

The Future is in Our **Genes**



Research

Commercialization

Outreach



“Your future, that of your children, and that of your country depend on understanding a global economy driven by technology. Understanding code, particularly genetic code, is today’s most powerful technology.”

Juan Enriquez,
As the Future Catches You: How Genomics and Other Forces are Changing Your Life, Work, Health and Wealth

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CHAIRMAN'S MESSAGE

Scientists need unwavering, long-term commitments to conduct their research. In fact, by its very nature, life sciences research is a lengthy process that requires special skills, collaboration, patience, and the full support financially and otherwise of the community at large. However, if these ingredients are mixed and sustained, the potential to deliver profound positive results and great benefits to society as a whole are immense.

That is why I am delighted and honoured to be the new Chairman of the Ontario Genomics Institute (OGI). I believe that if we provide scientists with the support they require, we will help ensure that Ontario plays a key role in transforming our economy and standard of living in ways that will cement the prosperity of future generations here and around the world.

OGI has made tremendous strides in providing a stable, encouraging environment for genomics and proteomics research. It has established a foundation upon which scientists can receive the tools they need to succeed. It is also an institution that continues to evolve and renew itself to meet new challenges and opportunities. This is apparent in its ability to continue to attract talented individuals to its board and management team; its new business plan; and its commitment to outreach, education and open dialogue.

Our board and management team are comprised of experienced individuals and new talent that represent a diverse range of expertise. They are also energetic, committed and passionate. It is with this in mind that I would like to congratulate Don Lenz on his appointment as Vice-Chairman and welcome Christian Burks as OGI's new President and Chief Executive Officer. I also want to recognize and congratulate Joe Rotman, our previous Chairman, for the leadership and expertise he has provided and to thank him for continuing to be an active member of the board.

We also have five new members of the board: John Molloy, President and Chief Executive Officer of PARTEQ Innovations; Mark Poznansky, President and Scientific Director of Robarts Research Institute; Cheryl Reicin, Practice Leader of the Technology and Life Sciences Group at Tory's LLP; Niclas Stiernholm, Chief Executive Officer of Trillium Therapeutics Inc.; and Brian Underdown, Managing Director of Technology Investing at MDS Capital Corporation. We are fortunate to have board members of this calibre. They bring with them a broad base of experience in technology transfer, intellectual property, funding and venture capital.

There are other important partners helping us achieve our objectives. OGI's healthy and productive relationships with Genome Canada, Ontario's Ministry of Economic Development and Trade and other public and private sector stakeholders are keys to attaining success. We will continue to nurture and grow these relationships to build a globally competitive life sciences industry throughout Ontario.

Altogether, these stakeholders will be instrumental in guiding the OGI strategy detailed in a new business plan that Christian Burks describes in his message. This new business plan provides us with a clearly articulated growth strategy that builds on the fundamentals that are at the core of OGI's mandate: supporting genomics and proteomics research, facilitating commercialization and engaging in the community.

All of us are looking forward to another exciting and productive year at the Ontario Genomics Institute.



J. Mark Lievonen
Chairman of the Board





I am pleased to present the 2004-2005 annual report of the Ontario Genomics Institute (OGI).

Our support of genomics and proteomics research is growing at an impressively rapid pace. OGI's investment portfolio of \$320 million illustrates the tremendous commitment that is being made in this important area. I am delighted to be involved in an organization that has laid an excellent foundation and is continuing to evolve in such a positive manner. As noted by Mark Lievonon in his message, this was a year of transition; we have submitted a business plan that charts our direction for the next five years, and welcomed new research projects to our portfolio and additional expertise to both our board of directors and staff.

OUR MISSION

We are helping to build a globally competitive life sciences industry throughout Ontario. We are doing this by funding top tier research and development in genomics and proteomics; by using a uniquely integrated approach to facilitating commercialization arising from this research; and through creative outreach and education programs to support research and commercialization, thereby increasing Canadians' awareness of the tremendous potential for this research and its major impact on our society and economy. These are the fundamentals on which OGI is built, and over the past year we have made excellent progress in all three areas.

PARTNERS & STAKEHOLDERS

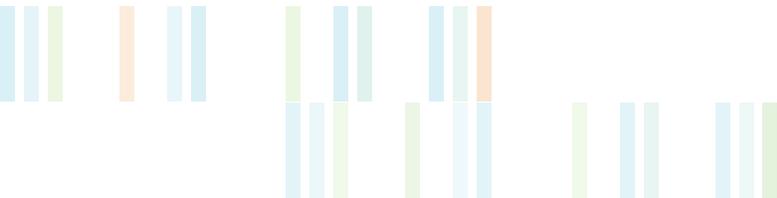
Our partners and stakeholders in genomics and proteomics research across Ontario include scientists at universities and research hospitals, as well as researchers working for biotechnology firms, pharmaceutical companies, and other private organizations.

The core of our enterprise is attracting, cultivating and funding the best researchers, and furthering the international contributions of Ontario scientists. We are increasing our role and emphasis in platform technology resources management and funding to ensure they remain state-of-the-art so that Ontario researchers have the tools and technologies to conduct world-class work and stay at the forefront. We look forward to continuing our meaningful relationships with this community in the years ahead.

The same holds true for those who foster the commercialization of life sciences research, including institutional technology transfer offices, regional commercialization initiatives, companies acquiring technology and private sources of financing spin-offs and start-ups.

Our focus on the societal impact of the research we support is another crucial component of our activities. This includes ethical, economic, environmental, legal and social impact topics, and is the basis for our interest in contributing to an aware and informed population in Ontario.

We share with all of these stakeholders a commitment to the success of Ontario's life sciences sector on the world stage and will continue to look for new ways to work with them.



OUR STRATEGY

Our fundamentals — research programs, commercialization, and outreach — are central to OGI's mandate, and we will continue to strengthen each going forward. In addition, our new business plan outlines many initiatives which:

PROVIDE

a more active, visible and opportunistic leadership for genomics and proteomics research, development and commercialization in Ontario, including a more direct role in managing platform technology resources;

CREATE AND LEVERAGE

a stronger internal emphasis on education and outreach around the impact of genomics on ethics, environment, economics, law and society;

BUILD

tighter, more productive working relationships with Ontario's provincial government and its commercialization vehicles — the MaRS Discovery District and Regional Innovation Networks (RINs);

SET

a framework for broader, meaningful working relationships with our institutional stakeholders across Ontario, especially in areas of securing funding for research and commercialization;

ENABLE

us to attract a more specialized and experienced staff; and

IDENTIFY

measures to monitor the impact of OGI and OGI-funded projects in building a more globally competitive life sciences industry.

