

Annual Report
2004-2005



Environmental Technology
Advancement Centre

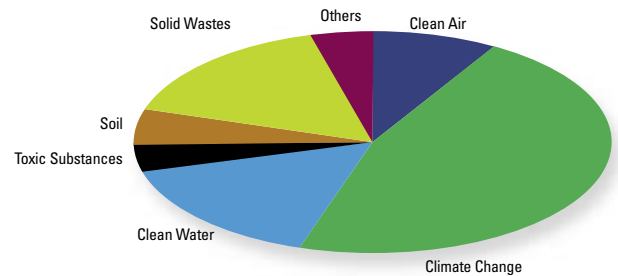
Enviro-Access...

...fosters the emergence and supports the development of innovative projects and businesses that contribute to the improvement of the quality of the environment and to sustainable development on a local, national and international scale...

by...

- Implementing pollution-prevention projects that improve the profitability of manufacturers;
- Supporting businesses that develop innovative environmental solutions;
- Managing and coordinating various multi-stakeholder projects.

Distribution of Clients by Environmental Sector



Client profile

■ 89 small and medium-sized businesses who*:

- increased annual sales by \$249,213,000, including \$31,651,000 in exports for an average growth of 14% in 2004;
- created 966 new jobs;
- invested \$80,071,000 in research and development.

**Data was calculated based on results of a 2004-2005 survey of 74 business clients.*

■ In addition to Environment Canada, 18 government departments, organizations, municipalities and universities have used Enviro-Access services to:

- manage, coordinate and implement 23 projects;
- carry out over \$1,000,000 in mandates.

■ Researchers, entrepreneurs and managers from across Canada and 60 countries around the world rely on Enviro-Access to provide answers to their questions:

- 2,912,940 visits to the Enviro-Access Web site;
- 106 specific requests for information by telephone or e-mail.

93% of surveyed clients feel Enviro-Access provided good service.

This annual report has been printed on EcoLogo-certified paper. This chlorine-free and acid-free paper contains 100% post-consumption recycled fibres, and is made from recovered biogas. Using a 100% recycled paper has allowed the conservation of 2.2 mature trees.



The team

From left to right, starting with the upper row:

François Roberge, Director, Innovation Services

Thomas D. Ryan, Director, Pollution Prevention Services

Gary Whipp, Senior Advisor

Marie-Ève Camiré, Project Agent

Danielle Gélinas, Executive Assistant to the President and CEO

Madeleine Poisson, Administrative Assistant

Adriana Méndez-Sagel, Project Agent

François Perron, Eco-efficiency Advisor

Joëlle Muyldermans, Project Agent

Manon Laporte, President and CEO

Message from the Chairman of the Board and the Chief Executive Officer



The year 2004-2005 was marked by consolidation of our expertise within the core areas targeted during the previous fiscal year. Our mission is wide ranging, but limited resources require us to focus on increasingly specific areas.

Our efforts to concentrate on delivery of services in targeted areas such as development and reporting for projects reducing greenhouse gas emissions are providing concrete results. Several entrepreneurs and organizations have entrusted us with work in this area and have expressed their appreciation.

The strategy of specialization of our expertise has had a positive effect on our level of activity. This year, we have performed work for 89 small and medium-sized businesses and 19 government departments, organizations, municipalities and universities. These projects generate major economic and environmental benefits. We encourage you to learn more about our work and its impacts through this annual report.

Chairman,

Claude Bégin
Fasken Martineau DuMoulin

President and CEO,

Manon Laporte
Enviro-Access Inc.

Members of the Board

Members of the Board, from left to right :

Gérard Bouchard, Propage Créativité Marketing - **Jean-Maurice Plourde**, CQVB - **Daniel Williams**, Raymond Chabot Grant Thornton - **Serge Pichette**, Bélanger Sauvé - **Nathalie H. Tremblay** - **Guy Fouquet**, Le Groupe S.M. International - **Claude Bégin**, Fasken Martineau DuMoulin - **Manon Laporte**, Enviro-Access

Absent on the photo: **Martial Bilodeau**, BDC - **Edwin Bourget**, Université de Sherbrooke - **Raymond Goulet**, Jacques Whitford and **Richard Royer**, Kanitek

