



## 2011 Interim Financial Statements (unaudited)

For the six month period ended February 28, 2011

### GrowthWorks Canadian Fund Ltd.

**WV Canadian & Merger Series:**

WV Canadian – Commission I  
CAVI Series  
CSTGF Series  
FOF Traditional Series  
ENSIS Series  
CMDF Series

**GIC Series:**

Venture / GIC – Commission I  
Venture / GIC – Commission II

**Growth Series:**

Venture / Growth – Commission I  
Venture / Growth – Commission II  
FOF Growth Series

**Income Series:**

Venture / Income – Commission I  
Venture / Income – Commission II

**Financial Services Series:**

Venture / Financial Services – Commission I  
Venture / Financial Services – Commission II

**Diversified and CMDF Reinvestment Series:**

Venture / Diversified – Commission I  
Venture / Diversified – Commission II  
Venture / CMDF Reinvestment Commission I  
Venture / CMDF Reinvestment Commission II

Performance Diversification Know-How

A large, light blue graphic in the bottom right corner of the page. It depicts three stylized human figures in a circle, with their arms raised and hands touching, suggesting a group or community. The figures are composed of simple, rounded shapes.

## 2011 Semi-Annual Report

To our investors,

The GrowthWorks Canadian Fund remains one of the most active and diversified venture capital funds in Canada. We completed follow-on investments of \$8.01 million in 13 portfolio companies during the first six months of our fiscal year. Those investments are in keeping with our strategy of supporting the highest-potential investments in our portfolio companies rather than making investments in new companies, which is consistent with the Fund's maturity.

We also completed profitable exits and remain confident that our portfolio will continue to generate significant gains from future exits. The net asset value (NAV) of the shares of the Fund, unfortunately, does not reflect recent exit gains or the encouraging fundamentals of our portfolio companies. The NAV declined during the period primarily because of foreign exchange losses on our investments carried in U.S. dollars resulting from a strong Canadian dollar and lower company valuations due to challenging venture capital market financing and exit conditions.

### **Profitable exits**

**Cengea Solutions Inc.** of Vancouver, BC, one of the largest suppliers of forest management systems and services, was acquired in September 2010 by Trimble Navigation Limited. Trimble integrates a wide range of positioning technologies, including GPS, laser and optical technologies, that allow customers to maximize productivity and manage transportation. The Fund completed its first investment in Cengea in 2002 when it invested in Winnipeg-based Linnet Geomatics, which later merged with another company to form Cengea in 2006.

The Fund also completed a profitable exit from its last real estate holding, Castlemore Golf and Country Club, a golf course and residential housing project in Brampton, Ontario.

### **Venture capital activity increases, but supply declines**

Venture capital market activity in Canada edged upwards in 2010, with \$1.1 billion invested, up 10% from 2009. The number of companies financed also increased, rising 5% to 354, according to Canada's Venture Capital & Private Equity Association. However, financing of early stage

companies has become increasingly threatened by the ongoing decline in venture capital fundraising.

Exits involving buyout and other private equity-backed Canadian businesses in 2010 increased 106% from 2009. The higher levels of activity were led by strategic acquisitions, and are another sign of a more stable economic environment. We expect these generally favourable conditions to pave the way for increased initial public offerings (IPO) and mergers and acquisitions (M&A) activity in 2011.

As with previous cycles, we believe that share value appreciation in several of our high-performing private companies will outpace returns in other asset classes when opportunities arise for profitable exits.

Over the past two years, however, valuations of our private-company shares have faced considerable pressure from a strong Canadian dollar, which reduces the value of Fund's holdings that are denominated in U.S. dollars. Additionally, the persistent shortage of venture capital has created a buyers market within the venture capital industry. That means many of the Fund's holdings are re-valued at lower prices when they require follow-on capital. Those lower valuations, in turn, affect the Fund's NAV. The benefit, however, is that the Fund's ownership positions can generally be maintained and, in some cases, increased with fewer dollars.

### **Follow-on investments support growing companies**

Investment activity during the period was focused entirely on rapidly developing portfolio companies that required capital to support their growth. The following three companies are among 13 companies that received follow-on investments from the Fund:

- **OneChip Photonics Inc., Ottawa, Ontario (\$1.2 million).** OneChip continues to distinguish itself as an innovator in the optical communications industry. For the second year in a row the company was named to *EE Times* Top 60 Emerging Startups list, which is informally known as the Silicon 60. OneChip's transceivers enable broadband carriers to increase the speed of their services over fibre-based optical networks, while keeping user costs low.
- **LibreStream Technologies Inc., Winnipeg, Manitoba (\$500,000).** LibreStream is a leader in developing innovative mobile collaboration solutions for manufacturing, energy and healthcare enterprises. The company's video-distribution technology, Onsite,

provides customers with high-quality, live video to help inspect, diagnose and repair equipment problems through remote collaboration.

- **BTI Systems Inc., Ottawa, Ontario (\$1.2 million).** BTI Systems is addressing growing demand for high-capacity fibre optic networks. Its telecommunication services and products are used by the owners of such networks to expand capacity for services that require large amounts of bandwidth such as video and data communications. BTI has moved aggressively into Asia and the southern United States markets recently, and is extremely well positioned to take market share as it accelerates its already above market growth rate.

### **Portfolio companies make notable progress**

We believe that the Life Sciences sector, which has lagged markets recently despite strong long-term fundamentals, is showing signs that it may soon start to outpace overall markets. The Fund's Life Science's portfolio has several strong companies, including drug discovery companies **Ambit Biosciences (Canada) Corporation** and **Gemin X Biotechnologies Inc.**, agricultural biotechnology companies **Targeted Growth Inc.** and **Agrisoma Biosciences Inc.**, and medical device companies **Orthopaedic Synergy, Inc.** and **ViOptix Canada Inc.**

Ambit Biosciences of Toronto is a good example of a biotech company with a success story on the horizon. In November, 2010, Ambit filed a registration statement to go public on the NASDAQ. The company's small molecular therapeutics for the treatment of cancer, meanwhile, have been performing well in clinical trials. Since the Fund's initial investment in 2004, Ambit has completed Phase I and started the first Phase II clinical trial of AC220 in acute myeloid leukemia. In December 2010, the company started Phase I trials for two new products, AC430 and AC480. AC430 has demonstrated convincing efficacy in pre-clinical models of autoimmune and inflammatory diseases. The AC480 trial will assess safety, pharmacokinetics and anti-tumour activity in patients with advanced solid tumours.

**Morega Systems Inc.**, a provider of digital home multimedia solutions, was recognized in September 2010 as a company to watch by Deloitte in the 2010 Deloitte Technology Fast 50 awards. Based in Toronto, Morega's software manages the delivery and playback of digital media content between devices such as televisions, Blu-ray players, set-top-boxes, mobile devices and computers.

To learn more about our portfolio companies, visit [www.growthworks.ca/canadian](http://www.growthworks.ca/canadian) and choose "Portfolio." Then click on the link to the respective company's website.

### **Proposal to consolidate Merger Series shares**

The Board has approved seeking shareholder approval at the next Annual General Meeting to consolidate the Fund's six outstanding series of merger shares into its Diversified Series, Commission I shares. Over the past five years, the Fund has merged with five retail venture capital funds, with one or more series of Class A shares distributed following each merger. The proposal is aimed at simplifying the Fund's share structure and making pricing and reporting processes more efficient in light of the overlap of non-venture investments among various series. The Board has also approved seeking shareholder approval for the consolidation of the Income Series into the Diversified Series. Shareholder approvals will be sought at the Fund's next annual general meeting, now expected to be in June, 2011.

### **Our outlook**

We believe that the size and maturity of the Fund's portfolio holdings position it well as the global economic recovery continues. We expect improving conditions in IPO and M&A markets to pave the way to higher portfolio company valuations in 2011, especially those enjoying organic sales growth. We continue, meanwhile, to work closely with the management of portfolio companies to achieve growth objectives and capitalize on exit opportunities.

I welcome new shareholders to the Fund and thank all shareholders for their continuing support as we work to realize on the potential of the Fund. I also thank our portfolio company managements for their achievements.

Sincerely,



David Levi

President and CEO

GrowthWorks Canadian Fund Ltd.

This report contains forward-looking statements that are not based on historical or current fact, including statements containing the words “believes,” “may,” “anticipates,” “estimates,” “expects” or “will”. These statements primarily related to assessments of the future economic and market conditions for the Fund, the plans and prospects of, and results achieved by, portfolio companies, deal flow and future capital raising and investment activity and expectations for divesting from investments in the Fund’s venture portfolio. Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks, including, but not limited to, economic and market conditions, results achieved by portfolio companies, deal flow and future capital raising and investment activity, timing or proceeds of divestments in the Fund’s venture portfolio and those risks referenced in the Fund’s filings with Canadian securities regulators. Most of these factors are beyond the control of the Fund and its manager. Neither the Fund nor its manager assumes any obligation to update any of the forward-looking statements made in this report.

# GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –  
Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series  
Statements of Net Assets  
(In thousands except per share amounts)

	At February 28, 2011	At August 31, 2010
	(unaudited)	
<b>Assets</b>		
Cash	\$ 8,845	\$ 5,551
Restricted cash [Note 11]	2,204	2,204
Short-term investments and bonds	687	10,956
Bank instruments	-	-
Income notes	-	-
Index notes	-	-
Venture investments	195,440	217,785
Divestment proceeds receivable	5,849	1,813
Accrued interest receivable	2,559	4,956
Income taxes receivable	-	-
Subscriptions receivable	-	-
Other assets	-	99
Inter-series receivable [Note 8]	-	-
	\$ 215,584	\$ 243,364
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 12]	\$ 5,266	\$ 3,686
Redemptions payable	2,813	108
Incentive participation dividend payable [Note 5]	280	711
Contingent IPA [Note 5]	4,680	5,184
Participation liability [Note 7]	20,853	18,158
Inter-series payable [Note 8]	2,011	2,340
	\$ 35,903	\$ 30,187
<b>Net assets</b>		
WV Canadian – Commission I	\$ 60,790	\$ 76,132
CAVI Series	8,296	10,312
ENSIS Series	37,797	44,976
CMDF Series	58,017	63,987
CSTGF Series	7,378	9,160
FOF Traditional Series	7,403	8,610
	\$ 179,681	\$ 213,177
<b>Shares outstanding</b> [Note 5]		
WV Canadian – Commission I	8,566	10,072
CAVI Series	1,231	1,429
ENSIS Series	6,035	6,648
CMDF Series	8,620	8,886
CSTGF Series	1,142	1,322
FOF Traditional Series	1,125	1,220
<b>Net assets per share</b> [Note 9]		
WV Canadian – Commission I	\$ 7.10	\$ 7.56
CAVI Series	6.74	7.22
ENSIS Series	6.26	6.77
CMDF Series	6.73	7.20
CSTGF Series	6.46	6.93
FOF Traditional Series	6.58	7.06

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –

Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

Statements of Operations (In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
<b>Investment income:</b>		
Interest – short-term investments and bonds	\$ 28	\$ 135
Interest – venture investments	803	1,651
Interest – income notes	-	291
Interest – bank instruments	-	51
Interest – other income	261	375
	1,092	2,503
<b>Expenses:</b>		
Management fees [Note 8]	1,969	3,024
Administration fees [Note 8]	1,880	2,845
Capital retention administration fees [Note 8]	206	347
Directors' fees [Note 8]	232	167
Legal fees	167	7
Service fees [Note 5]	436	664
Financing expense [Note 7]	3,446	-
Other	628	562
Total expenses before fee waiver	8,964	7,616
Expenses waived or absorbed by Manager	(56)	-
<b>Net expenses</b>	<b>8,908</b>	<b>7,616</b>
Net investment income (loss) before income taxes	(7,816)	(5,113)
Provision for income taxes (expense) recovery	-	-
<b>Net investment income (loss)</b>	<b>(7,816)</b>	<b>(5,113)</b>
<b>Realized gain (loss) from:</b>		
Venture investments	(3,654)	(18,160)
Short-term investments and bonds	66	220
Bank instruments	-	25
Income notes	-	1,383
Index notes	-	14
Total realized gain (loss)	(3,588)	(16,518)
Incentive participation dividend [Note 5]	(284)	(117)
<b>Net realized gain (loss)</b>	<b>(3,872)</b>	<b>(16,635)</b>
<b>Change in unrealized appreciation (depreciation) of:</b>		
Venture investments	(2,226)	6,847
Short-term investments and bonds	(66)	(7)
Bank instruments	-	-
Income notes	-	-
Index notes	-	-
<b>Change in unrealized appreciation (depreciation)</b>	<b>(2,292)</b>	<b>6,840</b>
Contingent Incentive participation dividend [Note 5]	212	(126)
Participation liability [Note 7]	328	-
<b>Net change in unrealized appreciation (depreciation)</b>	<b>(1,752)</b>	<b>6,714</b>
<b>Increase (decrease) in net assets from operations:</b>		
WV Canadian – Commission I	\$ (4,475)	\$ (5,504)
CAVI Series	(632)	(804)
ENSIS Series	(3,085)	(3,433)
CMDF Series	(4,113)	(3,941)
CSTGF Series	(575)	(716)
FOF Traditional Series	(560)	(636)
<b>Increase (decrease) in net assets from operations</b>	<b>\$ (13,440)</b>	<b>\$ (15,034)</b>
<b>Increase (decrease) in net assets from operations per share:</b>		
WV Canadian – Commission I	\$ (0.48)	\$ (0.42)
CAVI Series	(0.47)	(0.42)
ENSIS Series	(0.48)	(0.46)
CMDF Series	(0.47)	(0.42)
CSTGF Series	(0.46)	(0.42)
FOF Traditional Series	(0.48)	(0.43)

# GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –

Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

## Statements of Changes in Net Assets

(In thousands except per share amounts)

Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	WV Canadian – Commission I		CAVI Series		ENSIS Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 76,132	\$ 122,447	\$ 10,312	\$ 16,604	\$ 44,976	\$ 63,053
Changes during the year:						
Net increase (decrease) in net assets from operations	(4,475)	(5,504)	(632)	(804)	(3,085)	(3,433)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(10,867)	(19,269)	(1,384)	(2,366)	(4,094)	(5,111)
	(10,867)	(19,269)	(1,384)	(2,366)	(4,094)	(5,111)
Net assets, end of period	\$ 60,790	\$ 97,674	\$ 8,296	\$ 13,434	\$ 37,797	\$ 54,509

	CMDF Series		CSTGF Series		FOF Traditional Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 63,987	\$ 79,022	\$ 9,160	14,384	\$ 8,610	\$ 12,515
Changes during the year:						
Net increase (decrease) in net assets from operations	(4,113)	(3,941)	(575)	(716)	(560)	(636)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(1,857)	(2,322)	(1,207)	(1,864)	(647)	(1,287)
	(1,857)	(2,322)	(1,207)	(1,864)	(647)	(1,287)
Net assets, end of period	\$ 58,017	\$ 72,759	\$ 7,378	11,804	\$ 7,403	\$ 10,592

	Total	
	2011	2010
Net assets, beginning of period	\$ 213,177	\$ 308,025
Changes during the year:		
Net increase (decrease) in net assets from operations	(13,440)	(15,034)
Capital transactions:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(20,056)	(32,219)
	(20,056)	(32,219)
Net assets, end of period	\$ 179,681	\$ 260,772

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –

Commission I, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, and FOF Traditional Series

## Statements of Cash Flows

(In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flow from operating activities:		
Net investment income (loss)	\$ (7,816)	\$ (5,113)
Changes in non-cash operating accounts:		
Accrued interest receivable	2,398	(2,894)
Other assets	99	(252)
Income tax receivable	-	-
Accounts payable and accrued liabilities	1,580	5,066
Incentive participation dividend payable	(504)	125
Inter-series payable (receivable)	5,904	13,747
	1,661	10,679
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	17,054	15,492
Disposition of short-term investments and bonds	26,416	13,625
Disposition of bank instruments	-	7,122
Disposition of income notes	-	9,401
Disposition of index notes	-	82
Purchase of portfolio assets:		
Purchase of venture investments	(6,383)	(10,549)
Purchase of short-term investments and bonds	(16,331)	(3,469)
Purchase of bank instruments	-	-
Purchase of income notes	-	-
Purchase of index notes	-	-
Restricted cash	-	(2)
Incentive participation dividend paid	(431)	-
Divestment proceeds receivable	(4,036)	-
	16,289	31,702
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(20,056)	(32,219)
Subscriptions receivable	-	5
Participation liability	2,695	-
Redemptions payable	2,705	4,295
	(14,656)	(27,919)
Increase (decrease) in cash position	3,294	14,462
Cash position, beginning of period	5,551	2,356
Cash position, end of period	\$ 8,845	\$ 16,818
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ 6,233	\$ 5,077

See accompanying notes to financial statements.

## GROWTHWORKS CANADIAN FUND LTD.

WV Canadian – Commission I, CAVI Series, CSTGF Series, Ensis Series, CMDF Series, and FOF Traditional Series (Tabular amounts expressed in thousands of dollars)

### Discussion of Financial Risk Management (Note 4)

#### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$36.0 million (August 31, 2010: \$28.2 million). In addition, as of February 28, 2011, there was \$120.8 million (August 31, 2010: \$166.9 million) in shares that were eligible for redemption without penalty. The fund is not required to redeem all eligible shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

#### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$54.4 million (August 31, 2010: \$65.2 million) which represents approximately 30.3% (August 31, 2010: 30.6%) of the Series' net assets. This is comprised of \$45.3 million (August 31, 2010: \$47.4 million) of venture investments, \$686,742 (August 31, 2010: \$11.0 million) of short term investments, and \$8.4 million (August 31, 2010: \$6.8 million) in receivables.

#### - Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at February 28, 2011 and August 31, 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 9,549	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 9,549	\$ 5,615
< 1 year past due	-	254	5,831	4,396	4,346	1,518	10,177	6,168
Past due 1 - 2 years	-	253	4,407	6,811	9,980	8,939	14,387	16,003
Past due 2 - 3 years	-	-	1,484	2,984	594	406	2,078	3,390
Past due 3 - 4 years	-	-	-	458	-	-	-	458
Past due greater than 4 years	-	199	1,306	-	500	500	1,806	699
<b>Total</b>	<b>\$ 9,549</b>	<b>\$ 6,321</b>	<b>\$ 13,028</b>	<b>\$ 14,649</b>	<b>\$ 15,420</b>	<b>\$ 11,363</b>	<b>\$ 37,997</b>	<b>\$ 32,333</b>

The Fund holds no collateral on these investments as security. Cumulative depreciation recorded in the Fund's net assets for these investments is \$24.1 million (August 31, 2010: \$28.3 million). No other investments are past due or impaired at February 28, 2011 or August 31, 2010.