We have already started implementing these six objectives.

I would like to thank my predecessor, Ronnie Gavsie, who, during her tenure as President and CEO, forged productive partnerships with Genome Canada, the Government of Ontario and Ontario's many excellent research institutions. Ronnie's commitment has laid an excellent foundation for us to build as we work with our partners and Ontario's scientists to extend the public and private funding base for genomics and proteomics.

I am looking forward to working with the board, staff, stakeholders and partners in achieving our goals as Ontario assumes its leadership in genomics and proteomics research, commercialization and outreach.



Christian Burks
President and Chief Executive Officer

“We are helping to build a globally competitive life sciences industry throughout Ontario.”





Research

DIAGNOSTICS AND BIOMARKERS

Improving diagnostics is one of the goals of genomics research. Scientists in Ontario and around the world are working to uncover “biomarkers” — patterns of information contained in the genome that will provide medical professionals with a better understanding of how a patient will respond to treatment before the treatment is administered.

For example, during a clinical trial a subgroup of the test subjects may experience a similar side effect. Scientists, in examining DNA samples from members of the subgroup, may discover a specific genetic pattern common only to those who experienced the similar reaction. This genetic pattern may or may not be directly related to the side effect. However, by testing patients for this biomarker before prescribing treatment, doctors can reduce the likelihood of their patients experiencing this adverse effect.

Biomarkers are also an early diagnostic tool for diseases such as cancer and heart disease.

There are several different approaches to identifying biomarkers:

Protein Identification:	Scientists collect cells from the subject and examine them for the kinds and numbers of proteins being produced.
DNA Microarray Analyses:	Scientists apply fluid from the cell to a specially prepared microscope slide that has tens of thousands of gene representatives laid out in a specific pattern, and then examine the array to determine which genes are being read out.
SNP Array Analyses:	Scientists can also apply samples prepared from cells to microscope slides that contain DNA, arranged in a specific pattern, and look for single nucleotide polymorphisms (SNPs) — specific changes to a gene sequence that may be linked with a particular disease.

By combining the analysis from several approaches, accurate biomarkers can be determined for specific subpopulations.

By providing the tools needed for more accurate diagnosis of patients, genomics promises far-reaching change in how drugs and other treatments are developed, tested and administered. For this reason, Ontario’s genomics community, with the support of OGI, Genome Canada and other co-funders, is conducting world-leading research into identifying new biomarkers.



Following are five examples of research projects being conducted on diagnostics and biomarkers:

ASSESSING RISK FOR COLORECTAL TUMORS IN CANADA (ARCTIC)

Led by Dr. Brent Zanke at Cancer Care Ontario and by Dr. Tom Hudson at McGill University and Genome Quebec Innovation Centre, this project is developing a test to predict people's genetic susceptibility to colon cancer. By better understanding the key genetic factors involved, researchers will be able to identify individuals at risk. Effective early intervention could save lives.

Initial analyses have been completed leading to the identification of a shortlist of potential risk indicators. Multiple single nucleotide polymorphisms (SNPs) have been found in genes with statistical significance in cases versus controls.

FIBER OPTIC NUCLEIC ACID (FONA) BIOSENSOR BASED GENE PROFILING: PROOF OF PRINCIPLE BY SCREENING FOR DRUG LEADS FOR ORPHAN NEURODEGENERATIVE DISORDERS AND SNP ANALYSIS

Led by Dr. Alex Mackenzie and Dr. Paul Piuino at the Children's Hospital of Eastern Ontario and by Dr. Ulrich Krull at University of Toronto at Mississauga, this proof of principle project is developing a new method to detect genetic abnormalities in newborns and screen for inherited diseases and chromosomal anomalies. The method, based on fiber optic nucleic acid technology, is highly sensitive and can be reused hundreds of times, making it more cost-effective than existing alternatives.

This project has successfully demonstrated the usefulness of FONA biosensors as a biomedical tool for SNP analysis and measuring gene dosage.

GENETIC DETERMINANTS OF HUMAN HEALTH AND DISEASE

Led by Dr. Katherine Siminovitch at the Samuel Lunenfeld Research Institute, this project is an examination of how mutations in multiple genes impact diseases such as Alzheimer's disease, Inflammatory Bowel Disease, cancer and osteoporosis. The findings will help create molecular diagnostic technologies for treatment at early onset.

Their identification of variants on two genes associated with Crohn's disease was published in Nature. Genotyping and microarray analysis has identified areas on three different chromosomes containing groups of genes that may be associated with Alzheimer's disease.

MASS SPECTROMETER-BASED FLOW CYTOMETER, METHODS AND APPLICATIONS

Led by Dr. John Dick at the University Health Network, this project is developing tools to identify cancer stem cells and examine them for different types of cancer. The findings will help physicians make personalized diagnoses that can be used to deliver timely and effective treatment, with minimal side effects, for cancer patients. This project has just begun and is already ramping up research activities.

PROTEIN EXPRESSION PROFILING PLATFORM FOR HEART DISEASE BIOMARKER DISCOVERY

Led by Dr. Peter Liu, Dr. Andrew Emili and Dr. David MacLennan at the University of Toronto, this project is an examination of molecular biomarkers in the blood to identify patients with early-stage heart failure or risk of heart failure. The findings will lead to early diagnosis allowing preventative treatment and to the development of new medications that can prevent or delay heart failure. This project has just begun and is already ramping up research activities.



FUNCTIONAL GENOMICS AND PROTEOMICS

Functional genomics and proteomics is the study of the interactions between various components in a cell. It maps the many routes from the information contained in a cell's DNA, through to the creation of proteins, and on to how those proteins work with other components to build the self-sustaining, self-replicating, microbiological machines that are known as “cells,” the basic unit of life.

Through functional genomics and proteomics, scientists seek to answer several questions, including:

- How does a cell know what proteins to make, when to make them and when to stop?
- How does a cell know how many of these proteins to make?
- Once a protein is made, with what other proteins and molecules does it interact?

