TARGET
CAPITAL INC.

FINANCIAL STATEMENTS

FOR PERIOD ENDED DECEMBER 31 | 2011

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MANAGEMENT'S RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

For the periods ended December 31, 2011 and 2010

The accompanying unaudited condensed interim financial statements and all of the data included in this quarterly report have been prepared by and are the responsibility of the Board of Directors and management of Target Capital. The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards as set out in the Handbook of the Canadian Institute of Chartered Accountants and reflect management's best estimates and judgements based on currently available information.

The Audit Committee, comprised of non-management directors, acts on behalf of the Board of Directors to ensure that management fulfills its financial reporting and internal control responsibilities. In performing its duties, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of Target's management.

Target's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Rick Skauge
CHIEF EXECUTIVE OFFICER

Ryan Hoult, CA
CHIEF FINANCIAL OFFICER

Calgary, Alberta
February 15, 2012

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at	Note	December 31, 2011	March 31, 2011
$ Canadian			
Assets			
Current assets			
Cash		$ -	$ 564,574
Marketable securities	4	5,109,055	4,936,666
Accounts receivable	18(a)	365,715	251,845
Prepaid expenses		503	2,768
		5,475,273	5,755,853
Long-term investments	5	644,712	644,710
Related party loan	6	360,316	-
Trailer fee rights	7	281,020	314,743
Notes receivable	8	60,101	72,446
Controlled private companies	9	55,910	46,310
Equipment	10	4,206	-
		$ 6,881,538	$ 6,834,062
Liabilities and Equity			
Current liabilities			
Bank indebtedness	11	$ 388,592	$ -
Accounts payable and accrued liabilities		176,134	161,258
Interest payable		6,956	4,521
Callable bonds	12	191,650	316,150
		763,332	481,929
Deferred income taxes		252,233	307,634
Long-term bonds	12	2,984,600	2,984,600
		$ 4,000,165	$ 3,774,163
Equity			
Share capital	13, 16	$ 1,132,710	$ 1,132,710
Deficit		(245,573)	(276,413)
Accumulated other comprehensive income		1,994,236	2,203,602
		2,881,373	3,059,899
		$ 6,881,538	$ 6,834,062

The related notes form an integral part of these interim financial statements

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the periods ended December 31	Note	2011 (9 Months)	2010 (9 Months)	2011 (3 Months)	2010 (3 Months)
$ Canadian					
Revenue					
Controlled private company fees		**$ 460,772**	$ 407,288	**$ 212,670**	$ 161,297
Dividends		**239,837**	172,514	**81,476**	59,350
Trailer fees		**44,984**	52,735	**18,889**	18,337
Interest		**6,318**	5,507	**1,048**	1,450
		751,911	638,044	**314,083**	240,434
Expenses					
Interest on bonds		**174,848**	142,353	**57,457**	52,786
Salaries and wages		**66,089**	57,810	**22,030**	33,806
General and administration		**63,715**	78,415	**24,125**	39,638
Professional fees		**62,868**	54,593	**19,626**	14,125
Royalties		**37,451**	36,651	**17,959**	12,296
Amortization of intangible assets		**33,723**	33,723	**11,241**	11,241
Directors' fees		**19,550**	20,125	**7,675**	7,575
Rent		**13,255**	-	**4,448**	-
Bad debt		**2,250**	-	**-**	-
Amortization of equipment		**600**	-	**200**	-
Interest		**-**	665	**-**	318
		474,349	424,335	**164,761**	171,785
Net earnings before income taxes		**277,562**	213,709	**149,322**	68,649
Income tax expense (recovery)					
Current		**14,588**	15,770	**19,426**	4,051
Deferred		**(1,887)**	(10,424)	**(1,448)**	(1,420)
		12,701	5,346	**17,978**	2,631
Net earnings		**$ 264,861**	$ 208,363	**$ 131,344**	$ 66,018
Other comprehensive income					
Revaluation of securities available for sale		**(262,880)**	893,600	**(171,841)**	594,608
Deferred income tax effect		**53,514**	(122,484)	**22,447**	(82,130)
Comprehensive income		**$ 55,495**	$ 979,479	**$ (18,050)**	$ 578,496
Basic and diluted earnings per share	14	**0.07**	0.05	**0.03**	0.02

