



2011 Annual Financial Statements

For the year ended August 31, 2011

GrowthWorks Canadian Fund Ltd.

WV Canadian & Merger Series:

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

GIC Series:

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

Growth Series:

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

Income Series:

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

Financial Services Series:

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

Diversified and CMDF Reinvestment Series:

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

Performance Diversification Know-How

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

GrowthWorks Canadian Fund

Annual Report to Shareholders

To our investors,

The Fund remains one of the most mature and diversified venture capital funds in Canada. While difficult market conditions have caused GrowthWorks Canadian Fund to close sales of Class A shares [and pursue measures to manage levels of Class A share redemptions], the Fund's Board of Directors and Manager remain confident in the potential of our venture portfolio. Today, the portfolio consists of approximately 85 companies, which represent a broad cross-section of IT, life sciences, advanced manufacturing and cleantech businesses. We believe that many of our portfolio companies are solid merger and acquisition (M&A) and IPO candidates.

Over the past several years, our investment strategy has focused on existing portfolio companies that exhibit strong growth prospects and the best potential for profitable exits, rather than investing in new businesses. In keeping with this approach, we completed follow-on investments of approximately \$15.8 million in 19 portfolio companies during the year ended August 31, 2011. This is down from previous years, as many of our holdings have progressed beyond the capital-intensive early development stage. Our relatively mature portfolio continues to drive strong exit activity, with the Fund divesting 34 companies during fiscal 2011 generating close to \$50 million in proceeds to the Fund. Over the past 6 fiscal years, the Fund has achieved exits totalling more than \$300 million.

Subsequent to year end, on November 10, 2011, the Fund announced that it had adopted a redemption management plan or "RMP" whereby the Fund will close weekly Class A share redemptions and, subject to regulatory approval, would process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. The RMP was formulated to maintain meaningful levels of investor liquidity while at the same time preserve cash needed to fund follow on investments in the fund's most promising portfolio companies. Recent volatility in market conditions has impaired the Fund's ability to complete cash-generating exits from its venture portfolio, tightening the Fund's liquidity position. The Fund cannot continue to process all anticipated Class A share redemptions requests while at the same time preserve capital for follow-on investments. The Board of Directors and the Manager of the fund remain confident in the potential of the fund's mature, diversified venture portfolio. The primary objective of the RMP is to ensure the significant upside potential in the fund's portfolio can be cultivated and optimized for shareholders. If and when regulatory approval of this element of the RMP is

secured, the Fund will issue a press release announcing the first semi-annual redemption date and the process for lodging redemption requests under the RMP.

The NAV per share did not grow during the period primarily because of downward pressure on valuations caused by low levels of venture capital supply over the past several years and the impact of the strong Canadian dollar on certain U.S. dollar-denominated valuations.

Follow-on investments support growing companies

During the past 12 months, we focused our investment activity entirely on some of our most promising portfolio companies that required additional capital to support their growth. The following three companies are among the 19 companies that received follow-on investments from the Fund:

- **Ambit Biosciences (Canada) Corporation, Toronto, Ontario (\$4.3 million).** Ambit is an emerging biopharmaceutical company pursuing the discovery and development of small molecule kinase inhibitors for the treatment of cancer, inflammatory disease and other indications. Since the Fund's initial investment in 2004, Ambit has completed Phase I and started the first Phase II clinical trial of its lead product candidate (AC220) in treating acute myeloid leukemia. Our most recent investment in the company was part of a \$30 million syndicated financing round. The new funds will enable Ambit to continue the clinical development of AC220. Ambit's clinical pipeline also includes AC430, which has demonstrated encouraging efficacy in pre-clinical models of autoimmune and inflammatory diseases, and AC480, which is under trial to assess safety, pharmacokinetics and anti-tumour activity in patients with advanced solid tumours. In November 2010, Ambit filed a registration statement to go public on NASDAQ.
- **BTI Photonic Systems, Ottawa, Ontario (\$2.4 million).** BTI Systems seeks to address growing demand for high-capacity fibre optic networks. Its telecommunication services and products are used by network owners to expand capacity for services such as video and data communications which require large amounts of bandwidth. Headquartered in the heart of Ottawa's technology corridor, BTI Systems operates regional sales, research and development hubs in key technology markets around the globe. The company currently serves more than 300 international customers and has recently moved aggressively into Asia and the United States.
- **OneChip Photonics, Ottawa, Ontario (\$3.0 million).** OneChip continues to distinguish itself as an innovator in the optical communications industry. For the second year in a

row, the company was named to *EE Times* Top 60 Emerging Start-ups list, which is informally known as the Silicon 60. Founded in 2005, OneChip develops and manufactures low-cost, high-performance optical transceivers which enable broadband carriers to increase the speed of their services over fibre-based optical networks, while keeping user costs low. The latest round of funds (\$18 million in total from all investors) will be used to move the company from development to production of its monolithically integrated passive optical network (PON) optical transceiver product range. OneChip has been supplying PON transceiver samples to potential customers since January 2011 and is aiming to start production in the first quarter of 2012.

Portfolio exits generate strong returns

During fiscal 2011, we completed 34 exits with a total value of approximately \$50 million. The high level of exit activity is largely a function of our portfolio's overall maturity and improved M&A market conditions that persisted for most of the fiscal year, and is in line with the Fund's portfolio planning strategy. Highlights include:

- **Gemin X Pharmaceuticals, Inc.** In March 2011, we announced that Gemin X, a pharmaceutical company focused on the discovery, development and commercialization of novel, targeted cancer therapeutics, was acquired by a leading global biopharmaceutical company (Cephalon, Inc.) for US\$225 million. The Fund could also receive up to \$6.6 million in additional funds upon the achievement of certain regulatory and sales milestones. The Fund acquired Gemin X in 2009, when we merged with Canadian Medical Discoveries Fund Inc. (CDMF).
- **Paymentus Corporation.** In September 2011, our interest in Paymentus, a leading electronic bill payment company, was acquired as part of a large equity investment made by Accel-KKR, a technology-focused private equity firm. With the Fund more than doubling its original investment in Paymentus, we view this exit as further confirmation of both our investment philosophy and the strong early stage investment opportunities that exist in Canada.

The Fund also completed profitable exits from Cengea Solutions Inc. and from our last notable real estate holding, Castlemore Country Club, a golf course and residential housing project in Brampton, Ontario.

Portfolio companies regain market attention

We are currently seeing signs that the Life Sciences sector, which has lagged recently despite promising long-term fundamentals, may be gaining strength. The Fund's Life Science's portfolio has several strong companies, including agricultural biotechnology companies **Targeted Growth Inc.** and **Agrisoma Biosciences Inc.**, and medical device companies **Orthopaedic Synergy, Inc.** and **ViOptix Canada Inc.**

To learn more about our portfolio companies, visit www.growthworks.ca/canadian and choose "Portfolio." Then click on the link to the respective company websites.

Venture capital market activity slows

Canadian venture capital (VC) deal-making showed moderate growth during the first half of calendar 2011, rising by about 10% compared to the same period last year. However, continued financing of VC-backed companies has become increasingly threatened due to the ongoing decline in VC fundraising, according to Canada's Venture Capital & Private Equity Association (CVCA). New capital commitments to VC funds for the six months ended June 30, 2011 were down 46% compared to the first half of 2010.

During the first half of the year, we did see a strong level of exits, with 14 liquidity events occurring during the first six months of 2011. The activity was led by strategic acquisitions and one VC-backed IPO reported by mid-August. More recently, however, volatility in the overall capital markets has negatively impacted levels of exit activity.

Proposal to Acquire the VenGrowth Funds

During the year, shareholders of the Fund approved a proposed merger of some or all of the VenGrowth Funds into the Fund. The board of directors of the VenGrowth Funds negotiated an alternative merger proposal whereby the VenGrowth Funds would be merged into Covington Fund II Inc. The Fund believes that the GrowthWorks proposal offered a number of advantages for Class A shareholders of the VenGrowth Funds as compared to the Covington proposal. Despite the Fund soliciting proxies voting against the Covington proposal, shareholders of the VenGrowth Funds approved the Covington proposal and the VenGrowth Funds were merged into Covington Fund II Inc. As a result, the VenGrowth Funds will not be merged into the Fund.

Looking Ahead

Our outlook for the coming year remains optimistic, however we expect market volatility will continue in the near term, which may limit exit opportunities and impact levels of available cash in the Fund. The supply of VC funds is down dramatically over recent years, which has created a “buyer’s market” within our industry. For the Fund, this means our holdings may be re-valued at lower prices when portfolio companies require increasingly scarce follow-on capital. While this has a potentially negative affect on our NAV, it can provide opportunities to maintain, or increase, our ownership stake in solid companies with fewer dollars invested. At the same time, many of the Fund’s portfolio companies continue to mature, creating an ever-stronger portfolio.

While exit opportunities may decline in the near term, looking ahead we believe improving conditions in IPO and M&A markets in the medium term will pave the way for higher portfolio company valuations and increased exit opportunities. This should position the Fund well to realize full values for many of our portfolio companies, as with our exit from Gemin X. We also anticipate that stronger market conditions would drive share value appreciation in several of our higher-performing private companies, positioning them for exits and strong returns.

In the meantime, we will continue to provide ongoing financial and strategic support to our most promising portfolio companies, so that we may meet our growth objectives and effectively capitalize on exit opportunities as they arise. Our manager and Board of Directors will remain focussed on selectively deploying capital for follow-on investments and seeking-out exit opportunities that will support investor liquidity.

In closing, I’d like to thank all our shareholders for their continuing support and patience as we work to realize the Fund’s potential. I also thank the management of our portfolio companies for their hard work and achievements.

Sincerely,



David Levi, President and CEO
GrowthWorks Canadian Fund Ltd.

This report contains forward looking statements that are not based on historical or current fact, including but not limited to statements about future economic and market conditions, the Fund's ability to process Class A share redemptions, the business, plans and prospects of, and results achieved by, portfolio companies, future investment activity, expectations for divesting or exiting from investments in the Fund's venture portfolio, prospects for improved investor liquidity and the impact of market conditions on exit opportunities and portfolio values. 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 uncertainty surrounding applications for regulatory approval related to the RMP, economic and market conditions and, in turn, the climate for divestment activity, results achieved and further financing required by portfolio companies, future follow-on investment activity, timing of and proceeds from divestments of portfolio investments, higher than expected levels of Class A share redemptions, changing government policies and other 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. Unless required by law, neither Canadian Fund nor its manager assumes any obligation to update any forward-looking statements or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or other factors. There can be no assurance that the Fund will secure the necessary regulatory approvals to redeem Class A shares under the RMP or that the Fund will resume weekly, unrestricted redemptions of Class A shares.

Other Information: A description of the Fund's business plan for 2011, the extent to which the Fund met its objectives and its business plan for this year can be found in the Fund's prospectus dated November 17, 2010 (the "Prospectus"), including the sections called *Investment Objectives* and *Investment Strategies*, and the Fund's management reports of performance for the year-ended August 31, 2011 ("MRFPs"), including under the heading *Results of Operations*; particulars of compensation paid to board members of the Fund, including travel and other expenses, can be found in the Prospectus in the section called *Fees, Expenses and Dividends – Directors Remuneration*; a description of the risks associated with making investments in the Fund can be found in the Prospectus in the section called *Risk Factors*; a description of the Fund's process for valuing its Class A shares can be found in the Prospectus in the section called *Calculation of Net Asset Value*; and a description of the board's reserves policy can be found in the Prospectus in the section called *Investment Strategies – Reserves Policies* and in the MRFPs in the section called *Results of Operations – Liquidity*.

THE MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The accompanying financial statements for the GrowthWorks Canadian 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 November 16, 2011 and are in accordance with Canadian generally accepted accounting 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, 2011.

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.

November 16, 2011



David Levi
President and CEO



Clint Matthews
CFO



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

WV Canadian - Commission I	FOF Growth Series
CAVI Series	Venture / Income - Commission I
ENSIS Series	Venture / Income - Commission II
CMDF Series	Venture / Financial Services - Commission I
CSTGF Series	Venture / Financial Services - Commission II
FOF Traditional Series	Venture / Diversified - Commission I
Venture / GIC - Commission I	Venture / Diversified - Commission II
Venture / GIC - Commission II	Venture / CMDF Reinvestment - Commission I
Venture / Growth - Commission I	Venture / CMDF Reinvestment - Commission II
Venture / Growth - Commission II	(collectively, the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at August 31, 2011, the statements of net assets as at August 31, 2011 and 2010, the statements of operations, changes in net assets and cash flows for the years ended August 31, 2011 and 2010 and notes, comprising a summary of significant accounting policies and other explanatory information.

The Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the investment portfolio of GrowthWorks Canadian Fund Ltd. as at August 31, 2011, its net assets as at August 31, 2011 and 2010 and its results of operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants

November 29, 2011
Vancouver, Canada

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Net Assets
For the years ended August 31 (In thousands except per share amounts)

	2011	2010
Assets		
Cash	\$ 1,866	\$ 5,551
Restricted cash [Note 11]	-	2,204
Short-term investments and bonds	364	10,558
Guaranteed investment certificates	307	398
Venture investments	171,002	217,785
Divestment proceeds receivable	7,881	1,813
Accrued interest receivable	4,090	4,956
Other assets	154	99
Inter-series receivable [Note 8]	-	-
	\$ 185,664	\$ 243,364
Liabilities		
Accounts payable and accrued liabilities [Note 12]	\$ 4,030	\$ 3,686
Redemptions payable	132	108
Incentive participation dividend payable [Note 5]	1,857	711
Contingent IPA [Note 5]	3,667	5,184
Participation liability [Note 7]	21,810	18,158
Loan facility [Note 8]	1,936	-
Inter-series payable [Note 8]	2,140	2,340
	\$ 35,572	\$ 30,187
Net assets		
WV Canadian – Commission I	\$ 49,764	\$ 76,132
CAVI Series	6,572	10,312
ENSIS Series	30,500	44,976
CMDF Series	51,238	63,987
CSTGF Series	5,811	9,160
FOF Traditional Series	6,207	8,610
	\$ 150,092	\$ 213,177
Shares outstanding [Note 5]		
WV Canadian – Commission I	7,283	10,072
CAVI Series	1,049	1,429
ENSIS Series	5,268	6,648
CMDF Series	8,196	8,886
CSTGF Series	970	1,322
FOF Traditional Series	1,012	1,220
Net assets per share		
WV Canadian – Commission I	\$ 6.83	\$ 7.56
CAVI Series	6.27	7.22
ENSIS Series [Note 9]	5.79	6.77
CMDF Series	6.25	7.20
CSTGF Series	5.99	6.93
FOF Traditional Series	6.13	7.06

Subsequent Event [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –

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

Statements of Operations (In thousands except per share amounts)

For the years ended August 31

	2011	2010
Investment income:		
Interest – short-term investments and bonds	\$ 24	\$ 186
Interest – venture investments	3,521	2,733
Interest – income notes	-	291
Interest – bank instruments	-	51
Interest – other income	555	772
	4,100	4,033
Expenses:		
Management fees [Note 8]	3,618	5,446
Administration fees [Note 8]	3,527	5,156
Capital retention administration fees [Note 8]	348	592
Directors' fees	370	288
Legal fees	170	821
Service fees [Note 5]	832	1,234
Financing expense [Note 7]	6,778	1,422
Other	1,541	2,511
Total expenses before fee waiver	17,184	17,470
Expenses waived or absorbed by Manager	(148)	(22)
Net expenses	17,036	17,448
Net investment income (loss)	(12,936)	(13,415)
Realized gain (loss) from:		
Venture investments	(8,931)	(21,759)
Short-term investments and bonds	66	230
Bank instruments	-	69
Income notes	-	(1,948)
Index notes	-	(2)
Total realized gain (loss)	(8,865)	(23,410)
Incentive participation dividend [Note 5]	(343)	(710)
Net realized gain (loss)	(9,208)	(24,120)
Change in unrealized appreciation (depreciation) of:		
Venture investments	(33)	1,610
Short-term investments and bonds	(65)	(16)
Bank instruments	-	(43)
Income notes	-	3,331
Index notes	-	15
Change in unrealized appreciation (depreciation)	(98)	4,897
Contingent incentive participation dividend [Note 5]	(425)	(1,097)
Participation liability [Note 7]	(639)	(614)
Net change in unrealized appreciation (depreciation)	(1,162)	3,186
Increase (decrease) in net assets from operations before income taxes	(23,306)	(34,349)
Provision for income taxes (expense) recovery	-	-
Increase (decrease) in net assets from operations	(23,306)	(34,349)
Increase (decrease) in net assets from operations:		
WV Canadian – Commission I	\$ (6,534)	\$ (12,086)
CAVI Series	(1,144)	(1,745)
ENSIS Series	(5,476)	(7,783)
CMDF Series	(8,088)	(9,730)
CSTGF Series	(1,041)	(1,576)
FOF Traditional Series	(1,023)	(1,429)
Increase (decrease) in net assets from operations	\$ (23,306)	\$ (34,349)
Increase (decrease) in net assets from operations per share:		
WV Canadian – Commission I	\$ (0.76)	\$ (1.01)
CAVI Series	(0.93)	(1.03)
ENSIS Series	(0.92)	(0.90)
CMDF Series	(0.94)	(1.05)
CSTGF Series	(0.92)	(1.01)
FOF Traditional Series	(0.92)	(1.04)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –

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

Statements of Changes in Net Assets

(In thousands except per share amounts)

For the years ended August 31

	WV Canadian – Commission I		CAVI Series		ENSIS Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 76,132	\$ 122,447	\$ 10,312	\$ 16,604	\$ 44,976	\$ 63,053
Changes during the year:						
Net increase (decrease) in net assets from operations	(6,534)	(12,086)	(1,144)	(1,745)	(5,476)	(7,783)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(19,834)	(34,229)	(2,596)	(4,547)	(9,000)	(10,294)
	(19,834)	(34,229)	(2,596)	(4,547)	(9,000)	(10,294)
Net assets, end of year	\$ 49,764	\$ 76,132	\$ 6,572	\$ 10,312	\$ 30,500	\$ 44,976

	CMDF Series		CSTGF Series		FOF Traditional Series	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 63,987	\$ 79,022	\$ 9,160	14,384	\$ 8,610	\$ 12,515
Changes during the year:						
Net increase (decrease) in net assets from operations	(8,088)	(9,730)	(1,041)	(1,576)	(1,023)	(1,429)
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(4,661)	(5,305)	(2,308)	(3,648)	(1,380)	(2,476)
	(4,661)	(5,305)	(2,308)	(3,648)	(1,380)	(2,476)
Net assets, end of year	\$ 51,238	\$ 63,987	\$ 5,811	\$9,160	\$ 6,207	\$ 8,610

	Total	
	2011	2010
Net assets, beginning of year	\$ 213,177	\$ 308,025
Changes during the year:		
Net increase (decrease) in net assets from operations	(23,306)	(34,349)
Capital transactions:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(39,779)	(60,499)
	(39,779)	(60,499)
Net assets, end of year	\$ 150,092	\$ 213,177

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

WV Canadian –

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

Statements of Cash Flows

(In thousands except per share amounts)

For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flow from operating activities:		
Net investment income (loss)	\$ (12,936)	\$ (13,415)
Changes in non-cash operating accounts:		
Accrued interest receivable	866	2,872
Other assets	(55)	383
Income tax receivable	-	280
Accounts payable and accrued liabilities	344	(1,169)
Incentive participation dividend payable	-	1,808
Contingent IPA payable	(1,517)	-
Inter-series payable (receivable)	11,193	(4,926)
	(2,105)	(14,167)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	37,605	37,262
Disposition of short-term investments and bonds	26,416	32,173
Disposition of bank instruments	-	7,122
Disposition of income notes	-	9,401
Disposition of index notes	-	82
Purchase of portfolio assets:		
Purchase of venture investments	(12,385)	(19,657)
Purchase of short-term investments and bonds	(16,331)	(4,289)
Purchase of bank instruments	-	-
Purchase of income notes	-	-
Purchase of index notes	-	-
Restricted cash	2,204	3
Incentive participation dividend payable	1,146	-
Divestment proceeds receivable	(6,068)	(1,813)
	32,587	60,284
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	-	-
Payment on redemption of Class A shares	(39,779)	(60,499)
Loan facility	1,936	-
Subscriptions receivable	-	5
Participation liability	3,652	18,158
Redemptions payable	24	(585)
	(34,167)	(42,922)
Increase (decrease) in cash position	(3,685)	3,195
Cash position, beginning of year	5,551	2,356
Cash position, end of year	\$ 1,866	\$ 5,551
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ 11,393	\$ (14,767)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

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

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately \$35.6 million (2010: \$28.2 million). In addition, as of August 31, 2011, the net asset value of Class A Shares that are eligible for redemption without penalty totaled \$107.2 million (2010: \$166.9 million). The fund is not required to redeem all eligible Class A shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$44.3 million (2010: \$65.2 million) which represents approximately 29.5% (2010: 30.6%) of the Series' net assets. This is comprised of \$31.6 million (2010: \$47.4 million) of venture investments, \$671,602 (2010: \$11.0 million) of short term investments, bonds and GIC's, and \$12.0 million (2010: \$6.8 million) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 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	\$ 7,479	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 7,479	\$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	\$ 7,479	\$ 6,321	\$ 6,581	\$ 14,649	\$ 14,406	\$ 11,363	\$ 28,466	\$ 32,333

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 \$20.3 million (2010: \$28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

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

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	\$ -	\$ 10,558	-	96.4%	-	5.0%
R1	364	-	54.1%	-	0.2%	-
Not available	307	398	45.9%	3.6%	0.2%	0.1%
Total	\$ 671	\$ 10,956	100.0%	100.0%	0.4%	5.1%

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

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.6%) of the venture portfolio and 17.2% (2010: 60.7%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.4% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 5.1%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 2011, if market interest rates had increased or decreased by 1% with all other factors remaining constant, net assets for the Series would have increased or decreased respectively by approximately \$1,655 (2010: \$10,637), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material.

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 671	\$ 10,706	100.0%	97.7%	0.4%	5.0%
1-3 years	-	250	-	2.3%	-	0.1%
Total	\$ 671	\$ 10,956	100.0%	100.0%	0.4%	5.1%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent \$457,470 (2010: \$4.2 million) or 0.3% (2010: 2.0%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	\$ 22	\$ 77	0.0%	0.0%
		\$ 22	\$ 77	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$21,577 (2010: \$77,051) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Assets		
Cash	\$ 289	\$ 289
Guaranteed investment certificates	945	852
Venture investments	385	504
Divestment proceeds receivable	17	5
Accrued interest receivable	9	34
Subscriptions receivable	-	138
Inter-series receivable [Note 8]	-	-
	\$ 1,645	\$ 1,822
Liabilities		
Accounts payable and accrued liabilities [Note 12]	\$ 31	\$ 6
Redemption payable	-	-
Incentive participation dividend payable [Note 5]	4	2
Contingent IPA [Note 5]	8	13
Participation liability [Note 7]	49	42
Loan facility [Note 8]	4	-
Inter-series payable [Note 8]	142	278
	\$ 238	\$ 341
Net assets		
Venture / GIC Commission I	\$ 475	\$ 490
Venture / GIC Commission II	932	991
	\$ 1,407	\$ 1,481
Shares outstanding [Note 5]		
Venture / GIC Commission I	63	59
Venture / GIC Commission II	125	120
Net assets per share		
Venture / GIC Commission I	\$ 7.54	\$ 8.30
Venture / GIC Commission II	7.46	8.25

Subsequent Event [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I
Venture / GIC Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

	2011		2010
Investment income:			
Interest – venture investments	\$ 9	\$	10
Interest – other income	3		3
	12		13
Expenses:			
Management fees [Note 8]	29		24
Administration fees [Note 8]	28		23
Capital retention administration fees [Note 8]	18		14
Directors' fees	3		1
Legal fees	1		5
Service fees [Note 5]	2		2
Financing expense [Note 7]	18		6
Other	19		9
Total expenses before fee waiver	118		84
Expenses waived or absorbed by Manager	(1)		-
Net expenses	117		84
Net investment income (loss)	(105)		(71)
Realized gain (loss) from:			
Venture investments	(37)		(49)
Guaranteed investment certificates	-		-
Total realized gain (loss)	(37)		(49)
Incentive participation dividend [Note 5]	(1)		(2)
Net realized gain (loss)	(38)		(51)
Change in unrealized appreciation (depreciation) of:			
Venture investments	3		(8)
Guaranteed investment certificates	-		-
Change in unrealized appreciation (depreciation)	3		(8)
Contingent incentive participation dividend [Note 5]	(1)		(3)
Participation Liability [Note 7]	(2)		(2)
Net change in unrealized appreciation (depreciation)	-		(13)
Increase (decrease) in net assets from operations before income taxes	(143)		(135)
Provision for income taxes (expense) recovery	-		-
Increase (decrease) in net assets from operations	(143)		(135)
Net increase (decrease) in net assets from operations:			
Venture / GIC – Commissions I	\$ (48)	\$	(46)
Venture / GIC – Commissions II	(95)		(89)
Net increase (decrease) in net assets from operations	\$ (143)	\$	(135)
Net increase (decrease) in net assets from operations per share:			
Venture / GIC – Commissions I	\$ (0.77)	\$	(0.95)
Venture / GIC – Commissions II	(0.77)		(0.96)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I

Venture / GIC Commission II

Statements of Changes in Net Assets

(In thousands except per share amounts)

For the years ended August 31

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 490	\$ 327	\$ 991	\$ 527	\$ 1,481	\$ 854
Changes during the year:						
Net increase (decrease) in net assets from operations	(48)	(46)	(95)	(89)	(143)	(135)
Capital transactions:						
Proceeds from issuance of Class A shares	35	209	54	553	89	762
Payment on redemption of Class A shares	(2)	-	(18)	-	(20)	-
	33	209	36	553	69	762
Net assets, end of year	\$ 475	\$ 490	\$ 932	\$ 991	\$ 1,407	\$ 1,481

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I

Venture / GIC Commission II

Statements of Cash Flows

(In thousands except per share amounts)

For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (105)	\$ (71)
Changes in non-cash operating accounts:		
Accrued interest receivable	25	(30)
Accounts payable and accrued liabilities	25	5
Incentive participation dividend payable	-	5
Contingent IPA Payable	(5)	-
Inter-series payable (receivable)	(206)	(859)
	(266)	(950)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	132	212
Disposition of guaranteed investment certificates	-	-
Purchase of portfolio assets:		
Purchase of venture investments	(74)	(82)
Purchase of guaranteed investment certificates	-	-
Incentive participation dividend payable	2	-
Divestment proceeds receivable	(12)	(5)
	48	125
Cash flows from (used in) financing activities:		
Proceeds from issuance of shares	89	762
Payment on redemption of Class A Shares	(20)	-
Loan facility	4	-
Subscriptions receivable	138	70
Participation liability	7	42
Redemption payable	-	-
	218	874
Increase (decrease) in cash position	-	48
Cash position, beginning of year	289	241
Cash position, end of year	\$ 289	\$ 289
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ (70)	\$ (695)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / GIC Commission I

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

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately \$ 238,946 (2010: \$ 340,508).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$1.0 million (2010: \$1.1 million) which represents approximately 71.07% (2010: 76.9%) of the Series' net assets. This is comprised of \$71,098 (2010: \$109,814) of venture investments, \$945,005 (2010: \$851,920) of GIC's, and \$26,030 (2010: \$176,536) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 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	\$ 7,479	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 7,479	\$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	\$ 7,479	\$ 6,321	\$ 6,581	\$ 14,649	\$ 14,406	\$ 11,363	\$ 28,466	\$ 32,333

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 \$20.3 million (2010: \$28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments:

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

GIC's by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
Not available	\$ 945	\$ 852	100.0%	100.0%	67.2%	57.5%
Total	\$ 945	\$ 852	100.0%	100.0%	67.2%	57.5%

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

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.1% (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 August 31, 2011 the GIC portfolio comprising approximately 67.2% (2010: 57.5%) of the Series' net assets, are exposed to interest rate risk. The Manager considers the exposure to interest rate risk insignificant for GIC's as discussed in note 4(b)(iii). Further the Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). Given the nature of the holdings, a sensitivity analysis has not been provided as it would not be considered meaningful. The following table summarizes the Series' potential exposure to interest rate risk analyzed by maturity date:

GIC's by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
less than 1 year	\$ 945	\$ 316	100.0%	37.1%	67.2%	21.3%
1-3 years	-	536	-	62.9%	-	36.2%
Total	\$ 945	\$ 852	100.0%	100.0%	67.2%	57.5%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent \$1,029 (2010: \$9,661) or 0.1% (2010: 0.7%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

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

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$49 (2010: \$178) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Net Assets
 (In thousands except per share amounts)
 For the years ended August 31

	2011	2010
Assets		
Cash	\$ -	\$ -
Short-term investments and bonds	35	834
Guaranteed investment certificates	30	32
Venture investments	16,365	17,212
Divestment proceeds receivable	755	143
Accrued interest receivable	391	1,167
Subscriptions receivable	-	306
Inter-series receivable [Note 8]	655	223
	\$ 18,231	\$ 19,917
Liabilities		
Accounts payable and accrued liabilities [Note 12]	\$ 381	196
Incentive participation dividend payable [Note 5]	178	53
Contingent IPA [Note 5]	351	345
Participation liability [Note 7]	2,087	1,435
Loan facility [Note 8]	185	-
Inter-series payable [Note 8]	-	-
	\$ 3,182	\$ 2,029
Net assets		
Venture / Growth Commission I	\$ 8,349	\$ 9,621
Venture / Growth Commission II	3,967	4,490
FOF Growth Series	2,733	3,777
	\$ 15,049	\$ 17,888
Shares outstanding [Note 5]		
Venture / Growth Commission I	1,261	1,249
Venture / Growth Commission II	599	587
FOF Growth Series	415	499
Net assets per share		
Venture / Growth Commission I	\$ 6.62	\$ 7.70
Venture / Growth Commission II	6.62	7.65
FOF Growth Series	6.59	7.57

Subsequent Events [Note 4]
 See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Operations
 (In thousands except per share amounts)
 For the years ended August 31

	2011		2010
Investment income:			
Interest – short-term investments and bonds	\$ 2	\$	13
Interest – income notes	-		-
Interest – venture investments	317		191
Interest – other income	44		53
	363		257
Expenses:			
Management fees [Note 8]	329		404
Administration fees [Note 8]	321		383
Capital retention administration fees [Note 8]	179		182
Directors' fees	37		22
Legal fees	16		64
Service fees [Note 5]	62		76
Financing expense [Note 7]	590		111
Other	191		226
Total expenses before fee waiver	1,725		1,468
Expenses waived or absorbed by Manager	(14)		(2)
Net expenses	1,711		1,466
Net investment income (loss)	(1,348)		(1,209)
Realized gain (loss) from:			
Venture investments	(1,218)		(1,482)
Short-term investments and bonds	(22)		15
Income notes	-		-
Index notes	-		532
Total realized gain (loss)	(1,240)		(935)
Incentive participation dividend [Note 5]	(23)		(53)
Net realized gain (loss)	(1,263)		(988)
Change in unrealized appreciation (depreciation) of:			
Venture investments	274		37
Short-term investments and bonds	22		(1)
Income notes	-		-
Index notes	-		(165)
Change in unrealized appreciation (depreciation)	296		(129)
Contingent incentive participation dividend [Note 5]	(47)		(85)
Participation liability [Note 7]	(64)		(48)
Net change in unrealized appreciation (depreciation)	185		(262)
Increase (decrease) in net assets from operations before income taxes	(2,426)		(2,459)
Provision for income taxes (expense) recovery	-		-
Increase (decrease) in net assets from operations	(2,426)		(2,459)
Net increase (decrease) in net assets from operations			
Venture / Growth Commission I	\$ (1,362)	\$	(1,291)
Venture / Growth Commission II	(616)		(629)
FOF Growth	(448)		(539)
Net increase (decrease) in net assets from operations	\$ (2,426)	\$	(2,459)
Net increase (decrease) in net assets from operations per share:			
Venture / Growth Commission I	\$ (1.09)	\$	(1.05)
Venture / Growth Commission II	(1.04)		(1.09)
FOF Growth	(0.98)		(0.96)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Cash Flows
 (In thousands except per share amounts)
 For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (1,348)	\$ (1,209)
Changes in non-cash operating accounts:		
Accrued interest receivable	776	(257)
Other assets	-	-
Accounts payable and accrued liabilities	186	(85)
Incentive participation dividend payable	-	138
Contingent IPA payable	6	-
Inter-series payable (receivable)	(2,969)	(9,181)
	(3,349)	(10,594)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	3,349	2,552
Disposition of short-term investments and bonds	2,319	2,336
Disposition of income notes	-	-
Disposition of index notes	-	6,235
Purchase of portfolio assets:		
Purchase of venture investments	(1,061)	(1,392)
Purchase of short-term investments and bonds	(1,501)	(287)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend payable	125	-
Divestment proceeds receivable	(612)	(143)
	2,619	9,301
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	348	1,035
Payment on redemption of Class A shares	(761)	(1,274)
Loan facility	185	-
Subscription receivable	306	101
Participation liability	652	1,435
Redemption payable	-	(4)
	730	1,293
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	\$ -	\$ -

Supplemental Cash Flow information:

Allocation of investment assets and inter-series payable (receivable) \$ (2,538) \$ (4,911)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Growth Commission I

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

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately \$3.2 million (2010: \$2.0 million). In addition, as of August 31, 2011, the net asset value of Class A Shares that are eligible for redemption without penalty totaled \$1.2 million (2010: \$2.0 million). The fund is not required to redeem all eligible Class A shares upon request. Refer to Note 5 (Share Capital) for details regarding limitations and restrictions.

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$4.2 million (2010: \$6.3 million) which represents approximately 27.9% (2010: 35.2%) of the Series' net assets. This is comprised of \$3.0 million (2010: \$3.8 million) of venture investments, \$64,268 (2010: \$865,856) of short term investments, bonds and GIC's, and \$1.1 million (2010: \$1.6 million) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 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	\$ 7,479	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 7,479	\$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	\$ 7,479	\$ 6,321	\$ 6,581	\$ 14,649	\$ 14,406	\$ 11,363	\$ 28,466	\$ 32,333

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 \$20.3 million (2010: \$28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

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

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	\$ -	\$ 835	-	96.4%	-	4.6%
R1	35	-	53.1%	-	0.2%	-
Not available	30	31	46.9%	3.6%	0.2%	0.2%
Total	\$ 65	\$ 866	100.0%	100.0%	0.4%	4.8%

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

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.3% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 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 \$160 (2010: \$841), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 65	\$ 846	100.0%	97.7%	0.4%	4.7%
1 -3 years	-	20	-	2.3%	-	0.1%
Total	\$ 65	\$ 866	100.0%	100.0%	0.4%	4.8%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent \$43,779 (2010: \$330,018) or 0.3% (2010: 1.8%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	\$ 2	\$ 10	0.0%	0.1%
		\$ 2	\$ 10	0.0%	0.1%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$2,065 (2010: \$9,488) or 0.0% (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 CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Net Assets
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Assets		
Cash	\$ -	\$ -
Short-term investments and bonds	10	241
Guaranteed investment certificates	9	9
Venture investments	4,786	4,969
Divestment proceeds receivable	221	41
Accrued interest receivable	114	338
Subscriptions receivable	-	76
Inter-series receivable [Note 8]	333	239
	\$ 5,473	5,913
Liabilities		
Accounts payable and accrued liabilities [Note 12]	\$ 111	55
Redemptions payable	-	-
Incentive participation dividend payable [Note 5]	52	15
Contingent IPA [Note 5]	103	92
Participation liability [Note 7]	610	414
Loan facility [Note 8]	54	-
Inter-series payable [Note 8]	-	-
	\$ 930	576
Net assets		
Venture / Income Commission I	\$ 2,517	2,937
Venture / Income Commission II	2,026	2,400
	\$ 4,543	\$ 5,337
Shares outstanding [Note 5]		
Venture / Income Commission I	369	371
Venture / Income Commission II	297	304
Net assets per share [Note 9]		
Venture / Income Commission I	\$ 6.82	\$ 7.91
Venture / Income Commission II	6.82	7.90

Subsequent Events [Note 4]
See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Investment income:		
Interest – short term investments and bonds	\$ -	\$ 3
Interest – income notes	-	-
Interest – venture investments	92	52
Interest – other income	13	15
	105	70
Expenses:		
Management fees [Note 8]	98	113
Administration fees [Note 8]	96	107
Capital retention administration fees [Note 8]	64	62
Directors' fees	11	6
Legal fees	5	19
Service fees [Note 5]	14	15
Financing expense [Note 7]	171	32
Other	62	68
Total expenses before fee waiver	521	422
Expenses waived or absorbed by Manager	(4)	(1)
Net expenses	517	421
Net investment income (loss)	(412)	(351)
Realized gain (loss) from:		
Venture investments	(355)	(394)
Short-term investments and bonds	(5)	4
Income notes	-	-
Index notes	-	(62)
Total realized gain (loss)	(360)	(452)
Incentive participation dividend [Note 5]	(7)	(15)
Net realized gain (loss)	(367)	(467)
Change in unrealized appreciation (depreciation) of:		
Venture investments	80	(3)
Short-term investments and bonds	5	-
Income notes	-	-
Index notes	-	271
Change in unrealized appreciation (depreciation)	85	268
Contingent incentive participation dividend [Note 5]	(14)	(24)
Participation Liability [Note 7]	(19)	(14)
Net change in unrealized appreciation (depreciation)	52	230
Increase (decrease) in net assets from operations before income taxes	(727)	(588)
Provision for income taxes (expense) recovery	-	-
Increase (decrease) in net assets from operations	(727)	(588)
Net increase (decrease) in net assets from operations:		
Venture / Income Commission I	\$ (406)	\$ (320)
Venture / Income Commission II	(321)	(268)
Net increase (decrease) in net assets from operations	\$ (727)	\$ (588)
Net increase (decrease) in net assets from operations per share:		
Venture / Income Commission I	\$ (1.10)	\$ (0.91)
Venture / Income Commission II	(1.07)	(0.90)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
 Venture / Income Commission II

Statements of Changes in Net Assets
 (In thousands except per share amounts)
 For the years ended August 31

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 2,937	\$ 2,899	\$ 2,400	\$ 2,528	\$ 5,337	\$ 5,427
Changes during the year:						
Net increase (decrease) in net assets from operations	(406)	(320)	(321)	(268)	(727)	(588)
Capital transactions:						
Proceeds from issuance of Class A shares	-	379	-	179	-	558
Payment on redemption of Class A shares	(14)	(21)	(53)	(39)	(67)	(60)
	(14)	358	(53)	140	(67)	498
Net assets, end of year	\$ 2,517	\$ 2,937	\$ 2,026	\$ 2,400	\$ 4,543	\$ 5,337

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I
Venture / Income Commission II

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (412)	\$ (351)
Changes in non-cash operating accounts:		
Accrued interest receivable	224	(113)
Other assets	-	-
Accounts payable and accrued liabilities	56	4
Incentive participation dividend payable	-	40
Contingent IPA payable	11	-
Inter-series payable (receivable)	(896)	(2,789)
	\$ (1,017)	\$ (3,209)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	\$ 973	\$ 740
Disposition of short-term investments and bonds	670	649
Disposition of income notes	-	-
Disposition of index notes	-	1,426
Purchase of portfolio assets:		
Purchase of venture investments	(308)	(382)
Purchase of short-term investments and bonds	(433)	(75)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend payable	37	-
Divestment proceeds receivable	(180)	(41)
	\$ 759	\$ 2,317
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	\$ -	\$ 558
Payment on redemption of Class A shares	(67)	(60)
Loan facility	54	-
Subscriptions receivable	76	(20)
Participation liability	195	414
Redemptions payable	-	-
	\$ 258	\$ 892
Increase (decrease) in cash position	\$ -	\$ -
Cash position, beginning of year	-	-
Cash position, end of year	\$ -	\$ -

Supplemental Cash Flow information:

Allocation of investment assets and inter-series payable (receivable) \$ (802) \$ (1,906)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Income Commission I

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

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately \$ 930,288 (2010: \$ 576,370).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$1.2 million (2010: \$1.8 million) which represents approximately 26.4% (2010: 33.5%) of the Series' net assets. This is comprised of \$884,157 (2010: \$1.0 million) of venture investments, \$18,799 (2010: \$249,990) of short term investments, bonds and GIC's and \$335,200 (2010: \$455,155) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 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	\$ 7,479	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 7,479	\$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	\$ 7,479	\$ 6,321	\$ 6,581	\$ 14,649	\$ 14,406	\$ 11,363	\$ 28,466	\$ 32,333

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 \$20.3 million (2010: \$28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

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

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	\$ -	\$ 241	-	96.4%	-	4.5%
R1	10	-	52.6%	-	0.2%	-
Not available	9	9	47.4%	3.6%	0.2%	0.2%
Total	\$ 19	\$ 250	100.0%	100.0%	0.4%	4.7%

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

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in net assets of approximately 0.3% (2010: 0.2%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.7%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 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 \$47 (2010: \$243), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 19	\$ 244	100.0%	97.7%	0.4%	4.6%
1 -3 years	-	6	-	2.3%	-	0.1%
Total	\$ 19	\$ 250	100.0%	100.0%	0.4%	4.7%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent \$12,803 (2010: \$95,282) or 0.3% (2010: 1.8%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	\$ 1	\$ 2	0.0%	0.0%
		\$ 1	\$ 2	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$604 (2010: \$1,758) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Net Assets
 (In thousands except per share amounts)
 For the years ended August 31

	2011	2010
Assets		
Cash	\$ -	\$ -
Short-term investments and bonds	9	196
Guaranteed investment certificates	7	7
Venture investments	4,019	4,044
Divestment proceeds receivable	185	34
Accrued interest receivable	96	274
Subscriptions receivable	-	127
Inter-series receivable [Note 8]	126	-
	\$ 4,442	\$ 4,682
Liabilities		
Accounts payable and accrued liabilities [Note 12]	\$ 95	\$ 44
Redemption payable	-	-
Incentive participation dividend payable [Note 5]	44	12
Contingent IPA [Note 5]	86	77
Participation liability	513	337
Loan facility [Note 8]	46	-
Inter-series payable [Note 8]	-	27
	\$ 784	\$ 497
Net assets		
Venture / Financial Services Commission I	\$ 1,395	\$ 1,598
Venture / Financial Services Commission II	2,263	2,587
	\$ 3,658	\$ 4,185
Shares outstanding [Note 5]		
Venture / Financial Services Commission I	213	209
Venture / Financial Services Commission II	346	340
Net assets per share		
Venture / Financial Services Commission I	\$ 6.55	\$ 7.63
Venture / Financial Services Commission II	6.54	7.62

Subsequent Events [Note 4]
 See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Investment income:		
Interest - short term investments and bonds	\$ -	\$ 3
Interest - income notes	-	-
Interest - venture investments	77	43
Interest - other income	11	12
	88	58
Expenses:		
Management fees [Note 8]	78	91
Administration fees [Note 8]	77	87
Capital retention administration fees [Note 8]	57	55
Directors' fees	9	5
Legal fees	4	15
Service fees [Note 5]	8	9
Financing expense [Note 7]	142	26
Other	51	58
Total expenses before fee waiver	426	346
Expenses waived or absorbed by Manager	(3)	-
Net expenses	423	346
Net investment income (loss)	(335)	(288)
Realized gain (loss) from:		
Venture investments	(293)	(331)
Short-term investments and bonds	(6)	3
Income notes	-	-
Index notes	-	8
Total realized gain (loss)	(299)	(320)
Incentive participation dividend [Note 5]	(5)	(12)
Net realized gain (loss)	(304)	(332)
Change in unrealized appreciation (depreciation) of:		
Venture investments	64	2
Short-term investments and bonds	6	2
Income notes	-	-
Index notes	-	(15)
Change in unrealized appreciation (depreciation)	70	(11)
Contingent Incentive participation dividend [Note 5]	(12)	(20)
Participation liability [Note 7]	(16)	(11)
Net change in unrealized appreciation (depreciation)	42	(42)
Increase (decrease) in net assets from operations before income taxes	(597)	(662)
Provision for income taxes (expense) recovery	-	-
Increase (decrease) in net assets from operations	(597)	(662)
Increase (decrease) in net assets from operations:		
Venture / Financial Services Commission I	\$ (230)	\$ (252)
Venture / Financial Services Commission II	(367)	(410)
Increase (decrease) in net assets from operations	\$ (597)	\$ (662)
Increase (decrease) in net assets from operations per share:		
Venture / Financial Services Commission I	\$ (1.08)	\$ (1.23)
Venture / Financial Services Commission II	(1.07)	(1.23)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Changes in Net Assets
 (In thousands except per share amounts)
 For the years ended August 31

	Commission I		Commission II		Total	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 1,598	\$ 1,767	\$ 2,587	\$ 2,864	\$ 4,185	\$ 4,631
Changes during the year:						
Net increase (decrease) in net assets from operations	(230)	(252)	(367)	(410)	(597)	(662)
Capital transactions:						
Proceeds from issuance of Class A shares	35	95	69	152	104	247
Payment on redemption of Class A shares	(8)	(12)	(26)	(19)	(34)	(31)
	27	83	43	133	70	216
Net assets, end of year	\$ 1,395	\$ 1,598	\$ 2,263	\$ 2,587	\$ 3,658	\$ 4,185

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Cash Flows
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (335)	\$ (288)
Changes in non-cash operating accounts:		
Accrued interest receivable	178	(72)
Other assets	-	-
Accounts payable and accrued liabilities [Note 12]	51	(6)
Incentive participation dividend payable	-	32
Contingent IPA payable	9	-
Inter-series payable (receivable)	(1,249)	(1,825)
	(1,346)	(2,159)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	808	611
Disposition of short-term investments and bonds	1,519	536
Disposition of income notes	-	-
Disposition of index notes	-	887
Purchase of portfolio assets:		
Purchase of venture investments	(255)	(317)
Purchase of short-term investments and bonds	(900)	(63)
Purchase of income notes	-	-
Purchase of index notes	-	-
Incentive participation dividend payable	32	-
Divestment proceeds receivable	(151)	(34)
	1,053	1,620
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	104	247
Payment on redemption of Class A shares	(34)	(31)
Loan facility	46	-
Subscriptions receivable	1	(10)
Participation liability	176	337
Redemptions payable	-	(4)
	293	539
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	\$ -	\$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ (1,222)	\$ (1,405)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

Venture / Financial Services Commission I

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

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately \$ 783,065 (2010: \$ 496,987).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$1.0 million (2010: \$1.5 million) which represents approximately 27.3% (2010: 36.3%) of the Series' net assets. This is comprised of \$742,603 (2010: \$881,611) of venture investments, \$15,797 (2010: \$203,422) of short term investments, bonds and GIC's and \$281,534 (2010: \$434,976) in receivables.

- Venture investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund, that are past due and/or impaired as at August 31, 2011 and 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	\$ 7,479	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 7,479	\$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	\$ 7,479	\$ 6,321	\$ 6,581	\$ 14,649	\$ 14,406	\$ 11,363	\$ 28,466	\$ 32,333

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 \$20.3 million (2010: \$28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds, and GIC's:

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

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	\$ -	\$ 196	-	96.4%	-	4.7%
R1	9	-	56.3%	-	0.2%	-
Not available	7	7	43.7%	3.6%	0.2%	0.1%
Total	\$ 16	\$ 203	100.0%	100.0%	0.4%	4.8%

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

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.3% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 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 \$39 (2010: \$198), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 16	\$ 198	100.0%	97.7%	0.4%	4.7%
1 - 3 years	-	5	-	2.3%	-	0.1%
Total	\$ 16	\$ 203	100.0%	100.0%	0.4%	4.8%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent \$10,753 (2010: \$77,533) or 0.3% (2010: 1.9%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net Assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	\$ 1	\$ 2	0.0%	0.1%
		\$ 1	\$ 2	0.0%	0.1%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$507 (2010: \$1,431) or 0.0% (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 CANADIAN FUND LTD.

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

Statements of Net Assets
 (In thousands except per share amounts)
 For the years ended August 31

	2011	2010
Assets		
Cash	\$ -	\$ -
Short-term investments and bonds	57	1,312
Guaranteed investment certificates	49	49
Venture investments	26,903	27,057
Divestment proceeds receivable	1,241	225
Accrued interest receivable	644	1,836
Subscriptions receivable	-	1,017
Inter-series receivable [Note 8]	703	-
	\$ 29,597	\$ 31,496
Liabilities		
Accounts payable and accrued liabilities [Note 12]	\$ 621	\$ 305
Redemptions payable	-	-
Incentive participation dividend payable [Note 5]	292	81
Contingent IPA [Note 5]	577	515
Participation liability [Note 7]	3,431	2,256
Loan facility [Note 8]	305	-
Inter-series payable [Note 8]	-	478
	\$ 5,226	\$ 3,635
Net assets		
Venture / Diversified Commission I	10,052	11,442
Venture / Diversified Commission II	14,204	16,285
Venture / CMDF Reinvestment Commission I	69	80
Venture / CMDF Reinvestment Commission II	46	54
	\$ 24,371	\$ 27,861
Shares outstanding [Note 5]		
Venture / Diversified Commission I	1,544	1,508
Venture / Diversified Commission II	2,182	2,151
Venture / CMDF Reinvestment Commission I	9	9
Venture / CMDF Reinvestment Commission II	6	6
Net assets per share [Note 9]		
Venture / Diversified Commission I	\$ 6.51	\$ 7.59
Venture / Diversified Commission II	6.51	7.57
Venture / CMDF Reinvestment Commission I	7.67	9.01
Venture / CMDF Reinvestment Commission II	7.67	9.00

Subsequent Events [Note 4]
 See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS CANADIAN FUND LTD.

Venture / Diversified Commission I
Venture / Diversified Commission II

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

Statements of Operations
(In thousands except per share amounts)
For the years ended August 31

	2011	2010
Investment income:		
Interest – short term investments and bonds	\$ 3	\$ 19
Interest – income notes	-	28
Interest – venture investments	515	289
Interest – other income	71	81
	589	417
Expenses:		
Management fees [Note 8]	521	606
Administration fees [Note 8]	510	574
Capital retention administration fees [Note 8]	364	352
Directors' fees	61	33
Legal fees	26	101
Service fees [Note 5]	55	62
Financing expense [Note 7]	950	175
Other	331	372
Total expenses before fee waiver	2,818	2,275
Expenses waived or absorbed by Manager	(22)	(3)
Net expenses	2,796	2,272
Net investment income (loss)	(2,207)	(1,855)
Realized gain (loss) from:		
Venture investments	(1,953)	(2,210)
Short-term investments and bonds	(33)	22
Income notes	-	(303)
Index notes	-	118
Total realized gain (loss)	(1,986)	(2,373)
Incentive participation dividend [Note 5]	(36)	(82)
Net realized gain (loss)	(2,022)	(2,455)
Change in Unrealized appreciation (depreciation) of:		
Venture investments	415	6
Short-term investments and bonds	34	(2)
Income notes	-	372
Index notes	-	347
Change in unrealized appreciation (depreciation)	449	723
Contingent Incentive participation dividend [Note 5]	(79)	(133)
Participation liability [Note 7]	(106)	(76)
Net change in unrealized appreciation (depreciation)	264	514
Increase (decrease) in net assets from operations before income taxes	(3,965)	(3,796)
Provision for income taxes (expense) recovery	-	-
Increase (decrease) in net assets from operations	(3,965)	(3,796)
Net increase (decrease) in net assets from operations:		
Venture / Diversified Commission I	\$ (1,649)	\$ (1,548)
Venture / Diversified Commission II	(2,299)	(2,238)
Venture / CMDF Reinvestment Commission I	(10)	(6)
Venture / CMDF Reinvestment Commission II	(7)	(4)
Net increase (decrease) in net assets from operations	\$ (3,965)	\$ (3,796)
Net increase (decrease) in net assets from operations per share:		
Venture / Diversified Commission I	\$ (1.08)	\$ (1.05)
Venture / Diversified Commission II	(1.06)	(1.06)
Venture / CMDF Reinvestment Commission I	(1.11)	(1.11)
Venture / CMDF Reinvestment Commission II	(1.17)	(1.11)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

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

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

	<u>Diversified Commission I</u>		<u>Diversified Commission II</u>	
	2011	2010	2011	2010
Net assets, beginning of year	\$ 11,442	\$ 12,306	\$ 16,285	\$ 17,722
Changes during the year:				
Net increase (decrease) in net assets from operations	(1,649)	(1,548)	(2,299)	(2,238)
Capital transactions:				
Proceeds from issuance of Class A shares	434	862	394	992
Payment on redemption of Class A shares	(175)	(178)	(176)	(191)
	258	684	218	801
Net assets, end of year	\$ 10,052	\$ 11,442	\$ 14,204	\$ 16,285

	<u>CMDF Reinvestment Commission I</u>		<u>CMDF Reinvestment Commission II</u>	
	2011	2010	2011	2010
Net assets, beginning of year	\$ 80	\$ -	\$ 54	\$ -
Changes during the year:				
Net increase (decrease) in net assets from operations	(10)	(6)	(7)	(4)
Capital transactions:				
Proceeds from issuance of Class A shares	-	86	(1)	58
Payment on redemption of Class A shares	(1)	-	-	-
	(1)	86	(1)	58
Net assets, end of year	\$ 69	\$ 80	\$ 46	\$ 54

	<u>Total</u>	
	2011	2010
Net assets, beginning of year	\$ 27,861	\$ 30,028
Changes during the year:		
Net increase (decrease) in net assets from operations	(3,965)	(3,796)
Capital transactions:		
Proceeds from issuance of Class A shares	827	1,998
Payment on redemption of Class A shares	(352)	(369)
	476	1,629
Net assets, end of year	\$ 24,371	\$ 27,861

See accompanying notes to financial statements

GROWTHWORKS CANADIAN FUND LTD.