By understanding these relationships — the networks and pathways of the cell — scientists gain new insights into how living systems function. Where a biomarker may indicate the presence of a certain condition, functional genomics seeks to determine how that condition came about. Ultimately, it may then be possible to use this information, for example, to create better treatments for diseased (or cancerous) cells through more targeted drug design.

Following are five examples of research projects being conducted in functional genomics and proteomics:

PROJECT	FUNCTIONAL GENOMICS AND PROTEOMICS OF MODEL ORGANISMS
1	

Led by Dr. Janet Rossant, Dr. Andrew Spence, Dr. Anthony Pawson at the Samuel Lunenfeld Research Institute, Dr. Brenda Andrews and Dr. Jack Greenblatt at the University of Toronto, this project studies the function of proteins in a variety of model organisms — including bacteria, yeast cells, worms, fruit flies and genetically modified mice. By identifying and understanding similar gene structures and functions across these organisms, whose genomes have been fully sequenced, researchers gain new insights into gene structure and function in human cells.

The work from this group has been published in several top-tier journals such as *Science*, *Nature*, *Nature Genetics* and *Cell*.

PROJECT	DEVELOPMENT AND APPLICATIONS OF FUNCTIONAL GENOMICS TECHNOLOGIES
2	

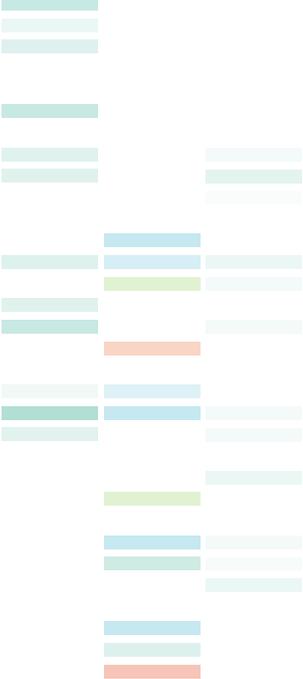
Led by Dr. James Woodgett at the University Health Network, this project is increasing the efficiency of functional genomics research by developing new, higher-throughput microarray technologies. These technologies will help scientists determine, for example, which genes are improperly expressed in cancerous tissue, or how a specific drug treatment affects a subject at the genetic level.

One of the most important advancements from this project has been the design and implementation of a robust database solution for storing clone information for each array. Another important step forward was the launch of full gene expression services. In the past year, 280 arrays have been processed through this service.

PROJECT
3 FUNCTIONAL GENOMICS OF ARABIDOPSIS

Led by Dr. John Coleman at University of Toronto, this project has established a facility for functional genomic analysis of *Arabidopsis thaliana*, the primary model organism in plant biology studies. The research aims to produce valuable information to improve the quality and yield of many important crops, including canola, to which *Arabidopsis* is closely related.

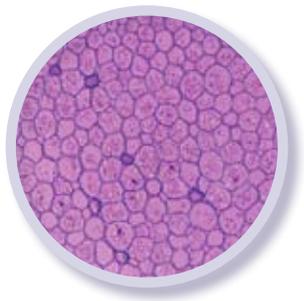
This facility is one of the largest international, publicly accessible *Arabidopsis* online bioinformatics databases and an extremely valuable resource to the scientific community.



PROJECT
4 THE STEM CELL GENOMICS PROJECT

Stem cells retain the ability to differentiate into many types of cells and tissue. This project, led by Dr. Michael Rudnicki at the Ottawa Health Research Institute, is identifying the genes that regulate this ability, providing scientists with the information they need to use stem cells to develop new treatments for chronic degenerative diseases such as Multiple Sclerosis, Parkinson's disease and Alzheimer's disease.

Over the past year, this project has continued to make scientific progress in acquiring/producing, developing tools and methodologies, and in interpreting stem cell data. Over 950 proteins have been identified by proteomic analysis to date. The important data coming out of this project has benefited the scientific community through the StemBase database, which is available to academic researchers.



PROJECT
5 FUNCTIONAL GENOMICS OF TYPE 1 DIABETES

Type 1 Diabetes affects one in 300 Canadians, with no known cure. This project, led by Dr. Jayne Danska at the Hospital for Sick Children, has taken complementary, genome-wide approaches to identify candidate genes involved in Type I Diabetes. The team seeks to determine the root cause of the disease at the genetic level, which will enable scientists to develop the means for predicting, preventing and curing the disease.

The team generated key data regarding the reported association of a particular genetic signature with Type I Diabetes, which was communicated in a correspondence appearing in Nature Genetics. This research, utilizing animal models, has identified several genes to be tested for association with Type 1 Diabetes in families. The team has already analyzed 22 potential markers in families from Newfoundland and Quebec.



STRUCTURAL PROTEOMICS

Human cells contain about 30,000 genes. Yet, they are able to create hundreds of thousands of proteins. In some instances, this is done in the manufacturing process, which involves several steps. In others, the protein is functionally modified by adding components such as a sugar or phosphate to the basic protein after it is created.

Structural proteomics is the study of the structure, interaction and modification of proteins. It seeks to answer several questions, including:

- What is the structure of the protein?
- What are the components in each protein?
- How can a variety of related proteins be produced from a single gene? What protein modifications can be produced, and how do they affect protein activity?
- How do proteins interact to form the biological machinery of the cell?

While functional genomics describes the biological interactions that take place in a cell, structural proteomics explains how these interactions occur. As such, it will help researchers identify how these interactions go wrong in a diseased cell — for instance, why cells create abnormal prions (a type of protein) in patients with Alzheimer's and Parkinson's diseases. By understanding how a protein's structure relates to its function and its interactions, scientists hope to develop ways to adjust the structure of proteins to reverse the effects of disease in organisms.

PROJECT	STRUCTURAL GENOMICS CONSORTIUM (SGC)
1	

The Structural Genomics Consortium, led by Dr. Aled Edwards at the University of Toronto, aims to determine the three-dimensional structure of over 350 protein structures and publish them in a public database. The consortium's work will advance human health by providing information that scientists can use to develop new and improved drugs and other therapies. This is the first International Consortium Initiative and one of Canada's largest international research projects.

So far, the structure of 50 complex proteins have been solved which have relevance to human disease, including an enzyme that converts cortisone to the metabolic hormone cortisol.

TECHNOLOGY PLATFORMS

OGI is supporting technology platforms so that researchers and scientists can access data and information more efficiently and quickly. We are continuing our centralized approach in this area.

