

GROWTHWORKS



Commercialization Fund

GrowthWorks Commercialization Fund Ltd.

05 Series

07 Series

08 Series

09 Series

2009 Annual Financial Statements

For the year ended August 31, 2009

GrowthWorks Commercialization Fund Annual Report to Shareholders

To our investors,

I am pleased to report that our fiscal year ended August 31, 2009 was both active and successful. We invested \$2.6 million in three entrepreneurial companies, completed a \$240,000 follow-on investment in a fast-growing technology company. We also enjoyed strong deal flow, as the Fund is on one of the few active venture capital funds in Ontario.

The Fund performed well relative to other venture funds and equity markets generally and raised \$2.9 million from investors during its fiscal year.

We paid dividends in February 2009 of \$1.00 per share on its 06 and 07 Series shares and \$0.50 per share on its 08 Series shares. Our dividend policy is to pay dividends equal to approximately 25% of the share purchase price during the three years following the year in which the shares were offered for sale. We expect to pay the first dividend to 09 Series shareholders in either February or March 2010, subject to Board approval.

Canadian venture capital markets continue to contract

Activity in Canadian venture capital markets remained slow during most of our fiscal year as the supply of capital and the number of investors continued to decline. The Fund, however, is enjoying strong deal flow from its growing reputational value as one of the most active early-stage venture investors in Ontario. The Fund since inception has raised more than \$17.8 million and invested \$10.5 million in 14 companies with significant growth opportunities.

Today, we are often a company's initial source of venture financing. But as a new businesses grows and evolves, so too does its need for follow-on financing. The current venture capital environment in Canada is making this more challenging not only for our portfolio companies, but for all emerging companies. If the supply of venture capital remains low, it could affect those portfolio companies in need of new rounds of funding. The short supply could, for instance, postpone their growth or, as was the case with one of our portfolio companies Distil Interactive, lead to the premature sale of operating assets.

We are, however, seeing encouraging signs of improvement in capital markets and the economy. These bode well for potential future liquidity events, such as mergers, acquisitions and initial public offerings, and for venture capital markets.

\$2.6 million invested in innovative technology and cleantech companies

We enjoyed strong deal flow during the first half of the year and invested \$2.6 million in three new portfolio companies – two technology companies and a cleantech company – that further diversify our portfolio. These new investments in our 08 Series are summarized below.

- **Wired Sun, Inc., Toronto, Ontario: \$850,000:** Wired Sun, Inc. (formerly The Solar Venture Inc.) is developing opti-polymer thin-film photovoltaic (PV) cells that convert solar energy into electricity. The company's core technologies address key barriers to the mass production and adoption of solar technology. These will enable users to reduce their carbon footprint by converting sunlight into useable electricity, a free, renewable form of energy. By delivering low-cost high-efficiency PV cells, the company plans to be a leader in a market that could grow to as much as US\$10 to \$15 billion by 2013. We co-invested in Wired Sun, Inc. with the Ontario Centre of Excellence and the Ontario Power Authority.

- **Bump Technologies Inc., Toronto, Ontario: \$850,000:** This company has developed BumpTop, a new and engaging way to interact with your desktop. BumpTop combines touch-based computing with high-powered graphics and video-game techniques to transform the desktop into a 3-D environment. The software discards the old notion of organizing computer files into folders, substituting 3-D icons representing electronic files that can be scattered, stacked and stuck to walls like pieces of paper to create a vivid user experience.
- **Sysomos Inc., Toronto, Ontario: \$850,000:** Sysomos develops social analytics software-as-a-service (SaaS) applications. This technology monitors social media (text, video and audio data) and traditional online media in real time. The application extracts relevant knowledge and insights using proprietary data-mining technologies. This market intelligence enables Sysomos' clients to monitor brands, receive alerts, understand how products are perceived online and observe the impacts of targeted advertising. The company's impressive and growing roster of customers includes large corporations with a wide range of market intelligence, public relations and brand management needs.

Our 05 series made a \$240,000 follow-on investment in **Kibboko Inc.** (formerly Room 307 Technologies) to help this Toronto-based company continue its impressive growth. Kibboko is a media-software company with a breakthrough micro-site and technology platform for online publishers. Its micro-site, which appears next to the articles on a publisher's website, displays content geared towards each visitor's personal preferences. The goal is to help companies engage website visitors by providing opportunities to interact with relevant personalized content. Each time a visitor clicks through an article or visits another page, Kibboko's technology recalibrates and presents new content based on a visitor's action.

Many of our portfolio companies largely avoided the immediate impact of the market turmoil during 2008 and early 2009. None is publicly traded and few have exposure to industries that were the most severely affected by the recession or capital market volatility. We expect several of our portfolio companies to follow in the path of Xkoto Inc. and Paymentus Corp. Both these IT companies are enjoying exponential growth and transforming into successful high-growth companies.

Meanwhile, Distil Interactive, the games-based software company sold its primary assets during the year. Distil was unable to secure a new round of funding needed to advance its product line due to the low supply of both venture capital and funding partners. The sale was completed before Distil could fully commercialize its technology, however, the company remains in our portfolio and it is expected to generate some future income from receivables. Distil's technology was acquired by the Canadian Standards Association as a foundation for its eLearning product offerings.

Our portfolio at year-end was comprised of ten information technology companies, one cleantech company and one life sciences company. To learn more about these companies, visit www.growthworks.ca/commercialization and choose "Portfolio." Then click on the link to the respective company's website.

Our outlook

We continue to seek new high-growth investments and to use our growing reputational value to screen attractive opportunities from a strong deal flow. Our fund is one of very few venture capital funds that remain active in the Ontario market.

Capital market environments, however, present short-term challenges. Continued market volatility and the lingering effects of the credit crisis and recession have contributed to unusually slow conditions in venture capital markets. We are, however, seeing improvement in initial public offering and merger and acquisition markets. As a result, we are optimistic about the prospects of several of the companies in our investment portfolio to realize long-term profits, and remain focused on helping our portfolio companies achieve their objectives.

I thank our shareholders for their confidence and our portfolio companies for their achievements.

Sincerely,

A handwritten signature in black ink, appearing to be 'DL' or similar initials, written in a cursive style.

David Levi
President and CEO
GrowthWorks Commercialization 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”, “proposed” and “will”. Actual results may differ materially from those expressed or implied by such forward-looking statements as a result of numerous known and unknown risks, including those referenced in the Fund’s public disclosure record. Neither the Fund nor its manager assumes any obligation to update any of the forward-looking statements made in this report.

THE MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of **GrowthWorks Commercialization Fund Ltd.**

The accompanying financial statements for the GrowthWorks Atlantic Venture Fund Ltd. are the responsibility of the Manager, GrowthWorks Atlantic Ltd., and have been approved by the Board of Directors.

The financial statements have been prepared by the Manager based on the information available to November 6, 2009 and are in accordance with Canadian generally accepted principles and reflect the Manager's best estimate and judgments.

The Manager has established systems of internal controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors discharges its duties related to the financial statements primarily through the activities of its Audit and Valuation Committee [the "Committee"], which is composed of members of the Board of Directors.

The Committee has responsibility for establishing policies and procedures used by the Manager in determining the value of the Fund's assets, the net asset value by series of the Class A Shares of the Fund as at August 31, 2009.

The Committee meets with the Manager to ensure that the Manager is performing responsibly to maintain financial controls and systems, and to review the financial statements for the Fund. The Committee also meets with the independent auditors to discuss the audit approach, the review of internal accounting controls and the results of their examination, prior to submitting the financial statements to the Board of Directors and recommending its approval thereof. The Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement and re-appointment of the independent auditors.

The financial statements have been audited by KPMG LLP, Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

November 6, 2009



David Levi
President and CEO



Clint Matthews
CFO



KPMG LLP
Chartered Accountants
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Canada

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AUDITORS' REPORT

To the Shareholders of GrowthWorks Commercialization Fund Ltd., comprising the following series:

05 Series
07 Series
08 Series
09 Series
(collectively, the "Funds")

We have audited the statements of investment portfolio of each of the Funds as at August 31, 2009, their statements of net assets as at August 31, 2009 and 2008, (2009 only for the 09 Series), and their statements of operations, changes in net assets and cash flows for the years then ended (from inception on September 8, 2008 to August 31, 2009 only with respect to the 09 Series). These financial statements are the responsibility of the Funds' Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the investment portfolios of the Funds as at August 31, 2009, their net assets as at August 31, 2009 and 2008, as applicable, and their results of operations, changes in their net assets, and their cash flows for the applicable periods then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada
November 6, 2009

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Net Assets - 05 Series


As at August 31

| | 2009 | 2008 |
|--|---------------------|---------------------|
| Assets | | |
| Cash | \$ 137,251 | \$ 352,256 |
| Short-term investments and bonds | 2,259,499 | 2,236,270 |
| Income notes | 607,620 | 857,618 |
| Venture investments | 3,829,340 | 2,550,761 |
| Accounts receivable [Note 8] | - | 60,016 |
| Accrued interest receivable [Note 8] | 279,445 | - |
| Prepaid taxes | 110,968 | 50,826 |
| Income taxes receivable | 27,027 | - |
| Inter-series receivable [Note 5(b)] | - | - |
| | <u>7,251,150</u> | <u>6,107,747</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities [Note 8] | 349,885 | 191,464 |
| Income taxes payable | - | 166 |
| Capital taxes payable | 5,028 | - |
| Incentive participation dividend payable [Note 2(i)] | - | 50,000 |
| Inter-series payable [Note 5(b)] | 156,203 | 83,013 |
| | <u>511,116</u> | <u>324,643</u> |
| Net assets | \$ 6,740,034 | \$ 5,783,104 |
| Shares outstanding [Note 4] | 952,943 | 688,579 |
| Net assets per share | \$ 7.07 | \$ 8.40 |

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Operations - 05 Series

For the years ended August 31

| | 2009 | 2008 |
|--|--------------------|-----------------|
| Investment income: | | |
| Interest - short term investments and bonds | \$ 29,937 | \$ 99,522 |
| Interest - income notes | 70,678 | 78,141 |
| Interest - venture investments | 121,576 | 99,726 |
| Interest - other | 5,097 | 13,247 |
| | <u>227,288</u> | <u>290,636</u> |
| Expenses: | | |
| Management fees [Note 5(a)] | 114,180 | 124,020 |
| Administration fees [Note 5(a)] | 109,042 | 118,439 |
| Capital retention administration fee [Note 5(a)] | 55,118 | 51,728 |
| Directors' fees | 6,218 | 5,119 |
| Service fees | 27,852 | 29,962 |
| Capital taxes | 5,492 | - |
| Other | 69,670 | 107,036 |
| | <u>387,572</u> | <u>436,304</u> |
| Investment income (loss) before income taxes | (160,284) | (145,668) |
| Provision for income taxes (expense) recoverable [Note 6] | 71,041 | 59,681 |
| Net investment income (loss) | (89,243) | (85,987) |
| Net realized gain (loss) from: | | |
| Sale of short-term investments and bonds | - | (28,193) |
| Sale of income notes | (105,128) | - |
| Venture investments | - | - |
| | <u>(105,128)</u> | <u>(28,193)</u> |
| Change in unrealized appreciation (depreciation) of: | | |
| Short-term investments and bonds | 551 | 35,737 |
| Income notes | (98,743) | (48,758) |
| Venture investments | (921,419) | 50,761 |
| Contingent incentive participation dividends [Note 2(i)] | - | (20,000) |
| Contingent incentive participation dividends waived [Note 2(i)] | - | 20,000 |
| | <u>(1,019,611)</u> | <u>37,740</u> |
| Increase (decrease) in net assets from operations | \$ (1,213,982) | \$ (76,440) |
| Increase (decrease) in net assets from operations per series share | \$ (1.61) | \$ (0.11) |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Changes in Net Assets - 05 Series
For the years ended August 31

| | 2009 | 2008 |
|---|---------------------|---------------------|
| Net assets, beginning of year | \$ 5,783,104 | \$ 6,582,472 |
| Changes during year: | | |
| Increase (decrease) in net assets from operations | (1,213,982) | (76,440) |
| Increase (decrease) in net assets from IPA recovery [Note 2(i)] | 50,000 | - |
| | <u>(1,163,982)</u> | <u>(76,440)</u> |
| Capital transactions: | | |
| Proceeds from issuance of Class A shares | 2,176,178 | - |
| Amounts paid for Class A shares redeemed | <u>(55,266)</u> | <u>(33,154)</u> |
| | 2,120,912 | (33,154) |
| Dividends on Class A shares from: | | |
| Net investment income | - | (689,774) |
| Net assets, end of year | <u>\$ 6,740,034</u> | <u>\$ 5,783,104</u> |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Cash Flows - 05 Series
For the years ended August 31

| | 2009 | 2008 |
|---|-------------|--------------|
| Cash flow provided by (used for): | | |
| Cash flows from operating activities: | | |
| Net investment income (loss) | \$ (89,243) | \$ (85,987) |
| Changes in non-cash operating accounts: | | |
| Accounts receivable | 60,016 | 212,131 |
| Accrued interest receivable | (279,445) | - |
| Accounts payable and accrued liabilities | 158,421 | (472,389) |
| Inter-series payable (receivable) | 178,820 | 71,372 |
| Income and capital taxes payable (receivable) | (82,307) | 85,171 |
| | (53,738) | (189,702) |
| Cash flows from investing activities: | | |
| Proceeds of disposition of portfolio assets | | |
| Disposition of venture investments | - | - |
| Disposition of short term investments and bonds | 6,446,783 | 14,128,713 |
| Disposition of income notes | 200,000 | - |
| Purchase of portfolio assets | | |
| Purchase of venture investments | (2,199,998) | - |
| Purchase of short term investments, bonds | (6,469,461) | (13,799,897) |
| Purchase of income notes | (259,503) | - |
| | (2,282,179) | 328,816 |
| Cash flow from financing activities: | | |
| Proceeds from issuance of Class A shares | 2,176,178 | - |
| Payment on redemption of Class A shares | (55,266) | (33,154) |
| Dividends paid on Class A shares | - | (689,774) |
| | 2,120,912 | (722,928) |
| Increase (decrease) in cash position | (215,005) | (583,814) |
| Cash position, beginning of year | 352,256 | 936,070 |
| Cash position, end of year | \$ 137,251 | \$ 352,256 |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

05 Series

Discussion of Financial Risk Management (Note 3)

Liquidity Risk

At the year end, all of the Series' financial liabilities are due within one year. Total financial liabilities of the Series as at August 31, 2009 were \$506,088.

Credit Risk

The maximum exposure to credit risk at August 31, 2009 is \$4.9 million which represents approximately 73% of the Series' net assets. This is comprised of \$2.0 million of venture investments, \$2.3 million of short-term investments, and \$607,620 of income notes.

- Venture Investments:

An analysis of venture debt instruments owned by the Series, that are past due and/or impaired as at August 31, 2009 is as follows:

| Venture Investments Debt | Impaired only | Past Due only | Past Due and impaired | Total Past Due and/or Impaired |
|--------------------------|---------------|---------------|-----------------------|--------------------------------|
| Current | \$ 870,658 | \$ - | \$ - | \$ 870,658 |
| < 1 year past due | - | 625,000 | - | 625,000 |
| Total | \$ 870,658 | \$ 625,000 | \$ - | \$ 1,495,658 |

The Series holds no collateral on these investments as security. Cumulative loss recorded in the Series' net assets for these investments is \$870,658. No other investments are past due or impaired at August 31, 2009.

- Short-term Investments:

An analysis of the credit ratings of the Series' short-term investments as at August 31, 2009 is as follows:

| Short-term Investments by Credit Rating | Fair value | Percentage of portfolio | Percentage of net assets |
|---|--------------|-------------------------|--------------------------|
| AAA | \$ 2,014,596 | 89.2% | 29.9% |
| AA | 244,903 | 10.8% | 3.6% |
| Total | \$ 2,259,499 | 100.0% | 33.5% |

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 August 31, 2009, 18% of the venture portfolio is denominated in US Dollars. A change of 1% in the Canadian Dollar relative to this currency would result in a change in net assets of approximately 0.10%. 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 year end.

Interest Rate Risk

At August 31, 2009 short-term investments portfolio comprising approximately 33.5% of the Series' investments 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 3(b)(iii). At August 31, 2009, if market interest rates had increased or decreased by 1%, with all other factors remaining constant, net assets would have increased or decreased respectively by approximately \$2,937 representing approximately 0.04% 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 |
|---|--------------|-------------------------|--------------------------|
| Less than 1 year | \$ 2,259,499 | 100.0% | 0.04% |
| Total | \$ 2,259,499 | 100.0% | 0.04% |

Other Price Risk

As at August 31, 2009, the Series is exposed to other price risk from income notes representing \$607,620 or 9.0% of the Series' net assets. At August 31, 2009, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the portfolio:

| Portfolio | Benchmark | Effect on net assets | Percentage effect on net assets |
|--------------------|-----------------------------------|----------------------|---------------------------------|
| Income Trust Notes | S&P/TSX Capped Income Trust Index | 5,104 | 0.08 % |
| | | \$ 5,104 | 0.08% |

Therefore, if the portfolio benchmark increased or decreased by 1%, the fair value of the portfolio would increase or decrease, respectively, by approximately \$5,104 or 0.08% 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 COMMERCIALIZATION FUND LTD.

Statements of Investment Portfolio - 05 Series

As at August 31, 2009

| Short-term investments and bonds | | | | | |
|--|---|---------------|--------------|--------------|--------------------------|
| Par value | Issuer | Maturity date | Cost | Fair value | Percentage of net assets |
| \$ 2,015,000 | Government of Canada T-Bill | Oct 15, 2009 | \$ 2,014,428 | \$ 2,014,597 | |
| 245,000 | Bank of Nova Scotia Banker's Acceptance | Oct 23, 2009 | 244,886 | 244,902 | |
| Total short-term investments and bonds | | | \$ 2,259,314 | \$ 2,259,499 | 33% |

| Income notes | | | | | |
|--------------------|--------------------------------------|-------------------|------------|------------|--------------------------|
| Units | Issuer | Maturity date | Cost | Fair value | Percentage of net assets |
| 901 | National Bank of Canada Income Notes | February 23, 2016 | \$ 917,601 | \$ 607,620 | |
| Total Income notes | | | \$ 917,601 | \$ 607,620 | 9% |

| Venture investments | | | | | |
|---|-------------------------------|---------------|-----------------|--------------|--------------------------|
| Investee companies | Number of shares or par value | Debt, at cost | Equity, at cost | Total | Percentage of net assets |
| Computer Services: | | | | | |
| xKoto Inc., Class A Preferred Shares | \$ 625,000 | \$ - | \$ 625,000 | \$ 625,000 | |
| Paymentus Inc., Series A Preferred Shares | 625,000 | - | 625,000 | 625,000 | |
| neuroLanguage Inc., Series A Preferred Shares | 625,000 | - | 625,000 | 625,000 | |
| Kibboko Inc., Convertible Debenture, 10%, due April 30, 2010 | 749,999 | 749,999 | - | 749,999 | |
| Octopz Inc., Convertible Debenture, 16%, due December 20, 2009 | 749,999 | 749,999 | - | 749,999 | |
| Distil Interactive Ltd., Class A Preferred Shares | 700,000 | - | 700,000 | 700,000 | |
| | | \$1,499,998 | \$ 2,575,000 | \$ 4,074,998 | 60% |
| Life Sciences: | | | | | |
| Biomedical Photometrics Inc., Convertible Debenture, 16%, on demand | \$ 625,000 | \$ 625,000 | - | \$ 625,000 | 10% |
| Total venture investments, at cost | | \$2,124,998 | \$ 2,575,000 | \$ 4,699,998 | 70% |
| Unrealized appreciation of venture investments | | - | - | (870,658) | |
| Total venture investments, at estimated fair value | | | | \$ 3,829,340 | 57% |
| Other assets, net of other liabilities | | | | \$ 43,575 | 1% |
| Net assets | | | | \$ 6,740,034 | 100% |

| Stage of development | Number of holdings | Cost | % of venture investments at cost | Fair value | % of venture investments at fair value |
|----------------------|--------------------|--------------|----------------------------------|--------------|--|
| Early stage | 7 | \$ 4,699,998 | 100% | \$ 3,829,340 | 100% |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Net Assets - 07 Series

As at August 31

| | 2009 | 2008 |
|--|---------------------|---------------------|
| Assets | | |
| Cash | \$ - | \$ - |
| Short-term investments and bonds | 49,990 | 49,894 |
| Income notes | - | 270,827 |
| Venture investments | 1,750,000 | 1,750,000 |
| Accounts receivable [Note 8] | - | 1,900 |
| Accrued interest receivable [Note 8] | - | - |
| Prepaid taxes | - | 55,657 |
| Income taxes receivable | - | - |
| Inter-series receivable [Note 5(b)] | 334,257 | 145,757 |
| | <u>2,134,247</u> | <u>2,274,035</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities [Note 8] | 152,715 | 128,377 |
| Income taxes payable | 62,471 | 38,565 |
| Capital taxes payable | 106 | - |
| Incentive participation dividend payable [Note 2(i)] | - | - |
| Inter-series payable [Note 5(b)] | - | - |
| | <u>215,292</u> | <u>166,942</u> |
| Net assets | \$ 1,918,955 | \$ 2,107,093 |
| Shares outstanding [Note 4] | 217,218 | 219,715 |
| Net assets per share | \$ 8.83 | \$ 9.59 |

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Operations - 07 Series

For the years ended August 31

| | 2009 | 2008 |
|--|------------------|------------------|
| Investment income: | | |
| Interest - short term investments and bonds | \$ 496 | \$ 38,436 |
| Interest - income notes | 20,265 | 24,684 |
| Interest - venture investments | 279,233 | 176,679 |
| Interest - other | 1,562 | 4,464 |
| | <u>301,556</u> | <u>244,263</u> |
| Expenses: | | |
| Management fees [Note 5(a)] | 38,821 | 42,729 |
| Administration fees [Note 5(a)] | 37,074 | 40,806 |
| Capital retention administration fee [Note 5(a)] | 16,346 | 16,523 |
| Directors' fees | 2,030 | 1,704 |
| Service fees | 9,638 | 10,598 |
| Capital taxes | 106 | - |
| Other | 24,242 | 33,591 |
| | <u>128,257</u> | <u>145,951</u> |
| Investment income (loss) before income taxes | 173,299 | 98,312 |
| Provision for income taxes (expense) recoverable [Note 6] | (50,110) | (40,459) |
| Net investment income (loss) | 123,189 | 57,853 |
| Net realized gain (loss) from: | | |
| Sale of short-term investments and bonds | - | 52 |
| Sale of income notes | (100,800) | - |
| Venture investments | - | - |
| | <u>(100,800)</u> | <u>52</u> |
| Change in unrealized appreciation (depreciation) of: | | |
| Short-term investments and bonds | 11 | 1,197 |
| Income notes | 30,337 | (15,397) |
| Venture investments | - | - |
| Contingent incentive participation dividend [Note 2(i)] | - | (56,129) |
| Contingent incentive participation dividend waived [Note 2(i)] | - | 56,129 |
| | <u>30,348</u> | <u>(14,200)</u> |
| Increase (decrease) in net assets from operations | <u>\$ 52,737</u> | <u>\$ 43,705</u> |
| Increase (decrease) in net assets from operations per series share | <u>\$ 0.24</u> | <u>\$ 0.20</u> |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Changes in Net Assets - 07 Series
For the years ended August 31

| | 2009 | 2008 |
|---|------------------|------------------|
| Net assets, beginning of year | \$ 2,107,093 | \$ 2,180,885 |
| Changes during year: | | |
| Increase (decrease) in net assets from operations | 52,737 | 43,705 |
| Capital transactions: | | |
| Amounts paid for Class A shares redeemed | (23,157) | (7,390) |
| Dividends paid on Class A shares from: | | |
| Net investment income | (217,718) | (86,324) |
| Realized gain on sale of investments | - | (23,783) |
| | <u>(217,718)</u> | <u>(110,107)</u> |
| Net assets, end of year | \$ 1,918,955 | \$ 2,107,093 |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Cash Flows - 07 Series
For the years ended August 31

| | 2009 | 2008 |
|---|------------|-------------|
| Cash flows provided by (used for): | | |
| Cash flows from operating activities: | | |
| Net investment income (loss) | \$ 123,189 | \$ 57,853 |
| Changes in non-cash operating accounts: | | |
| Accounts receivable | 1,900 | (1,712) |
| Accrued interest receivable | - | - |
| Accounts payable and accrued liabilities | 24,338 | 112,366 |
| Inter-series payable (receivable) | (188,500) | (133,603) |
| Income and capital taxes payable (receivable) | 79,669 | (17,092) |
| | 40,596 | 17,812 |
| Cash flows from investing activities: | | |
| Proceeds of disposition of portfolio assets | | |
| Disposition of venture investments | - | - |
| Disposition of short term investments and bonds | 149,873 | 5,214,402 |
| Disposition of income notes | 200,363 | - |
| Purchase of portfolio assets | | |
| Purchase of venture investments | - | (1,750,000) |
| Purchase of short term investments and bonds | (149,957) | (3,364,717) |
| Purchase of income notes | - | - |
| | 200,279 | 99,685 |
| Cash flows from financing activities: | | |
| Proceeds from issuance of Class A shares | - | - |
| Payment on redemption of Class A shares | (23,157) | (7,390) |
| Dividends paid on Class A shares | (217,718) | (110,107) |
| | (240,875) | (117,497) |
| Increase (decrease) in cash position | - | - |
| Cash position, beginning of year | - | - |
| Cash position, end of year | \$ - | \$ - |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

07 Series

Discussion of Financial Risk Management (Note 3)

Liquidity Risk

At the year end, all of the Series' financial liabilities are due within one year. Total financial liabilities of the Series as at August 31, 2009 were \$152,715.

Credit Risk

The maximum exposure to credit risk at August 31, 2009 is \$1.8 million which represents approximately 94% of the Series' net assets. This is comprised of \$1.8 million of venture investments and \$49,990 of short-term investments.

- Venture Investments:

At August 31, 2009 the Series does not have any venture or other investments that are past due and/or impaired.

- Short-term Investments:

An analysis of the credit ratings of the Series' short-term investments as at August 31, 2009 is as follows:

| Short-term Investments by Credit Rating | Fair value | Percentage of portfolio | Percentage of net assets |
|--|------------|----------------------------|-----------------------------|
| AAA | \$ 49,990 | 100.0% | 2.6% |
| Total | \$ 49,990 | 100.0% | 2.6% |

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

There was no exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2009 short-term investments portfolio comprising approximately 2.6% of the Series' investments is 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 3(b)(iii). At August 31, 2009, if market interest rates had increased or decreased by 1%, with all other factors remaining constant, net assets would have increased or decreased respectively by approximately \$60 representing less than 0.01% 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 |
|--|------------|----------------------------|-----------------------------|
| Less than 1 year | \$ 49,990 | 100.0% | 2.6% |
| Total | \$ 49,990 | 100.0% | 2.6% |

Other Price Risk

As at August 31, 2009, the Series was not exposed to other price risk as it did not hold public venture investments, or income notes.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Investment Portfolio - 07 Series

As at August 31, 2009

| Short-term investments and bonds | | | | | |
|--|-----------------------------|---------------|-----------|------------|--------------------------|
| Par value | Issuer | Maturity date | Cost | Fair value | Percentage of net assets |
| \$ 50,000 | Government of Canada T-Bill | Oct 15, 2009 | \$ 49,986 | \$ 49,990 | |
| Total short-term investments and bonds | | | \$ 49,986 | \$ 49,990 | 3% |

| Venture investments | | | | | |
|--|-------------------------------|---------------|-----------------|-------------|--------------------------|
| Investee companies | Number of shares or par value | Debt, at cost | Equity, at cost | Total | Percentage of net assets |
| Computer Services: | | | | | |
| PerspecSys Inc., Convertible Debenture 16%, due Dec 1, 2010 | \$ 850,000 | \$ 850,000 | \$ - | \$ 850,000 | |
| Peerset Inc., Convertible Debenture 16%, due Feb 21, 2011 | 900,000 | 900,000 | - | 900,000 | |
| Total venture investments, at cost | | \$1,750,000 | - | \$1,750,000 | 91% |
| Unrealized appreciation of venture investments | | | | - | |
| Total venture investments, at estimated fair value | | | | \$1,750,000 | 91% |
| Other assets, net of other liabilities | | | | \$ 118,965 | 6% |
| Net assets | | | | \$1,918,955 | 100% |

| Stage of development | Number of holdings | Cost | % of venture investments at cost | Fair value | % of venture investments at fair value |
|----------------------|--------------------|--------------|----------------------------------|--------------|--|
| Early stage | 2 | \$ 1,750,000 | 100% | \$ 1,750,000 | 100% |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Net Assets - 08 Series

As at August 31

| | 2009 | 2008 |
|--|---------------------|---------------------|
| Assets | | |
| Cash | \$ - | \$ - |
| Short-term investments and bonds | 625,749 | 2,772,699 |
| Venture investments | 2,550,000 | - |
| Accounts receivable [Note 8] | 6,557 | 6,425 |
| Accrued interest receivable [Note 8] | - | - |
| Prepaid taxes | - | 22,070 |
| Income taxes receivable | - | - |
| Capital taxes recoverable | 76 | - |
| Inter-series receivable [Note 5(b)] | - | 174,192 |
| | <u>3,182,382</u> | <u>2,975,386</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities [Note 8] | 186,652 | 11,494 |
| Income taxes payable | 36,212 | 201 |
| Capital taxes payable | - | - |
| Incentive participation dividend payable [Note 2(i)] | - | - |
| Inter-series payable [Note 5(b)] | 105,889 | - |
| | <u>328,753</u> | <u>11,695</u> |
| Net assets | <u>\$ 2,853,629</u> | <u>\$ 2,963,691</u> |
| Shares outstanding [Note 4] | 296,609 | 299,546 |
| Net assets per share | <u>\$ 9.62</u> | <u>\$ 9.89</u> |

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Operations - 08 Series
For the years ended August 31

| | 2009 | 2008 |
|--|------------------|--------------------|
| Investment income: | | |
| Interest - short term investments and bonds | \$ 18,611 | \$ 37,826 |
| Interest - venture investments | 267,529 | - |
| Interest - other | 3,185 | 1,340 |
| | <u>289,325</u> | <u>39,166</u> |
| Expenses: | | |
| Management fees [Note 5(a)] | 57,503 | 26,992 |
| Administration fees [Note 5(a)] | 54,916 | 25,777 |
| Capital retention administration fee [Note 5(a)] | 22,275 | 13,970 |
| Directors' fees | 2,981 | 785 |
| Service fees | 14,240 | 7,684 |
| Capital taxes | - | - |
| Other | 34,929 | 13,587 |
| | <u>186,844</u> | <u>88,795</u> |
| Investment income (loss) before income taxes | 102,481 | (49,629) |
| Provision for income taxes (expense) recoverable [Note 6] | (36,212) | 21,011 |
| Net investment income (loss) | 66,269 | (28,618) |
| Net realized gain from: | | |
| Sale of short-term investments and bonds | 594 | - |
| Venture investments | - | - |
| | <u>594</u> | <u>-</u> |
| Change in unrealized appreciation (depreciation) of: | | |
| Short-term investments and bonds | 479 | (436) |
| Venture investments | - | - |
| | <u>479</u> | <u>(436)</u> |
| Increase (decrease) in net assets from operations | <u>\$ 67,342</u> | <u>\$ (29,054)</u> |
| Increase (decrease) in net assets from operations per series share | <u>\$ 0.23</u> | <u>\$ (0.17)</u> |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Changes in Net Assets - 08 Series
For the years ended August 31

| | 2009 | 2008 |
|---|--------------|--------------|
| Net assets, beginning of year | \$ 2,963,691 | \$ - |
| Changes during year: | | |
| Increase (decrease) in net assets from operations | 67,342 | (29,054) |
| Capital transactions: | | |
| Proceeds from issuance of Class A shares | 133 | 3,002,685 |
| Amounts paid for Class A shares redeemed | (28,982) | (9,940) |
| | (28,849) | 2,992,745 |
| Dividends paid on Class A shares from | | |
| Net investment income | (148,555) | - |
| Realized gain on sale of investments | - | - |
| | (148,555) | - |
| Net assets, end of year | \$ 2,853,629 | \$ 2,963,691 |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Cash Flows - 08 Series
For the years ended August 31

| | 2009 | 2008 |
|---|------------------|--------------------|
| Cash flows provided by (used for): | | |
| Cash flows from operating activities: | | |
| Net investment income (loss) | \$ 66,269 | \$ (28,618) |
| Changes in non-cash operating accounts: | | |
| Accounts receivable | (132) | (6,425) |
| Accrued interest receivable | - | - |
| Accounts payable and accrued liabilities | 175,158 | 11,494 |
| Inter-series payable (receivable) | 280,081 | (174,192) |
| Income and capital taxes payable (receivable) | 58,005 | (21,869) |
| | <u>579,381</u> | <u>(219,610)</u> |
| Cash flows from investing activities: | | |
| Proceeds of disposition of portfolio assets | | |
| Disposition of venture investments | - | - |
| Disposition of short term investments and bonds | 8,753,422 | 8,555,457 |
| Purchase of portfolio assets | | |
| Purchase of venture investments | (2,550,000) | - |
| Purchase of short term investments and bonds | (6,605,399) | (11,328,592) |
| | <u>(401,977)</u> | <u>(2,773,135)</u> |
| Cash flows from financing activities: | | |
| Proceeds from issuance of Class A shares | 133 | 3,002,685 |
| Payment on redemption of Class A shares | (28,982) | (9,940) |
| Dividends paid on Class A shares | (148,555) | - |
| | <u>(177,404)</u> | <u>2,992,745</u> |
| Increase (decrease) in cash position | - | - |
| Cash position, beginning of year | - | - |
| Cash position, end of year | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

08 Series

Discussion of Financial Risk Management (Note 3)

Liquidity Risk

At the year end, all of the Series' financial liabilities are due within one year. Total financial liabilities of the Series as at August 31, 2009 were \$292,541.

Credit Risk

The maximum exposure to credit risk at August 31, 2009 is \$3.2 million which represents approximately 112% of the Series' net assets. This is comprised of \$2.6 million of venture investments and \$625,749 of short-term investments.

- Venture Investments:

At August 31, 2009 the Series does not have any venture or other investments that are past due and/or impaired.

- Short-term Investments:

An analysis of the credit ratings of the Series' short-term investments as at August 31, 2009 is as follows:

| Short-term Investments by Credit Rating | Fair value | Percentage of portfolio | Percentage of net assets |
|--|------------|----------------------------|-----------------------------|
| AA | \$ 625,749 | 100.0% | 21.9% |
| Total | \$ 625,749 | 100.0% | 21.9% |

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

There was no exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2009 short-term investments portfolio comprising approximately 21.9% of the Series' investments is 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 3(b)(iii). At August 31, 2009, if market interest rates had increased or decreased by 1%, with all other factors remaining constant, net assets would have increased or decreased respectively by approximately \$939 representing approximately 0.03% 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 |
|--|------------|----------------------------|-----------------------------|
| Less than 1 year | \$ 625,749 | 100.0% | 21.9% |
| Total | \$ 625,749 | 100.0% | 21.9% |

Other Price Risk

As at August 31, 2009, the Series was not exposed to other price risk as it did not hold public venture investments, or income notes.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Investment Portfolio - 08 Series

As at August 31, 2009

| Short-term investments and bonds | | | | | |
|--|--|---------------|------------|------------|--------------------------|
| Par value | Issuer | Maturity date | Cost | Fair value | Percentage of net assets |
| \$ 626,000 | Bank of Nova Scotia Banker's Acceptance | Oct 23, 2009 | \$ 625,707 | \$ 625,749 | |
| Total short-term investments and bonds | | | \$ 625,707 | \$ 625,749 | 22% |

| Venture investments | | | | | |
|---|-------------------------------|---------------|-----------------|-------------|--------------------------|
| Investee companies | Number of shares or par value | Debt, at cost | Equity, at cost | Total | Percentage of net assets |
| Computer Services: | | | | | |
| Bump Technologies Inc., Convertible Debenture, 16%, on demand | \$ 850,000 | \$ 850,000 | \$ - | \$ 850,000 | |
| Sysomos Inc., Convertible Debenture, 16%, due Dec 18, 2011 | 850,000 | 850,000 | - | 850,000 | |
| | | \$1,700,000 | \$ - | \$1,700,000 | 60% |
| Energy/Environment: | | | | | |
| Wired Sun Inc. (formerly The Solar Venture), Convertible Debenture, 16%, due Nov 21, 2011 | \$ 850,000 | \$ 850,000 | \$ - | \$ 850,000 | |
| Total venture investments, at cost | | \$2,550,000 | - | \$2,550,000 | 89% |
| Unrealized appreciation of venture investments | | | | - | |
| Total venture investments, at estimated fair value | | | | \$2,550,000 | 89% |
| Other assets, net of other liabilities | | | | (322,120) | (11%) |
| Net assets | | | | \$2,853,629 | 100% |

| Stage of development | Number of holdings | Cost | % of venture investments at cost | Fair value | % of venture investments at fair value |
|----------------------|--------------------|-------------|----------------------------------|-------------|--|
| Early stage | 3 | \$2,550,000 | 100% | \$2,550,000 | 100% |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Net Assets - 09 Series

As at August 31

2009⁽¹⁾

Assets

| | | |
|--------------------------------------|----|------------------|
| Cash | \$ | - |
| Short-term investments and bonds | | 2,531,512 |
| Income notes | | 404,468 |
| Venture investments | | - |
| Accounts receivable [Note 8] | | - |
| Accrued interest receivable [Note 8] | | - |
| Subscriptions receivable | | 18,362 |
| Income taxes receivable | | 41,857 |
| Inter-series receivable [Note 5(b)] | | - |
| | | <u>2,996,199</u> |

Liabilities

| | | |
|--|--|----------------|
| Accounts payable and accrued liabilities [Note 8] | | 25,284 |
| Income taxes payable | | - |
| Capital taxes payable | | 4,650 |
| Incentive participation dividend payable [Note 2(i)] | | - |
| Inter-series payable [Note 5(b)] | | 72,165 |
| | | <u>102,099</u> |

| | | |
|-------------------|----|------------------|
| Net assets | \$ | 2,894,100 |
|-------------------|----|------------------|

| | | |
|-----------------------------|--|---------|
| Shares outstanding [Note 4] | | 293,215 |
|-----------------------------|--|---------|

| | | |
|----------------------|----|-------------|
| Net assets per share | \$ | <u>9.87</u> |
|----------------------|----|-------------|

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Operations - 09 Series

For the year ended August 31

| | 2009 ⁽¹⁾ |
|--|---------------------|
| Investment income: | |
| Interest - short term investments and bonds | \$ 4,204 |
| Interest - income notes | 3,086 |
| Interest - venture investments | - |
| Interest - other | 1,804 |
| | <u>9,094</u> |
| Expenses: | |
| Management fees [Note 5(a)] | 27,184 |
| Administration fees [Note 5(a)] | 25,961 |
| Capital retention administration fee [Note 5(a)] | 11,267 |
| Directors' fees | 1,527 |
| Service fees | 7,668 |
| Capital taxes | 4,650 |
| Other | 12,387 |
| | <u>90,644</u> |
| Investment income (loss) before income taxes | (81,550) |
| Provision for income taxes (expense) recoverable [Note 6] | 41,857 |
| Net investment income (loss) | (39,693) |
| Net realized gain (loss) from: | |
| Sale of short-term investments and bonds | - |
| Sale of income notes | - |
| Venture investments | - |
| | <u>-</u> |
| Change in unrealized appreciation (depreciation) of: | |
| Short-term investments and bonds | 284 |
| Income notes | 4,105 |
| Venture investments | - |
| | <u>4,389</u> |
| Increase (decrease) in net assets from operations | <u>\$ (35,304)</u> |
| Increase (decrease) in net assets from operations per series share | <u>\$ (0.21)</u> |

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Changes in Net Assets - 09 Series
For the year ended August 31

| | 2009 ⁽¹⁾ |
|---|---------------------|
| Net assets, beginning of year | \$ - |
| Changes during year: | |
| Increase (decrease) in net assets from operations | (35,304) |
| Capital transactions: | |
| Proceeds from issuance of Class A shares | 2,929,404 |
| Amounts paid for Class A shares redeemed | - |
| | <u>2,929,404</u> |
| Dividends paid on Class A shares from: | |
| Net investment income | - |
| Realized gain on sale of investments | - |
| | <u>-</u> |
| Net assets, end of year | <u>\$ 2,894,100</u> |

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Cash Flows - 09 Series
For the year ended August 31

| | 2009 ⁽¹⁾ |
|---|---------------------|
| Cash flows provided by (used for): | |
| Cash flows from operating activities: | |
| Net investment income (loss) | \$ (39,693) |
| Changes in non-cash operating accounts: | |
| Accounts receivable | - |
| Accrued interest receivable | - |
| Accounts payable and accrued liabilities | 25,284 |
| Inter-series payable (receivable) | 72,165 |
| Income and capital taxes payable (receivable) | (37,207) |
| | <u>20,549</u> |
| Cash flows from investing activities: | |
| Proceeds of disposition of portfolio assets | - |
| Disposition of venture investments | - |
| Disposition of short term investments and bonds | 3,554,000 |
| Disposition of income notes | - |
| Purchase of portfolio assets | - |
| Purchase of venture investments | - |
| Purchase of short term investments and bonds | (6,085,228) |
| Purchase of income notes | (400,363) |
| | <u>(2,931,591)</u> |
| Cash flows from financing activities: | |
| Proceeds from issuance of Class A shares | 2,929,404 |
| Payment on redemption of Class A shares | - |
| Dividends paid on Class A shares | - |
| Subscriptions receivable | (18,362) |
| | <u>2,911,042</u> |
| Increase (decrease) in cash position | - |
| Cash position, beginning of year | - |
| Cash position, end of year | <u>\$ -</u> |

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

09 Series

Discussion of Financial Risk Management (Note 3)

Liquidity Risk

At the year end, all of the Series' financial liabilities are due within one year. Total financial liabilities of the Series as at August 31, 2009 were \$97,449.

Credit Risk

The maximum exposure to credit risk at August 31, 2009 is \$2.9 million which represents approximately 101% of the Series' net assets. This is comprised of \$2.5 million of short-term investments, and \$404,468 of income notes.

- Venture Investments:

At August 31, 2009 the Series does not have any venture or other investments that are past due and/or impaired.

- Short-term Investments:

An analysis of the credit ratings of the Series' short-term investments as at August 31, 2009 is as follows:

| Short-term Investments by Credit Rating | Fair value | Percentage of portfolio | Percentage of net assets |
|--|--------------|----------------------------|-----------------------------|
| AAA | \$ 699,245 | 27.6% | 24.2% |
| AA | 1,832,267 | 72.4% | 63.3% |
| Total | \$ 2,531,512 | 100.0% | 87.5% |

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

There was no exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2009 short-term investments portfolio comprising approximately 87.5% of the Series' investments is 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 3(b)(iii). At August 31, 2009, if market interest rates had increased or decreased by 1%, with all other factors remaining constant, net assets would have increased or decreased respectively by approximately \$5,316 representing approximately 0.18% 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 |
|--|--------------|----------------------------|-----------------------------|
| Less than 1 year | \$ 2,531,512 | 100.0% | 87.5% |
| Total | \$ 2,531,512 | 100.0% | 87.5% |

Other Price Risk

As at August 31, 2009, the Series is exposed to other price risk from income notes representing \$404,468 or 14.0% of the Series' net assets. At August 31, 2009, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the portfolio:

| Portfolio | Benchmark | Effect on net assets | Percentage effect on net assets |
|--------------------|-----------------------------------|-------------------------|------------------------------------|
| Income Trust Notes | S&P/TSX Capped Income Trust Index | 3,398 | 0.12 % |
| | | \$ 3,398 | 0.12% |

Therefore, if the portfolio benchmark increased or decreased by 1%, the fair value of the portfolio would increase or decrease, respectively, by approximately \$3,398 or 0.12% 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 COMMERCIALIZATION FUND LTD.

Statements of Investment Portfolio - 09 Series

As at August 31, 2009

| Short-term investments and bonds | | | | | |
|--|--|------------------|--------------|--------------|--------------------------|
| Par value | Issuer | Maturity date | Cost | Fair value | Percentage of net assets |
| \$ 1,833,000 | Bank of Nova Scotia Banker's Acceptance | Oct 23, 2009 | \$ 1,832,143 | \$ 1,832,267 | |
| 700,000 | Government of Canada T-Bill | January 21, 2010 | 699,084 | 699,245 | |
| Total short-term investments and bonds | | | \$ 2,531,227 | \$ 2,531,512 | 87% |

| Income notes | | | | | |
|--|---|-------------------|------------|--------------|--------------------------|
| Units | Issuer | Maturity date | Cost | Fair value | Percentage of net assets |
| 599 | National Bank of Canada Income notes | February 23, 2016 | \$ 400,363 | \$ 404,468 | |
| Total Income notes | | | \$ 400,363 | \$ 404,468 | 14% |
| Other assets, net of other liabilities | | | | \$ (41,880) | (1%) |
| Net assets | | | | \$ 2,894,100 | 100% |

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT

GrowthWorks Commercialization Fund Ltd. (the "Fund") was incorporated under the Canada Business Corporations Act on May 13, 2004. The Fund is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and as a labour sponsored investment fund corporation under the *Community Small Business Investment Act* (Ontario) (the "Ontario Act"). The Fund gave notice to the Ministry of Finance (Ontario) of its intention to issue shares as a research oriented investment fund ("ROIF") in 2008. The Fund is also an approved fund under the Labour-sponsored Venture Capital Corporations Act (Saskatchewan) (the "Saskatchewan Act"). 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 Fund has different series of Class A Shares (the "Series"), each constituting a separate investment fund under applicable securities laws. The Fund has previously offered the Class A Shares, Series 1 (the "05 Series"), Class A Shares 06 Series (the "06 Series"), which have converted into the 05 Series at relative net asset value in accordance with the Fund's investment allocation rules (Note 7). The Fund also previously offered, Class A Shares 07 Series (the "07 Series"), Class A Shares 08 Series (the "08 Series") and commenced offering the Class A Shares 09 Series (the "09 Series") on September 8, 2008 and began offering the Class A Shares 10 Series (the "10 Series") on September 4, 2009. The Fund may offer or otherwise issue additional series of Class A Shares in the future.

The Funds primarily makes investments ("venture investments") in small and medium-sized businesses located in Ontario and Saskatchewan with the objective of achieving long term capital appreciation.

GrowthWorks WV Management Ltd. is the manager of the Fund (the "Manager"). The Fund, under a management agreement, pays the Manager certain management and administration fees (note 5).

2. SIGNIFICANT ACCOUNTING POLICIES

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 without constraint. Investment transactions are accounted for on a trade date basis. Changes in unrealized appreciation or depreciation of venture 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 and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods which 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 will be used in the valuation of the investment.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 each Series' portfolio.

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, bonds and income notes:

New purchases and sales of short-term investments, bonds, and income notes are recorded on a trade-date basis, and are subsequently valued on the basis of bid quotations. The difference between the fair value and cost is recorded as an unrealized appreciation (depreciation) of short-term investments, bonds or income notes, as applicable.

d) Income recognition:

Interest from investments is recorded on an accrual basis. Realized gains and losses arising from the sale of investments are determined using the weighted average cost basis and are recorded in each 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 bases. 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 each Series' Statement of Operations within income tax expense or recovery, as appropriate, and in each Series' Statement of Net Assets as an inter-series receivable or payable (note 5(b)).

f) Per share values

Net assets per share is calculated based on the number of shares outstanding at the period end. Net Increase (decrease) in net assets from operations per share is calculated based on the weighted-average number of shares outstanding during the period. While net assets for Canadian GAAP financial reporting purposes of some investment funds differ from net asset value ("NAV") used to transact share sales and redemptions, for the Fund's net assets and NAV are the same.

g) 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 year.

Significant areas requiring the use of 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, 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.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial Instruments

The Funds financial instruments may consist of cash, receivables, short-term investments, bonds, income notes, venture investments, payables and accrued liabilities.

The estimated fair values of cash, receivables and payables and accrued liabilities approximates carrying values due to the relatively short-term nature of the instruments. Short-term investments, bonds, income notes, and venture investments are carried at estimated fair value in accordance with the valuation methodologies set out above 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 (see note 3 "Financial Risk Management").

i) IPA Dividends and contingent incentive participation dividends

Incentive participation dividends ("IPA Dividends") and contingent incentive participation dividends on Class C Shares ("IPA 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 4). 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 dividends will be adjusted. See note 4 "Authorized Capital".

j) Comparative figures

Certain comparative figures have been reclassified to conform to the classification adopted in the current year.

k) Current and future accounting changes

i) Effective September 1, 2008, the Funds will be implementing CICA Handbook Section 3862, "Financial Instruments — Disclosures" and Section 3863, "Financial Instruments — Presentation", which significantly expand requirements for disclosure of risks relative to financial instruments.

ii) In January 2006, the Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada are expected to converge with International Financial Reporting Standards ("IFRS") by the Fund's fiscal 2012 year. Management continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS, and has assigned appropriate resources to facilitate compliance. The Fund's date of transition for reporting purposes will be September 1, 2011 following which date all financial information will be reported in accordance with IFRS on a go forward basis, but including comparative amounts for the year ended August 31, 2011.

3. FINANCIAL RISK MANAGEMENT

a) Risks and Risk Management

Financial instruments in the Fund's portfolios may be exposed to liquidity risk, credit risk, currency risk, interest rate risk and other price risk, each of which is described below in accordance with the provisions of CICA 3862. The Discussion of Financial Risk Management following each Series' financial statements provides supplemental information and analysis of the risks specific to the applicable Series' financial instruments. 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. 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 Fund's

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

3. FINANCIAL RISK MANAGEMENT (continued)

Manager seeks to add value and manage risk by participating on portfolio companies' boards of directors and assisting in recruiting key personnel, securing additional financing and formulating long-term strategic plans.

The Fund's holdings in short-term investments and bonds 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 an investment represents the maximum exposure to credit risk.

Funds that are not invested or expected to be invested in venture investments are referred to as "Directed Funds". Directed Funds investments for the Fund may include high quality debt instruments, high yield investments and bank investments. The values of certain of these investments may fluctuate relative to movements in the stock market and the market value of the issuers to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure 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.

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 arises primarily from share redemptions. Redemptions of Class A shares, new and follow-on venture investments 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 is forced to sell a venture investment before it matures, it may incur a loss or make less of a gain. 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. 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 year-end date all of the Fund's financial liabilities are due within one year and none of the Series shares are redeemable shares.

The Fund manages liquidity risk through the use of a liquidity model that forecasts the Fund's short and long term liquidity needs over 90-days, and the next two sales cycles ending March 31, based on projected levels of capital raising, investment and divestment activity, Class A share redemptions and other operational commitments. Using this model, the Fund strives to maintain a minimum level of excess liquidity greater than 35% of projected redemptions over a rolling 90-day period. As at August 31, 2009, the Fund met this level of excess liquidity.

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 Series under the instrument, causing a financial loss. While the Series' venture investments include debt instruments, which expose the Series 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, the credit risk associated with the Series' venture portfolio is not considered to be significant.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

3. FINANCIAL RISK MANAGEMENT (continued)

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 convertible into equity. 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 in to which the debt is convertible. The values of the underlying equity securities do not change with changes in market rates, and the interest rates of these instruments are fixed hence changes in market rates will not impact cash flows of the Fund.

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 may hold 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.

When public venture investments are held, they may be grouped according to the sectors in which the companies operate. Once grouped, 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 relevant to each individual Series may then be reported in the Discussion of Financial Risk Management statement following each Series' Financial Statements. As at August 31, 2009, none of the Series' held any public venture investments in their portfolios.

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 forecast 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 indexes 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 indexes 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 COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

3. FINANCIAL RISK MANAGEMENT (continued)

c) Short-term Investments and Bonds:

The Fund's short term investments include investments in bankers' acceptances and treasury bills. The Fund invests in Canadian dollar denominated short term investments and bonds, and as such is not exposed to currency risk on these investments.

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 and bonds 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 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 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 in Income Notes:

The Fund's Directed Funds investments include investments in income notes. The Fund invests in Canadian dollar denominated Directed Funds investments, and as such is not exposed to currency risk on these investments.

i) Credit Risk

Directed Funds investments in income notes give rise to credit risk, which is managed in the same manner as credit risk associated with short-term investments and bonds (note 3(c)(i)).

ii) Interest Rate Risk

Directed Funds investments are also subject to interest rate risk, however the extent of exposure 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 3(c)(ii)).

iii) Other Price Risk

Other price risk arises due to movements in the quoted prices of the securities underlying income notes. The Fund manages other price risk by limiting investments in, monitoring the composition of, and adjusting the concentration of these investments.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

4. SHARE CAPITAL

Authorized:

- Unlimited number of Class A Shares, issuable in series. The Fund has previously offered 05 Series, 06 Series, 07 Series, 08 Series and 09 Series and began offering 10 Series on September 4, 2009. 11 Series has been authorized by the Board of Directors and, subject to receipt of a final prospectus, will commence being offered for sale in September 2010. All series of Class A shares have the following rights and restrictions: voting, discretionary dividend entitlement, restrictions on transfer and redeemable at the net asset value per share less any redemption fee, subject to certain restrictions and withholding of tax credits required to be repaid. Class A Shares are entitled to elect Directors of the Fund who are not elected by the Sponsor as holder of Class B Shares of the Fund.
 - First series – unlimited number of 05 Series
 - Second series – unlimited number of 06 Series
 - Third series – unlimited number of 07 Series
 - Fourth series – unlimited number of 08 Series
 - Fifth series – unlimited number of 09 Series
 - Sixth series – unlimited number of 10 Series
- In accordance with the Fund's investment allocation rules, the 06 Series were converted into the 05 Series effective April 17, 2009. See note 7 "Dividend Policy, Automatic Conversion of Commercialization Shares".
- Unlimited number of Class B Shares, issuable only to the Sponsor of the Fund. Class B shares have the following rights and restrictions: voting, no dividend entitlement, restrictions on transfer. Class B shares are entitled to elect one-half plus two of the members of the Board of Directors if the number of Directors is an even number and a majority plus one of the members of the Board of Directors if the number of Directors is an odd number.
- Unlimited number of non-voting Class C Shares ("IPA Shares"), issuable only to a person acting as manager or investment manager of the Fund. The owner of the Class C shares is entitled to receive dividends ("IPA Dividends") equal to 20% of realized gains and income from each of the Fund's venture investments excluding interest income received or accrued that is used for paying dividends in accordance with a Series' dividend policy. Before any IPA Dividends can be paid in respect of an investment, the following conditions must be met:

Portfolio Test – the annualized rate of return generated by the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments must exceed a cumulative annualized threshold rate of return equal to the average annual rate of return on a five-year guaranteed investment certificate offered by the Royal Bank of Canada 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 the principal invested in the venture investment.

As approved by shareholders at the Fund's annual general meeting on December 3, 2008, the rights attached to the IPA Shares were amended to exclude from the calculation of realized gains and income, any interest received or accrued on venture investments that is used or will be used in connection with the payment of dividends in accordance with any Series dividend policy. The Manger agreed to this change to address the unintended IPA Dividends and contingent IPA dividends resulting from including such interest in the calculations which prior to this change, had been offset in management fee abatements or waivers.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

4. SHARE CAPITAL (continued)

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.

The contingent IPA Dividend is an estimate of IPA Dividends that would have been payable to the Manager as holder of Class C Shares of the Fund had the Fund's entire venture portfolio been disposed of at the estimated fair 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. During the year, there were no contingent incentive participation dividends accrued (2008 - \$20,000 for 05 Series, and \$56,129 for 07 Series).

Class A Shares:

The following shares were issued and redeemed during the year ended August 31, 2009:

| Class A Shares | Outstanding Shares at Beginning of Period | Issue of Shares | Conversion of shares 06 Series to 05 Series | Redemption of Shares | Outstanding Shares at End of Period |
|--------------------------|---|-----------------|---|-------------------------|--|
| 05 Series | 688,579 | - | 272,130 | -7,766 | 952,943 |
| 07 Series | 219,715 | - | - | -2,497 | 217,218 |
| 08 Series | 299,546 | 13 | - | -2,950 | 296,609 |
| 09 Series ⁽¹⁾ | - | 293,215 | - | - | 293,215 |

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008

The following shares were issued and redeemed during the year ended August 31, 2008:

| Class A Shares | Outstanding Shares at Beginning of Period | Issue of Shares | Redemption of Shares | Outstanding Shares at End of Period |
|--------------------------|---|-----------------|-------------------------|--|
| 05 Series | 692,227 | - | -3,648 | 688,579 |
| 06 Series ⁽²⁾ | 271,005 | - | -1,506 | 269,499 |
| 07 Series | 220,487 | - | -772 | 219,715 |
| 08 Series | - | 300,546 | -1,000 | 299,546 |

⁽²⁾ See note 7 regarding conversion of 06 Series shares into 05 Series shares

Class B Shares

1000 Class B shares were outstanding throughout the years ended August 31, 2009 and August 31, 2008.

Class C Shares

100 Class C shares were outstanding throughout the years ended August 31, 2009 and August 31, 2008.

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 at the time of redemption, subject to certain restrictions. 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 Class A Shares issued for 8 years or more, plus 10% of the net asset value of Class A Shares issued for less than 8 years, 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, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. For such purposes, the requests to redeem such shares will be deemed to have been received by the Fund on the first day of the following fiscal year in the order that they were originally received by the Fund. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

4. SHARE CAPITAL (continued)

Distribution Costs of Class A Shares

During the year, a total of \$59,398 (2008: \$60,698) was incurred by the Fund as service fees or distribution costs for Class A shares of the Fund. The allocation by Series is as follows:

| Class A shares | Distribution Costs (\$) |
|----------------|-------------------------|
| 05 Series | 27,852 |
| 07 Series | 9,638 |
| 08 Series | 14,240 |
| 09 Series | 7,668 |

5. RELATED PARTY TRANSACTIONS

a) Management fees and administration fees

The Fund entered into an amended and restated Management Agreement (the "Management Agreement") dated June 28, 2005. Under the terms of the Management Agreement, the Manager provides certain management services including management of day to day operations, portfolio advisory and investment management, compliance with securities laws and monitoring and enforcing agreements on behalf of the Fund, as well as various administrative services which are recorded at transaction values. Under the Management Agreement, in return for providing or arranging for such services, the Manager receives:

1. A management fee of 2.0% per annum of the average net assets of the Funds;
2. A base annual administration fee on a declining basis as follows:
 - 1.91% of net asset value up to \$300 million in net asset value
 - 1.74% of the next \$200 million in net asset value
 - 1.55% of net asset value over \$500 million in net asset value
3. An annual capital retention administration fee of 0.75% of the original purchase price of Class A Shares which remain issued and unredeemed.

