

GROWTHWORKS



Commercialization Fund

GrowthWorks Commercialization Fund Ltd.

05 Series

08 Series

09 Series

10 Series

2010 Annual Financial Statements

For the year ended August 31, 2010

GrowthWorks Commercialization Fund

Annual Report to Shareholders

To our investors:

Fiscal 2010 was a rewarding year for the Fund. We realized substantial returns on investments in three technology companies that were purchased by large international concerns. As a result, share prices of the Fund posted gains of 44%, 35%, 31% and 27% for the 05 Series, 08 Series, 09 Series and 10 Series respectively, for the one year period ended August 31, 2010.

The Fund placed \$2.04 million in new and follow-on investments in eight companies, which helped to maintain its position as one of the most active venture capital investors in Ontario. We also raised \$3.03 million from investors during our fiscal year.

The Fund paid dividends in February 2010 of \$1.00 per share on its each of the 07 Series and 08 Series shares and \$0.50 per share on its 09 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 the 10 Series shareholders in either February or March 2011, subject to Board approval.

We continue to enjoy a strong flow of attractive investment opportunities and a high success rate on a number of our investments. Our objective is to selectively capitalize on these opportunities with our solid financial resources and growing reputation as a leading venture capital investor. We are in an excellent position to maintain our long-term strategy of participating in early rounds of financing in emerging high-growth companies.

Early stage investments yield substantial returns

The Fund generated substantial gains on investments in three information technology companies during fiscal 2010 by adhering to its investment strategy of making investments in growth-oriented venture companies, building strong industry connections and managing risk through diversification. This formula delivered significant returns on our original investments in fiscal 2010 when:

- **Bump Technologies Inc.**, a touch-screen technology developer, was bought by Google in April 2010;

- **Sysomos Inc.**, a social media monitoring and analytics company, was purchased in July by MarketWire, an international distributor of company news releases and other communications; and
- **xKoto, Inc.**, a provider of powerful database virtualization software, was acquired by Teradata Corporation (NYSE: TDC) in May 2010.

Profits on these investments contributed to the increase in the net asset value (NAV) of the Fund during the fiscal year ended August 31, 2010.

Investing in new technology companies

Strong deal flow in fiscal 2010 coupled with a robust capital position enabled the Fund to invest \$1.58 million in the following three new portfolio companies:

- **MCN BioProducts Inc., Saskatoon, Saskatchewan (\$82,083):** This agricultural biotechnology company has developed technology that unlocks value from canola meal. One of the world's highest-quality plant-protein sources, canola meal is a by-product from the production of canola oil and is sold primarily as a low-value ingredient in animal nutrition markets. MCN BioProducts' technology converts canola meal into higher-value protein concentrates and fibre-protein products, among others. The company is seeking to commercialize its technology, initially in the animal feed industry and, when it is proven commercially viable, in the human cosmetic and food markets. One of the first licensees of this technology, **Can Pro Ingredients Ltd.**, recently commissioned a plant in Arborfield, Saskatchewan, to manufacture an array of products. These include a high-value fishmeal replacement for aquaculture, canola oil for animal feed products and pellets made from alfalfa and canola hulls. The Can Pro plant is currently operating near full capacity.
- **Bering Media Inc., Toronto, Ontario (\$1.0 million):** Bering Media has developed software that enables online advertisers to target online advertising to local users. The software acts as a real-time matching service. It enables online advertisers to target ads by neighbourhood and by street address while adhering to strict privacy laws for protecting the identity and location of online users.
- **iStopOver Inc., Toronto, Ontario (\$500,000):** iStopOver is an online service that enables homeowners to rent out space in their homes to travelers looking for unique

accommodations. The rental process takes place directly between the host and the guest, enabling travellers to dispense with agencies and to avoid high hotel costs.

Among our five follow-on investments, **PerspecSys Inc.**, received \$190,000 to help maintain its solid revenue growth. The company's services for improving the security, privacy and management of information are targeted to the rapidly growing number of companies adopting software-as-a-service applications. These applications include services such as salesforce.com, which manages customer information for approximately 77,000 customers, including Dell, Japan Post, Kaiser Permanente and SunTrust Banks.

At year-end, our portfolio comprised eight information technology companies and two cleantech companies. 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.

Looking ahead

While venture capital markets remain generally difficult, they are beginning to show signs of improvement and stabilization, according to the Canadian Venture Capital & Private Equity Association. Our growing reputation as a leading venture capital fund is providing us with numerous attractive business proposals and investment opportunities. We are primarily interested in early stage investments in the technology, cleantech and life sciences with a current focus on medical-devices sectors. And especially game-changing opportunities that require modest capital investment and short commercialization periods.

The Fund is well capitalized, however, we must remain prudent because of the shortage of co-investors and venture capital in Canada. Nevertheless, we believe that our robust deal flow and strong financial position will enable us to remain active venture capital investors. We anticipate completing up to four new investments within the next few months.

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 in respect of the plans and prospects of, and results achieved by, portfolio companies, deal flow and future capital raising and investment activity. Actual results may differ materially from those expressed or implied by such forward-looking statements as a result of numerous known and unknown risks affecting the Fund and current and future portfolio companies, including risks inherent in emerging businesses with unproven products or limited sales and other risks referenced in the Fund's public disclosure record. Many of these risks are beyond the control of the Fund, its manager and the Fund's portfolio companies. Neither the Fund nor its manager assumes any obligation to update any of the forward-looking statements made in this report.

Annual Compound Returns to August 31, 2010	1 Year	3 Years	5 Years	Since Inception ⁽¹⁾
05 Series	44.33%	5.57%	5.19%	4.29%
08 Series	45.01%	n/a	n/a	15.71%
09 Series	35.87%	n/a	n/a	15.99%
Benchmark – Globe Peer Index Return	-5.33%	-9.02%	-5.39%	05 Series / 08 Series / 09 Series -5.09% / -9.16% / -10.76%
Benchmark – NASDAQ Composite Index Return (C\$)	2.08%	-6.39%	-2.54%	05 Series / 08 Series / 09 Series -2.67% / -6.49% / -5.51%

THE MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The accompanying financial statements for the GrowthWorks Commercialization Fund Ltd. are the responsibility of the Manager, GrowthWorks WV Management 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 October 22, 2010 and are in accordance with Canadian generally accepted principles and reflect the Manager's best estimate and judgements.

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 member 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, 2010.

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 reappointment 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.



David Levi
President and CEO



Clint Matthews
CFO



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Chartered Accountants
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AUDITORS' REPORT

To the Shareholders of GrowthWorks Commercialization Fund Ltd. (the "Fund")

We have audited the statement of investment portfolio of the Fund as at August 31, 2010, the statements of net assets as at August 31, 2010 and 2009, and the statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Fund's 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 Fund's Manager, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements present fairly, in all material respects, the investment portfolio of the Fund as at August 31, 2010, its net assets as at August 31, 2010 and 2009 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, Canada

October 22, 2010

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Net Assets – 05 Series, 07 Series ⁽¹⁾, 08 Series, 09 Series and 10 Series
As at August 31

	2010	2009
Assets		
Cash and cash equivalents	\$ 5,665,051	\$ 137,251
Short-term investments and bonds	10,626,328	5,466,750
Income notes	1,258,780	1,012,088
Venture investments	6,875,862	8,129,340
Divestment proceeds receivable	1,176,921	-
Accounts receivable [Note 8]	6,339	6,557
Accrued interest receivable	87,555	279,445
Subscriptions receivable	-	18,362
Future income tax asset	1,660,054	-
Income and capital taxes recoverable	-	71,461
	27,356,890	15,121,254
Liabilities		
Accounts payable and accrued liabilities [Note 8]	459,690	714,536
IPA payable	1,924,799	-
Income and capital taxes payable	1,768,842	-
	4,153,331	714,536
Net assets per series		
05 Series	11,827,575	6,740,034
07 Series [Note 4 and 7]	- ⁽¹⁾	1,918,955
08 Series	3,824,680	2,853,629
09 Series	3,746,730	2,894,100
10 Series	3,804,574	- ⁽²⁾
Net assets	23,203,559	14,406,718
Shares outstanding [Note 4]		
05 Series	1,161,021	952,943
07 Series [Note 7]	- ⁽¹⁾	217,218
08 Series	295,356	296,609
09 Series	290,259	293,215
10 Series	300,016	- ⁽²⁾
Net assets per share		
05 Series	\$ 10.19	\$ 7.07
07 Series [Note 7]	- ⁽¹⁾	8.83
08 Series	12.95	9.62
09 Series	12.91	9.87
10 Series	12.68	- ⁽²⁾

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

⁽²⁾ Series commenced offering on September 4, 2009.

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Operations – 05 Series, 07 Series⁽¹⁾, 08 Series, 09 Series and 10 Series
For the years ended August 31

	2010	2009
Investment income:		
Interest – short-term investments and bonds	\$ 20,351	\$ 53,248
Interest – income notes	89,888	94,029
Interest – venture investments	1,247,898	668,338
Interest – other	32,160	11,648
	<u>1,390,297</u>	<u>827,263</u>
Expenses:		
Management fees [Note 5(a)]	322,795	237,688
Administration fees [Note 5(a)]	308,269	226,993
Capital retention administration fees [Note 5(a)]	134,575	105,006
Directors' fees	21,064	12,756
Service fees [Note 4]	81,138	59,398
Capital taxes	24,591	10,248
Other	206,839	141,228
	<u>1,099,271</u>	<u>793,317</u>
Net Investment income (loss)	291,026	33,946
Realized gain (loss) from:		
Short-term investments and bonds	31	594
Income notes	-	(205,928)
Venture investments	8,018,539	-
Total realized gain (loss)	<u>8,018,570</u>	<u>(205,334)</u>
Incentive participation dividend [Note 4]	(1,924,799)	-
Net realized gain (loss)	<u>6,093,771</u>	<u>(205,334)</u>
Change in unrealized appreciation (depreciation) of:		
Short-term investments and bonds	(3,109)	1,325
Income notes	242,109	(64,301)
Venture investments	64,488	(921,419)
	<u>303,488</u>	<u>(984,395)</u>
Investment income before income taxes	6,688,285	(1,155,783)
Provision for income taxes (expense) recoverable [Note 6]	(1,854,273)	26,576
Future income tax (expense) benefit	1,660,054	-
	<u>(194,219)</u>	<u>26,576</u>
Increase (decrease) in net assets from Operations	6,494,066	(1,129,207)
Increase (decrease) in net assets from operations		
05 Series	3,404,573	(1,213,982)
07 Series [Note 4 and 7]	- ⁽¹⁾	52,737
08 Series	1,279,515	67,342
09 Series	1,028,836	(35,304)
10 Series	781,142	- ⁽²⁾
	<u>6,494,066</u>	<u>\$ (1,129,207)</u>
Increase (decrease) in net assets from operations per series share		
05 Series	\$ 3.17	\$ (1.61)
07 Series [Note 4 and 7]	- ⁽¹⁾	0.24
08 Series	4.33	0.23
09 Series	3.53	(0.21)
10 Series	4.56	- ⁽²⁾

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

⁽²⁾ Series commenced offering on September 4, 2009.

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Changes in Net Assets – 05 Series, 07 Series⁽¹⁾, 08 Series, 09 Series and 10 Series
For the years ended August 31

	<u>05 Series</u>		<u>07 Series</u>		<u>08 Series</u>	
	2010	2009	2010	2009	2010	2009
Net assets, beginning of year	\$ 6,740,034	\$ 5,783,104	\$ 1,918,955	\$ 2,107,093	\$ 2,853,629	\$ 2,963,691
Changes during the year:						
Net increase (decrease) in net assets						
from operations	3,404,573	(1,213,982)	-	52,737	1,279,515	67,342
Increase (decrease) in net assets						
From IPA recovery [Note 4 and 7]	-	50,000	-	-	-	-
Increase (decrease) in net assets						
from operations from converted						
shares [Note 4 and 7]	-	-	95,971	-	-	-
	3,404,573	(1,163,982)	95,971	52,737	1,279,515	67,342
Capital transactions:						
Proceeds from issuance of						
Class A shares	-	2,176,178	-	-	-	133
Payment on redemption of						
Class A shares	(102,677)	(55,266)	(13,060)	(23,157)	(12,355)	(28,982)
Share conversion [Note 4 and 7]	1,785,645	-	(1,785,645)	-	-	-
	1,682,968	2,120,912	(1,798,705)	(23,157)	(12,355)	(28,849)
Dividends from Class A shares:						
From investment income	-	-	-	(217,718)	(296,109)	(148,555)
Prior to share conversion [Note 4 and 7]	-	-	(216,221)	-	-	-
	-	-	(216,221)	(217,718)	(296,109)	(148,555)
Net assets, end of year	\$ 11,827,575	\$ 6,740,034	-	\$ 1,918,955	\$ 3,824,680	\$ 2,853,629

	<u>09 Series</u>		<u>10 Series</u>		<u>Total</u>	
	2010	2009	2010	2009 ⁽²⁾	2010	2009
Net assets, beginning of year	\$ 2,894,100	-	-	-	\$ 14,406,718	\$ 10,853,888
Changes during the year:						
Net increase (decrease) in net assets						
from operations	1,028,836	(35,304)	781,142	-	6,494,066	(1,129,207)
Increase (decrease) in net assets						
from IPA recovery [Note 4 and 7]	-	-	-	-	-	50,000
Increase (decrease) in net assets						
from operations from converted						
shares [Note 4 and 7]	-	-	-	-	95,971	-
	1,028,836	(35,304)	781,142	-	6,590,037	(1,079,207)
Capital transactions:						
Proceeds from issuance of						
Class A shares	-	2,929,404	3,028,514	-	3,028,514	5,105,715
Payment on redemption of						
Class A shares	(29,974)	-	(5,082)	-	(163,148)	(107,405)
Share conversion [Note 4 and 7]	-	-	-	-	-	-
	(29,974)	2,929,404	3,023,432	-	2,865,366	4,998,310
Dividends from Class A shares:						
From investment income	(146,232)	-	-	-	(442,341)	(366,273)
Prior to share conversion [Note 4 and 7]	-	-	-	-	(216,221)	-
	(146,232)	-	-	-	(658,562)	(366,273)
Net assets, end of year	\$ 3,746,730	\$ 2,894,100	\$ 3,804,574	-	\$ 23,203,559	\$ 14,406,718

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

⁽²⁾ Series commenced offering on September 4, 2009.

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statements of Cash Flows – 05 Series, 07 Series⁽¹⁾, 08 Series, 09 Series and 10 Series
For the years ended August 31

	2010	2009
Cash flow provided by (used for):		
Cash flows from operating activities:		
Net investment income (loss)	\$ 291,026	\$ 33,946
Net income tax (expense) recoverable	(194,219)	26,576
Increase (decrease) in net assets from operations from converted shares	95,971	-
Changes in non-cash operating accounts:		
Accounts receivable	218	61,784
Accrued interest receivable	191,891	(279,445)
Accounts payable and accrued liabilities	(254,846)	383,201
Income and capital taxes payable (receivable)	1,840,303	18,160
Divestment proceeds receivable	(1,176,921)	-
Future income tax asset	(1,660,054)	-
IPA dividend payable	1,924,799	-
	1,058,168	244,222
Cash flows from investing activities:		
Proceeds of disposition of portfolio assets		
Disposition of short-term investments and bonds	13,589,339	19,246,644
Disposition of income notes	-	400,363
Disposition of venture investments	10,365,053	-
Purchase of portfolio assets		
Purchase of short-term investments and bonds	(17,383,628)	(19,310,045)
Purchase of income notes	-	(659,866)
Purchase of venture investments	(2,401,501)	(4,749,998)
IPA dividends payable	(1,924,799)	-
	2,244,464	(5,072,902)
Cash flow from financing activities:		
Proceeds from issuance of Class A shares	3,028,515	5,105,715
Payment on redemption of Class A shares	(163,149)	(107,405)
Dividends paid on Class A shares	(658,560)	(366,273)
Subscriptions receivable	18,362	(18,362)
	2,225,168	4,613,675
Increase (decrease) in cash position	5,527,800	(215,005)
Cash position, beginning of year	137,251	352,256
Cash position, end of year	\$ 5,665,051	\$ 137,251

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

05 Series, 08 Series 09 Series and 10 Series

Discussion of Financial Risk Management (Note 3)

Liquidity Risk

As at August 31, 2010, all of the Fund's financial liabilities are primarily due within one year. Total financial liabilities of these Series were approximately \$2.4 million (2009: \$0.7 million).

Credit Risk

The maximum exposure to credit risk at August 31, 2010 is \$18.7 million which represents approximately 80.5% of these Series' net assets. This is comprised of \$5.5 million of venture investments, \$10.6 million of short-term investments and BA's, \$1.3 million of income notes and \$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 August 31, 2010 is as follows:

Financial Assets	Impaired only		Past Due only		Past Due and Impaired		Total Past Due and/or Impaired	
	2010	2009	2010	2009	2010	2009	2010	2009
Venture investment debt:								
Current	\$ 612,500	\$ 870,658	\$ -	\$ -	\$ -	\$ -	\$ 612,500	\$ 870,658
< 1 year past due	-	-	-	625,000	-	-	-	625,000
Divestment proceeds receivable:								
Current	1,176,921	-	-	-	-	-	1,176,921	-
Total	\$ 1,789,421	\$ 870,658	\$ -	625,000	\$ -	\$ -	\$ 1,789,421	\$ 1,495,658

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 \$987,499 (2009: \$870,658). Total divestment proceeds receivable as at August 31, 2010 amount to \$2.6 million with a cumulative unrealized reserve recorded of \$2.5 million. No other investments are past due or impaired at August 31, 2010.

- Short-term Investments and Bonds:

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

Short-term Investments and Bonds, by credit rating	Fair value		Percentage of portfolio		Percentage of net assets	
	2010	2009	2010	2009	2010	2009
AAA	\$ -	\$ 2,763,830	-	50.6%	-	19.2%
AA	10,626,328	2,702,920	100.0%	49.4%	45.8%	18.8%
Total	\$ 10,626,328	\$ 5,466,750	100.0%	100.0%	45.8%	38.0%

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 August 31, 2010, the Fund had \$1.1 million of 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 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, 2010 short-term investments and banker's acceptances comprising approximately 45.8% of these Series' combined investments are exposed to interest rate risk. The Manager does not consider the Series' debt venture investments to be exposed to interest rate risk as discussed in note 3(b)(iii). At August 31, 2010, if market interest rates had increased or decreased by 1%, with all other factors remaining constant, net assets would have decreased or increased respectively by approximately \$24,441 representing approximately 0.1% of the Series net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

Short-term Investments and Bonds by maturity date	Fair value		Percentage of portfolio		Percentage of net assets	
	2010	2009	2010	2009	2010	2009
Less than 1 year	\$ 10,626,328	\$ 5,466,750	100.0%	100.0%	45.8%	38.0%
Total	\$ 10,626,328	\$ 5,466,750	100.0%	100.0%	45.8%	38.0%

Other Price Risk

As at August 31, 2010, these Series are exposed to other price risk from income notes. Investments in income notes represent \$1.26 million (2009: 1.0 million) or 5.4% (2009: 7.0%) of the Series' net assets. At August, 2010, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the portfolio:

Portfolio	Benchmark	Effect on net assets		Percentage effect on net assets	
		2010	2009	2010	2009
Income Notes	S&P/TSX Capped Income Trust Index	\$ 18,126	\$ 8,502	0.1 %	0.1%
		\$ 18,126	\$ 8,502	0.1 %	0.1%

This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmark compared to the actual 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, 08 Series, 09 Series and 10 Series

As at August 31, 2010

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost (\$)	Equity at cost (\$)	Total (\$)	Percentage of total net assets
Investee Companies					
Cleantech:					
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	
		\$ 982,083	\$ -	\$ 982,083	4%
Information Technology:					
Paymentus Inc., Series A Preferred Shares	625,000	-	625,000	625,000	
Kibboko Inc., Convertible Debenture, 12%, due on demand	170,230	170,230	-	170,230	
Kibboko Inc., Debenture, 12%, due on demand	1,077,793	1,077,793	-	1,077,793	
Octopz Inc., Convertible Debenture, 10%, 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., Convertible Debenture 16%, due December 1, 2010	850,000	850,000	-	850,000	
PerspecSys Inc., Debenture 12%, due on demand	94,444	94,444	-	94,444	
PerspecSys Inc., Debenture 12%, due on demand	94,444	94,444	-	94,444	
Peerset Inc., Convertible Debenture 16%, due February 21, 2011	900,000	900,000	-	900,000	
Peerset Inc., Debenture 10%, due on demand	57,506	57,506	-	57,506	
iStopOver Inc., in Escrow	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	
		\$ 5,519,416	\$ 1,095,000	\$ 6,614,416	29%
Total venture investments, at cost		\$ 6,501,499	\$ 1,095,000	\$ 7,596,499	33%
Unrealized appreciation (depreciation) of venture investments				(720,637)	
Total venture investments, at estimated fair value				\$ 6,875,862	30%

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (continued)

Venture Investments - 05 Series, 08 Series, 09 Series and 10 Series

As at August 31, 2010

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	10	\$ 7,596,499	100%	\$ 6,875,862	100%

Sector	Number of Holdings	Cost	Percentage of venture investments at cost (%)	Fair value	Percentage of venture investments at fair value (%)
Computer Services	8	\$ 6,614,416	87.1%	\$ 6,318,779	91.9%
Biotechnology	1	82,083	1.1%	82,083	1.2%
Energy/Environment	1	900,000	11.8%	475,000	6.9%
	10	\$ 7,596,499	100.0%	\$ 6,875,862	100.0%

Portfolio Holdings	Fair value	
Private	\$ 6,875,862	100%

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (continued)

Short-term Investments, Bonds and Income notes – 05 Series, 08 Series, 09 Series and 10 Series

As at August 31, 2010

Units/ Par value	Issuer	Maturity date	Cost (\$)	Fair value (\$)	Percentage of net assets
Short-term investments and bonds					
\$ 1,680,000	TD Bank Banker's Acceptance	Oct 15, 2010	\$ 1,678,341	\$ 1,678,102	
5,009,000	CIBC Bank Banker's Acceptance	Oct 25, 2010	5,002,128	5,001,286	
3,963,000	CIBC Bank Banker's Acceptance	Jan 14, 2011	3,948,416	3,946,940	
Total short-term investments and bonds			\$ 10,628,885	\$ 10,626,328	46%
Income notes					
1,500	National Bank income notes	February 23, 2016	\$ 1,317,964	\$ 1,258,780	5%
Short-term investments, bonds, and income notes			\$ 11,946,849	\$ 11,885,108	51%

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2010 and 2009

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 2009 and 2010. 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. "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 has 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 will be offering Class A shares 11 Series (the "11 Series") commencing on or about September 1, 2010.

As approved by shareholders at the Fund's annual general meeting held on December 2, 2009, the Fund implemented revised investment allocation rules (the "Revised Investment Allocation Rules") on February 5, 2010. A Series will generally become subject to the Revised Investment Allocation Rules no later than 30 days of the end of the RRSP season in which it was offered. Accordingly, on the implementation date, the venture and non-venture investments of each Series other than the 10 Series were pooled, and those Series now participate in a common portfolio of venture and non-venture investments. As of March 26, 2010 the 10 Series began participating in the same venture and non-venture investments portfolios as all of the other Series. The Revised Investment Allocation Rules provide for greater diversification, a key investment strategy for reducing the risks associated with venture capital investing, and for prioritization of income allocation to facilitate payment of dividends in accordance with dividend policies adopted by the Board. 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. See Note 7.

As a result of adoption of the Revised Investment Allocation Rules, the 05 Series, 08 Series, 09 Series and 10 Series now participate in a shared investment portfolio and, accordingly, are presented as separate share Series in combined financial statements. The balances presented in the comparative periods have been combined to conform with the presentation in the current period.

The comparative periods and the relevant opening balances include the financial position and results of operations of the 07 Series. The 07 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.

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 Management Reports of Fund Performance of the Fund for the year ended August 31, 2010, 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.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

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, 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, 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 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.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (Note 5(b)).

