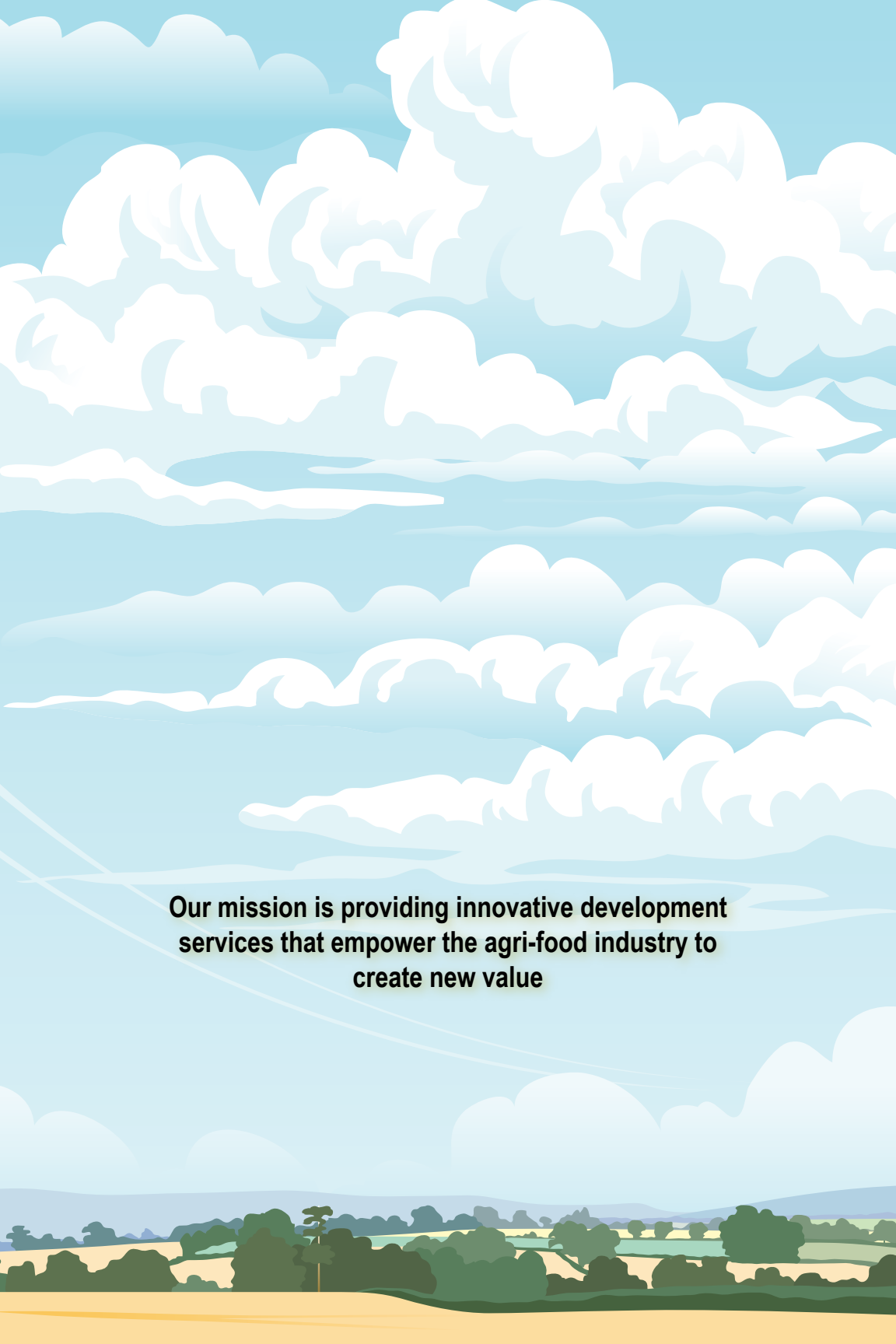




# Annual Report 2008

Agra Point™





**Our mission is providing innovative development services that empower the agri-food industry to create new value**



## TABLE OF CONTENTS

- Message from Chief Executive Officer / 1
- Our Company / 3
- Our Team / 4
- Governance / 5
- Services and Activities / 7
- Financial Statements / 15

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The 2008 fiscal year was one where AgraPoint quantified what extension activities it provided on behalf of the Nova Scotia Department of Agriculture (NSDA) for its \$2.2 million annual allocation. That proved to be a worthwhile exercise and validated that the Department was receiving good value for its funding.

I appreciated that at the beginning of the year, a number of staff were quite apprehensive about what might happen to AgraPoint given the changes in governance and my appointment as CEO. I think some of the concerns over the sustainability of the company were addressed with the presentation of the Deputy Minister to affiliate AgraPoint with the Nova Scotia Agricultural College (NSAC) under its new management structure. The decision validated that the Department did value AgraPoint and would be an integral element of agricultural extension work moving forward.



The new affiliation with the NSAC would also mean additional streamlining with the elimination of the CEO position, and the COO reporting to a new Vice-President position created at the NSAC.