PROJECT	GENOME RESOURCE CORE FACILITY (GRC)
1	

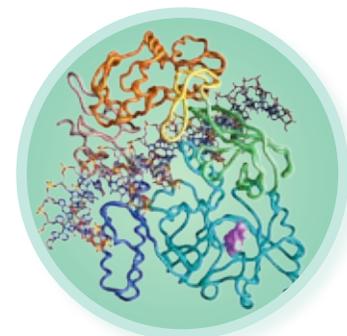
Dr. Stephen Scherer, at the Hospital for Sick Children, has developed a world-class laboratory that helps researchers isolate and characterize genes involved in particular diseases. This technology platform, called Genome Resource Core Facility (GRC), provides services integral to genomics research, including microsatellite genotyping, SNP genotyping, genetic and statistical analysis, genome resource and gene expression, and DNA sequencing and synthesis.

More than 600,000 genotypes, 46,000 sequencing reactions and 900 microarray experiments were completed for investigators in the past year. The platform provided these and other services and technologies for more than 450 principal investigators in Ontario, the rest of Canada and internationally.

PROJECT	PROTEOMICS TECHNOLOGY CORE FACILITY (PTCF)
2	

The Proteomics Technology Core Facility (PTCF), led by Dr. Gilles Lajoie at the University of Western Ontario, provides mass spectrometry tools that scientists need to identify and characterize proteins. Mass spectrometry is broadly enhancing our understanding of biology and medicine through its ability to identify and, increasingly, to precisely quantify thousands of proteins from complex samples.

This platform has also provided service to over 300 Canadian-based research programs and assisted several Canadian biotechnology companies and international researchers.



RESEARCH PROGRAM PORTFOLIO

Our research program portfolio over the past year involved 24 genomics and proteomics research projects, including one International Consortium Initiative project and two technology platforms. The projects range from \$3 million to \$30 million per program. The portfolio extends beyond its core focus of human health to include technology development, agriculture, forestry, ethics and environmental sciences.

PROJECTS

ASSESSING RISK FOR COLORECTAL TUMORS IN CANADA (ARCTIC)

Dr. Brent Zanke
Dr. Tom Hudson
*Cancer Care Ontario
McGill University and Genome Quebec
Innovation Centre*

BRIDGING THE EMERGING GENOMICS DIVIDE

Dr. Peter Singer
University of Toronto – Joint Centre for Bioethics

CANADIAN PROGRAM ON GENOMICS AND GLOBAL HEALTH

Dr. Peter Singer
University of Toronto – Joint Centre for Bioethics

DEVELOPMENT AND APPLICATIONS OF FUNCTIONAL GENOMICS TECHNOLOGIES

Dr. James Woodgett
University Health Network

FIBER OPTIC NUCLEIC ACID (FONA) BIOSENSOR BASED GENE PROFILING: PROOF OF PRINCIPLE BY SCREENING FOR DRUG LEADS FOR ORPHAN NEURODEGENERATIVE DISORDERS AND SNP ANALYSIS

Dr. Alex MacKenzie
Dr. Paul Piunno
Dr. Ulrich Krull
*Children's Hospital of Eastern Ontario
University of Toronto at Mississauga*

FUNCTIONAL GENOMICS AND PROTEOMICS OF MODEL ORGANISMS

Dr. Janet Rossant
Dr. Andrew Spence
Dr. Anthony Pawson
Samuel Lunenfeld Research Institute
Dr. Jack Greenblatt
Dr. Brenda Andrews
University of Toronto

FUNCTIONAL GENOMICS OF ARABIDOPSIS

Dr. John Coleman
University of Toronto

FUNCTIONAL GENOMICS OF TYPE 1 DIABETES

Dr. Jayne Danska
Hospital for Sick Children

FUNCTIONAL GENOMICS, PHARMACOGENOMICS AND PROTEOMICS OF THE IMMUNE RESPONSE IN HEALTH AND IMMUNE RELATED DISORDERS

(Joint project with Génome Québec)

Dr. Rafick-Pierre Sékaly
University of Montréal

Dr. David Kelvin
University Health Network

Dr. Katherine Siminovitch
Samuel Lunenfeld Research Institute

GENETIC DETERMINANTS OF HUMAN HEALTH AND DISEASE

Dr. Katherine Siminovitch
Samuel Lunenfeld Research Institute

GENETIC DETERMINANTS OF HUMAN HEALTH AND DISEASE – ANNOTATION OF CHROMOSOME 7

Dr. Stephen Scherer
Hospital for Sick Children

GENOMIC ANALYSIS OF SOIL MICROORGANISMS

Dr. Turlough Finan
Dr. Brian Golding
McMaster University

GENOMICS OF THE SPRUCE BUDWORM AND ITS VIRAL PATHOGENS

Dr. Basil Arif
Great Lakes Forestry Centre – NRC

MAPPING AND ISOLATION OF GENES INFLUENCING SEVERITY OF DISEASE IN CYSTIC FIBROSIS

Dr. Peter Durie
Dr. Lap-Chee Tsui
Hospital for Sick Children

MASS SPECTROMETER-BASED FLOW CYTOMETER, METHODS AND APPLICATIONS

Dr. John Dick
University Health Network

PROTEIN EXPRESSION PROFILING PLATFORM FOR HEART DISEASE BIOMARKER DISCOVERY

Dr. Peter Liu
Dr. Andrew Emili
Dr. David MacLennan
University of Toronto

PROTEOMICS AND FUNCTIONAL GENOMICS – AN INTEGRATED APPROACH

Dr. Brenda Andrews
Dr. Cheryl Arrowsmith
Dr. Aled Edwards
University of Toronto

SEGMENTAL DUPLICATIONS IN NEURODEVELOPMENTAL, NEUROLOGICAL AND BEHAVIOURAL DISORDERS

Dr. Stephen Scherer
Hospital for Sick Children
Dr. Xavier Estivill
Centro de Regulació Genòmica, Barcelona

THE BIOMOLECULAR INTERACTION NETWORK DATABASE (BIND)

Dr. Christopher Hogue
Samuel Lunenfeld Research Institute

THE STEM CELL GENOMICS PROJECT

Dr. Michael Rudnicki
Ottawa Health Research Institute

VIRAL PROTEOMICS

Dr. Don Awrey
Affinium Pharmaceuticals

INTERNATIONAL CONSORTIUM INITIATIVE (ICI)

STRUCTURAL GENOMICS CONSORTIUM (SGC)

Dr. Aled Edwards
*University of Toronto
University of Oxford (UK)*

TECHNOLOGY PLATFORMS

GENOME RESOURCE CORE FACILITY (GRC)

Dr. Stephen Scherer
Hospital for Sick Children

PROTEOMICS TECHNOLOGY CORE FACILITY (PTCF)

Dr. Gilles Lajoie
University of Western Ontario



Commercialization



KNOWLEDGE AND COMMERCIALIZATION BRING ECONOMIC BENEFITS

Knowledge and discovery lead to practical applications and products. OGI makes important contributions to Ontario's rapidly growing biotechnology and life sciences sectors by working with scientists to identify products with commercial potential that arise from their research.

