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June 28, 2013

The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, MB R3C 0V8

Your Honour:

I have the privilege of presenting the Annual Report of the Industrial Technology Centre for the year ending March 31, 2013.

Respectfully submitted,

Original signed by:

Dave Chomiak
Minister of Innovation, Energy and Mines
June 28, 2013

Honourable Dave Chomiak
Minister Responsible for the
Industrial Technology Centre
Room 333, Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister Chomiak:

I am pleased to submit for your consideration the Annual Report of the Industrial Technology Centre (ITC) for the year ending March 31, 2013.

ITC’s Advisory Board held a strategic planning session during the year, at which they confirmed ITC’s economic development mandate and endorsed revised vision, mission and goals statements.

ITC continued its investment in technology enabling ITC to enhance and expand their testing and analysis services. ITC continues to demonstrate and evaluate advanced technologies for adoption by Manitoba companies, including a pilot project with Manitoba aerospace companies applying vision-based robotics.

ITC clients again reported significant economic development benefits at their organizations, including job creation, sales increases and investment, as an outcome of the services that ITC provides. These client reports demonstrate that ITC is supporting Manitoba manufacturing, aerospace and advanced technology sectors in their efforts to enhance their innovative capacity, and improve their productivity and competitiveness.

I would like to thank ITC staff for providing clients with excellent service and value, and our Advisory Board for their continued support and commitment.

Respectfully submitted,

Original signed by:

Grant Doak
Deputy Minister of Innovation, Energy and Mines
Chairperson of the Industrial Technology Centre Advisory Board
June 28, 2013

On behalf of staff, I am very pleased to report on the achievements, and financial success, of the Industrial Technology Centre (ITC) for the year ending March 31, 2013.

ITC was able to continue its investment in equipment and staff development. This investment included 3D CAD modelling software, upgraded material testing software, additional calibration equipment, a new environmental chamber, a CNC lathe, a hydraulic cooling system for our material test equipment, and ultraviolet test equipment. These investments will support new and enhanced services, and together with our business development activities, will enable us to continue to broaden our client reach.

ITC continues to investigate advanced technologies and their application to Manitoba industry, including robotics and automation, additive manufacturing, scanning, inspection and reverse engineering, product life cycle management (PLM), and finite element analysis. For example, ITC is working with a consortium of Manitoba aerospace companies to evaluate, demonstrate and potentially implement vision-based robotic technology. As well, ITC delivered technical information sessions and newsletters that have increased awareness of technology, along with its potential application and benefits.

Clients continue to report that ITC services had a significant influence on their operations including reduced operating costs, improved quality and helping to maintain or create jobs.

During the year, ITC held planning sessions with its Advisory Board and staff to seek advice and identify business opportunities. These sessions resulted in a business development action plan, which we are currently implementing. I would like to thank all staff for their hard work and dedication and our Advisory Board for their ongoing advice and support.

Original signed by:

Trevor Cornell
Chief Operating Officer
1.1 BACKGROUND
The Industrial Technology Centre (ITC) was established in 1979 and commenced operations as a Special Operating Agency (SOA) of the Province of Manitoba on April 1, 1996. ITC now operates under the authority of Manitoba Innovation, Energy and Mines (IEM).

The Deputy Minister of IEM chairs ITC’s Advisory Board, which includes private sector representatives. The Board provides advice regarding ITC’s strategic direction, structure, mandate, business practices, marketing and financial reporting requirements.

ITC provides a wide range of technical services in support of technology-based economic development in Manitoba. ITC customers include Manitoba industry, entrepreneurs, and government departments and agencies. Services are provided on a fee for service basis and under an Economic Development Contribution Agreement (EDCA). The EDCA is a performance contract with IEM to support ITC’s contribution to economic development activities in Manitoba. Clients seeking specific technical assistance may be existing or start-up enterprises, and range in size from individuals to large corporations.

ITC’s service areas are:
- Advanced Technologies
- Engineering & Technical Services
- Lottery Ticket Testing

The economic development contribution from the Province is used to support technical information and advice, library services, and infrastructure for testing, product development, and advanced technologies such as visualization and additive manufacturing. These services support SMEs (small and medium-sized enterprises) that have limited R&D resources.

As an agency of the Province of Manitoba, any disclosures of wrongdoing received by ITC pursuant to The Public Interest Disclosure (Whistleblower Protection) Act will be reported in the annual report of IEM. For further information, please refer to the 2012/13 annual report of Manitoba Innovation, Energy and Mines.

1.2 VISION, MISSION AND GOALS
ITC’s vision is “To be recognized as an excellent, specialized, technical resource by our clients for the benefit of Manitoba.”

ITC’s mission is “To help our clients innovate and grow by providing technical advice, analysis and services for the benefit of economic development in Manitoba.”

ITC’s goals, essential to fulfillment of its mission, are as follows:
- To help our clients anticipate, identify and apply appropriate technologies
- To solve problems, improve design and support excellence by providing high-quality, valued technical services
- To sustain and enhance client relationships
- To continually improve ITC operations through innovation and the adoption of technology in order to better meet client needs
- To cultivate a work environment that promotes employee achievement, creativity, initiative and growth
- To support and contribute to economic growth in Manitoba.

The environmental testing chamber has assisted us in testing our furniture products to see how they will react with changes in temperature and humidity. This test allows us to be more confident in our ability to offer quality products to our customers.

Madi Cash
EQ3

The environmental testing chamber has assisted us in testing our furniture products to see how they will react with changes in temperature and humidity. This test allows us to be more confident in our ability to offer quality products to our customers.

Madi Cash
EQ3
1.3 SERVICE LINES

Advanced Technologies

Advanced Visualization
Advanced visualization incorporates the use of fully immersive, real time modelling techniques to conceptualize and design products and processes. This assists clients to improve:

- Product design and development, process re-engineering, urban planning, architectural design, and medical/biological simulation
- Product marketing
- Development of software for specific scientific and engineering applications

ITC has equipment and software that can generate 3-dimensional graphic images, which may be relayed by a high-speed link back to off-site users. This remote-site capability makes advanced visualization services more accessible and cost-effective for Manitoba industry, and educational and research organizations.

ITC’s Advanced Visualization services are designed to provide access to technologies that will enable organizations to attain a competitive advantage in global markets.

Technical Information and Advice
The wide range of expertise and professional capabilities of staff enable ITC to deliver technical information and advice in many engineering disciplines and library science. This service supports Manitoba industry by:

- Evaluating advanced technologies for potential implementation
- Helping clients to define and understand technical issues
- Developing methods for solving problems
- Assisting in the implementation of solutions
- Networking with contacts and experts across Canada for technical advice and assistance that may not be available in Manitoba
- Providing technical library resources for companies, entrepreneurs, inventors and ITC staff
- Searching to obtain specific information on production processes, and identifying international standards
- Producing technology newsletters in support of advanced manufacturing and materials
- Delivering workshops and seminars that demonstrate new technologies

ITC plays an important economic development role in Manitoba by providing technical advice and assistance to Manitoba industry, entrepreneurs and government departments and agencies. ITC is recognized as a critical part of the technical infrastructure required to help individuals and companies increase their competitiveness by developing new or improved products and processes.

Customers include inventors, entrepreneurs, and companies in most industrial sectors in Manitoba. Easy access for the public, online links to international databases and skilled staff make ITC an invaluable information resource.

Engineering & Technical Services

Mechanical Testing
Mechanical Testing services are categorized as either Standard or Custom, defined as:

Standard Testing: Those tests that may be described as routine and undertaken on a per sample basis. Tests include the measurement of such properties as hardness, impact resistance and strength. The Materials Testing Laboratory has been granted accreditation by the Standards Council of Canada (SCC) for specific tests, which is recognition of ITC’s high standard of competence and credibility.

Custom Testing: Testing for which there may be no defined standard. ITC staff will help the client determine what properties or parameters are to be tested, and will identify or develop appropriate procedures to meet testing requirements. Examples include testing of:

- Products or materials when no industry standard exists
- Components in their service environment
- Parts under various temperature, humidity and corrosion conditions

3D Laser Scanning
With 3D laser scanning, ITC can help clients create or redesign products and get them to market better, cheaper, and faster. Three-dimensional laser scanning is a shape capture technology – a non-destructive optical technique that quickly and accurately captures irregular or highly non-prismatic shapes. This service has application in manufacturing, cultural preservation, science and medicine, architecture and construction.

3D Printing
Using 3D printing technology, ITC helps companies replace, reduce or eliminate the requirement for tools and dies, machining processes, and assembly.

3D printing, also known as Additive Manufacturing, allows manufacturers to directly create a functional part from their desktop computer aided design (CAD) systems in much the same way computer users can create printed documents from desktop publishing and word processing software.

Calibration
ITC is the only facility across the Prairies to offer accredited calibration services. The Calibration Laboratory Assessment Service (CLAS), jointly administered by the SCC and the National Research Council (NRC), has accredited and certified our calibration laboratory’s technical capabilities and quality program.

CLAS accredited services include the calibration of steel gauge blocks, ring and plug gauges, threaded plugs and ring gauges, length and micrometer standards, dial indicators, micrometers and callipers, height gauges, surface plates (granite tables), pressure and vacuum gauges, load cells and force meters, force machines, hardness testers, and linear displacement devices.

Custom Data Acquisition
ITC provides solutions to automate data collection and control processes using National Instruments hardware and LabView software, as well as SOMAT eDaq systems specifically designed for road test applications.

Noise and Vibration
ITC can identify and analyze excessive noise problems in products, structures and the workplace and develop noise control solutions. ITC offers comprehensive measurement services, using advanced skills and tools such as Brüel & Kjær’s PULSE system for noise and vibration analysis. We also perform building acoustic studies, and environmental assessments of noise levels using SoundPLAN noise modelling software.
We help determine the causes of excessive vibration in equipment and structures and assist in identifying remediation measures. This service is valuable for product testing, equipment balancing, acceptance testing for compliance to vibration tolerance limits, and measurement and analysis of vibration from hand tools and other devices.