Revenue for services was less than expected in 2008 and, I feel, reflects continued resistance by some primary producers to pay for services, as well as an additional emphasis placed on extension this year. With all of the attention being focused on food safety, it is hoped that this aspect of the company will continue to grow. The expectation is that AgraPoint will be able to access more funding to deliver more services when a new Memorandum of Understanding for extension services provided by AgraPoint is negotiated in 2009.

I cannot say enough about how professionally the team carried out their duties during this period of uncertainty, and how they continued to retain their positive attitude and optimism.

During 2008, AgraPoint assisted the NSDA and the Nova Scotia Federation of Agriculture in assessing the crop damage caused by the wet summer weather. We were also able to get the NSAC and NSDA to the table to discuss work plans and resources so that our services could be more complimentary to one another. Hopefully, the parties can build on that start and communications will continue to improve.

There is a growing recognition of the flexibility and responsiveness that an organization such as AgraPoint can bring to the table that is not possible for government departments.

As I end my tenure as Interim CEO at AgraPoint, I have to say that I very much appreciated the support shown to me by staff. The Board and Deputy Minister were very helpful in repositioning the company to where it needs to be and I hope that staff recognize their efforts.

In closing, I have to say that my tenure at AgraPoint was one of the most enjoyable times of my career. It could not have been that way without the advice and guidance of Chair, Ken Mounce, and the dedicated support of the COO, Findlay MacRae. Thank-you gentlemen. I wish AgraPoint and its team a successful and rewarding future.

Best regards,  
George C. Smith

## OUR COMPANY

AgraPoint is a provincial agency that provides agriculture and food safety solutions to agriculture and food processing clients through a publicly-funded extension program and consulting services.

In 2001, AgraPoint signed a Memorandum of Understanding with the Province of Nova Scotia to provide extension and development services to Nova Scotia producers at no charge to support the overall sustainability and growth of the province's agriculture industry. Our services in this area are largely focused on production, with other services provided by the Nova Scotia Department of Agriculture (NSDA), the Nova Scotia Agricultural College (NSAC) and the Nova Scotia Federation of Agriculture (NSFA) through such initiatives as the Environment Farm Plan Program.

In addition to extension and development services, AgraPoint also provides confidential consulting services to producers, associations and companies in the areas of production, nutrition, nutrient management planning, product trials, food safety and quality assurance, training, information technology, event management and communications. Our primary market is Atlantic Canada but we also have clients in other provinces including Ontario and Alberta.

Since its creation in 2001, AgraPoint has been owned by the Nova Scotia Department of Agriculture. On September 29, 2008 the Nova Scotia Minister of Agriculture announced ownership of AgraPoint would be transferred to the NSAC, under the direction of a newly created Vice President of Research and Extension position. The transfer is expected to take place in 2009.

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609 Church St., Suite 106  
Port Hawkesbury, Nova Scotia  
B9A 2X4  
Phone: (902) 625-1140**

*[www.agrapoint.ca](http://www.agrapoint.ca)  
[www.extensioncentral.com](http://www.extensioncentral.com)*

## OUR TEAM

In 2008 AgraPoint had 28 full-time team members working from offices in Kentville, Truro and Port Hawkesbury, Nova Scotia. New additions to the team were Doug Covey as Controller, Lisa Walsh as Accounting Technician and Jonathon Wort as Livestock Specialist.

AgraPoint's 2008 Team (*in alphabetical order*):

Peter Burgess, M.Sc., P.Ag. – *Integrated Pest Management*  
Bill Craig, M.Sc., P.Ag. – *Horticulturist*  
Doug Covey, CA – *Controller*  
Jessica Dunfield, BSc. – *Quality and Food Safety Specialist*  
Lynne Godlien, BA (Journalism) – *Marketing and Communications*  
Wendy Harvie, B.Sc. – *Food Safety Technician/Training Co-ordinator*  
Kendra Heffel, B.Sc. – *Quality and Food Safety Specialist*  
Ruth Ann Hutchinson – *Receptionist/Administration Assistant, Truro*  
John Lewis, M.Sc., P.Ag. – *Horticulturist*  
Findlay MacRae, P.Ag. – *Chief Operating Officer*  
Amy Melmock, BA – *Innovations and Development Specialist*  
Dan Mosley – *Dairy Specialist*  
Sara Murphy, B.Sc., P.Ag. – *Agriculture Information Specialist (mat leave)*  
Alex Oderkirk, M.Sc. – *Non-Ruminant Specialist*  
Niki Petrie, B.Sc., P.Ag. – *Quality and Food Safety Specialist*  
Merridy Rankin, B.Sc., P.Ag. – *Emergency Response Plan Co-ordinator*  
Alana Respondek, B.Sc., P.Ag. – *Horticulturist*  
Chris Sanford – *Information Technology*  
Rich Simmons, B.Sc., AGR, CHA – *Director of Quality and Food Safety*  
Av Singh, Ph.D., P.Ag. – *Organics and Rural Infrastructure Specialist*  
George Smith – *Chief Executive Officer*  
Bill Thomas, M.Sc, P.Ag., CCA – *Field Crops Specialist*  
Jack van Roestel, M.Sc., P.Ag., CCA – *Field Crops Specialist*  
Gail Walsh – *Receptionist/Administrative Assistant, Kentville*  
Lisa Walsh-Swindell – *Accounting Technician*  
Sarah Wood, B.Sc., P.Ag. – *Agriculture Information Specialist*  
Jonathan Wort, B.Sc., P.Ag. – *Livestock Specialist*  
Viliam Zvalo, PhD, MBA, CCA – *Horticulturist*

