

2011 Annual Financial Statements

For the year ended August 31, 2011

GrowthWorks Commercialization Fund Ltd.

05 Series

09 Series

10 Series

11 Series

Performance Diversification Know-How



GrowthWorks Commercialization Fund Annual Report to Shareholders

To our investors:

I am pleased to report that the Commercialization Fund continued to make good progress against several key objectives during the past fiscal year. We placed \$6.3 million in new and follow-on investments in 10 innovative companies. We exited two investments. We met our dividend commitments. And we raised \$4.3 million in new funds through the 2010 – 2011 RRSP season.

We also remained one of Canada's best performing funds over the past five years, by staying true to our dual investment philosophy of exceptional selectivity before investment and active value-added management after investment.

Currently, investing activity within the venture capital market is slowing due to decreased fundraising. However, as one of few reliable sources of early stage venture capital for Canadian technology companies, our Fund continues to enjoy very strong deal flow. Accordingly, we believe these opportunities, together with the continued growth and development of our portfolio companies, leave us well-positioned to participate in more success stories as we move forward.

Clean-tech sector: Fund adds two high-growth opportunities

When the Fund contemplates new investment in the cleantech sector, we target companies that fulfill key criteria of a timely investment opportunity, growth focussed with an attractive business case, and the potential for exit opportunities to yield attractive returns. Following this strategy, the Fund invested \$3.0 million in two companies that are new to our portfolio.

First, we invested \$1.5 million in **GreenCore Composites Inc.**, a cleantech company that manufactures natural-fibre reinforced thermoplastic materials. The financing was part of a syndicated financing with Sustainable Chemistry Alliance, which invests in the commercialization of green, sustainable technologies, processes and businesses that are beyond concept and into the piloting stage. GreenCore will use the funds to advance the development and commercial launch of its NCell™ composites, which are used by companies seeking more environmentally conscious methods to inject mold or extrude industrial and consumer products.

We believe that GreenCore is a Canadian success story in the making. Its high-performance materials, which will employ NCell™ to make parts such as door panels, center console stacks and instrument panel components from largely recycled materials, have been engineered to meet the stringently high standards of the automotive sector. Headquartered in Toronto, Ontario, GreenCore operates a manufacturing plant in Mississauga where it undertakes product development and produces commercial quantities of NCell™.

The Fund also invested \$1.5 million in **Hy-Power Nano Inc.** as part of a syndicated financing with the Ontario Emerging Technologies Fund (OETF). Hy-Power Nano is a developer of proprietary nanotechnology-based insulating coatings which exhibit infra-red blocking properties. These “next generation” coatings work to keep heat outside in summer and inside during winter, and can be applied to windows and walls without affecting their performance or appearance. Based in Brampton, Ontario, Hy-Power Nano will use the funds to commercialize its technology which has been successfully proven in pilot installations.

Information technology: Fund invests \$2.3 million in high-tech sector

We added three information technology companies to our portfolio during fiscal 2011, investing a total of \$2.3 million. The new companies include:

- **Verold Inc.** –we invested \$1.2 million in this Toronto-based start-up, which provides powerful software tools for rapid-production of 3D content, a typically labour-intensive process. Verold products can reduce the time needed to create content for games, web content and films by automating or partially automating many 3D production processes.
- **gShift Labs Inc.** –the Fund invested \$1.0 million in gShift, the creator of *Web Presence Optimizer*, a proprietary Search Engine Optimization (SEO) software system which enables companies to achieve top search engine rankings for their websites. The fully automated software can be used as often as necessary to maintain or improve search engine rankings, thereby eliminating the need to retain costly SEO consulting firms. With the Fund’s investment, gShift qualified for an additional \$500,000 from the Federal Economic Development Agency for Southern Ontario, which was established to improve the competitiveness, innovation, and diversification of southern Ontario’s economy. gShift will use the new funds to move to the next stage of product development and to fuel sales and marketing efforts.

We also completed follow-on investments in **PerspecSys Inc.**, **Peerset Inc.**, **iStopOver**, **Ascentify Learning Media** and **Kibboko Inc.** during the past 12 months, disbursing a total of \$1.0 million to the five companies.

As of August 31, 2011, our portfolio comprised 7 information technology companies and 4 cleantech companies. To learn more about these companies, please visit www.growthworks.ca/commercialization and choose "Portfolio." Then click on the link to the respective company websites.

Portfolio exits confirm investment strategy

In addition to making several new and follow-on investments during fiscal 2011, the Fund exited its investments in two portfolio companies. Notable among these was the subsequent to year end sale of our position in Paymentus Corporation, a leading electronic bill payment company. Our interest in Paymentus was acquired as part of a large equity investment made by Accel-KKR, a technology-focused private equity firm. Paymentus will use the new funds to accelerate development, drive growth and enhance the footprint of its real-time payment network. 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 opportunities that exist for early stage investors in Canada.

Fund pays dividends and raises new capital

The Fund paid dividends in February 2011 of \$1.00 per share on its 08 and 09 Series shares and \$0.50 per share on its 10 Series shares. Our dividend policy is to pay dividends equal to approximately 25% of the share purchase price during the three years following the year in which the shares were offered for sale.

Alongside Ontario and Saskatchewan, the Fund shares can now be purchased in Manitoba with a provincial retail venture capital tax credit for investors. In Manitoba, the provincial tax credit is 15%, with a maximum investment of \$12,000 per year. The Federal tax credit is 15% on a maximum investment of \$5,000 per year.

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

Venture capital market activity slows

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

Looking ahead

We believe the Fund is well-positioned to continue generating the strong rate of returns posted in fiscal 2011. As noted above, there has been a marked decrease in venture capital fundraising during the first half of this year. This has resulted in a strong flow of deals to the Fund, which remains one of the few sources of early stage venture capital for technology companies.

Additionally, our existing portfolio of investments in high-performing companies is very strong overall and expected to continue to appreciate in value over time. With our strong portfolio, we believe the Fund is well-positioned to capitalize on higher levels of M&A and IPO market activity when they emerge, and to realize returns that outpace those of other asset classes.

