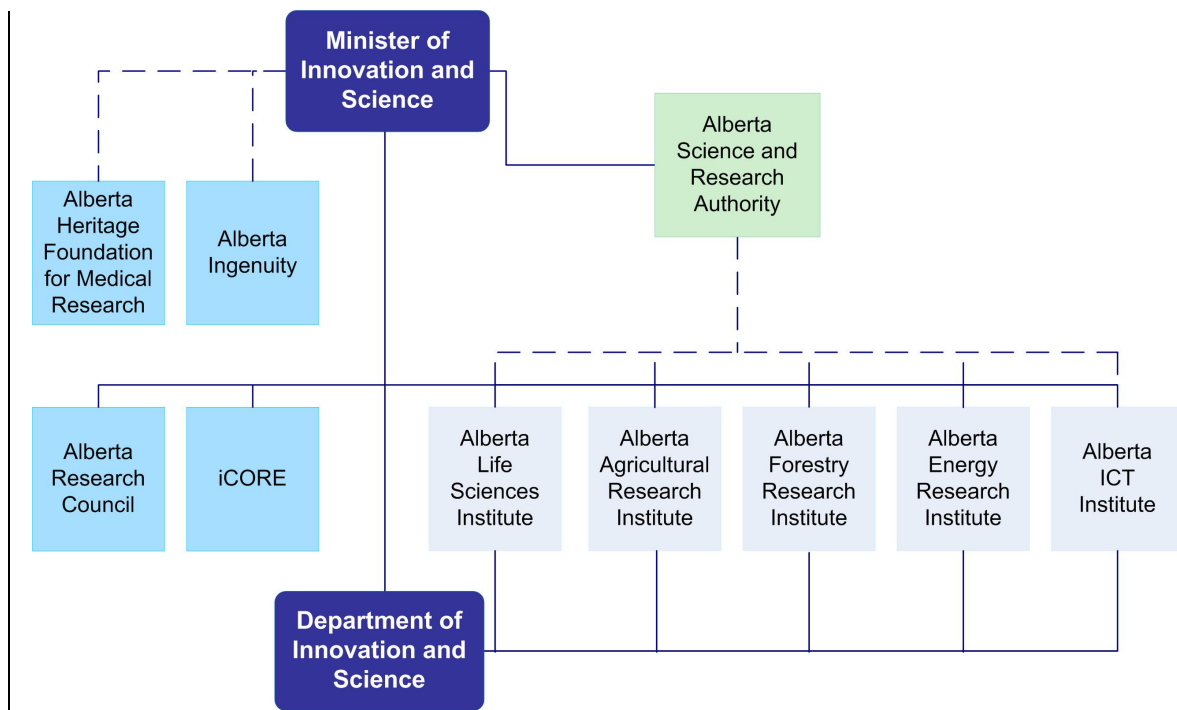


Alberta Agricultural Research Institute Annual Report 2005/2006 A Year in Review

Overview

The Alberta Agricultural Research Institute (AARI) is a board comprised of representatives from industry, academia and government, established under the *Alberta Science and Research Authority Act*. AARI's mission is to support the growth of a dynamic, sustainable Alberta Life Sciences Sector by leading the agri-based industry's research, development and deployment (RDD) strategies and outcomes.

AARI's vision is to provide strategic direction to the province's RDD partners which will result in the delivery of innovative solutions to the marketplace. AARI is responsible for providing leadership, coordination and funding for Alberta's agri-based research and innovation system which will ensure that Alberta's agricultural sector continues to grow and prosper.



Message from the AARI Board

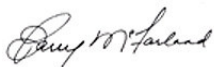
Our Province celebrated its 100th birthday this past year, providing a wonderful opportunity to look back at the tremendous successes that have been achieved and to also look forward to the years ahead.

Over the last century, the agriculture and food industry has made significant contributions to the development of the province. There have been many contributing factors to the success of our agriculture and food industry but one of the primary ones is research and innovation. Throughout the years, Alberta has strongly supported the research and innovation needs of the agriculture industry and has reaped the reward of these investments. A few examples of the many agriculture-related inventions, success stories and achievements include the Van Slyke plough, Marquis wheat, the Noble Blade cultivator, the Lacombe breed of hog, Quantum canola, and Cold-FXtm.

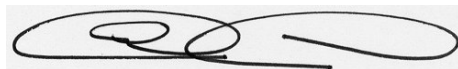
The Alberta Agricultural Research Institute (AARI) has played a key role in enabling some of the success stories identified above. AARI has had a strong presence in providing research and innovation funding and it is those investments that have resulted in some of the above-identified success stories.

AARI also recognizes that research and innovation will continue to be a key factor in keeping our agricultural industry competitive, strong and relevant. It is for that reason that we will continue to focus on three main areas of research and innovation. These areas are Sustainable Production, BioProducts, and Health and Nutrition. Over the past year we have made significant investments in each of these three areas. Investments that we are confident will lead to future successes for our province and our agricultural industry.