## GOVERNANCE

In 2008, AgraPoint was governed by a Board of Directors reporting to the Nova Scotia Minister of Agriculture.

### 2008 Board



**Front row (L to R):** Richard Melvin, President, Nova Scotia Federation of Agriculture; Ken Mounce (Chair); Susan Payne, CEO ACA Co-operative; Leslie McLaren, Acting President, Nova Scotia Agricultural College; John Maloney, producer **Back row (L to R):** Greg Scheffer, past President of the Nova Scotia Cattle Producers; Casey van Dyk, Van Dyk Juices; Linda MacDonald, Executive Director of Industry Development and Business Services, Nova Scotia Department of Agriculture; Herman Berfolo, producer; Dr. Rob Gordon, Dean of Research, Nova Scotia Agricultural College (former); Brian Smith, Executive Director, Agricultural Services, Nova Scotia Department of Agriculture (retired).



# SERVICES AND ACTIVITIES

## Extension and Development

As a Nova Scotia crown agency AgraPoint has a mandate to improve the overall profitability of Nova Scotia agriculture through an innovative extension and development program.

These services are available and accessible to all Nova Scotia farmers. A key to the success of the program is a focus on partnerships with farm and commodity associations, government and researchers to ensure initiatives are relevant and of the greatest benefit to industry.

The goal is to assist Nova Scotia farmers in developing the understanding, capability, attitude and skills essential to solve farm problems or create new opportunities on their own.

Extension and development services are offered in field crops, livestock, horticulture, integrated pest management, emergency response planning, organics and rural sustainability and on-farm food safety. We also have relationships with outside consultants that enable us to offer plant pathology and entomology services.

We deliver these services through one-on-one interactions with specialists on farm, by phone, e-mail and fax; workshops and conferences; our Agriculture Information Centre and toll-free number (1866-606-4636); fact sheets and publications; our extension information website ([www.extension-central.com](http://www.extension-central.com)); applied research projects; and development initiatives.

AgraPoint's extension and development program is planned annually with enough flexibility to ensure we can address emerging issues, as required. Annual funding is \$2.2M.

Between January 01 and December 31, 2008, AgraPoint specialists conducted over 1,000 farm visits, handled phone calls, made presentations, sat on committees and provided recommendations in the following sectors: vegetables, small fruits, tree fruits, maple, field and forage crops, beef, sheep, poultry, swine, mink, forage, corn, small grains, protein crops, integrated pest management, emergency response planning, dairy and organics.

In addition, the following are highlights of extension activities, projects and development initiatives were undertaken in 2008:

### ***Workshops and Conferences***

- Hosted Heritage Breeds and Heirloom Seeds – The Past Strengthening our Future Workshop to over 100 participants in Debert, Nova Scotia which lead to the creation of a Maritime Community Seed Bank and regional heritage livestock club
- Assisted in organizing Preserving Agricultural Lands: Tools for Success (Learning About Land Trusts for Kings County) Conference in Greenwich, Nova Scotia in November which attracted over 125 participants; continue to sit as a member of the land trust organizing committee
- Held a Feed Mill Workshop in February in partnership with the Nova Scotia Agricultural College in Truro with close to 100 in attendance
- Held two half day orchard and vineyard sprayer calibration workshop at the Kentville Agricultural Centre in February

- Hosted Truly Blue: Success in Highbush Blueberry Production Conference in Greenwich in April with approximately 75 farmers in attendance and held a highbush blueberry pollination demonstration in King County in June
- Assisted in organizing the Rural Energy Action Trade Show and Conference (REACT 2008) with the local steering committee and the Inverness Victoria Federation of Agriculture November in Port Hawkesbury; this two-day conference focused on energy conservation, rural sustainability and renewal energy options
- Held a Sprayer Tune-up Clinic for field crop and vegetable farmers in the Annapolis Valley and Truro in partnership with the Soils and Crop Improvement Association of Nova Scotia



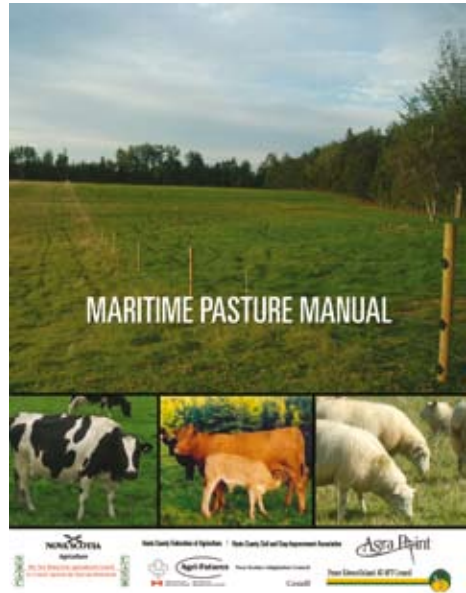
*Held two Lameness and Hoof Trimming workshops in Truro and Wolfville in July with guest presenter Ernest Hovingh, DVM, PhD, Penn State University*

- Held the two-day Atlantic Pasture Advantage Workshop in Truro and another one-day session in Nappan focusing on grazing practices for sheep and beef farmer in partnership with the Nova Scotia Agricultural College and the Sheep Producers of Nova Scotia
- Held two half-day information sessions on grapes and highbush blueberries respectively, at University St. Anne. Roughly forty were in attendance for each session.
- Provided planning and organizing assistance for the Atlantic Poultry Conference being held in February 2009
- Held two Transition Cow Workshops in Port Hawkesbury and Truro in October, and an Open House and Dairy Innovation Day in Antigonish County in November
- Organized a Wild Blueberry Small Acreage Workshop in Debert, Nova Scotia and participated in three Wild Blueberry Producers Association of Nova Scotia twilight meetings in June with over 50 producers at each meeting; presented at WBPANS Field day in Debert with 300+ in attendance
- Held 13 Orchard Outlook meetings with Agriculture and Agri-Food Canada and Scotian Gold staff to discuss current orchard issues and led a day-long apple pruning workshop
- Held a Forage and Grain Session with farmers in Queens County and Bridgewater, hosted three Corn Planter Clinics in Antigonish, Truro and Berwick, held a Production Forage Workshop and conducted a forage quality seminar in Cape Breton
- Assisted with the program for the Nova Scotia Fruit Growers Association Annual Orchard Tour and lead the day long tour; co-lead half-day tour for the Apple Farmers Association of Nova Scotia
- Held Cereal and Soybean Grower Sessions in Port Hawkesbury, Scotsburn, Truro, Amherst and Wolfville with 120 growers in total attendance; organized by AgraPoint with speakers also from NSAC, Nova Scotia Crop Development Institute and Monsanto
- Made a presentation at the Federal/Provincial/Territorial Committee on Pest Management and Pesticides in Halifax on October 1st on behalf of AgraPoint, Horticulture Nova Scotia and the Nova Scotia Beekeepers Association

- Made a presentation on extension delivery to CropLife meetings in Halifax in September
- Attended 12 Scotian Gold Grower meetings, led four noon-hour grower sessions for Caven-dish AgrServices and led four noon-hour field meetings on organic apple production

### Publications

- Wrote and published five *CropLinks* newsletters sent to 422 forage, corn and cereal produc-ers which is mailed within a day of publishing
- Completed a *Cereal Management Checklist Factsheet* and mailed to over 250 grain growers
- Completed a *Broiler Litter Management Fact Sheet* and a *Ranch Clean-up Fact Sheet*
- Published 14 *Orchard Outlook* newsletters for the tree fruit industry
- Produced and distributed over 30 e-newsletters in wild blueberries, small fruits and veg-etables
- Developed the *2008 Corn Guide to hybrid Selection* and the *2008 Cereal Guider to Variety Selection for Nova Scotia*
- Wrote 12 Farm Focus Cultivator columns
- Revised *Opportunities and Chal-lenges for Wine Grape Production in Nova Scotia* factsheet
- Continued the development of a *Maritime Pasture Manual* in partner-ship with Hants County Soil and Crop Improvement Association and Hants County Federation of Agriculture
- Developed *Recommended Wine Grape Varieties for Nova Scotia* fact sheet
- Developed and published two on-line pesticide applicator re-certification exams: Pesticide Application Equipment and Weed ID and Terminology
- Worked with Nova Scotia Department of Agriculture Business Development and Economics staff to prepare the *Business Planning and Economics of Wine Grape Production in Nova Scotia* fact sheet
- Updated on-line pest management guides
- Produced dairy fact sheets on transition cow, forage minerals and trace elements, rancid milk protocol and dairy herd lameness



### Research

- Maritime Silage and Grain Corn Hybrid Test: trials in Grand Pre and Stewiacke
- Maritime Forage Variety Test: trial in Aylesford and Old Barns
- Soybean Seeding Rate and Row Spacing Trial: trial in Canning in partnership with the NSAC
- Vomitoxin Monitoring of Cereal Varieties: trial in Canning in partnership with the NSAC
- Cereal Straw Yield Determinations: trial in Canning in partnership with the NSAC
- Manure Use and Water Quality Research: trial at Kentville Research Station in partnership with Agriculture and Agri-Food Canada (AAFC)
- Corn Stalk Nitrate Assessment Research Summary: partnership with AZAR and AAFC
- Apogee for Runner Suppression in Strawberries: member of graduate committee
- Completed 1st year of Nova Scotia Technology Development projects and wrote interim report: Maritime sweet potato management practices for high yields and quality and sweet pepper management system in high tunnels for yields and good quality.