**Product development equipment rental service**
During product development, physical measurements of parameters such as deflection, acceleration, temperature, pressure, load, or sound are often required for the purposes of troubleshooting or product validation. These parameters are of critical interest to the manufacturing community. ITC has established a rental service for a variety of equipment to meet these needs.

**The market for Engineering & Technical Services is primarily manufacturing companies in Manitoba. SCC and CLAS accreditations, ISO 9001 registration, and rapid turnaround times are distinct competitive advantages.**

**Lottery Ticket Testing**
Lottery Ticket Testing provides security and quality assurance evaluations of instant scratch off and break open lottery tickets, customized research programs to assist lotteries in evaluating new products and technologies, and evaluations of questioned documents.

**Services are provided to lottery jurisdictions in Canada and internationally. ITC is the sole commercial Canadian laboratory providing these services.**

### 1.4 OUTLOOK

During FY 2012/13, ITC continued its renewal of its infrastructure, enabling ITC to enhance its current service range, and provide for new technology service introductions. This renewal primarily supports Engineering & Technical Services, including 3D printing, calibration, material testing, noise and vibration, data acquisition and equipment rental.

ITC held a strategic planning session with its Advisory Board and a brainstorming session with all ITC staff in October 2012 to identify business opportunities. These sessions provided overall confirmation of alignment between ITC operations, Provincial priorities, and industry needs. A business development action plan has been developed, arising from discussion at these sessions, aimed at expanding ITC’s service delivery.

ITC will continue to work together with partners in industry, government, academia and other organizations in implementing this action plan, which will help ITC achieve its renewed vision and mission.

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**Client survey response**

ITC is a good resource as it’s difficult to justify buying the type of testing equipment they have. Their rental equipment service is also very useful.
2.1 SECTOR HIGHLIGHTS

ITC made a significant impact in many different sectors during FY 2012/2013. Some sample projects are highlighted below:

**Aerospace**
Calibration services, material testing, and application of advanced technologies support our clients’ quality control systems and contribute to improved design and safety and increased automation.

- Ongoing dimensional calibration for numerous aerospace clients
- Expanded surface plate calibration service
- Information gathering and exploration into the application of vision-based robotics in the aerospace sector
- IZOD impact tests on aerospace materials

**Building, Architecture and Construction**
Noise analysis improves design and enables prevention or remediation of problems.

- Sound transmission loss analysis of the building envelope of a hotel
- Sound measurement study of a residential air conditioner
- Environmental noise analysis at an aggregate sorting plant
- Environmental sound modelling of a modified traffic sound barrier design

**General Manufacturing**
All engineering and technical services support clients’ quality systems, improve products and processes, enhance productivity, and foster the adoption of advanced technology.

- Standardized material and component testing comprising 342 projects for 74 companies
- Rented product development test equipment comprising 31 projects for 14 companies
- Calibration of reference standards and measuring devices comprising 423 projects for 122 companies
- Produced 3D printed parts comprising 35 projects for 18 companies
- Capacity testing of tool storage products
- Quality assurance analysis of coin products
- Compliance load testing of truck gooseneck hitch parts
- Weld testing of hydraulic cylinder components
- Wheelchair lift load test
- Cyclic testing of a shock and spring design

**Health**
Advanced visualization services and custom testing support research and development in the health sector.

ITC has produced many rapid prototype parts for us. They have always been very responsive and accommodating. Many times we have had parts designed, quoted and built in less than 24 hours. This has helped keep our R&D activities moving and on schedule.

Mark Grant
Monteris Medical
• Development of 3D interactive geometric models of human pelvis

**Public Sector**
Engineering and information services help support public infrastructure through improved process and design.

• Barrier noise reduction testing for an office building
• Development and implementation of an automated process for sample entry and data recording at an asphalt mix laboratory

**Transportation**
Custom data acquisition, dimensional calibration, material testing and noise control services support clients’ quality systems, evaluate components, and improve products and processes.

• Peel adhesion testing of automotive flooring products
• Onsite FMVSS compliance testing of vehicle window products
• Corrosion testing of bus components
• Vibration measurement of electrical components of a hybrid vehicle
• 3D printing of a component for a bus
• Noise analysis of a bus engine
• Vibration analysis of engine brackets
• Proof load testing of insulator supports for electrical transformers
• Vehicle steering noise and vibration testing

**Partnerships in Research and Development**
ITC supports clients’ applied research and development activities.

• Participating as a member of the Innoventures Canada (I-CAN) network, along with other provincial research organizations across Canada. I-CAN is a “virtual network” providing companies access to specialized facilities and expertise for technology development
• Provided technical information services to a variety of Manitoba industrial sectors
• Continued 3D visualization projects supported by the Virtual Reality Applications Fund (VRAF)
• Investigated advanced technologies and their application to Manitoba industry including:
  • Robotics and automation
  • Additive manufacturing
  • Scanning, inspection and reverse engineering
  • Product life cycle management (PLM)
  • Finite element analysis

**Training, Skill Development and Technology Awareness**
• Delivered technology awareness sessions/workshops, including:
  • Vibration Analysis
  • Finite Element Analysis Fundamentals
  • Everyday Innovation – unleashing individual creativity
  • 3D Shape Capture for inspection and reverse engineering
  • Innovative Robotic Systems and Welding Applications for Manitoba Manufacturers
  • ANSYS Computational Fluid Dynamics Technology Seminar (simulation)
  • ANSYS Technology Seminar: featuring topics on finite element analysis (product design)
• Produced monthly issues of the Innovation & Technology Watch

**Utilities**
Dimensional calibration, material testing, and noise control services support clients’ quality systems, evaluate components, and ensure specifications are met.

• Proof load testing of insulator supports for electrical transformers
• Calibration of strand dynamometers
2.2 RESULTS

IEM supports ITC for its economic development activities under the Economic Development Contribution Agreement (EDCA). In accordance with specified performance areas, customer and economic development impacts are measured using in-depth interviews with representative clients.

Performance Areas and Goals

Economic Development
   To support and contribute to economic development in Manitoba

Customer
   To sustain and enhance client relationships by providing high-quality, valued technical services

Operations
   To identify and apply appropriate technologies

Learning and Growth
   To cultivate a work environment that promotes employee achievement, creativity, initiative and growth

Financial
   To continue to demonstrate sound financial management

Economic Development

ITC clients reported the following impacts in FY 2012/2013:

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact of ITC Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Created or Saved</td>
<td>35</td>
</tr>
<tr>
<td>Sales Increases</td>
<td>$15.1 million</td>
</tr>
<tr>
<td>Sales Maintained</td>
<td>$21.1 million</td>
</tr>
<tr>
<td>Cost Savings Identified</td>
<td>$5.2 million</td>
</tr>
<tr>
<td>Investment Increases</td>
<td>$377,000</td>
</tr>
<tr>
<td>Influence on client objectives</td>
<td>88% of respondents reported that ITC had a positive impact on their organization.</td>
</tr>
</tbody>
</table>

The total of 35 jobs represents $1.7 million in wages based on an average annual manufacturing salary of $48,215 (August 2012, Statistics Canada).

These results are compiled from the responses of 48 individuals representing a sample of ITC clients. No attempt has been made to extrapolate the impacts for ITC’s entire project client base (approximately 250 clients).

Since ITC’s inception as an SOA (FY 1996/97), clients have reported the following outcomes:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs created or saved</td>
<td>9,254</td>
</tr>
<tr>
<td>Increased/maintained sales</td>
<td>$194.0 million</td>
</tr>
<tr>
<td>Increased investment</td>
<td>$114.0 million</td>
</tr>
<tr>
<td>Cost savings</td>
<td>$42.0 million</td>
</tr>
</tbody>
</table>
Customer
ITC maintains a system for capturing specific client satisfaction and other information, and results indicate very high satisfaction with our overall project performance.

<table>
<thead>
<tr>
<th>Service category</th>
<th>Customer satisfaction target (FY 12/13)</th>
<th>Customer satisfaction result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Technologies</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Engineering &amp; Technical Services</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Lottery Ticket Testing</td>
<td>90%</td>
<td>100%</td>
</tr>
</tbody>
</table>

A total of 39 clients were surveyed by telephone, with results indicating an overall satisfaction rate of 100% with ITC’s performance.

ITC’s customer base consists of the following:

SMEs (small and medium-sized enterprises) include manufacturers with fewer than 50 employees, consulting engineers, small service organizations and individual entrepreneurs.
Operations
Operational activities for the year included:

- Continued to build relationships and partnerships with organizations including:
  - Canadian Manufacturers and Exporters (CME)
  - Composites Innovation Centre (CIC)
  - Innoventures Canada (I-CAN)
  - National Research Council – Industrial Research Assistance Program (NRC-IRAP)
  - University of Manitoba
  - Society of Manufacturing Engineers (SME)

- Continued to review and develop services to match industry needs
- Continued capital renewal plan
- Implemented computer system improvements
- Maintained quality systems, including:
  - CLAS (Calibration Laboratory Assessment Service)
  - SCC (Standards Council of Canada)
  - ISO 9001

Learning and Growth
Learning and growth activities for the year included:

- Pulse REFLEX core training to enhance noise and vibration service delivery
- Hannover Messe – showcase of latest technologies including automation, robotics and rapid prototyping
- Material testing software training (MTS TestSuite)
- Attended BIO International Convention, 2012
- Tips and Tricks for Reverse Engineering and Data Reconstruction
- Thermal Radiation in Electronics Cooling
- Industrial Automation & Robotics Systems
- Demonstration of Creaform scanning equipment
- “Advanced Meshing Techniques” – presentation covered techniques for finite element mesh generation from part geometry.
- Robotics – Programmable Automation Control
- Additive Manufacturing Special Interest Group
- ISO management and auditor training
- French language training
Financial

ITC has now completed its seventeenth year of operation as an SOA, with financial results showing positive net earnings for the year.