We would like to thank our Board of Directors for their strategic insight and direction. We especially want to recognize Dr. Rob Rennie's excellent contributions over the past years and we wish him well in his new role as the Chair of the Alberta Life Sciences Institute Board. We also want to recognize our staff for their tireless efforts and commitment to excellence. We extend our gratitude and best wishes to Alan Hall on his retirement as the Managing Director of AARI, as he moves on to new ventures. We would like to thank Freda Molenkamp for her significant contributions to AARI and the Funding Consortium and wish her best of luck in her new role with Alberta Agriculture, Food and Rural Development. We also wish to thank Connie Phillips for her contribution to the Health and Nutrition area and Derek Parker for his role in managing strategic investments. We also wish to thank our partners in the industry for their dedication and team-spirit, and we also want to acknowledge the hard-working agricultural producers of the province. Together we can confidently face the future; a future that has been shaped by the past; past experiences, successes, challenges and investments.



Barry McFarland, M.L.A.
Co-Chair



Art Froehlich
Co-Chair

June 2006

Key Activities

Activities undertaken by AARI over the 2005-2006 fiscal year support the directions established by the Alberta Science and Research Authority, and also support the Alberta Innovation and Science Business Plan 2005-08, Goal 5: Accelerate innovation in the life sciences sector.

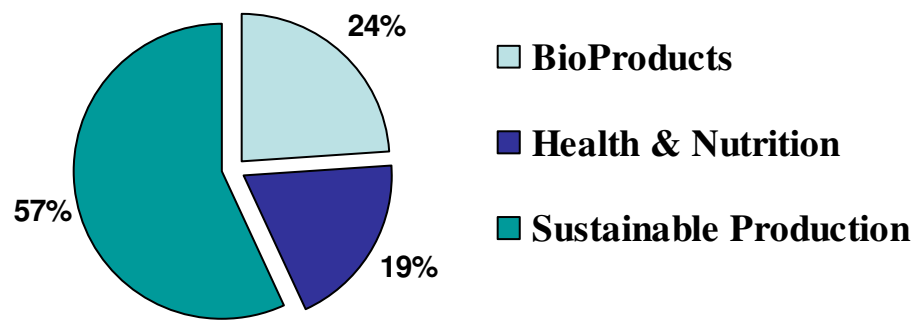
- In partnership with the Alberta Livestock Industry Development Fund (ALIDF), the Institute for Food, Agri-Industrial and Agricultural Sciences (IFASA) partners, industry players and other stakeholders, AARI assisted in developing two multi-million dollar research programs in the areas of Bovine Genomics and Value-Added Meats.
- In partnership with the industry and other members of the Agriculture Funding Consortium (including ALIDF, the Alberta Crop Industry Development Fund, Alberta Barley Commission, Alberta Pork, Alberta Milk and the Agriculture and Food Council), facilitated the review of the Barley Development Program, Alberta Swine R&D Program, the Canola Breeding Program, and the Conjugated Linoleic Acid (CLA) Network projects. These reviews were essential in determining future investment in these focus areas based on the long-term opportunities for Alberta, and to ensure that the investments made towards these activities are relevant to industry needs.
- *Reach and Discover*, the agriculture publication created and funded by AARI and members of the Agriculture Funding Consortium, won the Best of CAMA (Canadian Agricultural Marketing Association) Award.
- Management of the R&D funding investment portfolio: There was continued growth in the BioProducts and Health and Nutrition sectors and increased funding from AARI and members of the Agriculture Funding Consortium was targeted towards these emerging areas.
- AARI continued to provide strategic leadership and guidance to the members of the Agriculture Funding Consortium. The members of the Funding Consortium continued to align their funding investments with the priorities identified by the industry. There was a significant increase in the level of investment in the areas of BioProducts and Value-Added product development.
- AARI continued to leverage its investments in R&D with investments from other members of the Funding Consortium, industry and other levels of government.
- Partnerships with the Alberta Heritage Foundation for Medical Research were forged and continued effort is being focussed on building stronger linkages between agriculture and health. The Fall 2005 edition of *Reach and Discover* focussed exclusively on Health and Agriculture and also included an editorial from Dr. Kevin Keough (President and CEO of AHFMR) entitled “Linking Agriculture and Human Health”.

- AARI continued to invest in the Oil and Lipid Utilization Program and assisted in the development of a BioIndustrial R&D strategy for Alberta.
- Alberta was successful in its bid to host the 2007 Agricultural Biotechnology International Conference (ABIC). ABIC 2007 will be held in Calgary from September 23 – 26, 2007. AARI continues to play a key role in the organization and leadership for ABIC 2007.

Financial Details

AARI Investment Portfolio for 2005/2006 Fiscal Year:

AARI's 2005/06 budget of \$8,675,000 was invested in three key areas: BioProducts, Sustainable Production and Health & Nutrition.



AARI Investment Portfolio 2002 – 2006:

