

GROWTHWORKS | *access fund*

Annual Report
2002

Report to Limited Partners

The GrowthWorks Access Fund has invested \$5.3 million as of March 2003 in three dominant technology sectors, information technology, life sciences and advanced manufacturing. During 2002, nine companies with strong upside potential were added to the Fund's portfolio, which currently consists of 18 companies.

The Access Fund has been affected by declining valuations in public and private equity markets and a difficult market for early stage technology companies. These market conditions provide favourable investing opportunities however, and the valuations received for recent investments should provide solid future value for shareholders.

Seven companies have experienced write-downs over the past year, including one company which has discontinued operations and was written off in 2003. One company has increased in value and the other eleven remain valued at cost. GrowthWorks continues to apply what has been described by analysts as an "ultra-conservative valuation style" in which we aggressively write-down investments and conservatively increase the value of our investments based only on significant valuation events. The result is a conservative market valuation for the fund.

The Access Fund is well diversified across the three dominant technology sectors with nine companies engaged in information technology, six in life sciences, and three in the advanced manufacturing industry. The remaining \$3.8 million currently in the portfolio will be used for follow-on financings to support the continued growth and development of the existing companies.

With a solid foundation of portfolio companies, continued financings as the companies reach their milestones, and strategic direction provided by our experienced investment managers, we believe that the Access Fund is positioned for future growth when valuations in public and private equity markets improve, and when technology spending in the economy rebounds.



David Levi, *President & CEO*

GrowthWorks Access GP I Ltd.,

General Partner of GrowthWorks Access Fund Limited Partnership

Access Fund Portfolio Holdings

The Access Fund has invested \$216,000 in **Ability Biomedical Corporation**.

Ability is a biopharmaceutical company engaged in the discovery and development of antibody-based therapeutics for the treatment of degenerative diseases of the central nervous system, including Multiple Sclerosis and spinal cord injury. The company recently signed a collaborative agreement with Medarex Inc., a US based company.

Antarcti.ca Systems Inc.

has developed Internet software that enhances the usability of the Internet by creating 2D and 3D maps that plot the entire set of network elements that can be displayed and navigated by the user. The company recently hired Mr. Barry Yates as CEO. Mr. Yates was formerly with Delano Software as VP Sales and Marketing. He brings a strong background in sales and marketing including channel development. The Access Fund invested \$97,000 in Antarcti.ca in March 2002.

Bycast Inc. is developing and marketing applications that utilize distributed systems for the secure and efficient delivery of digital healthcare records

over IP networks. Investments totaling \$270,000 have been made in Bycast.

The Access Fund invested \$356,000 in **Celator Technologies Inc.** in December 2002 as part of a \$10.5 million equity financing. Celator is researching and developing co-encapsulated anti-cancer agents delivered to cancer tumours in synergistic ratios.

Cellex Power Products Inc.

is a leading developer of fuel cell product solutions for use in premium power applications. Cellex combines its proprietary components and integration technology with best of breed fuel cells and related hardware supplied by leading vendors to deliver complete power solutions that provide rapid payback to customers. The Access Fund has invested \$288,000 in Cellex.

CellFor Inc. has received \$356,000 in financing from the Access Fund. CellFor commercializes somatic embryogenesis and related technologies that permit the production of commercial tree seeds and seedlings with superior traits such as disease resistance.

Colligo Networks Inc. is designing software that will support ad-hoc peer to peer networks over short range wireless networks such as 802.11 and Bluetooth. One of Colligo's products, the New Personal Edition Product, was recently demonstrated in New York City as part of Microsoft's TabletPC launch. The company also has partnerships with Palm and Motion Computing. Investments totaling \$252,000 have been made.

The Access Fund has invested a total of \$439,000 in **Correlation Technologies Inc.**, with the first investment made in April 2001. Correlation is developing software that provides collaborative net based commerce solutions for the insurance industry.

Gavagai Technology Inc. is a software development company building revolutionary technology that understands digital content through analysis of the concepts in a document, not just the words. The Access Fund has invested a total of \$291,000 in Gavagai. The company has recently strengthened its management team, adding a VP Sales and COO each with key experience.

The Access Fund has invested \$288,000 in **HeatWave Technologies Inc.** HeatWave develops, manufactures and markets advanced, high power radio frequency heating and drying solutions for wood products and food industries.

JGKB Photonics Inc. is developing optical components and IC's for the telecom market. The company's first products will be advanced technology for high speed fiber optic networks. The Access Fund invested \$108,000 in July 2002 as part of a \$3.5 million financing. Co-investors included Working Opportunity Fund, Business Development Bank of Canada, Venture Coaches, Greenstone, and Dow Chemical Company.

Protiva Biotherapeutics Inc. is a biotherapeutics company involved in the research and development of liposome-based delivery technologies enabling intravenous administration of gene medicines. The company is initially focusing on the cancer market. The Access Fund has invested \$594,000 in Protiva.

Access Fund Portfolio Holdings

Silicon Chalk Inc. has received a total of \$316,000 from the Access Fund. Silicon Chalk is developing real-time synchronous learning technologies, which will provide a software infrastructure for communicating and recording information in classrooms, where every participant will have a wirelessly enabled notebook computer. The founder and CEO is a leader in the education technology market, and has previously built a successful company in this industry.

Stressgen Biotechnologies Corp. is focused on the development and commercialization of stress protein-based immunotherapeutics for the treatment of viral diseases and related cancers. The Access Fund has invested \$174,000 in Stressgen.

Tap Ventures Inc. provides software solutions for the financial services industry. Their first product is specifically targeted towards addressing security matching issues that financial institutions face in order to meet the T+1 settlement that is soon to be a requirement mandated by the industry. The Access Fund has invested \$288,000 in Tap.

Twinstrand Therapeutics Inc. is a biotechnology company developing recombinant toxins that can only be activated by enzymes specific to diseased cells, thus protecting healthy cells. Targeted diseases include cancer and viral diseases. The Access Fund invested \$240,000 in Twinstrand in 2002.

Vector 12 Corp. has received \$97,000 in investment by the Access Fund. Vector 12 is a semiconductor intellectual property (SIP) company. The company will license its technology to designers of System on a Chip Integrated Circuits in two related business areas: embedded test and timing syntheses.

Xillix Technologies Corp. is developing, manufacturing and marketing leading edge technology for acquiring and processing images, primarily for the early detection of cancers in the lungs and gastrointestinal tract. The Access Fund invested \$335,000 in October 2002 as part of a \$12 million financing.

Amounts invested to March 31, 2003

Auditors' Report

To the Partners of GrowthWorks Access Fund Limited Partnership

We have audited the statements of net assets of GrowthWorks Access Fund Limited Partnership as at December 31, 2002 and 2001 and the statements of loss and deficit, of cash flows and of changes in net assets for each of the years in the two year period ended December 31, 2002. These financial statements are the responsibility of the General Partner (GrowthWorks Access GP I Ltd.). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the Partnership as at December 31, 2002 and 2001 and the results of its operations and its changes in cash flows and net assets for each of the years in the two year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.

Hay & Watson, Chartered Accountants
Vancouver, British Columbia
February 7, 2003

Statements of Net Assets

December 31	2002	2001
ASSETS		
Cash	\$ 62,066	\$ 175,421
Marketable securities	4,147,091	6,778,807
Accounts receivable	1,106	100
Investments <i>(Note 3)</i>	4,253,773	2,289,785
Deferred organization costs, net of amortization of \$80,043 (2001 - \$64,033)	256,136	336,179
Deferred commissions, net of amortization of \$112,720 (2001 - \$103,167)	347,713	460,433
	9,067,885	10,040,725
LIABILITIES		
Accounts payable and accrued liabilities	6,000	43,386
NET ASSETS	\$ 9,061,885	\$ 9,997,339
PARTNERS' EQUITY		
Issued and fully paid partnership units	\$10,100,010	\$ 10,100,010
Unrealized appreciation (depreciation) of marketable securities and investments	(625,660)	923
Deficit	(412,465)	(103,594)
	\$ 9,061,885	\$ 9,997,339
NUMBER OF PARTNERSHIP UNITS	1,010,001	1,010,001
NET ASSET VALUE		
PER PARTNERSHIP UNIT	\$ 8.97	\$ 9.90

Approved by the Director of the General Partner
GrowthWorks Access GP I Ltd.