#### - Short-term investments:

An analysis of the credit ratings of the Series' short-term investments and bonds as at February 28, 2011 and August 31, 2010 is as follows:

Short-term Investments, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ 178	\$ -	25.9%	-	0.1%	-
AA	-	-	-	-	-	-
A	-	10,558	-	96.4%	-	5.0%
Not available	509	398	74.1%	3.6%	0.3%	0.1%
<b>Total</b>	<b>\$ 687</b>	<b>\$ 10,956</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>5.1%</b>

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

#### Currency Risk

As at February 28, 2011, 27.9% (August 31, 2010: 25.6%) of the venture portfolio and 0.0% (August 31, 2010: 60.7%) of divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.3% (August 31, 2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the period end.

#### Interest Rate Risk

At February 28, 2011 short-term investments, comprising approximately 0.4% (August 31, 2010: 5.1%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$69 (August 31, 2010: \$10,637), representing less than 0.0% (August 31, 2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 687	\$ 10,706	100.0%	97.7%	0.4%	5.0%
1 - 3 years	-	250	-	2.3%	-	0.1%
3 - 5 years	-	-	-	-	-	-
5-7 years	-	-	-	-	-	-
<b>Total</b>	<b>\$ 687</b>	<b>\$ 10,956</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>5.1%</b>

#### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$3.5 million (August 31, 2010: \$4.2 million) or 2.0% (August 31, 2010: 2.0%) of the Series' net assets. At February 28, 2011 and August 31, 2010, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite	\$ 5	\$ 77	0.0%	0.0%
		\$ 5	\$ 77	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$4,599 (August 31, 2010: \$77,051) or 0.0% (August 31, 2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I  
Venture / GIC Commission II

Statements of Net Assets  
(In thousands except per share amounts)

	At February 28, 2011 (unaudited)	At August 31, 2010
<b>Assets</b>		
Cash	\$ 289	\$ 289
Guaranteed investment certificates	945	852
Venture investments	436	504
Divestment proceeds receivable	13	5
Accrued interest receivable	28	34
Subscriptions receivable	198	138
Inter-series receivable [Note 8]	-	-
	<u>\$ 1,909</u>	<u>\$ 1,822</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 12]	\$ 27	\$ 6
Redemption payable	-	-
Incentive participation dividend payable [Note 5]	1	2
Contingent IPA [Note 5]	10	13
Participation liability [Note 7]	46	42
Inter-series payable [Note 8]	341	278
	<u>\$ 425</u>	<u>\$ 341</u>
<b>Net assets</b>		
Venture / GIC Commission I	\$ 495	\$ 490
Venture / GIC Commission II	989	991
	<u>\$ 1,484</u>	<u>\$ 1,481</u>
<b>Shares outstanding</b> [Note 5]		
Venture / GIC Commission I	63	59
Venture / GIC Commission II	126	120
<b>Net assets per share</b> [Note 9]		
Venture / GIC Commission	\$ 7.86	\$ 8.30
Venture / GIC Commission II	7.85	8.25

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I  
Venture / GIC Commission II

Statements of Operations  
(In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Investment income:		
Interest – venture investments	\$ 2	\$ 4
Interest – other income	2	1
	4	5
Expenses:		
Management fees [Note 8]	14	9
Administration fees [Note 8]	14	8
Capital retention administration fees [Note 8]	9	5
Directors' fees [Note 8]	2	1
Legal fees	1	-
Service fees [Note 5]	1	1
Financing expense [Note 7]	9	-
Other	7	2
Total expenses before fee waiver	57	26
Expenses waived or absorbed by Manager	-	-
Net expenses	57	26
Net Investment Income (loss) before income taxes	(53)	(21)
Provision for income taxes (expense) recovery	-	-
Net Investment Income (loss)	(53)	(21)
Realized gain (loss) from:		
Venture investments	(26)	(26)
Guaranteed investment certificates	-	-
Total realized gain (loss)	(26)	(26)
Incentive participation dividend [Note 5]	(1)	-
Net realized gain (loss)	(27)	(26)
Change in unrealized appreciation (depreciation) of:		
Venture investments	10	6
Guaranteed investment certificates	-	-
Change in unrealized appreciation (depreciation)	10	6
Contingent incentive participation dividend [Note 5]	1	-
Participation Liability [Note 7]	1	-
Net change in unrealized appreciation (depreciation)	12	6
Net increase (decrease) in net assets from operations:		
Venture / GIC – Commissions I	\$ (22)	\$ (15)
Venture / GIC – Commission II	(46)	(26)
Net increase (decrease) in net assets from operations	\$ (68)	\$ (41)
Net increase (decrease) in net assets from operations per share:		
Venture / GIC – Commissions I	\$ (0.36)	\$ (0.38)
Venture / GIC – Commission II	(0.37)	(0.39)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I

Venture / GIC Commission II

## Statements of Changes in Net Assets

(In thousands except per share amounts)

Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 490	\$ 327	\$ 991	\$ 527	\$ 1,481	\$ 854
Changes during the period:						
Net increase (decrease) in net assets from operations	(22)	(15)	(46)	(26)	(68)	(41)
Capital transactions:						
Proceeds from issuance of Class A shares	27	107	53	414	80	521
Payment on redemption of Class A shares	-	-	(9)	-	(9)	-
	27	107	44	414	71	521
Net assets, end of period	\$ 495	\$ 419	\$ 989	\$ 915	\$ 1,484	\$ 1,334

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I  
Venture / GIC Commission II

## Statements of Cash Flows

(In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (53)	\$ (21)
Changes in non-cash operating accounts:		
Accrued interest receivable	6	-
Accounts payable and accrued liabilities	21	-
Incentive participation dividend payable	(3)	-
Inter-series payable (receivable)	(11)	(480)
	(40)	(501)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	74	30
Disposition of guaranteed investment certificates	-	-
Purchase of portfolio assets:		
Purchase of venture investments	(40)	(28)
Purchase of guaranteed investment certificates	-	-
Incentive participation dividend paid	(1)	-
Divestment proceeds receivable	(8)	-
	25	2
Cash flows from (used in) financing activities:		
Proceeds from issuance of shares	80	521
Payment on redemption of Class A Shares	(9)	-
Subscriptions receivable	(60)	26
Participation liability	4	-
Redemption payable	-	-
	15	547
Increase (decrease) in cash position	-	48
Cash position, beginning of period	289	241
Cash position, end of period	\$ 289	\$ 289
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ (74)	\$ (27)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I

Venture / GIC Commission II (Tabular amounts expressed in thousands of dollars)

## Discussion of Financial Risk Management (Note 4)

### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$ 425,275 (August 31, 2010: \$ 340,408).

### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$1.3 million (August 31, 2010: \$1.1 million) which represents approximately 85.7% (August 31, 2010: 76.9%) of the Series' net assets. This is comprised of \$100,909 (August 31, 2010: \$109,814) of venture investments, \$945,005 (August 31, 2010: \$851,920) of GIC's, and \$238,835 (August 31, 2010: \$176,536) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at February 28, 2011 and August 31, 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 9,549	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 9,549	\$ 5,615
< 1 year past due	-	254	5,831	4,396	4,346	1,518	10,177	6,168
Past due 1 - 2 years	-	253	4,407	6,811	9,980	8,939	14,387	16,003
Past due 2 - 3 years	-	-	1,484	2,984	594	406	2,078	3,390
Past due 3 - 4 years	-	-	-	458	-	-	-	458
Past due greater than 4 years	-	199	1,306	-	500	500	1,806	699
<b>Total</b>	<b>\$ 9,549</b>	<b>\$ 6,321</b>	<b>\$ 13,028</b>	<b>\$ 14,649</b>	<b>\$ 15,420</b>	<b>\$ 11,363</b>	<b>\$ 37,997</b>	<b>\$ 32,333</b>

The Fund holds no collateral on these investments as security. Cumulative depreciation recorded in the Fund's net assets for these investments is \$24.1 million (August 31, 2010: \$28.3 million). No other investments are past due or impaired at February 28, 2011 or August 31, 2010.

- Short-term investments:

An analysis of the credit ratings of the Series' GIC's as at February 28, 2011 and August 31, 2010 is as follows:

GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ -	\$ -	-	-	-	-
AA	-	-	-	-	-	-
A	-	-	-	-	-	-
Not available	945	852	100.0%	100.0%	63.7%	57.5%
<b>Total</b>	<b>\$ 945</b>	<b>\$ 852</b>	<b>100.0%</b>	<b>100.0%</b>	<b>63.7%</b>	<b>57.5%</b>

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

### Currency Risk

As at February 28, 2011, 27.9% (August 31, 2010: 25.4%) of the venture portfolio and 0.0% (August 31, 2010: 60.6%) of divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.1% (August 31, 2010: 0.1%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the period end.

### Interest Rate Risk

At February 28, 2011 the GIC portfolio comprising approximately 63.7% (August 31, 2010: 57.5%) of the Series' net assets, are exposed to interest rate risk. The Manager considers the exposure to interest rate risk insignificant for GIC's as discussed in note 4(b)(iii). Further the Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). Given the nature of the holdings, a sensitivity analysis has not been provided as it would not be considered meaningful. The following table summarizes the Series' potential exposure to interest rate risk analyzed by maturity date:

GIC by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
less than 1 year	\$ 945	\$ 316	100.0%	37.1%	63.7%	21.3%
1-3 years	\$ -	536	-	62.9%	-	36.2%
<b>Total</b>	<b>\$ 945</b>	<b>\$ 852</b>	<b>100.0%</b>	<b>100.0%</b>	<b>63.7%</b>	<b>57.5%</b>

### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$7,887 (August 31, 2010: \$9,661) or 0.5% (August 31, 2010: 0.7%) of the Series' net assets. At February 28, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite	\$ 0	\$ 0	0.0%	0.0%
		\$ 0	\$ 0	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$10 (August 31, 2010: \$178) or 0.0% (August 31, 2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I  
 Venture / Growth Commission II  
 FOF Growth Series

Statements of Net Assets  
 (In thousands except per share amounts)

	At February 28, 2011	At August 31, 2010
	(unaudited)	
<b>Assets</b>		
Cash	\$ -	\$ -
Short-term investments and bonds	60	866
Income notes	-	-
Index notes	-	-
Venture investments	16,936	17,212
Divestment proceeds receivable	507	143
Accrued interest receivable	963	1,167
Subscriptions receivable	434	306
Inter-series receivable [Note 8]	389	223
	19,289	19,917
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 12]	456	196
Redemptions payable	56	-
Incentive participation dividend payable [Note 5]	24	53
Contingent IPA [Note 5]	406	345
Participation liability [Note 7]	1,807	1,435
Inter-series payable [Note 8]	-	-
	\$ 2,749	\$ 2,029
<b>Net assets</b>		
Venture / Growth Commission I	\$ 8,989	\$ 9,621
Venture / Growth Commission II	4,305	4,490
FOF Growth Series	3,246	3,777
	\$ 16,540	\$ 17,888
<b>Shares outstanding</b> [Note 5]		
Venture / Growth Commission I	1,255	1,249
Venture / Growth Commission II	602	587
FOF Growth Series	458	499
<b>Net assets per share</b> [Note 9]		
Venture / Growth Commission I	\$ 7.16	\$ 7.70
Venture / Growth Commission II	7.15	7.65
FOF Growth Series	7.09	7.57

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I  
 Venture / Growth Commission II  
 FOF Growth Series

Statements of Operations  
 (In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Investment income:		
Interest – short-term investments and bonds	\$ 2	\$ 9
Interest – income notes	-	-
Interest – venture investments	65	111
Interest – other income	22	24
	89	144
Expenses:		
Management fees [Note 8]	169	210
Administration fees [Note 8]	161	198
Capital retention administration fees [Note 8]	89	90
Directors' fees [Note 8]	20	12
Legal fees	15	-
Service fees [Note 5]	30	38
Financing expense [Note 7]	284	-
Other	73	64
Total expenses before fee waiver	841	612
Expenses waived or absorbed by Manager	(5)	-
Net expenses	836	612
Investment income (loss) before income taxes	(747)	(468)
Provision for income taxes (expense) recovery	-	-
Net investment income (loss)	(747)	(468)
Realized gain (loss) from:		
Venture investments	(823)	(1,196)
Short-term investments and bonds	(22)	14
Income notes	-	-
Index notes	-	367
Total realized gain (loss)	(845)	(815)
Incentive participation dividend [Note 5]	(23)	(8)
Net realized gain (loss)	(868)	(823)
Change in unrealized appreciation (depreciation) of:		
Venture investments	342	430
Short-term investments and bonds	22	-
Income notes	-	-
Index notes	-	-
Change in unrealized appreciation (depreciation)	364	430
Contingent Incentive participation dividend [Note 5]	16	(10)
Participation liability [Note 7]	29	-
Net change in unrealized appreciation (depreciation)	409	420
Net increase (decrease) in net assets from operations		
Venture / Growth Commission I	\$ (675)	\$ (454)
Venture / Growth Commission II	(293)	(213)
FOF Growth	(238)	(204)
Net increase (decrease) in net assets from operations	\$ (1,206)	\$ (871)
Net increase (decrease) in net assets from operations per share:		
Venture / Growth Commission I	\$ (0.54)	\$ (0.38)
Venture / Growth Commission II	(0.50)	(0.38)
FOF Growth	(0.49)	(0.33)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I  
 Venture / Growth Commission II  
 FOF Growth Series

## Statements of Changes in Net Assets

(In thousands except per share amounts)

Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	Commission I		Commission II		FOF Growth Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 9,621	\$ 10,317	\$ 4,490	\$ 4,858	\$ 3,777	\$ 5,411
Changes during the period:						
Net increase (decrease) in net assets from operations	(675)	(454)	(293)	(213)	(238)	(204)
Capital transactions:						
Proceeds from issuance of Class A shares	117	496	121	191	-	-
Payment on redemption of Class A shares	(74)	(68)	(13)	(6)	(293)	(577)
	43	428	108	185	(293)	(577)
Net assets, end of year	\$ 8,989	\$ 10,291	\$ 4,305	\$ 4,830	\$ 3,246	\$ 4,630

	Total	
	2011	2010
Net assets, beginning of period	\$ 17,888	\$ 20,586
Changes during the period:		
Net increase (decrease) in net assets from operations	(1,206)	871
Capital transactions:		
Proceeds from issuance of Class A shares	238	687
Payment on redemption of Class A shares	(380)	(651)
	(142)	36
Net assets, end of period	\$ 16,540	\$ 19,751

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I  
 Venture / Growth Commission II  
 FOF Growth Series

## Statements of Cash Flows (In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (747)	\$ (468)
Changes in non-cash operating accounts:		
Accrued interest receivable	204	(286)
Other assets	-	-
Accounts payable and accrued liabilities	260	69
Incentive participation dividend payable	61	11
Inter-series payable (receivable)	(1,268)	(6,474)
	(1,490)	(7,148)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	1,388	1,042
Disposition of short-term investments and bonds	2,194	900
Disposition of income notes	-	-
Disposition of index notes	-	6,235
Purchase of portfolio assets:		
Purchase of venture investments	(513)	(692)
Purchase of short-term investments and bonds	(1,344)	(287)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend paid	(29)	-
Divestment proceeds receivable	(364)	-
	1,332	7,198
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	238	687
Payment on redemption of Class A shares	(380)	(651)
Subscription receivable	(128)	(204)
Participation liability	372	-
Redemption payable	56	118
	158	(50)
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	\$ -	\$ -

### Supplemental Cash Flow information:

Allocation of investment assets and inter-series payable (receivable)	\$ (1,102)	\$ (1,614)
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See accompanying notes to financial statements.

## GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I

Venture / Growth Commission II (Tabular amounts expressed in thousands of dollars)

### Discussion of Financial Risk Management (Note 4)

#### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$2.7 million (August 31, 2010: \$2.0 million). In addition, as of February 28, 2011, there was \$1.3 million (August 31, 2010: \$2.0 million) in shares that were eligible for redemption without penalty. The fund is not required to redeem all eligible shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

#### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$5.9 million (August 31, 2010: \$6.3 million) which represents approximately 35.7% (August 31, 2010: 35.2%) of the Series' net assets. This is comprised of \$3.9 million (August 31, 2010: \$3.8 million) of venture investments, \$59,508 (August 31, 2010: \$865,856) of short term investments and \$1.9 million (August 31, 2010: \$1.6 million) in receivables.

- Venture Investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at February 28, 2011 and August 31, 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 9,549	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 9,549	\$ 5,615
< 1 year past due	-	254	5,831	4,396	4,346	1,518	10,177	6,168
Past due 1 - 2 years	-	253	4,407	6,811	9,980	8,939	14,387	16,003
Past due 2 - 3 years	-	-	1,484	2,984	594	406	2,078	3,390
Past due 3 - 4 years	-	-	-	458	-	-	-	458
Past due greater than 4 years	-	199	1,306	-	500	500	1,806	699
<b>Total</b>	<b>\$ 9,549</b>	<b>\$ 6,321</b>	<b>\$ 13,028</b>	<b>\$ 14,649</b>	<b>\$ 15,420</b>	<b>\$ 11,363</b>	<b>\$ 37,997</b>	<b>\$ 32,333</b>

The Fund holds no collateral on these investments as security. Cumulative depreciation recorded in the Fund's net assets for these investments is \$24.1 million (August 31, 2010: \$28.3 million). No other investments are past due or impaired at February 28, 2011 or August 31, 2010.

- Short-term Investments:

An analysis of the credit ratings of the Series' short-term investments as at February 28, 2011 and August 31, 2010 is as follows:

Short-term investments, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ 15	\$ -	25.0%	-	0.1%	-
AA	-	-	-	-	-	-
A	-	835	-	96.4%	-	4.6%
Not available	45	31	75.0%	3.6%	0.3%	0.2%
<b>Total</b>	<b>\$ 60</b>	<b>\$ 866</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>4.8%</b>

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

#### Currency Risk

As at February 28, 2011, 27.9% (August 31, 2010: 25.4%) of the venture portfolio and 0.0% (August 31, 2010: 60.6%) of divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.3% (August 31, 2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the period end.

#### Interest Rate Risk

At February 28, 2011 short-term investments comprising approximately 0.4% (August 31, 2010: 4.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$6 (August 31, 2010: \$841), representing approximately 0.0% (August 31, 2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 60	\$ 846	100.0%	97.7%	0.4%	4.7%
1 - 3 years	-	20	-	2.3%	-	0.1%
3 - 5 years	-	-	-	-	-	-
<b>Total</b>	<b>\$ 60</b>	<b>\$ 866</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>4.8%</b>

#### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$306,527 (August 31, 2010: \$330,018) or 1.9% (August 31, 2010: 1.8%) of the Series' net assets. At February 28, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite	\$ 0	\$ 6	0.0%	0.0%
		<b>\$ 0</b>	<b>\$ 6</b>	<b>0.0%</b>	<b>0.0%</b>

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$398 (August 31, 2010: \$6,090) or 0.0% (August 31, 2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I  
 Venture / Income Commission II

Statements of Net Assets  
 (In thousands except per share amounts)

	At February 28, 2011 (unaudited)	At August 31, 2010
<b>Assets</b>		
Cash	\$ -	\$ -
Short-term investments and bonds	17	250
Income notes	-	-
Index notes	-	-
Venture investments	4,896	4,969
Divestment proceeds receivable	147	41
Accrued interest receivable	278	338
Subscriptions receivable	58	76
Inter-series receivable [Note 8]	321	239
	5,717	5,913
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 12]	136	55
Redemptions payable	-	-
Incentive participation dividend payable [Note 5]	7	15
Contingent IPA [Note 5]	117	92
Participation liability	522	414
Inter-series payable [Note 8]	-	-
	782	576
<b>Net assets</b>		
Venture / Income Commission I	2,733	2,937
Venture / Income Commission II	2,202	2,400
	\$ 4,935	\$ 5,337
<b>Shares outstanding</b> [Note 5]		
Venture / Income Commission I	371	371
Venture / Income Commission II	299	304
<b>Net assets per share</b> [Note 9]		
Venture / Income Commission I	\$ 7.37	\$ 7.91
Venture / Income Commission II	7.36	7.90

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I  
Venture / Income Commission II

Statements of Operations  
(In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Investment income:		
Interest – short term investments and bonds	\$ -	\$ 2
Interest – income notes	-	-
Interest – venture investments	19	28
Interest – other income	6	7
	25	37
Expenses:		
Management fees [Note 8]	50	56
Administration fees [Note 8]	48	53
Capital retention administration fees [Note 8]	31	30
Directors' fees [Note 8]	6	3
Legal fees	4	-
Service fees [Note 5]	7	7
Financing expense [Note 7]	82	-
Other	24	19
Total expenses before fee waiver	252	168
Expenses waived or absorbed by Manager	(1)	-
Net expenses	251	168
Investment income (loss) before income taxes	(226)	(131)
Provision for income taxes (expense) recovery	-	-
Net investment income (loss)	(226)	(131)
Realized gain (loss) from:		
Venture investments	(238)	(312)
Short-term investments and bonds	(5)	4
Income notes	-	-
Index notes	-	211
Total realized gain (loss)	(243)	(97)
Incentive participation dividend [Note 5]	(7)	(2)
Net realized gain (loss)	(250)	(99)
Change in unrealized appreciation (depreciation) of:		
Venture investments	99	110
Short-term investments and bonds	5	-
Income notes	-	-
Index notes	-	-
Change in unrealized appreciation (depreciation)	104	110
Contingent Incentive participation dividend [Note 5]	5	(3)
Participation Liability [Note 7]	8	-
Net change in unrealized appreciation (depreciation)	117	107
Net increase (decrease) in net assets from operations:		
Venture / Income Commission I	\$ (200)	\$ (65)
Venture / Income Commission II	(159)	(58)
Net increase (decrease) in net assets from operations	\$ (359)	\$ (123)
Net increase (decrease) in net assets from operations per share:		
Venture / Income Commission I	\$ (0.54)	\$ (0.20)
Venture / Income Commission II	(0.53)	(0.20)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I  
 Venture / Income Commission II

## Statements of Changes in Net Assets

(In thousands except per share amounts)

Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 2,937	\$ 2,898	\$ 2,400	\$ 2,526	\$ 5,337	\$ 5,424
Changes during the period:						
Net increase (decrease) in net assets from operations	(200)	(65)	(159)	(58)	(359)	(123)
Capital transactions:						
Proceeds from issuance of Class A shares	-	148	-	138	-	286
Payment on redemption of Class A shares	(4)	(8)	(39)	(23)	(43)	(31)
	(4)	140	(39)	115	(43)	255
Net assets, end of period	\$ 2,733	\$ 2,973	\$ 2,202	\$ 2,583	\$ 4,935	\$ 5,556

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I  
Venture / Income Commission II

## Statements of Cash Flows (In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (226)	\$ (131)
Changes in non-cash operating accounts:		
Accrued interest receivable	60	(101)
Other assets	-	-
Accounts payable and accrued liabilities	81	(6)
Incentive participation dividend payable	25	3
Inter-series payable (receivable)	(407)	(1,566)
	\$ (467)	\$ (1,801)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	\$ 401	\$ 272
Disposition of short-term investments and bonds	633	235
Disposition of income notes	-	-
Disposition of index notes	-	1,426
Purchase of portfolio assets:		
Purchase of venture investments	(148)	(180)
Purchase of short-term investments and bonds	(388)	(75)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend paid	(8)	-
Divestment proceeds receivable	(106)	-
	\$ 384	\$ 1,678
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	\$ -	\$ 286
Payment on redemption of Class A shares	(43)	(31)
Subscriptions receivable	18	(132)
Participation liability	108	-
Redemptions payable	-	-
	\$ 83	\$ 123
Increase (decrease) in cash position	\$ -	\$ -
Cash position, beginning of period	-	-
Cash position, end of period	\$ -	\$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ (325)	\$ (641)

See accompanying notes to financial statements.

## GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I

Venture / Income Commission II (Tabular amounts expressed in thousands of dollars)

### Discussion of Financial Risk Management (Note 4)

#### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$ 781,575 (August 31, 2010: \$ 576,371).

#### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$1.6 million (August 31, 2010: \$1.8 million) which represents approximately 32.4% (August 31, 2010: 33.5%) of the Series' net assets. This is comprised of \$1.1 million (August 31, 2010: \$1.0 million) of venture investments, \$17,203 (August 31, 2010: \$249,990) of short term investments and GIC's, and \$483,257 (August 31, 2010: \$455,155) in receivables.

#### - Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at February 28, 2011 and August 31, 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 9,549	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 9,549	\$ 5,615
< 1 year past due	-	254	5,831	4,396	4,346	1,518	10,177	6,168
Past due 1 - 2 years	-	253	4,407	6,811	9,980	8,939	14,387	16,003
Past due 2 - 3 years	-	-	1,484	2,984	594	406	2,078	3,390
Past due 3 - 4 years	-	-	-	458	-	-	-	458
Past due greater than 4 years	-	199	1,306	-	500	500	1,806	699
<b>Total</b>	<b>\$ 9,549</b>	<b>\$ 6,321</b>	<b>\$ 13,028</b>	<b>\$ 14,649</b>	<b>\$ 15,420</b>	<b>\$ 11,363</b>	<b>\$ 37,997</b>	<b>\$ 32,333</b>

The Fund holds no collateral on these investments as security. Cumulative depreciation recorded in the Fund's net assets for these investments is \$24.1 million (August 31, 2010: \$28.3 million). No other investments are past due or impaired at February 28, 2011 or August 31, 2010.

#### - Short-term investments:

An analysis of the credit ratings of the Series' short-term investments and bonds as at February 28, 2011 and August 31, 2010 is as follows:

Short-term investments, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ 4	\$ -	23.5%	-	0.1%	-
AA	-	-	-	-	-	-
A	-	241	-	96.4%	-	4.5%
Not available	13	9	76.5%	3.6%	0.2%	0.2%
<b>Total</b>	<b>\$ 17</b>	<b>\$ 250</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.3%</b>	<b>4.7%</b>

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

#### Currency Risk

As at February 28, 2011, 27.9% (2010: 25.4%) of the venture portfolio and 0.0% (August 31, 2010: 60.6%) of divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.3% (August 31, 2010: 0.2%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the period end.

#### Interest Rate Risk

At February 28, 2011 short-term investments comprising approximately 0.3% (August 31, 2010: 4.7%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$2 (August 31, 2010: \$243), representing approximately 0.0% (August 31, 2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 17	\$ 244	100.0%	97.7%	0.3%	4.6%
1 - 3 years	-	6	-	2.3%	-	0.1%
3 - 5 years	-	-	-	-	-	-
<b>Total</b>	<b>\$ 17</b>	<b>\$ 250</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.3%</b>	<b>4.7%</b>

#### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$88,612 (August 31, 2010: \$95,282) or 1.8% (August 31, 2010: 1.8%) of the Series' net assets. At February 28, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite	\$ 0	\$ 2	0.0%	0.0%
		<b>\$ 0</b>	<b>\$ 2</b>	<b>0.0%</b>	<b>0.0%</b>

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$115 (August 31, 2010: \$1,758) or 0.0% (August 31, 2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I  
 Venture / Financial Services Commission II

Statements of Net Assets  
 (In thousands except per share amounts)

	At February 28, 2011 (unaudited)	At August 31, 2010
<b>Assets</b>		
Cash	\$ -	\$ -
Short-term investments and bonds	14	203
Income notes	-	-
Index notes	-	-
Venture investments	4,067	4,044
Divestment proceeds receivable	122	34
Accrued interest receivable	226	274
Subscriptions receivable	149	127
Inter-series receivable [Note 8]	8	-
	\$ 4,586	\$ 4,682
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 12]	\$ 107	\$ 44
Redemption payable	-	-
Incentive participation dividend payable [Note 5]	6	12
Contingent IPA [Note 5]	97	77
Participation liability	434	337
Inter-series payable [Note 8]	-	27
	\$ 644	\$ 497
<b>Net assets</b>		
Venture / Financial Services Commission I	\$ 1,500	\$ 1,598
Venture / Financial Services Commission II	2,442	2,587
	\$ 3,942	\$ 4,185
<b>Shares outstanding [Note 5]</b>		
Venture / Financial Services Commission I	212	209
Venture / Financial Services Commission II	344	340
<b>Net assets per share [Note 9]</b>		
Venture / Financial Services Commission I	\$ 7.08	\$ 7.63
Venture / Financial Services Commission II	7.10	7.62

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I  
Venture / Financial Services Commission II

Statements of Operations  
(In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Investment income:		
Interest - short term investments and bonds	\$ -	\$ 2
Interest - income notes	-	-
Interest - venture investments	15	24
Interest - other income	5	5
	20	31
Expenses:		
Management fees [Note 8]	40	46
Administration fees [Note 8]	38	44
Capital retention administration fees [Note 8]	28	27
Directors' fees [Note 8]	5	3
Legal fees	4	-
Service fees [Note 5]	4	4
Financing expense [Note 7]	67	-
Other	18	17
Total expenses before fee waiver	204	141
Expenses waived or absorbed by Manager	(1)	-
Net expenses	203	141
Net investment income (loss) before income taxes	(183)	(110)
Provision for income taxes (expense) recovery	-	-
Net investment income (loss)	(183)	(110)
Realized gain (loss) from:		
Venture investments	(196)	(264)
Short-term investments and bonds	(6)	3
Income notes	-	-
Index notes	-	(4)
Total realized gain (loss)	(202)	(265)
Incentive participation dividend [Note 5]	(5)	(2)
Net realized gain (loss)	(207)	(267)
Change in unrealized appreciation (depreciation) of:		
Venture investments	81	94
Short-term investments and bonds	6	-
Income notes	-	-
Index notes	-	-
Change in unrealized appreciation (depreciation)	87	94
Contingent Incentive participation dividend [Note 5]	4	(2)
Participation liability [Note 7]	7	-
Net change in unrealized appreciation (depreciation)	98	92
Increase (decrease) in net assets from operations:		
Venture / Financial Services Commission I	\$ (113)	\$ (108)
Venture / Financial Services Commission II	(179)	(177)
Increase (decrease) in net assets from operations	\$ (292)	\$ (285)
Increase (decrease) in net assets from operations per share:		
Venture / Financial Services Commission I	\$ (0.54)	\$ (0.54)
Venture / Financial Services Commission II	(0.53)	(0.54)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I  
 Venture / Financial Services Commission II

## Statements of Changes in Net Assets

(In thousands except per share amounts)

Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of period	\$ 1,598	\$ 1,767	\$ 2,587	\$ 2,864	\$ 4,185	\$ 4,631
Changes during the period:						
Net increase (decrease) in net assets from operations	(113)	(108)	(179)	(177)	(292)	(285)
Capital transactions:						
Proceeds from issuance of Class A shares	21	46	38	91	59	137
Payment on redemption of Class A shares	(6)	-	(4)	(10)	(10)	(10)
	15	46	34	81	49	127
Net assets, end of period	\$ 1,500	\$ 1,705	\$ 2,442	\$ 2,768	\$ 3,942	\$ 4,473

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I  
Venture / Financial Services Commission II

## Statements of Cash Flows (In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (183)	\$ (110)
Changes in non-cash operating accounts:		
Accrued interest receivable	48	(70)
Other assets	-	-
Accounts payable and accrued liabilities [Note 12]	63	(13)
Incentive participation dividend payable	20	2
Inter-series payable (receivable)	(812)	(935)
	(864)	(1,126)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	329	213
Disposition of short-term investments and bonds	1,489	199
Disposition of income notes	-	-
Disposition of index notes	-	887
Purchase of portfolio assets:		
Purchase of venture investments	(121)	(153)
Purchase of short-term investments and bonds	(863)	(63)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend paid	(6)	-
Divestment proceeds receivable	(88)	-
	740	1,083
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	59	137
Payment on redemption of Class A shares	(10)	(10)
Subscriptions receivable	(22)	(80)
Roseway liability	97	-
Redemptions payable	-	(4)
	124	43
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	\$ -	\$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ (777)	\$ (450)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I

Venture / Financial Services Commission II (Tabular amounts expressed in thousands of dollars)

## Discussion of Financial Risk Management (Note 4)

### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$ 644,269 (August 31, 2010: \$ 496,987).

### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$1.5 million (August 31, 2010: \$1.5 million) which represents approximately 38.1% (August 31, 2010: 36.3%) of the Series' net assets. This is comprised of \$941,794 (August 31, 2010: \$881,611) of venture investments, \$14,291 (August 31, 2010: \$203,422) of short term investments and GIC's, and \$497,498 (August 31, 2010: \$434,976) in receivables.

#### - Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at February 28, 2011 and August 31, 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 9,549	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 9,549	\$ 5,615
< 1 year past due	-	254	5,831	4,396	4,346	1,518	10,177	6,168
Past due 1 - 2 years	-	253	4,407	6,811	9,980	8,939	14,387	16,003
Past due 2 - 3 years	-	-	1,484	2,984	594	406	2,078	3,390
Past due 3 - 4 years	-	-	-	458	-	-	-	458
Past due greater than 4 years	-	199	1,306	-	500	500	1,806	699
<b>Total</b>	<b>\$ 9,549</b>	<b>\$ 6,321</b>	<b>\$ 13,028</b>	<b>\$ 14,649</b>	<b>\$ 15,420</b>	<b>\$ 11,363</b>	<b>\$ 37,997</b>	<b>\$ 32,333</b>

The Fund holds no collateral on these investments as security. Cumulative depreciation recorded in the Fund's net assets for these investments is \$24.1 million (August 31, 2010: \$28.3 million). No other investments are past due or impaired at February 28, 2011 or August 31, 2010.

#### - Short-term investments:

An analysis of the credit ratings of the Series' short-term investments and bonds as at February 28, 2011 and August 31, 2010 is as follows:

Short-term investments, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ 4	\$ -	28.6%	-	0.1%	-
AA	-	-	-	-	-	-
A	-	196	-	96.5%	-	4.7%
Not available	10	7	71.4%	3.5%	0.3%	0.1%
<b>Total</b>	<b>\$ 14</b>	<b>\$ 203</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>4.8%</b>

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

### Currency Risk

As at February 28, 2011, 27.9% (August 31, 2010: 25.4%) of the venture portfolio and 0.0% (August 31, 2010: 60.6%) of divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.3% (August 31, 2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the period end.

### Interest Rate Risk

At February 28, 2011 short-term investments comprising approximately 0.4% (August 31, 2010: 4.9%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$1 (August 31, 2010: \$198), representing approximately 0.0% (August 31, 2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 14	\$ 198	100.0%	97.7%	0.4%	4.6%
1 -3 years	-	5	-	2.3%	-	0.1%
3 - 5 years	-	-	-	-	-	-
<b>Total</b>	<b>\$ 14</b>	<b>\$ 203</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>4.7%</b>

### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$73,612 (August 31, 2010: \$77,533) or 1.9% (August 31, 2010: 1.9%) of the Series' net assets. At February 28, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite	\$ 0	\$ 1	0.0%	0.0%
		<b>\$ 0</b>	<b>\$ 1</b>	<b>0.0%</b>	<b>0.0%</b>

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$96 (August 31, 2010: \$1,431) or 0.0% (August 31, 2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I  
 Venture / Diversified Commission II  
 Venture / CMDF Reinvestment Commission I  
 Venture / CMDF Reinvestment Commission II

Statements of Net Assets  
 (In thousands except per share amounts)

	At February 28, 2011	At August 31, 2010
	(unaudited)	
<b>Assets</b>		
Cash	\$ -	\$ -
Short-term investments and bonds	96	1,361
Income notes	-	-
Index notes	-	-
Venture investments	27,323	27,057
Divestment proceeds receivable	818	225
Accrued interest receivable	1,510	1,836
Subscriptions receivable	1,441	1,017
Inter-series receivable [Note 8]	-	-
	31,188	31,496
<b>Liabilities</b>		
Accounts payable and accrued liabilities [Note 12]	731	305
Redemptions payable	-	-
Incentive participation dividend payable [Note 5]	39	81
Contingent IPA [Note 5]	654	515
Participation liability [Note 7]	2,915	2,256
Inter-series payable [Note 8]	491	478
	4,830	3,635
<b>Net assets</b>		
Venture / Diversified Commission I	10,869	11,442
Venture / Diversified Commission II	15,365	16,285
Venture / CMDF Reinvestment Commission I	74	80
Venture / CMDF Reinvestment Commission II	50	54
	\$ 26,358	\$ 27,861
<b>Shares outstanding [Note 5]</b>		
Venture / Diversified Commission I	1,541	1,508
Venture / Diversified Commission II	2,180	2,151
Venture / CMDF Reinvestment Commission I	9	9
Venture / CMDF Reinvestment Commission II	6	6
<b>Net assets per share [Note 9]</b>		
Venture / Diversified Commission I	\$ 7.05	\$ 7.59
Venture / Diversified Commission II	7.05	7.57
Venture / CMDF Reinvestment Commission I	8.22	9.01
Venture / CMDF Reinvestment Commission II	8.33	9.00

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I  
Venture / Diversified Commission II

Venture / CMDF Reinvestment Commission I  
Venture / CMDF Reinvestment Commission II