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.
- iii) Realized and unrealized foreign currency gains or losses on investments are recorded in the results 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). 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.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

i) Effective September 1, 2009, the Fund adopted the amendments to the CICA Handbook Section 3862 *Financial Instruments — Disclosures* which requires the establishment of a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The fair value measurements are analyzed according to a fair value hierarchy with 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.

ii) The CICA Accounting Standards Board ratified a strategic plan in 2006 that will result in Canadian GAAP, as used by the Fund, converging with International Financial Reporting Standards ("IFRS") over a transitional period to be completed by 2011. In June 2010, Accounting Standards Board ("AcSB") issued an Exposure Draft "Adoption of IFRS by Investment Companies", which proposed adoption of IFRS by investment companies 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. Accordingly, the Fund will be implementing IFRS effective September 1, 2012. The International Accounting Standards Board also has projects currently underway that should result in new pronouncements which will be included in the convergence process.

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 have largely been completed, subject to new pronouncements expected from the (AcSB). 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.

Based on the Manager's current evaluation, the Manager expects the significant differences between Canadian GAAP and IFRS to include, but may not be limited to, the presentation of and accounting for redeemable share capital as a liability.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

3. FINANCIAL RISK MANAGEMENT

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

	2010	2009
<i>Assets</i>		
Held for trading, at fair value	\$ 24,426,021	\$ 14,745,429
Loans and receivables, at amortized cost	1,270,815	304,364
Total financial assets	\$ 25,696,836	\$ 15,049,793
<i>Liabilities</i>		
Financial liabilities, at amortized cost	2,384,489	714,536
Total financial liabilities	\$ 2,384,489	\$ 714,536

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

<u>Quoted prices in active markets for identical assets (Level 1):</u>	05 Series, 08 Series, 09 Series and 10 Series	
Short-term investments & bonds	\$	10,626,328
Income notes		1,258,780
Venture Investments		-
<i>Total Investments (Level 1)</i>	\$	11,885,108

<u>Significant other observable inputs (Level 2):</u>	05 Series, 08 Series, 09 Series and 10 Series	
Short-term investments & bonds	\$	-
Income notes		-
Venture Investments		-
<i>Total Investments (Level 2)</i>	\$	-

<u>Significant unobservable inputs (Level 3):</u>	05 Series, 08 Series, 09 Series and 10 Series	
Short-term investments & bonds	\$	-
Income notes		-
Venture Investments		6,875,862
<i>Total Investments (Level 3)</i>	\$	6,875,862

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

3. FINANCIAL RISK MANAGEMENT (continued)

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

<u>Venture Investments</u>	<u>05 Series, 08 Series, 09 Series and 10 Series</u>	
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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

3. FINANCIAL RISK MANAGEMENT (continued)

Class A shares, 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 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 August 31, 2010, 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.

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

3. FINANCIAL RISK MANAGEMENT (continued)

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 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 the Fund may then be reported in the Discussion of Financial Risk Management following the Fund's financial statements. As at August 31, 2010, 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.

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

3. FINANCIAL RISK MANAGEMENT (continued)

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 August 31, 2010, 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.

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, 09 Series and 10 Series. 11 Series has been authorized by the Board of
- Directors and will be 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
 - Seventh series – unlimited number of 11 Series

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

4. SHARE CAPITAL (continued)

- 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 and the 07 Series shares were converted into shares of the 05 Series effective February 26, 2010. 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%;

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. No IPA dividends were paid during the year; however, IPA dividends of \$1.92 million were accrued and allocated to these Series during the year.

Class A Shares:

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 ⁽¹⁾	217,218	-	-215,718	-1,500	-
08 Series	296,609	-	-	-1,253	295,356
09 Series	293,215	-	-	-2,956	290,259
10 Series ⁽²⁾	-	300,449	-	-433	300,016

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

⁽²⁾ Series commenced offering on September 4, 2009.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

4. SHARE CAPITAL (continued)

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	-	293,215	-	-	293,215

Class B Shares

10 Class B shares were outstanding throughout the years ended August 31, 2010 and August 31, 2009.

Class C Shares

100 Class C shares were outstanding throughout the years ended August 31, 2010 and August 31, 2009.

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 year, a total of \$81,138 (2009: \$59,398) 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 -	Service Costs:	2010	2009
05 Series	\$	41,965	\$ 27,852
07 Series ⁽¹⁾		-	9,638
08 Series	\$	15,284	14,240
09 Series	\$	15,249	7,668
10 Series ⁽²⁾	\$	8,640	-

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

⁽²⁾ Series commenced offering on September 4, 2009.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

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 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.