These fees are calculated and paid monthly. The administration fee based on capital retention ceases in respect of any Class A Shares which were originally issued more than eight years previously.

The Manager is responsible for paying all costs if it arranges for a third party to provide any of the services it has agreed to provide or arrange to provide under the Management Agreement. The Fund pays its own operating expenses including legal audit valuation, custodial, marketing, shareholder reporting and director fees and expenses up to a cap of 0.75% of average net assets. The Manager pays these expenses on behalf of the Fund and is reimbursed. These reimbursements are reflected in "management fees" and "administration fees" on a Series' Statement of Operations.

Unless terminated by the Fund or the Manager, the Management Agreement will remain in effect until dissolution, wind-up or termination of the Fund.

b) Inter-series receivable and payable

The Fund may be stated as the owner of certain investment and other assets, including cash, that are allocated among one or more 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 may also incur inter-series receivables and payables on the transfer of tax deductions between the Series or on inter-series borrowings. All inter-series balances are non-interest bearing, unsecured and have no specified repayment terms.

The table below reflects the inter-series borrowings as at August 31, 2009 and August 31, 2008 as well as the amount of tax benefit related to deductions that could be transferred between Series' as a result of their individual tax position as at the end of the current and prior year end, based on the overall effective tax rate of the Fund.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

5. RELATED PARTY TRANSACTIONS (continued)

| | 05 Series | | 07 Series | |
|--|--------------|-------------|-------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| Current tax benefit (cost) related to inter-series transfer (receipt) of tax | \$ 22,618 | \$ 59,707 | \$ (39,411) | \$ (20,191) |
| Inter-series borrowings | (178,821) | (142,720) | 373,668 | 165,948 |
| Inter-series receivable (payable) | \$ (156,203) | \$ (83,013) | \$ 334,257 | \$ 145,757 |

| | 08 Series | | 09 Series |
|--|--------------|------------|---------------------|
| | 2009 | 2008 | 2009 ⁽¹⁾ |
| Current tax benefit (cost) related to inter-series transfer (receipt) of tax | \$ (23,098) | \$ 26,910 | \$ 39,891 |
| Inter-series borrowings | (82,791) | 147,282 | (112,056) |
| Inter-series receivable (payable) | \$ (105,889) | \$ 174,192 | \$ (72,165) |

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008.

6. INCOME TAXES

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, as it intends to recover all of its refundable income taxes through the deemed distribution of a Class A Share dividend from its net investment income and/or its realized capital gains on investments in the year in which the income is earned or capital gains occur. If and to the extent the Fund distributes a non-cash 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 year ended August 31, 2009, the Series have a refundable portion of income taxes available in the amount of \$39,071, (2008 – \$198,054). During the year ended August 31, 2009, the Series distributed cash dividends of: 06 Series: \$268,999, 07 Series: \$217,718, and 08 Series: \$148,555 (2008 – 05 Series: \$689,774, and 07 Series: \$110,107).

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 COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

6. INCOME TAXES (continued)

The components of future income tax balances at August 31, 2009 and August 31, 2008 are as follows:

| | 05 Series | | 07 Series | |
|--|-------------|-------------|-------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| Future income tax assets: | | | | |
| - tax loss carryforwards | \$ 6,852 | \$ 6,852 | \$ 12 | \$ - |
| Unrealized losses (gains) on: | | | | |
| - short-term investments and bonds | - | 89 | - | 2 |
| - income notes | 75,480 | 25,716 | - | 7,387 |
| - venture investments | 212,005 | (12,360) | - | - |
| Future income tax liabilities: | | | | |
| Unrealized losses (gains) on: | | | | |
| - short-term investments and bonds | (45) | - | (1) | - |
| - venture investments | - | (12,360) | - | - |
| Valuation allowance | (294,292) | (7,937) | (11) | (7,389) |
| Net future income tax asset (liability) | \$ - | \$ - | \$ - | \$ - |

| | 08 Series | | 09 Series |
|--|-------------|-------------|---------------------|
| | 2009 | 2008 | 2009 ⁽¹⁾ |
| Future income tax assets: | | | |
| - tax loss carryforwards | \$ - | \$ - | \$ - |
| Unrealized losses (gains) on: | | | |
| - short-term investments and bonds | - | 106 | - |
| - income notes | - | - | - |
| Future income tax liabilities: | | | |
| Unrealized losses (gains) on: | | | |
| - short-term investments | (10) | - | (69) |
| - income notes | - | - | (1,000) |
| Valuation allowance | 10 | (106) | 1,069 |
| Net future income tax asset (liability) | \$ - | \$ - | \$ - |

⁽¹⁾ Comparative numbers are not available as sales of this series commenced on September 8, 2008

Income tax-loss carryforwards

The Fund has \$28,141 (2008: \$28,141) in capital losses that do not expire and can be carried forward to offset future capital gains. The Fund does not currently have any available non-capital losses that may be carried forward and used to offset future income for tax purposes.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

6. INCOME TAXES (continued)

| | Capital (gain) loss carryforwards |
|-----------|--------------------------------------|
| 05 Series | \$28,141 |
| 07 Series | - |
| 08 Series | - |
| 09 Series | - |
| | \$28,141 |

Investment requirements

The *Income Tax Act* (Canada), 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 levels of qualifying venture investments are not met, the Fund may be subject to taxes and penalties.

7. DIVIDEND POLICY, AUTOMATIC CONVERSION OF COMMERCIALIZATION SHARES

The Board of Directors of the Fund has adopted a dividend policy to pay, and the Fund has paid, dividends on the 05 Series and 06 Series equal in total to approximately 25% of the purchase price of the shares during the period from 2005 through 2008, and from 2006 through 2009, respectively. Similar policies have been adopted for the 07 Series, 08 Series, 09 Series, 10 Series and 11 Series which extend over the periods from 2007 through 2010, from 2008 through 2011, from 2009 through 2012, from 2010 through 2013 and from 2011 through to 2014, respectively. The Board of Directors may, by resolution, automatically convert all Series (other than 05 Series) into another series of Class A shares having the same investment portfolio and cost structure provided the conversion takes place at the shares' relative net asset value per share on the conversion date. Effective April 17, 2009, the Fund carried out the automatic conversion of the 06 Series into the 05 Series based on the relative NAV of the two Series. NAV per share was \$7.89 per 05 Series share and \$7.99 per 06 Series share, and therefore, each 06 Series share was converted into 1.01 05 Series share.

8. ACCOUNTS RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

Accounts payable and accrued liabilities are comprised of short-term obligations arising primarily from related party transactions (note 5) 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 the detail by significant category as at August 31, 2009, and August 31, 2008:

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2009 and 2008

8. ACCOUNTS RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

| | 05 Commercialization Series | | 07 Commercialization Series | |
|--|-----------------------------|------------|-----------------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| Accrued management fees | \$ 136,543 | \$ 62,755 | \$ 43,156 | \$ 20,151 |
| Accrued incentives | 164,626 | 101,456 | 4,327 | 4,260 |
| Other payables/liabilities | 48,716 | 27,253 | 105,233 | 103,966 |
| Accounts payable and accrued liabilities | \$ 349,885 | \$ 191,464 | \$ 152,715 | \$ 128,377 |

| | 08 Commercialization Series | | 09 Commercialization Series |
|--|-----------------------------|-----------|-----------------------------|
| | 2009 | 2008 | 2009 * |
| Accrued management fees | \$ 42,637 | \$ 6,921 | \$ 22,163 |
| Accrued incentives | 3,137 | 4,573 | 2,494 |
| Other payables/liabilities | 140,878 | - | 627 |
| Accounts payable and accrued liabilities | \$ 186,652 | \$ 11,494 | \$ 25,284 |

* Comparative numbers are not available as sales of this series commenced on September 8, 2008

9. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the year ended August 31, 2009, the Fund paid a total of \$610 (2008: \$382) to the members of the IRC.

10. 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, 2009) and concluded that the fair value was, in all material respects, reasonable.

GROWTHWORKS
 **Commercialization Fund Ltd.**

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