Environment Canada observers

**Environmental Technology Advancement Directorate
Technology and Industry Branch**

Abe Finkelstein, Chief - Innovative Solutions Division

Liliana Gwizdkowska, Program Officer - Innovative Solutions Division

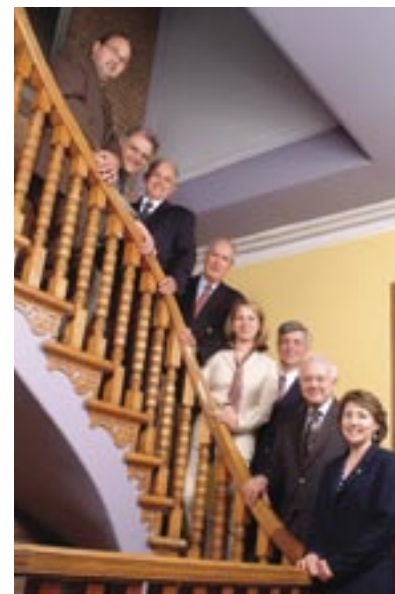


Key Partner

Environnement
Canada

Environment
Canada

Canada



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enviro@enviroaccess.ca
www.enviroaccess.ca

Members

Bélanger Sauvé – Bristol Group – Centre québécois de valorisation des biotechnologies (CQVB) – Dessau-Soprin – École Polytechnique (affiliated to l'Université de Montréal) – Fasken Martineau DuMoulin – Goudreau Gage Dubuc – Groupe Teknika – GSI Environnement – I.C.I. Environnement – Jacques Whitford – Lapointe Rosenstein – Le Groupe S.M. International – Marcon DDM – Praxis Stratégie Communication – Propage Créativité Marketing – Raymond Chabot Grant Thornton – Tecslut Environnement – Université de Moncton – Université de Sherbrooke – Université Laval

Highlights

Recruited businesses and organized meetings for the International Business Matchmaking Forum at AMERICANA 2005, the Pan-American Environmental Technology Trade Show and Conference, held in Montreal from April 6 to 8, 2005.

- 787 business meetings were organized.
- 52 Canadian businesses participated.
- 122 delegates from businesses and organizations in 34 foreign countries attended the Forum.



Pierre-Félix Brisson,
President, **Aquasolution,**
Manufacturer of
integrated water
treatment systems
Participant -
**International Business
Matchmaking Forum at
AMERICANA 2005**

“This year, the International Networking Forum at the AMERICANA Trade Show was extremely interesting. Enviro-Access' work allowed us to optimize the schedule of our small team.

At the Show, I was able to meet with a representative from the dairy industry in Panama; 13 days later I was sitting in his office

in Panama City. I met his boss, his team and members of his board of directors. Since then, we have founded a Panamanian company. Our partner and representative in Panama has already received two promising prospects in Venezuela and Columbia. The first meeting Enviro-Access organized at the International Business Matchmaking Forum was an important catalyst for our exports. //

Coordination of 24 EnviroclubSM pollution prevention projects resulted in:

- Annual operating cost savings of **\$823,000**;
 - An average payback period of **22 months**, **45%** of projects had payback period of less than one year;
 - Annual reductions in natural gas consumption of **450,000 m³** (the amount it would take to heat **185 houses**) and **454,000 m³** of drinking water (the amount it would take to fill **136 Olympic-sized swimming pools**);
 - Annual reductions of **20 tonnes** of hazardous waste, **15 tonnes** of volatile organic compounds (VOCs) and **1,000 tonnes** of carbon dioxide (CO₂eq), the equivalent to that released by **213 cars**.
- An EnviroclubSM helps a group of SMEs within a given region to implement profitable pollution prevention projects by reducing the associated technical and financial risks.*



Thomas Frédérick Demers,
President,
Tricots confort absolu inc.,
Undergarment
manufacturer, **Enviroclub
Montreal 2004** participant

“The project we completed as part of the Enviroclub initiative was part of our company's global plan. My participation in the workshops changed the way I do things as a manager; now I look at pollution prevention projects as profitable. My primary objective is still the reduction of energy costs and I'm proud that our project has produced significant benefits for the environment. I am always looking for reliable performance indicators, and the project carried out with Enviro-Access met my expectations in this area. //