David Levi, Director

Statements of Loss and Deficit

Years Ended December 31	2002	2001
REVENUE		
Interest	\$ 147,002	\$ 300,075
EXPENSES		
Filing fee	750	3,212
Management fee <i>(Note 4)</i>	256,043	227,132
Miscellaneous	167	125
Organization cost amortization	80,043	64,033
Professional fees	6,150	6,000
	343,153	300,502
NET LOSS	(196,151)	(427)
DEFICIT, Beginning of Year	(103,594)	-
Amortization of deferred commissions	(112,720)	(103,167)
DEFICIT, End of Year	\$ (412,465)	\$ (103,594)

Statements of Changes in Net Assets

Years Ended December 31	2002	2001
NET ASSETS, Beginning of Year	\$ 9,997,339	\$ -
INCREASE IN NET ASSETS ARISING FROM		
Issue of partnership units	-	10,100,010
Unrealized appreciation of marketable securities and investments	-	923
	9,997,339	10,100,933
DECREASE IN NET ASSETS ARISING FROM		
Net loss	(196,151)	(427)
Unrealized depreciation of marketable securities and investments	(626,583)	-
Commission amortization	(112,720)	(103,167)
	(935,454)	(103,594)
NET ASSETS, End of Year	\$ 9,061,885	\$ 9,997,339

Statements of Cash Flows

Years Ended December 31	2002	2001
CASH FLOWS USED IN OPERATING ACTIVITIES		
Interest received	\$ 140,221	\$ 300,075
Cash paid for services	(300,497)	(593,395)
	(160,276)	(293,320)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of investments	(2,584,023)	(2,288,862)
Sale (purchase) of marketable securities	2,630,944	(6,778,807)
	46,921	(9,067,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of partnership units	-	10,100,010
Cash paid for commissions	-	(563,600)
	-	9,536,410
(DECREASE) INCREASE IN CASH	(113,355)	175,421
CASH, Beginning of Year	175,421	-
CASH, End of Year	\$ 62,066	\$ 175,421

December 31, 2002

December 31, 2002

1. ORGANIZATION AND OPERATIONS

GrowthWorks Access Fund Limited Partnership (the "Partnership") was formed on September 15, 2000 under the laws of the Province of British Columbia. GrowthWorks Access GP I Ltd. is the General Partner. Except for the General Partner and any limited partner who participates in the management of the Partnership, the liability of the partners is restricted to their investment in the Partnership.

The Partnership is in the business of making direct or indirect investments in Canada and the United States, with a particular emphasis on early stage information technology and life sciences companies.

During the period ended December 31, 2001, the Partnership issued 1,010,001 limited partnership units to persons resident in the provinces of British Columbia and Alberta at \$10.00 per unit. Each unit represents an equal undivided interest in the net assets of the Partnership. The Partnership will have an initial term of five years, which may be extended by up to three additional one year periods by the General Partner if it considers that the Fund's investment and divestment program is not substantially complete.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which include the following significant policies:

General

These financial statements include only the assets, liabilities, revenue and expenses of the Partnership and not those of the General or Limited Partners.

There is no provision for income taxes as Partnership income is taxed in the hands of the partners.

Investments

Investments are recorded at estimated market value. Unrealized appreciation or depreciation of venture investments is recorded as an increase or decrease of net assets.

Market values for investments are determined using the following methods:

- Investments which are publicly traded or can be converted to publicly traded securities - on the basis of market quotations, adjusted for factors affecting the orderly disposition of the investment.

- Investments which are not publicly traded - on the basis of generally accepted valuation methods which best and most objectively reflect the expected value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints or on the basis of recent and significant transactions with respect to the investment.