<table>
<thead>
<tr>
<th>($000s)</th>
<th>Current Year</th>
<th>Prior Year</th>
<th>Variance to Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province of Manitoba</td>
<td>900</td>
<td>900</td>
<td>-</td>
</tr>
<tr>
<td>Fee for service</td>
<td>1,978</td>
<td>1,972</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>58</td>
<td>129</td>
<td>(71)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>2,936</td>
<td>3,001</td>
<td>(65)</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1,647</td>
<td>1,569</td>
<td>78</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>1,204</td>
<td>1,406</td>
<td>(202)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>2,851</td>
<td>2,975</td>
<td>(124)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>85</td>
<td>26</td>
<td>59</td>
</tr>
</tbody>
</table>

Fee for service revenue was comparable to the prior year. The increase in salaries and benefits reflects an increase in the Engineering area and a cost of living increase.

The decrease in operating costs generally reflects timing and cost restraints including decreased: advertising (some business development activities have been deferred); amortization (reflects a change in the amortization method in the prior year); building (reduced common area costs); computer (computer support costs have been reduced); professional development (the prior year was higher related to expanded service delivery); rent and property tax (effective January 1, 2012, ITC reduced its lease commitment); and travel (related to cost constraints).

ITC continues to show significant leverage of Provincial funding into project activity in support of Manitoba industry, as demonstrated by the following chart:

**TOTAL REVENUE VS BASE FUNDING**
During FY 2012/13, ITC continued to maintain a strong ratio of fee for service revenue to salaries. This demonstrates a high utilization of resources at ITC due to continued solid demand for project work.

FEES FOR SERVICE REVENUE VS SALARIES

ITC continues to focus efforts on expanding client reach, developing project opportunities, and closely monitoring expenditures.

The results given in this annual report for FY 2012/2013 indicate that ITC has continued to demonstrate sound management, and has achieved recognition for the value and impact of its economic development activities.

Pursuant to The Public Sector Compensation Act, employees of the Industrial Technology Centre who have received compensation of $50,000 or more, including benefits and severance payments, in the year ended March 31, 2013, are disclosed in Volume 2 of the Public Accounts of the Province of Manitoba.

What’s new at ITC?

- Long-length calibration
- Enhanced material testing software
- Larger environmental chamber
- CNC sample preparation
I appreciate your stellar work in researching the certifications and approvals for our infrared heating panels.

Technical information client
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of the management of the Industrial Technology Centre (ITC) and have been prepared in accordance with Canadian generally accepted accounting principles. In management’s opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management’s best judgement regarding all necessary estimates and all other data available to the audit report date.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of ITC are fairly represented in accordance with Canadian generally accepted accounting principles. The Auditor’s Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management

Industrial Technology Centre (ITC)

Original signed by:    Original signed by:

Trevor Cornell     David Olafson
Chief Operating Officer    Manager Corporate Service

June 13, 2013
Date
INDEPENDENT AUDITOR’S REPORT

To the Special Operating Agencies Financing Authority

We have audited the accompanying financial statements of the INDUSTRIAL TECHNOLOGY CENTRE An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, change in net debt and cash flow for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the INDUSTRIAL TECHNOLOGY CENTRE An Agency of the Special Operating Agencies Financing Authority Province of Manitoba as at March 31, 2013, and the results of its operations and its cash flows for the year ended March 31, 2013 in accordance with Public sector accounting standards.

Chartered Accountants
Original signed by:

Winnipeg, Manitoba
June 13, 2013
### Statement of Financial Position

**AS AT MARCH 31, 2013 (IN THOUSANDS)**

<table>
<thead>
<tr>
<th></th>
<th>MARCH 31, 2013</th>
<th>MARCH 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$666</td>
<td>$698</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>221</td>
<td>94</td>
</tr>
<tr>
<td>Portfolio investments</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>990</strong></td>
<td><strong>895</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>522</td>
<td>413</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>161</td>
<td>196</td>
</tr>
<tr>
<td>Employee future benefits (Note 6)</td>
<td>291</td>
<td>265</td>
</tr>
<tr>
<td>Borrowings from the Province of Manitoba (Note 7)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>974</strong></td>
<td><strong>874</strong></td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>16</td>
<td>21</td>
</tr>
<tr>
<td><strong>Non-financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>Tangible capital assets (Note 8)</td>
<td>790</td>
<td>701</td>
</tr>
<tr>
<td><strong>Total Non-financial Assets</strong></td>
<td><strong>830</strong></td>
<td><strong>740</strong></td>
</tr>
<tr>
<td><strong>Accumulated Surplus</strong></td>
<td>$846</td>
<td>$761</td>
</tr>
<tr>
<td>Designated assets (Note 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments (Note 10)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# Statement of Operations

FOR THE YEAR ENDED MARCH 31, 2013 (IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Province of Manitoba</td>
<td>$900</td>
<td>$900</td>
<td>$900</td>
</tr>
<tr>
<td>Fee for service</td>
<td>2,119</td>
<td>1,978</td>
<td>1,972</td>
</tr>
<tr>
<td>Other</td>
<td>132</td>
<td>58</td>
<td>129</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>3,151</td>
<td>2,936</td>
<td>3,001</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>80</td>
<td>71</td>
<td>83</td>
</tr>
<tr>
<td>Amortization</td>
<td>259</td>
<td>223</td>
<td>267</td>
</tr>
<tr>
<td>Audit and legal</td>
<td>10</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Bad debts</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>48</td>
<td>51</td>
<td>72</td>
</tr>
<tr>
<td>Computer</td>
<td>40</td>
<td>21</td>
<td>57</td>
</tr>
<tr>
<td>Equipment</td>
<td>66</td>
<td>79</td>
<td>82</td>
</tr>
<tr>
<td>Fees and memberships</td>
<td>38</td>
<td>37</td>
<td>41</td>
</tr>
<tr>
<td>Insurance</td>
<td>47</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td>Interest and service charges</td>
<td>2</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Library</td>
<td>16</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Loss on disposal</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office</td>
<td>69</td>
<td>65</td>
<td>71</td>
</tr>
<tr>
<td>Professional development</td>
<td>30</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>Project supplies and subcontract</td>
<td>246</td>
<td>185</td>
<td>187</td>
</tr>
<tr>
<td>Purchased services</td>
<td>10</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Rent and property tax</td>
<td>346</td>
<td>269</td>
<td>325</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1,727</td>
<td>1,647</td>
<td>1,569</td>
</tr>
<tr>
<td>Travel</td>
<td>50</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>Utilities</td>
<td>65</td>
<td>74</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total expense</strong></td>
<td>3,151</td>
<td>2,851</td>
<td>2,975</td>
</tr>
<tr>
<td><strong>Annual surplus income</strong></td>
<td>-</td>
<td>85</td>
<td>26</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>754</td>
<td>761</td>
<td>735</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$754</td>
<td>$846</td>
<td>$761</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Statement of Change in Net Debt

**FOR THE YEAR ENDED MARCH 31, 2013 (IN THOUSANDS)**

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2013 Actual</th>
<th>2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual surplus</strong></td>
<td>$ -</td>
<td>$ 85</td>
<td>$ 26</td>
</tr>
<tr>
<td><strong>Tangible capital assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(300)</td>
<td>(312)</td>
<td>(276)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>259</td>
<td>223</td>
<td>267</td>
</tr>
<tr>
<td>Net acquisition of tangible capital assets</td>
<td>(41)</td>
<td>(89)</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Other non-financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in prepaid expense</td>
<td>-</td>
<td>(1)</td>
<td>17</td>
</tr>
<tr>
<td>Net acquisition of other non-financial assets</td>
<td>-</td>
<td>(1)</td>
<td>17</td>
</tr>
<tr>
<td><strong>(Increase) decrease in net debt</strong></td>
<td>(41)</td>
<td>(5)</td>
<td>34</td>
</tr>
<tr>
<td><strong>Net debt, beginning of year</strong></td>
<td>(67)</td>
<td>21</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Net debt, end of year</strong></td>
<td>$ (108)</td>
<td>$ 16</td>
<td>$ 21</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.

## Statement of Cash Flow

**FOR THE YEAR ENDED MARCH 31, 2013 (IN THOUSANDS)**

<table>
<thead>
<tr>
<th></th>
<th>2013 Actual</th>
<th>2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (applied to):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus</td>
<td>$ 85</td>
<td>$ 26</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>223</td>
<td>267</td>
</tr>
<tr>
<td></td>
<td>308</td>
<td>293</td>
</tr>
<tr>
<td>Change in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(127)</td>
<td>108</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>109</td>
<td>76</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>(35)</td>
<td>48</td>
</tr>
<tr>
<td>Employee future benefits</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(1)</td>
<td>17</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>280</td>
<td>560</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(312)</td>
<td>(276)</td>
</tr>
<tr>
<td>Cash applied to capital activities</td>
<td>(312)</td>
<td>(276)</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt repayments to the Province of Manitoba</td>
<td>-</td>
<td>(253)</td>
</tr>
<tr>
<td>Cash provided by (applied to) financing activities</td>
<td>-</td>
<td>(253)</td>
</tr>
<tr>
<td>Increase (decrease) in cash</td>
<td>(32)</td>
<td>31</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>698</td>
<td>667</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$ 666</td>
<td>$ 698</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTES TO FINANCIAL STATEMENTS

(IN THOUSANDS)
FOR THE YEAR ENDED MARCH 31, 2013

1. Nature of Organization

The Industrial Technology Centre (ITC) was established in 1979 under “Enterprise Manitoba”, a joint Federal/ Provincial cost-shared funding agreement. ITC was managed by the Manitoba Research Council until September 1992 when responsibility for ITC was transferred to the Economic Innovation & Technology Council (EITC). ITC was created as a technical resource for Manitoba industry and government and continues to provide a wide range of technical services to both the private and public sectors.

Effective April 1, 1996, ITC was designated as a Special Operating Agency (SOA) under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M., and operates under a charter approved by the Lieutenant Governor in Council. ITC operates as part of Manitoba Innovation, Energy and Mines under the general direction of the Deputy Minister.

ITC is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances ITC through working capital advances. The financial framework allows the Agency to operate in a business-like manner, which is facilitated by SOA status.

A Management Agreement between SOAFA and the Minister of Innovation, Energy and Mines assigns responsibility to the Agency to manage and account for the Agency-related assets and operations on behalf of SOAFA.