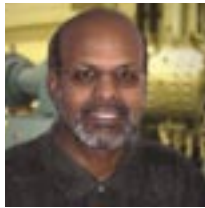
“My company, Voodoo Technologies, benefited significantly from our participation in Enviroclub Montreal 2004: we saved \$115 000 in one year and recovered our investment in only three months! We changed the method we use to dry kayaks and improved the moulds, speeding things up at the mould removal stage. We no longer use Teflon in our moulds, which has reduced our rejects rate by 35%. In addition, plastic waste is now re-used and natural gas consumption has dropped by 22,300 m³/yr. I'm planning other projects like this to increase my productivity while cutting down on negative environmental impacts. //



Jean-François Rivest,
President,
Voodoo Technologies,
Canada's largest kayak
manufacturer, **Enviroclub
Montreal 2004** participant

Coordination of funding applications and technical due diligence reporting for 4 technology demonstration projects with a total value of \$19 million, which received a total of \$7.1 million in public funding.

All of these projects involve developing technologies which will help to attenuate climate change. Current projections predict annual reductions of 44,400 tonnes* of greenhouse gas emissions by 2010.



Purnesh Seegopaul,
Chairman of the Board,
Nanox Inc., company
specializing in the
development of advanced
material components
designed for automobile
pollution control systems

“At Nanox, we have some rather ambitious goals and we know that the success of our business depends upon using our resources carefully. To carry out our expansion and technological development, we count on the collaboration of third-party top-of-the-line experts like Enviro-Access. Nanox has received funding from Sustainable Development Technology Canada (SDTC), which will require the drafting of progress reports. The Nanox team is highly focused on the company’s growth and chose Enviro-Access to help supply professional reports on time and in compliance with SDTC requirements.”

“We called on Enviro-Access to establish a rigorous methodology to calculate greenhouse gas emission reduction. Results obtained allowed us to support the implementation of our financing strategy.

Enviro-Access helped us maintain a constructive relationship with the federal government.”

Vincent Chornet, Vice-President, Finance,
Enerkem Technologies Inc., technology
developer and vendor specialized in partial
oxidation (gasification) systems, gas clean-up,
and catalytic reforming.

* Estimate is based on technology deployment projections and technical evaluations completed by Enviro-Access and using verification practices prescribed by ISO and IPCC. Total potential projections are reduced by 90% to address inherent technological and market uncertainties.

Distinctions



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l’environnement
et l’économie

On February 16, 2005, Manon Laporte was appointed to the National Round Table on the Environment and the Economy (NRTEE). The NRTEE brings together 25 distinguished Canadians appointed by the Prime Minister of Canada for a three-year term.

The NRTEE’s mandate is to act as a catalyst in defining, interpreting and promoting sustainable development principles and practices for all sectors of Canadian society and all regions of the country.

“I am pleased to name this highly skilled, qualified and varied group to the National Round Table on the Environment and the Economy,” said the Prime Minister. “As the Kyoto Protocol comes into force, Canada will depend on their advice, guidance and expertise to ensure that Canada respects its commitments under the Protocol.”

In 2004, two members from the Enviro-Access team were recognized as team leaders for evaluating projects resulting from the TECHNOLOGY EARLY ACTION MEASURES (TEAM), on the strength of their experience and technical skills in designing and analyzing projects impacting greenhouse gas emissions in the following fields:

- Energy efficiency;
- Waste;
- Industrial processes.



Auditors' Report

To the Directors of
Enviro-Access Inc.

We have audited the balance sheet of **Enviro-Access Inc.** as at **March 31, 2005** and the statements of income and surplus and cash flows for the year then ended. These financial statements are the responsibility of the organization'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 organization as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair / Deloitte & Touche s.e.n.c.r.l.

Samson Bélair/Deloitte et Touche s.e.n.c.r.l.
May 19, 2005

Balance Sheet

As at March 31, 2005

Assets

CURRENT

Cash
Temporary investments
(market value \$596 296; 2004 – \$676 741)
Accounts receivable (note 3)
Prepaid expenses

CAPITAL ASSETS (note 4)

Liabilities

CURRENT

Accounts payable and accrued liabilities (note 5)
Deferred revenues

Surplus

	2005	2004
	\$	\$
	15 968	25 259
	596 296	676 741
	549 598	534 550
	10 434	17 496
	1 172 296	1 254 046
	57 245	65 100
	1 229 541	1 319 146
	312 891	350 671
	215 749	289 020
	528 640	639 691
	700 901	679 455
	1 229 541	1 319 146