## Statements of Operations

(In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Investment income:		
Interest – short term investments and bonds	\$ 3	\$ 13
Interest – income notes	-	28
Interest – venture investments	102	159
Interest – other income	34	35
	139	235
Expenses:		
Management fees [Note 8]	263	306
Administration fees [Note 8]	251	288
Capital retention administration fees [Note 8]	178	172
Directors' fees [Note 8]	33	17
Legal fees	24	-
Service fees [Note 5]	26	30
Financing expense [Note 7]	449	-
Other	128	107
Total expenses before fee waiver	1,352	920
Expenses waived or absorbed by Manager	(7)	-
Net expenses	1,345	920
Investment income (loss) before income taxes	(1,206)	(685)
Provision for income taxes (expense) recovery	-	-
Net investment income (loss)	(1,206)	(685)
Realized gain (loss) from:		
Venture investments	(1,304)	(1,760)
Short-term investments and bonds	(33)	21
Income notes	-	69
Index notes	-	465
Total realized gain (loss)	(1,337)	(1,205)
Incentive participation dividend [Note 5]	(37)	(11)
Net realized gain (loss)	(1,374)	(1,216)
Change in Unrealized appreciation (depreciation) of:		
Venture investments	543	622
Short-term investments and bonds	33	(1)
Income notes	-	-
Index notes	-	-
Change in unrealized appreciation (depreciation)	576	621
Contingent Incentive participation dividend [Note 5]	24	(15)
Participation liability [Note 7]	47	-
Net change in unrealized appreciation (depreciation)	647	606
Net increase (decrease) in net assets from operations:		
Venture / Diversified Commission I	\$ (805)	\$ (526)
Venture / Diversified Commission II	(1,119)	(768)
Venture / CMDF Reinvestment Commission I	(6)	(1)
Venture / CMDF Reinvestment Commission II	(3)	-
Net increase (decrease) in net assets from operations	\$ (1,933)	\$ (1,295)
Net increase (decrease) in net assets from operations per share:		
Venture / Diversified Commission I	\$ (0.53)	\$ (0.37)
Venture / Diversified Commission II	(0.52)	(0.37)
Venture / CMDF Reinvestment Commission I	(0.58)	(0.41)
Venture / CMDF Reinvestment Commission II	(0.55)	(0.36)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I  
 Venture / Diversified Commission II  
 Venture / CMDF Reinvestment Commission I  
 Venture / CMDF Reinvestment Commission II

Statements of Changes in Net Assets  
 Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	<u>Diversified Commission I</u>		<u>Diversified Commission II</u>	
	2011	2010	2011	2010
Net assets, beginning of period	\$ 11,442	\$ 12,306	\$ 16,285	\$ 17,722
Changes during the year:				
Net increase (decrease) in net assets from operations	(805)	(526)	(1,119)	(768)
Capital transactions:				
Proceeds from issuance of Class A shares	304	571	300	731
Payment on redemption of Class A shares	(72)	(99)	(101)	(66)
	232	472	199	665
Net assets, end of period	\$ 10,869	\$ 12,252	\$ 15,365	\$ 17,619

	<u>CMDF Reinvestment Commission I</u>		<u>CMDF Reinvestment Commission II</u>	
	2011	2010	2011	2010
Net assets, beginning of period	\$ 80	\$ -	\$ 54	\$ -
Changes during the year:				
Net increase (decrease) in net assets from operations	(6)	(1)	(3)	-
Capital transactions:				
Proceeds from issuance of Class A shares	-	59	-	24
Payment on redemption of Class A shares	-	-	(1)	-
	-	59	(1)	24
Net assets, end of period	\$ 74	\$ 58	\$ 50	\$ 24

	<u>Total</u>	
	2011	2010
Net assets, beginning of period	\$ 27,861	\$ 30,028
Changes during the period:		
Net increase (decrease) in net assets from operations	(1,933)	(1,295)
Capital transactions:		
Proceeds from issuance of Class A shares	604	1,385
Payment on redemption of Class A shares	(174)	(165)
	430	1,220
Net assets, end of period	\$ 26,358	\$ 29,953

See accompanying financial statements

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I  
 Venture / Diversified Commission II  
 Venture / CMDF Reinvestment Commission I  
 Venture / CMDF Reinvestment Commission II

## Statements of Cash Flows (In thousands except per share amounts)

	Six-month period ended February 28, 2011	Six-month period ended February 28, 2010
	(unaudited)	(unaudited)
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (1,206)	\$ (685)
Changes in non-cash operating accounts:		
Accrued interest receivable	326	(496)
Accounts payable and accrued liabilities [Note 12]	426	(100)
Incentive participation dividend payable	139	15
Inter-series payable (receivable)	(2,435)	(7,588)
	(2,750)	(8,854)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	2,191	1,536
Disposition of short-term investments and bonds	3,456	1,326
Disposition of income notes	-	900
Disposition of index notes	-	6,072
Purchase of portfolio assets:		
Purchase of venture investments	(809)	(1,019)
Purchase of short-term investments and bonds	(2,118)	(422)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend paid	(42)	-
Divestment proceeds available	(593)	-
	2,085	8,393
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	604	1,385
Payment on redemption of Class A shares	(174)	(165)
Subscriptions receivable	(424)	(758)
Roseway liability	659	-
Redemptions payable	-	(1)
	665	461
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	\$ -	\$ -

### Supplemental Cash Flow information:

Allocation of investment assets and inter-series payable (receivable) \$ (2,448) \$ (3,451)

See accompanying notes to financial statements.

# GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I

Venture / Diversified Commission II (Tabular amounts expressed in thousands of dollars)

## Discussion of Financial Risk Management (Note 4)

### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$ 4.8 million (August 31, 2010: \$3.6 million).

### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$10.2 million (August 31, 2010: \$10.4 million) which represents approximately 38.7% (August 31, 2010: 37.1%) of the Series' net assets. This is comprised of \$6.3 million (August 31, 2010: \$5.9 million) of venture investments, \$96,010 (August 31, 2010: \$1.4 million) of short term investments and GIC's, and \$3.8 million (August 31, 2010: \$3.1 million) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at February 28, 2011 and August 31, 2010 is as follows:

Venture investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 9,549	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 9,549	\$ 5,615
< 1 year past due	-	254	5,831	4,396	4,346	1,518	10,177	6,168
Past due 1 - 2 years	-	253	4,407	6,811	9,980	8,939	14,387	16,003
Past due 2 - 3 years	-	-	1,484	2,984	594	406	2,078	3,390
Past due 3 - 4 years	-	-	-	458	-	-	-	458
Past due greater than 4 years	-	199	1,306	-	500	500	1,806	699
<b>Total</b>	<b>\$ 9,549</b>	<b>\$ 6,321</b>	<b>\$ 13,028</b>	<b>\$ 14,649</b>	<b>\$ 15,420</b>	<b>\$ 11,363</b>	<b>\$ 37,997</b>	<b>\$ 32,333</b>

The Fund holds no collateral on these investments as security. Cumulative depreciation recorded in the Fund's net assets for these investments is \$24.1 million (August 31, 2010: \$28.3 million). No other investments are past due or impaired at February 28, 2011 or August 31, 2010.

- Short-term investments Bonds:

An analysis of the credit ratings of the Series' short-term investments and bonds as at February 28, 2011 and August 31, 2010 is as follows:

Short-term investments, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ 25	\$ -	26.0%	-	0.1%	-
AA	-	-	-	-	-	-
A	-	1,312	-	96.4%	-	4.7%
Not available	71	49	74.0%	3.6%	0.3%	0.2%
<b>Total</b>	<b>\$ 96</b>	<b>\$ 1,361</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>4.9%</b>

These credit ratings were obtained from credit rating services. Where more than one rating exists for a short-term investment or bond, the lower rating has been used.

### Currency Risk

As at February 28, 2011, 27.9% (August 31, 2010: 25.4%) of the venture portfolio and 0.0% (August 31, 2010: 60.6%) of divestment proceeds are denominated in US Dollars. A change of 1% in the Canadian Dollar relative to the US Dollar would result in a change in net assets of approximately 0.3% (August 31, 2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the period end.

### Interest Rate Risk

At February 28, 2011 short-term investments, comprising approximately 0.4% (August 31, 2010: 4.9%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$10 (August 31, 2010: \$1,322), representing approximately 0.0% (August 31, 2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term investments by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 96	\$ 1,330	100.0%	97.7%	0.4%	4.8%
1 - 3 years	-	31	-	2.3%	-	0.1%
3 - 5 years	-	-	-	-	-	-
<b>Total</b>	<b>\$ 96</b>	<b>\$ 1,361</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.4%</b>	<b>4.9%</b>

### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$494,537 (August 31, 2010: \$518,782) or 1.9% (August 31, 2010: 1.9%) of the Series' net assets. At February 28, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite	\$ 1	\$ 10	0.0%	0.0%
		<b>\$ 1</b>	<b>\$ 10</b>	<b>0.0%</b>	<b>0.0%</b>

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$643 (August 31, 2010: \$9,573) or 0.0% (August 31, 2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Investee Companies</b>					
<b>Biotechnology:</b>					
2056273 Ontario Inc., 8%, due on demand	754	\$ 848	\$ -	\$ 848	
2056273 Ontario Inc., common shares	_(1)	-	954	954	
Aegera Therapeutics Inc., Class A exchangeable shares	4,155	-	3,402	3,402	
Aegera Therapeutics Inc., common shares	309	-	127	127	
Aegera Therapeutics Inc., Series A preferred shares	28	-	2,375	2,375	
Aegera Therapeutics Inc., Series A special voting shares	_(1)	-	_(1)	_(1)	
Agrisoma Biosciences Inc., 15%, due on demand	961	961	-	961	
Agrisoma Biosciences Inc., common shares	674	-	2,164	2,164	
Ambit Biosciences (Canada) Corp., C1 A preferred shares	_(1)	-	_(1)	_(1)	
Ambit Biosciences (Canada) Corp., C1 C preferred shares	11,628	-	6,605	6,605	
Ambit Biosciences (Canada) Corp., CI D Preferred Shares	1,294	-	4,960	4,960	
Ambit Biosciences (Canada) Corp., 12%, due Jan 31, 2012	1,791	1,791	-	1,791	
Cytochroma Canada Inc., common shares	465	-	637	637	
Cytochroma Canada Inc., Class A preferred shares	1,400	-	1,659	1,659	
Cytochroma Canada Inc., Class B preferred shares	9,973	-	8,442	8,442	
Cytochroma Canada Inc., Class C preferred shares	4,504	-	10,055	10,055	
Empex Inc. 12% due on demand	4,494	4,494	-	4,494	
Gemin X Biotechnologies Inc., CI B Pref	4,904	-	408	408	
Gemin X Biotechnologies Inc., CI C Pref	31,667	-	408	408	
Gemin X Biotechnologies Inc., CI D Pref	78,780	-	2,016	2,016	
Gemin X Biotechnologies Inc., CI E Pref	131	-	331	331	
Gemin X Biotechnologies Inc., Common Shares	500	-	216	216	
Gemin X Biotechnologies Inc., Series A preferred shares	37,019	-	3,082	3,082	
Gemin X Biotechnologies Inc., Warrants	19,605	-	_(1)	_(1)	
Gemin X Biotechnologies Inc., Warrants	33	-	_(1)	_(1)	
Kytogenics Pharmaceutical Ltd., Class A preferred shares	13	-	1,500	1,500	
Lifemark Health LP, residual units	33	-	306	306	
MCN BioProducts Inc., common shares	250	-	1,000	1,000	
MCN BioProducts Inc., convertible debenture 20%, due on demand	11	11	-	11	
Medinova Partners Inc., C1 A preferred shares	27,100	-	2,665	2,665	
Medinova Partners Inc., common shares	200	-	_(1)	_(1)	
MetaMorphix Inc., common shares	406	-	700	700	
MethaylGene Inc., common shares	675	-	213	213	
Molecular Templates Inc., debenture 12%, due on demand	150	150	-	150	
Monteris Medical Inc., Class A common shares	586	-	2,522	2,522	
Natrix Separations Inc., common shares	2	-	25	25	
Natrix Separations Inc., C preferred shares	67	-	845	845	
Natrix Separations Inc., CI A preferred shares	21	-	267	267	
Natrix Separations Inc., CI B preferred shares	228	-	2,866	2,866	
Natrix Separations Inc., CI C preferred shares	194	-	2,433	2,433	
Natrix Separations Inc., Convertible Debenture 5%	860	860	-	860	
Natrix Separations Inc., Convertible Debenture 12%	151	151	-	151	

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Biotechnology (continued):</b>					
NPS Pharmaceuticals Inc., Options	12	\$ -	\$ -(1)	\$ -(1)	
Orthopedic Synergy Inc. (formerly Praxim Inc.) 12.5%, due Dec 31, 2012	3,687	3,687	-	3,687	
Orthopedic Synergy Inc. (formerly Praxim Inc.) Deferred consideration	302	-(1)	-	-(1)	
Receptor Therapeutics Inc., debenture 25%, due on demand	439	439	-	439	
Receptor Therapeutics Inc. common shares	581	-	-(1)	-(1)	
Receptor Therapeutics Inc., convertible debenture 0%, due on demand	600	750	-	750	
Spectral Diagnostics Inc., common shares	12,550	-	3,279	3,279	
Spectral Diagnostics Inc., warrants	962	-	-	-(1)	
Targeted Growth Canada Inc., Class A special voting shares	-(1)	-	-(1)	-(1)	
Targeted Growth Canada Inc., Class C1 C preferred exchangeable shares	1,885	-	2,591	2,591	
Targeted Growth Canada Inc., Class C1 D2 preferred exchangeable shares	540	-	2,925	2,925	
Targeted Growth Canada Inc., Class D preferred exchangeable shares	533	-	2,319	2,319	
Targeted Growth Inc., Class C1 C special voting shares	1,885	-	-(1)	-(1)	
Targeted Growth Inc., Class C1 D special voting shares	533	-	-(1)	-(1)	
Targeted Growth Inc., Class C1 D2 special voting shares	540	-	-(1)	-(1)	
Trillium Therapeutics Inc., C1 A preferred shares	1,880	-	2,500	2,500	
Trillium Therapeutics Inc., common shares	1,000	-	770	770	
Trillium Therapeutics Inc., convertible debenture 12%, due on demand	1,604	1,604	-	1,604	
Trillium Therapeutics Inc., warrants	822	-	-(1)	-(1)	
Twinstrand Therapeutics Inc., Class C preferred shares	710	-	390	390	
Twinstrand Therapeutics Inc., Class D preferred shares	71	-	-(2)	-(2)	
Twinstrand Therapeutics Inc., warrants	237	-	-(2)	-(2)	
ViOptix Canada Inc., CI Jr. preferred shares	766	-	1,877	1,877	
ViOptix Canada Inc., D preferred shares	14,035	-	6,720	6,720	
ViOptix Canada Inc., convertible debenture 6%, due on demand	631	631	-	631	
ViOptix Canada Inc., convertible debenture 6%, due on demand	1,265	1,265	-	1,265	
ViOptix Canada Inc., warrants	1,057	-	-(1)	-(1)	
Viron Therapeutics Inc., Class A, preferred shares	5,856	-	7,045	7,045	
Viron Therapeutics Inc., Class B, preferred shares	3,414	-	3,000	3,000	
Websar Innovations Inc., Class A common shares	20	-	-(1)	-(1)	
Websar Innovations Inc., preferred shares	3	-	275	275	
Western Life Sciences Venture Fund LP., Class A common shares	3	-	3,183	3,183	
		\$ 17,642	\$ 100,057	\$ 117,699	50.5%

(1) Amount less than one thousand

(2) Investments acquired at zero cost

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Investee Companies</b>					
<b>Communications:</b>					
3One Media Corporation, 6%, due on demand	317	\$ 317	\$ -	\$ 317	
Aizan Technologies Inc., 10%, due Mar 31, 2011	-	150	-	150	
Aizan Technologies Inc., 10%, due Jun 30, 2011	-	150	-	150	
Aizan Technologies Inc., 10%, due Sep 11, 2011	-	100	-	100	
Aizan Technologies Inc., 10%, due Nov 13, 2011	-	150	-	150	
Aizan Technologies Inc., demand promissory note	-	75	-	75	
Aizan Technologies Inc., Class A, preferred shares	3,601	-	3,000	3,000	
BTI Systems Inc., 10% due on demand	4,900	4,900	-	4,900	
BTI Systems Inc., Class C preferred shares	3,228	-	4,648	4,648	
BTI Systems Inc., Class D preferred shares	774	-	939	939	
BTI Systems Inc., Class D-1 preferred shares	836	-	_(1)	_(1)	
BTI Systems Inc., Class D-2 preferred shares	4,132	-	5,491	5,491	
BTI Systems Inc., common shares	2,711	-	_(1)	_(1)	
Custom Software Solutions Inc., Class A common shares	4,694	-	_(1)	_(1)	
Custom Software Solutions Inc., common shares	7,301	-	360	360	
Custom Software Solutions Inc., debenture 0% due on demand	1,250	1,250	-	1,250	
Custom Software Solutions Inc., options	_(1)	-	_(1)	_(1)	
Momentum Healthware Inc., common shares	328	-	867	867	
Momentum Healthware Inc., debenture 0%, due on demand	883	883	-	883	
Momentum Healthware Inc., warrants	18	-	_(1)	_(1)	
OMT Inc, convertible debenture 8 %, due on demand	1,750	1,750	-	1,750	
OMT Inc., common shares	6,385	-	128	128	
Spotwave Wireless Inc., Class A-1 convertible preferred shares	2,988	-	1,008	1,008	
Spotwave Wireless Inc., Class A-2 convertible preferred shares	2,154	-	516	516	
Spotwave Wireless Inc., special voting shares	3,958	-	_(1)	_(1)	
TUAA Inc., common shares	332	-	2,086	2,086	
TUAA Inc., preferred shares	2	-	299	299	
		\$ 9,725	\$ 19,342	\$ 29,067	12.5%