An Economic Development Contribution Agreement between ITC and Manitoba Innovation, Energy and Mines defines expected public policy benefits generated from ITC’s operations.

ITC has full delegated authority for all administrative, financial and operational matters. This delegation is subject to any limitations, restrictions, conditions and requirements imposed by legislation or by the Minister.

2. Basis of Accounting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

3. Significant Accounting Policies

a. Revenue
   (i) Government Transfers
   Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

   Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

   Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to a liability.

   (ii) Exchange Transactions
   Product revenue is recognized when the goods are shipped or delivered and title and risk of loss pass to the customer. Service revenue is recognized when the rendering of services is completed or substantially completed.

   (iii) Other Revenue
   All other revenues are recorded on an accrual basis.
b. Expenses
   (i) Accrual Accounting
       All expenses incurred for goods and services are recorded on an accrual basis.
   (ii) Government Transfers
       Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

c. Financial Assets
   (i) Portfolio Investments
       Portfolio investments are investments that are capable of reasonably prompt liquidation and are recognized at cost.

d. Liabilities
   Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

e. Non-financial Assets
   Non-financial assets do not normally provide resources to discharge liabilities of the Agency. These assets are normally employed to provide future services.
   (i) Prepaid Expenses
       Prepaid expenses are payments for goods or services which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.
   (ii) Tangible Capital Assets
       Tangible Capital Assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>20% straight line</td>
</tr>
<tr>
<td>Office and laboratory equipment</td>
<td>20% straight line</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>20% straight line</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10% straight line</td>
</tr>
</tbody>
</table>

f. Measurement Uncertainty
   The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

   Measurement
   Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

   The Agency records its financial assets at cost, which include cash and cash equivalents, accounts receivable and portfolio investments. The Agency also records its financial liabilities at cost, which include accounts payable and accruals and borrowings.
Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the consolidated statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the consolidated statement of operations in the period the gain or loss occurs.

The Agency did not incur any re-measurement gains and losses during the year (Nil in 2012).

**Financial Risk Management – Overview**

The Agency has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and cash equivalents, accounts receivable, and portfolio investments.

The maximum exposure of the Agency to credit risk at March 31 is:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$666</td>
<td>$698</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>221</td>
<td>94</td>
</tr>
<tr>
<td>Portfolio investments</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$990</strong></td>
<td><strong>$895</strong></td>
</tr>
</tbody>
</table>

Cash and cash equivalents and portfolio investments: The Agency is not exposed to significant credit risk as these amounts are held by the Minister of Finance or a Chartered Bank.

Accounts receivable: The Agency is not exposed to significant credit risk as the balance is due from a large client base, and payment in full is typically collected when it is due. The Agency manages this credit risk through close monitoring of overdue accounts.

The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management’s estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

There was no change in the allowance for doubtful accounts during the year and the balance at March 31, 2013 was $20.

**Liquidity Risk**

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.

The Agency manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

**Market Risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Agency’s income or the fair values of its financial instruments.
Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit, portfolio investments and borrowings.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

The Agency manages its interest rate risk on long-term debt through the exclusive use of fixed rate terms for its long-term debt.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in foreign currency.

5. Working Capital Advances
The Agency has an authorized line of working capital advance up to a maximum of $300. As at March 31, 2013 working capital advances were nil (Nil in 2012). The line bears interest at prime less 1% and is not secured by specific assets.

6. Employee Future Benefits

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severance benefits</td>
<td>$ 266</td>
<td>$ 246</td>
</tr>
<tr>
<td>Sick pay benefits</td>
<td>25</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 291</strong></td>
<td><strong>$ 265</strong></td>
</tr>
</tbody>
</table>

Pension benefits
Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including ITC, through the Civil Service Superannuation Fund.

Pursuant to an agreement with the Province of Manitoba, the Agency is required to pay to the Province an amount equal to the current pension contributions of its employees. The amount paid for 2013 is $84 (2012 – $74). Under this agreement, the pension liability is the responsibility of the Province, and the Agency has no further pension liability.

Severance benefits
Effective April 1, 1998 the Agency began recording accumulated severance pay benefits for their employees. The amount of their severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2011. The report provides a formula to update the liability on an annual basis. The Agency’s actuarially determined net liability for accounting purposes as at March 31, 2013 is $266 ($246 in 2011), with an actuarial adjustment being amortized over the 15 year expected average remaining service life of the employee group.
Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2013 present value of the accrued severance benefit obligation were:

<table>
<thead>
<tr>
<th>Annual rate of return</th>
<th>– inflation component</th>
<th>2.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>– real rate of return</td>
<td></td>
<td>4.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assumed salary increase rates</th>
<th>– annual productivity increase</th>
<th>1.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>– annual general salary increase</td>
<td>2.75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.75%</td>
</tr>
</tbody>
</table>

The severance benefit liability at March 31 includes the following components:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued benefit liability</td>
<td>$257</td>
<td>$235</td>
</tr>
<tr>
<td>Add: unamortized actuarial gains</td>
<td>$9</td>
<td>$11</td>
</tr>
<tr>
<td>Severance benefit liability</td>
<td>$266</td>
<td>$246</td>
</tr>
</tbody>
</table>

The total expenses related to severance benefits at March 31 includes the following components:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on obligation</td>
<td>$15</td>
<td>$14</td>
</tr>
<tr>
<td>Current period benefit cost</td>
<td>$7</td>
<td>$7</td>
</tr>
<tr>
<td>Amortization of actuarial gain over EARSL</td>
<td>$(2)</td>
<td>$(3)</td>
</tr>
<tr>
<td>Total expense related to severance benefit</td>
<td>$20</td>
<td>$18</td>
</tr>
</tbody>
</table>

**Sick pay benefits**

The Agency provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 6.00% annual return and a 3.75% annual salary increase.