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

Statements of Cash Flows
 (In thousands except per share amounts)
 For the years ended August 31

	2011	2010
Cash flows provided by (used for):		
Cash flows from (used in) operating activities:		
Net investment income (loss)	\$ (2,207)	\$ (1,855)
Changes in non-cash operating accounts:		
Accrued interest receivable	1,192	(501)
Accounts payable and accrued liabilities [Note 12]	316	(46)
Incentive participation dividend payable	-	215
Contingent IPA payable	62	-
Inter-series payable (receivable)	(6,378)	(13,191)
	(7,015)	(15,378)
Cash flows from (used in) investing activities:		
Proceeds of disposition of portfolio assets:		
Disposition of venture investments	5,265	4,088
Disposition of short-term investments and bonds	3,660	3,583
Disposition of income notes	-	900
Disposition of index notes	-	6,072
Purchase of portfolio assets:		
Purchase of venture investments	(1,706)	(2,117)
Purchase of short-term investments and bonds	(2,369)	(422)
Purchase of income notes	-	-
Purchase of index notes	-	(1)
Incentive participation dividend payable	211	-
Divestment proceeds available	1,016	(225)
	6,077	11,878
Cash flows from (used in) financing activities:		
Proceeds from issuance of Class A shares	827	1,998
Payment on redemption of Class A shares	(352)	(369)
Loan facility	305	-
Subscriptions receivable	(1,017)	(384)
Participation liability	1,175	2,256
Redemptions payable	-	(1)
	938	3,500
Increase (decrease) in cash position	-	-
Cash position, beginning of year	-	-
Cash position, end of year	\$ -	\$ -
Supplemental Cash Flow information:		
Allocation of investment assets and inter-series payable (receivable)	\$ (5,197)	\$ (9,553)

See accompanying notes to financial statements.

GROWTHWORKS CANADIAN FUND LTD.

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

Discussion of Financial Risk Management (Note 4)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability which is discussed in Note 7. Total financial liabilities of the Series were approximately \$5.2 million (2010: \$3.6 million).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$7.0 million (2010: \$10.3 million) which represents approximately 29.0% (2010: 37.1%) of the Series' net assets. This is comprised of \$5.0 million (2010: \$5.9 million) of venture investments, \$105,665 (2010: \$1.4 million) of short term investments, bonds and GIC's and \$1.9 million (2010: \$3.0 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, 2011 and 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	\$ 7,479	\$ 5,615	\$ -	\$ -	\$ -	\$ -	\$ 7,479	\$ 5,615
< 1 year past due	-	254	331	4,396	5,121	1,518	5,452	6,168
Past due 1 - 2 years	-	253	394	6,811	1,679	8,939	2,073	16,003
Past due 2 - 3 years	-	-	3,661	2,984	7,606	406	11,267	3,390
Past due 3 - 4 years	-	-	1,484	458	-	-	1,484	458
Past due greater than 4 years	-	199	711	-	-	500	711	699
Total	\$ 7,479	\$ 6,321	\$ 6,581	\$ 14,649	\$ 14,406	\$ 11,363	\$ 28,466	\$ 32,333

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 \$20.3 million (2010: \$28.3 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments, Bonds and GIC's:

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

Short-term Investments, Bonds and GIC's, by credit rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
A	\$ -	\$ 1,312	-	96.4%	-	4.7%
R1	57	-	53.8%	-	0.2%	-
Not available	49	49	46.2%	3.6%	0.2%	0.2%
Total	\$ 106	\$ 1,361	100.0%	100.0%	0.4%	4.9%

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

Currency Risk

As at August 31, 2011, 30.0% (2010: 25.4%) of the venture portfolio and 17.2% (2010: 60.6%) in divestment proceeds are denominated in US dollars. A change of 1% in the Canadian dollar relative to the US dollar would result in a change in the Series' net assets of approximately 0.3% (2010: 0.3%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments comprising approximately 0.4% (2010: 4.9%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At August 31, 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 \$261 (2010: \$1,322), representing approximately 0.0% (2010: 0.0%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds and GIC's, by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 106	\$ 1,330	100.0%	97.7%	0.4%	4.8%
1 - 3 years	-	31	-	2.3%	-	0.1%
Total	\$ 106	\$ 1,361	100.0%	100.0%	0.4%	4.9%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments. Public venture investments represent \$71,971 (2010: \$518,782) or 0.3% (2010: 1.9%) of the Series' net assets. At August 31, 2011, a 1% increase or decrease in the related portfolio benchmark would have the following increase or decrease, respectively, on the fair value of the various portfolios:

Portfolio	Benchmark	Effect on Net Assets		Percentage effect on Net assets	
		2011	2010	2011	2010
Venture (public only)	S&P TSX Composite Index	\$ 3	\$ 10	0.0%	0.0%
		\$ 3	\$ 10	0.0%	0.0%

Therefore, if each portfolio benchmark increased or decreased by 1% simultaneously, the fair value of the portfolio would increase or decrease, respectively, by approximately \$3,395 (2010: \$9,573) or 0.0% (2010: 0.0%) of net assets. This sensitivity analysis is based on the risk and return characteristics of the respective portfolio benchmarks compared to the actual Series portfolio holding calculated using regression analysis based on monthly observations and holding all other factors constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios
Venture Investments, (In thousands)

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Investee Companies					
Biotechnology:					
2056273 Ontario Inc., debenture 8%, due on demand	848	\$ 848	\$ -	\$ 848	
2056273 Ontario Inc., common shares	_(1)	-	954	954	
Agrisoma Biosciences Inc., convertible debenture 15%, due on demand	961	961	-	961	
Agrisoma Biosciences Inc., common shares	674	-	2,164	2,164	
Ambit Biosciences (Canada) Corp., CI A preferred shares	_(1)	-	_(1)	_(1)	
Ambit Biosciences (Canada) Corp., CI C preferred shares	11,628	-	6,605	6,605	
Ambit Biosciences (Canada) Corp., CI D preferred Shares	1,294	-	4,960	4,960	
Ambit Biosciences (Canada) Corp., CI D2 preferred Shares	3,666	-	2,506	2,506	
Ambit Biosciences (Canada) Corp., convertible debenture 12%, due Jan 31, 2012	1,791	1,791	-	1,791	
Chitogenics Pharmaceuticals Ltd., Conv. Class A preferred shares	13	-	1,500	1,500	
Cytochroma Canada Inc., common shares	465	-	637	637	
Cytochroma Canada Inc., Class A preferred shares	700	-	959	959	
Cytochroma Canada Inc., Class B preferred shares	5,432	-	7,442	7,442	
Cytochroma Canada Inc., Class C preferred shares	2,522	-	3,456	3,456	
Cytochroma Inc., Conv. Class A preferred shares	700	-	700	700	
Cytochroma Inc., Conv. Class B preferred shares	4,541	-	1,000	1,000	
Cytochroma Inc., Conv. Class C preferred shares	1,982	-	6,600	6,600	
Empex Inc., debenture 12%, due on demand	4,494	4,494	-	4,494	
Gemin X Biotechnologies Inc	-	-	-	-	
Lifemark Health LP, residual units	209	-	306	306	
MCN BioProducts Inc., common shares	250	-	1,000	1,000	
MCN BioProducts Inc., convertible debenture 20%, due on demand	11	11	-	11	
Medinova Partners Inc., CI A preferred shares	27,100	-	2,665	2,665	
Medinova Partners Inc., common shares	200	-	_(1)	_(1)	
MetaMorphix Inc., common shares	406	-	700	700	
Molecular Templates Inc., common shares	33	-	-	-	
Molecular Templates Inc., debenture 12%, due on demand	150	150	-	150	
Monteris Medical Inc., Class A common shares	675	-	2,522	2,522	
Natrix Separations Inc., common shares	25	-	25	25	
Natrix Separations Inc., Series C preferred shares	67	-	845	845	
Natrix Separations Inc., CI A preferred shares	21	-	267	267	
Natrix Separations Inc., CI B preferred shares	228	-	2,866	2,866	
Natrix Separations Inc., CI C preferred shares	194	-	2,433	2,433	
Natrix Separations Inc., convertible debenture 12%, due November 27, 2013	1,031	1,031	-	1,031	
Natrix Separations Inc., convertible debenture 12%, due August 30, 2014	449	449	-	449	

(1) Amount less than one thousand

(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Biotechnology (continued):					
NPS Pharmaceuticals Inc., Options	9	\$ -	\$ -(1)	\$ -(1)	
Orthopaedic Synergy Inc. (formerly Praxim Inc.), convertible debenture 12.5%, due Dec 31, 2012	2,047	2,047	-	2,047	
Receptor Therapeutics Inc., debenture 25%, due on demand	439	439	-	439	
Receptor Therapeutics Inc., common shares	581	-	-(1)	-(1)	
Receptor Therapeutics Inc., convertible debenture 0%, due on demand	600	600	-	600	
Receptor Therapeutics Inc., debenture 0%, due on demand	150	150	-	150	
Receptor Therapeutics Inc., debenture 0%, due on demand	10	10	-	10	
Targeted Growth Canada Inc., Class A special voting shares	-(1)	-	-(1)	-(1)	
Targeted Growth Canada Inc., Class CI D special voting shares	533	-	-(1)	-(1)	
Targeted Growth Canada Inc., Class CI D2 special voting shares	540	-	-(1)	-(1)	
Targeted Growth Canada Inc., Class CI C preferred exchangeable shares	1,885	-	2,592	2,592	
Targeted Growth Canada Inc., Class CI D2 preferred exchangeable shares	540	-	2,925	2,925	
Targeted Growth Canada Inc., Class D preferred exchangeable shares	533	-	2,319	2,319	
Targeted Growth Inc., Class CI C special voting shares	1,885	-	-(1)	-(1)	
Trillium Therapeutics Inc., CI A preferred shares	1,880	-	2,500	2,500	
Trillium Therapeutics Inc., common shares	1,000	-	770	770	
Trillium Therapeutics Inc., convertible debenture 12%, due on demand	1,146	1,146	-	1,146	
Trillium Therapeutics Inc., convertible debenture 12%, due on demand	458	458	-	458	
Trillium Therapeutics Inc., warrants	822	-	-(1)	-(1)	
Twinstrand Therapeutics Inc., Class C preferred shares	710	-	390	390	
Twinstrand Therapeutics Inc., Class D preferred shares	71	-	-(2)	-(2)	
Twinstrand Therapeutics Inc., warrants	237	-	-(2)	-(2)	
ViOptix Canada Inc., CI Jr. preferred shares	766	-	1,877	1,877	
ViOptix Canada Inc., D preferred shares	14,035	-	6,720	6,720	
ViOptix Canada Inc., convertible debenture 6%, due on demand	631	631	-	631	
ViOptix Canada Inc., convertible debenture 6%, due on demand	1,265	1,265	-	1,265	
ViOptix Canada Inc., warrants	1,057	-	-(1)	-(1)	
Viron Therapeutics Inc., Class A, preferred shares	5,856	-	7,045	7,045	
Viron Therapeutics Inc., Class B, preferred shares	3,414	-	3,000	3,000	
Websar Innovations Inc., Class A common shares	20	-	-(1)	-(1)	
Websar Innovations Inc., preferred shares	3	-	275	275	
Western Life Sciences Venture Fund LP., Class A common shares	3	-	3,183	3,183	
		\$ 16,481	\$ 86,708	\$ 103,189	51.8%

(1) Amount less than one thousand

(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Communications:					
Aizan Technologies Inc., convertible debt 10%, due March 12, 2012	625	\$ 625	\$ -	\$ 625	
Aizan Technologies Inc., demand promissory note	125	125	-	125	
Aizan Technologies Inc., Class A, preferred shares	3,601	-	3,000	3,000	
Aizan Technologies Inc., Class B, preferred shares	900	-	_(1)	_(1)	
BTI Photonic Systems Inc., common shares	8,753	-	11,077	11,077	
BTI Photonic Systems Inc., CI A preferred shares	2,033	-	-	-	
BTI Photonic Systems Inc., CI B preferred shares	17,726	-	5,381	5,381	
Spotwave Wireless Inc., Class A-1 convertible preferred shares	2,988	-	1,008	1,008	
Spotwave Wireless Inc., Class A-2 convertible preferred shares	2,154	-	516	516	
Spotwave Wireless Inc., special voting shares	3,958	-	_(1)	_(1)	
		\$ 750	\$ 20,982	\$ 21,732	10.9%
Computer software:					
1395079 Ontario Inc., common shares	2,438	\$ -	\$ _(1)	\$ _(1)	
1395079 Ontario Inc., Class A preferred shares	10,968	-	3,476	3,476	
1395079 Ontario Inc., Class B preferred shares	826	-	787	787	
1395079 Ontario Inc., warrants	679	-	-	_(1)	
Anyware Group Inc., Class B convertible debenture 6%, due on demand	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 10%, due on demand	1,000	1,000	-	1,000	
Anyware Group Inc., convertible debenture 12%, due Jan 14, 2012	398	398	-	398	
Anyware Group Inc., convertible debenture 12%, due on demand	100	100	-	100	
Bid Freight Global Inc., common shares	_(1)	-	_(2)	_(2)	
Bid Freight Global Inc., convertible debenture, 5%, due on demand	1,090	1,090	-	1,090	
Blueprint Software Solutions Inc., common shares	544,276	-	4,508	4,508	
Blueprint Software Solutions Inc., warrants	7,589	-	-	-	
Blueprint Software Solutions Inc., debenture 15%, due May 5, 2014	-	1,500	-	1,500	
Camilion Solutions Inc., Class C preferred shares	21,598	-	3,000	3,000	
Camilion Solutions Inc., Class D preferred shares	18,781	-	3,000	3,000	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class A preferred shares	1,500	-	1,500	1,500	
CFactor Works Inc. (formerly Cronus Technologies Inc.), Class C preferred shares	947	-	1,500	1,500	
Company DNA Inc., convertible preferred shares	8,266	-	3,904	3,904	
Company DNA Inc., warrants	899	-	-	-	
Covarity Inc., Class B convertible preferred shares	500	-	250	250	
Covarity Inc., common shares	784	-	-	-	