<sup>(1)</sup> Amount less than one thousand

<sup>(2)</sup> Investments acquired at zero cost

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Computer software:</b>					
1395079 Ontario Inc., common shares	2,438	\$ -	\$ - <sup>(1)</sup>	\$ - <sup>(1)</sup>	
1395079 Ontario Inc., Class A preferred shares	10,968	-	3,476	3,476	
1395079 Ontario Inc., Class B preferred shares	5,984	-	787	787	
1395079 Ontario Inc., warrants	679	-	-	- <sup>(1)</sup>	
Anyware Group Inc., 6%, due on demand Class B convertible debenture	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 10%, due on demand	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 12%, due Jan 14, 2012	398	398	-	398	
Anyware Group Inc., convertible debenture 12%, due on demand	100	100	-	100	
Bid Freight Global Inc., common shares	- <sup>(1)</sup>	-	- <sup>(2)</sup>	- <sup>(2)</sup>	
Bid Freight Global Inc., convertible debenture, 5%, due on demand	1,090	1,090	-	1,090	
Blueprint Software Solutions Inc., common Shares	544,276	-	4,508	4,508	
Blueprint Software Solutions Inc. Warrants	7,589	-	-	-	
Blueprint Software Solutions Inc. Debenture 15%	-	1,500	-	1,500	
Panorama Software Inc. (formerly Company DNA Inc.) Class C convertible preferred shares	8,266	-	3,904	3,904	
Panorama Software Inc. (formerly Company DNA Inc.) Class A special warrants	899	-	-	-	
Covarity Inc., Class B convertible preference shares	500	-	250	250	
Covarity Inc., Common Shares	784	-	-	-	
Covarity Inc., Series B preferred shares	4,951	-	2,000	2,000	
Covarity Inc., Debenture 10%, Sept 16, 2013	-	300	-	300	
Camilion Solutions Inc., Class C preferred shares	21,598	-	3,000	3,000	
Camilion Solutions Inc., Class D preferred shares	18,781	-	3,000	3,000	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class A preferred shares	1,500	-	1,500	1,500	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class C preferred shares	947	-	1,500	1,500	
Ember ec3 Inc., Class A convertible preferred shares	250	-	250	250	
Ember ec3 Inc., Class B convertible preferred shares	1,500	-	726	726	
Inocom Inc., Class A preferred shares	437	-	450	450	
Inocom Inc., Series A preferred shares	3,741	-	2,800	2,800	
Inocom Inc., debenture 12%, due on demand	173	173	-	173	
Lexicon Value Management Inc., common shares	- <sup>(1)</sup>	-	-	- <sup>(2)</sup>	
Lexicon Value Management Inc., 0%, due on demand	1,000	438	-	438	
Lexicon Value Management Inc., 15%, due on demand	3,113	1,362	-	1,362	
Lexicon Value Management Inc., warrant	- <sup>(1)</sup>	-	-	- <sup>(2)</sup>	
Multicorpora R&D Inc., common shares	2,885	-	2	2	
Multicorpora R&D Inc., Series 2, Class B preferred shares	5,769	-	1,500	1,500	
		\$ 7,361	\$ 29,653	\$ 37,014	15.9%

<sup>(1)</sup> Amount less than one thousand

<sup>(2)</sup> Investments acquired at zero cost

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Investee Companies</b>					
<b>Computer hardware:</b>					
Cogency Semiconductor Inc., common shares	60	\$ -	\$ 8,600	\$ 8,600	
Icera Inc. (Formerly SiRiFic Wireless Corporation), convertible debenture, due on demand	843	843	-	843	
Icera Inc. (Formerly SiRiFic Wireless Corporation), Series AA-6 preferred shares	666	-	2,995	2,995	
Icera Inc. (Formerly SiRiFic Wireless Corporation), Series BB preferred shares	178	-	312	312	
Icera Inc. (Formerly SiRiFic Wireless Corporation), Series CC preferred shares	402	-	357	357	
Icera Inc. (Formerly SiRiFic Wireless Corporation), Series DD preferred shares	506	-	488	488	
Tarquin Group Inc., convertible debenture 24%, due on demand	358	358	-	358	
Tarquin Group Inc., common shares	249	-	_(1)	_(1)	
Tarquin Group Inc., warrants	62	-	_(1)	_(1)	
		\$ 1,201	\$ 12,752	\$ 13,953	6.0%
<b>Computer services:</b>					
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), 9% due on demand	518	518	-	518	
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), Series A preferred shares	6,897	-	5,740	5,740	
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), demand note	195	195	-	195	
iStopOver (formerly PlanetEye Company ULC)	2,481	-	3,564	3,564	
iW Technologies Inc, promissory notes, 10% due on demand	83	83	-	83	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 10%	3,356	3,356	-	3,356	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 12%	712	712	-	712	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 15%	500	500	-	500	
Morega Systems Inc., Series A preferred shares	12,000	-	5,545	5,545	
Morega Systems Inc., Series B preferred shares	2,824	-	2,058	2,058	
Morega Systems Inc., warrants	9,812	-	_(1)	_(1)	
NetShelter Inc, class A preferred shares	45	-	388	388	
Octopz Inc. 10%, due on demand	2,141	2,069	-	2,069	
Octopz Inc. 12%, due on demand	350	350	-	350	
Octopz Inc. 8%, due on demand	1,125	1,125	-	1,125	
Octopz Inc. 0%, due on demand	20	20	-	20	
Octopz Inc., demand note	25	25	-	25	
OneChip Photonics Inc., class B-1 preferred shares	1,755	-	498	498	
OneChip Photonics Inc., class B-2 preferred shares	5,446	-	2,265	2,265	
OneChip Photonics Inc., preferred shares	5,194	-	1,500	1,500	
OneChip Photonics Inc., convertible debenture 8% due on demand	1,165	1,165	-	1,165	
OneChip Photonics Inc., convertible debenture 8%, due on Aug 31, 2011	1,208	1,208	-	1,208	

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Investee Companies</b>					
<b>Computer services (continued):</b>					
3483690 Canada Inc., 18%, due on demand	47	\$ 47	\$ -	\$ 47	
3483690 Canada Inc., 36%, due on demand	495	495	-	495	
3483690 Canada Inc., common shares	10,101	-	-(1)	-(1)	
Paymentus Corp. Class A preferred shares	1,685	-	1,500	1,500	
Peerset Inc., 10%, due Jul 28, 2013	55	55	-	55	
Peerset Inc., 10%, due on demand	55	55	-	55	
Peerset Inc., 10%, due on demand	64	64	-	64	
Peerset Inc., 12%, due on demand	870	870	-	870	
Perspecsys Inc., 16%, due on demand	200	200	-	200	
Perspecsys Inc., 12%, due on demand	311	311	-	311	
Perspecsys Inc., 12%, due on demand	135	135	-	135	
Perspecsys Inc., 16%, convertible debenture due on demand	1,000	1,000	-	1,000	
Thinkpath Inc., common shares	-(1)	-	31	31	
		\$ 14,558	\$ 23,089	\$ 37,647	16.2%

(1) Amount less than one thousand

(2) Investments acquired at zero cost

## Electronics:

Firan Technology Corporation, common shares	731	\$ -	\$ 1,171	\$ 1,171	
		\$ -	\$ 1,171	\$ 1,171	0.5%

## Energy/Environmental:

AR Plus Sites Equipment Rentals (Canada) Inc., common shares	4	\$ -	\$ 500	\$ 500	
AR Plus Sites Equipment Rentals (Canada) Inc., bond 10%, due on demand	2,200	2,200	-	2,200	
Insignia Energy Inc., common shares	30	-	8,391	8,391	
Insignia Energy Inc., warrants	53	-	-	-(2)	
SaskAlta Base Oil Inc., Class C preferred shares	5,714	-	2,000	2,000	
SaskAlta Base Oil Inc., guarantee	847	847	-	847	
Seprotech Systems Inc., common shares	7,276	-	687	687	
		\$ 3,047	\$ 11,578	\$ 14,625	6.3%

(2) Investments acquired at zero at cost

## Industrial Automation:

Advanced Glazing Technology Ltd., Class B preferred shares	4,386	\$ -	\$ 2,500	\$ 2,500	
Mathis Instruments Ltd., debenture 12%, due on demand	246	246	-	246	
Mathis Instruments Ltd., debenture 15%, due on demand	450	450	-	450	
Mathis Instruments Ltd., Class A preferred shares	75	-	-	-(2)	
Mathis Instruments Ltd., Class B preferred shares	91	-	1,500	1,500	
NextPhase T&D Corp., Class A preferred shares	16	-	96	96	
NextPhase T&D Corp., common shares	97	-	541	541	
Protocase Inc., preferred shares	1,088	-	1,100	1,100	
		\$ 696	\$ 5,737	\$ 6,433	2.8%

(2) Investments acquired at zero cost

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Medical health:</b>					
IS2 Medical Systems Inc., Class A preferred shares	833	\$ -	\$ -	\$ -(2)	
IS2 Medical Systems Inc., Class B preferred shares	1,708	-	1,400	1,400	
IS2 Medical Systems Inc., common shares	1,486	-	-	-(2)	
Sampling Technologies Inc., 10%, due Jan 13, 2013	1,500	1,500	-	1,500	
Sampling Technologies Inc., 10%, due Jan 13, 2013	500	500	-	500	
		\$ 2,000	\$ 1,400	\$ 3,400	1.5%
<sup>(2)</sup> Investments acquired at zero cost					
<b>Consumer:</b>					
1281216 Ontario Inc., common shares	5	-	-(1)	-(1)	
Fidus International Corp., debenture 10%, due on demand	1,136	1,136	-	1,136	
Fidus International Corp., common shares	16,070	-	-(1)	-(1)	
Fidus International Corp., options	-(1)	-	-(1)	-(1)	
Fidus International Corp., preferred shares	9,801	-	-(1)	-(1)	
5330319 Manitoba Ltd., debenture 10%, due on demand	672	651	-	651	
5330319 Manitoba Ltd., common shares	1	-	-(1)	-(1)	
5330319 Manitoba Ltd., preferred shares	24	-	-(1)	-(1)	
KFF Royalty Corp., preferred shares	5	-	261	261	
Russell Breweries Inc., common shares	536	-	166	166	
SimEx Inc., preferred shares	67	-	123	123	
		\$ 1,787	\$ 550	\$ 2,337	1.0%

<sup>(1)</sup> Amount less than one thousand

<sup>(2)</sup> Investments acquired at zero cost

## Manufacturing:

Canpro Ingredients Ltd. 14% due Apr 9, 2012	598	\$ 599	\$ -	\$ 599	
Canpro Ingredients Ltd. 20% due on demand	234	234	-	234	
Canpro Ingredients Ltd. 20% due Jun 26, 2014	134	134	-	134	
Canpro Ingredients Ltd. 20% due May 28, 2015	52	52	-	52	
Canpro Ingredients Ltd. 20% due Jul 28, 2015	23	23	-	23	
Canpro Ingredients Ltd. 20% due Aug 1, 2015	52	52	-	52	
Canpro Ingredients Ltd. common shares	1,225	-	1,225	1,225	
Canpro Ingredients Ltd., preferred shares	560	-	560	560	
Canpro Ingredients Ltd., 20% debenture due April 30, 2011	31	31	-	31	
CFN Precision Ltd., common shares	-(1)	-	3,959	3,959	
CFN Precision Ltd., guarantee	1,469	1,469	-	1,469	
CFN Precision Ltd., receivership advance 10% due on demand	210	210	-	210	
CFN Precision Ltd., debenture 10% due on demand	9,300	9,300	-	9,300	
CFN Precision Ltd., promissory note, 11%, due on demand	691	691	-	691	
Digital Payment Tech Inc., common shares	13,460	-	1,723	1,723	
Digital Payment Tech Inc., preferred shares	6,400	-	1,600	1,600	
Digital Payment Tech Inc., warrants	4,903	-	-	-	

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Investee Companies</b>					
<b>Manufacturing (continued):</b>					
Ice Kube Systems Inc., convertible debenture					
Past due	1,000	1,000	-	1,000	
Ice Kube Systems Inc., debenture, due on demand	20	20	-	20	
Ice Kube Systems Inc., 10%, due on demand	520	500	-	500	
Ice Kube Systems Inc., options	_(1)	-	_(1)	_(1)	
Ice Kube Systems Inc., warrants	_(1)	-	-	_(1)	
Kraus Global Inc., 15%, due on demand	2,800	2,800	-	2,800	
Kraus Global Inc., 10%, due July 16, 2011	4,250	4,250	-	4,250	
Kraus Global Inc., common shares	395	-	975	975	
Kraus Global Inc., preferred shares	32	-	5,264	5,264	
LibreStream Technologies Inc., debenture 10%, due on demand	2,100	2,100	-	2,100	
LibreStream Technologies Inc., debenture 10%, due on demand	500	500	-	500	
LibreStream Technologies Inc., common shares	4,388	-	6,581	6,581	
LibreStream Technologies Inc., options	_(1)	-	_(1)	_(1)	
		\$ 23,965	\$ 21,887	\$ 45,852	19.7%
<sup>(1)</sup> Amount less than one thousand					
<b>Miscellaneous:</b>					
Acorn Income Corp., common shares	9	-	787	787	
Acorn Income Corp., preferred shares	37	-	_(1)	_(1)	
Semiconductor Insights Inc., warrants	52	-	_(1)	_(1)	
		\$ -	\$ 787	\$ 787	0.3%
<sup>(1)</sup> Amount less than one thousand					
<b>Community Small Business Investment Funds:</b>					
Niagara Growth Fund Inc., units	2,600	\$ -	\$ 864	\$ 864	
Sunnybrook WV Medical Breakthrough Fund Inc., units	500	-	4,000	4,000	
CMDF WV Queen's Scientific Breakthrough Fund Inc., units	700	-	4,162	4,162	
		\$ -	\$ 9,026	\$ 9,026	3.9%
<b>Value-Added Agriculture:</b>					
Man Agra Capital Inc., preferred shares	20	\$ -	\$ 201	\$ 201	
Puratone Corp., common shares	93	-	671	671	
		\$ -	\$ 872	\$ 872	0.4%
Total venture investments, at cost		\$ 81,982	\$ 237,901	\$ 319,883	137.3%
Unrealized depreciation of venture investments				(70,786)	(30.4%)
Venture investments, at estimated fair value				249,097	106.9%

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
Venture Investments, (In thousands)

As at February 28, 2011

<b>Venture Investments, per Series [Note 3]:</b>	<b>Fair Value</b>
WV Canadian & Merger Series	\$ 195,440
GIC Series	436
Growth Series	16,936
Income Series	4,896
Financial Services Series	4,067
Diversified and CMDF Reinvestment Series	27,323
	<b>\$ 249,098</b>

<b>Stage of Development</b>	<b>Number of Holdings</b>	<b>Cost</b>	<b>Percentage of Venture Investments at cost</b>	<b>Fair value</b>	<b>Percentage of Venture Investment as fair value</b>
Early Stage	41	\$ 148,663	46.5%	\$ 116,732	46.9%
Expansion Stage	46	149,508	46.7%	122,394	49.1%
Mature Stage	6	21,712	6.8%	9,972	4.0%
	<b>93</b>	<b>\$ 319,883</b>	<b>100.0%</b>	<b>\$249,098</b>	<b>100.0%</b>

<b>Sector</b>	<b>Number of Holdings</b>	<b>Cost</b>	<b>Percentage of Venture Investments at cost</b>	<b>Fair value</b>	<b>Percentage of Venture Investment as fair value</b>
Biotechnology	27	\$ 117,699	36.8%	\$ 121,181	48.6%
Computer hardware	3	13,953	4.4%	3,048	1.2%
Consumer products and services	6	2,337	0.7%	2,643	1.1%
Communications	8	29,067	9.1%	21,086	8.5%
Community services business investment fund	3	9,026	2.8%	1,957	0.8%
Computer services	13	37,647	11.8%	34,336	13.8%
Computer software	12	37,014	11.6%	29,913	10.0%
Electronics	1	1,171	0.4%	219	0.1%
Energy/Environmental	4	14,625	4.6%	558	0.2%
Industrial Automation	4	6,433	2.0%	2,506	1.0%
Medical health	2	3,400	1.0%	2,000	0.8%
Manufacturing	6	45,852	14.3%	34,634	13.9%
Miscellaneous	2	787	0.2%	17	0%
Value-Added Agriculture	2	872	0.3%	-	0%
	<b>93</b>	<b>\$ 319,883</b>	<b>100.0%</b>	<b>\$249,098</b>	<b>100.0%</b>

<b>Portfolio Holdings</b>	<b>Fair value</b>
Public	\$ 4,509
Private	244,589
	<b>\$ 249,098</b>

# GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued  
(In thousands)

As at February 28, 2011

<b>Bankers' Acceptances</b>					<b>Percentage</b>	
<b>Par value</b>	<b>Issuer</b>	<b>Coupon rate or Yield</b>	<b>Maturity date</b>	<b>Average cost</b>	<b>Fair value</b>	<b>of net assets</b>
\$ 472	TD Bank	0.0%	March 3, 2011	\$ 471	\$ 472	0.2 %

<b>GIC</b>					<b>Percentage</b>	
<b>Par value</b>	<b>Issuer</b>	<b>Coupon rate or Yield</b>	<b>Maturity date</b>	<b>Average cost</b>	<b>Fair value</b>	<b>of net assets</b>
847	Royal Bank of Canada	0.75 %	29 Dec 2011	\$ 847	\$ 847	0.4%
500	Royal Bank of Canada	0.05 %	1 Sept 2011	500	500	0.2%
<b>Total GIC</b>				<b>\$ 1,347</b>	<b>\$ 1,347</b>	<b>0.6%</b>

## Bankers' Acceptances and GICs, per Series

WV Canadian & Merger Series	\$ 687
GIC Series	945
Growth Series	60
Income Series	17
Financial Services Series	14
Diversified and CMDF Reinvestment Series	96
	<b>\$ 1,819</b>

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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### 1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT

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GrowthWorks Canadian Fund Ltd. (the "Fund") is incorporated under the Canada Business Corporations Act and is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba) (the "Manitoba Act") and as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) (the "Ontario Act"). The Fund is an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) (the "Saskatchewan Act"). Until February 18, 2005, the Fund was also registered as a labour-sponsored venture capital corporation under the *Equity Tax Credit Act* (Nova Scotia). The Fund was also previously a prescribed registered labour-sponsored venture capital corporation under the *New Brunswick Income Tax Act*.

The Fund consists of different series of Class A shares. Each group of series that is referable to a separate portfolio of assets constitutes a separate investment fund under applicable securities laws. The Fund currently offers or has previously offered the following series of Class A shares:

#### **WV Canadian and Merger Series**

- WV Canadian – Commission I
- CAVI Series
- CSTGF Series
- FOF Traditional Series
- ENSIS Series
- CMDF Series

#### **GIC Series**

- Venture / GIC – Commission I
- Venture / GIC – Commission II

#### **Growth Series**

- Venture / Growth – Commission I
- Venture / Growth – Commission II
- FOF Growth Series

#### **Income Series**

- Venture / Income – Commission I
- Venture / Income – Commission II

#### **Financial Services Series**

- Venture / Financial Services – Commission I
- Venture / Financial Services – Commission II

#### **Diversified and CMDF Reinvestment Series**

- Venture / Diversified – Commission I
- Venture / Diversified – Commission II
- Venture CMDF Reinvestment Series – Commission I
- Venture CMDF Reinvestment Series – Commission II

Each of these share series currently or previously offered are referred to as a "Series" and collectively, all Series are referred to as "Class A shares". The Fund may offer or otherwise issue other series of Class A shares in the future.