- Onion Splitting Trial: summarized data from field trial, reviewed literature on herbicide injury and onion splitting; also worked together with Dr. Hong Li and Horticulture Nova Scotia on project proposal to better understand relationship between herbicide residue and onion splitting
- Reduced Tillage in Vegetable Production: identified research opportunities in
- Crop Development: continued work on Maritime Sweet Potato Project and a oilseed pumpkin project
- 2008 Maritime Corn Test: co-ordinated and planted; 48 grain corn and silage corn varieties evaluated at five Maritime sites

*Strawberry Soil Revitalization Project: continued second year of an applied research project seeking to find environmentally sound solutions to a phenomenon in strawberry production whereby performance declines in successive rotations due to the proliferation of soil pathogens causing black root rot disease*



- Temperature Microclimate Survey of the Annapolis Valley: continued with fifth year in partnership with Grape Growers Association of Nova Scotia and COGS to prepare a temperature database for the Annapolis Valley that will help steer investors to best sites for grape development in the Annapolis Valley.
- Foxberry Fertility Trial: completed and initial work began on determining funding for a further development strategy for the berry in Nova Scotia
- Maritime Forage Variety Trials: harvested and compiled data for 1st and 2nd cuts at the Maritime Forage Test Site in Aylesford and Old Barns (these are 2 of 5 official test sites in the Maritimes assessing 78 different alfalfa, clover and grass varieties)
- Highbush Blueberry Pruning Trial: continued with the second year of an applied research project examining the most effective and efficient method for renovation of neglected highbush blueberry plantings.
- Cherry Rootstock Evaluation: second year of a cherry rootstock trial located in a new planting of sweet cherry on Nogginn's Corner Farm

### **Development Initiatives and Projects**

- Continued work with the Atlantic Poultry Research Institute including: providing expertise and training to NSAC and Nova Scotia Department of Transportation staff on technical solutions to ventilation and lighting problems at the Atlantic Poultry Research Centre; providing technical assistance in planning new hatchery research facility for the NSAC; continued input on poultry research and establishing research priorities
- Partnered with Delbridge Disease Management and the Wild Blueberry Producers of Nova Scotia on the annual blight monitoring line to quickly alert growers of blight pressures and appropriate precautions
- Created a National Database for Brand Names of Organic Inputs permitted under the new standards
- Participated in the "grape course committee" leading to first "Introduction to Wine Grape Production" course offered at Kingstec Campus of the Nova Scotia Community College in January 2009

- Hosted a local foods/farmers market discussion in Guysborough, in cooperation with Nova Scotia Department of Agriculture and members of the Antigonish Farmers Market, with the possible outcome being the formation of a market at the Guysborough Waterfront
- Continued work on developing the Atlantic Dairy Farmers Emergency Management Plan

*Partnered with the Nova Scotia Department of Agriculture to offer a phone and on-line hay and forage listing service to connect farmers with excess hay or forage with those needing additional inventory due to unfavourable late summer/early fall weather.*



- Co-chaired and supported the Nova Scotia Poultry Emergency Response Plan Committee including partnering on cleaning and disinfection sessions with the Canadian Food Inspection Agency, further development of the ERP plan and communication, and co-ordination of the provincial poultry industry response during the Canadian Animal Health Coalition disease simulation
- Established protocols for clean-up and bio-security of an AD positive mink ranch
- Continued work on On-Farm Food Safety programs for chicken, turkey, broiler breeders, feed, pullet, etc.
- Attended Nova Scotia Mink Breeders Association Field Day and AGM, and conducted farm calls and phone discussions with mink producers; also a representative on Nova Scotia Fur Institute; also sit as a representative on the Nova Scotia Fur Institute
- Continued work on designing and implementing an ocean by-products input trial focusing on the implications of seaweed extract and emulsified fish on plant health and disease levels in blueberry
- Held discussions on a pilot project for attracting new immigrant investors to agriculture
- Met with company representatives from the Atlantic BioEnergy Corporation (ABC) to discuss Sugar Beet for Ethanol Production in Nova Scotia
- Met with mink producers in Port Hood region to discuss the potential for opening a shared feed kitchen and wet food storage facility
- Assisted the Cape Breton Farmers Market in making application to the Nova Scotia Strategic Investment Infrastructure Fund
- Worked with red meat commodity groups to start a Red Meat Council; it is hoped that this will act as a forum for idea sharing and development of common issues and interests among the red meat sector
- Worked with the Maritime Organic Grains Network and helped in the creation of a Maritime Organic Berry Network
- Worked on the permitted substances list for the National Standards for Organic Production and worked with the Atlantic organic community on the creation of a local accredited certifying body (Atlantic Certified Organic) and a Nova Scotia Organic Advocacy Group (Organic Council of Nova Scotia)
- Had contact with a significant number of people who are interested in starting sheep operations and on-going contact with beef producers; major issues of concern were continued low beef prices, high feed costs, and poor summer weather resulting in poor forage harvest conditions and poor forage

