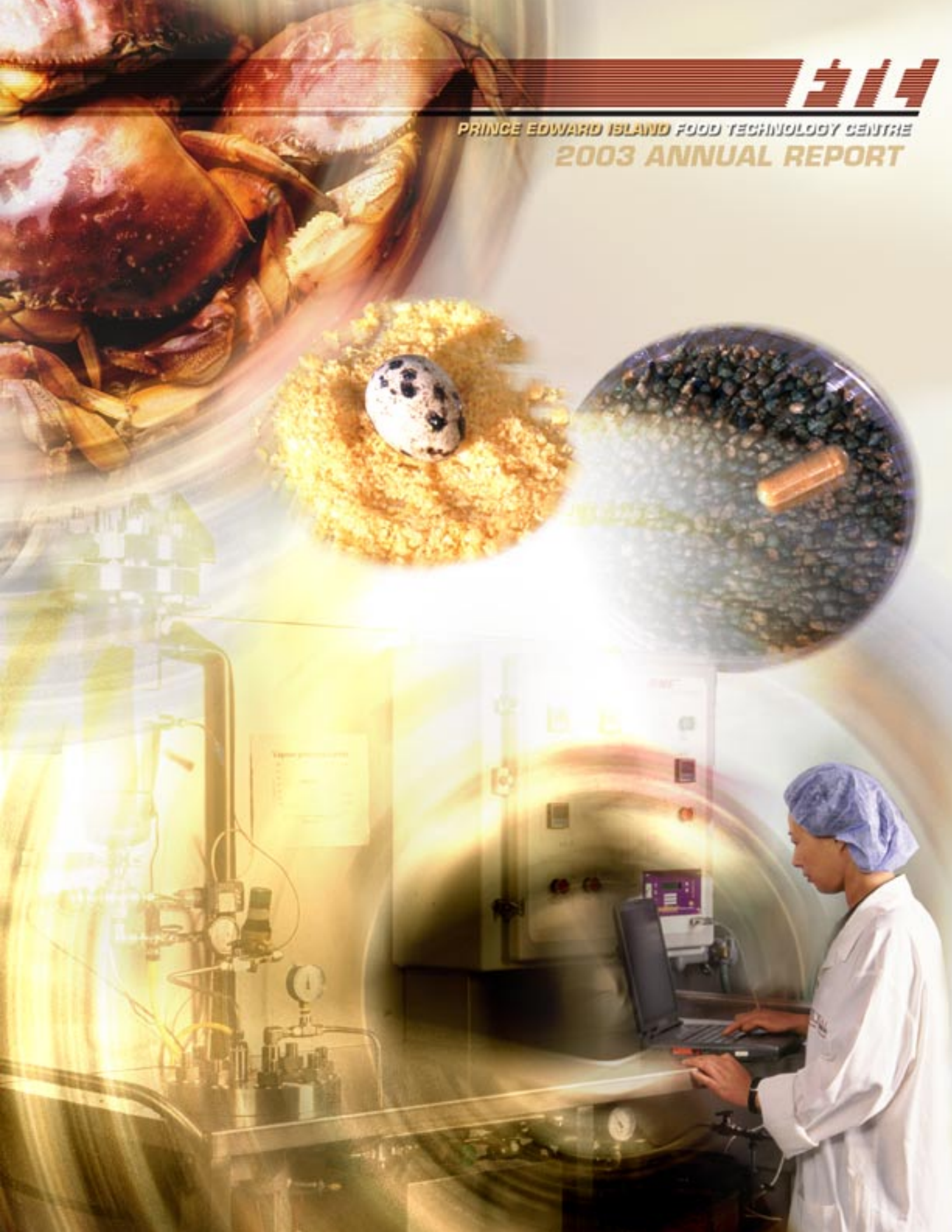




PRINCE EDWARD ISLAND FOOD TECHNOLOGY CENTRE
2003 ANNUAL REPORT





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❖ MISSION STATEMENT ❖

To generate enhanced wealth for Prince Edward Island through new economy innovation, applied research and development, technical support, and strategic alliances in the food industry.





MESSAGE FROM THE CHAIRPERSON

Alan Baker
CHAIRPERSON

This past year has seen increased respect and appreciation for the world-class capabilities and delivery record of the PEI Food Technology Centre. Over the past five years PEI has strategically moved into the nutraceutical and natural products sectors. Today our province benefits from companies in this field making real contributions to our economy - and the opportunities and resulting rewards are just beginning.

During the past year the FTC, in partnership with private sector collaborators, has been the recipient of one of the first round ACOA-Atlantic Initiative Fund assistance incentives which will see a major expansion at the Centre. This expansion will see the establishment of world class bioactives extraction technology and infrastructure at FTC. This bold advance will position PEI on the leading edge of current science in the area of identifying and extracting high purity, bioactive fractions from natural products. Additionally, FTC will utilize this technology to produce existing products in a fashion that increases value, reduces cost, improves quality, and reduces environmental concerns. The technologies and products developed by this new investment in science will allow FTC to enhance and expand traditional Island industries and to inspire new players to establish operations in Prince Edward Island.

The PEI Food Technology Centre is indeed a "crown jewel" in the spectrum of institutions resident on the Island whose mandates include protecting and enhancing our Island way of life. In playing an assistance role, FTC works in concert with line departments of the provincial government and federal agencies, to ensure that opportunities of a potentially beneficial nature in the food, nutraceutical, bioactive, and natural products sectors are captured for the enhancement of the quality of life for all Islanders.

Over the next year the focus of FTC will continue to align with leading edge technologies that offer the ability to lever our industries to world-class performance. The areas of the Centre's initiatives will continue to expand even further and will include activity in the realms of health and environmental remediation. Please stay tuned to what I vision as an important and exciting era for Prince Edward Island over the next few years. A veritable repositioning of our economy is underway and will result in the strengthening of our present sectors of agriculture, fishing, and food production and processing. FTC staff, management, and Board of Directors work diligently to provide quality service to clients. As FTC moves ahead, keeping pace with global technology, our mandate, obligation, and commitment to excellence in service and value to Prince Edward Island will remain as a fundamental and constant operational tenet.



L'an dernier, le Centre de technologie alimentaire de l'Î.-P.-É. (CTA) a su mieux faire respecter et apprécier ses compétences de classe mondiale et son programme de livraison. Au cours des cinq dernières années, l'Î.-P.-É. a acquis une position stratégique dans les secteurs des aliments santé et des produits naturels. Aujourd'hui, notre province profite d'entreprises dans ces domaines qui contribuent réellement à notre économie, et les possibilités ainsi que les avantages qui en résultent ne font que commencer.

Au cours de la dernière année, le CTA, en partenariat avec des collaborateurs du secteur privé, a été le bénéficiaire de l'une des premières rondes de mesures incitatives du Fonds d'initiatives pour l'Atlantique et de l'APECA qui permettra au Centre de prendre une grande expansion. Celle-ci se fera par la mise en place d'une technologie d'extraction des produits bioactifs et d'infrastructures au CTA. Cette avance énergétique placera l'Î.-P.-É. à l'avant-garde de la science actuelle dans le domaine de l'identification et de l'extraction d'éléments bioactifs à haute pureté à partir de produits naturels. De plus, Le CTA utilisera cette technologie pour produire des produits courants de manière à en augmenter la valeur, à en réduire le coût, à en améliorer la qualité et à réduire les préoccupations environnementales. Les technologies et les produits développés par ce nouvel investissement dans les sciences permettront au CTA de faire progresser les industries traditionnelles de l'Île et d'inspirer de nouveaux joueurs à venir s'établir à l'Île-du-Prince-Édouard.

Le Centre de technologie alimentaire de l'Î.-P.-É. est en effet un « joyau

de la Couronne » dans le spectre des institutions installées à l'Île dont le mandat comprend la protection et l'amélioration de notre mode de vie. En jouant son rôle d'aide, le CTA travaille de concert avec les ministères responsables du gouvernement provincial et avec les organismes fédéraux pour s'assurer qu'on ne passe pas à côté d'occasions potentiellement avantageuses – dans les secteurs suivants : produits alimentaires, aliments santé, produits bioactifs et produits naturels – et capables d'améliorer la qualité de vie de tous les Insulaires.

Au cours de la prochaine année, le CTA continuera de mettre l'accent sur les technologies de pointe offrant à nos industries la capacité d'atteindre des résultats de calibre international. Les domaines d'initiatives du Centre poursuivront leur expansion et comprendront des activités du monde de la santé et de l'assainissement de l'environnement. Vous devriez rester en contact avec ce qui sera, à mon sens, une époque importante et excitante pour l'Île-du-Prince-Édouard au cours des prochaines années. Un vrai repositionnement de notre économie est en cours et aboutira à un renforcement de nos secteurs actuels de l'agriculture, de la pêche, de la production alimentaire et de la transformation des aliments. Le personnel du CTA, la gestion et le conseil d'administration s'efforcent de fournir des services de qualité à la clientèle. De la même manière que le CTA va de l'avant au même rythme que la technologie mondiale, notre mandat, nos obligations et notre engagement en matière d'excellence du service et de valeur en échange pour l'Île-du-Prince-Édouard continueront de demeurer un principe opérationnel fondamental.

MESSAGE

DU PRÉSIDENT



Alan Baker
PRÉSIDENT





2002-2003 has been a year of significant change for the PEI Food Technology Centre.

In July 2002 FTC was awarded \$4.9 million from the Atlantic Canada Opportunities Agency (ACOA) under its Atlantic Innovation Fund to expand its facility and deliver several biotechnology projects for Atlantic Canadian companies. The Province of Prince Edward Island contributed \$1.5 million toward this initiative and the remaining \$1,325,000 will come from private sector partners.

Under this initiative, FTC will carry out research and development focused on new environmentally-safe extraction methods with its private sector partners. Initial projects will be undertaken with Naturally Nova Scotia Health Products Limited, Nova Scotia Fruit Growers Association, Ocean Nutrition Canada and Ocean Produce International.

FTC will continue its traditional services to the food processing industry in areas of food product and process development and laboratory services, but will have the expertise and infrastructure in place for a growing role in bioresource upgrading.

The next year will bring significant changes to the PEI Food Technology Centre as it positions itself for an expanded role in the Atlantic region and beyond.

Richard F. Ablett, Ph.D.
EXECUTIVE DIRECTOR

Goals and Results Achieved

GOALS	Results
Negotiate agreements with ACOA and private partners for the acceptance of a \$4.9 million Atlantic Innovation Fund award.	PROJECTS IN PROCESS WITH PARTNERS
Work with contractors on the planning and construction of the FTC expansion.	ONGOING
Broaden the mission and mandate to include bioresource upgrading activities.	ONGOING
Maintain capital equipment renewal commitment at ~ \$220,000/year	ACHIEVED
Maintain financial control and tracking systems.	ACHIEVED
Maintain Canadian Food Inspection Agency (CFIA)-approved status of pilot plant.	ACHIEVED
Maintain standards Council of Canada (SCC) and CFIA-approved status of labs.	ACHIEVED
Continue to deliver comprehensive services to the food industry locally, regionally, and internationally..	ACHIEVED

At the end of the 2002-2003 fiscal year, Dr. Richard Ablett transferred to the Province of Prince Edward Island as Director of Bioscience Development for Technology PEI. The Board of Directors and staff of the PEI Food Technology Centre would like to acknowledge the outstanding contribution that Dr. Ablett has made over the past 16 years as the founding Executive Director of the Centre.



Objectifs et résultats atteints

OBJECTIFS

Résultats

Négocier des ententes avec l'APÉCA et des partenaires du secteur privé pour l'acceptation d'un prix du Fonds d'innovation de l'Atlantique de 4,9 millions de dollars.

Projets en cours avec des partenaires en ce qui concerne les systèmes de technologie de l'extraction et avec l'APÉCA en ce qui concerne le Fonds d'innovation de l'Atlantique.

Travailler avec des entrepreneurs à la planification et à la construction de l'agrandissement du CTA.

EN COURS

Élargir la mission et le mandat pour inclure les activités de mise à niveau des ressources biologiques.

EN COURS

Maintenir l'engagement de renouveler les biens d'équipement à environ 222 000 \$/année.

ATTEINT

Maintenir le contrôle financier et les systèmes de repérage.

ATTEINT

Maintenir le statut approuvé de l'usine-pilote auprès de l'Agence canadienne d'inspection des aliments (ACIA) et le statut approuvé des laboratoires auprès du Conseil canadien des normes (CCN) et de l'ACIA.

ATTEINT

Continuer à offrir des services complets à l'industrie alimentaire locale, régionale et internationale.

ATTEINT

L'année 2002-2003 en a été une de changements significatifs pour le Centre de technologie alimentaire de l'Î.-P.-É.

En juillet 2002, le CTA a reçu un octroi de 4,9 millions de dollars de l'Agence de promotion économique du Canada Atlantique (APÉCA) sous l'égide de son Fonds d'innovation de l'Atlantique afin d'agrandir ses installations et de mettre en œuvre plusieurs projets de biotechnologie pour des entreprises canadiennes de l'Atlantique. La province de l'Île-du-Prince-Édouard a contribué une somme de 1,5 million de dollars à cette initiative et le reste, soit 1 325 000 \$, viendra des partenaires du secteur privé.

En vertu de cette initiative, le CTA, avec ses partenaires du secteur public, réalisera la recherche et le développement portant surtout sur les nouvelles méthodes d'extraction sans danger pour l'environnement. Les premiers projets seront entrepris avec Naturally Nova Scotia Health Products Limited, Nova Scotia Fruit Growers Association, Océan Nutrition Canada et Ocean Produce International.

Le CTA continuera de rendre ses services traditionnels à l'industrie de la transformation des aliments dans les domaines des produits alimentaires, la mise en œuvre des processus et les services de laboratoire, mais il aura l'expertise et l'infrastructure en place pour occuper une place de plus en plus importante dans la mise à niveau des ressources biologiques.

La prochaine année apportera des changements significatifs au Centre de technologie alimentaire de l'Î.-P.-É. alors qu'il se place dans un position favorable pour jouer un plus grand rôle dans la région Atlantique et au-delà.

Richard F. Ablett, Ph.D.
DIRECTEUR EXÉCUTIF

À la fin de l'année financière 2002-2003, le Dr Richard Ablett a été muté à la province de l'Île-du-Prince-Édouard à titre de directeur du développement des sciences biologiques. Le conseil d'administration et le personnel du Centre de technologie alimentaire de l'Î.-P.-É. aimeraient lui rendre hommage pour sa contribution exceptionnelle au cours des 16 dernières années à titre de directeur général et fondateur du Centre.



A new line of Salmon Sausages ● ● ●

FTC provided technical assistance for a progressive Cape Breton based spin-off company wishing to develop various value-added salmon sausage products based on growing market trends. The company had developed some preliminary formulations and wanted assistance in formalizing and completing the product development and scale-up activities as well as to address all food safety concerns (microbial and chemical) to comply with Canadian Food Inspection Agency (CFIA) regulations for this novel product. Development work also required informal sensory analysis (food tasting) to enhance the flavour and texture and chemical analysis to develop a proper label. The company also used FTC's CFIA-approved pilot plant to manufacture the products for test marketing purposes. *Financial assistance from The Atlantic Canada Opportunities Agency*

FTC's food chemistry and microbiology labs delivered 153 service contracts on behalf of 99 industry clients. 4,000 samples were analyzed in the microbiology lab and 3,344 in the food chemistry lab.

Technical Assistance for Fortius Canada ● ● ●

Fortius Canada, a manufacturer of health and nutrition products was in the process of developing a line of psyllium-based bulk laxatives for the private label pharmaceutical industry. However, formulation of a sugar-free product proved to be more difficult than anticipated due to dispersion problems. FTC was approached for technical assistance. The challenge presented by the client was to improve the dispersibility of their oral suspension of sugar-free psyllium within 30 days of the signed contract. Not only were there time constraints, but technical constraints as well. The amount of psyllium per serving size was dictated, therefore, the amount could not be reduced to improve solubility. The type of psyllium used could not be altered due to supply and economic reasons. The dispersing agent had to be suitable for dry blending applications without requiring drying or agglomeration. Finally, as a non-active ingredient, the dispersing agent should be included in the list of USP ingredients. Despite the tall order, FTC's product development team rose to the challenge. Within the 30-day period, a suitable dispersing agent was found that met the client's needs based on availability, functionality and price. With this new formula, the client was in a position to bid on highly competitive international contracts. *Financial assistance from PEI Business Development Inc. and PEI Food Products Development Fund*



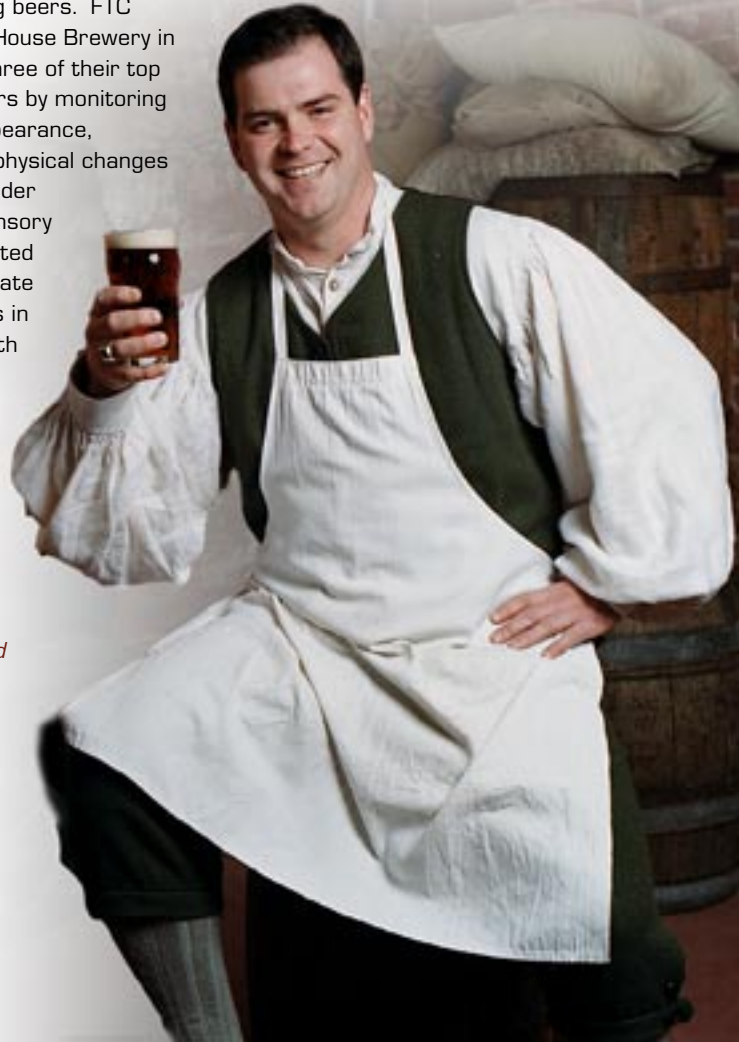


Reduced-Fat Eggnog for Island Dairy ● ● ●

With growing consumer demand for reduced fat products, Purity Dairy Ltd. recognized the need for a lower fat version of their eggnog. The dairy also recognized that FTC would have the resources and expertise to develop this new product. After evaluating other competitors' products and reviewing the government standards for fat-reduced eggnog, FTC's team went to work. With assistance from ingredient suppliers, the provincial dairy laboratory and the client, FTC's product developers formulated an eggnog with 50% less fat. After completing benchtop trials in FTC's product development laboratory, a processing trial was conducted in Purity's Charlottetown facility. After some minor tweaking, the formula was finalized. Once the product hit the market for the Christmas season, sales of the fat-reduced eggnog were very healthy. *Financial assistance from PEI Food Products Development Fund*

Sensory Analysis of World-Class Beers ● ● ●

The President and the Brewmaster of "The Gahan Brewery" in Charlottetown contacted the PEI Food Technology Centre to assist them in assessing their current beers so that they can work towards continually improving and creating award-winning beers. FTC provided aid to the Gahan House Brewery in effectively benchmarking three of their top selling all-natural draft beers by monitoring the sensory attributes (appearance, odour, taste, texture) and physical changes over an extended period under controlled conditions. A sensory panel of tasters was recruited and trained by FTC to evaluate and detect various changes in the beers in conjunction with chemical and microbial tests. The project was successful in confirming that there were no food safety concerns or losses in quality of the beers within the shelf-life of the product. *Financial assistance from PEI Food Products Development Fund*



Nutraceuticals from Blueberries ● ● ●

The Atlantic Veterinary College has undertaken a three-year project on the health benefits of antioxidants in wild blueberries. The objectives of this research project are to increase markets for blueberries and blueberry products by (1) extraction of the bioactive fractions and testing of the properties and effectiveness of blueberries to maintain the viability of stored cells using boar semen as a model; and (2) development of novel food products from the portion of the berries not used for extracts.

The PEI Food Technology Centre has been subcontracted by the Atlantic Veterinary College to assist in the delivery of this project. Supported by PEI Blueberry Growers Association, University of Prince Edward Island (AVC), Eastern Swine Club, and the Department of Agriculture and Forestry.



The Next Generation of Healthy Snack Foods ● ● ●

Northern Fruits Company of Charlottetown is using the facilities at the PEI Food Technology Centre to complete the development of a healthy, convenient and tasty functional food product in the form of chips for youth and health conscious consumers. The technology development was carried out mainly on fruits as the base material. Fruits, vegetables and cereals are the food groups that are widely recognized as functional foods for health maintenance and problem prevention such as reducing the risks of cancer and cardiovascular conditions.

The research and development project was initiated several years ago, and is finally at the stage of pilot scale evaluation. FTC's facility is instrumental in helping to study the commercial viability. The company plans to develop a new generation of snack products that are healthy, tasty and convenient, and by combining these ingredients, revolutionizing the way fruits and vegetables are consumed. *Financial assistance from Canada-Manitoba Agri-Food Research and Development Initiative Program Council.*

Sensory Workshop National Seafood Sector Council ● ● ●

To provide industry with a chance to acquire new skills in the sensory evaluation of seafood, the National Seafood Sector Council (NSSC), in collaboration with the Canadian Food Inspection Agency (CFIA), sponsored a series of three-day industry workshops across Canada. This unique partnership has developed modern and practical skills enhancing products to assist industry in such areas as Hazard Analysis Critical Control Points (HACCP) principles, the Revised Quality Management Program and QMP Self Verification, and many other related courses on sanitation and hygiene.

In November 2002 NSSC contracted the PEI Food Technology Centre to deliver a sensory analysis workshop in Shelburne, Nova Scotia. Twenty participants from the Atlantic Canadian seafood processing industry attended the workshop. Training focused on sensory evaluation procedures and standards used by the CFIA. The development of Industry Proficiency in Sensory Evaluation Project was funded by the Government of Canada's Sector Council Program.





F.T.C. Enterprises Limited

Financial Statements
March 31, 2003

May 9, 2003

Auditors' Report

To the Shareholder of
F.T.C. Enterprises Limited

We have audited the balance sheet of **F.T.C. Enterprises Limited** as at March 31, 2003 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

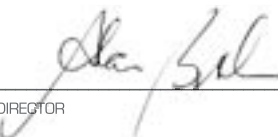


	<i>2003</i>	<i>2002</i>
	\$	\$
ASSETS		
Current assets		
Cash	565,123	97,342
Accounts receivable	199,724	215,362
Advances to parent company	-	97,030
Prepaid expenses	12,751	19,190
	<hr/>	<hr/>
	777,598	428,924
Investments in and amounts due from private companies (note 3)	81,619	81,619
Capital assets (note 4)	1,287,614	1,346,169
	<hr/>	<hr/>
	2,146,831	1,856,712
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	357,829	250,722
Progress billings in excess of work in progress of \$21,241 (2002 – \$71,536)	1,841	970
Deferred revenue	49,504	-
Advances from parent company	177,500	-
	<hr/>	<hr/>
	586,674	251,692
Deferred credits (note 5)	1,149,680	1,200,191
	<hr/>	<hr/>
	1,736,354	1,451,883
Contingent liabilities (note 6)		
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized and issued		
100 common shares of the par value of \$1 each	100	100
Contributed surplus	366,040	366,040
Retained earnings	44,337	38,689
	<hr/>	<hr/>
	410,477	404,829
	<hr/>	<hr/>
	2,146,831	1,856,712

APPROVED BY THE BOARD OF DIRECTORS



 DIRECTOR



 DIRECTOR



STATEMENT OF RETAINED EARNINGS ● ● ●

	<i>2003</i>	<i>2002</i>
	\$	\$
BALANCE – BEGINNING OF YEAR	38,689	34,281
Net earnings for the year	<u>5,648</u>	<u>4,408</u>
BALANCE – END OF YEAR	<u>44,337</u>	<u>38,689</u>



STATEMENT OF EARNINGS ● ● ●

	<i>Budget (Unaudited) 2003</i>	<i>2003</i>	<i>2002</i>
	\$	\$	\$
REVENUE			
Grants – Province of Prince Edward Island (note 8)	1,591,800	1,486,542	1,698,296
Project recoveries (note 10)	864,996	932,178	1,058,466
Royalties and licenses	-	10,000	2,319
Interest	-	11,389	7,390
	<u>2,456,796</u>	<u>2,440,109</u>	<u>2,766,471</u>
EXPENSES			
Salaries and benefits	1,334,592	1,205,447	1,390,087
Project costs	275,004	248,284	425,861
PEI Food Products Development Fund (note 9)	300,000	300,000	300,000
Office	30,000	19,960	24,079
Lab and field supplies	81,004	118,504	100,688
Telecommunications	35,004	30,451	34,917
Occupancy costs	105,336	113,789	105,162
Repairs/general administration	90,012	128,491	108,612
Printing	5,004	5,623	6,584
Advertising and promotion	15,996	21,318	13,526
Information services	24,912	23,836	33,883
Professional fees	24,996	22,629	32,428
Travel and training	30,000	30,931	30,380
Doubtful accounts	5,000	112,698	29,405
Recruitment	5,000	1,271	14,632
Accreditation	50,004	43,185	58,627
Amortization of deferred credits	(180,000)	(228,769)	(192,780)
Amortization	225,000	236,813	245,972
	<u>2,456,864</u>	<u>2,434,461</u>	<u>2,762,063</u>
NET EARNINGS (LOSS) FOR THE YEAR	(68)	5,648	4,408



	2003	2002
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	5,648	4,408
Items not affecting cash		
Amortization	236,813	245,972
Amortization of deferred credits	(228,769)	(192,780)
	<u>13,692</u>	<u>57,600</u>
Net change in non-cash working capital items		
– decrease in accounts receivable	15,638	161,007
– decrease (increase) in prepaid expense	6,439	(8,386)
– decrease in work in progress in excess of progress billings	-	49,700
– increase (decrease) in accounts payable and accrued liabilities	107,107	(116,518)
– increase in progress billings in excess of work in progress	871	970
– increase in deferred revenue	49,504	-
	<u>193,251</u>	<u>144,373</u>
FINANCING ACTIVITIES		
Decrease in advances from parent company	177,500	(17,833)
Decrease (increase) in advances to parent company	97,030	(97,030)
	<u>274,530</u>	<u>(114,863)</u>
INVESTING ACTIVITIES		
Increase in investments	-	(50,000)
Purchase of capital assets – net	(178,258)	(247,012)
Increase in deferred credits	178,258	247,012
Increase in net royalties receivable	-	(31,618)
Proceeds on disposal of development costs	-	206,945
	<u>-</u>	<u>125,327</u>
NET CHANGE IN CASH	467,781	154,837
CASH (BANK ADVANCES) – BEGINNING OF YEAR	97,342	(57,495)
CASH – END OF YEAR	565,123	97,342



1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the company have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Investments

Investments are recorded at cost, except for the following:

The company has a 25% interest in two private corporations and a 50% interest in a third private corporation which are being carried at a nominal value of \$1. These corporations are winding up operations and have no residual value.

Capital assets

Design and pre-construction costs incurred by the company associated with a building to be constructed are recorded as building soft costs. These costs will be capitalized as part of the building upon completion of construction. Amortization of costs related to the building will commence upon completion of construction.

Amortization of capital assets is calculated using the straight-line method at the annual rates as disclosed in note 4.

A full year's amortization is recorded in the year of acquisition.

Allowance for possible losses

An allowance for possible losses is maintained which is considered adequate to absorb all investment related losses. The allowance is deducted from the applicable asset on the balance sheet.

The company reviews its investments and amounts due from private companies on an ongoing basis to assess whether an allowance or write-off is required.

A variety of methods are used to determine the amount expected to be recovered from investments in and amounts due from private companies, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

Program assistance

The PEI Food Products Development Fund is a provincially-funded research assistance program administered by the company. Grants under the program are included in income and a corresponding expense and accrued liability is recorded when the grant is received. The accrued liability is reduced when contributions are made to projects. There is \$178,305 (2002 - \$69,703) in unexpended assistance included in accrued

liabilities at year end. The company has committed funds to qualifying projects in the amount of \$147,500 for the 2004 fiscal year.

Deferred credits

The company has adopted the policy that contributions the company receives towards the acquisition of capital assets will be recorded as deferred credits and amortized to earnings on the same basis as the related capital assets are amortized.

Revenue recognition

The company follows the percentage-of-completion method of accounting for revenue and expenditures on project contracts. The percentage-of-completion method records the company's revenue based on the expenditures incurred and work completed on each contract in progress as at the balance sheet date.

Work in progress in excess of progress billings is recorded at year end to appropriately recognize revenue under the percentage-of-completion basis of accounting when work in progress is in excess of actual billings generated. When progress billings are in excess of the related work in progress at year end the excess is recorded as progress billings in excess of work in progress.

Revenue from product royalties is recorded as received.

Government assistance

Federal government grants received related to operations are recorded as a reduction of the related expenses in the period received. During the year, the company received \$95,587 (2002 - \$88,277) from National Research Council which has been recorded as a credit to the following expense accounts: salaries, professional development and travel.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 - CORPORATE STATUS

The company is a wholly-owned subsidiary of a Crown corporation, Prince Edward Island Business Development Inc., and is therefore a non-taxable entity.

The company operates under the name of the Prince Edward Island Food Technology Centre.

3 - INVESTMENTS IN AND AMOUNTS DUE FROM PRIVATE COMPANIES

	2003	2002
	\$	\$
Investments in common shares of private companies having no residual value	1	1
50,000 Class C non-dividend bearing, redeemable, preferred shares of Busch Food Technologies Inc.	50,000	50,000
Net royalties receivable from Busch Food Technologies Inc.	31,618	31,618
	<u>81,619</u>	<u>81,619</u>

The Class C preferred shares are to be redeemed by the issuer at the rate of \$10,000 per year, with the first redemption to occur in the 2008 fiscal year.

During the 2002 fiscal year, the company sold the patents, processes and equipment associated with the Lobster 2000™ development work having a carrying value of \$206,945. Proceeds from the sale consisted of \$120,000 in cash, \$50,000 in preferred shares and net royalties in the amount of 1.25% of gross income received by the purchaser for the direct sales of the products sold or 12.5% of net licensing fees received by the purchaser for licensing agreements, with one-half of these royalties being payable to the original patent holders by F.T.C. Enterprises Limited under an assignment agreement. The net royalties were originally recorded as a long-term receivable at a cost of \$36,945, being the net residual cost of the assets sold.

The royalties receivable are non-interest bearing and are to be recovered under the royalty agreement as described above. During the year, the company did not receive any royalties (2002 - \$5,327).

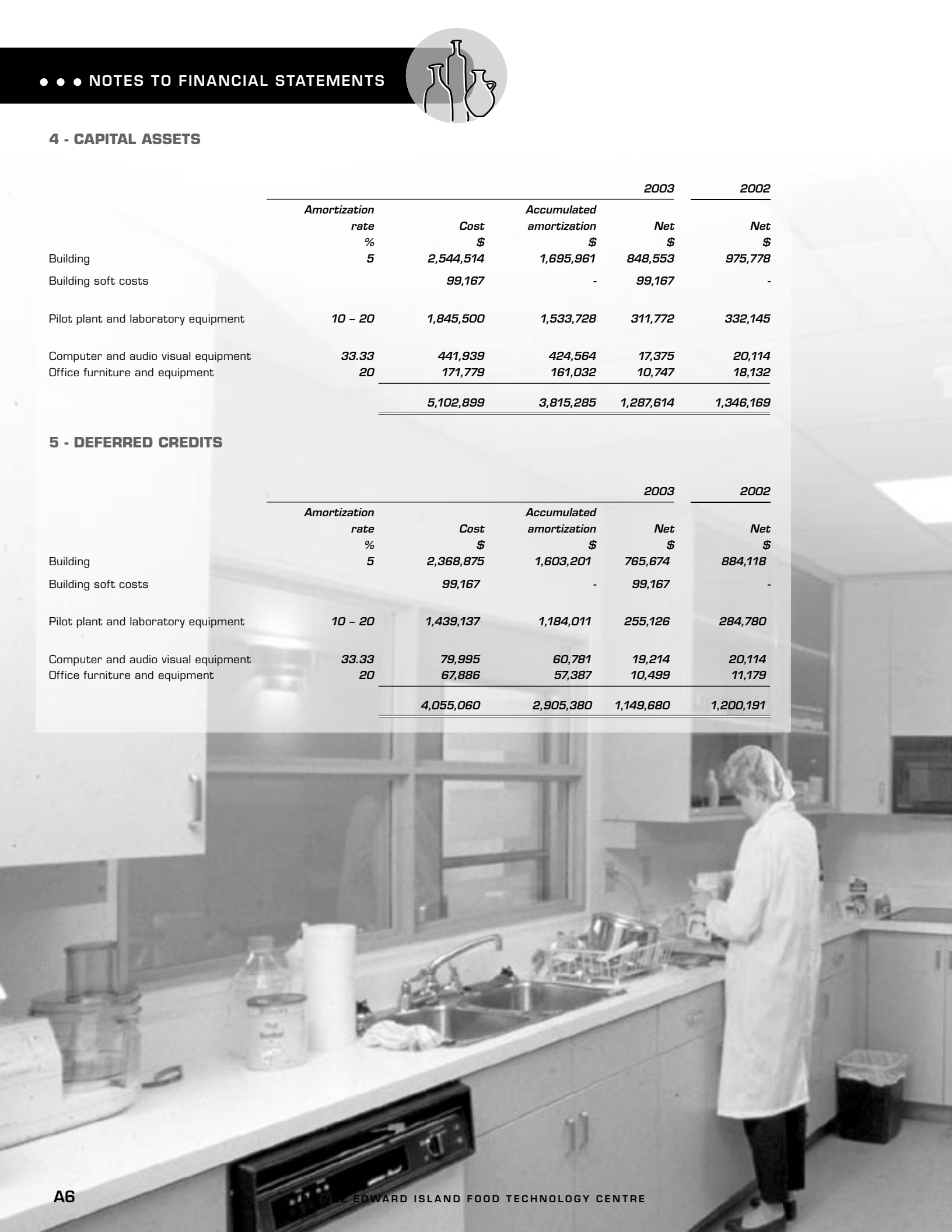


4 - CAPITAL ASSETS

	<i>Amortization rate</i>	<i>Cost</i>	<i>2003</i>		<i>2002</i>
			<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
	<i>%</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Building	5	2,544,514	1,695,961	848,553	975,778
Building soft costs		99,167	-	99,167	-
Pilot plant and laboratory equipment	10 - 20	1,845,500	1,533,728	311,772	332,145
Computer and audio visual equipment	33.33	441,939	424,564	17,375	20,114
Office furniture and equipment	20	171,779	161,032	10,747	18,132
		5,102,899	3,815,285	1,287,614	1,346,169

5 - DEFERRED CREDITS

	<i>Amortization rate</i>	<i>Cost</i>	<i>2003</i>		<i>2002</i>
			<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
	<i>%</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Building	5	2,368,875	1,603,201	765,674	884,118
Building soft costs		99,167	-	99,167	-
Pilot plant and laboratory equipment	10 - 20	1,439,137	1,184,011	255,126	284,780
Computer and audio visual equipment	33.33	79,995	60,781	19,214	20,114
Office furniture and equipment	20	67,886	57,387	10,499	11,179
		4,055,060	2,905,380	1,149,680	1,200,191





6 - CONTINGENT LIABILITIES

a) The company has guaranteed loans totalling \$25,000 of one of the private corporations in which it has invested.

b) A letter of claim has been filed against the company by an individual seeking unspecified damages. Management believes the claim is completely without foundation and that the liability, if any, is unlikely at this time, and accordingly no provision has been recorded in the accounts for future possible losses.

7 - LEASE COMMITMENT

The company has entered into a twenty-five year lease expiring November 2013 with the University of Prince Edward Island for the land upon which the corporation constructed its facilities. The lease cost is \$1 per year and is renewable for a further term of twenty-five years for the same annual consideration.

8 - GRANTS

During the year, the company received operating grants totalling \$1,186,542 (2002 - \$1,398,296) and \$300,000 (2002 - \$300,000) in PEI Food Products Development Fund grants from its parent company.

The provisions of the PEI Food Products Development Fund make \$50,000 (2002 - \$50,000) available to F.T.C. Enterprises Limited to offset salary costs for a portion of two staff positions. The \$50,000 contribution from the PEI Food Products Development Fund is recorded as a reduction in salary costs.

During the year, the company received grants from the parent company of \$178,258 (2002 - \$214,804) to purchase capital assets. These amounts have been recorded in deferred credits and are being amortized at the same annual rates as the related capital assets.

9 - PEI FOOD PRODUCTS DEVELOPMENT FUND

The PEI Food Products Development Fund was established to assist small and medium-sized Island businesses access the services of F.T.C. Enterprises Limited, to generate new products, new marketing opportunities and add value to existing products. F.T.C. Enterprises Limited will act as the fund manager, responsible for establishing criteria, managing and administering the Fund.

The Fund is intended as conditionally repayable support on approved projects. The repayable portion of the Fund will be structured as a percentage of future sales on successful projects, excluding projects with funding support of \$2,000 or less, high risk projects, and projects that do not have product development as an outcome. Repayable support will be recognized as revenue when received by the company.

10 - RELATED PARTY TRANSACTIONS

Included in project recoveries revenue are grants of nil (2002 - \$24,500) from the parent company and \$10,000 (2002 - \$9,500) from the Province of Prince Edward Island.

11 - COMPARATIVE FIGURES

Certain comparative figures presented for the 2002 fiscal year have been reclassified to conform with the financial statement presentation adopted in the current year.

FTC recovered \$953,567 on total costs of \$2,434,461 representing cost recovery of 39%. This compares to 36.4% in 2002 and 44% in 2001.





2048060 Nova Scotia Ltd.	EU Commission	Orion Seafood Group Canada
Abiogen Agri Food Services	Fancy Pokket Corporation	OVO Pharm Ltd.
Acadian Fisherman's Co-op Association	Five Star Shellfish Inc.	Oxford Frozen Foods Ltd.
ADI International (PEI) Inc.	Food Trust of Prince Edward Island Limited	Palmer Seafoods Ltd.
AgraWest Foods Ltd.	Fortius Canada Inc.	Parks Canada
Amalgamated Dairies Limited	Future Seafoods	Peat Research and Development Centre Inc.
Annapolis Valley Hemp Ltd.	Gail's Country Pantry	PEI Blueberry Growers Assoc.
Antigonish Abattoir Ltd.	Garden Province Meats, Inc.	PEI Department of Fisheries, Aquaculture & Environment
Apple Valley Foods Inc.	Grand Bank Seafoods Inc.	PEI Food & Beverage Processors Association
Aqua Health Ltd.	High Liner Foods Incorporated	PEI Hog Commodity Marketing Board
Atlantic Aqua Farms Inc.	Howard's Cove Shellfish Limited	PEI Mussel King Inc.
Atlantic Fish Specialties Ltd.	Island Seafood Products Ltd.	PEI Oyster Co.
Atlantic Gourmet Mushrooms (Earthwise Processing Co op)	Island Valued Food Processing Ltd.	PEI Pork Plus
Atlantic Mussel Growers Corp. Ltd.	J.A.R. Tech.	PEI Potato Board
Atlantic Shellfish Inc.	Jacques, Whitford Environment Limited	PEI Produce Co. Ltd.
AVC Inc.	Jasper Wyman & Son Canada Inc.	PEI Seafood Processors Assoc.
Beach Point Specialty Foods Ltd.	Johnston's Home Style Products Ltd.	Philip Analytical Services Corp.
BioVectra DCL	Kennie MacWilliams Seafoods Ltd.	Polar Foods International Inc.
Burleigh Bros. Seafood	Kildare Fisheries Ltd.	Prince Edward Aqua Farms Inc.
Cackleberry Farms	Kitikmeot Foods Ltd.	Purity Dairy
Canadian Syrup Inc.	Krystal Blade Tattoo Studios	Queens Health Region
Canadian Manufacturers & Exporters	Leslie Hardy & Sons Ltd.	Reiser (Canada) Ltd.
Carr's Lobster Pound Ltd.	Linkletter Farms	Robin Universal Corp.
Cavendish Farms	Mariner Seafoods Inc.	Royal Star Foods Ltd.
Charlottetown Metal Products	McCain Foods Limited	Scotsburn Dairy Group
Charlottetown Pepsi Bottling Group	Montague Bakery '79 Ltd.	Seadeli 1996 Ltd.
ChitoXanSys Ltd.	Montague Dairy Ltd.	Seafood 2000 Ltd.
Chris Brothers Meats and Deli Ltd.	Murphy Investments Ltd.	Seaman's Beverages Limited
Clearwater Fine Foods Inc.	Nova Scotia Agricultural College	St. Kitt Nevis Multi Purpose Laboratory/Bureau of Standards
Colville Bay Oyster Co.	National Seafood Sector Council	True North Salmon Co. Ltd.
Confederation Cove Mussels Company Ltd.	Naturol Canada Limited	Wiltshire Dairying Co. Ltd., The
Cook's Dairy Farm Ltd.	North Lake Fisheries Cooperative	Winter Springs Aquaculture
Culinary Institute of Canada	Northeast Biological Processors	
Duke of York Cranberry Meadow	Northern Fruit Co.	
Eastern Foods Safety Consulting	Nxcare Inc.	
Eastern Protein Foods Ltd.	Oceangrown, LLC	



Environmental Clean-up using Chitin from Lobster Shells ● ● ●

FTC has been carrying out research for world-class technology development for ChitoXanSys Limited, a bioresource technology company located in Georgetown, PEI. FTC has developed a strategic partnership to assist the company in developing technology and utilizing Atlantic Canada bioresources. One major application of the technology is to purify water and effluents in an environmentally friendly manner. The project has completed the first phase of technology validation using specially activated lobster shells. Work is in progress for FTC to provide technical assistance in the company's second phase of the project in order to move the technology to the marketplace. *Financial assistance from the National Research Council of Canada.*

FTC's Food Scientists and Technologists completed 36 major technical projects on behalf of 31 industry clients. Work continued on an additional 26 technical projects.

Smoked Arctic Char ● ● ●

A protein staple in the diet of Inuit people in Northern Canada, Arctic Char is related to salmon although distinct in texture and flavour. Arctic Char is farmed in Prince Edward Island in a land-based fish farm. FTC provided technical assistance to AVC Inc. (Atlantic Veterinary College) to develop a smoking process for Arctic Char to enhance its value and differentiate the product. The process was developed successfully and AVC Inc. was able to present the product samples to various companies interested in marketing the product. Most of the world's Arctic Char is farmed in Iceland, but there is an opportunity for PEI to farm this fish commercially if the market is developed. *Financial assistance from PEI Food Products Development Fund*





With its excellent facilities, its highly-qualified staff, and its close association with the food industry, FTC is in an excellent position to assist with any aspect of food processing, including product and process development, production management, food safety, HACCP training, nutrition labelling, troubleshooting, sensory analysis, analytical services, and research and development. FTC is now expanding its mandate to include bioresource upgrading.



High End Use From Natural Products

Using patented extraction technologies, FTC extracts bioactive compounds and oils from plant and animal material such as flowers, lobster shells, and trees. The extracted materials are used to produce value-added functional foods and high-end nutraceuticals.

Staff Develop New Concepts and Formulations

A well-equipped Product Development Kitchen is used to develop concepts and perform product trials. FTC's product development team provides innovation and technical expertise to enable clients to compete and grow in the processing sector.

Trained Panellists Evaluate Sensory Characteristics of Food

Trained sensory analysis involves the measurement of food characteristics such as appearance, odour, flavour, texture, and aftertaste. Using a specialized computer system, evaluations of products are conducted under controlled conditions. The resulting data after statistical analysis provide valuable information about the characteristics and quality aspects of the food products.

An Extensive Range of Analytical Capability

FTC laboratories provide trouble-shooting support directly to industry and support in-house activities, such as product development, food safety, nutrition labelling, and sensory analysis. The food chemistry laboratory analyzes food products, provides nutrition labelling services, and performs tests to identify toxic substances in foods.

Microbiology staff are involved in food safety, quality control, and research. They assist companies in developing appropriate Risk Management Systems (HACCP) and Quality Control systems. They also present seminars to managers and line employees on sanitation and conduct microbiological analysis, thermal processing audits, and retort verification.

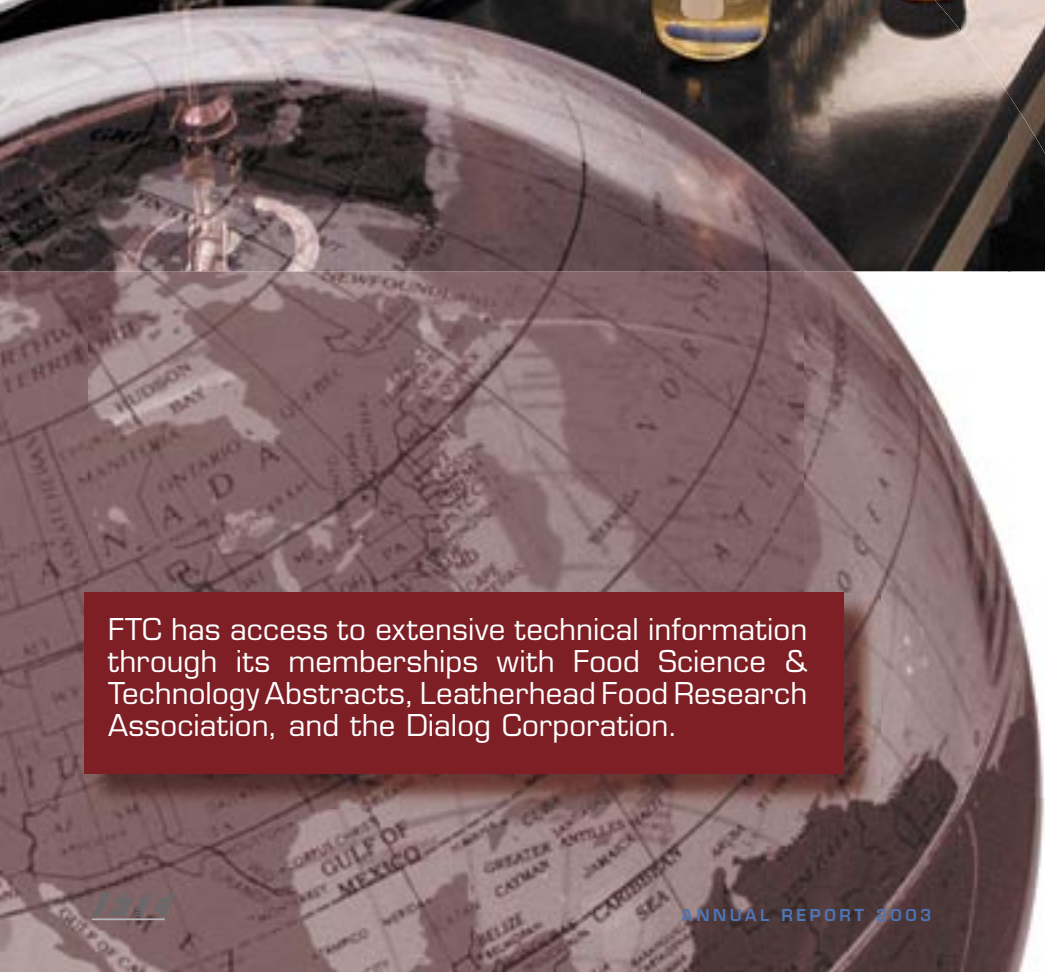
Federally-Inspected Pilot Plant

FTC has the only CFIA-registered pilot plant in Atlantic Canada for manufacturing and research on all food types. FTC's pilot plant and technical staff help companies to create exportable products and develop and attain national and international markets prior to major capital investment.

FTC Offers Comprehensive Literature Searching Capabilities

FTC offers information retrieval services and interpretation of scientific information for private and public sector clients. FTC provides knowledge and information to clients regarding advances in production technology, regulatory affairs and new products.





ISO 9001

FTC has achieved ISO 9001 (International Organisation for Standardisation) Quality System registration for all of its services. Registration ensures that services such as product development, food analysis, sensory evaluation, quality control, and technical information, are provided to clients with consistent standards of quality. ISO is recognized internationally and establishes immediate credibility for the Centre worldwide.

FTC has access to extensive technical information through its memberships with Food Science & Technology Abstracts, Leatherhead Food Research Association, and the Dialog Corporation.



Richard F. Ablett, B.Sc. Zoology, M.Sc. Aquaculture & Fisheries Management, Ph.D. Food Science, MIFST.

EXECUTIVE DIRECTOR

Experienced in R & D associated with agri-food, seafood and aquaculture products and process development; specializes in envisioning value-added opportunities across a wide spectrum of raw bioresources.

- ▶ Industrial Advisory Committee for the Program for Energy Research & Development (PERD)
- ▶ EU Commission Directorate - 6th Framework Programme - Food Safety and Quality (2002), panel member
- ▶ Canada Committee on Food, committee member
- ▶ Institute of Food Science & Technology, UK, professional member
- ▶ Institute of Food Technologists, professional member
- ▶ Canadian Institute of Food Science and Technology, professional member
- ▶ Atlantic Veterinary College Inc., board member

Edward Bryenton,

MICROBIOLOGY LABORATORY TECHNOLOGIST

Ebo Budu-Amoako, M.Sc. Food & Industrial Microbiology

SENIOR MICROBIOLOGIST

Specializes in research and development, quality management systems, and laboratory capacity enhancement.

- ▶ Expert in joint FAO/WHO activities in microbiological risk assessment (Joint Food & Agricultural Organisation of United Nations/World Health Organisation)
- ▶ American Society for Microbiology, professional member
- ▶ Canadian Society of Microbiologists, professional member
- ▶ Canadian Institute of Food Science & Technology, professional member

Leigh Gao, B.Eng. Food Engineering, M.Sc. Food Processing, Ph.D. Food and Nutritional Sciences

FOOD SCIENTIST/ENGINEER

Expertise in process development, value-added processing, new product development, quality evaluation and shelf-life extension; experienced in a wide range of commodities, bioproducts and functional foods; fluent in operations from product concept to prototype development to scaling up at pilot and commercial scales.

- ▶ Institute of Food Technologists, professional member
- ▶ Canadian Institute of Food Science and Technology, professional member
- ▶ American Association of Cereal Chemists, professional member
- ▶ Atlantic Veterinary College, University of Prince Edward Island, Adjunct Professor
- ▶ Prince Edward Island ADAPT Council, Board of Directors, member at large
- ▶ Institute for Thermal Processing Specialists, member

Martine Gaudet, B.Sc. Food Science & Technology (to February 7/03)

FOOD TECHNOLOGIST

Expertise in product and process development, HACCP/quality systems and sensory evaluation; member of Sensory Interest Group.

- ▶ Institute of Food Technologists, member
- ▶ PEI Food & Beverage Processors Association, member

Stephen Gould, CET

CHEMISTRY QUALITY COORDINATOR

- ▶ Canadian Council of Technicians and Technologists, national director
- ▶ Association of Certified Engineering Technicians and Technologists of PEI - past president.
- ▶ Canadian Advisory Committee for TC 34/SC11 Animal and Vegetable Fats and Oils for ISO, Standards Council of Canada
- ▶ American Association of Cereal Chemists, professional member
- ▶ American Oil Chemists Society, professional member
- ▶ Canadian Technology Human Resources Board, Sector Council board member

Mary Jane Grant

HUMAN RESOURCE & PROMOTIONS OFFICER

- ▶ Canadian Public Relations Society - PEI Chapter, professional member

Lori Léger, B.Sc. Foods & Nutrition, M.Sc. Food Chemistry,

FOOD SCIENTIST

Specializes in minimally processed foods, modified atmosphere packaging, and sensory evaluation.

- ▶ Institute of Food Technologists, professional member & member of Sensory Interest Group
- ▶ PEI Food & Beverage Processors Association, member

Cindy Livingstone

INDUSTRY PROJECTS QUALITY COORDINATOR

- ▶ Institute for Thermal Processing Specialists, professional member
- ▶ Institute for Thermal Processing Specialists, member

Kathy MacEwen, B.Sc. Foods & Nutrition

INFORMATION & PROMOTIONS ASSISTANT

- ▶ Leatherhead Food Research Association, FTC membership

Douglas MacNevin

PILOT PLANT/BUILDING SERVICES OFFICER

Wendy MacRae

MICROBIOLOGY LABORATORY TECHNOLOGIST

Marguerite Middleton, C.M.A.

DIRECTOR OF FINANCE & ADMINISTRATION

- ▶ Society of Management Accountants of PEI, professional member
- ▶ Society of Management Accountants of Canada, professional member

Vanessa Neale, B.Sc. Biology

CHEMISTRY LABORATORY TECHNOLOGIST

Tom O'Rourke, B.Sc., B.Ed.

NRC-IRAP INDUSTRIAL TECHNOLOGY ADVISOR

Specializes in research project development and management, industrial technology development and technology transfer.

- ▶ Aquaculture Association of Canada, professional member
- ▶ World Aquaculture Association, professional member
- ▶ National Shellfisheries Association, professional member
- ▶ Canadian Technology Network, advisor

Shane Patelakis, B.Sc. Food Science, M.Sc. Food Science

FOOD SCIENTIST

Specializes in fermentation, food safety, food microbiology, herbal products, sous-vide packaging, HACCP/Quality Control, value-added seafood/agri-food products, batter and breading technology.

- ▶ Institute of Food Technologists, member
- ▶ American Society of Brewing Chemist (ASBC), professional member
- ▶ Canadian Institute of Food Science and Technology, professional member
- ▶ PEI Food and Beverage Processors Association, member

Tracy Singleton, B.Sc. Biology

MICROBIOLOGY LABORATORY TECHNOLOGIST

Ron Skinner, B.Sc. Chemistry, M.B.A.

SENIOR FOOD CHEMIST

Specializes in food analytical methods, biomolecule extractions, advanced extraction methods, extraction process development and optimization, analytical QC, advanced chemometric methods, and troubleshooting chemical contamination of foods, project management.

- ▶ Association of Official Analytical Chemists, professional member
- ▶ Island Quality Association, professional member
- ▶ American Society for Quality, professional member
- ▶ American Oil Chemists Society, professional member



Jim Smith, B.Sc.(Hons.) Food Science, M.Sc. Food Science, Ph.D. Food Science, M.B.A., F.I.F.S.T.

STRATEGIC RESEARCH &

TECHNICAL SERVICES MANAGER

Specializes in strategic food science & technology research for the food industry.