INVESTMENT THROUGH OGI

Over the past year, OGI has helped Ontario scientists develop commercialization strategies and business plans. It has also coordinated and facilitated commercialization committee meetings for the 24 Ontario-based Genome Canada-funded projects and platforms in OGI's portfolio.

As a result, 10 invention disclosures, 18 patent applications filed, four licences and the creation of three spin-off companies were achieved over the last year.

DIRECT INVESTMENT BY OGI

In addition to its work with Genome Canada-funded projects, OGI also invests directly through its own Pre-commercialization Business Development Fund (PBDF). The PBDF bridges the early-stage funding gap for the commercialization of innovative research, helping to accelerate the transfer of products from the laboratory to the marketplace.

Since its inception, the PBDF has evaluated more than 150 proposals, resulting in two early-stage investments. Important contributions include one investment to commercialize a high-throughput device to rapidly establish and replicate cell colony arrays for use by research labs and drug discovery companies. Another investment is for a transgenic virus for the control of an insect that causes hundreds of millions of dollars of damage to crops annually.





PARTNERSHIPS & COLLABORATIONS

Over the past year, OGI signed formal partnership agreements for life sciences commercialization with venture capital firms, federal and provincial granting agencies, regional clusters, angel investors, and Canadian consulates.

To facilitate collaborations between academia and industry, OGI's business development team also hosted its first Science-Industry Networking Exchange in November, bringing together representatives from universities, hospitals, pharmaceutical and life-sciences companies, agri-bio and food enterprises, research institutes, venture capitalists and funding agencies from across Ontario. This well-received event facilitated the exchange of ideas and collaboration between researchers, commercial entities and sources of research funding, and will be used as a model for future networking events.

LOOKING FORWARD

OGI has set specific goals to encourage commercialization of life sciences in Ontario.

It expects to make several investments per year through the PBDF, leveraging its own contribution by enlisting additional investors. Other initiatives include continuing to work as a primary resource for angel investors looking for opportunities in life sciences, and the creation of new and novel investment vehicles.

To identify new opportunities and facilitate commercialization, commitments have also been made to co-host several targeted workshops and symposia throughout Ontario. Also under consideration are symposia on imaging and biomarkers, genomics in agriculture, and a public policy forum on improving the ways and means that start-up companies use to access capital.

These activities and initiatives will help push Ontario to the forefront in genomics and proteomics research and achieve lasting results that will benefit society economically and in many other ways.



Outreach



SCIENCE WITH A CONSCIENCE

Who should have access to a person's genetic information? How will it be used? Are genetically modified foods and other products safe for humans, animals and the environment?



These are some of the important questions and issues that society as a whole needs to address. OGI is committed to providing leadership in GE³LS (Genomics related Ethical, Environmental, Economic, Legal and Social issues). To ensure excellence in this area, OGI formed a partnership with the University of Toronto's Joint Centre for Bioethics (JCB). This fruitful relationship is a model for partnership programs with other organizations. With JCB's expertise and understanding of the national and international GE³LS environment, a program was developed to support scientists and other key stakeholders on the risks and rewards of genomics and proteomics research. The GE³LS program is the first of its kind, and one of the most comprehensive programs in North America.

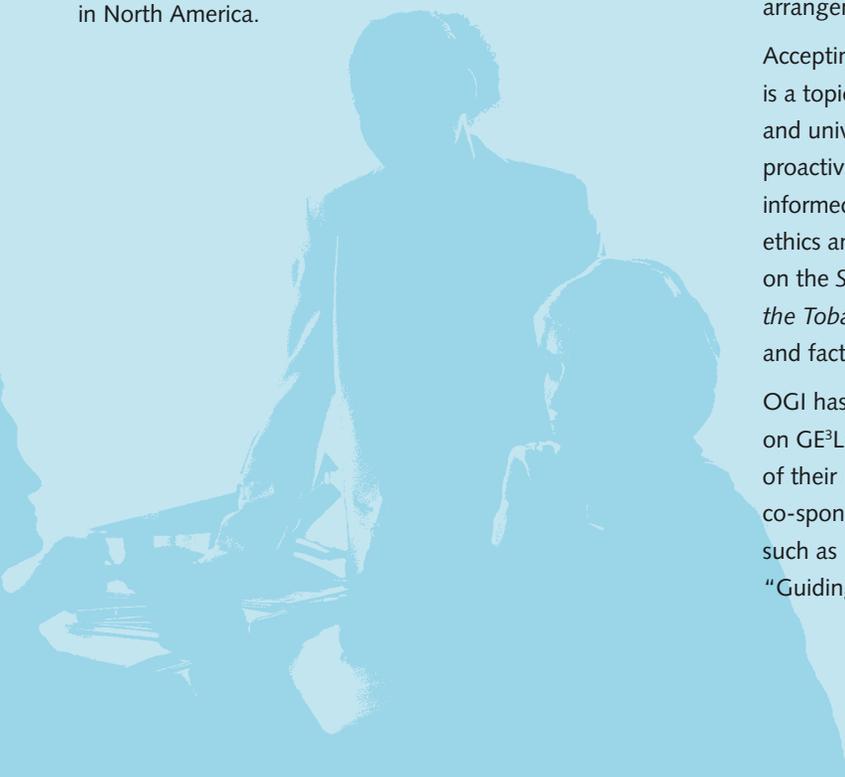
ASSISTING RESEARCHERS

Identifying and addressing potential social impact issues at the outset is an important part of any well-managed research program. OGI runs a real-time consultation program to help scientists address GE³LS issues as their research unfolds. It has helped researchers develop codes of ethical conduct for personnel working with genetic databases, and assisted diverse institutions and jurisdictions with the process of harmonizing their ethics protocols.