- Worked on the development of a Business Plan Model for Organic Honey Producers in Cape Breton
- Working with Nova Scotia Power officials, local Boularderie Island producers, the National Research Council and Dalhousie University's Department of Engineering regarding the potential for utilizing waste heat from the Point Auconi plant to support greenhouse operations and possibly utilizing the crown land near the Point Auconi site to develop an educational farm that demonstrates the use of alternative energy in agriculture

*Completed winery acreage inspections for 11 Nova Scotia wineries*



- Worked with the Scotia Organic Milk Producers Cooperative to help farmers during transition
- Continued work on the Radio Frequency Identification Demonstration (RFID) Project that involves the development and demonstration of the use of RFID in feedlot cattle to streamline/enhance the management on the participating feed lot
- Participated in discussions on developing a local food distribution strategy for Cape Breton; this followed a meeting between the Department of Economic Development, Cape Breton producers and the Province of Nova Scotia's Procurement Department to assess the capacity of producers to provide local food substitution at provincial institutions in Cape Breton region
- Completed inspections for 30 producers under the Nova Scotia Fruit Grower Honeycrisp Orchard Renewal Program
- Held discussions with farmers interested in starting a Veal Value Chain
- Continued work on Strawberry Systems 2010, a co-operative project with Ontario and Quebec, that seeks to provide enhanced extension support for strawberry producers using innovative production systems such as plasticulture, raised-beds, composting, day-neutrals, and high-tunnels; directed farm calls and survey information collection are being conducted to prepare a database of "best methods" to increase adoption success of these systems
- Began conducting an investigation of "best development areas" for cranberries; several clients have been toured through these areas
- Worked with directors of the Digby County Community Pasture to make grazing productivity improvements

## Other Services

In addition to Extension and Development Services, AgraPoint generated \$903,028 in revenue in 2008 from additional services noted below which are not covered under the funding from government. Key revenue generators are quality and food safety consulting services and training, nutrient management plans, dairy nutrition consulting and variety, crop and field product evaluations.

### Quality Assurance and Food Safety

Our team of quality and food safety specialists offer services in HACCP, auditing, quality assurance and food development and training, with many of our public courses offered in partnership with the Guelph Food Technology Centre.

*HAACP-based services include:*

- development of HACCP plans and programs
- maintenance of plans (verification & validation)
- HACCP plan improvements
- on-farm food safety programs

*Auditing services include:*

- preparation for the auditing process
- internal audits
- third-party verification.

*Quality assurance and product development services include:*

- program development
- food product development
- traceability and recall
- nutritional labeling
- value added strategies
- public and in-house training on HACCP overview and components (I-V), employee hygiene and food handling, sanitation principles, etc.

### Horticulture

Our team offers the following services to the fruit and vegetable sectors:

- soil management
- input planning and variety options
- crop production systems – management and establishment
- nutrients and nutrient management planning
- pest identification and management (weed, insect, disease)
- crop load
- quality
- development of production protocols for crops new to the area
- industry and market trends and regulatory impacts
- agronomic and product development
- on-farm demonstration trials



- variety and crop evaluation
- field product evaluation
- data development for market and regulatory requirement

### Livestock and Poultry

Our team offers the following services in animal husbandry, nutrition and other areas related to cattle, mink, poultry, sheep, and swine:

- breed selection
- production systems
- pasture and grazing management
- forage feeding
- housing
- husbandry and management advice
- nutrition with ration balancing and evaluation
- quality
- biosecurity
- waste management
- compliance with environmental regulations
- animal welfare
- industry and market trends and regulatory impacts
- full production chain traceability
- value based pricing; marketing; price and market analysis



### Field Cropping

Our team offers the following services in soil and crop physiology, production, harvesting and storage technologies, and other areas related to forage, corn, small grains, and protein crops:

- soil management
- production systems
- input planning and variety options
- crop production management and establishment;
- nutrients and nutrient management planning
- pest identification and management (weed, insect, disease)
- quality
- pasture management
- developing production protocol for crops new to the area
- industry and market trends and regulatory impacts
- agronomic and product development
- on-farm demonstration trials
- variety and crop evaluation
- field product evaluation
- data development for market and regulatory requirements.

### Other

Professional services are also provided in information technology, communications and event management.

# FINANCIAL STATEMENTS

## To The Shareholder of Agrapoint International Inc.

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We have audited the balance sheet of Agrapoint International Inc. as at December 31, 2008 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 December 31, 2008 and the results of operations and cash flows of the company for the year then ended, in accordance with Canadian generally accepted accounting principles.