Statement of Income and Surplus

Year ended March 31, 2005

	2005	2004
	\$	\$
Revenue		
Environment Canada	400 000	400 000
Fees	1 200 115	1 154 472
Contributions (note 6)	89 376	80 617
Interest	13 640	11 852
Other revenues	4 850	9 569
	1 707 981	1 656 510
Direct expenses		
Subcontractors	586 899	540 285
Travel expenses	22 701	28 042
Miscellaneous expenses	27 948	39 789
	637 548	608 116
Net income	1 070 433	1 048 394
Expenses		
Salaries, bonuses and fringe benefits	737 134	655 372
Consultant fees	115 757	87 887
Operation expenses	171 732	154 207
Taxes and permits	5 681	6 708
Amortization	18 683	13 154
	1 048 987	917 328
Excess of income over expenses	21 446	131 066
Surplus, beginning of year	679 455	548 389
Surplus, end of year	700 901	679 455

Notes to the Financial Statements

Year ended March 31, 2005

1. Description of business

The organization, constituted by patent letters under Part II of the Canadian Business Corporations Act is a non-profit organization exempted from income taxes.

Enviro-Access Inc.'s mission is to foster the emergence and support the development of innovative projects and companies contributing to the improvement of the quality of the environment and to sustainable development on local, national and international scale.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Cash and cash equivalents

The organization's cash and cash equivalents include cash, temporary investments and bank overdraft representing highly liquid financial instruments, maturing within three months.

Temporary investments

Temporary investments, consisting of money market funds, are accounted for at the lower of cost and market value.

Capital assets

Capital assets are accounted for at cost. Amortization is computed using the following methods and annual rates :

	Methods	Rates %
Leasehold improvements	straight-line	balance of the lease term
Computers and software	diminishing balance	30
Office equipment	diminishing balance	20

Long-lived assets

The organization performs reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount.

Revenue recognition

The organization recognizes revenue when goods are shipped and collection of the resulting receivable is probable.

Use of estimates

The presentation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of the operating revenues and recurring expenses during the reporting period. Actual results could differ from those estimates.

Deferred revenues

The deferred revenues, which represents the excess of the amounts invoiced or claimed over the expenses incurred per project.

3. Accounts receivable

	2005	2004
	\$	\$
Environment Canada		33 333
Fees and contributions	527 655	486 371
	527 655	519 704
Allowance for doubtful accounts	(14 226)	(24 626)
Sales taxes receivable	36 169	39 472
	549 598	534 550

4. Capital assets

	Cost	Accumulated Depreciation	Net Value 2005	Net Value 2004
	\$	\$	\$	\$
Leasehold improvements	31 030	26 240	4 790	6 158
Computers and software	81 377	46 401	34 976	40 045
Office equipment	76 820	59 341	17 479	18 897
	189 227	131 982	57 245	65 100

During the year, the organization acquired \$11,146 of capital assets (\$30,968 in 2004). Moreover, proceeds for an amount of \$522 on the sale of capital assets was realised and resulted in a gain of \$204 (\$0 in 2004) on assets disposal.

5. Accounts payable and accrued liabilities

	2005	2004
	\$	\$
Accounts payable	280 836	316 572
Salaries, bonuses and vacations	24 371	27 537
Accrued liabilities	7 684	6 562
	312 891	350 671

6. Income

Contributions in services

During the year, the organization received contributions in services representing an amount of \$64,605 (\$65,415 in 2004), which are included in the total contributions amounting to \$89,376 (\$80,617 in 2004). The amount of \$64,605 (\$65,415 in 2004) out of a total of \$115,757 (\$87,887 in 2004) is also included as expenses under the heading Consultant fees.

7. Commitments

The organization leases offices under leases expiring at the latest October 2008. Future minimum lease payments will aggregate \$137,187. Minimum payments payable over the next years are as follows: 2005 = \$41,997; 2006 = \$41,088; 2007 = \$41,697; 2008 = \$12,405.

8. Supplementary information on cash flows

The cash flow statement has not been reproduced in the annual report. All the information is available in the annual financial report.

9. Financial instruments

The fair value of cash, temporary investments, accounts receivable, accounts payable and accrued liabilities is approximately equal to their carrying value due to their short-term maturity date.