In closing, I'd like to thank our shareholders for their confidence and trust, and to welcome new shareholders. I also thank the management of our portfolio companies for their hard work and achievements.

Sincerely,



David Levi, President and CEO
GrowthWorks Commercialization Fund Ltd.

This report contains forward-looking statements that are not based on historical or current fact, including statements in respect of the plans and prospects of, and results achieved by, portfolio companies, deal flow and future capital raising and investment activity and future economic and market conditions, including mergers and acquisitions (“M&A”) and initial public offering (“IPO”) market conditions. Actual results may differ materially from those expressed or implied by such forward-looking statements as a result of numerous known and unknown risks affecting the Fund and current and future portfolio companies, including but not limited to, those associated with economic and market conditions, including M&A and IPO market conditions, risks inherent in emerging businesses with unproven products or limited sales and other risks referenced in the Fund’s public disclosure record. Neither the Fund nor its manager assumes any obligation to update any of the forward-looking statements made in this report.

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 10, 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 Commercialization Fund Ltd.**

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

The financial statements have been prepared by the Manager based on the information available to 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



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

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

05 Series
09 Series
10 Series
11 Series
(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 statement 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.

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



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the investment portfolio of GrowthWorks Commercialization 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.

KPMG LLP

Chartered Accountants

November 16, 2011
Vancouver, Canada

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Net Assets – 05 Series, 09 Series, 10 Series and 11 Series

As at August 31

	2011	2010
Assets		
Short-term investments and bonds	\$ 7,758,019	\$ 10,626,328
Income notes	1,450,453	1,258,780
Total non-venture investments	9,208,472	11,885,108
Venture investments	12,671,222	6,875,862
Total portfolio assets	21,879,694	18,760,970
Cash and cash equivalents	1,987,255	5,665,051
Divestment proceeds receivable	697,324	1,176,921
Accounts receivable	13,716	6,339
Accrued interest receivable	497,948	87,555
Subscriptions receivable	-	-
Income and capital taxes receivable	720,531	-
Future income tax asset	883,993	1,660,054
	26,680,461	27,356,890
Liabilities		
Accounts payable and accrued liabilities [Note 8]	272,737	459,690
IPA payable	253,612	1,924,799
Contingent IPA	153,356	-
Income and capital taxes payable	-	1,768,842
	679,705	4,153,331
Net assets per series		
05 Series	14,661,750	11,827,575
08 Series	- ⁽¹⁾	3,824,680
09 Series	3,419,391	3,746,730
10 Series	3,620,350	3,804,574
11 Series	4,299,265	- ⁽²⁾
Net assets	\$ 26,000,756	\$ 23,203,559
Shares outstanding [Note 4]		
05 Series	1,487,632	1,161,021
08 Series	- ⁽¹⁾	295,356
09 Series	288,619	290,259
10 Series	298,876	300,016
11 Series	432,874	- ⁽²⁾
Net assets per share		
05 Series	\$ 9.86	\$ 10.19
08 Series	- ⁽¹⁾	12.95
09 Series	11.85	12.91
10 Series	12.11	12.68
11 Series	9.93	- ⁽²⁾

⁽¹⁾ Series was converted into the 05 Series on February 25, 2011.

⁽²⁾ Series commenced offering on September 3, 2010

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Operations – 05 Series, 09 Series, 10 Series and 11 Series

For the years ended August 31

	2011	2010
Investment income:		
Interest – short-term investments and bonds	\$ 152,800	\$ 20,351
Interest – income notes	81,226	89,888
Interest – venture investments	832,344	1,247,898
Interest – other	55,912	32,160
	1,122,282	1,390,297
Expenses:		
Management fees [Note 5(a)]	496,454	322,795
Administration fees [Note 5(a)]	474,114	308,269
Capital retention administration fees [Note 5(a)]	172,441	134,575
Directors' fees	48,515	21,064
Service fees [Note 4]	124,819	81,138
Capital taxes	-	24,591
Other	404,925	206,839
	1,721,268	1,099,271
Net investment income (loss)	(598,986)	291,026
Realized gain (loss) from:		
Venture investments	(706,586)	8,018,539
Short-term investments and bonds	(344)	31
Income notes	-	-
Total realized gain (loss)	(706,930)	8,018,570
Incentive participation dividend [Note 4]	28,323	(1,924,799)
Net realized gain (loss)	(678,607)	6,093,771
Change in unrealized appreciation (depreciation) of:		
Venture investments	227,506	64,488
Short-term investments and bonds	12,845	(3,109)
Income notes	191,672	242,109
Total change in unrealized appreciation (depreciation)	432,023	303,488
Contingent incentive participation dividend [Note 4]	(153,356)	-
Net change in unrealized appreciation (depreciation)	278,667	303,488
Increase (decrease) in net assets from operations before income taxes	(998,926)	6,688,285
Provision for income taxes (expense) recovery	647,222	(1,854,273)
Future income tax (expense) recovery	(226,619)	1,660,054
	420,603	(194,219)
Increase (decrease) in net assets from operations	(578,323)	6,494,066
Increase (decrease) in net assets from operations per series		
05 Series	(463,265)	3,404,573
08 Series ⁽¹⁾	(46,396)	1,279,515
09 Series	(17,423)	1,028,836
10 Series	(20,826)	781,142
11 Series	(30,413)	- ⁽²⁾
	\$ (578,323)	\$ 6,494,066
Increase (decrease) in net assets from operations per series share		
05 Series	\$ (0.35)	\$ 3.17
08 Series ⁽¹⁾	(0.19)	4.33
09 Series	(0.06)	3.53
10 Series	(0.07)	4.56
11 Series	(0.12)	-

⁽¹⁾ Series was converted into the 05 Series on February 25, 2011.