The table below reflects the inter-series borrowings as at August 31, 2009 as well as the amount of tax benefit related to deductions that have been transferred between Series' as a result of their individual tax position as at the end of the 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, 2010 and 2009

5. RELATED PARTY TRANSACTIONS (continued)

	05 Series		07 Series	
	2010	2009	2010	2009 ⁽²⁾
Current tax benefit (cost) related to inter-fund transfer (receipt) of tax deductions	\$ -	\$ 22,618	\$ -	\$ (39,411)
Inter-fund borrowings	-	(178,821)	-	373,668
Inter-fund receivable (payable)	\$ -	\$ (156,203)	\$ -	\$ 334,257

	08 Series		09 Series		10 Series
	2010	2009	2010	2009	2010 ⁽¹⁾
Current tax benefit (cost) related to inter-fund transfer (receipt) of tax deductions	\$ -	\$ (23,098)	\$ -	\$ 39,891	\$ -
Inter-fund borrowings	-	(82,781)	-	(112,056)	-
Inter-fund receivable (payable)	\$ -	\$ (105,889)	\$ -	\$ (72,165)	\$ -

⁽¹⁾ Series was converted into the 05 Series on February 26, 2010.

⁽²⁾ Series commenced offering on September 4, 2009.

There was no inter-series transfer of tax credits as at August 31, 2010 as all series of the Fund were reporting taxable income. (Continued)

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 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 year in which the income is earned or capital gains occur.

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 year ended August 31, 2010, the Fund has a refundable portion of income taxes available in the amount of \$112,478 (2009 – \$39,071). During the year ended August 31, 2010, the Series distributed cash dividends of: \$216,218 for the 07 Series, \$296,109 for the 08 Series, and \$146,232 for 09 Series (2009: \$635,272 cumulative for the 06 Series, 07 Series and 08 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 (2010: 48.33%, 2009: 48.70%). The below table provides a detailed reconciliation of the tax expense and applicable adjustments for the years ended August 31:

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

6. INCOME TAXES (continued)

	2010	2009
Investment income before income taxes	6,688,285	(1,155,783)
Combined federal and provincial statutory income tax rate	3,232,448	(562,866)
Refundable tax benefit	(1,772,533)	(39,071)
Reduced rate on Active Business Income for LSVCC	(267,017)	33,907
Untaxed portion of capital gains	(1,937,680)	289,699
Non-deductible items	930,255	-
Change in valuation allowance	48,263	357,084
Other	(39,517)	(105,329)
Net tax expense (recovery)	194,219	(26,576)

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.

The components of future income tax balances at August 31, 2010 and August 31, 2009 are as follows:

	05 Series, 08 Series, 09 Series and 10 Series	
	2010	2009
Future income tax assets:		
Tax loss carryforwards	\$ -	\$ 6,852
Refundable capital gains tax	1,660,054	-
Deferred finance fees	98,405	79,293
Unrealized losses on portfolio assets	322,375	287,485
Future income tax liabilities:		
Unrealized gains on portfolio assets	-	(1,114)
Valuation allowance	(420,780)	(372,516)
Net future income tax asset (liability)	\$ 1,660,054	\$ -

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 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.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2010 and 2009

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 net asset value per share on the conversion date. The 07 Series shares were converted into 05 Series shares based on the relative NAV per share of the two series on February 26, 2010. NAV per share was \$8.09 per 05 Series share and \$8.28 per 07 Series share, and therefore each 07 Series share was converted into 1.02 shares of the 05 Series.

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 of accounts payable and accrued liabilities by significant category as at August 31, 2010, and August 31, 2009:

	2010		2009	
Accrued management fees and administration fees	\$	108,167	\$	244,499
Accrued incentives		45,859		174,584
Other payables/liabilities		305,664		295,453
Accounts payable and accrued liabilities	\$	459,690	\$	714,536

9. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the year ended August 31, 2010 the Fund paid a total of \$1,212 (2009: \$610) 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 end (August 31, 2010) and concluded that the fair value was, in all material respects, reasonable.

GROWTHWORKS
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