***WBLI***

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### CHARTERED ACCOUNTANTS

Bedford, Nova Scotia

February 25, 2009



**AGRAPOINT INTERNATIONAL INC.**  
**STATEMENT OF RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
	\$	\$
RETAINED EARNINGS - beginning of year	<b>1,319,962</b>	1,322,046
Net earnings (loss) for the year	<u><b>(223,897)</b></u>	<u>(2,084)</u>
RETAINED EARNINGS - end of year	<u><b>1,096,065</b></u>	1,319,962

# AGRAPPOINT INTERNATIONAL INC.

## STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
	\$	\$
<b>REVENUE</b>		
Consulting and fees (note 10)	3,103,028	3,233,757
Other	22,710	22,935
	<u>3,125,738</u>	<u>3,256,692</u>
<b>COST OF SERVICES</b>	<u>820,531</u>	<u>877,535</u>
	<u>2,305,207</u>	<u>2,379,157</u>
<b>EXPENSES</b>		
Salaries, wages and benefits	1,827,812	1,768,934
Office and administration	176,511	169,577
Occupancy	114,672	111,924
Travel	39,592	60,035
Marketing and communications	16,179	38,616
Professional fees	44,076	67,926
Dues and professional development	31,065	32,227
Board	37,219	33,935
Insurance	33,485	29,853
Business development	291	14,879
	<u>2,320,902</u>	<u>2,327,906</u>
<b>EARNINGS (LOSS) FOR THE YEAR BEFORE OTHER ITEMS</b>	<u>(15,695)</u>	<u>51,251</u>
<b>OTHER ITEMS</b>		
(Loss) gain on disposal of property, plant and equipment	(1,903)	1,070
Investment income	27,374	65,393
Unrealized loss on investments	(132,214)	(31,896)
Amortization net of deferred government assistance (\$nil; 2007 - \$18,402)	(101,459)	(87,902)
	<u>(208,202)</u>	<u>(53,335)</u>
<b>NET EARNINGS (LOSS) FOR THE YEAR</b>	<u>(223,897)</u>	<u>(2,084)</u>

# AGRAPOINT INTERNATIONAL INC.

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008	2007
	\$	\$
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>		
Cash provided from (used in) operations		
Net earnings (loss) for the year	<b>(223,897)</b>	(2,084)
Items in earnings not involving cash		
Amortization net of deferred government assistance (\$nil; 2007 - \$18,402)	<b>101,459</b>	87,902
Loss (gain) on disposal of property, plant and equipment	<b>1,903</b>	(1,070)
Unrealized loss on investments	<b>132,214</b>	31,896
	<b>11,679</b>	116,644
Change in noncash working capital balances		
Accounts receivable	<b>82,867</b>	34,267
Inventory	-	1,015
Prepaid expenses	<b>8,089</b>	651
Accounts payable and accrued liabilities	<b>(24,528)</b>	202,658
	<b>78,107</b>	355,235
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Repayment of long-term debt	-	(5,895)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	<b>(63,386)</b>	(90,537)
Proceeds on disposal of property, plant and equipment	<b>950</b>	1,070
Net disposal (acquisition) of long-term investments	<b>478,302</b>	(264,461)
Net acquisition of short-term investments	<b>(444,809)</b>	(49,331)
	<b>(28,943)</b>	(403,259)
<b>CHANGE IN CASH DURING THE YEAR</b>	<b>49,164</b>	(53,919)
CASH - beginning of year	<b>107,971</b>	161,890
CASH - end of year	<b>157,135</b>	107,971
NOTE:	2008	2007
	\$	\$
Interest paid	<b>2,282</b>	2,665

# AGRAPPOINT INTERNATIONAL INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

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### 1. NATURE OF OPERATIONS

The Agricultural Development Institute Limited was incorporated under the Nova Scotia Companies Act on August 21, 2000, and actively began providing services to the agricultural industry of Nova Scotia in April 2001. Effective October 15, 2002, the Institute changed its name to AgraPoint International Inc. AgraPoint International Inc. is a governmental unit as defined in section 74(c) of the Provincial Finance Act. AgraPoint's objectives are to provide innovative development services that empower the agri-food industry to create new value. Its three main core values are empowerment of the client, importance of rural life and commitment to the future development of the agri-food industry.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Credit risk

The company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the company regularly monitors the balances outstanding from its customers. The customer base is made up of individual farmers and government agencies.

The company does not have a significant exposure to any individual customer or counterpart other than the Province of Nova Scotia as discussed in note 10. The company's customers vary in size and nature. The company incurred bad debt expense in the current year of \$3,684 (2007 - \$1,410).

#### Investments

Short-term investments are classified as held for trading and are recorded at fair market value. At year end, the quoted market value was substantially the same as the cost. Unrealized gains and losses are included in net earnings for the year.

Long-term investments have been classified as held for trading because of the activity in the portfolio that has occurred during the past two years. The long-term investments have been recorded at fair market value, which is the quoted market value, with any unrealized gains and losses related to the long-term investments included in net earnings for the year.

#### Property, plant and equipment

Property, plant and equipment are stated at cost. Amortization is provided by the diminishing balance method at the following annual rates:

Computer hardware	50%
Computer software	100%
Furniture and fixtures	20%

Leaseholds are being amortized by the straight-line method over 10.33 years which is the term of the lease.

