

**2011 Interim Financial Statements** (unaudited)  
For the six month period ended February 28, 2011

**GrowthWorks Commercialization Fund Ltd.**

05 Series

09 Series

10 Series

11 Series

Performance Diversification Know-How



## **GrowthWorks Commercialization Fund**

### **Annual Report to Shareholders**

To our investors:

I am pleased to report that the Fund placed \$1.3 million in new and follow-on investments in five innovative companies during the first half of its fiscal year. Our dual philosophy of rigorous selectivity before investment and active management after investment has made the Fund one of Canada's best performing funds over the past five years.

We are enjoying very strong deal flow, as the Fund is one of few reliable sources of early stage venture capital for Canadian technology companies. We believe that these opportunities and the continued growth and development of our portfolio companies position the Fund to participate in more success stories.

#### **Innovative cleantech company well capitalized for growth**

The Fund invested \$750,000 in **GreenCore Composites Inc.**, a cleantech company that manufactures natural-fibre reinforced thermoplastic materials. The financing was part of a \$2 million syndicated financing with Sustainable Chemistry Alliance. GreenCore will use the funds to continue the development and commercial launch of its NCell™ composites. These composites target the replacement or reduction in use of materials such as glass fibres to enhance sustainability and reduce energy costs and CO2 output.

We believe that GreenCore is a Canadian success story in the making. GreenCore's materials have been adopted in the automotive sector, which imposes stiff requirements on suppliers. The company's materials are being used in components such as door panels, center console stacks and instrument panel components. GreenCore began commercial sales in 2009 and has a manufacturing line located in Mississauga, Ontario.

We completed follow-on investments during the period totalling \$375,187 in three companies, PerspecSys Inc., Peerset Inc. and Kibboko Inc.

As February 28, 2011, our portfolio comprised nine information technology companies and three cleantech companies. To learn more about these companies, visit [www.growthworks.ca/commercialization](http://www.growthworks.ca/commercialization) and choose "Portfolio." Then click on the link to the respective company's website.

### **Fund pays dividends and raises new capital**

The Fund paid dividends in February 2011 of \$1.00 per share on its 08 and 09 Series shares and \$0.50 per share on its 10 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.

The Fund is now registered for sale in Manitoba, where the provincial Labour Sponsored Venture Capital Corporation (LSVCC) tax credit for investors in the Fund is 15%, with a maximum investment of \$12,000 per year. The Federal tax credit is 15% on a maximum investment of \$5,000 per year.

Even though fundraising remains challenging generally in the venture capital sector, the Fund raised over \$4.3 million in the 2010-2011 RRSP season.

### **Venture capital market activity edges upwards**

Venture capital market activity in Canada edged upwards in 2010, with deals and dollars invested rising compared to 2009. However, continued financing of early stage companies has become increasingly threatened by the ongoing decline in venture capital fundraising, according to Canada's Venture Capital & Private Equity Association (CVCA).

Canadian venture capital deal-making increased moderately in 2010, with \$1.1 billion invested, up 10% from 2009. The number of companies financed also increased, rising 5% to 354. Venture capital activity, however, has yet to approach the \$1.4 billion invested in 2008, the first year of the most recent market downturn.

In addition, exits involving buyout and other private equity-backed Canadian businesses in 2010 increased 106% from 2009. The higher levels of activity were led by strategic acquisitions, and are another sign of a more stable economic environment. The CVCA noted that, while most dollars continued to flow to IT sectors, accounting for 42% of the total invested last year, it was deal activity in clean technology and life sciences that spurred overall market growth.

## Looking ahead

The Fund remains one of the few sources of early stage venture capital for technology companies, so it is enjoying attractive deal flow. Given these investment opportunities and the Fund's portfolio of investments in innovative companies, we believe that it is well positioned to capitalize on expected higher M&A and IPO market activity in 2011. As the portfolio matures, some of the additional features in our investments focused on capital appreciation, such as the conversion of debt into shares in the company to whom a loan has been made, may result in an increase in value for the venture investment portfolio.

I thank our shareholders for their confidence and trust, and I welcome new shareholders. I also thank our portfolio company managements for their achievements.

Sincerely,



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" or "will". These statements primarily relate to assessments of the future economic and market conditions for the Fund, the plans and prospects of, and results achieved by, portfolio companies, deal flow and future capital raising and investment activity, expectations for divesting from investments in the Fund's venture portfolio and new government programs that may increase the availability of venture capital. Events or circumstances may cause actual results to differ materially from those expressed or implied by such forward looking statements as a result of numerous known and unknown risks, including but not limited to economic and market conditions, results achieved by portfolio companies, deal flow and future capital raising and investment activity, timing of and proceeds from divestments of portfolio investments, changing government policies and those risks referenced in the Fund's filings with Canadian securities regulators. Most of these factors are beyond the control of the Fund and its manager. Neither the Fund nor its manager assumes any obligation to update any of the forward-looking statements made in this report.*

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Net Assets – 05 Series, 08 Series <sup>(1)</sup>, 09 Series and 10 Series

At February 28, 2011    At August 31, 2010  
(unaudited)

## Assets

Short-term investments and bonds	\$ 9,277,907	\$ 10,626,328
Income notes	1,454,169	1,258,780
Total non-venture assets	10,732,076	11,885,108
Venture investments	8,081,517	6,875,862
Total portfolio assets	18,813,593	18,760,970
Cash and cash equivalents	1,348,794	5,665,051
Divestment proceeds receivable	1,176,921	1,176,921
Accounts receivable	17,940	6,339
Accrued interest receivable	283,807	87,555
Subscriptions receivable	6,114	-
Income and capital taxes receivable	184,697	-
Future income tax	1,079,136	1,660,054
	22,911,002	27,356,890

## Liabilities

Accounts payable and accrued liabilities [Note 8]	430,422	459,690
IPA payable	281,935	1,924,799
Contingent IPA payable	-	-
Income and capital taxes payable	-	1,768,842
	712,357	4,153,331

## Net assets per series

05 Series	15,140,586	11,827,575
08 Series	- <sup>(1)</sup>	3,824,680
09 Series	3,435,376	3,746,730
10 Series	3,622,683	3,804,574
<b>Net assets</b>	<b>\$ 22,198,645</b>	<b>\$ 23,203,559</b>

## Shares outstanding [Note 4]

05 Series	1,496,028	1,161,021
08 Series	- <sup>(1)</sup>	295,356
09 Series	289,755	290,259
10 Series	299,016	300,016

## Net assets per share

05 Series	\$ 10.12	\$ 10.19
08 Series	- <sup>(1)</sup>	12.95
09 Series	11.86	12.91
10 Series	12.12	12.68

<sup>(1)</sup> Series was converted into the 05 Series on February 25, 2011.

See accompanying notes to financial statements.  
Approved on behalf of the Board:



Director



Director

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Operations – 05 Series, 08 Series <sup>(1)</sup>, 09 Series and 10 Series

	Six month period ended February 28, 2011	Six month period ended February 28, 2010
	(unaudited)	(unaudited)
Investment income:		
Interest – short-term investments and bonds	\$ 70,837	\$ 6,525
Interest – income notes	45,183	50,219
Interest – venture investments	374,015	412,943
Interest – other	3,460	-
	493,495	469,687
Expenses:		
Management fees [Note 5(a)]	226,026	130,201
Administration fees [Note 5(a)]	215,855	124,342
Capital retention administration fees [Note 5(a)]	76,240	58,590
Directors' fees	8,075	7,069
Service fees [Note 4]	53,946	31,506
Capital taxes	-	4,465
Other	174,953	84,989
	755,095	441,162
Investment income (loss)	(261,600)	28,525
Provision for income taxes (expense) recoverable	660,725	(36,069)
Future income tax benefit (expense)	(580,918)	(30,413)
Net investment income (loss)	(181,793)	(37,957)
Realized gain (loss) from:		
Venture investments	-	(517,701)
Short-term investments and bonds	(344)	(111)
Income notes	-	-
Total realized gain (loss)	(344)	(517,812)
Incentive participation dividend [Note 4]	-	-
Net realized gain (loss)	(344)	(517,812)
Change in unrealized appreciation (depreciation) of:		
Venture investments	(119,532)	1,429,050
Divestment proceeds receivable	-	-
Short-term investments and bonds	(41,326)	(1,401)
Income notes	195,389	204,584
Net change in unrealized appreciation (depreciation)	34,531	1,632,233
Increase (decrease) in net assets from Operations	(147,606)	1,076,464
Increase (decrease) in net assets from operations per series		
05 Series	(65,935)	597,178
08 Series <sup>(1)</sup>	(46,396)	370,067
09 Series	(15,104)	111,376
10 Series	(20,171)	(2,157)
	\$ (147,606)	\$ 1,076,464
Increase (decrease) in net assets from operations per series share		
05 Series	\$ (0.05)	\$ 0.61
08 Series <sup>(1)</sup>	(0.19)	1.25
09 Series	(0.05)	0.38
10 Series	(0.07)	(0.04)

<sup>(1)</sup> Series was converted into the 05 Series on February 25, 2011.

See accompanying notes to financial statements.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Changes in Net Assets – 05 Series, 07 Series <sup>(1)</sup>, 08 Series <sup>(2)</sup>, 09 Series and 10 Series  
Six month periods ended February 28, 2011 (unaudited) and February 28, 2010 (unaudited)

	05 Series		07 Series <sup>(1)</sup>		08 Series <sup>(2)</sup>	
	February 28, 2011	February 28, 2010	February 28, 2011	February 28, 2010	February 28, 2011	February 28, 2010
Net assets, beginning of period	\$ 11,827,575	\$ 6,740,034	\$ -	\$ 1,918,955	\$ 3,824,680	\$ 2,853,629
Changes during the year:						
Net increase (decrease) in net assets from operations	(65,935)	597,178	-	95,971	(46,396)	370,067
	(65,935)	597,178	-	95,971	(46,396)	370,067
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(86,426)	(44,055)	-	(13,060)	(19,058)	(4,840)
Share conversion [Note 4 and 7]	3,465,372	1,785,648	-	(1,785,648)	(3,465,372)	-
	3,378,946	1,741,593	-	(1,798,708)	(3,484,430)	(4,840)
Dividends from Class A shares:						
From investment income	-	-	-	-	-	(296,109)
From capital gains	-	-	-	-	(293,854)	-
Prior to share conversion [Note 4 and 7]	-	-	-	(216,218)	-	-
Net assets, end of period	\$15,140,586	\$ 9,078,805	\$ -	\$ -	\$ -	\$ 2,922,747

	09 Series		10 Series		Total	
	February 28, 2011	February 28, 2010	February 28, 2011	February 28, 2010	February 28, 2011	February 28, 2010
Net assets, beginning of period	\$ 3,746,730	\$ 2,894,100	\$ 3,804,574	-	\$23,203,559	\$14,406,718
Changes during the year:						
Net increase (decrease) in net assets from operations	(15,104)	111,376	(20,171)	(2,157)	(147,606)	1,172,435
	(15,104)	111,376	(20,171)	(2,157)	(147,606)	1,172,435
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	2,108,223	-	2,108,223
Payment on redemption of Class A shares	(6,495)	(7,567)	(12,212)	-	(124,191)	(69,522)
Share conversion [Note 4 and 7]	-	-	-	-	-	-
	(6,495)	(7,567)	(12,212)	2,108,223	(124,191)	2,038,701
Dividends from Class A shares:						
From investment income	-	(146,233)	-	-	-	(442,342)
From capital gains	(289,755)	-	(149,508)	-	(733,117)	-
Prior to share conversion [Note 4 and 7]	-	-	-	-	-	(216,218)
Net assets, end of period	\$3,435,376	\$ 2,851,676	\$3,622,683	\$ 2,106,066	\$22,198,645	\$16,959,294

<sup>(1)</sup> Series was converted into the 05 Series on February 26, 2010.

<sup>(2)</sup> Series was converted into the 05 Series on February 25, 2011.

See accompanying notes to financial statements.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Cash Flows – 05 Series, 08 Series, 09 Series and 10 Series  
As at February 28, 2011

	Six-month period ended February 28, 2011  (unaudited)	Six-month period ended February 28, 2010  (unaudited)
Cash flow provided by (used for):		
Cash flows from operating activities:		
Net investment income (loss)	\$ (181,793)	\$ (37,957)
Changes in non-cash operating accounts:		
Accounts receivable	(11,601)	(16,344)
Accrued interest receivable	(196,253)	(134,307)
Accounts payable and accrued liabilities	(29,268)	(44,233)
Income and capital taxes payable (receivable)	(1,953,539)	11,769
Divestment proceeds receivable	-	-
Contingent IPA dividend payable	-	-
IPA dividend payable	(1,642,864)	-
Future income tax liability	580,918	30,413
Inter-series payable	-	(143,938)
	(3,434,400)	(334,597)
Cash flows from investing activities:		
Proceeds of disposition of portfolio assets		
Disposition of venture investments	-	34,439
Disposition of short-term investments and bonds	12,305,727	8,161,481
Disposition of income notes	-	-
Purchase of portfolio assets		
Purchase of venture investments	(1,325,187)	(1,107,083)
Purchase of short-term investments and bonds	(10,998,975)	(6,763,501)
Purchase of income notes	-	-
	(18,435)	325,336
Cash flow from financing activities:		
Proceeds from issuance of Class A shares	-	2,108,223
Payment on redemption of Class A shares	(124,191)	(69,522)
Dividends paid on Class A shares	(733,117)	(442,342)
Subscriptions receivable	(6,114)	(822,334)
	(863,422)	774,025
Increase (decrease) in cash position	(4,316,257)	764,764
Cash position, beginning of period	5,665,051	137,251
Cash position, end of period	\$ 1,348,794	\$ 902,015

See accompanying notes to financial statements.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

05 Series, 09 Series and 10 Series

## Discussion of Financial Risk Management (Note 3)

### Liquidity Risk

At the period end, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at February 28, 2011 were \$ 712,357 (August 31, 2010: \$2.4 million).

### Credit Risk

The maximum exposure to credit risk at February 28, 2011 is \$19.0 million (August 31, 2010: \$18.7 million) which represents approximately 85.6% (August 31, 2010: 80.5%) of the Series' net assets. This is comprised of \$6.7 million (August 31, 2010: \$5.5 million) of venture investments, \$9.3 million (August 31, 2010: \$10.6 million) of short term investments and bonds, \$1.5 million (August 31, 2010: \$1.3 million) of income notes and \$1.5 million (August 31, 2010: \$1.3 million) in receivables.

#### - Venture Investments and other receivables:

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

Venture Investments Debt	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2011	2010	2011	2010	2011	2010	2011	2010
Current	\$ 1,602,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,602,499	\$ -
< 1 year past due	-	612,500	1,750,000	-	-	-	1,750,000	612,500
Past due 1 - 2 years	-	-	-	-	-	-	-	-
Past due 2 - 3 years	-	-	-	-	-	-	-	-
Past due 3 - 4 years	-	-	-	-	-	-	-	-
Divestment proceeds receivable	1,176,921	1,176,921	-	-	-	-	1,176,921	1,176,921
<b>Total</b>	<b>\$ 2,779,420</b>	<b>\$ 1,789,421</b>	<b>\$ 1,750,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,529,420</b>	<b>\$ 1,789,421</b>

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is \$1.1 million (August 31, 2010: \$987,499). Total divestment proceeds receivable as at February 28, 2011 amount to \$2.6 million (August 31, 2010 \$2.6 million) with a cumulative unrealized reserve recorded of \$1.5 million (August 31, 2010: \$1.5 million). No other investments are past due or impaired at February 28, 2011.

#### - Short-term Investments and Bonds:

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

Short-term Investments, Bonds and Bank Instruments by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AAA	\$ 6,948,479	\$ -	74.9%	-	31.3%	-
AA	1,166,496	10,626,328	12.6%	100.0%	5.3%	45.8%
A	1,162,932	-	12.5%	-	5.2%	-
<b>Total</b>	<b>\$ 9,277,907</b>	<b>\$ 10,626,328</b>	<b>100.0%</b>	<b>100.0%</b>	<b>41.8%</b>	<b>45.8%</b>

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

#### - Income Notes:

The Fund's portfolio of income notes is issued by National Bank of Canada, a Canadian Schedule I bank. Given the strength and standing of this institution, the Manager does not perceive a significant risk of credit loss related to the Fund's holdings in these investments.

### Currency Risk

As at February 28, 2011, the Fund had nil (August 31, 2010: \$1.1 million) receivables 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 nil (August 31, 2010: 0.1%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

### Interest Rate Risk

At February 28, 2011 short-term investments and bonds, comprising approximately 41.8% (August 31, 2010: 45.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At February 28, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$176,280 (August 31, 2010: \$24,441), representing approximately 0.8% (August 31, 2010: 0.1%) 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 and Bonds by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 6,948,479	\$ 10,626,328	74.9%	100.0%	31.3%	45.8%
1 -3 years	-	-	-	-	-	-
3 - 5 years	1,166,496	-	12.6%	-	5.3%	-
5-7 years	-	-	-	-	-	-
7-9 years	1,162,932	-	12.5%	-	5.2%	-
<b>Total</b>	<b>\$ 9,277,907</b>	<b>\$ 10,626,328</b>	<b>100.0%</b>	<b>100.0%</b>	<b>41.8%</b>	<b>45.8%</b>

### Other Price Risk

As at February 28, 2011 the Series is exposed to other price risk from income notes. Investments in income notes represent approximately \$1.5 million (August 31, 2010: \$1.3 million) or 6.6% (August 31, 2010: 5.4%) of the Series' net assets. At February 28, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Income Notes	S&P/TSX Capped Income Trust Index Level	\$ 7,707	\$ 18,126	0.0%	0.1%
		<b>\$ 7,707</b>	<b>\$ 18,126</b>	<b>0.0%</b>	<b>0.1%</b>

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$7,707 (August 31, 2010: \$18,126) or 0.0% (August 31, 2010: 0.1%) 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.

Statement of Investment Portfolio  
 Venture Investments - 05 Series, 09 Series 10 Series

As at February 28, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
<b>Investee Companies</b>					
<b>Cleantech:</b>					
Wired Sun Inc. (formerly The Solar Venture), Convertible Debenture, 16%, due November 21, 2011	850,000	\$ 850,000	\$ -	\$ 850,000	
Wired Sun Inc. (formerly The Solar Venture), Debenture, 8%, due on demand	50,000	50,000	-	50,000	
MCN BioProducts Inc., Debenture, 20%, due March 31, 2011	82,083	82,083	-	82,083	
Greencore Composites Inc., Convertible Debenture, 10%, due October 19, 2013	750,000	750,000	-	750,000	
		\$ 1,732,083	\$ -	\$ 1,732,083	7.8%
<b>Information Technology:</b>					
Paymentus Inc., Series A Preferred Shares	625,000	-	625,000	625,000	
Kibboko Inc., Debenture, 12%, due on demand	1,077,793	1,077,793	-	1,077,793	
Kibboko Inc., Convertible Debenture, 12%, due on demand	170,230	170,230	-	170,230	
Kibboko Inc., Convertible Debenture, 10%, due on demand	57,705	57,705	-	57,705	
Kibboko Inc., Debenture, 10%, due on demand	53,858	53,858	-	53,858	
Octopz Inc., Debenture, 16%, due on demand	749,999	749,999	-	749,999	
Acentify Learning Media Inc. (formerly neuroLanguage Inc.), Series A Preferred Shares	470,000	-	470,000	470,000	
Acentify Learning Media Inc. (formerly neuroLanguage Inc.), Debenture, 12%, due on demand	25,000	25,000	-	25,000	
PerspecSys Inc., Debenture 16%, due on demand	900,000	900,000	-	900,000	
PerspecSys Inc., Debenture 12%, due on demand	278,888	278,888	-	278,888	
Peerset Inc., Debenture 16%, due on demand	900,000	900,000	-	900,000	
Peerset Inc., Debenture 10%, due on demand	181,130	181,130	-	181,130	
Verold Inc., Convertible Debenture, 12%, due June 16, 2011	200,000	200,000	-	200,000	

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (continued)

Venture Investments - 05 Series, 09 Series and 10 Series

As at February 28, 2011

Investee Companies	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
iStopOver Inc., Convertible Debenture 5%, due August 19, 2013	500,000	500,000	-	500,000	
Bering Media Inc., Convertible Debenture 16%, due November 5, 2012	1,000,000	1,000,000	-	1,000,000	
		\$ 6,094,603	\$ 1,095,000	\$ 7,189,603	32.4%
Total venture investments, at cost		\$ 7,826,686	\$ 1,095,000	\$ 8,921,686	40.2%
Unrealized appreciation (depreciation) of venture investments				(840,169)	
Total venture investments, at estimated fair value				\$ 8,081,517	36.4%

Stage of Development	Number of venture investments	Cost	Percentage of venture investments at cost (%)	Fair value	Percentage of venture investments at fair value (%)
Early stage	12	\$ 8,921,686	100.0%	\$ 8,081,517	100.0%

Sector	Number of Holdings	Cost	Percentage of venture investments at cost (%)	Fair value	Percentage of venture investments at fair value (%)
Information Technology	9	\$ 7,189,603	80.6%	\$ 6,774,434	83.8%
Cleantech	3	1,732,083	19.4%	1,307,083	16.2%
	12	\$ 8,921,686	100.0%	\$ 8,081,517	100.0%

Portfolio Holdings	Fair value
Private	\$ 8,081,517

See accompanying notes to financial statements.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (Continued)

BA's, Bank instruments and Income Notes - 05 Series, 09 Series and 10 Series

See accompanying notes to financial statements.

As at February 28, 2011

Units/Par Value	Issuer	Maturity date	Cost (\$)	Fair Value (\$)	Percentage of Net Assets
<b>Short term Investments and Bonds</b>					
<b>Bankers' Acceptances</b>					
\$ 579,081	TD Bank	March 25, 2011	\$ 578,599	\$ 578,618	
2,505,906	TD Bank	January 3, 2012	2,473,686	2,472,553	
402,000	TD Bank	July 25, 2011	399,912	399,951	
2,012,919	TD Bank	March 25, 2011	2,011,245	2,011,309	
1,506,094	TD Bank	January 3, 2012	1,486,729	1,486,048	
<b>Total Bankers' Acceptances</b>			\$ 6,950,171	\$ 6,948,479	31.3%
<b>Bank Instruments</b>					
\$ 1,100,000	National Bank of Canada	December 22, 2019	\$ 1,191,435	\$ 1,166,496	
1,100,000	Bank of Nova Scotia	April 15, 2014	1,180,183	1,162,932	
<b>Total Bank Instruments</b>			\$ 2,371,618	\$ 2,329,428	10.5%
<b>Total Short term Investments and Bonds</b>			\$ 9,321,789	\$ 9,277,907	41.8%
<b>Income Notes</b>					
1,317,964	National Bank of Canada	February 23, 2016	\$ 1,317,964	\$ 1,454,169	6.6%
<b>Short-term Investments, Bonds and Income Notes<sup>1</sup></b>			\$ 10,639,753	\$ 10,732,076	48.4%

See accompanying notes to financial statements

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Net Assets – 11 Series

At February 28, 2011<sup>(1)</sup>  
(unaudited)

## Assets

Short-term investments and bonds	-
Income notes	-
Total non-venture assets	-
Venture investments	-
Total portfolio assets	-
Cash and cash equivalents	\$ 1,778,383
Divestment proceeds receivable	-
Subscriptions receivable	1,570,496
Accrued interest receivable	-
Accounts receivable	-
Future income tax	-
	3,348,879