For example, over the past year, leaders of an OGI-funded project contacted the GE³LS consultation service for assistance. The project leaders were considering a research funding arrangement with a tobacco company.

Accepting funds for health research from the tobacco industry is a topic that is generating growing controversy in hospitals and universities across North America, and project members proactively sought advice to ensure they made an ethically informed decision. On the basis of a literature review with other ethics and policy experts, OGI prepared a discussion document on the *Solicitation and Acceptance of Research Funding from the Tobacco Industry*. The project leaders received the report and factored the input into their decision-making process.

OGI has also supported a seminar series to educate scientists on GE³LS issues and stimulate discussion about the implications of their research. It has conducted its own seminars and co-sponsored talks in series run by other groups, with topics such as "Probing Genes: Foundations and Controversies" and "Guiding Icarus: Bioethics in the Corporate Context."





GE³LS INITIATIVES

Through its GE³LS program, OGI has conducted or supported several education and outreach activities to provide stakeholders — including the general public — with unbiased information about genomics and proteomics. The goal is to enable and encourage informed discussion and decision-making about the GE³LS issues that arise from this type of research.

- We funded 10 performances of *Sarah's Daughters*, a play written by Dr. Jeff Nisker at the University of Western Ontario. The play raises ethical issues inherent to genetic testing for cancer genes, and the audience is engaged in a post-performance discussion with the playwright. OGI will continue to support this unique form of outreach with a new play, *The Orchids Order*, which addresses issues related to stem cell research.
- We developed the ENGAGE Stem Cells curriculum resource for high schools in conjunction with the University of Toronto's Joint Centre for Bioethics and the Stem Cell Network. Through this five-day teaching module, students learn about the basic science of stem cell research and the regulatory environment in different countries, and discuss the ethics of stem cell use. The stem cell module has been distributed to almost 5,000 high schools across Canada. Another 800 copies of the module have been downloaded from the ENGAGE Stem Cells website. OGI has already received requests for the module from the United States, Germany and Argentina. Plans to produce additional modules to address issues involving genetically modified organisms and medical genetic testing are underway.

PROJECT	CANADIAN PROGRAM ON GENOMICS AND GLOBAL HEALTH
GE ³ LS	

In addition to its own work, OGI contributes funding to the Canadian Program on Genomics and Global Health. This research project, led by Dr. Peter Singer at the University of Toronto's Joint Centre for Bioethics, examines the implications of genomics and biotechnology for one of the greatest ethical challenges in the world today: the enormous disparities in global health. Through almost two dozen initiatives, the program's members are working to develop best-practice guidelines for governments, corporations and technology creators.

LOOKING FORWARD

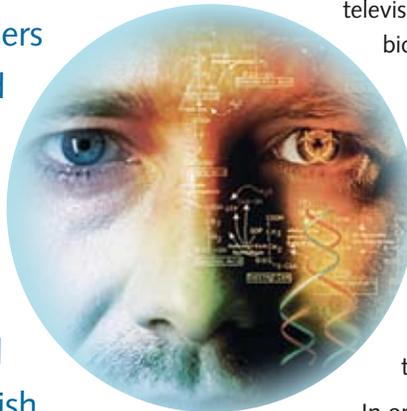
Future initiatives include developing a GE³LS orientation workshop for newly funded scientists and developing an online training manual to provide a better understanding of GE³LS issues to all Ontario researchers.

OPEN DIALOGUE

Genomics and proteomics are very new and rapidly developing life sciences that have the potential to deliver significant benefits to society. They are also complex disciplines that raise questions and issues.

Recognizing that all stakeholders need access to facts presented without bias as the basis for enlightened discussions, the Ontario Genomics Institute has developed a number of communication and outreach initiatives to establish itself as an important, trusted source for information about genomics in Canada.

In addition, OGI's education programs are helping Ontario students become informed about genomics in the country and its programs are being used in other provinces and internationally.



OTHER INITIATIVES

ReGenesis

Can scientists engineer killer viruses? And if they do, can the infection be stopped? Will humans be cloned? How easy is it to contract an infectious disease from another species?

These are just some of the many questions raised in the first season of *ReGenesis*, a Canadian-made, one-hour dramatic television series about an organization that investigates biotechnology-related incidents.

As scientists conduct gene and protein research, they are pushing out the boundaries of our knowledge of how living organisms function. But many people have questions about the benefits and risks of this type of inquiry. The *ReGenesis* series is a dynamic way to help the public explore these issues. However, many viewers may wonder where the facts stop and the fiction begins.

In order to explain the science behind each episode, OGI was very pleased to partner with Shaftesbury Films, the show's producer, in providing content and developing science fact sheets for each of the 13 episodes in the first season, which aired on Movie Central and The Movie Network in Canada. The fact sheets, called "The Facts behind the Fiction," were posted on the OGI website and linked to the *ReGenesis* website's home page. These and a glossary of key life sciences terms helped educate viewers on the genomics and proteomics issues covered in each episode.

This partnership enabled OGI to reach a large audience and raise awareness of genomics and proteomics research. By presenting a scientific assessment of the benefits and risks that are portrayed in the series, OGI helped the public distinguish between myth and reality. More importantly, OGI hopes to provide viewers with insights they can bring to bear in their own evaluation and discussion of the social and economic impact of fundamental research in the life sciences. OGI is also collaborating with Shaftesbury Films on the series' second season.

In the first eight months of its operation, 25% of the visitors to the *ReGenesis* website followed the link to OGI's "Facts behind the Fiction" pages.





The GEEE! in Genome

OGI was the Ontario regional host for The GEEE! in Genome exhibit — the first national, travelling, bilingual exhibition on DNA and genomics.

Developed by Genome Canada, The GEEE! in Genome exhibit demystifies the subject of genomics and stimulates interest in the science and the social, legal and ethical issues that surround it. The program engages audiences in entertaining, interactive topics ranging from the ABCs of DNA to the impact of this emerging field of life sciences on agriculture, the environment and human health.

