

# Opportunity in Saskatchewan

*Philom Bios*



Golden Opportunities Fund is proud to be one of the largest venture capital investors in Saskatchewan. To keep our shareholders and financial advisors informed about the investment activities of the Fund, we will periodically highlight our strategic investee companies in a feature called Opportunity in Saskatchewan.

Philom Bios was incorporated in 1980 to help farmers improve crop productivity and profitability through the use of microbial input products – inoculants. Today it is Western Canada's leading inoculant producer and the only Canadian-owned inoculant company serving prairie farmers.

**A 3 TO 1 NET RETURN ON INVESTMENT** – that's the average profit benefit realized by farmers using Philom Bios' high-value inoculants to increase the fertility efficiency of their crops. In 2003, use of Philom Bios inoculants led to an estimated \$25 million increase in profits for farm customers.

## Delivering High-Value Agronomic Productivity Tools

Faced with increasing competitive pressures, farmers are demanding agronomic productivity tools. Philom Bios delivers these tools. It is committed to helping farmers around the world produce food, feed and fiber in ever-more efficient and sustainable ways. The micro-organisms that comprise the active ingredients of Philom Bios proprietary technologies, called inoculants, are derived from the soil and naturally occurring.

An inoculant is a beneficial, living micro-organism that, when coupled with other crop inputs chosen by a farmer, helps provide phosphate and nitrogen fertility in forms more readily used by that crop or in greater quantity than would otherwise be the case.

Licensed-in technologies and products complement this purpose.

Since its establishment, Philom Bios has consistently invested in research programs to develop novel inoculants that increase farmer profitability. These efforts have resulted in the introduction of several new products. In 1989, the Company introduced N-Prove, a superior line of nitrogen inoculants for pulse crops. JumpStart, the world's first commercial phosphate inoculant, was introduced in 1991 and is now available for all major crops.

Another major milestone was achieved in 1997 with the introduction of TagTeam, the world's first combination phosphate and nitrogen inoculant for all major pulse crops. Recently, the company secured the Canadian marketing rights for Agrotain(R), a urease inhibitor compound that increases the fertility efficiency of urea nitrogen. The focus of the Philom Bios product portfolio is increased fertility efficiency combined with a positive environmental footprint.

## Growing Awareness & Brand Strength

In addition to ongoing investment in research and manufacturing systems, Philom Bios places high priority on a marketing model that delivers consistent value to the customer. Throughout its history, the company has maintained productive relationships with its distributor, retailer and farmer customers. It holds to the theory that the best technology in the world is of little value unless it can be placed in the customers' hands in an easy-to-use form and at a price that creates value. This is a direct reflection of the company's statement of purpose, namely, "to serve the needs of individual customers by delivering high-value inoculants."

The success of the Philom Bios model is best judged by the facts. From 1997 to 2003, the company's revenues increased 170% to reach \$9.5 million. Of 18 product names currently on the Western Canadian market, Philom Bios products hold the top three positions in terms of awareness or brand strength, and they have the highest market share of inoculated acres over competitors.

## Expanding into Choice Markets

Philom Bios is based in Saskatoon, Saskatchewan. R & D, marketing and corporate functions are carried out at Innovation Place, Canada's leading research park. The company also maintains 75,000 square feet of manufacturing facilities in the city.

The business is driven by a multidisciplinary staff of 57 microbiologists, agronomists, engineers and marketing, manufacturing and business professionals. Sustained growth is the focus of the dynamic executive and management team.

The company is investing more than \$1 million annually in new and improved products and formulations, while continuing to expand its marketplace. Its entry into North Dakota in 2001 provides a solid base for ongoing expansion in the U.S. northern Prairie states.

**The Philom Bios growth strategy is based on three commitments:**

- 1. Deliver more value to existing customers.**
- 2. Invest prudently in technologies and growth markets that offer the opportunity to serve new customers.**
- 3. Manage internal operations with a rigor and discipline that translates the value created for customers into lasting value for shareholders.**

Golden Opportunities Fund Inc. is Saskatchewan's First and Largest Provincial Labour-Sponsored Venture Capital Corporation. To date, the Fund has raised \$45 million for investment in Saskatchewan growth companies. Approximately 8,000 Saskatchewan residents have become shareholders in Golden Opportunities Fund and have taken advantage of 35% tax credits and 100% RRSP eligibility.

Golden Opportunities fund is the largest single shareholder in Philom Bios and is proud to be a part of the success that this company has accomplished. For more information on Golden Opportunities Fund's investment portfolio, please visit our website at [www.goldenopportunities.ca](http://www.goldenopportunities.ca).