- ▶ Joint Food & Agricultural Organisation of the United Nations/World Health Organisation Committee on Food Additives and Contaminants (2003-2007), committee member
- ▶ Institute of Food Science and Technology, U.K., Fellow
- ▶ Institute of Food Technologists, professional member
- ▶ American Chemical Society, professional member
- ▶ Canadian Institute of Food Science and Technology, professional member
- ▶ PEI Food & Beverage Processors Association, board member

Jillian Sproul, B.Sc. Biology, M.Sc. Protein Biochemistry

MICROBIOLOGY QUALITY COORDINATOR

- ▶ Canadian Society of Microbiologists, professional member
- ▶ American Society for Microbiologists, professional member

Shawn Wakelin, CET

PILOT PLANT/BUILDING ASSISTANT

- ▶ Association of Certified Engineering Technicians & Technologists of PEI, certified member

Liping (Lilian) Yu, PEng., B.Sc. Chemical Engineering, M.Sc. Food Science & Technology, M.Sc. Biosystems Engineering

FOOD SCIENTIST

Specializes in value-added process and product development, unit operations, heat and mass transfers, process optimization, process scale up, and quality control.

- ▶ Association of Professional Engineers of Prince Edward Island, professional member
- ▶ Canadian Society for Engineering in Agricultural, Food, and Biological Systems (CSAE), professional member
- ▶ American Society for Engineering in Agricultural, Food, and Biological Systems (ASAE), professional member

Gosia Zawadzka, B.Sc. Agriculture & Animal Science, M.Sc. Feed & Animal Nutrition Science

SENIOR CHEMISTRY LABORATORY TECHNOLOGIST

Project Assistants

Sandra MacMillan - PROJECT ASSISTANT/
LABORATORY ASSISTANT

Vera Morrison - PROJECT ASSISTANT/LAB
ASSISTANT/CUSTODIAN

Adele Perry - PROJECT ASSISTANT/KITCHEN
COORDINATOR

Mona Squires - INDUSTRY QUALITY COORDINATOR

Administrative Support

Susan Cunningham, RECEPTIONIST/LIBRARY
TECHNICIAN

Karen Devine, PROJECT SECRETARY

Janet Docherty, ADMINISTRATIVE ASSISTANT

Donna Gallant, ACCOUNTS OFFICER

Donna MacKenzie, PROJECT/OFFICE

MANAGEMENT ASSISTANT

(to February 14/03)



The PEI Food Products Development Fund committed financial assistance in the amount of \$308,554 to 38 clients. This fund helps to offset the costs of FTC technical services for PEI food companies.



CONFERENCE PRESENTATIONS

- ▶ **Budu-Amoako, E., Quality Assurance workshop for PEI Seafood Processor's Association**, Charlottetown PE. April 2002.
- ▶ **Budu-Amoako, E., Landrigan, J., FOOD PLANT SANITATION WORKSHOP FOR NOVA SCOTIA FOOD PROCESSORS**, Halifax NS. May 2002.
- ▶ **Skinner, R., PRESENTATION ON NATUROL EXTRACTION CAPABILITIES TO PACLITAXEL BUYERS**, Fredericton NB. July 2002.
- ▶ **Budu-Amoako, E., Landrigan, J., FIVE-DAY HACCP TRAINING WORKSHOP FOR CANADIAN MANUFACTURERS AND EXPORTERS**, St. John's NF. August 2002.
- ▶ **Ablett, R.F., MacQuarrie, W., PRESENTATION ON PEI BIOREFINERY INITIATIVE TO NATURAL RESOURCES CANADA AND INDUSTRY CANADA**, Ottawa ON, November 2002.
- ▶ **Léger, L., Squires, M., FISH PRODUCT STANDARDS SENSORY WORKSHOP, THREE-DAY WORKSHOP PRESENTED ON BEHALF OF THE NATIONAL SEAFOOD SECTOR COUNCIL (OTTAWA)**, Shelburne NS. November 2002.
- ▶ **Skinner, R., Shirey, R., SOLID PHASE MICROEXTRACTION FIELD ENVIRONMENTAL SAMPLER PRESENTATION, PRESENTED BY DR. R. SHIREY, SUPELCO, EASTERN ENVIRONMENTAL SYMPOSIUM**, East Rutherford NJ, U.S.A. November 2002.

PARTICIPATION IN CONFERENCES AND WORKSHOPS

- ▶ **PRINCE EDWARD ISLAND SCIENCE FAIR, UNIVERSITY OF PRINCE EDWARD ISLAND**, Charlottetown PE. April 2002.
- ▶ **CANADIAN GROCERY INNOVATION SHOW**, Metro Toronto Convention Centre, Toronto ON. October 2002.

STAFF ATTENDANCE AT CONFERENCES, TRADE SHOWS & SCIENTIFIC MEETINGS

- ▶ **INNOVATION SUMMIT**, Holland College, Charlottetown PE. May 2002.
- ▶ **SENSORY SKILLS MANAGEMENT**, sponsored by Pepsi-Cola Company, Arlington TX, June 2002.
- ▶ **BIO 2002**, Metro Toronto Convention Centre, Toronto ON. June 2002.
- ▶ **NATIONAL MEETING FOR NATIONAL TRAINING STRATEGY FOR CANADIAN AGRI-FOOD SECTOR**, Sheraton Hotel, Toronto ON. June 2002.
- ▶ **EXPERT ASSESSMENTS OF EXPRESSIONS OF INTEREST TO THE SIXTH FRAMEWORK PROGRAMME REGARDING FOOD QUALITY AND SAFETY**, EU Commission, Brussels Belgium. July 2002.
- ▶ **AQUACULTURE CANADA ANNUAL CONFERENCE**, Charlottetown PE. September 2002.
- ▶ **ATLANTIC CANADA FOOD SAFETY CONFERENCE**, PEI Food & Beverage Processors Association, Charlottetown PE. November 2002.
- ▶ **NATIONAL MEETING OF FOOD TECHNOLOGY CENTRES**, Experimental Farm, Ottawa ON. February 2003.
- ▶ **BOSTON SEAFOOD SHOW**, Boston MA. March 2003.
- ▶ **MARKETING FUNCTIONAL FOODS AND NUTRACEUTICALS: Opportunities for Atlantic Canadian Food Companies**, Ramada Plaza Hotel, Dartmouth NS. March 2003.
- ▶ **AN INTRODUCTION TO THE SCIENCE OF BIOTECHNOLOGY**, sponsored by the Biotechnology Human Resources Council, Burnaby BC. March 2003.

AS A PUBLIC SERVICE, FTC'S TECHNICAL STAFF RESPONDED TO 139 TECHNICAL ENQUIRIES FROM INDUSTRY, THE GENERAL PUBLIC AND GOVERNMENT AGENCIES.

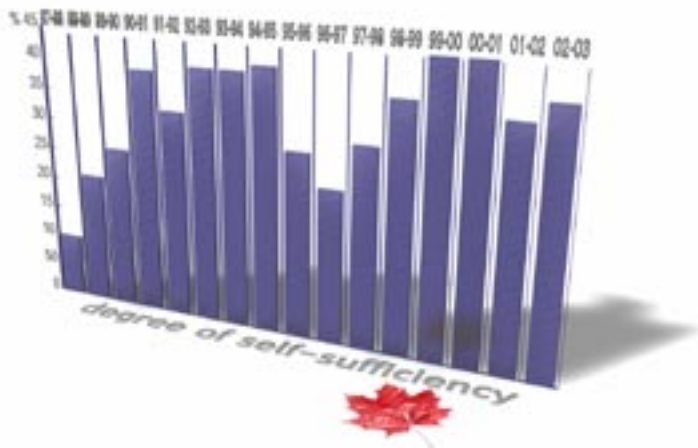
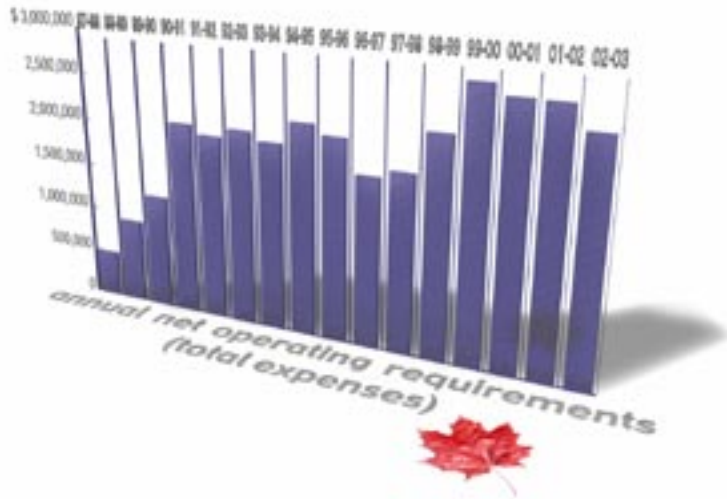
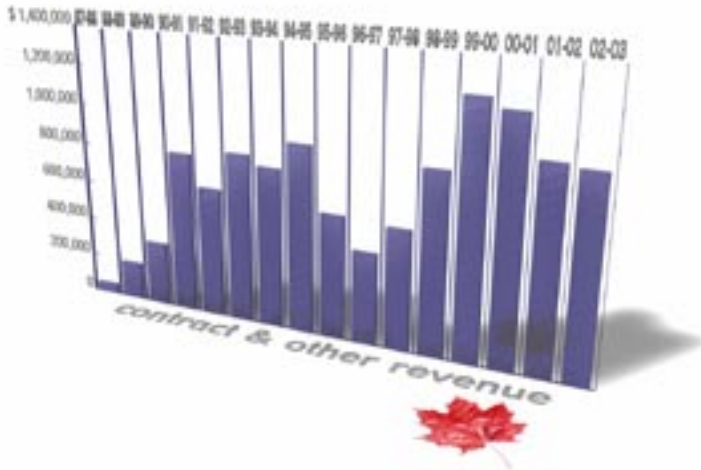




FTC's total expenses for 2002-2003 amounted to \$2,434,461. The Province

of Prince Edward Island contributed a grant of \$1,486,542 to operate the Centre. FTC also administers a \$300,000 Food Products Development Fund which is made available by the province to aid PEI food processors in accessing Centre services. In an effort to recover the remaining 39.2% of total expenses, FTC earned \$953,567 through fee-for-service contracts with the private sector and agencies of government. This has left the Centre with a net profit for the year of \$5,648.