## Liabilities

Accounts payable and accrued liabilities [Note 8]	1,546
IPA payable	-
Contingent IPA payable	-
Income and capital taxes payable	-
Unearned revenue venture	-
	1,546

<b>Net assets</b>	<b>\$ 3,347,333</b>
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## Shares outstanding [Note 4]

11 Series	335,018
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## Net assets per share

11 Series	10.00
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<sup>(1)</sup> Comparative figures are not available as sales of this series commenced on September 3, 2010

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Operations –11 Series

Six month period  
ended February 28,  
2011<sup>(1)</sup>

(unaudited)

Investment income:	
Interest – short-term investments and bonds	\$ -
Interest – income notes	-
Interest – venture investments	-
Interest – other	35
	<hr/>
	35
Expenses:	
Management fees	-
Administration fees	-
Capital retention administration fees	1,696
Directors' fees	-
Service fees	969
Capital taxes	-
Other	220
	<hr/>
	2,885
Investment income (loss)	(2,850)
Provision for income taxes (expense) recoverable	-
Future income tax benefit (expense)	-
	<hr/>
Net investment income (loss)	(2,850)
	<hr/>
Realized gain (loss) from:	
Venture investments	-
Short-term investments and bonds	-
Income notes	-
	<hr/>
Total realized gain (loss)	-
Incentive participation dividend [Note 4]	-
	<hr/>
Net realized gain (loss)	-
Change in unrealized appreciation (depreciation) of:	
Venture investments	-
Divestment proceeds receivable	-
Short-term investments and bonds	-
Income notes	-
	<hr/>
Net change in unrealized appreciation (depreciation)	-
Increase (decrease) in net assets from operations	(2,850)
	<hr/>
Increase (decrease) in net assets from operations per series share	(0.03)

<sup>(1)</sup> Comparative figures are not available as sales of this series commenced on September 3, 2010

See accompanying notes to financial statements.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Changes in Net Assets – 11 Series  
Six month periods ended February 28, 2011 (unaudited)

February 28,<sup>(1)</sup>  
2011

Net assets, beginning of period	\$ -
Changes during the year:	
Net increase (decrease) in net assets from operations	(2,850)
Increase (decrease) in net assets from IPA recovery [Note 4 and 7]	-
<u>  Increase (decrease) in net assets from operations from converted shares [Note 4 and 7]</u>	<u>-</u>
	(2,850)
Capital transactions:	
Proceeds from issuance of Class A shares	3,355,183
Payment on redemption of Class A shares	(5,000)
Share conversion [Note 4 and 7]	-
	<u>3,350,183</u>
Dividends from Class A shares:	
From investment income	-
Prior to share conversion [Note 4 and 7]	-
	<u>-</u>
<u>Net assets, end of period</u>	<u>\$3,347,333</u>

<sup>(1)</sup> Comparative figures are not available as sales of this series commenced on September 3, 2010

See accompanying notes to financial statements.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Cash Flows – 11 Series

As at February 28, 2011

	Six-month <sup>(1)</sup> period ended February 28, 2011
	(unaudited)
Cash flow provided by (used for):	
Cash flows from operating activities:	
Net investment income (loss)	\$ (2,850)
Changes in non-cash operating accounts:	
Subscriptions receivable	(1,570,496)
Accrued interest receivable	-
Accounts payable and accrued liabilities	1,546
Income and capital taxes payable (receivable)	-
Divestment proceeds receivable	-
Contingent IPA dividend payable	-
IPA dividend payable	-
Future income tax liability	-
Unearned revenue venture	-
Inter-series payable	-
	<u>(1,571,800)</u>
Cash flows from investing activities:	
Proceeds of disposition of portfolio assets	
Disposition of venture investments	-
Disposition of short-term investments and bonds	-
Disposition of income notes	-
Purchase of portfolio assets	
Purchase of venture investments	-
Purchase of short-term investments and bonds	-
Purchase of income notes	-
	<u>-</u>
Cash flow from financing activities:	
Proceeds from issuance of Class A shares	3,355,183
Payment on redemption of Class A shares	(5,000)
Dividends paid on Class A shares	-
Subscriptions receivable	-
	<u>3,350,183</u>
Increase (decrease) in cash position	<u>1,778,383</u>
Cash position, beginning of period	-
Cash position, end of period	<u>\$1,778,383</u>

<sup>(1)</sup> Comparative figures are not available as sales of this series commenced on September 3, 2010

See accompanying notes to financial statements.

## GROWTHWORKS COMMERCIALIZATION FUND LTD.

11 Series

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### Discussion of Financial Risk Management (Note 3)

#### *Liquidity Risk*

At the February 28, 2011, all of the Fund's financial liabilities are due within one year. Total financial liabilities of the Series as at were \$ 1,546.

#### *Credit Risk*

The maximum exposure to credit risk at February 28, 2011 is \$1.6 million which represents approximately 46.9% of the Series' net assets. This is comprised of \$1.6 million in receivables.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to Financial Statements

For the six month period ended February 28, 2011

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## 1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT

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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 2010 and 2011. The Fund is also an approved fund under the Labour-sponsored Venture Capital Corporations Act (Saskatchewan) (the "Saskatchewan Act"). Effective December 15, 2010, the Fund was registered as a labour sponsored venture capital corporation in Manitoba. 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. "Series" refers to any or all of the Fund's series of Class A Shares, as the context requires.

Each year, the Fund expects to offer a new Series which will typically be offered for sale for a period ending about four to six months after the end of the RRSP season in which the Series was offered. Each Series is expected to have a dividend policy (Note 7) to pay a total of approximately 25% of the purchase price over approximately three years after the RRSP season in which the Series is offered for sale. Dividends are not guaranteed. The Fund previously offered Class A Shares of Series 1 (the "05 Series"), 06 Series (the "06 Series"), 07 Series (the "07 Series"), 08 Series (the "08 Series"), 09 Series (the "09 Series") and 10 Series (the "10 Series"). The Fund currently offers the 11 Series (the "11 Series") and expects to continue to offer the 11 Series until four to six months after March 1, 2011. The Fund's board has authorized the 12 Series (the "12 Series") and expects to commence offering the 12 Series on or about September 1, 2011.