The process of valuing venture investments for which no public market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the venture investments. These differences could be material to the fair value of the Partnership portfolio.

Organizational Costs

Costs incurred for the organization of the Partnership, which include all costs related to the formation of the Partnership, including regulatory costs, and the marketing of the units of the Partnership prior to the commencement of operations, are deferred and amortized over the initial five year term of the Partnership (Note 1).

Commissions

Commissions and other fees paid for the issue of units of the Partnership are deferred and amortized over the initial five year term of the Partnership (Note 1).

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates and assumptions that affect the reported amount of certain assets and liabilities at the date of these financial statements and the reported amounts of certain revenue and expenses during the year. Actual results may differ from those estimates.

December 31, 2002

3. INVESTMENTS

Years Ended December 31	2002	2001
Ability Biomedical Corp.	\$ 216,150	\$ -
Antarctica Systems Inc.	97,000	-
Bycast Inc.	269,920	115,280
Celator Technologies Inc.	356,260	-
Cellex Power Products, Inc.	288,000	288,000
CellFor Inc.	356,261	356,261
Colligo Networks Inc. (formerly Synchropoint Wireless Inc.)	212,666	252,541
Correlation Technologies Inc.	255,702	254,499
Electronic Finance Group Ltd.	-	252,000
Gavagai Technology Inc.	194,001	-
HeatWave Technologies Inc.	261,686	-
JGKB Photonics Inc.	108,075	-
Protiva Biotherapeutics Inc.	593,769	356,261
Silicon Chalk Inc.	172,920	144,100
Stressgen Biotechnologies Corp.	66,816	173,843
Tap Ventures Inc.	180,125	-
Twinstrand Therapeutics Inc.	245,676	-
Vector 12 Corporation	48,500	97,000
Xillix Technologies Corp.	330,246	-
	<u>\$4,253,773</u>	<u>\$2,289,785</u>

4. GENERAL PARTNER FEES AND ALLOCATIONS

Pursuant to the agreement dated November 1, 2000 between the Partnership and the General Partner, the Partnership has agreed:

- To pay to the General Partner a monthly management fee equal to one-twelfth of 2.75% of the net asset value of the Partnership on the last day of each month.
- To allocate to the General Partner from Partnership income and pay annually a performance share equal to 20% of the returns in excess of an annually compounded threshold return of 10% of the weighted average of the Partnership's contributed capital, less any performance share paid in respect of investments in other venture investment funds and less any performance share paid in previous years. If the return in a year falls short of the threshold, the difference between the return and the threshold will reduce the performance share payable in subsequent years. If the Partnership does not have sufficient cash to fully pay the performance share in any year, a portion may be deferred and added to the performance share in subsequent years.

December 31, 2002

5. AGREEMENTS

GrowthWorks Ltd., the parent company of the General Partner, and Working Opportunity Fund (EVCC) Ltd. ("WOF"), have entered into a co-investment agreement, pursuant to which WOF may invest a proportionate amount in an investment concurrently with an investment made by the Partnership, to an aggregate maximum of \$60 million, \$30 million in each of the technology and life sciences sectors.

The Partnership entered into an agency agreement with Odium Brown Ltd., Canaccord Capital Corporation, Raymond James Ltd. and United Capital Securities Inc. to act as the lead agents for the sale of Partnership units. A commission equal to 1% of the gross proceeds was paid to the lead agents. A 5% sales commission on subscriptions procured by the lead agents or by other qualified dealers and adviser firms appointed by the lead agents was also paid. In addition, the Partnership has agreed to pay the lead agents reasonable legal fees and disbursements and certain travel expenses incurred in connection with the sale of Partnership units.

6. RELATED PARTY TRANSACTIONS

The Partnership paid management fees of \$256,043 (2001 - \$227,132) to the General Partner during the year ended December 31, 2002.

7. FINANCIAL INSTRUMENTS

Canadian generally accepted accounting principles require disclosure of the fair value of financial instruments. The Partnership's assets and liabilities are carried at (Note 2) or approximate their fair values at December 31, 2002.

GROWTHWORKS | *access fund*

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