The Centre's commitment to provide scientific and technical support to the local food industry continued. FTC food scientists worked with industry, primarily in the areas of product and process development, sensory evaluation, extended shelflife packaging, food safety, nutrition labelling, and technology transfers. The microbiology and chemistry laboratories supported troubleshooting services and in-house research, as well as product development and sensory analysis services. FTC is also actively involved in Quality Control and HACCP programs, both in setting up systems for clients and training their staff. Bioresource upgrading is fast becoming an additional focus for FTC and projects have begun on developing high end products and nutraceuticals from the Island's natural resource base.





FTC BOARD OF DIRECTORS

Alan Baker, Beach Point
PRESIDENT, OPTIONS INC.

J. Reagh Hicken, Stratford
EXECUTIVE DIRECTOR, FINANCE & ADMINISTRATION, PEI BUSINESS DEVELOPMENT INC.

Richard F. Ablett, Suffolk
EXECUTIVE DIRECTOR, PEI FOOD TECHNOLOGY CENTRE

Paul Jelley, Charlottetown
DEPUTY MINISTER, DEVELOPMENT & TECHNOLOGY

John MacQuarrie, Hampton
DEPUTY MINISTER, AGRICULTURE & FORESTRY

Lewie Creed, Charlottetown
DEPUTY MINISTER, FISHERIES, AQUACULTURE & ENVIRONMENT

Tim Ogilvie, Springbrook
DEAN, ATLANTIC VETERINARY COLLEGE, UNIVERSITY OF PEI

Harris Johnston, Charlottetown (to December/02)
PRESIDENT, JOHNSTON'S HOME STYLE PRODUCTS LTD.

Steve Loggie, Charlottetown (to December/02)
PRESIDENT, SEAMAN'S BEVERAGES LTD.

Peter Toombs, Charlottetown
PRESIDENT, DIVERSIFIED METAL ENGINEERING LTD.

Kent Scales, Charlottetown
CEO, PEI BUSINESS DEVELOPMENT INC.

David G. Hooper, Winsloe (from August/02)
HOOPER FARMS

Allen Stoolmiller, Stanhope (from January/03)
PRESIDENT, STOOLMILLER RESEARCH CONSULTING INC.

Jeff Malloy, Wellington (from January/03)
PRESIDENT, ACADIAN FISHERMEN'S CO-OP ASSOC.

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Alan Baker

VICE CHAIRPERSON:
Peter Toombs

SECRETARY
Richard F. Ablett

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J.Reagh Hicken

AUDITORS

ARSENAULTBESTCAMERON&ELLIS

BANKER

BANK OF MONTREAL

SOLICITORS

PATTERSON PALMER LAW



Atlantic Innovation Fund

FTC was awarded \$4.9 million from the Atlantic Canada Opportunities Agency (ACOA) in the first round of the Atlantic Innovation Fund. The remaining funding for the \$7.7 million project will be provided by the Province of Prince Edward Island and FTC's private-sector partners. Over the next several months FTC will expand its current facility on Belvedere Ave. in Charlottetown. They will use state-of-the-art extraction technologies to improve processes for the production of a variety of bioactive products including: extraction of value-added products from seaweed species and related sea products; a high potency nutraceutical tincture from a new plant source; and flavonoids and polyphenol fractions from apple components. Further research to develop new value-added bioactive products from Prince Edward Island's natural resources is expected to follow the initial research projects of the initiative.

BACK ROW, RECIPIENTS OF THE FIRST ROUND OF THE ATLANTIC INNOVATION FUND, LEFT TO RIGHT:

Dr. Roger Gordon, Dean of Science, UPEI,
Dr. Alex (Sandy) MacDonald, Executive Director, Holland College,
Phil Rodger, President and COO, MDS-PRAD Technologies Corp.,
John MacDougall, President, Atlantic Turbines International Inc.,
Dr. Rick Cawthorn, Director, AVC Lobster Science Centre
Dr. Richard Ablett, Executive Director, PEI Food Technology Centre

FRONT ROW, LEFT TO RIGHT:

Dr. Tim Ogilvie, Dean, Atlantic Veterinary College (Recipient)
Shawn Murphy, Member of Parliament for Hillsborough
Joe McGuire, Member of Parliament for Egmont
Wayne Easter, Member of Parliament for Malpeque
Lawrence MacAulay, Solicitor General of Canada and Member of Parliament for Cardigan

Photography:

Barrett and MacKay
John Sylvester
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QUALITY

BY EXAMPLE

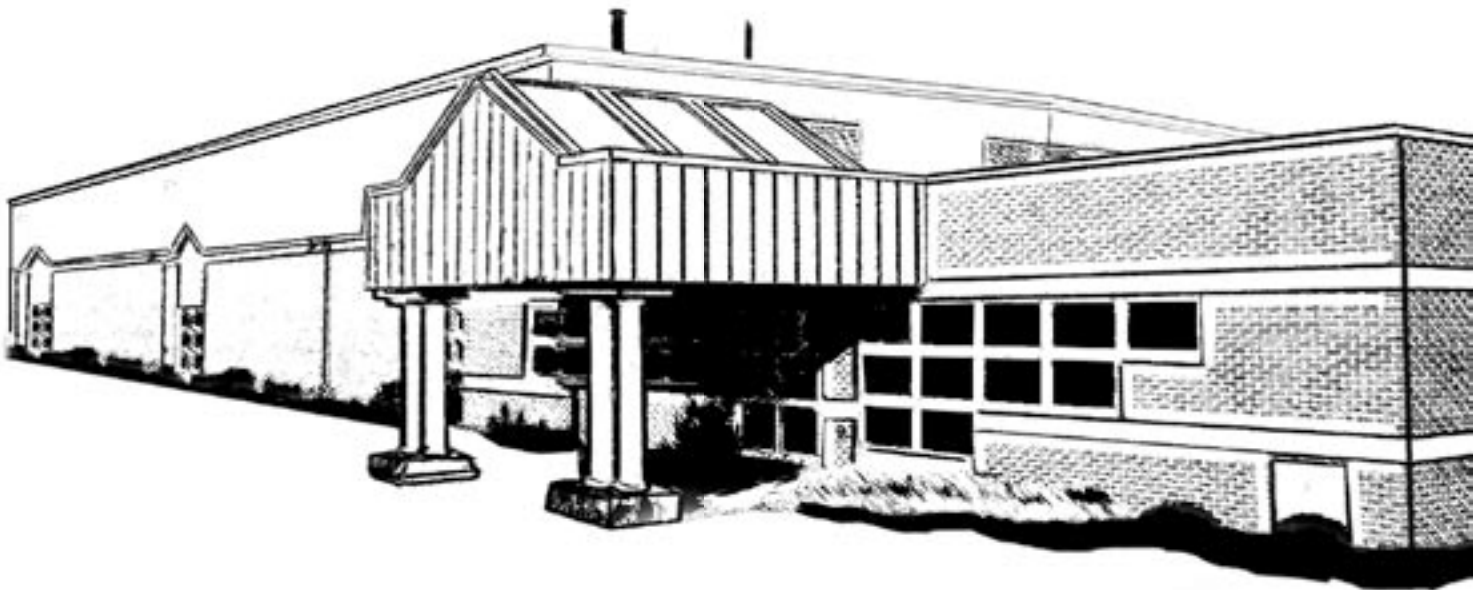
“FTC employees are dedicated to providing our customers with services and products that meet or exceed their expectations for quality, delivery and value. We will do this through our quality system which enhances our efforts to be more efficient, effective and customer driven. We will be guided by our company’s quality motto: “Quality by Example”, by employing personnel who are experts in their field and providing a working environment that encourages innovation and continuous learning. Customer satisfaction, innovation and constant improvement are our measures of achievement as we strive to provide leadership and increase our contribution to the economy of Prince Edward Island and to the success of the food industry”.

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❧ MISSION STATEMENT ❧

To generate enhanced wealth for Prince Edward Island through new economy innovation, applied research and development, technical support, and strategic alliances in the food industry.



• • • “The organization and delivery of the workshop by FTC’s Food Scientist was superb. The workshop was well organized and met all the National Seafood Sector Council (NSSC) requirements for its delivery”.

Bob Mills PROJECT MANAGER - SENSORY EVALUATION PROJECT, NSSC

• • • “Friendly personnel, efficient service, willing to help out when we need something yesterday.”

Ken MacCormack PEPSI BOTTLING GROUP

• • • “Customer service is excellent, technical support outstanding. They are always very helpful and available for any questions or concerns.”

Dr. Julien Gaudin BIOVECTRA DCL

• • • “Excellent response to our need for quick faxed results which allows us to release our product in a timely fashion.”

Mac Murray SCOTSBURN DAIRY GROUP

• • • “I really liked the services to help me answer my questions and to help me understand some problems”.

Isabelle Bouchard ATLANTIC FISH SPECIALTIES LTD.