Under the Fund's investment allocation rules, the 05 Series, the 09 Series and the 10 Series participate in the same venture and non-venture investment portfolios. A new Series such as the 11 Series will generally become subject to the investment allocation rules within 30 days of the end of the RRSP season in which it was offered. When a Series has completed its dividend policy and has been allocated interest and other income at least equal to the amount of dividends paid under its dividend policy, that Series will be converted into shares of the 05 Series at the relative net asset value. To date, the 06 Series, the 07 Series and the 08 Series have been converted into the 05 Series. See Note 7.

Under the Fund's investment allocation rules, the 05 Series, 09 Series and 10 Series participate in a shared investment portfolio and, accordingly, are presented as separate share Series in combined financial statements. The comparative periods and the relevant opening balances include the financial position and results of operations of the 08 Series. The 08 Series was converted into the 05 Series during the period (Note 7).

The Fund 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. In accordance with its registration in Manitoba, the Fund will begin making venture investments in Manitoba.

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).

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

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES

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### a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), including Accounting Guideline 18, Investment Companies.

### 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, being the differences between fair value and cost of these investments, are recorded in results of operations.

#### i) Publicly-traded:

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

#### ii) Privately-owned:

New venture investments in securities not having quoted market values are initially recorded at cost, which approximates fair value generally for one year, and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods 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.

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

New purchases and sales of short-term investments, bonds, income notes (which are linked to a basket of income trust units) ("income notes"), and instruments that offer participation in bank investments, which may include debt instruments and/or shares of Canadian banks and other bank debt instruments ("bank instruments"), are recorded on a trade-date basis, and are subsequently valued on the basis of bid quotations. The difference between estimated fair value and cost is recorded as an unrealized appreciation (depreciation) of short-term investments and bonds or income notes, as applicable.

### d) Income recognition

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

### e) Income taxes

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

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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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 the financial statements are allocated on an individual Series basis as if the Series were filing a separate income tax return. Where a Series utilizes tax deductions of another Series, the transfer of these tax deductions is reflected within income tax expense or recovery, as appropriate, and as an inter-series receivable or payable.

### f) Foreign exchange

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

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

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

### g) Per share values

Net assets per share is calculated based on the number of shares outstanding at the period end. 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 financial reporting purposes of some investment funds differ from net asset value ("NAV") used to transact share sales and redemptions, the Fund's net assets and NAV are the same.

### h) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires estimates and assumptions that affect the reported amount of certain assets and liabilities at the date of these financial statements and the reported amounts of certain revenue and expenses during the period.

Areas requiring the use of significant management estimates include estimations of the fair value of venture investments, including assessments of the financial condition of investees that might indicate a change in fair 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.

### i) Financial instruments

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

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

### j) 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).

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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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.

### k) Comparative figures

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

### l) Current and future accounting changes

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

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

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

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

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 3. FINANCIAL RISK MANAGEMENT

The Fund's financial asset and liability classifications as at February 28, 2011 and August 31, 2010 are as follows:

	05 Series, 09 Series, 10 Series		11 Series <sup>(1)</sup>	
	2011	2010	2011	2010
<i>Assets</i>				
Held for trading, at fair value	\$ 20,162,387	\$ 24,426,021	\$ 1,778,383	-
Loans and receivables, at amortized cost	1,484,782	1,270,815	1,570,496	-
<i>Total Financial Assets</i>	<i>\$ 21,647,169</i>	<i>\$ 25,696,836</i>	<i>\$ 3,348,879</i>	<i>-</i>
<i>Liabilities</i>				
Financial liabilities, at amortized cost	712,357	2,384,489	1,546	-
<i>Total Financial Liabilities</i>	<i>\$ 712,357</i>	<i>\$ 2,384,489</i>	<i>\$ 1,546</i>	<i>-</i>

<sup>(1)</sup> Comparative numbers are not available as sales of this Series commenced on September 3, 2010

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

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

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

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

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 3. FINANCIAL RISK MANAGEMENT (continued)

	05 Series, 09 Series, 10 Series	
<b>Quoted prices in active markets for identical assets (Level 1):</b>	2011	2010
Short-term investments & bonds	\$ 9,277,907	\$ 10,626,328
Income notes	1,454,169	1,258,780
Venture Investments	-	-
<i>Total Investments (Level 1)</i>	<i>\$ 10,732,076</i>	<i>\$ 11,885,108</i>
<b>Significant other observable inputs (Level 2):</b>	2011	2010
Short-term investments & bonds	\$ -	\$ -
Income notes	-	-
Venture Investments	-	-
<i>Total Investments (Level 2)</i>	<i>\$ -</i>	<i>\$ -</i>
<b>Significant unobservable inputs (Level 3):</b>	2011	2010
Short-term investments & bonds	\$ -	\$ -
Income notes	-	-
Venture Investments	8,081,517	6,875,862
<i>Total Investments (Level 3)</i>	<i>\$ 8,081,517</i>	<i>\$ 6,875,862</i>

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

As at February 28, 2011

<b>Venture Investments</b>	2011
Beginning balance, September 1, 2010	\$ 6,875,862
Purchases	1,325,187
Sales	-
Net transfers into and/or out of Level 3	-
Realized gains/(losses)	-
Change in unrealized depreciation	(119,532)
Ending balance, February 28, 2011	\$ 8,081,517

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 3. FINANCIAL RISK MANAGEMENT (continued)

As at August 31, 2010

<b>Venture Investments</b>		<b>2010</b>
Beginning balance, September 1, 2009	\$	8,129,340
Purchases		2,401,501
Sales		(10,365,053)
Increase (decrease) due to converted shares		(1,372,953)
Net transfers into and/or out of Level 3		-
Realized gains/(losses)		8,018,539
Change in unrealized depreciation		64,488
Ending balance, August 31, 2010	\$	6,875,862

### 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 Handbook Section 3862. The Discussion of Financial Risk Management following the Fund's financial statements provides supplemental quantitative information and analysis of the risks specific to the Fund's financial instruments. The following is a complimentary qualitative discussion of risks applicable to the 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 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 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 has holdings in short-term investments and bonds, income notes and bank instruments that are exposed to interest rate risk and credit risk. There is minimal fair value sensitivity to interest rate fluctuations on cash and 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 may include high quality debt instruments, high yield investments, including income notes, and bank instruments. The values of certain of these investments may fluctuate relative to movements in the market value of the securities to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure is to limit the proportion of assets which can be invested in Directed Funds investments, as mandated by the investment strategy for Directed Funds.