⁽²⁾ Series commenced offering on September 3, 2010

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Changes in Net Assets – 05 Series, 09 Series, 10 Series and 11 Series

For the years ended August 31

	<u>05 Series</u>		<u>07 Series</u> ⁽¹⁾		<u>08 Series</u> ⁽²⁾	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 11,827,575	\$ 6,740,034	\$ -	\$ 1,918,955	\$ 3,824,680	\$ 2,853,629
Changes during the year:						
Net increase (decrease) in net assets from operations	(463,265)	3,404,573	-	95,971	(46,396)	1,279,515
	(463,265)	3,404,573	-	95,971	(46,396)	1,279,515
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	-	-	-
Payment on redemption of Class A shares	(167,932)	(102,677)	-	(13,060)	(19,058)	(12,355)
Share conversion [Note 4 and 7]	3,465,372	1,785,645	-	(1,785,645)	(3,465,372)	-
	3,297,440	1,682,968	-	(1,798,705)	(3,484,430)	(12,355)
Dividends from Class A shares:						
From investment income	-	-	-	-	-	(296,109)
From capital gains	-	-	-	-	(293,854)	-
Prior to share conversion [Note 4 and 7]	-	-	-	(216,221)	-	-
Net assets, end of year	\$14,661,750	\$11,827,575	\$ -	\$ -	\$ -	\$ 3,824,680

	<u>09 Series</u>		<u>10 Series</u>		<u>11 Series</u> ⁽³⁾	
	2011	2010	2011	2010	2011	2010
Net assets, beginning of year	\$ 3,746,730	\$ 2,894,100	\$ 3,804,574	\$ -	\$ -	\$ -
Changes during the year:						
Net increase (decrease) in net assets from operations	(17,423)	1,028,836	(20,826)	781,142	(30,413)	-
	(17,423)	1,028,836	(20,826)	781,142	(30,413)	-
Capital transactions:						
Proceeds from issuance of Class A shares	-	-	-	3,028,514	4,346,765	-
Payment on redemption of Class A shares	(20,161)	(29,974)	(13,890)	(5,082)	(17,087)	-
Share conversion [Note 4 and 7]	-	-	-	-	-	-
	(20,161)	(29,974)	(13,890)	3,023,432	4,329,678	-
Dividends from Class A shares:						
From investment income	-	(146,232)	-	-	-	-
From capital gains	(289,755)	-	(149,508)	-	-	-
Prior to share conversion [Note 4 and 7]	-	-	-	-	-	-
Net assets, end of year	\$3,419,391	\$ 3,746,730	\$3,620,350	\$ 3,804,574	\$4,299,265	\$ -

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

⁽²⁾ Series was converted into the 05 Series on February 25, 2011.

⁽³⁾ Series commenced offering on September 3, 2010.

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Changes in Net Assets – 05 Series, 09 Series, 10 Series and 11 Series

For the years ended August 31

	<u>Total</u>	
	2011	2010
Net assets, beginning of year	\$ 23,203,559	\$ 14,406,718
Changes during the year:		
Net increase (decrease) in net assets from operations	(578,323)	6,590,037
	(578,323)	6,590,037
Capital transactions:		
Proceeds from issuance of Class A shares	4,346,765	3,028,514
Payment on redemption of Class A shares	(238,128)	(163,148)
Share conversion [Note 4 and 7]	-	-
	4,108,637	2,865,366
Dividends from Class A shares:		
From investment income	-	(442,341)
From capital gains	(733,117)	-
Prior to share conversion [Note 4 and 7]	-	(216,221)
Net assets, end of year	\$26,000,756	\$23,203,559

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Cash Flows – 05 Series, 09 Series, 10 Series and 11 Series

For the years ended August 31

	2011	2010
Cash flow provided by (used for):		
Cash flows from operating activities:		
Net investment income (loss)	\$ (598,986)	\$ 291,026
Net income tax (expense) recoverable	420,603	(194,219)
Increase (decrease) in net assets from operations from converted shares	-	95,971
Changes in non-cash operating accounts:		
Accounts receivable	(7,377)	218
Accrued interest receivable	(410,394)	191,891
Accounts payable and accrued liabilities	(186,953)	(254,846)
Income and capital taxes payable (receivable)	(2,489,374)	1,840,303
Divestment proceeds receivable	423,039	(1,176,921)
Future income tax asset	776,061	(1,660,054)
IPA dividend payable	(1,671,187)	1,924,799
Contingent IPA	153,356	-
	(3,591,212)	1,058,168
Cash flows from investing activities:		
Proceeds of disposition of portfolio assets		
Disposition of venture investments	83,800	10,365,053
Disposition of short-term investments and bonds	17,927,640	13,589,339
Disposition of income notes	-	-
Purchase of portfolio assets		
Purchase of venture investments	(6,362,618)	(2,401,501)
Purchase of short-term investments and bonds	(14,985,893)	(17,383,628)
Purchase of income notes	-	-
IPA dividends	28,323	(1,924,799)
Contingent IPA dividends	(153,356)	-
	(3,462,104)	2,244,464
Cash flow from financing activities:		
Proceeds from issuance of Class A shares	4,346,765	3,028,515
Payment on redemption of Class A shares	(238,128)	(163,149)
Dividends paid on Class A shares	(733,117)	(658,560)
Subscriptions receivable	-	18,362
	3,375,520	2,225,168
Increase (decrease) in cash position	(3,677,796)	5,527,800
Cash position, beginning of year	5,665,051	137,251
Cash position, end of year	\$ 1,987,255	\$ 5,665,051

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

05 Series, 09 Series, 10 Series and 11 Series

Discussion of Financial Risk Management (Note 3)

Liquidity Risk

As at August 31, 2011, all of the Fund's financial liabilities are primarily due within one year. Total financial liabilities of these Series were \$ 679,705 (2010: \$2.4 million).

Credit Risk

The maximum exposure to credit risk at August 31, 2011 is \$19.9 million (2010: \$18.7 million) which represents approximately 76.6% (2010: 80.5%) of the Series' net assets. This is comprised of \$9.5 million (2010: \$5.5 million) of venture investments, \$7.8 million (2010: \$10.6 million) of short term investments and bonds, \$1.5 million (2010: \$1.3 million) of income notes and \$1.2 million (2010: \$1.3 million) in receivables.

- Venture Investments and other receivables:

An analysis of the fair value of financial assets owned by the Fund that are past due and/or impaired as at 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	\$ 1,414,999	\$ 612,500	\$ -	\$ -	\$ -	\$ -	\$ 1,414,999	\$ 612,500
< 1 year past due	-	-	117,379	-	74,916	-	192,295	-
Divestment proceeds receivable	697,324	1,176,921	-	-	-	-	697,324	1,176,921
Total	\$ 2,112,323	\$ 1,789,421	\$ 117,379	\$ -	\$ 74,916	\$ -	\$ 2,304,618	\$ 1,789,421

The Fund holds no collateral on these investments as security. Cumulative unrealized loss recorded in the valuation of the Fund's net assets for all venture debt investments is \$1.3 million (2010: \$987,499). Total divestment proceeds receivable as at August 31, 2011 amount to \$697,324 (2010: \$2.6 million) with a cumulative unrealized reserve recorded of \$1.3 million (2010: \$2.5 million). No other investments are past due or impaired at August 31, 2011.

- Short-term Investments and Bonds:

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

Short-term Investments and Bonds by Credit Rating	Fair Value		Percentage of Portfolio		Percentage of Net Assets	
	2011	2010	2011	2010	2011	2010
AA	\$ 1,169,707	\$ 10,626,328	15.1%	100.0%	4.5%	45.8%
A	1,188,790	-	15.3%	-	4.6%	-
R1	5,399,522	-	69.6%	-	20.8%	-
Total	\$ 7,758,019	\$ 10,626,328	100.0%	100.0%	29.9%	45.8%

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.

- Income Notes:

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

Currency Risk

As at August 31, 2011, the Fund had \$0 (August 31, 2010: \$1.1 million) receivables denominated in US Dollars. A change of 1% in the Canadian Dollar relative to this currency would result in a change in net assets of approximately 0.0% (August 31, 2010: 0.1%). In practice actual results may differ from this sensitivity analysis, and the difference could be material. There was no other exposure to foreign currencies at the year end.

Interest Rate Risk

At August 31, 2011 short-term investments and bonds, comprising approximately 29.9% (2010: 45.8%) of the Series' net assets, are exposed to interest rate risk. The Manager does not consider the Series' venture debt investments to be exposed to interest rate risk as discussed in note 4(b)(iii). At 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 \$146,930 (2010: \$24,441), representing approximately 0.6% (2010: 0.1%) of the Series' net assets. In practice, actual results may differ from the sensitivity analysis, and the difference could be material. The following table summarizes the Series' exposure to interest rate risk analyzed by maturity date:

Short-term Investments, Bonds, and Bank Instruments by maturity date	Fair Value		Percentage of portfolio		Percentage of net assets	
	2011	2010	2011	2010	2011	2010
Less than 1 year	\$ 5,399,522	\$ 10,626,328	69.6%	100.0%	20.8%	45.8%
1 - 3 years	1,169,707	-	15.1%	-	4.5%	-
3 - 5 years	-	-	0.0%	-	0.0%	-
5-7 years	-	-	-	-	-	-
7-9 years	1,188,790	-	15.3%	-	4.6%	-
Total	\$ 7,758,019	\$ 10,626,328	100.0%	100.0%	29.9%	45.8%

Other Price Risk

As at August 31, 2011 the Series is exposed to other price risk from public venture investments and income notes. Public venture investments represent \$42,580 (2010: \$99,999) or 0.2% (2010: 0.4%) of the Series' net assets. Investments in income notes represent approximately \$1.5 million (2010: \$1.3 million) or 5.6% (2010: 5.4%) 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	\$ -	\$ -	-	-
Income Notes	S&P/TSX Capped Income Trust Index Level	7,923	18,126	-	0.1%
		\$ 7,923	\$ 18,126	-	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 \$7,923 (2010: \$18,126) 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. The regression analysis does not show a statistically significant correlation between the Venture public portfolio and the benchmark for 2011 since these public venture investments are thinly traded and their share prices are impacted by firm specific events throughout the year which contributed to their deviation from the benchmark index.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio

Venture Investments - 05 Series, 09 Series, 10 Series and 11 Series

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:					
MCN BioProducts Inc., Debenture, 20%, due on demand	82,083	\$ 82,083	\$ -	\$ 82,083	
		\$ 82,083	\$ -	\$ 82,083	0.3%
Computer Services:					
7842317 Canada Inc. (formerly Octopz), Promissory Note, 20%, due on demand	62,570	\$ 62,570	\$ -	\$ 62,570	
7842317 Canada Inc. (formerly Octopz), Secured Convertible Debenture, 12%, due on demand	83,800	83,800	-	83,800	
Ascentify Learning Media Inc. (formerly, neuroLanguage Inc.), Debenture, 12%, due on demand	34,939	34,939	-	34,939	
Ascentify Learning Media Inc. (formerly, neuroLanguage Inc.), Debenture, 18%, due on demand	14,193	14,193	-	14,193	
Ascentify Learning Media Inc. (formerly, neuroLanguage Inc.), Preferred Shares	470,000	-	470,000	470,000	
Bering Media Inc. Debenture, 16%, due November 5, 2012	1,000,000	1,000,000	-	1,000,000	
gShift Convertible Debenture, 12%, due May 9, 2014	1,000,000	1,000,000	-	1,000,000	
iStopOver Convertible Debenture, 5%, due August 19, 2013	500,000	500,000	-	500,000	
iStopOver Convertible Debenture, 5%, due August 16, 2014	500,000	500,000	-	500,000	
Kibboko Inc., Convertible Debenture, 12%, due on demand	170,230	170,230	-	170,230	
Kibboko Inc., Convertible Debenture, 10%, due on demand	138,492	138,492	-	138,492	
Kibboko Inc., Debenture, 12%, due on demand	1,077,792	1,077,792	-	1,077,792	
KIT Digital Inc., Public, Common Shares	3,942	-	-	-	
Paymentus Inc., Series A Preferred Shares	625,000	-	625,000	625,000	
Peerset Inc., Debenture 16%, due on demand	900,000	900,000	-	900,000	
Peerset Inc., Debenture 10%, due on demand	181,130	181,130	-	181,130	
PerspecSys Inc., Series A Preferred Shares	1,335,316	-	1,335,316	1,335,316	
Verold, Convertible Debenture, 8%, April 1, 2014	1,200,000	1,200,000	-	1,200,000	
		\$ 6,863,146	\$ 2,430,316	\$ 9,293,462	35.7%

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (continued)

Venture Investments - 05 Series, 09 Series, 10 Series and 11 Series

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					
Energy/ Environment					
Greencore Composites Inc., Convertible Debenture, 10%, due October 19, 2013	750,000	750,000	-	750,000	
Greencore Composites Inc., Convertible Debenture, 10%, due August 16, 2014	750,000	750,000	-	750,000	
HY-Power Nano Inc., Convertible Debenture, 16%, due May 10, 2014	750,000	750,000	-	750,000	
HY-Power Nano Inc., Convertible Debenture, 16%, due June 14, 2015	750,000	750,000	-	750,000	
Wired Sun. (formerly The Solar Venture) Debenture, 16%, due November 21, 2011	850,000	850,000	-	850,000	
Wired Sun. (formerly The Solar Venture) Debenture, 8%, due on demand	50,000	50,000	-	50,000	
		\$ 3,900,000	\$ -	\$ 3,900,000	15.0%
Total venture investments, at cost		\$ 10,845,229	\$ 2,430,316	\$13,275,545	51.1%
Unrealized appreciation (depreciation) of venture investments				(604,323)	
Total venture investments, at estimated fair value				\$ 12,671,222	48.7%
Venture Investments, per Series					
				Fair value	
05 Series				\$ 7,770,269	
09 Series				1,386,271	
10 Series				1,435,539	
11 Series				2,079,143	
				\$ 12,671,222	

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (continued)

Venture Investments - 05 Series, 09 Series, 10 Series and 11 Series

As at August 31, 2011

Stage of Development	Number of venture investments	Cost	Percentage of venture investments at cost (%)	Fair value	Percentage of venture investments at fair value (%)
Early stage	14	\$13,275,545	100.0%	\$12,628,642	99.7%
Mid stage	1	-	0.0%	42,580	0.3%
	15	\$13,275,545	100.0%	\$12,671,222	100.0%

Sector	Number of Holdings	Cost	Percentage of venture investments at cost (%)	Fair value	Percentage of venture investments at fair value (%)
Computer Services & Biotechnology	12	9,375,545	70.6%	9,196,222	72.6%
Energy/ Environment	3	3,900,000	29.4%	3,475,000	27.4%
	15	\$13,275,545	100.0%	\$12,671,222	100.0%

Public/Private	Number of Holdings	Cost	Percentage of venture investments at cost (%)	Fair value	Percentage of venture investments at fair value (%)
Private	14	\$13,275,545	100.0%	\$12,628,642	99.7%
Public	1	-	0.0%	42,580	0.3%
	15	\$13,275,545	100.0%	\$12,671,222	100.0%

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Statement of Investment Portfolio (continued)

Short-term Investment, Bonds and Income Notes - 05 Series, 09 Series, 10 Series and 11 Series

As at August 31, 2011

Units/Par Value	Issuer	Maturity date	Cost (\$)	Fair Value (\$)	Percentage of Net Assets
Short-term Investments and Bonds					
Bankers' Acceptances					
\$ 4,012,000	TD Bank	January 3, 2012	\$ 3,991,333	\$ 3,996,111	
1,409,000	TD Bank	January 4, 2012	1,403,181	1,403,412	
Total Bankers' Acceptances			\$ 5,394,514	\$ 5,399,523	20.8%
Bank Instruments					
\$ 1,100,000	National Bank of Canada	December 22, 2019	\$ 1,186,128	\$ 1,187,273	
1,100,000	Bank of Nova Scotia	April 15, 2014	1,167,087	1,171,223	
Total Bank Instruments			\$ 2,353,215	\$ 2,358,496	9.1%
Total Short-term Investments and Bonds			\$ 7,747,729	\$ 7,758,019	29.8%
Income Notes					
\$ 1,317,964	National Bank of Canada	February 23, 2016	\$ 1,317,964	\$ 1,450,453	5.6%
Short-term Investments, Bonds and Income Notes			\$ 9,065,693	\$ 9,208,472	35.4%

Short-term Investments, Bonds and Income Notes, per Series	Fair Value
05 Series	\$ 4,448,415
09 Series	1,543,882
10 Series	1,622,605
11 Series	1,593,570
	\$ 9,208,472

See accompanying notes to financial statements.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to Financial Statements

For the years ended August 31, 2011 and 2010

1. CORPORATE STATUS, ACTIVITIES AND MANAGEMENT

GrowthWorks Commercialization Fund Ltd. (the "Fund") was incorporated under the Canada Business Corporations Act on May 13, 2004. The Fund is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and as a labour sponsored investment fund corporation under the *Community Small Business Investment Act* (Ontario) (the "Ontario Act"). The Fund gave notice to the Ministry of Finance (Ontario) of its intention to issue shares as a research oriented investment fund ("ROIF") in 2010 and 2011. The Fund is also an approved fund under the Labour-sponsored Venture Capital Corporations Act (Saskatchewan) (the "Saskatchewan Act"). Effective December 15, 2010, the Fund was registered as a labour sponsored venture capital corporation in Manitoba. The sponsor of the Fund is the Canadian Federation of Labour (the "Sponsor"). The Sponsor holds 100% of the Class B Shares of the Fund.

The Fund has different series of Class A Shares. "Series" refers to any or all of the Fund's series of Class A Shares, as the context requires.

Each year, the Fund expects to offer a new Series which will typically be offered for sale during a period ending about four to six months after the end of the RRSP season in which the Series was offered. Each Series is expected to have a dividend policy (Note 7) to pay a total of approximately 25% of the purchase price over approximately three years after the RRSP season in which the Series is offered for sale. Dividends are not guaranteed. The Fund previously offered Class A Shares of Series 1 (the "05 Series"), 06 Series (the "06 Series"), 07 Series (the "07 Series"), 08 Series (the "08 Series"), 09 Series (the "09 Series"), 10 Series (the "10 Series") and 11 Series (the "11 Series"). As authorized by the board the Fund will be offering the 12 Series (the "12 Series") commencing September 2, 2011.