More than 100,000 visitors saw The GEEE! in Genome exhibit during its two-month run at the Ontario Science Centre in Toronto. As part of the exhibit, OGI hosted two public forums at the science centre, addressing issues related to stem cell research and genetically modified organisms. These forums gave the public the opportunity to hear from a panel of experts in science, law and ethics surrounding genomics, then pose questions and offer their own opinions. Approximately 250 people attended these forums.

In addition to the exhibition, OGI makes available a highly portable “suitcase” version of The GEEE! in Genome to interested groups. This has proven to be a valuable resource in presentations to government officials, science teachers, and others, and as a key component in lesson plans about life sciences and biotechnology for high school classes throughout the province.



Summer Fellowship in Genomics

The Summer Fellowship Program is the fruit of OGI's commitment to building the future of genomics in Ontario. By awarding up to six fellowships per year, this program enables undergraduate students to train with a mentor over the summer on a genomics-related project. Since 2003, this program has provided a unique opportunity to engage in meaningful, real-life experiences in the field to 16 students from across Ontario.

Feedback from both students and mentors has been excellent. One of the 2004 alumni has since become a Master's candidate at the University of Western Ontario. Another has completed requirements for an undergraduate degree in bioinformatics.

OGI will expand the program to include industry partner mentors in 2006 and is also developing an internship program to expose more students to a greater variety of biotech workplaces, including private laboratories and technology transfer offices.

LOOKING FORWARD

OGI plans to broaden its communications strategy to reach new audiences while maintaining and strengthening the dialogue with current stakeholders. A number of initiatives are planned for the coming year.

In addition to the forums and seminars where OGI representatives already speak, new opportunities are being explored for the President and CEO, senior staff and board members to reach wider and larger audiences.

OGI also plans to build on its current strong media relationships with life sciences trade publications and health reporters by reaching out to key national and international publications as well as community newspapers and specialized media outlets.



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ANNUAL GENERAL MEETING

Monday, September 19, 2005
3:00 pm to 5:00 pm

Ontario Genomics Institute
149 College Street, Suite 500
Toronto, Ontario M5T 1P5
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For more information please contact:

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Cecil Yip
Chief Scientific Officer

2004-2005 ANNUAL REPORT

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ISBN 0-9733767-8-3



Ontario**Genomics**Institute

The Future is in Our Genes.

2004-2005 ANNUAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2005



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AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated statement of financial position of the Ontario Genomics Institute as at March 31, 2005, and the consolidated statements of operations and changes in net assets 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company 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. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with the preceding year.



Chartered Accountants
Toronto, Canada
May 31, 2005

KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street, Suite 200
Toronto, Ontario M2P 2H3

FINANCIAL STATEMENTS

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ONTARIO GENOMICS INSTITUTE
**CONSOLIDATED STATEMENT
 OF FINANCIAL POSITION**

As at March 31, 2005, with comparative figures for 2004

	2005	2004
ASSETS		
Current assets:		
Cash	\$ 1,722,750	\$ 1,130,357
Accounts receivable (note 2)	586,289	464,696
Advances to genomic research projects	4,300,586	1,533,268
Deposits and prepaid expenses	54,408	54,059
	\$ 6,664,033	\$ 3,182,380
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 297,250	\$ 187,412
Deferred contributions (note 4)	4,920,955	2,159,163
Net assets:		
Unrestricted net assets	1,445,828	835,805
Commitments and future operations (note 6)		
Future operations (note 1(a))		
	\$ 6,664,033	\$ 3,182,380

See accompanying notes to consolidated financial statements.

On behalf of the Board:



J. Mark Lievonen
 Director



Christian Burks
 Director

ONTARIO GENOMICS INSTITUTE
**CONSOLIDATED STATEMENT OF
 OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
REVENUES		
Amortization of deferred contributions <i>(note 4)</i>	\$ 30,689,625	\$ 31,268,953
Interest	66,573	85,692
	30,756,198	31,354,645
EXPENSES		
Genomic research projects <i>(note 6)</i>	27,868,267	28,975,190
General and administrative	1,672,007	1,422,641
Outreach, Communications and GE ³ LS	443,220	407,296
Commercialization	152,462	114,004
Research advisory	10,219	4,113
	30,146,175	30,923,244
EXCESS OF REVENUES OVER EXPENSES	610,023	431,401
NET ASSETS, BEGINNING OF THE YEAR	835,805	404,404
NET ASSETS, END OF YEAR	\$ 1,445,828	\$ 835,805

See accompanying notes to consolidated financial statements.

ONTARIO GENOMICS INSTITUTE
**CONSOLIDATED STATEMENT
 OF CASH FLOWS**

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Excess of revenues over expenses	\$ 610,023	\$ 431,401
Item not involving cash:		
Amortization of deferred contributions <i>(note 4)</i>	(30,689,625)	(31,268,953)
Changes in non-cash operating working capital:		
(Increase)/decrease in accounts receivable	(121,593)	159,087
Increase in deposits and prepaid expenses	(349)	(3,997)
Increase in accounts payable and accrued liabilities	109,838	4,269
(Increase)/decrease in advances to genomic research projects	(2,767,318)	7,502,925
Increase in deferred contributions	33,451,417	23,712,745
INCREASE IN CASH	592,393	537,477
CASH, BEGINNING OF YEAR	1,130,357	592,880
CASH, END OF YEAR	\$ 1,722,750	\$ 1,130,357

See accompanying notes to consolidated financial statements.

ONTARIO GENOMICS INSTITUTE
NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS

Year ended March 31, 2005

ONTARIO GENOMICS INSTITUTE ("THE COMPANY") WAS INCORPORATED WITHOUT SHARE CAPITAL ON OCTOBER 18, 2000, UNDER THE CANADA CORPORATIONS ACT AS A NOT-FOR-PROFIT ORGANIZATION AND HAS THE FOLLOWING OBJECTIVES:

- (a) Develop and establish a coordinated strategy for genomics research to enable Ontario to become a world leader in a few selected areas such as health, agriculture, environment, forestry and fisheries;
- (b) Support large-scale projects of strategic importance to Ontario, which are beyond current capabilities, by bringing together industry, government, universities, research hospitals and the public;
- (c) Ensuring leadership in the area of social, environmental, ethical and legal issues related to genomics by organizing intellectual resources and to effectively communicate genomics to the public, helping Canadians understand the relative risks and rewards of genomics; and
- (d) Encouraging investment by other persons to fund genomics research.