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Government assistance related to property, plant and equipment has been applied against the cost of the related asset.

**AGRAPOINT INTERNATIONAL INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Investment in significantly influenced entity**

The company's investment in Global Food Excellence Inc., of which it owns 25% of the outstanding voting shares and over which it exercises significant influence, is accounted for by the equity method. Under this method, the investment is initially recorded at cost and is increased for the proportionate share of any post acquisition earnings and is decreased by any post acquisition losses and dividends received.

**Revenue recognition**

Revenue related to the Province of Nova Scotia's annual contribution is recognized equally over the year in which it is received.

Investment income is recognized as revenue when earned.

Consulting and fee income is recognized as revenue as the service is provided.

**Fair values of financial instruments**

The company's financial instruments are comprised of cash, short-term investments, accounts receivable, long-term investments and accounts payable and accrued liabilities.

Cash, accounts receivable and accounts payable and accrued liabilities are reported at their fair values on the balance sheet. The fair values are the same as the carrying values due to their short-term nature.

The fair values of short and long-term investments are disclosed in the respective notes to the financial statements.

**Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**3. INCOME TAXES**

The company and its property are exempt from taxation under section 149(1)(d) of the Income Tax Act.

**4. SHORT TERM INVESTMENTS**

The short-term investments are comprised of government bonds, treasury bills and other interest bearing investments. The cost of the short-term investments at the end of the year is \$734,586 (2007 - \$286,807).

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# AGRAPOINT INTERNATIONAL INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

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### 5. PROPERTY, PLANT AND EQUIPMENT

	2008			2007
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer hardware	170,718	122,388	48,330	62,727
Computer software	81,920	63,612	18,308	18,911
Furniture, fixtures and equipment	141,317	79,758	61,559	74,426
Leasehold improvements	117,470	73,986	43,484	56,543
	<b>511,425</b>	<b>339,744</b>	<b>171,681</b>	<b>212,607</b>

### 6. INVESTMENT IN COMPANY SUBJECT TO SIGNIFICANT INFLUENCE

The company has a 25% investment in Global Food Excellence Inc. Its share of the loss of Global Food Excellence Inc. for the year ending December 31, 2008 is \$53 (2007 - loss of \$499). The cumulative loss in Global Food Excellence Inc. up to December 31, 2008 is \$4,950. The company will apply its share in the cumulative unrecognized loss, which is \$1,237 against its share of future profits from Global Food Excellence Inc. Once the company's share of profits equal its share of the losses not recognized, the company will resume including its share of profits from Global Food Excellence Inc. in its earnings and increase the carrying value of its investment.

**AGRAPOINT INTERNATIONAL INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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**7. LONG-TERM INVESTMENTS**

	2008	2007
	\$	\$
Fixed Income		
Imperial short-term bond pool is made up of bonds, debentures, notes or other debt instruments, of Canadian and non-Canadian issuers, with a remaining term to maturity of one to five years. The interest rate exposure for the top ten holdings ranges from 3.50% to 4.80%. The cost of this investment is \$104,419 (2007 - \$170,461).	<b>107,283</b>	169,716
Imperial Canadian bond pool is made up of bonds, debentures, notes, other debt instruments (whether secured or unsecured), preferred shares and convertible preferred shares of Canadian and non-Canadian issuers. The interest rate exposure for the top ten holdings ranges from 3.55% to 11.00%. The cost of this investment is \$151,334 (2007 - \$287,207).	<b>149,681</b>	285,347
	<b>256,964</b>	455,063
Investments in equities - The cost of this investment is \$403,855 (2007 - \$682,704).	<b>270,444</b>	682,861
	<b>527,408</b>	1,137,924

**8. CAPITAL STOCK**

	2008	2007
	\$	\$
Authorized		
1,000,000 Common shares without nominal or par value		
1,000,000 Common shares with a par value of \$1 each		
Issued		
1 Common share without nominal or par value	<b>1</b>	1

**AGRAPOINT INTERNATIONAL INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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**9. COMMITMENTS**

The company is renting office premises in Kentville, Truro and Cape Breton. The annual rent commitment for all three locations is \$151,956. The long-term leases for Kentville and Cape Breton expire in April 2012 and June 2010 respectively, and the office space in Truro is rented on a month by month term.

The company is leasing office equipment expiring October 2010 and October 2011. The annual rent for the next three years is as follows:

	\$
2009	15,084
2010	11,717
2011	1,212

The Board of Directors has made a commitment to the Soil and Crop Improvement Association of Nova Scotia to provide funding for an industry nutrient management chair position at \$25,000 per year for five years commencing in the year when the position is created.

**10. ECONOMIC DEPENDENCE**

The company has signed a Memorandum of Understanding with the Province of Nova Scotia to provide services as described in this document for a five year period ending in 2010. The annual fee to be paid for the services performed is \$2,200,000.