Under the Fund's investment allocation rules, the 05 Series, 09 Series, 10 Series and 11 Series participate in the same venture and non-venture investment portfolios. A new Series such as the 12 Series will generally become subject to the investment allocation rules within 30 days of the end of the RRSP season in which it was offered. When a Series has completed its dividend policy and has been allocated interest and other income at least equal to the amount of dividends paid under its dividend policy, that Series will be converted into shares of the 05 Series at the relative net asset value. To date, the 06 Series, the 07 Series and the 08 Series have been converted into the 05 Series (Note 7).

Under the Fund's investment allocation rules, the 05 Series, 09 Series, 10 Series and 11 Series participate in a shared investment portfolio and, accordingly, are presented as separate share Series in combined financial statements. The comparative periods and the relevant opening balances include the financial position and results of operations of the 08 Series. The 08 Series was converted into the 05 Series on February 25, 2011 (Note 7).

The Fund primarily makes investments ("venture investments") in small and medium-sized businesses located in Ontario and Saskatchewan with the objective of achieving long term capital appreciation. In accordance with its registration in Manitoba on December 15, 2010, the Fund will begin making venture investments in Manitoba.

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

These financial statements should be read in conjunction with the year end 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.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

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

b) Venture investments

Venture investments are recorded at estimated fair value. Fair value is the value that would be agreed upon between knowledgeable and willing parties dealing at arm's length without constraint. Investment transactions are accounted for on a trade date basis. Changes in unrealized appreciation or depreciation of venture investments, being the differences between fair value and cost of these investments, are recorded in results of operations.

i) Publicly-traded:

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

ii) Privately-owned:

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

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

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

c) Short-term investments, bonds, income notes and bank instruments

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

d) Income recognition

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

e) Income taxes

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

will not be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in operations in the period that enactment or substantive enactment occurs.

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

f) Foreign exchange

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

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

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

g) Per share values

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

h) Use of estimates

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

Areas requiring the use of significant management estimates include estimations of the fair value of venture investments, including assessments of the financial condition of investees that might indicate a change in fair value of a particular investment. Assumptions underlying investment valuations are limited by the availability of reliable data and the uncertainty of predictions concerning future events. Accordingly, investment valuations include a subjective element. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

i) Financial instruments

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

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

j) IPA Dividends and contingent incentive participation dividends

Incentive participation dividends ("IPA Dividends") and contingent incentive participation dividends on Class C Shares ("IPA Shares") are recorded and expensed in the Statement of Operations on an accrual basis. IPA Dividends are accrued weekly, but only payable quarterly, when certain conditions are met (Note 4).

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for contingent incentive participation dividends, if any, is recognized based on the assumption that all of the venture investments are liquidated at their estimated fair value as at the date of the financial statements. To the extent that unrealized gains are not ultimately realized, the related contingent incentive participation dividends will be adjusted.

k) Comparative figures

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

l) Current and future accounting changes

The Accounting Standards Board (“AcSB”) 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.

3. FINANCIAL RISK MANAGEMENT

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

	2011	2010
<i>Assets</i>		
Held for trading, at fair value	\$ 23,866,949	\$ 24,426,021
Loans and receivables, at amortized cost	1,208,988	1,270,815
<i>Total Financial Assets</i>	<i>\$ 25,075,937</i>	<i>\$ 25,696,836</i>
<i>Liabilities</i>		
Financial liabilities, at amortized cost	679,705	2,384,489
<i>Total Financial Liabilities</i>	<i>\$ 679,705</i>	<i>\$ 2,384,489</i>

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

3. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

Quoted prices in active markets for identical assets (Level 1):	2011	2010
Short-term investments & bonds	\$ 7,758,019	\$ 10,626,328
Income notes	1,450,453	1,258,780
Venture investments	42,580	-
<i>Total Investments (Level 1)</i>	<i>\$ 9,251,052</i>	<i>\$ 11,885,108</i>

Significant other observable inputs (Level 2):	2011	2010
Short-term investments & bonds	\$ -	\$ -
Income notes	-	-
Venture investments	-	-
<i>Total Investments (Level 2)</i>	<i>\$ -</i>	<i>\$ -</i>

Significant unobservable inputs (Level 3):	2011	2010
Short-term investments & bonds	\$ -	\$ -
Income notes	-	-
Venture investments	12,628,642	6,875,862
<i>Total Investments (Level 3)</i>	<i>\$ 12,628,642</i>	<i>\$ 6,875,862</i>

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

3. FINANCIAL RISK MANAGEMENT (continued)

During the year ended August 31, 2011, there were no transfers between level 1 and level 2. The reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Level 3 Reconciliation		2011		2010
Beginning balance	\$	6,875,862	\$	8,129,340
Purchases		6,362,618		2,401,501
Sales		(83,800)		(10,365,053)
Increase (decrease) due to converted shares		106,814		(1,372,953)
Net transfers into and/or out of Level 3		-		-
Realized gains/(losses)		(706,586)		8,018,539
Change in unrealized depreciation		73,734		64,488
Ending balance	\$	12,628,642	\$	6,875,862

a) Risks and Risk Management

Financial instruments in the Fund's portfolios may be exposed to liquidity risk, credit risk, currency risk, interest rate risk and other price risk, each of which is described below in accordance with the provisions of CICA Handbook Section 3862. The Discussion of Financial Risk Management following the Fund's financial statements provides supplemental quantitative information and analysis of the risks specific to the Fund's financial instruments. The following is a complementary qualitative discussion of risks applicable to the financial instruments. See the Fund's prospectus, management reports of fund performance and statement of investment portfolio for other information, including the risks associated with investing in the Fund.