#### *Liquidity Risk*

Liquidity risk is the risk that the Fund will have difficulty meeting obligations associated with financial liabilities. Liquidity risk for the Fund also arises from the need to meet share redemptions. New and follow-on venture investments, distributions of dividend payments, other operational commitments and redemptions of Class A shares, all draw on the Fund's liquidity.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 3. FINANCIAL RISK MANAGEMENT (continued)

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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 realize a smaller gain. If the Fund does not have sufficient liquidity to fund follow-on investments, it may incur dilution or, if the portfolio company cannot secure required financing from alternative sources, a loss of value on the investment. Class A shares must generally be held for eight years from the date of purchase in order for the holder to retain the benefit of tax credits claimed in respect of the shares. Accordingly, for liquidity management purposes the Fund considers shares to be redeemable only after expiry of this eight-year period. All references to “redeemable” shares should be read accordingly. As at the end of the year, all of the Fund’s financial liabilities are due within one year and none of the Fund shares are redeemable shares.

The Fund monitors 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 annual 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 aims to maintain a minimum level of excess liquidity of 35% of projected redemptions over a rolling 90-day period. As of February 28, 2011, 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 under the instrument, causing a financial loss. While the Fund’s venture investments include debt instruments, which expose the Fund to credit risk, most debt instruments held are convertible into equity securities and are expected to be converted well before a divestment opportunity arises. Upon conversion, the credit risk associated with the debt instrument may be replaced by other price risk associated with the equity securities, as discussed below. If not converted or redeemed upon 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 subject to other price risk, the credit risk associated with the venture portfolio is not considered to be significant.

#### ii) *Currency Risk*

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

#### iii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund’s venture portfolio contains debt instruments, most of which are generally convertible into equity. Accordingly, the Manager does not consider there to be significant interest rate risk on the investments as valuation is generally based on the underlying equity securities of the entity into which the debt is convertible. The values of the underlying equity securities generally do not change with changes in market interest rates, and the interest rates of these instruments are fixed, hence changes in market rates will not impact cash flows of the Fund.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 3. FINANCIAL RISK MANAGEMENT (continued)

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### iv) *Other Price Risk*

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

The Fund generally makes investments in private companies. While the Fund focuses on early stage investing, it 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.

If public venture investments are held, they may be grouped together. 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 the Fund may then be reported in the Discussion of Financial Risk Management following the Fund's financial statements. As at February 28, 2011, there were no public venture investments in the venture portfolio.

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 indices such as the NASDAQ Composite Index, which is the Fund's chosen broad-based index for benchmarking purposes, may be an indicator of the merger and acquisition ("M&A") and Initial Public Offering ("IPO") activity within the business sectors that the Fund invests, it is difficult to identify a direct correlation between published indices or sector metrics and actual performance of private venture investments. Changes in the value of this index and other sub-sector indices may therefore differ materially from changes in the value of the Fund's private

venture investments. Accordingly, a sensitivity analysis that would measure the impact on the Fund's net assets relative to changes in an index has not been provided as it is not considered meaningful.

### 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.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 3. FINANCIAL RISK MANAGEMENT (continued)

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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**

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

#### ii) *Interest Rate Risk*

Directed Funds investments are also subject to interest rate risk, however the exposure from income note holdings 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 Fund did not hold any bank instruments as at February 28, 2011, and as such is not exposed to interest rate risk on these investments. 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 and bank instruments. 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 six month period ended February 28, 2011

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## 4. SHARE CAPITAL

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### Authorized

- Unlimited number of Class A Shares, issuable in series. The Fund has previously offered 05 Series, 06 Series, 07 Series, 08 Series, 09 Series, 10 Series. The Fund currently offers the 11 Series. The 12 Series has been authorized by the Board of Directors and is expected to commence being offered in September 2011.
- 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
  - Seventh series – unlimited number of 11 Series
- In accordance with the Fund's investment allocation rules, the 06 Series shares were converted into shares of the 05 Series effective April 17, 2009, the 07 Series shares were converted into shares of the 05 Series effective February 26, 2010 and the 08 Series shares were converted into shares of the 05 Series effective February 25, 2011. See Note 7.
- 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%;

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 4. SHARE CAPITAL (continued)

*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.

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.

### Class A Shares:

The following shares were issued and redeemed during the period ended February 28, 2011:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of Shares	Conversion of shares 08 Series to 05 Series (Note 8)	Redemption of Shares	Outstanding Shares at End of Period
05 Series	1,161,021	-	343,363	(8,356)	1,496,028
08 Series <sup>(1)</sup>	295,356	-	(293,854)	(1,502)	-
09 Series	290,259	-	-	(504)	289,755
10 Series	300,016	-	-	(1,000)	299,016
11 Series <sup>(2)</sup>	-	335,518	-	(500)	335,018

<sup>(1)</sup> Series was converted into the 05 Series on February 25, 2011.

<sup>(2)</sup> Series commenced offering on September 3, 2010.