In order to facilitate redemption transactions, the Fund has two fund codes for the ENSIS and CMDF Series, however these Series are all referable to the same portfolio of assets.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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### 1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT (continued)

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The Fund previously offered the Venture / Balanced – Commission I and Venture / Balanced – Commission II series (the “Balanced Series”) and the Venture / Resource – Commission I and Venture / Resource – Commission II series (the “Resource Series”) Class A shares. Effective February 20, 2009, the Balanced Series were consolidated into the Venture / Diversified – Commission I and II series and the Resource Series were consolidated into the Venture / Growth – Commission I and II series.

Effective November 10, 2009, CMDF Reinvestment Series was introduced at a price of \$10 per share. The CMDF Reinvestment Series are only available for purchase by holders of CMDF Series shares distributed in connection with the CMDF Merger who redeem eligible CMDF Series shares and invest the redemption proceeds in the CMDF Reinvestment Series. The CMDF Reinvestment Series shares are referable to the same portfolio of assets as the Diversified Series. It is expected that outstanding CMDF Reinvestment Series shares will be converted into Diversified Series shares as soon as practicable after May 22, 2012, the third anniversary of the CMDF Merger.

It is proposed that the outstanding Merger Series and the Fund’s FOF Growth Series Class A shares be consolidated into currently offered Venture/Diversified Series, Commission I Class A shares. The proposal is aimed at simplifying the Fund’s share structure and making pricing and reporting processes more efficient. It is also proposed that the name of Diversified Series be changed to “Balanced Series” and that the Directed Funds (Note 2(c)) investment focus for Diversified Series Class A shares be refined to reflect a more balanced mix of equity and fixed income securities. The refined Directed Funds investment focus would consist of: high quality debt instruments, high yield investments and bank securities. Finally, it is proposed that the Fund’s Income Series Class A shares be consolidated into Diversified Series Class A shares. Required shareholder approvals for these proposed changes will be sought at the Fund’s next annual general meeting.

The Fund makes investments (“venture investments”) in small and medium-sized Canadian businesses with the objective of achieving long-term capital appreciation.

These financial statements should be read in conjunction with the Management Reports of Fund Performance of the respective Series of the Fund for the period ended February 28, 2011, which may be found on the Fund’s website at <http://www.growthworks.ca/funds/saskatchewan/gw-canadian-fund/publications.asp> and at [www.sedar.com](http://www.sedar.com).

The sponsor of the Fund is the Canadian Federation of Labour (the “Sponsor”). The Sponsor holds 100% of the Class B Shares of the Fund.

The *Income Tax Act* (Canada) allows an individual to claim a federal tax credit in connection with an investment in Class A Shares of the Fund. The Manitoba Act, the Ontario Act and the Saskatchewan Act also allow an individual to claim a provincial tax credit in connection with an investment in Class A Shares of the Fund. The Fund must satisfy minimum investment requirements, often referred to as “investment pacing requirements” in eligible investments, under these statutes. Even though the Fund no longer raises capital in Nova Scotia or New Brunswick, it remains subject to certain investment pacing requirements for capital previously raised in such provinces.

GrowthWorks WV Management Ltd. is the Manager of the Fund (the “Manager”). The Fund, under a management agreement (see Note 8), pays the Manager certain management and administration fees.

#### ***Roseway Transaction***

The Fund entered into a participation agreement dated May 28, 2010 (the “Participation Agreement”) with Roseway Capital L.P. whereby Roseway Capital L.P. advanced \$20 million to the Fund (the “Roseway Proceeds”) in exchange for a participating interest in selected venture investment holdings of the Fund. The participating interest was subsequently assigned to Roseway Capital S.à.r.l. (“Roseway”).

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT (continued)

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The Roseway Proceeds provide additional capital for follow-on investments and are intended to enhance the Fund's operating and financial flexibility.

At the time of the advance, Roseway's participating interest extended to 15 investments in the Fund's venture investment portfolio (the "Participation Holdings"), with a total carrying value of approximately \$100 million. In addition, Roseway agreed to provide up to \$3 million in follow-on funding for these companies. The participating interest entitles Roseway to receive 20% of the proceeds (cash or shares, "Participation Payments") earned on or generated from the sale or divestment of the Participation Holdings. Roseway did not acquire shares of the Fund or any securities of the Participation Holdings. Most of the companies in the Participation Holdings are expected to be divested prior to May 28, 2013, the third anniversary of closing of the Roseway transaction. The Participation Agreement provides for minimum Participation Payments of \$5,700,000 per year during the three years following closing. The Fund will repay the Roseway Proceeds in full on the third anniversary of closing. The Fund executed a security agreement in favour of Roseway whereby the Fund's payment obligations under the Participation Agreement are secured by a charge over the Fund's non-venture assets, certain of the Fund's venture investment holdings and proceeds from the sale or divestment of other venture investment holdings.

Under Canadian general accepted accounting principles, the Fund's obligation to repay the Roseway Proceeds on the third anniversary of closing and the Participation Payments are recorded as liabilities of the Fund.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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### a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

### b) Venture investments

Venture investments are recorded at estimated fair value. Fair value is the value that would be agreed upon between knowledgeable and willing parties dealing at arm's length. Investment transactions are accounted for on a trade date basis. Changes in unrealized appreciation or depreciation of venture investments, being the differences between fair value and cost of these investments, are recorded in results of operations.

#### i) Publicly-traded

Venture investments having quoted market values that are publicly traded on a recognized stock exchange are recorded at values based on the closing bid quotations.

#### ii) Privately-owned

New venture investments in securities not having quoted market values are initially recorded at cost, which approximates fair value generally for one year, and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods that best and most objectively reflect the expected realizable 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. If there is a recent significant arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such an offer or transaction are used in the valuation of the investment.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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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 Fund's venture investments. The Fund's prospectus sets out the policies, procedures and methodologies that have been adopted and approved by the Audit and Valuation Committee of the Board of Directors for determining fair value.

#### c) Short-term investments and bonds, bank instruments, income notes, index notes and guaranteed investment certificates ("GIC")

New purchases and sales of short-term investments and bonds, bank instruments, income notes, index notes and GICs are recorded on a trade-date basis and are valued on the basis of closing bid quotations.

The difference between the fair value and cost is recorded as an unrealized appreciation (depreciation) of short-term investments and bonds, bank instruments, income notes, index notes or GICs as applicable. Each Series may hold investments in short-term investments or one or more other investment categories based on the "Directed Funds" investment strategy of that Series, as follows:

WV Canadian and the Merger Series - Short-term investments and bonds, income notes, index notes and bank instruments

GIC Series – Guaranteed Investment Certificates ("GICs")

Growth Series – Short-term investments and bonds and index notes

Income Series – Short-term investments and bonds, income notes and index notes

Financial Services Series – Short-term investments and bonds and index notes

Diversified and CMDF Reinvestment Series- Short-term investments and bonds, income notes, index notes and bank instruments

#### d) Income recognition

Interest from investments is recorded on an accrual basis. Interest income includes accretion of discounts and amortization of premiums on debt securities. Realized gains and losses arising from the sale of investments are determined using the weighted average cost basis and are recorded on the respective Series' Statement of Operations.

#### e) Income taxes

Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that enactment or substantive enactment occurs.

The Fund files an income tax return that encompasses all Series. Income taxes recorded within each Series' financial statements are determined on an individual Series basis as if each Series were filing a separate income tax return. Where a Series utilizes tax deductions of another Series, the transfer of these tax deductions may be reflected in the respective Series' statement of operations within income tax expense or recovery, as appropriate, and in the respective Series' statement of net assets as an inter-series receivable or payable.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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### f) Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- i) Fair value of investments is translated at the rate of exchange at the end of the period..
- ii) Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized and unrealized foreign currency gains or losses on investments are recorded in the Statement of Operations.

### g) Per share values

Net assets per share is calculated based on the number of shares outstanding at the period end. Increase (decrease) in net assets from operations per series share is calculated based on the weighted-average number of shares of the respective series outstanding during the period. Net assets for financial reporting purposes may be different from net asset value ("NAV") used to transact share sales and redemptions for certain Series (Note 9).

### h) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP 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 period.

Areas requiring the use of significant management estimates include estimations of the fair value of venture investments, including assessments of the financial condition of investees that might indicate a change in value of a particular investment. Assumptions underlying investment valuations are limited by the availability of reliable data and the uncertainty of predictions concerning future events.

Accordingly, venture investment valuations include a subjective element. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

### i) Participation liability

The participation liability is designated as a held for trading financial liability. It is recorded at fair value, which was initially the cash consideration received by the Fund, and subsequently is estimated using the discounted cash flow method using the original effective interest rate and accreted interest. Changes in the estimated fair value of the liability are recognized in financing expense in the period in which changes in estimated future cash flows payments become known. The expected future cash flows are the Roseway Proceeds and the Participation Payments which are determined by reference to expected divestment timing and proceeds generated from the Participation Holdings.

### i) Financial instruments

A Series' financial instruments may consist of cash, receivables, short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments, participation liability, accounts payable and accrued liabilities and other payables.

The estimated fair value of cash, receivables, accounts payables, accrued liabilities and other payables approximates carrying value due to the relatively short-term nature of the instruments. Short-term investments, GICs, income notes, bonds, bank instruments, index notes, venture investments and the participation liability are carried at estimated fair value in accordance with the valuation methodologies set out above (see Notes 2(b) and (c)) and in accordance with Section 3855 "Financial Instruments – Recognition and Measurement" and Accounting Guideline 18 "Investment Companies" of the Handbook of the Canadian Institute of Chartered Accountants.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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### j) IPA Dividends and contingent incentive participation amounts

Incentive participation dividends ("IPA Dividends") and contingent incentive participation dividends on Class C Shares, IPA Series Shares, are recorded and expensed in the Statement of Operations on an accrual basis. IPA Dividends are accrued weekly, but only payable quarterly, when certain conditions are met (see Note 5). Provision for contingent incentive participation dividends, if any, is recognized based on the assumption that all of the venture investments are liquidated at their estimated fair value as at the date of the financial statements. To the extent that unrealized gains are not ultimately realized, the related contingent incentive participation dividend will be adjusted.

### k) Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

### l) Current or Future accounting changes

The Accounting Standards Board ("AcSB") ratified a strategic plan in 2006 that would have resulted in Canadian GAAP, as used by the Fund, converging with International Financial Reporting Standards ("IFRS") over a transitional period that was initially expected to be completed by 2011. In June 2010, the AcSB issued an Exposure Draft "Adoption of IFRS by Investment Companies", which proposed adoption of IFRS by investment companies like the Fund in interim and annual financial statements to begin on or after January 1, 2012 instead of January 1, 2011, as previously announced, with earlier adoption permitted under certain circumstances. This proposal was finalized on October 1, 2010 by the AcSB and it was decided that Investment Companies should adopt IFRS for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2012. In January 2011, the AcSB approved an additional one year extension, to January 1, 2013 for the adoption of IFRS by investment funds as the International Accounting Standards Board's ("IASB") investment company project has been delayed and a final standard will not likely be issued before January 1, 2012, the original mandatory adoption date. Accordingly, the Fund will be implementing IFRS effective September 1, 2013 for its interim and annual financial statements.

The Manager has established a transition plan and a team of key individuals responsible for overseeing the conversion process. This transition plan includes identifying differences which exist in accounting policies, selecting the policies which are appropriate for the Fund, identifying the impact of policies selected, identifying exemptions to full restatement, establishing the timing of implementation, identifying the appropriate disclosure in financial statements prepared under IFRS and identifying the internal training required.

The identification and review of major differences from existing accounting policies, new IFRS accounting policies and exemptions, and the preparation of appropriate disclosures in the Fund's IFRS financial statements is ongoing. As each IFRS accounting policy is chosen, the Manager will review its impact on internal controls over financial reporting and disclosures and make changes where necessary. The Manager's internal training of key personnel is ongoing.

As at February 28, 2011, the Manager expects that the impact of adopting IFRS is going to be mainly in presentation and additional disclosure requirements in the financial statements of the Series.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 3. ALLOCATION OF INVESTMENT PORTFOLIO

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The Fund maintains a single portfolio of venture investments. Each Series is allocated its share of the venture portfolio on a pro rata basis unless otherwise provided for in the respective Series' investment strategy.

WV Canadian and the Merger Series may hold short-term investments and bonds, bank instruments, income notes, and index notes as part of their non-venture portfolio. Growth Series may hold short-term investments and bonds, and index notes as part of their non-venture portfolio. Income Series and Financial Services may hold short-term investments and bonds, and index notes as part of their non-venture portfolio. Diversified Series and CMDF Reinvestment Series may hold short-term investments and bonds, and income notes and index notes as part of their non-venture portfolio. GIC Series only hold non-venture investments in GICs.

Realized and unrealized gains/losses and interest income arising from the Series' venture portfolio are allocated to each Series based on the respective Series' proportionate share in the venture portfolio.

## 4. FINANCIAL RISK MANAGEMENT

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### a) Risks and Risk Management

Financial instruments in the Fund's portfolios are exposed to liquidity risk, credit risk, currency risk, interest rate risk and other price risk, each of which is described below. The Discussion of Financial Risk Management following each Series' financial statements provides information and analysis of the risks specific to the applicable Series' financial instruments. The following discussion is of risks which are applicable to the financial instruments of all Series. See the Fund's prospectus, management reports of fund performance and statement of investment portfolio for other information, including the risks associated with investing in the Fund.

The Fund typically makes venture investments in early to mid stage private companies. These investments take several years to mature and losses on unsuccessful investments are often realized before gains on successful investments. Some of the principal venture investment strategies used by the Fund are to diversify the Fund's venture portfolio by business sector and by stage of development. The Fund manages the risks associated with investing in developing companies through the use of experienced venture capital managers, careful selection of investment opportunities, ongoing monitoring of portfolio companies' operations and managing divestment opportunities. The Manager seeks to add value and manage risk by participating on portfolio company boards of directors and assisting in recruiting key personnel, securing additional financing and formulating long-term strategic plans.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 4. FINANCIAL RISK MANAGEMENT (continued)

The Fund's holdings in short-term investments, bonds, bank debt instruments and GICs are exposed to interest rate risk and credit risk. There is minimal fair value sensitivity to interest rate fluctuations on cash and short-term cash equivalents invested at market interest rates. The fair value of a debt investment represents the maximum exposure to credit risk.

A portion of the funds that are not invested or expected to be invested in venture investments are referred to as "Directed Funds". Directed Funds investments vary depending on the particular Series' investment strategy and may range from GICs to investments linked to Canadian market equities. The values of certain of these investments fluctuate relative to movements in the stock market and the market value of the securities to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure to risks associated with Directed Funds investments is to limit the proportion of a Series' assets which can be invested in Directed Funds investments, as mandated by the individual Series' investment strategy for Directed Funds.

The following is a summary of the asset and liability classifications as at February 28, 2011 and August 31, 2010:

	WV Canadian and Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
<i>Assets</i>						
Held for trading	\$ 207,176	\$ 236,496	\$ 1,670	\$ 1,645	\$ 16,996	\$ 18,078
Loans and receivables	8,408	6,868	239	177	2,293	1,839
<i>Total financial assets</i>	<i>\$ 215,584</i>	<i>\$ 243,364</i>	<i>\$ 1,909</i>	<i>\$ 1,822</i>	<i>\$ 19,289</i>	<i>\$ 19,917</i>
<i>Liabilities</i>						
Held for trading	20,853	18,158	46	42	1,807	1,435
Financial liabilities	15,050	12,029	379	299	942	594
<i>Total financial liabilities</i>	<i>\$ 35,903</i>	<i>\$ 30,187</i>	<i>\$ 425</i>	<i>\$ 341</i>	<i>\$ 2,749</i>	<i>\$ 2,029</i>
	Income Series		Financial Services Series		Diversified & CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
<i>Assets</i>						
Held for trading	\$ 4,913	\$ 5,219	\$ 4,081	\$ 4,247	\$ 27,419	\$ 28,418
Loans and receivables	804	694	505	435	3,769	3,078
<i>Total financial assets</i>	<i>\$ 5,717</i>	<i>\$ 5,913</i>	<i>\$ 4,586</i>	<i>\$ 4,682</i>	<i>\$ 31,188</i>	<i>\$ 31,496</i>
<i>Liabilities</i>						
Held for trading	522	414	434	337	2,915	2,256
Financial liabilities	260	162	210	160	1,915	1,379
<i>Total financial liabilities</i>	<i>\$ 782</i>	<i>\$ 576</i>	<i>\$ 644</i>	<i>\$ 497</i>	<i>\$ 4,830</i>	<i>\$ 3,635</i>

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 4. FINANCIAL RISK MANAGEMENT (continued)

The Fund uses a three-tier hierarchy as a framework for disclosing fair value of investments based on inputs used to value the Fund's investments. The fair value measurements are classified into three levels as follows:

- (1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- (2) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (3) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

A change in the applicable valuation methodology under Canadian GAAP may result in the reclassification into or out of an investment's assigned level.