(1) Amount less than one thousand

(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer software (Continued):					
Covarity Inc., Series B preferred shares	4,951	\$ -	\$ 2,000	\$ 2,000	
Covarity Inc., convertible debenture 10%, due Sept 16, 2013	300	300	-	300	
Ember ec3 Inc., Class A convertible preferred shares	250	-	250	250	
Ember ec3 Inc., Class B convertible preferred shares	1,500	-	726	726	
Inocom Inc., Class A preferred shares	437	-	450	450	
Inocom Inc., Series A preferred shares	3,741	-	2,800	2,800	
Inocom Inc., debenture 12%, due on demand	173	173	-	173	
Lexicon Value Management Inc., common shares	_(1)	-	-	_(2)	
Lexicon Value Management Inc., debenture 0%, due on demand	438	438	-	438	
Lexicon Value Management Inc., debenture 15%, due on demand	1,362	1,362	-	1,362	
Lexicon Value Management Inc., warrant	_(1)	-	-	_(2)	
Multicorpora R&D Inc., common shares	2,885	-	2	2	
Multicorpora R&D Inc., Series 2, Class B preferred shares	5,769	-	1,500	1,500	
		\$ 7,361	\$ 29,653	\$ 37,014	18.6%
Computer hardware:					
Cogency Semiconductor Inc., common shares	60	\$ -	\$ 8,600	\$ 8,600	
KIT Digital Inc., common shares	4	-	_(1)	_(1)	
Tarquin Group Inc., convertible debenture 24%, due on demand	358	358	-	358	
Tarquin Group Inc., common shares	249	-	_(1)	_(1)	
Tarquin Group Inc., warrants	62	-	_(1)	_(1)	
		\$ 358	\$ 8,600	\$ 8,958	4.5%
Computer services:					
3483690 Canada Inc., debenture 18%, due on demand	47	\$ 47	\$ -	\$ 47	
3483690 Canada Inc., debenture 36%, due on demand	495	495	-	495	
3483690 Canada Inc., common shares	10,101	-	_(1)	_(1)	
7842317 Canada Inc., debenture 20%, due on demand	62	62	-	62	
7842317 Canada Inc., convertible debenture 12%, due on demand	416	416	-	416	
7842317 Canada Inc., common shares	83	-	_(1)	_(1)	
Ascentify Learning Media Inc. (Formerly neuroLanguage Inc.), Series A preferred shares	6,897	-	5,740	5,740	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), common shares	400	-	-	-	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 8%, due on demand	250	250	-	250	

(1) Amount less than one thousand

(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Computer services (Continued):					
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), convertible demand note 9%, due on demand	195	\$ 195	\$ -	\$ 195	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 9%, due on demand	268	268	-	268	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), demand note 12%, due on demand	90	90	-	90	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due April 30, 2014	111	111	-	111	
Ascentify Learning Media Inc., (Formerly neuroLanguage Inc.), debenture 18%, due May 30, 2014	125	125	-	125	
iStopOver (formerly PlanetEye Company ULC), common shares	2,481	-	3,564	3,564	
iW Technologies Inc, promissory notes 10%, due on demand	83	83	-	83	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 10%, due on demand	1,770	1,770	-	1,770	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 12%, due on demand	481	481	-	481	
Kibboko Inc., (Formerly Pinpoint Selling Inc), demand note 15%, due on demand	500	500	-	500	
Kibboko Inc., (Formerly Pinpoint Selling Inc), convertible debenture 10%, due on demand	1,676	1,676	-	1,676	
Kibboko Inc., (Formerly Pinpoint Selling Inc), convertible debenture 12%, due on demand	231	231	-	231	
Morega Systems Inc., Series A preferred shares	12,000	-	5,545	5,545	
Morega Systems Inc., Series B preferred shares	2,824	-	2,058	2,058	
Morega Systems Inc., warrants	1,412	-	_(1)	_(1)	
NetShelter Inc., class A preferred shares	45	-	388	388	
OneChip Photonics Inc., class B-1 preferred shares	1,755	-	498	498	
OneChip Photonics Inc., class B-2 preferred shares	16,121	-	4,638	4,638	
OneChip Photonics Inc., class C preferred shares	6,429	-	1,814	1,814	
OneChip Photonics Inc., preferred shares	5,194	-	1,500	1,500	
Paymentus, Class A preferred shares	1,685	-	1,500	1,500	
Peerset Inc., debenture 10%, due Jul 28, 2013	56	56	-	56	
Peerset Inc., debenture 10%, due on demand	120	120	-	120	
Peerset Inc., convertible debenture 12%, due on demand	870	870	-	870	
Perspecsys Inc., Class A convertible preferred shares	9,097	-	1,781	1,781	
Thinkpath Inc., common shares	_(1)	-	31	31	
		\$ 7,846	\$ 29,057	\$ 36,903	18.5%

(1) Amount less than one thousand

(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS					
Investee Companies	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Electronics:					
Firan Technology Corp., common shares	731	\$ -	\$ 1,171	\$ 1,171	
		\$ -	\$ 1,171	\$ 1,171	0.6%
Energy/Environmental:					
AR Plus Sites Equipment Rentals (Canada) Inc., common shares	4	\$ -	\$ 500	\$ 500	
AR Plus Sites Equipment Rentals (Canada) Inc., debenture 10%, due on demand	2,200	2,200	-	2,200	
Insignia Energy Inc., common shares	30	-	8,391	8,391	
Insignia Energy Inc., warrants	53	-	-	-(²)	
SaskAlta Base Oil Inc., Class C preferred shares	5,714	-	2,000	2,000	
Seprotect Systems Inc., common shares	7,276	-	687	687	
		\$ 2,200	\$ 11,578	\$ 13,778	6.9%
Industrial automation:					
Advanced Glazing Technology Ltd., Class B preferred shares	4,386	\$ -	\$ 2,500	\$ 2,500	
Mathis Instruments Ltd., debenture 12%, due on demand	247	247	-	247	
Mathis Instruments Ltd., debenture 15%, due on demand	450	450	-	450	
Mathis Instruments Ltd., Class A preferred shares	75	-	-	-(²)	
Mathis Instruments Ltd., Class B preferred shares	91	-	1,500	1,500	
NextPhase T&D Corp., Class A preferred shares	16	-	96	96	
NextPhase T&D Corp., common shares	97	-	541	541	
		\$ 697	\$ 4,637	\$ 5,334	2.7%
Medical health:					
IS2 Medical Systems Inc., Class A preferred shares shares	833	\$ -	\$ -	\$ -(²)	
IS2 Medical Systems Inc., Class B preferred shares shares	1,708	-	1,400	1,400	
IS2 Medical Systems Inc., common shares	1,486	-	-	-(²)	
Sampling Technologies Inc., convertible debt 10%, due Jan 13, 2013	1,500	1,500	-	1,500	
Sampling Technologies Inc., convertible debt 10%, due Jan 13, 2013	500	500	-	500	
		\$ 2,000	\$ 1,400	\$ 3,400	1.7%

⁽¹⁾ Amount less than one thousand

⁽²⁾ Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Investee Companies					
Consumer:					
1281216 Ontario Inc., common shares	2	\$ -	\$ -(1)	\$ -(1)	
5330319 Manitoba Ltd., debenture 10%, due on demand	651	651	-	651	
5330319 Manitoba Ltd., common shares	1	-	-(1)	-(1)	
5330319 Manitoba Ltd., preferred shares	24	-	-(1)	-(1)	
Fidus International Corp., debenture 10%, due on demand	1,136	1,136	-	1,136	
Fidus International Corp., common shares	16,071	-	-(1)	-(1)	
Fidus International Corp., options	-(1)	-	-(1)	-(1)	
Fidus International Corp., preferred shares	9,801	-	-(1)	-(1)	
KFF Royalty Corp., preferred shares	5	-	261	261	
Russell Breweries Inc., common shares	536	-	166	166	
SimEx Inc., preferred shares	67	-	122	122	
		\$ 1,787	\$ 549	\$ 2,336	1.2%
Manufacturing:					
Canpro Ingredients Ltd., convertible debenture 14%, due Apr 9, 2012	599	\$ 599	\$ -	\$ 599	
Canpro Ingredients Ltd., convertible debenture 20%, due on demand	234	234	-	234	
Canpro Ingredients Ltd., convertible debenture 20%, due Jun 26, 2014	134	134	-	134	
Canpro Ingredients Ltd., convertible debenture 20%, due May 28, 2015	53	53	-	53	
Canpro Ingredients Ltd., convertible debenture 20%, due Jul 28, 2015	23	23	-	23	
Canpro Ingredients Ltd., convertible debenture 20%, due Aug 1, 2015	53	53	-	53	
Canpro Ingredients Ltd., debenture 20%, due on demand	31	31	-	31	
Canpro Ingredients Ltd., debenture 20%, due July 29, 2014	117	117	-	117	
Canpro Ingredients Ltd., common shares	1,225	-	1,225	1,225	
Canpro Ingredients Ltd., preferred shares	560	-	560	560	
Canpro Ingredients Ltd., CI C preferred shares	2,917	-	-	-	
CFN Precision Ltd., common shares	-(1)	-	3,959	3,959	
CFN Precision Ltd., debenture 10%, due on demand	210	210	-	210	
CFN Precision Ltd., debenture 10%, due on demand	9,300	9,300	-	9,300	
CFN Precision Ltd., promissory note 11%, due on demand	691	691	-	691	
Digital Payment Tech Inc., common shares	13,460	-	1,723	1,723	
Digital Payment Tech Inc., preferred shares	6,400	-	1,600	1,600	
Digital Payment Tech Inc., warrants	4,903	-	-	-	

⁽¹⁾ Amount less than one thousand

⁽²⁾ Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

VENTURE INVESTMENTS	Number of shares or par value (\$)	Debt at cost	Equity at cost	Total	Percentage of total net assets
Investee Companies					
Manufacturing (continued):					
Ice Kube Systems Inc., convertible debenture, due on demand	1,000	\$ 1,000	\$ -	\$ 1,000	
Ice Kube Systems Inc., debenture, due on demand	21	21	-	21	
Ice Kube Systems Inc., debenture 10%, due on demand	500	500	-	500	
Ice Kube Systems Inc., options	_(1)	-	_(1)	_(1)	
Ice Kube Systems Inc., warrants	_(1)	-	-	_(1)	
Kraus Global Inc., debenture 15%, due on demand	2,800	2,800	-	2,800	
Kraus Global Inc., debenture 10%, due July 16, 2011	4,250	4,250	-	4,250	
Kraus Global Inc., common shares	395	-	975	975	
Kraus Global Inc., preferred shares	33	-	5,264	5,264	
LibreStream Technologies Inc., debenture 10%, due on demand	2,100	2,100	-	2,100	
LibreStream Technologies Inc., common shares	4,388	-	6,582	6,582	
LibreStream Technologies Inc., options	_(1)	-	_(1)	_(1)	
		\$ 22,116	\$ 21,888	\$ 44,004	22.1%
Miscellaneous:					
Acorn Income Corp., common shares	9	\$ -	\$ 787	\$ 787	
Acorn Income Corp., preferred shares	37	-	_(1)	_(1)	
		\$ -	\$ 787	\$ 787	0.4%
Community Small Business Investment Funds:					
Niagara Growth Fund Inc., units	2,600	\$ -	\$ 864	\$ 864	
Sunnybrook WV Medical Breakthrough Fund Inc., units	500	-	4,000	4,000	
CMDF WV Queen's Scientific Breakthrough Fund Inc., units	638	-	4,130	4,130	
		\$ -	\$ 8,994	\$ 8,994	4.5%
Value-Added Agriculture:					
Man Agra Capital Inc., preferred shares	20	\$ -	\$ 201	\$ 201	
Puratone Corp., common shares	93	-	671	671	
		\$ -	\$ 872	\$ 872	0.4%
Total venture investments, at cost		\$ 61,596	\$ 226,876	\$ 288,472	144.8%
Unrealized depreciation of venture investments				(65,012)	(32.6%)
Venture investments, at estimated fair value				\$223,460	112.2%

(1) Amount less than one thousand

(2) Investments acquired at zero cost

GROWTHWORKS CANADIAN FUND LTD.

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

As at August 31, 2011

Venture Investments, per Series [Note 3]:	Fair Value
WV Canadian & Merger Series	\$ 171,002
GIC Series	385
Growth Series	16,365
Income Series	4,786
Financial Services Series	4,019
Diversified and CMDF Reinvestment Series	26,903
	\$ 223,460

Stage of Development	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Early Stage	39	\$ 129,084	44.7%	\$ 107,224	48.0%
Expansion Stage	40	139,415	48.3%	107,793	48.2%
Mature Stage	6	20,243	7.0%	8,443	3.8%
	85	\$ 288,472	100.0%	\$223,460	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Biotechnology	26	\$ 103,189	35.8%	\$ 109,625	49.1%
Communications	3	21,732	7.5%	13,439	6.1%
Community small business investment funds	3	8,994	3.1%	1,786	0.8%
Computer hardware	3	8,958	3.1%	41	0.0%
Computer services	13	36,903	12.8%	38,990	17.4%
Computer software	12	37,014	12.8%	24,162	10.8%
Consumer products and services	6	2,336	0.8%	819	0.4%
Electronics & Miscellaneous	2	1,958	0.7%	273	0.1%
Energy/Environmental	4	13,778	4.8%	266	0.1%
Industrial Automation	3	5,334	1.8%	1,406	0.6%
Manufacturing	6	44,004	15.3%	30,653	13.7%
Medical health	2	3,400	1.2%	2,000	0.9%
Value-Added Agriculture	2	872	0.3%	-	0%
	85	\$ 288,472	100.0%	\$223,460	100.0%

Sector	Number of Holdings	Cost	Percentage of Venture Investments at cost	Fair value	Percentage of Venture Investment as fair value
Private	77	\$ 277,239	96.1%	\$ 222,861	99.7%
Public	8	11,233	3.9%	599	0.3%
	85	\$ 288,472	100.0%	\$ 223,460	100.0%

GROWTHWORKS CANADIAN FUND LTD.