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

Class A Shares	Outstanding Shares at Beginning of Period	Issue of Shares	Conversion of shares 07 Series to 05 Series	Redemption of Shares	Outstanding Shares at End of Period
05 Series	952,943	-	220,785	(12,707)	1,161,021
07 Series <sup>(1)</sup>	217,218	-	(215,718)	(1,500)	-
08 Series	296,609	-	-	(1,253)	295,356
09 Series	293,215	-	-	(2,956)	290,259
10 Series <sup>(2)</sup>	-	300,449	-	(433)	300,016

<sup>(1)</sup> Series was converted into the 05 Series on February 26, 2010

<sup>(2)</sup> Series commenced offering on September 3, 2010

### Class B Shares

10 Class B shares were outstanding throughout the period ended February 28, 2011 and for the year ended August 31, 2010.

### Class C Shares

100 Class C shares were outstanding throughout the period ended February 28, 2011 and for the year ended August 31, 2010.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 4. SHARE CAPITAL (continued)

### Redemption of Class A Shares

Shareholders may redeem all or some of their Series of Class A Shares held at the net asset value per Series share at the time of redemption, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of 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.

### Service fees for Class A Shares

During the period, a total of \$54,915 (February 28, 2010: \$31,506) 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:

<b>Class A shares -</b>	<b>Service Costs:</b>	<b>2011</b>	<b>2010</b>
05 Series	\$	27,373	\$ 16,849
08 Series <sup>(1)</sup>		8,865	6,981
09 Series		8,778	7,006
10 Series		8,930	670
11 Series <sup>(2)</sup>		969	-
	\$	54,915	\$ 31,506

<sup>(1)</sup> Series was converted into the 05 Series on February 25, 2011.

<sup>(2)</sup> Series commenced offering on September 3, 2011.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

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## 5. RELATED PARTY TRANSACTIONS

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### 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 asset value. The Manager pays these expenses on behalf of the Fund and is reimbursed. These reimbursements are reflected in "management fees" and "administration fees" on the Fund's Statements 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 the 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. There was no inter-series transfer of tax deductions as at February 28, 2011.

## 6. INCOME TAXES

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### a) 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 may record the refundable portion of its income taxes as an asset, if it intends to recover all of its refundable income taxes through the distribution of a Class A Share dividend from its net investment income and/or its realized capital gains on investments. In order to achieve timely distribution of dividends under the dividend policy, amounts may not always be distributed in the period in which the income is earned or capital gains occur.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 6. INCOME TAXES (continued)

If and to the extent the Fund is deemed to have distributed 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 period ended February 28, 2011, the Fund has a refundable portion of income taxes available in the amount of \$266,172 (2010 – \$112,478). During the period ended February 28, 2011, the Series distributed cash dividends of: \$293,854 for the 08 Series, \$289,755 for the 09 Series, and \$149,508 for 10 Series (2010: \$658,559 cumulative for the 07 Series, 08 Series and 09 Series).

The Fund accounts for income taxes using the taxes payable method. As a result, the Fund's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates (2011: 46.58%, 2010: 48.33%). The below table provides a detailed reconciliation of the tax expense and applicable adjustments for the period ended February 28, 2011:

	2011	2010
Investment income before income taxes	(227,413)	6,688,285
Combined federal and provincial statutory income tax rate	(105,929)	3,232,448
Refundable tax benefit	-	(1,772,533)
Reduced rate on Active Business Income for LSVCC	-	(267,017)
Untaxed portion of capital gains	-	(1,937,680)
Non-deductible items	-	930,255
Change in valuation allowance	39,300	48,263
Other	(13,178)	(39,517)
Net tax expense (recovery)	(79,807)	194,219

### b) 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 six month period ended February 28, 2011

## 6. INCOME TAXES (continued)

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

	05 Series, 08 Series <sup>(1)</sup> , 09 Series, 10 Series and 11 Series	
	2011	2010
Future income tax assets (liabilities):		
Tax loss carryforwards	\$ -	\$ -
Refundable capital gains tax	1,079,136	1,660,054
Deferred finance fees	64,230	98,405
Net unrealized (gains) losses on portfolio assets	395,850	322,375
Valuation allowance	(460,080)	(420,780)
<b>Net future income tax asset (liability)</b>	<b>\$ 1,079,136</b>	<b>\$ 1,660,054</b>

<sup>(1)</sup> Series was converted into the 05 Series on February 25, 2011.

### Income tax-loss carryforwards

The Fund does not currently have any capital loss carry-forwards available to offset future capital gains. The Fund also does not currently have non-capital losses available that may be carried forward and used to offset future income for tax purposes.

### Investment requirements

The *Income Tax Act* (Canada), the Ontario Act, the Manitoba 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

Each Series is expected to have a dividend policy to pay a total of approximately 25% of the purchase price over approximately three years after the RRSP season in which the Series is offered for sale. When a Series has completed its dividend policy and has been allocated interest and other income at least equal to the amount of dividends paid under its dividend policy payment, that Series is converted into shares of the 05 Series at relative net asset value. 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 series' relative NAV per share on the conversion date.

The 08 Series shares were converted into 05 Series shares based on the relative NAV per share of the two series on February 25, 2011. On February 25, 2011 NAV per share was \$10.09 per 05 Series share and \$11.79 per 08 Series share, and therefore each 08 Series share was converted into 1.17 shares of the 05 Series.

# GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the six month period ended February 28, 2011

## 8. 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 of accounts payable and accrued liabilities by significant category as at February 28, 2011, and August 31, 2010:

	05 Series, 08 Series <sup>(1)</sup> , 09 Series, 10 Series		11 Series <sup>(2)</sup>	
	2011	2010	2011	2010
Accrued management fees and administration fees	\$ 112,160	\$ 108,167	\$ 944	\$ -
Accrued incentives	39,844	45,859	602	-
Other payables/liabilities	278,418	305,664	-	-
Accounts payable and accrued liabilities	\$ 430,422	\$ 459,690	\$ 1,546	\$ -

<sup>(1)</sup> Series was converted into the 05 Series on February 25, 2011.

<sup>(2)</sup> Comparative numbers are not available as sales of this Series commenced on September 3, 2010

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

For the period ended February 28, 2011 the Fund paid a total of \$700 (2010: \$2,360) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.

## 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 investment 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 ended (August 31, 2010) and concluded that the fair value was, in all material respects, reasonable.





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