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

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

Funds that are not invested or expected to be invested in venture investments are referred to as "Directed Funds". Directed Funds investments may include high quality debt instruments, high yield investments, including income notes, and bank instruments. The values of certain of these investments may fluctuate relative to movements in the market value of the securities to which the index, instruments or notes are linked. The Fund's strategy for limiting its exposure is to limit the proportion of assets which can be invested in Directed Funds investments, as mandated by the investment strategy for Directed Funds.

Liquidity Risk

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

3. FINANCIAL RISK MANAGEMENT (continued)

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

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

b) Venture Investment Portfolio

i) *Credit Risk*

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

ii) *Currency Risk*

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

iii) *Interest Rate Risk*

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

3. 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 factors affecting all sectors.

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

If public venture investments are held, they may be grouped together. Once grouped, regression analysis can be undertaken for each group of holdings to identify the correlation between the value of investments in the sector grouping and benchmark indices for the applicable sector. The results and sensitivity analysis relevant to the Fund may then be reported in the Discussion of Financial Risk Management following the Fund's financial statements. As at August 31, 2011, there was one public venture investment in the venture portfolio.

Private venture investments are generally in early and expansion-stage companies and, accordingly, there is a limited history of operations and revenues from which to forecast the fair value of these investments. Further, the fair value of these companies will primarily fluctuate in response to specific company developments rather than in response to general market conditions. Therefore, while indices such as the NASDAQ Composite Index, which is the Fund's chosen broad-based index for benchmarking purposes, may be an indicator of the merger and acquisition ("M&A") and Initial Public Offering ("IPO") activity within the business sectors that the Fund invests, it is difficult to identify a direct correlation between published indices or sector metrics and actual performance of private venture investments. Changes in the value of this index and other sub-sector indices may therefore differ materially from changes in the value of the Fund's private

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

c) **Short-term Investments and Bonds**

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

i) *Credit Risk*

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

3. FINANCIAL RISK MANAGEMENT (continued)

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

ii) *Interest Rate Risk*

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

d) **Directed Funds Investments**

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

i) *Credit Risk*

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

ii) *Interest Rate Risk*

Directed Funds investments are also subject to interest rate risk, however the exposure from income note and bank instrument holdings is considered to be low due to the fact that these investments have fixed interest rates, are redeemable, and the maximum penalty for early redemption is loss of accrued interest. The interest rate risk management strategy is the same as that discussed for the short-term investments and bonds (note 3(c)(ii)).

iii) *Other Price Risk*

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

4. SHARE CAPITAL

Authorized

- Unlimited number of Class A Shares, issuable in series. The Fund has previously offered 05 Series, 06 Series, 07 Series, 08 Series, 09 Series, 10 Series and 11 Series. The 12 Series has been authorized by the Board of Directors and is expected to commence being offered September 2, 2011.

All series of Class A shares have the following rights and restrictions: voting, discretionary dividend entitlement, restrictions on transfer and redeemable at the net asset value per share less any redemption fee, subject to certain restrictions and withholding of tax credits required to be repaid. Class A Shares are entitled to elect Directors of the Fund who are not elected by the Sponsor as holder of Class B Shares of the Fund.

- First series – unlimited number of 05 Series
- Second series – unlimited number of 06 Series
- Third series – unlimited number of 07 Series
- Fourth series – unlimited number of 08 Series
- Fifth series – unlimited number of 09 Series
- Sixth series – unlimited number of 10 Series
- Seventh series – unlimited number of 11 Series
- Eighth series- unlimited number of 12 Series

In accordance with the Fund's investment allocation rules, the 06 Series shares were converted into shares of the 05 Series effective April 17, 2009, the 07 Series shares were converted into shares of the 05 Series effective February 26, 2010 and the 08 Series shares were converted into shares of the 05 Series effective February 25, 2011 (Note 7).

- Unlimited number of Class B Shares, issuable only to the Sponsor of the Fund. Class B shares have the following rights and restrictions: voting, no dividend entitlement, restrictions on transfer. Class B shares are entitled to elect one-half plus two of the members of the Board of Directors if the number of Directors is an even number and a majority plus one of the members of the Board of Directors if the number of Directors is an odd number.
- Unlimited number of non-voting Class C Shares ("IPA Shares"), issuable only to a person acting as manager or investment manager of the Fund. The owner of the Class C shares is entitled to receive dividends ("IPA Dividends") equal to 20% of realized gains and income from each of the Fund's venture investments excluding interest income received or accrued that is used for paying dividends in accordance with a Series' dividend policy. Before any IPA Dividends can be paid in respect of an investment, the following conditions must be met:

Portfolio Test – the annualized rate of return generated by the total net realized and unrealized gains and income of the Fund from its portfolio of venture investments must exceed a cumulative annualized threshold rate of return equal to the average annual rate of return on a five-year guaranteed investment certificate offered by the Royal Bank of Canada plus 2%;

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

4. SHARE CAPITAL (continued)

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

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

For the purposes of payment to the Manager, the IPA Dividends are calculated and payable quarterly. To the extent they are not declared by the Board and paid when payable, they are cumulative.

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

Class A Shares:

The following shares were issued and redeemed during the year ended August 31, 2011:

Class A Shares	Outstanding Shares at Beginning of Period	Issue of Shares	Conversion of shares 08 Series to 05 Series (Note 8)	Redemption of Shares	Outstanding Shares at End of Period
05 Series	1,161,021	-	343,363	(16,752)	1,487,632
08 Series ⁽¹⁾	295,356	-	(293,854)	(1,502)	-
09 Series	290,259	-	-	(1,640)	288,619
10 Series	300,016	-	-	(1,140)	298,876
11 Series ⁽²⁾	-	434,574	-	(1,700)	432,874

⁽¹⁾ Series was converted into the 05 Series on February 25, 2011.

⁽²⁾ Series commenced offering on September 3, 2010.