Statement of Investment Portfolios - continued
(In thousands)

As at August 31, 2011

Bankers' Acceptances						Percentage	
Par value	Issuer	Coupon rate or Yield	Maturity date	Average cost	Fair value	of net assets	
\$ 475	TD Bank	0.0%	29 Nov, 2011	\$ 475	\$ 475	0.2 %	

GIC						Percentage	
Par value	Issuer	Coupon rate or Yield	Maturity date	Average cost	Fair value	of net assets	
847	Royal Bank of Canada	0.50 %	1 Sept 2011	\$ 847	\$ 847	0.4%	
500	Royal Bank of Canada	0.75 %	29 Dec 2011	500	500	0.3%	
Total GIC				\$ 1,347	\$ 1,347	0.7%	

Short-term Investments, bonds and GICs, per Series

WV Canadian & Merger Series	\$ 671
GIC Series	945
Growth Series	65
Income Series	19
Financial Services Series	16
Diversified and CMDF Reinvestment Series	106
	\$ 1,822

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT

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

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

WV Canadian and Merger Series

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

GIC Series

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

Growth Series

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

Income Series

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

Financial Services Series

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

Diversified and CMDF Reinvestment Series

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

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

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

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT (continued)

The Fund previously offered the Venture / Balanced – Commission I and Venture / Balanced – Commission II series (the “Balanced Series”) and the Venture / Resource – Commission I and Venture / Resource – Commission II series (the “Resource Series”) Class A shares. Effective February 20, 2009, the Balanced Series were consolidated into the Venture / Diversified – Commission I and II series and the Resource Series were consolidated into the Venture / Growth – Commission I and II series. Effective November 25, 2011, the Income Series were consolidated into the Venture / Diversified – Commission I and II series and the Venture / Diversified – Commission I and II series were redesignated the Venture / Balanced – Commission I and II series.

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

It is proposed that the outstanding Merger Series and the Fund's FOF Growth Series Class A shares be consolidated into currently offered Venture/Diversified Series, Commission I Class A shares. The proposal is aimed at simplifying the Fund's share structure and making pricing and reporting processes more efficient. Subsequent to year end, the name of Diversified Series was changed to “Balanced Series” and the Directed Funds (Note 2(c)) investment focus for Diversified Series Class A shares was refined to reflect a more balanced mix of equity and fixed income securities. The refined Directed Funds investment focus consists of: high quality debt instruments, high yield investments and bank securities. Subsequent to year end, the Fund's Income Series Class A shares were consolidated into Diversified Series Class A shares. Required shareholder approvals for all proposed and completed changes were obtained at the Fund's most recent annual general meeting.

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

These financial statements should be read in conjunction with the Management Reports of Fund Performance of the respective Series of the Fund for the year ended August 31, 2011, which may be found on the Fund's website at <http://www.growthworks.ca/funds/ontario/gw-canadian-fund/publications.asp> and at www.sedar.com.

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

The *Income Tax Act* (Canada) allows an individual to claim a federal tax credit in connection with an investment in Class A Shares of the Fund. The Manitoba Act, the Ontario Act and the Saskatchewan Act also allow an individual to claim a provincial tax credit in connection with an investment in Class A Shares of the Fund. The Fund must satisfy minimum investment requirements, often referred to as “investment pacing requirements” in eligible investments, under these statutes. Even though the Fund no longer raises capital in Nova Scotia or New Brunswick, it remains subject to certain investment pacing requirements for capital previously raised in such provinces. The Ontario Government has adopted legislation to phase out the Ontario provincial tax credit by the end of the 2011 tax year.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT (continued)

Effective September 30, 2011, the Fund announced that the Fund's Class A share offering would close to new purchases. In addition, subsequent to year end, on November 10, 2011, the Fund announced that it had adopted a redemption management plan. (See Note 4).

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

Roseway Transaction

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

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

b) Venture investments

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

i) Publicly-traded

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

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Privately-owned

New venture investments in securities not having quoted market values are initially recorded at cost, which approximates fair value generally for one year, and thereafter at estimated fair value. Estimated fair value is determined on the basis of generally accepted valuation methods that best and most objectively reflect the expected realizable value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints. If there is a recent significant arm's length, bona fide, enforceable offer or transaction with respect to an investment, values used in such an offer or transaction are used in the valuation of the investment.

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

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

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

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

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

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

GIC Series – Guaranteed Investment Certificates ("GICs")

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

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

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

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

d) Income recognition

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

e) Income taxes

Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

or the liability is settled. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that enactment or substantive enactment occurs.

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

f) Foreign exchange

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

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

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

g) Per share values

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

h) Use of estimates

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

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

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

i) Participation liability

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

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
Tabular amounts expressed in thousands

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

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

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

j) IPA Dividends and contingent incentive participation amounts

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

k) Comparative figures

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

l) Future accounting changes

The Accounting Standards Board ("AcSB") published amendments to the Handbook on October 1, 2010 that provided a one-year deferral of the transition to IFRS for investment companies like the Fund. However, the AcSB issued subsequent amendments to the Handbook in March 2011, providing a two-year deferral of the changeover date to January 1, 2013. The deferral of the mandatory changeover from January 1, 2011 to January 1, 2013 is intended to allow the IASB's proposed exemption from consolidation (*Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27)*) for investment companies to be in place prior to adoption of IFRS by investment companies in Canada. If adopted, this would make *IAS 27* largely consistent with current Accounting Guideline 18 *Investment Companies*.

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 substantially complete.

As at August 31, 2011, the Manager expects that the impact of adopting IFRS will not impact measurement, but will be mainly in presentation and additional disclosure requirements in the financial statements of the Fund. Based upon the current deferral, the Fund would commence IFRS effective September 1, 2013 for its annual and interim financial statements, including comparative figures for the preceding year.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

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3. ALLOCATION OF INVESTMENT PORTFOLIO

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

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

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

4. FINANCIAL RISK MANAGEMENT

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. The Discussion of Financial Risk Management following each Series' financial statements provides information and analysis of the risks specific to the applicable Series' financial instruments. The following discussion is of risks applicable to the financial instruments of all Series. See the Fund's, management reports of fund performance and statement of investment portfolio for other information, including the risks associated with investing in the Fund.

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

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

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

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4. FINANCIAL RISK MANAGEMENT (continued)

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

	WV Canadian and Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
Assets						
Held for trading	\$ 173,539	\$ 236,496	\$ 1,619	\$ 1,645	\$ 16,430	\$ 18,078
Loans and receivables	12,125	6,868	26	177	1,801	1,839
<i>Total financial assets</i>	<i>\$ 185,664</i>	<i>\$ 243,364</i>	<i>\$ 1,645</i>	<i>\$ 1,822</i>	<i>\$ 18,231</i>	<i>\$ 19,917</i>
Liabilities						
Held for trading	21,810	18,158	49	42	2,087	1,435
Financial liabilities	13,762	12,029	189	299	1,095	594
<i>Total financial liabilities</i>	<i>\$ 35,572</i>	<i>\$ 30,187</i>	<i>\$ 238</i>	<i>\$ 341</i>	<i>\$ 3,182</i>	<i>\$ 2,029</i>
	Income Series		Financial Services Series		Diversified & CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Assets						
Held for trading	\$ 4,805	\$ 5,219	\$ 4,035	\$ 4,247	\$ 27,009	\$ 28,418
Loans and receivables	668	694	407	435	2,588	3,078
<i>Total financial assets</i>	<i>\$ 5,473</i>	<i>\$ 5,913</i>	<i>\$ 4,442</i>	<i>\$ 4,682</i>	<i>\$ 29,597</i>	<i>\$ 31,496</i>
Liabilities						
Held for trading	610	414	513	337	3,431	2,256
Financial liabilities	320	162	271	160	1,795	1,379
<i>Total financial liabilities</i>	<i>\$ 930</i>	<i>\$ 576</i>	<i>\$ 784</i>	<i>\$ 497</i>	<i>\$ 5,226</i>	<i>\$ 3,635</i>

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

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

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

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4. FINANCIAL RISK MANAGEMENT (continued)

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

As at August 31, 2011

Quoted prices in active markets for identical assets (Level 1):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	\$ 364	\$ -	\$ 35	\$ 10	\$ 9	\$ 57	\$ 475
GICs	307	945	30	9	7	49	1,347
Venture investments	458	1	44	13	11	72	599
<i>Total Investments (Level 1)</i>	<i>\$ 1,129</i>	<i>\$ 946</i>	<i>\$ 109</i>	<i>\$ 32</i>	<i>\$ 27</i>	<i>\$ 178</i>	<i>\$ 2,421</i>

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

Significant unobservable inputs (Level 3):	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Short-term investments & bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GICs	-	-	-	-	-	-	-
Venture investments	170,544	384	16,321	4,773	4,008	26,831	222,861
Participation liability	(21,810)	(49)	(2,087)	(610)	(513)	(3,431)	(28,500)
<i>Total Investments (Level 3)</i>	<i>\$ 148,734</i>	<i>\$ 335</i>	<i>\$ 14,234</i>	<i>\$ 4,163</i>	<i>\$ 3,495</i>	<i>\$ 23,400</i>	<i>\$ 194,361</i>

As at August 31, 2010

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

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

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

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4. FINANCIAL RISK MANAGEMENT (continued)

During the year ended August 31, 2011 and 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 as follows:

As at August 31, 2011

	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	\$ 213,609	\$ 495	\$ 16,882	\$ 4,874	\$ 3,966	\$ 26,538	\$ 266,364
Purchases	12,070	27	1,156	338	284	1,899	15,774
Sales	(33,662)	(76)	(3,221)	(942)	(791)	(5,295)	(43,987)
Inter Series Portfolio Reallocation	(9,774)	(37)	2,627	830	823	5,531	-
Net transfers into and/or out of Level 3	-	-	-	-	-	-	-
Realized Gains/(losses)	(7,505)	(17)	(718)	(210)	(176)	(1,181)	(9,807)
Change in unrealized depreciation	(4,194)	(8)	(405)	(117)	(98)	(661)	(5,483)
Ending balance, August 31, 2011	\$ 170,544	\$ 384	\$ 16,321	\$ 4,773	\$ 4,008	\$ 26,831	\$ 222,861

Participation Liability	WV Canadian and Merger Series	GIC Series	Growth Series	Income Series	Financial Services Series	Diversified & CMDF Reinvestment Series	Total
Beginning balance, September 1, 2010	\$ (18,158)	\$ (42)	\$ (1,435)	\$ (414)	\$ (337)	\$ (2,256)	\$ (22,642)
Financing Expense	(6,778)	(18)	(590)	(171)	(142)	(950)	(8,649)
Change in unrealized appreciation	(639)	(2)	(64)	(19)	(16)	(106)	(846)
Inter Series Portfolio Reallocation	831	3	(223)	(71)	(71)	(469)	-
Accrued Interest Amount	(699)	2	(122)	(37)	(33)	(221)	(1,110)
Fair value adjustments	(729)	(2)	(70)	(20)	(17)	(115)	(953)
Participation Liability Payments	4,362	10	417	122	103	686	5,700
Ending balance, August 31, 2011	\$ (21,810)	\$ (49)	\$ (2,087)	\$ (610)	\$ (513)	\$ (3,431)	\$ (28,500)

As at August 31, 2010

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

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

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4. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Fund will have difficulty meeting obligations associated with financial liabilities. With respect to the Fund, liquidity risk also arises primarily from the need to meet share redemptions. Redemptions of Class A shares, new and follow-on venture investments, repayments of the Roseway participation liability and other operational commitments all draw on the Fund's liquidity. Venture capital investments in private companies are generally illiquid and it often takes several years for investments to mature and present a divestment opportunity. If the Fund does not have sufficient liquidity to fund follow-on investments, it may incur dilution or a loss of value on the investment if the portfolio company cannot secure required financing from alternative sources. Further, if the Fund is forced to sell a venture investment before it matures, it may incur a loss or realize a smaller gain. Class A shares must generally be held for eight years from the date of purchase in order for the holder to retain the benefit of tax credits claimed in respect of the shares. Accordingly, for liquidity management purposes the Fund considers shares to be redeemable only after expiry of this eight-year period. All references to "redeemable" shares should be read accordingly. As at the end of the year, all of the Fund's financial liabilities are due within one year, with the exception of the participation liability, which is discussed in Note 7.

The Fund monitors liquidity risk through the use of an annual liquidity model that forecasts the Fund's short and long term liquidity needs over 90-days, and the next two annual sales cycles ending March 31, based on projected levels of capital raising, investment and divestment activity, Class A Share redemptions, Roseway Participation Payments and other operational commitments.

The Fund has for the past several years focused its activities on follow-on investing and developing and closing-on exit opportunities, a natural progression for a mature venture capital fund. Over this same period, the Fund has seen a steep decline in sales activity prompted principally by the phase out of the Ontario labour-sponsored fund tax credit. Given the imminent phase-out of the already reduced Ontario tax credit, minimal sales of Canadian Fund shares were expected for the upcoming RSP sales season. In light of these factors, on September 30, 2011 the Fund announced that the Fund's Class A share offering would close to new purchases. Further, shareholders with switch rights may no longer switch one series of Class A shares for another.

In addition, subsequent to year end, on November 10, 2011, the Fund announced that it had adopted a redemption management plan or "RMP" whereby the Fund will close weekly Class A share redemptions and, subject to regulatory approval, would process redemptions of Class A shares semi-annually in amounts determined by the Board of Directors. Subject to regulatory approval, redemptions would be processed based on an annual redemption amount determined by the Board of Directors after taking into account projected divestment activity and the fund's follow-on investment needs, liabilities and operating commitments. The annual redemption amount may be increased or decreased in the discretion of the Board of Directors if divestment activity exceeds or falls short of projected levels. If and when regulatory approval of this element of the RMP is secured, the Fund will issue a press release announcing the first semi-annual redemption date and the process for lodging redemption requests under the RMP.