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Future operations:

These consolidated financial statements have been prepared on the going concern concept which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The application of the going concern concept is dependent upon the renewal of the funding agreement with Genome Canada, or upon obtaining alternate sources of financing.

(b) Basis of presentation:

These consolidated financial statements include the results of the Ontario Genomics Institute with those of the Company's wholly owned subsidiary, Genomics Ontario Inc. All significant intercompany accounts and transactions have been eliminated.

(c) Revenue recognition:

The Company follows the deferral method of accounting for contributions, which includes funds from Genome Canada and the Ontario Research and Development Challenge Fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Investment income earned on unspent externally restricted contributions is recognized in the year in which it is earned.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses for the year reported. Actual results could differ from those estimates.

(e) Advances to genomics research projects:

Advances to research projects are comprised of amounts provided by the Ontario Genomics Institute to approved research projects which have not been expensed.

ONTARIO GENOMICS INSTITUTE
**NOTES TO CONSOLIDATED
 FINANCIAL STATEMENTS** (continued)

Year ended March 31, 2005

2. ACCOUNTS RECEIVABLE:

	2005	2004
Grant receivable from the Ontario Research and Development Challenge Fund	\$ 567,445	\$ 452,196
Goods and services taxes	18,844	12,500
	\$ 586,289	\$ 464,696

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2005	2004
Accrued liabilities	\$ \$176,650	\$ \$98,738
Accounts payable	101,038	66,470
Vacation accrual	19,562	22,204
	\$ \$297,250	\$ \$187,412

4. DEFERRED CONTRIBUTIONS:

The Corporation receives funding from Genome Canada and other parties to be administrated and distributed in accordance with the relating funding agreements.

Deferred contributions related to expenses of future periods represent unspent externally restricted funding, to be used for the purposes of providing funds to eligible recipients and the payment of operating and capital expenditures in future periods. The changes in the deferred revenue balances are as follows:

	March 31, 2004	Transactions during the year	March 31, 2005
Contributions:			
Genome Canada	\$ 50,721,654	\$ 31,854,305	\$ 82,575,959
Ontario Research and Development Challenge Fund-research	4,198,750	-	4,198,750
Ontario Research and Development Challenge Fund-operating	1,548,442	1,597,112	3,145,554
	56,468,846	33,451,417	89,920,263
Amount amortized to revenues	(54,309,683)	(30,689,625)	(84,999,308)
	\$ 2,159,163	\$ 2,761,792	\$ 4,920,955

5. RELATED PARTY TRANSACTIONS:

- (i) Pursuant to an agreement originally signed November 8, 2002, and since renewed for a further period ending July 31, 2005, the Ontario Genomics Institute has agreed to pay the Ontario Innovation Institute \$25,000 plus GST per month for office space and furniture, information technology and accounting support.
- (ii) In October, 2003, the Ontario Genomics Institute acquired the common shares of Genomics Ontario Inc., a for-profit entity which provides an investment vehicle for certain commercialization activities. During the year ending March 31, 2005, an inter-company loan for \$50,000 was provided to Genomics Ontario Inc. to fund a project. The loan is non-interest bearing, unsecured and payable on demand. The transaction has been eliminated upon consolidation.

ONTARIO GENOMICS INSTITUTE
**NOTES TO CONSOLIDATED
 FINANCIAL STATEMENTS** *(continued)*

Year ended March 31, 2005

6. COMMITMENTS AND FUTURE OPERATIONS:

The Company has committed to the following:

	Competition I & Platforms	Competition II	Applied Health	Genome Spain	Total
Commitments	\$ 29,686,497	\$ 58,880,617	\$ 11,815,174	\$ 2,622,963	\$ 103,005,251
Amount paid:					
Expenses incurred	26,789,553	44,070,739	1,075,134	522,882	72,458,308
Advances	365,464	1,150,667	222,466	128,228	1,866,825
	27,155,017	45,221,406	1,297,600	651,110	74,325,133
Residual Commitments	\$ 2,531,480	\$ 13,659,211	\$ 10,517,574	\$ 1,971,853	\$ 28,680,118

One Competition II project with an original funding commitment of \$5,243,033 was terminated in October, 2004, with \$1,782,108 of the remaining funding cancelled at the time of termination. Of the remaining Competition I and II projects, Genome Canada has approved extensions up to the end of March, 2006.

The Applied Health projects are scheduled to be completed by September 30, 2007, unless otherwise extended.

The Genome Spain project is scheduled to be completed by March 31, 2007, unless otherwise extended.

In accordance with an agreement with Genome Canada with regard to a financial support commitment of \$29,686,497 for Competition I and \$58,880,617 for Competition II, the Company has agreed, among other things, to obtain equivalent financial support from other parties. In January 28, 2003, the Company received approval of funding of up to \$4,250,000 from the Ontario Research and Development Challenge Fund for operating funds over the three-year period ending March 31, 2005. As set out under the Genome Canada agreement, it was agreed that Genome Canada may provide transition funding notwithstanding the fact that formal commitments from other parties had not been received. In such case, funds provided in advance "in good faith" as part of the transition budget shall not be reimbursable in event such commitments from other parties are not secured. Genome Canada may then terminate the agreement. The current agreement with Genome Canada expires in 2005.

Genome Canada has entered into an agreement with the Structural Genomics Consortium ("SGC ") under which Genome Canada agreed to provide the Ontario Genomics Institute with financial contributions up to \$15 million for disbursement to SGC. The funds are advanced quarterly, with \$2,424,000 having been received by the end of March, 2005. Under the agreement, the Company disburses funds to the project but expenditures are reported directly to Genome Canada. The expenditures related to the project are not included in the financial statements of the Company.

Pursuant to the Applied Health competition, Genome Canada entered into three additional agreements in September, 2004, totaling \$11,815,174, to provide contributions on a quarterly basis for the next three years. Under the agreement with Genome Canada, the Company agreed, among other things, to obtain equivalent financial support from other parties; however, as set out under the Genome Canada agreement, it was agreed that Genome Canada may provide transition funding notwithstanding the fact that formal commitments from other parties had not been received. In such case, funds provided in advance "in good faith" as part of the transition budget shall not be reimbursable in event such commitments from other parties are not secured.

7. FINANCIAL INSTRUMENTS:

The fair value of cash, accounts receivable, deposits, advances to genomic research projects, loan receivable and accounts payable approximate carrying values due to the relatively short term to maturity of these financial instruments.