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

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

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

⁽²⁾ Series commenced offering on September 3, 2010

Class B Shares

10 Class B shares were outstanding throughout the years ended August 31, 2011 and 2010.

Class C Shares

100 Class C shares were outstanding throughout the years ended August 31, 2011 and 2010.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

4. SHARE CAPITAL (continued)

Redemption of Class A Shares

Shareholders may redeem all or some of their Series of Class A Shares held at the net asset value per Series share at the time of redemption, subject to certain restrictions and fees. In any fiscal year, the Fund is not required to redeem issued Class A Shares having an aggregate redemption price greater than an amount equal to 20% of the net asset value of Class A Shares issued for 8 years or more, plus 10% of the net asset value of Class A Shares issued for less than 8 years, as at the last day of the immediately preceding financial year. If the Fund does not redeem Class A Shares upon request, it will redeem those shares in the following financial year, subject to the above limit, before it redeems any other Class A Shares that it has been requested to redeem. For such purposes, the requests to redeem such shares will be deemed to have been received by the Fund on the first day of the following fiscal year in the order that they were originally received by the Fund. The Fund may also suspend the right to redeem shares if it has received the necessary consents of securities regulators.

Service fees for Class A Shares

During the year, a total of \$124,819 (2010: \$81,138) was incurred by the Fund as service fees or distribution costs for Class A shares of the Fund. The allocation by Series is as follows:

Class A shares -	Service Costs:	2011	2010
05 Series	\$	66,820	\$ 41,965
08 Series ⁽¹⁾		8,865	15,284
09 Series		17,969	15,249
10 Series		18,635	8,640
11 Series ⁽²⁾		12,530	-
	\$	124,819	\$ 81,138

⁽¹⁾ Series was converted into the 05 Series on February 25, 2011.

⁽²⁾ Series commenced offering on September 3, 2010.

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

5. RELATED PARTY TRANSACTIONS

a) Management fees and administration fees

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

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

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

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

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

b) Inter-series receivable and payable

The Fund may be stated as the owner of certain investment and other assets, including cash, that are allocated among the Series in the records of the Fund in accordance with the Fund's valuation policies and procedures, through the use of inter-series receivable and payable accounts. The Series may also incur inter-series receivables and payables on the transfer of tax deductions between the Series or on inter-series borrowings. All inter-series balances are non-interest bearing, unsecured and have no specified repayment terms. There was no inter-series transfer of tax deductions as at August 31, 2011.

6. INCOME TAXES

a) Income taxes

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

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

6. INCOME TAXES (continued)

If and to the extent the Fund is deemed to have distributed a non-cash dividend, the holder of the shares will be deemed to have received a Canadian taxable dividend and/or a realized capital gain, and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend.

For the year ended August 31, 2011, the Fund has a refundable portion of income taxes available in the amount of \$720,532 (2010 – \$112,478). During the year ended August 31, 2011, the Series distributed cash dividends of: \$293,854 for the 08 Series, \$289,755 for the 09 Series, and \$149,508 for 10 Series (2010: \$658,559 cumulative for the 07 Series, 08 Series and 09 Series).

The Fund accounts for income taxes using the taxes payable method. As a result, the Fund's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates (2011: 46.58%, 2010: 48.33%). The below table provides a detailed reconciliation of the tax expense and applicable adjustments for the year ended August 31, 2011:

	2011	2010
Investment income before income taxes	(998,926)	6,688,285
Combined federal and provincial statutory income tax rate	(465,333)	3,232,448
Refundable tax benefit	-	(1,772,533)
Reduced rate on Active Business Income for LSVCC	23,564	(267,017)
Untaxed portion of capital gains	164,656	(1,937,680)
Non-deductible items	(9,631)	930,255
Change in valuation allowance	(270,903)	48,263
Other	137,044	(39,517)
Net tax expense (recovery)	(420,603)	194,219

b) Future income taxes

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

6. INCOME TAXES (continued)

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

	2011	2010
Future income tax assets (liabilities):		
Tax loss carryforwards	\$ -	\$ -
Refundable capital gains tax	883,992	1,660,054
Deferred finance fees	85,007	98,405
Net unrealized (gains) losses on portfolio assets	64,870	322,375
Valuation allowance	(149,876)	(420,780)
Net future income tax asset (liability)	\$ 883,993	\$ 1,660,054

Income tax-loss carryforwards

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

Investment requirements

The *Income Tax Act* (Canada), the Ontario Act, the Manitoba Act and the principles governing the Fund's approved status under the Saskatchewan Act set minimum levels of qualifying venture investments required to be made by the Fund. If the required minimum levels of qualifying venture investments are not met, the Fund may be subject to taxes and penalties.

7. DIVIDEND POLICY, AUTOMATIC CONVERSION OF COMMERCIALIZATION SHARES

Each Series is expected to have a dividend policy to pay a total of approximately 25% of the purchase price over approximately three years after the RRSP season in which the Series is offered for sale. When a Series has completed its dividend policy and has been allocated interest and other income at least equal to the amount of dividends paid under its dividend policy payment, that Series is converted into shares of the 05 Series at relative net asset value. The Board of Directors may, by resolution, automatically convert all Series (other than 05 Series) into another series of Class A shares having the same investment portfolio and cost structure provided the conversion takes place at the series' relative NAV per share on the conversion date.

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

GROWTHWORKS COMMERCIALIZATION FUND LTD.

Notes to the Financial Statements

For the years ended August 31, 2011 and 2010

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

Accounts payable and accrued liabilities are comprised of short-term obligations arising primarily from related party transactions (Note 5) and accrued incentives relating to service fees the Fund pays quarterly to registered dealers at an annual rate of 0.5% of the average net asset value of the Class A shares held by the dealers' clients.

The following table provides the detail of accounts payable and accrued liabilities by significant category as at August 31, 2011, and 2010:

	2011		2010	
administration fees	\$	146,342	\$	108,167
Accrued incentives		46,759		45,859
Other payables/liabilities		79,636		305,664
Accounts payable and accrued liabilities	\$	272,737	\$	459,690

9. INDEPENDENT REVIEW COMMITTEE ("IRC") FEES

For the year ended August 31, 2011 the Fund paid a total of \$3,600 (2010: \$2,360) to the members of the IRC, excluding fees paid to IRC members in their capacity as directors or members of other board committees.

10. INDEPENDENT VALUATOR

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



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