The following is a summary of the inputs used as of February 28, 2011 and August 31, 2010 in valuing the Fund's investments carried at fair values:

As at February 28, 2011

<b>Quoted prices in active markets for identical assets (Level 1):</b>	<b>WV Canadian and Merger Series</b>	<b>GIC Series</b>	<b>Growth Series</b>	<b>Income Series</b>	<b>Financial Services Series</b>	<b>Diversified &amp; CMDF Reinvestment Series</b>	<b>Total</b>
Short-term investments & bonds	\$ 687	\$ -	\$ 60	\$ 17	\$ 14	\$ 96	\$ 874
GICs	-	945	-	-	-	-	945
Venture Investments	3,538	8	305	89	74	495	4,509
<i>Total Investments (Level 1)</i>	<i>\$ 4,225</i>	<i>\$ 953</i>	<i>\$ 365</i>	<i>\$ 106</i>	<i>\$ 88</i>	<i>\$ 591</i>	<i>\$ 6,328</i>

  

<b>Significant other observable inputs (Level 2):</b>	<b>WV Canadian and Merger Series</b>	<b>GIC Series</b>	<b>Growth Series</b>	<b>Income Series</b>	<b>Financial Services Series</b>	<b>Diversified &amp; CMDF Reinvestment Series</b>	<b>Total</b>
Short-term investments & bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GICs	-	-	-	-	-	-	-
Venture Investments	-	-	-	-	-	-	-
<i>Total Investments (Level 2)</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>

  

<b>Significant unobservable inputs (Level 3):</b>	<b>WV Canadian and Merger Series</b>	<b>GIC Series</b>	<b>Growth Series</b>	<b>Income Series</b>	<b>Financial Services Series</b>	<b>Diversified &amp; CMDF Reinvestment Series</b>	<b>Total</b>
Short-term investments & bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GICs	-	-	-	-	-	-	-
Venture Investments	191,902	428	16,631	4,807	3,993	26,828	244,589
Participation Liability	(20,853)	(46)	(1,807)	(522)	(434)	(2,915)	(26,577)
<i>Total Investments (Level 3)</i>	<i>\$ 171,049</i>	<i>\$ 382</i>	<i>\$ 14,824</i>	<i>\$ 4,285</i>	<i>\$ 3,559</i>	<i>\$ 23,913</i>	<i>\$ 218,012</i>

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 4. FINANCIAL RISK MANAGEMENT (continued)

As at August 31, 2010

<u>Quoted prices in active markets for identical assets (Level 1):</u>	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	\$ 10,956	\$ -	\$ 866	\$ 250	\$ 203	\$ 1,361	\$ 13,636
GICs	-	852	-	-	-	-	852
Venture Investments	4,176	9	330	95	78	519	5,207
<i>Total Investments (Level 1)</i>	<i>\$ 15,132</i>	<i>\$ 861</i>	<i>\$ 1,196</i>	<i>\$ 345</i>	<i>\$ 281</i>	<i>\$ 1,880</i>	<i>\$ 19,695</i>

  

<u>Significant other observable inputs (Level 2):</u>	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GICs	-	-	-	-	-	-	-
Venture Investments	-	-	-	-	-	-	-
<i>Total Investments (Level 2)</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>

  

<u>Significant unobservable inputs (Level 3):</u>	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GICs	-	-	-	-	-	-	-
Venture Investments	213,609	495	16,882	4,874	3,966	26,538	266,364
Participation Liability	(18,158)	(42)	(1,435)	(414)	(337)	(2,256)	(22,642)
<i>Total Investments (Level 3)</i>	<i>\$ 195,451</i>	<i>\$ 453</i>	<i>\$ 15,447</i>	<i>\$ 4,460</i>	<i>\$ 3,629</i>	<i>\$ 24,282</i>	<i>\$ 243,722</i>

During the period ended February 28, 2011 and year ended August 31, 2010, there were no transfers between level one and level two. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

As at February 28, 2011

	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	\$ 213,609	\$ 495	\$ 16,882	\$ 4,874	\$ 3,966	\$ 26,538	\$ 266,364
Purchases	6,272	14	545	157	131	877	7,996
Sales	(14,444)	(32)	(1,252)	(362)	(301)	(2,019)	(18,410)
Inter Series Portfolio Reallocation	(4,623)	(29)	1,229	362	382	2,679	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(6,182)	(14)	(536)	(155)	(129)	(864)	(7,880)
Change in unrealized depreciation	(2,730)	(6)	(237)	(69)	(56)	(383)	(3,481)
Ending balance, February 28, 2011	\$ 191,902	\$ 428	\$ 16,631	\$ 4,807	\$ 3,993	\$ 26,828	\$ 244,589

<u>Participation Liability</u>	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	\$ (18,158)	\$ (42)	\$ (1,435)	\$ (414)	\$ (337)	\$ (2,256)	\$ (22,642)
Financing Expense	(3,446)	(9)	(284)	(82)	(67)	(449)	(4,337)
Change in unrealized appreciation	328	1	29	8	7	47	420
Inter Series Portfolio Reallocation	393	2	(104)	(31)	(33)	(227)	-
Fair value adjustments	30	2	(13)	(3)	(4)	(30)	(18)
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Ending balance, February 28, 2011	\$ (20,853)	\$ (46)	\$ (1,807)	\$ (522)	\$ (434)	\$ (2,915)	\$ (26,577)

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 4. FINANCIAL RISK MANAGEMENT (continued)

As at August 31, 2010

Venture Investments	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2009	\$ 259,412	\$ 340	\$ 16,552	\$ 4,316	\$ 3,662	\$ 24,353	\$ 308,635
Purchases	19,182	80	1,359	373	309	2,067	23,370
Sales	(34,747)	(224)	(2,373)	(699)	(576)	(3,852)	(42,471)
Inter-series portfolio reallocations	(11,220)	353	2,699	1,255	879	6,034	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized gains/(losses)	(21,120)	(46)	(1,437)	(382)	(321)	(2,143)	(25,449)
Change in unrealized depreciation	2,102	(8)	82	11	13	79	2,279
Ending balance, August 31, 2010	\$ 213,609	\$ 495	\$ 16,882	\$ 4,874	\$ 3,966	\$ 26,538	\$ 266,364

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issued	(15,849)	(71)	(1,236)	(357)	(291)	(1,946)	(19,750)
Financing expense	(1,422)	(6)	(111)	(32)	(26)	(175)	(1,772)
Reduction to realized gain on venture	(285)	(1)	(23)	(7)	(5)	(34)	(355)
Inter-series portfolio reallocations	12	38	(17)	(4)	(4)	(25)	-
Repayments	-	-	-	-	-	-	-
Fair value adjustments	(614)	(2)	(48)	(14)	(11)	(76)	(765)
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Ending balance, August 31, 2010	\$ (18,158)	\$ (42)	\$ (1,435)	\$ (414)	\$ (337)	\$ (2,256)	\$ (22,642)

#### Liquidity Risk

Liquidity risk is the risk that the Fund will have difficulty meeting obligations associated with financial liabilities. With respect to the Fund, liquidity risk also arises primarily from the need to meet share redemptions. Redemptions of Class A shares, new and follow-on venture investments, repayments of the Roseway participation liability and other operational commitments all draw on the Fund's liquidity. Venture capital investments in private companies are generally illiquid and it often takes several years for investments to mature and present a divestment opportunity. If the Fund does not have sufficient liquidity to fund follow-on investments, it may incur dilution or a loss of value on the investment if the portfolio company cannot secure required financing from alternative sources. Further, if the Fund is forced to sell a venture investment before it matures, it may incur a loss or realize a smaller gain. Class A shares must generally be held for eight years from the date of purchase in order for the holder to retain the benefit of tax credits claimed in respect of the shares. Accordingly, for liquidity management purposes the Fund considers shares to be redeemable only after expiry of this eight-year period. All references to "redeemable" shares should be read accordingly. As at the end of the year, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability, which is discussed in Note

The Fund monitors liquidity risk through the use of an annual liquidity model that forecasts the Fund's short and long term liquidity needs over 90-days, and the next two annual sales cycles ending March 31, based on projected levels of capital raising, investment and divestment activity, Class A Share redemptions, Roseway Participation Payments and other operational commitments. Using this model, the Fund aims to maintain a minimum level of excess liquidity of 35% of projected redemptions over a rolling 90-day period. As at February 28, 2011, the Fund met this level of excess liquidity.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 4. FINANCIAL RISK MANAGEMENT (continued)

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### b) Venture investment portfolio

#### i) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation owed to the Fund under the instrument, causing a financial loss. While the Fund's venture investments include debt instruments, which expose the Fund to credit risk, most debt instruments held are convertible into equity securities and are expected to be converted well before a divestment opportunity arises. Upon conversion, the credit risk associated with the debt instrument may be replaced by other price risk associated with the equity securities, as discussed below. If not converted or redeemed upon the maturity, the instruments generally become due on demand. Classification of debt instruments after maturity as due on demand does not represent a renegotiation of the original debt agreement. Given the expectation that debt instruments will be converted to equity securities, and thereby subject to other price risk, the credit risk associated with the Fund's venture portfolio is not considered to be significant.

#### ii) Currency Risk

Currency risk is the risk that financial instruments denominated in a currency other than Canadian dollars, which is the Fund's reporting currency, will fluctuate due to changes in the exchange rate between the Canadian dollar and the currency in which the investment is denominated. The Fund manages currency risk associated with its venture portfolio by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

#### iii) 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 Fund's venture portfolio contains debt instruments, most of which are generally convertible into equity and expected to be converted before or in connection with a follow-on investment or subsequent divestment. Accordingly, the Manager does not consider there to be significant interest rate risk on the investments as valuation is generally based on the underlying equity securities of the entity into which the debt is convertible. The values of the underlying equity securities generally do not change with changes in market interest rates, and the interest rates of these instruments are fixed hence changes in market interest rates will not impact cash flows of the Fund.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 4. FINANCIAL RISK MANAGEMENT (continued)

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### iv) *Other Price Risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than changes caused by interest rate or currency risk), whether caused by factors specific to an individual investment, factors affecting the sector in which the investee operates or all sectors.

The Fund generally makes investments in private companies. The Fund holds publicly traded investments in its venture investment portfolio as a result of initial public offerings by such companies or through divestitures of companies in exchange for publicly traded securities. While all venture investments held by the Fund present a risk of loss of capital due to business failures, the values of publicly traded investments are linked to movements in the stock market. In some circumstances, it may prove difficult for the Fund to quickly liquidate investments in less readily traded securities without unduly affecting the market price of the securities. Private company holdings are also linked to general market trends to the extent that poor market conditions may place downward pressure on valuations of the Fund's holdings due to reduced levels of activity in the initial public offering and merger and acquisition markets. The Fund seeks to manage other price risk by managing the level of public company holdings, including through market and private sales of these investments.

Public venture investments are grouped by Series. Once grouped, a regression analysis can be undertaken for each group of holdings to identify the correlation between the value of investments in the sector grouping and benchmark indices for the applicable sector. The results and sensitivity analysis are reported in the Discussion of Financial Risk Management statement following each Series' Financial Statements.

Private venture investments are generally in early and expansion-stage companies and, accordingly, there is a limited history of operations and revenues from which to determine the fair value of these investments. Further, the fair value of these companies will primarily fluctuate in response to specific company developments rather than in response to general market conditions. Therefore, while indices such as the NASDAQ Composite Index, which is the Fund's chosen broad-based index for benchmarking purposes, may be an indicator of the Merger and Acquisition ("M&A") and Initial Public Offering ("IPO") activity within the business sectors that the Fund invests, it is difficult to identify a direct correlation between published indices or sector metrics and actual performance of private venture investments. Changes in the value of this index and other sub-sector indices may therefore differ materially from changes in the value of the Fund's private venture investments. Accordingly, a sensitivity analysis that would measure the impact on the Fund's net assets relative to changes in an index has not been provided as it is not considered meaningful.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
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## 4. FINANCIAL RISK MANAGEMENT (continued)

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### c) Short-term investments and bonds:

The Fund's short-term investments include investments in bankers' acceptances, treasury bills, and GICs. The Fund invests in Canadian dollar denominated short-term investments and bonds, and as such is not exposed to currency risk on these investments. Further, such investments are not subject to significant other price risk.

#### i) *Credit Risk*

Credit rating agencies rate issuers based on how much credit risk they represent; the higher the credit rating, the lower the credit risk. The Fund manages this risk by generally investing in short-term investments, bonds and GICs issued by governments, financial institutions and issuers with credit ratings at the higher end of the range.

Other than in exceptional circumstances, transactions in listed securities are generally settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

#### ii) *Interest Rate Risk*

The Fund's short-term investments and bonds may be subject to interest rate risk which would affect the value of traded instruments and the Fund's interest income. When market interest rates rise, the value of traded interest-bearing instruments held by the Fund generally falls due to a decline in demand for lower yielding instruments. While higher interest rates may increase the Fund's income through higher yields on newly acquired instruments, the increase may be more than offset by a decrease in the overall value of traded instruments held by the Fund. The Fund's strategy for managing this risk is to monitor and adjust its interest-bearing portfolio holdings in light of prevailing and expected movements in short, medium and long-term interest rates and bond prices. This may include incurring early redemption penalties so as to allow re-investment of capital at higher rates.

### d) Directed Funds investments

At the end of the prior year end, all of the Series had fully divested from Directed Funds investments in bonds, income notes, index notes and bank instruments. The GIC Series holds GICs at the end of the period. Only short-term investments are held as at the end of the period due to the need to liquidate Directed Funds investments to fund share redemptions and operational commitments.

The Fund's Directed Funds investments may include investments in GICs, index notes, income notes and bank instruments. As was the case at the end of the year, the only Directed Funds investments held by the Fund were GICs. The Fund invests in Canadian dollar denominated Directed Funds investments, and as such is not exposed to currency risk on these investments.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 4. FINANCIAL RISK MANAGEMENT (continued)

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### i) *Credit Risk*

Directed Funds investments in debt instruments such as GICs, index notes, income notes, and bank instruments give rise to credit risk, which is managed in the same manner as credit risk associated with short-term investments and bonds (Note 4(c)(i)).

### ii) *Interest Rate Risk*

Directed Funds investments are also subject to interest rate risk, however the extent of exposure for GICs and income notes is considered to be low due to the fact that these investments have fixed interest rates, are redeemable, and the maximum penalty for early redemption is loss of accrued interest. The interest rate risk management strategy is the same as that discussed for the short term investments and bonds (Note 4(c)(ii)).

### iii) *Other Price Risk*

Other price risk arises in respect of Directed Funds investments due to movements in the quoted prices of the securities underlying index notes and income notes. The Fund manages other price risk by limiting investments in, monitoring the composition of, and adjusting the concentration of these investments. As at February 28, 2011, the Fund did not hold any Directed Funds investments in index notes and income notes.

## e) **Participation liability**

### i) *Currency Risk*

The participation liability is denominated in Canadian dollars; however some of the underlying investments in the Participation Holdings defined portfolio on which the participation payments are based are denominated in US Dollars and will fluctuate in value due to changes in the exchange rate between the Canadian dollar and the US Dollar.

### ii) *Other Price Risk*

As the financing expense on the participation liability is related to the divestment proceeds of the Participation Holdings, a defined portfolio of venture investments, movements in the values of the Participation Holdings will affect the amount of interest payable under the liability. The Fund has disclosed the effect of other price risk on its venture investment portfolio in Note 4(b)(iv).

## 5. SHARE CAPITAL

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### **Authorized**

- Unlimited Class A Shares issuable in series from treasury, discretionary dividend entitlement, voting, restrictions on transfer and redemption, redeemable at the net asset value less any redemption fee, entitled to elect, together with the holder of Class C, Series I shares, those directors not entitled to be
- elected by the holder of Class B Shares and nominate certain directors for approval by Class B Shares.
- Unlimited Class B Shares, issuable only to the Sponsor of the Fund, no dividend entitlement, voting, restrictions on transfer and redemption, entitled to elect one-half plus two of the directors if the number of directors is an even number, and a majority plus one of the directors if the number of directors is an odd number.

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 5. SHARE CAPITAL (continued)

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- Unlimited Class C Shares, issuable in series. The Class C Shares, Series I, issuable from treasury, discretionary dividend entitlement provided the same dividend is declared or paid on the Class A Shares, non-voting, redeemable at the net asset value per share, entitled to elect, together with the holders of Class A Shares, those directors not entitled to be elected by the holder of Class B Shares.

The Class C Shares, IPA Shares Series (the "IPA Shares"), issuable only to a person acting as a manager or investment manager to the Fund, cumulative IPA Dividend entitlement provided certain terms and conditions are met, non-voting, redeemable at an amount equal to the consideration paid to the Fund thereof upon the issue of such IPA Shares.

The holder of IPA Shares will be entitled to receive IPA Dividends based on realized gains and income on venture investments. For venture investments made after November 29, 2002 (the "IPA Start Date"), the IPA Dividends will be equal to 20% of the realized gains and income from each such venture investment.

Before any IPA Dividends can be paid in respect of any investment, the following conditions must be met:

*Portfolio Test* - the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments since the IPA Start Date must have generated an annualized rate of return greater than a cumulative annualized threshold rate of return equal to the average annual rate of return on a five year guaranteed investment certificate offered by a major Canadian chartered bank plus 2%;

*Venture Investment Test* - the compounded annual internal rate of return (including realized and unrealized gains and income from prior partial dispositions of that venture investment or otherwise) from the venture investment since its acquisition by the Fund must equal or exceed 12% per year; and

*Principal Test* - the Fund must have fully recovered a cash amount equal to at least the principal invested in the venture investment.

This means, the Fund will only pay IPA Dividends in respect of any partial disposition of such a venture investment if the Fund receives, from all dispositions of that venture investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the venture investment.

IPA Dividends in respect of venture investments made prior to the IPA Start Date will be equal to 15% of the realized gains and income from each such venture investment. This will be calculated on the same basis as for venture investments made after the IPA Start Date with two adjustments. First, the compounded annual internal rate of return (including realized and unrealized gains and income) from the venture investments since the IPA Start Date must equal or exceed 12% per year. Second, the Fund must have fully recovered the estimated fair value of the investment carried on the books of the Fund as at the IPA Start Date.

For the purposes of payment to the Manager, the IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative. At February 28, 2011, the Fund has accrued \$357,000 of IPA Dividends and the contingent amount of IPA dividends accrued by the Fund decreased by \$262,000 for the period ended February 28, 2011.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
 Tabular amounts expressed in thousands of dollars

### 5. SHARE CAPITAL (continued)

The contingent IPA Dividend is an estimate of IPA Dividends that would have been payable to the Manager had the Fund's entire venture portfolio been disposed of at the estimated fair market value as of the date of the financial statements; however, the total IPA Dividends that will actually be paid over the life of the Fund is currently not determinable, as it will depend on the value ultimately realized from the venture portfolio.

On dissolution, the Class C Shares rank equally with the Class A Shares.