**7. Borrowings from the Province of Manitoba**

The Minister of Finance has authorized a loan authority of $1,160 (Order in Council #00248 in 2010) for the Industrial Technology Centre. ITC has drawn down $250 of the $1,160 total loan authority, leaving $910 of loan authority availability unutilized as of March 31, 2013.
8. Tangible Capital Assets

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated Amortization</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opening Balance</td>
<td>Additions</td>
<td>Disposals</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$ 33</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Office and laboratory equipment</td>
<td>1,732</td>
<td>284</td>
<td>-</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>348</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>212</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,325</td>
<td>312</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Amortization</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Office and laboratory equipment</td>
<td>1,201</td>
<td>180</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>286</td>
<td>17</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>124</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>1,624</td>
<td>223</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 701</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated Amortization</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opening Balance</td>
<td>Additions</td>
<td>Disposals</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$ 17</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Office and laboratory equipment</td>
<td>1,519</td>
<td>213</td>
<td>-</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>313</td>
<td>35</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>200</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,049</td>
<td>276</td>
<td>-</td>
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<table>
<thead>
<tr>
<th></th>
<th>Accumulated Amortization</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Office and laboratory equipment</td>
<td>974</td>
<td>227</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>269</td>
<td>17</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>104</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>1,357</td>
<td>367</td>
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<thead>
<tr>
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<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 692</td>
</tr>
</tbody>
</table>

9. Designated Assets

The Agency has allocated $103 ($103 in 2012) of its portfolio investments as designated assets for severance pay benefits. The Agency has received $103 of cash from the Province of Manitoba for the severance pay benefits accumulated to March 31, 1998 for certain of their employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balance is re-invested annually.
10. Commitments

The Agency has entered into a lease agreement for the rental of a building at Smartpark, with space of 19,032 square feet.

Estimated minimum lease payments for each of the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$189</td>
</tr>
<tr>
<td>2015</td>
<td>189</td>
</tr>
<tr>
<td>2016</td>
<td>191</td>
</tr>
<tr>
<td>2017</td>
<td>194</td>
</tr>
<tr>
<td>2018</td>
<td>194</td>
</tr>
</tbody>
</table>
APPENDIX

STAFF AS AT MARCH 31, 2013

Diane Chicheluk
Trevor Cornell, B.Sc. (Eng Hons), MMS (Dip), C.Eng, MIET, P.Eng., FEC
Betty Dearth, B.A., M.I.L.S.
Danny Fredette, Journeyman Machinist, C.Tech.
Sandra Graff
Dale Kellington, B.Sc.
Judith Lesprance
Shawna Levesque, Clerical Bookkeeping Certificate
Stephen McKendry-Smith, Dipl. T

Tom Manson, B.Sc. (M.E.), P.Eng.
David Olafson, B.Sc., B. Comm. (Hons), C.G.A., C.C.P.
Tim Peters, Management Studies Certificate
Gord Pizey, B.Sc. (M.E.), M.Sc, P.Eng.
Sharon Ratushniak
Robert Richards, AME
Tony Robak, Millwright, C.Tech.
Myron Semegen, C.E.T.
Grant Doak (Chairperson)
Deputy Minister
Innovation, Energy and Mines
Room 349, Legislative Building
Winnipeg, MB R3C 0V8

Roy Cook
President and CEO
Monarch Industries Limited
51 Burmac Road, P.O. Box 429
Winnipeg, MB R3C 3E4

Vic Gerden
Chief Executive Officer
West Canitest R&D Inc. (West CaRD)
38 Lindenwood Place
Winnipeg, MB R3P 1M3

Jeffrey Hartry
Senior Consultant
PharmEng
37 Carlyle Bay
Winnipeg, MB R3K 0H2

Chris Stoddart
Vice President of Engineering Services
New Flyer Industries Canada ULC
711 Kernaghan Avenue
Winnipeg, MB R2C 3T4

Richard Krohn
82 Diamond Street
Winnipeg, MB R2G 2J2

Al MacAtavish
Manitoba Hydro (retired)
P.O. Box 127J, RR5
Winnipeg, MB R2C 2Z2

Trevor Cornell
Chief Operating Officer
Industrial Technology Centre
200-78 Innovation Drive
Winnipeg, MB R3T 6C2

Michael Thomlinson
Staff Representative
Industrial Technology Centre
200-78 Innovation Drive
Winnipeg, MB R3T 6C2