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4. FINANCIAL RISK MANAGEMENT (continued)

b) Venture investment portfolio

i) *Credit Risk*

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

ii) *Currency Risk*

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

iii) *Interest Rate Risk*

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

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4. FINANCIAL RISK MANAGEMENT (continued)

iv) *Other Price Risk*

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

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

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

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

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4. FINANCIAL RISK MANAGEMENT (continued)

c) Short-term investments and bonds:

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

i) *Credit Risk*

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

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

ii) *Interest Rate Risk*

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

d) Directed Funds investments

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

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

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4. FINANCIAL RISK MANAGEMENT (continued)

i) *Credit Risk*

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

ii) *Interest Rate Risk*

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

iii) *Other Price Risk*

Other price risk arises in respect of Directed Funds investments due to movements in the quoted prices of the securities underlying index notes and income notes. The Fund manages other price risk by limiting investments in, monitoring the composition of, and adjusting the concentration of these investments. As at August 31, 2011, the Fund did not hold any Directed Funds investments in either index notes or income notes.

e) **Participation liability**

i) *Currency Risk*

The participation liability is denominated in Canadian dollars; however a small number of the underlying investments in the Participation Holdings defined portfolio on which the participation payments are based are denominated in US dollars and will fluctuate in value due to changes in the exchange rate between the Canadian dollar and the US dollar. The Fund manages currency risk associated with the Participation Holdings by seeking to minimize the number of venture investments denominated in currencies other than Canadian dollars.

ii) *Other Price Risk*

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

5. SHARE CAPITAL

Authorized

Unlimited Class A Shares issuable in series from treasury, discretionary dividend entitlement, voting, restrictions on transfer and redemption, redeemable at the net asset value less any redemption fee, entitled to elect, together with the holder of Class C, Series I shares, those directors not entitled to be elected by the holder of Class B shares and nominate certain directors for approval by Class B Shares.

- Unlimited Class B Shares, issuable only to the Sponsor of the Fund, no dividend entitlement, voting, restrictions on transfer and redemption, entitled to elect one-half plus two of the directors if the number of directors is an even number, and a majority plus one of the directors if the number of directors is an odd number.

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5. SHARE CAPITAL (continued)

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

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

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

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

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

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

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

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

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

For the purposes of payment to the Manager, the IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative. At August 31, 2011, the Fund has accrued \$2.43 million (August 2010: \$874,238) of IPA Dividends and the contingent amount of IPA dividends accrued by the Fund decreased by \$1.43 million for the year ended August 31, 2011.

GROWTHWORKS CANADIAN FUND LTD.

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5. SHARE CAPITAL (continued)

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

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

Class A Shares

Redemption and subscription information includes switching of shares of one series for shares of another series. The following shares were issued and redeemed during the year ended August 31, 2011:

Class A Shares	Outstanding Shares at Beginning of Year	Issue of shares	Redemption of Shares	Outstanding Shares at End of Year
WV Canadian - Commission I	10,072	-	(2,789)	7,283
CAVI Series	1,429	-	(380)	1,049
ENSIS Series	6,648	-	(1,380)	5,268
CMDF Series	8,886	-	(690)	8,196
CSTGF Series	1,322	-	(352)	970
FOF Traditional	1,220	-	(208)	1,012
Venture / GIC, Commission I	59	5	(1)	63
Venture / GIC, Commission II	120	7	(2)	125
Venture / Growth, Commission I	1,249	31	(19)	1,261
Venture / Growth, Commission II	587	16	(4)	599
FOF Growth	499	-	(84)	415
Venture / Income, Commission I	371	1	(3)	369
Venture / Income, Commission II	304	-	(7)	297
Venture / Financial Services, Commission I	209	6	(2)	213
Venture / Financial Services, Commission II	340	10	(4)	346
Venture / Diversified, Commission I	1,508	61	(25)	1,544
Venture / Diversified, Commission II	2,151	55	(24)	2,182
Venture / CMDF Reinvestment Series Commission I	9	-	-	9
Venture / CMDF Reinvestment Series Commission II	6	-	-	6

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
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5. SHARE CAPITAL (continued)

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

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

⁽¹⁾ Series commenced offering on November 10, 2009

Service Fees of Class A Shares

During the year a total of \$973,000 (2010: \$1.40 million) was incurred by the Fund as service fees or distribution costs for Class A shares. The Series allocation was as follows:

	2011	2010
WV Canadian – Commission I	\$230	\$399
CAVI Series	42	67
ENSIS Series	195	286
CMDF Series	291	368
CSTGF Series	37	60
FOF Traditional	37	54
Venture / GIC – Commission I & II	2	2
Venture / Growth – Commission I & II	46	52
FOF Growth	16	24
Venture / Income – Commission I & II	14	15
Venture / Financial Services – Commission I & II	8	9
Venture / Diversified – Commission I & II	55	62
CMDF Reinvestment Series – Commission I & II	-	-
	<u>\$973</u>	<u>\$1,398</u>

GROWTHWORKS CANADIAN FUND LTD.

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5. SHARE CAPITAL (continued)

Class B Shares

1 Class B share was outstanding during the years ended August 31, 2011 and August 31, 2010.

Class C Shares

0.1 Class C share was outstanding during the years ended August 31, 2011 and August 31, 2010.

Redemption of Class A Shares

A shareholder may redeem all or part of a series of Class A Shares held at the net asset value per series share, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of the Fund as at the last day of the immediately preceding financial year. If the Fund does not redeem Class A Shares upon request, it will redeem those shares in the following financial year, at the net asset value at that time, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators [Note 4].

6. INCOME TAXES

Current income taxes

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

The Fund records the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments. If and to the extent the Fund distributes, or is deemed to have distributed, a dividend, the holder of the shares will be deemed to have received a Canadian taxable dividend and/or a realized capital gain, and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend. For the year ended August 31, 2011 the Fund did not distribute any deemed dividends.

Future income taxes

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

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010
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6. INCOME TAXES (continued)

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

	WV Canadian and Merger Series		GIC Series		Growth Series and FOF Growth Series	
	2011	2010	2011	2010	2011	2010
Future income tax assets:						
Tax loss carryforwards	\$44,333	\$43,763	\$77	\$57	\$1,683	\$2,051
Deferred finance fees	650	1,244	4	2	65	113
Unrealized losses on portfolio assets	9,639	11,628	22	27	922	919
Future income tax liabilities:						
Unrealized (gains) on portfolio assets	-	-	-	-	-	-
Valuation allowance	(54,622)	(56,635)	(103)	(86)	(2,670)	(3,083)
Net future income tax asset (liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Income Series		Financial Services Series		Diversified Series and CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Future income tax assets:						
Tax loss carryforwards	\$563	\$630	\$420	\$494	\$3,004	\$3,163
Deferred finance fees	18	28	12	19	82	140
Unrealized losses on portfolio assets	270	265	227	216	1,516	1,445
Future income tax liabilities:						
Unrealized (gains) on portfolio assets	-	-	-	-	-	-
Valuation allowance	(851)	(923)	(659)	(729)	(4,602)	(4,748)
Net future income tax asset (liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Investment requirements

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

Income tax-loss carryforwards

The Fund has \$139.90 million (August 2010: \$126.64 million) in capital losses that do not expire and can be carried forward to offset future capital gains. The Fund has available non-capital losses of approximately \$50.58 million (August 2010: \$48.66 million) that expire at various times up to the year 2030, and that may be carried forward and used to offset future income for tax purposes. The following table summarizes the amount of the carryforward attributable to each Series as at August 31, 2011:

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6. INCOME TAXES (continued)

	Non-capital loss carryforwards	Capital loss carryforwards
WV Canadian and Merger Series	\$42,333	\$129,579
GIC Series	130	95
Growth Series	2,419	3,013
Income Series	813	998
Financial Services Series	593	776
Diversified and CMDF Reinvestment Series	4,293	5,440
	\$50,581	\$139,901

7. PARTICIPATION LIABILITY

The Fund entered into a Participation Agreement with Roseway in 2010, receiving \$20 million in exchange for a participating interest of 20% of the divestment proceeds of the Participation Holdings (Note 1). The Fund is required to distribute to Roseway 20% of the divestment proceeds from investments in the Participation Holdings when received, with minimum payments of \$5.7 million on each of May 28, 2011, 2012 and 2013, and a \$20 million payment on May 28, 2013. On May 28, 2011 the Fund made the required payment of \$5.7 million to Roseway. Since the inception of the agreement the Fund has received an additional \$1.10 million from Roseway for follow on investments. This is payable to Roseway on May 28, 2013. Estimated total future payments are expected to be:

2012	10,390
2013	26,711
2014	1,101
	<u>\$38,202</u>

The fair value of the liability as at August 31, 2011 of \$28.50 million (2010: \$22.64 million) has been estimated based on the expected future cash flows discounted at 33%, the estimated effective interest rate at inception of the agreement. Interest expense of \$8.65 million (2010: \$1.77 million) and Roseway's share of unrealized depreciation of \$844,593 (2010: \$765,740) has been recorded in the statement of operations for the year ended August 31, 2011.

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

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

8. RELATED PARTY TRANSACTIONS

a) Management fees and administration fees

The Fund has entered into an amended and restated Management Agreement (the "Management Agreement") dated July 15, 2006. Under the terms of the Management Agreement, the Manager provides or arranges for the provision of day-to-day management, investment management and administration services to the Fund. The Manager has engaged its affiliate Growth Works Capital Ltd. to perform investment fund management services and act as the Fund's principal distributor.

GROWTHWORKS CANADIAN FUND LTD.

Notes to Financial Statements

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8. RELATED PARTY TRANSACTIONS (continued)

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

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

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

b) IPA Dividends

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

c) Inter-Series receivables and payables

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

d) Financing Loan

During the 2011 fiscal year, as part of a financing facility, the Fund entered into a note indenture and credit facility agreement with a related party, a fund with which it shares a common manager. As part of the agreement the Fund issued a secured note for up to \$11 million Canadian. Advances of up to \$2.5 million are revolving and the balance is non-revolving. Under the credit facility agreement and note indenture, interest of 12% is payable on amounts advanced. This may be increased by up to 3% if the Fund's divestments from the venture investment portfolio generate realized gains above fair values at the date of such advance. During the year ended August 31, 2011 the Fund had drawn a maximum of \$2.5 million and accrued interest of \$61,815, both of which remained outstanding at year end. The balance and interest outstanding is due and payable in full by March 31, 2012.

GROWTHWORKS CANADIAN FUND LTD.

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9. RECONCILIATION OF NET ASSET VALUE

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

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

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

	ENSIS Series
Net Assets – August 31, 2011	\$30,500
Adjustments:	
Beginning unamortized deferred charges	1,451
Amortization of deferred charges for the year	(541)
NAV - August 31, 2011	\$31,410
Class A shares outstanding at year	5,268
Net Assets per Class A share	\$5.79
NAV per Class A share	\$5.96

GROWTHWORKS CANADIAN FUND LTD.

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10. COMMITMENTS AND CONTINGENCIES

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

11. RESTRICTED CASH

In the prior year the cash balance reported in the Statement of Net Assets for the Merger Series was an asset allocated to the FOF Traditional and FOF Growth series of Class A Shares. The balance consisted of funds deposited into escrow in connection with the July 14, 2006 merger of First Ontario Labour Sponsored Investment Fund Ltd. ("First Ontario Fund") into the Fund, together with interest earned on the escrowed funds. In the prior year the funds were held by an Escrow Agent pursuant to an Escrow Agreement dated July 14, 2006. This escrow arrangement was established to satisfy liabilities, if any, incurred by First Ontario Fund arising from a legal claim to which it was a party at the time of the merger. As at August 31, 2011, the balance is no longer subject to escrow restrictions and is included as cash in the current year for the Merger Series.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

	Merger Series		GIC Series		Growth Series	
	2011	2010	2011	2010	2011	2010
Accrued management fees	\$ 3,793	\$ -	\$ 30	\$ -	\$ 363	\$ -
Accrued incentives	130	186	-	5	11	9
Investment guarantees	-	2,249	-	1	-	122
Other payables/liabilities	107	1,251	1	-	7	65
Accounts payable and accrued liabilities	\$ 4,030	\$ 3,686	\$ 31	\$ 6	\$ 381	\$ 196
	Income Series		Financial Services Series		Diversified Series and CMDF Reinvestment Series	
	2011	2010	2011	2010	2011	2010
Accrued management fees	\$ 106	\$ -	\$89	\$ -	\$597	\$ -
Accrued incentives	2	3	1	2	10	11
Investment guarantees	-	44	-	36	-	243
Other payables/liabilities	3	8	5	6	14	51
Accounts payable and accrued liabilities	\$ 111	\$ 55	\$ 95	\$ 44	\$ 621	\$ 305

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13. INDEPENDENT VALUATOR

Pursuant to the independent valuation requirements of National Instrument 81-106, the Fund requires an independent review to assess whether or not the fair value of the Fund's venture portfolio is, in all material respects, reasonable. Qualified chartered business valuers within the Valuations Practice of KPMG LLP, the Fund's independent auditor, performed this review at the Fund's most recent year end (August 31, 2011) and concluded that the fair value was, in all material respects, reasonable.

14. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the year ended August 31, 2011, the Fund paid a total of \$15,200 (2010: \$15,000) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.



www.growthworks.ca/canadian

Suite 2200 Exchange Tower, 130 King St West,
PO Box 422 Toronto, Ontario M5X 1E3
416.934.7777 or 1.800.463.1652 info@growthworks.ca