#### Class A Shares

Redemption and subscription information includes switching of shares of one series for shares of another series. The following shares were issued and redeemed during the period ended February 28, 2011:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of shares	Redemption of Shares	Outstanding Shares at End of Period
WV Canadian - Commission I	10,072	-	(1,506)	8,566
CAVI Series	1,429	-	(198)	1,231
ENSIS Series	6,648	-	(613)	6,035
CMDF Series	8,886	-	(266)	8,620
CSTGF Series	1,322	-	(180)	1,142
FOF Traditional	1,220	-	(95)	1,125
Venture / GIC, Commission I	59	4	-	63
Venture / GIC, Commission II	120	7	(1)	126
Venture / Growth, Commission I	1,249	16	(10)	1,255
Venture / Growth, Commission II	587	17	(2)	602
FOF Growth	499	-	(41)	458
Venture / Income, Commission I	371	1	(1)	371
Venture / Income, Commission II	304	-	(5)	299
Venture / Financial Services, Commission I	209	5	(2)	212
Venture / Financial Services, Commission II	340	5	(1)	344
Venture / Diversified, Commission I	1,508	42	(9)	1,541
Venture / Diversified, Commission II	2,151	42	(13)	2,180
Venture / CMDF Reinvestment Series, Commission I	9	-	-	9
Venture / CMDF Reinvestment Series, Commission II	6	-	-	6

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 5. SHARE CAPITAL (continued)

The following shares were issued and redeemed during the year ended August 31, 2010:

<b>Class A Shares</b>	<b>Outstanding Shares at Beginning of Year</b>	<b>Issue of shares</b>	<b>Redemption of Shares</b>	<b>Outstanding Shares at End of Year</b>
WV Canadian - Commission I	14,196	-	(4,124)	10,072
CAVI Series	2,005	-	(576)	1,429
ENSIS Series	7,987	-	(1,339)	6,648
CMDF Series	9,561	-	(675)	8,886
CSTGF Series	1,802	-	(480)	1,322
FOF Traditional	1,538	-	(318)	1,220
Venture / GIC, Commission I	36	23	-	59
Venture / GIC, Commission II	58	62	-	120
Venture / Growth, Commission I	1,179	85	(15)	1,249
Venture / Growth, Commission II	556	37	(6)	587
FOF Growth	631	-	(132)	499
Venture / Income, Commission I	329	45	(3)	371
Venture / Income, Commission II	288	21	(5)	304
Venture / Financial Services, Commission I	200	11	(2)	209
Venture / Financial Services, Commission II	324	18	(2)	340
Venture / Diversified, Commission I	1,426	103	(21)	1,508
Venture / Diversified, Commission II	2,055	119	(23)	2,151
Venture / CMDF Reinvestment Series Commission I <sup>(1)</sup>	-	9	-	9
Venture / CMDF Reinvestment Series Commission II <sup>(1)</sup>	-	6	-	6

<sup>(1)</sup> Series commenced offering on November 10, 2009

#### Service Fees of Class A Shares

During the period a total of \$504,000 (February 28, 2010: \$744,000) was incurred by the Fund as services fees or distribution costs for Class A shares. The Series allocation was as follows:

	<b>2011</b>	<b>2010</b>
WV Canadian – Commission I	\$ 123	\$ 221
CAVI Series	22	38
ENSIS Series	108	158
CMDF Series	144	185
CSTGF Series	20	33
FOF Traditional	19	29
Venture / GIC – Commission I & II	1	1
Venture / Growth – Commission I & II	22	25
FOF Growth	8	13
Venture / Income – Commission I & II	7	7
Venture / Financial Services – Commission I & II	4	4
Venture / Diversified – Commission I & II	26	30
CMDF Reinvestment Series – Commission I & II	-	-
	<b>\$ 504</b>	<b>\$ 744</b>

# GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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## 5. SHARE CAPITAL (continued)

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### Class B Shares

1 Class B share was outstanding during the six month period ended February 28, 2011 and the year ended August 31, 2010.

### Class C Shares

0.1 Class C share was outstanding during the six month period ended February 28, 2011 and the year ended August 31, 2010.

### Redemption of Class A Shares

A shareholder may redeem all or part of a series of Class A Shares held at the net asset value per series share, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of the Fund as at the last day of the immediately preceding financial year. If the Fund does not redeem Class A Shares upon request, it will redeem those shares in the following financial year, at the net asset value at that time, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators.

## 6. INCOME TAXES

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### Current Income taxes

Under the Income Tax Act (Canada), income taxes payable by the Fund on net realized capital gains will be fully refundable on a formula basis when shares are redeemed or capital gains dividends are paid or deemed to be paid by the Fund to its shareholders. Taxes payable on net investment income, other than capital gains, and certain dividends received from Canadian corporations, will be partially refundable upon the payment or deemed payment of taxable dividends, other than capital gains dividends.

The Fund records the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments. If and to the extent the Fund distributes, or is deemed to have distributed, a dividend, the holder of the shares will be deemed to have received a Canadian taxable dividend and/or a realized capital gain, and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend. For the six month period ended February 28, 2011 the Fund did not distribute any deemed dividends.

### Future income taxes

Temporary differences between the carrying amounts of assets and liabilities for accounting and income tax purposes may result in future tax assets and liabilities. When the fair value of a security exceeds the cost base, a future tax liability arises. This future tax liability may be eliminated by refundable taxes generated by payment of capital gains dividends. When the cost base of a security exceeds the fair value, a future tax asset arises. Due to the uncertainty of such future tax assets ultimately being realized, a full valuation allowance has been applied.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
 Tabular amounts expressed in thousands of dollars

### 6. INCOME TAXES (continued)

The components of future income tax balances as at February 28, 2011 and August 31, 2010 are as follows:

#### For the periods ending February 28, 2011 & August 31, 2010:

	WV Canadian and Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
Future income tax assets (liabilities):						
Tax loss carryforwards	\$44,457	\$43,763	\$46	\$57	\$1,131	\$2,051
Deferred finance fees	498	1,244	2	2	47	113
Net unrealized losses (gains) on portfolio	10,760	11,628	24	27	932	919
Valuation allowance	(55,715)	(56,635)	(72)	(86)	(2,110)	(3,083)
Net future income tax asset (liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Income Series		Financial Services Series		Diversified Series and CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Future income tax assets (liabilities):						
Tax loss carryforwards	\$398	\$630	\$282	\$494	\$2,099	\$3,163
Deferred finance fees	12	28	8	19	58	140
Net unrealized losses (gains) on portfolio	270	265	224	216	1,504	1,445
Valuation allowance	(680)	(923)	(514)	(729)	(3,661)	(4,748)
Net future income tax asset (liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### Investment requirements

The *Income Tax Act* (Canada), the Manitoba Act, the Ontario Act and the principles governing the Fund's approved status under the Saskatchewan Act set minimum levels of qualifying venture investments required to be made by the Fund. If the required minimum level of qualifying venture investments is not met under each statute, the Fund will be subject to defined taxes and penalties. Even though the Fund no longer raises capital in Nova Scotia and New Brunswick, it remains subject to minimum levels of qualifying venture investments in those provinces that if not met will result in the Fund being subject to defined taxes and penalties. The Fund has agreed to place 15% of the capital it raises in Saskatchewan with a provincial tax credit (20% of capital referable to tax years after 2009) into a special trust account, which is released as the Fund invests in eligible businesses. If the Fund does not make investments at required times, an amount equal to the provincial tax credits allowed on the uninvested shortfall will be paid from this account to the government of Saskatchewan; provided however, that if the Fund subsequently makes the required investments, the amount paid to the government will be repaid to the Fund.

### Income tax-loss carryforwards

The Fund has \$133.29 million (August 2010: \$126.64 million) in capital losses that do not expire and can be carried forward to offset future capital gains. The Fund has available non-capital losses of approximately \$49.73 million (August 2010: \$48.66 million) that expire at various times up to the year 2030, and that may be carried forward and used to offset future income for tax purposes. The following table summarizes the amount of the carryforward attributable to each Series as at February 28, 2011:

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 6. INCOME TAXES (continued)

	Non-capital loss carryforwards	Capital loss carryforwards
WV Canadian and Merger Series	\$44,882	\$124,238
GIC Series	67	83
Growth Series	1,373	2,619
Income Series	501	882
Financial Services Series	331	679
Diversified and CMDF Reinvestment Series	2,577	4,791
	\$49,731	\$133,292

### 7. PARTICIPATION LIABILITY

The Fund entered into a Participation Agreement with Roseway, receiving \$20 million in exchange for a participating interest of 20% of the divestment proceeds of the Participation Holdings (Note 1). The Fund is required to distribute to Roseway 20% of the divestment proceeds from investments in the Participation Holdings when received, with minimum payments of \$5.7 million on each of May 28, 2011, 2012 and 2013, and a \$20 million payment on May 28, 2013. Estimated total payments are expected to be:

2011	\$ 5,700
2012	5,700
2013	27,400
2014	2,870
	<u>\$41,670</u>

The fair value of the liability as at February 28, 2011 of \$26.58 million (August 31, 2010: \$22.64 million) has been estimated based on the expected future cash flows discounted at 33%, the estimated effective interest rate at inception of the agreement. Interest expense of \$4.33 million (February 28, 2010: nil) and Roseway share of unrealized appreciation of \$420,369 (February 28, 2010: nil) has been recorded in the statement of operations for the period ended February 28, 2011.

The liability is secured by a charge over all non-venture assets held by the Fund, certain venture investments holdings and all exit proceeds, in the form of cash or shares, derived from the sale of the Fund's venture investments.

Increased interest amounts related to changes in the fair value of the participation holdings under the Participation Agreement have been recorded in the Statements of Operations for the period as a financing expense. The fair value is adjusted for changes in the timing and amount of expected future cash flows from Participation Holdings in which Roseway holds its participating interest.

### 8. RELATED PARTY TRANSACTIONS

#### a) Management fees and administration fees

The Fund has entered into an amended and restated Management Agreement (the "Management Agreement") dated July 15, 2006. Under the terms of the Management Agreement, the Manager provides or arranges for the provision of day-to-day management, investment management and administration services to the Fund.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

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### **8. RELATED PARTY TRANSACTIONS (continued)**

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Under the Management Agreement, the Manager is entitled to receive an annual management fee and an administration fee based on the average net asset value of the Fund, payable monthly. Included in the Management Agreement is an adjustment provision which is designed to shift the risk of federal goods and services tax changes from the Fund to the Manager. As a result of the change to GST/HST effective January 1, 2008, the Manager is entitled to an annual management fee of 2.04% and an annual administration fee between 1.77% and 1.95% based on the average net asset value of the Fund. The total amount paid by the Fund, including both fees and GST/HST, remains unchanged.

The Manager is also entitled to an annual capital retention administration fee, up to eight years from the commencement of the related fee, of 0.75% or 1.1625% of the original purchase price of currently offered Class A Shares issued by the Fund, that are still outstanding at the date of calculation of the fees. The Fund also pays the Manager a similar administration fee on the Merger Series (namely, CAVI Series, ENSIS Series, CMDF Series, CSTGF Series, FOF Traditional Series, and FOF Growth Series) shares equal to 0.75% of the net asset value of those shares which have been outstanding for less than eight years from the original date of issue (which for these purposes is deemed to be the date of issue of the shares for which the Merger Series shares were exchanged under the applicable merger). All management and administration fee percentages noted are rounded for ease of presentation and exclude federal goods and services tax or HST as applicable.

The Manager is responsible for substantially all operating expenses of the Fund, with the exception of service fees, directors' compensation, federal income tax, federal GST/HST tax and any unusual or special items outside the scope of services provided for in the Management Agreement. The Fund has also agreed to reimburse the Manager for certain pre-approved interest costs incurred in connection with borrowings made in fulfilling its obligations under the Management Agreement.

#### **b) IPA Dividends**

As the holder of the IPA Shares, the Manager is entitled to receive IPA Dividends (see Note 5).

#### **c) Inter-Series receivables and payables**

The Fund, and in some cases individual Series, may be stated as the owner of certain investments and other assets, including cash, that are allocated among multiple Series in the records of the Fund in accordance with the Fund's valuation policies and procedures through the use of inter-Series receivable and payable accounts. The Series also incur inter-Series receivables and payables on the reallocation of the Funds' venture portfolio. All inter-Series allocations occur at fair value based on the fair value of the venture portfolio. All inter-Series balances are non-interest bearing, unsecured and have no specified repayment terms.

### **9. RECONCILIATION OF NET ASSET VALUE**

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As a result of the implementation of CICA Handbook Section 1100, "Generally Accepted Accounting Principles", the labour-sponsored fund industry practice of deferring and amortizing commissions paid on the sale of Class A shares on a straight line basis over eight years is no longer considered acceptable under Canadian GAAP. Accordingly, the Fund adopted prospectively, effective September 1, 2004, a change in accounting policy for commissions paid on WV Canadian – Commission I Class A Shares, whereby the unamortized balance of deferred charges at September 1, 2004 was charged against the net assets of the WV Canadian – Commission I Class A Shares.

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
Tabular amounts expressed in thousands of dollars

### 9. RECONCILIATION OF NET ASSET VALUE (continued)

In conjunction with this change in policy, the Ontario Securities Commission (“OSC”) provided exemptive relief, which was extended under National Instrument 81-106 *Investment Fund Continuous Disclosure*, allowing for the transition from the deferral and amortization method to the direct charge method as it relates to the unamortized balance of deferred charges at December 1, 2003 and the net asset value per share used for share transactions. The Fund has relied on the exemptive relief provisions for purposes of calculating the net asset value per share of the Fund’s WV Canadian – Commission I Class A Shares for share transaction and the Fund continues to amortize against net asset value the deferred commissions existing at December 1, 2003 over their remaining useful life. The Fund no longer offers WV Canadian – Commission I Class A Shares, and all commissions arising on the sale of new series of Class A Shares are paid by the Manager.

Certain shares issued pursuant to previous mergers, as noted in the table below, have an unamortized balance of deferred charges carried over from the merged funds. The Fund continues to amortize these deferred charges for purposes of calculating the net asset value of those shares used for share transactions. As a result, for these shares the calculation of the net assets and net assets per Class A share determined in accordance with Canadian GAAP (“net assets” and “net assets per share”, respectively) differs from net asset value and net asset value per Class A share (“NAV” and “NAV per share” respectively) used for share transactions.

	WV Canadian & Merger Series					
	Canadian	CAVI	Ensis	CMDF	CSTGF	FOF Traditional
Net Assets – February 28, 2011	\$60,790	\$8,296	\$37,797	\$58,017	\$7,378	\$7,403
Adjustments:						
Beginning unamortized deferred charges	-	-	1,454	-	-	-
Amortization of deferred charges for the year	-	-	(296)	-	-	-
Beginning legal expense	210	30	139	186	25	25
Legal expenses during period	12	2	9	12	2	2
NAV - February 28, 2011	\$61,012	\$8,328	\$39,102	\$58,215	\$7,405	\$7,430
Class A shares outstanding at year	8,566	1,231	6,035	8,620	1,142	1,125
Net Assets per Class A share	\$7.10	\$6.74	\$6.26	\$6.73	\$6.46	\$6.58
NAV per Class A share	\$7.12	\$6.77	\$6.48	\$6.75	\$6.48	\$6.60

	GIC Series		Growth Series		Income Series		
	GIC Commission I	GIC Commission II	Growth Commission I	Growth Commission II	FOF Growth	Income Commission I	Income Commission II
Net Assets – February 28, 2011	\$495	\$989	\$8,989	\$4,305	\$3,246	\$2,733	\$2,202
Adjustments:							
Beginning legal expense	1	2	26	12	10	8	6
Legal expenses during period	-	-	2	1	1	1	-
NAV - February 28, 2011	\$496	\$991	\$9,017	\$4,318	\$3,257	\$2,741	\$2,208
Class A shares outstanding at year	63	126	1,255	602	458	371	299
Net Assets per Class A share	\$7.86	\$7.85	\$7.16	\$7.15	\$7.09	\$7.37	\$7.36
NAV per Class A share	\$7.87	\$7.87	\$7.18	\$7.17	\$7.11	\$7.40	\$7.39

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
 Tabular amounts expressed in thousands of dollars

### 9. RECONCILIATION OF NET ASSET VALUE (continued)

	Financial Services Series		Diversified Series and CMDF Reinvestment Series			
	Financial Services Commission I	Financial Services Commission II	Diversified Commission I	Diversified Commission II	CMDF Commission I	CMDF Commission II
Net Assets –February 28, 2011	\$1,500	\$2,442	\$10,869	\$15,365	\$74	\$50
Adjustments:						
Beginning legal expense	5	7	32	45	-	-
Legal expenses during period	-	-	2	3	-	-
NAV - February 28, 2011	\$1,505	\$2,449	\$10,903	\$15,413	\$74	\$50
Class A shares outstanding at year	212	344	1,541	2,180	9	6
Net Assets per Class A share	\$7.08	\$7.10	\$7.05	\$7.05	\$8.22	\$8.33
NAV per Class A share	\$7.10	\$7.12	\$7.08	\$7.07	\$8.22	\$8.33

### 10. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, various claims and legal proceedings are initiated against the Fund. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Fund has made adequate provision or has adequate insurance to cover all claims and legal proceedings. Consequently, any settlements reached should not have a material effect on the Fund's net assets.

### 11. RESTRICTED CASH

The restricted cash balance reported in the Statement of Net Assets is an asset allocated to the FOF Traditional and FOF Growth series of Class A Shares. The balance consists of funds deposited into escrow in connection with the July 14, 2006 merger of First Ontario Labour Sponsored Investment Fund Ltd. ("First Ontario Fund") into the Fund, together with interest earned on the escrowed funds. The funds are held by an Escrow Agent pursuant to an Escrow Agreement dated July 14, 2006. This escrow arrangement was established to satisfy liabilities, if any, incurred by First Ontario Fund arising from a legal claim to which it was a party at the time of the merger.

### 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable and other assets are comprised of short-term amounts owed to the Fund as a result of operating and investment portfolio activities.

Accounts payable and accrued liabilities are comprised of short-term obligations arising primarily from related party transactions (Note 8) and accrued incentives relating to service fees the Fund pays quarterly to registered dealers at an annual rate of 0.5% of the average net asset value of the Class A shares held by the dealers' clients. The following table provides details of accounts payable and accrued liabilities by significant category for the period ended February 28, 2011 and year ended August 31, 2010:

# GROWTHWORKS CANADIAN FUND LTD.

## Notes to Financial Statements

For the six month period ended February 28, 2011  
 Tabular amounts expressed in thousands of dollars

### 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

#### February 2011 and August 31, 2010

	WV Canadian and Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
Accrued management fees	\$ 3,295	\$ -	\$ 23	\$ -	\$ 286	\$ -
Accrued incentives	132	186	-	5	10	9
Investment guarantees	1,817	2,249	4	1	157	122
Other payables/liabilities	22	1,251	-	-	3	65
Accounts payable and accrued liabilities	\$ 5,266	\$ 3,686	\$ 27	\$ 6	\$ 456	\$ 196
	Income Series		Financial Services		Diversified Series and CMDF Reinvestment	
	2011	2010	2011	2010	2011	2010
Accrued management fees	\$ 83	\$ -	\$ 69	\$ -	\$ 461	\$ -
Accrued incentives	2	3	1	2	8	11
Investment guarantees	46	44	37	36	255	243
Other payables/liabilities	5	8	-	6	7	51
Accounts payable and accrued liabilities	\$ 136	\$ 55	\$ 107	\$ 44	\$ 731	\$ 305

### 13. INDEPENDENT VALUATOR

Pursuant to the independent valuation requirements of National Instrument 81-106, the Fund requires an independent review to assess whether or not the fair value of the Fund's venture portfolio is, in all material respects, reasonable. Qualified chartered business valuers within the Valuations Practice of KPMG LLP, the Fund's independent auditor, performed this review at the Fund's most recent year end (August 31, 2010) and concluded that the fair value was, in all material respects, reasonable.

### 14. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the period ended February 28, 2011, the Fund paid a total of \$5,800 (February 28, 2010: \$5,000) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.



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