The related notes form an integral part of these interim financial statements

INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

December 31, 2011

	Share capital	Accumulated other comprehensive income	Refundable dividend tax on hand	Deficit	Total Deficit	Total
$ Canadian						
Balance, March 31, 2011	$ 1,132,710	$ 2,203,602	$ (84,559)	$ (191,854)	$ (276,413)	$ 3,059,899
Net income	-	-	-	264,861	264,861	264,861
Tax impact of dividends received	-	-	(79,946)	-	(79,946)	(79,946)
Dividends paid	-	-	77,037	(231,112)	(154,075)	(154,075)
Revaluation of securities available for sale	-	(209,366)	-	-	-	(209,366)
Balance, December 31, 2011	$ 1,132,710	$ 1,994,236	$ (87,468)	$ (158,105)	$ (245,573)	$ 2,881,373

December 31, 2010

	Share capital	Accumulated other comprehensive income	Refundable dividend tax on hand	Deficit	Total Deficit	Total
$ Canadian						
Balance, March 31, 2010	$ 1,132,710	$ 1,453,276	$ (71,335)	$ (239,293)	$ (310,628)	$ 2,275,358
Net income	-	-	-	208,363	208,363	208,363
Tax impact of dividends received	-	-	(90,351)	-	(90,351)	(90,351)
Dividends paid	-	-	51,358	(154,075)	(102,717)	(102,717)
Revaluation of securities available for sale	-	771,116	-	-	-	771,116
Balance, December 31, 2010	$ 1,132,710	$ 2,224,392	$ (110,328)	$ (185,005)	$ (295,333)	$ 3,061,769

The related notes form an integral part of these interim financial statements

INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

For the nine months ended December 31	2011	2010
$ Canadian		
Cash flows from (used in) operating activities:		
Net earnings	$ 264,861	$ 208,363
Items not affecting cash:		
Amortization of intangible assets	33,723	33,723
Refundable dividend tax on hand	(2,908)	(38,993)
Future income taxes	(1,887)	(10,424)
	293,789	192,669
Net changes in non-cash working capital balances		
Accounts receivable	(113,870)	(56,616)
Prepaid expenses	2,265	2,265
Accounts payable and accrued liabilities	14,875	82,957
Interest payable	2,435	198
	199,494	221,473
Investing activities		
Repayment of notes receivable	12,345	211,540
Advances on notes receivable	-	(240,000)
Advances on related party loan	(360,316)	-
Purchase of controlled private companies	(11,400)	(10,200)
Sale of controlled private companies	1,800	4,200
Purchase of equipment	(4,206)	-
Purchase of long-term investment	(2)	-
Purchase of marketable securities	(435,269)	(843,100)
	(797,048)	(877,560)
Financing activities		
Advances from bank loan	-	400,000
Repayment of bank loan	-	(500,000)
Dividend paid	(231,112)	(154,075)
Repayment of callable bonds	(124,500)	(1,489,824)
Bonds Issued	-	2,984,600
	(355,612)	1,240,701
Increase (decrease) in cash	$ (953,166)	$ 584,614
Cash, beginning of period	564,574	61,487
Cash, end of period	$ (388,592)	$ 646,101
Other information:		
Dividends received	239,837	113,164
Interest paid	172,413	97,986
Interest received	6,318	4,057
Taxes paid	-	-

The related notes form an integral part of these interim financial statements

1. REPORTING ENTITY

Target Capital Inc. (the “Company” or “Target”) was incorporated under the Business Corporations Act of Alberta and is listed on the TSX Venture Exchange under the symbol “TCI”. The Company has investments in listed public companies, trailer fee rights, notes receivable, reporting issuers and controlled private companies.

The financial statements of the Company as at and for the year ended March 31, 2011, which were prepared under Canadian GAAP, are available upon request from the Company’s registered office or at www.sedar.com.

2. STATEMENT OF COMPLIANCE

(a) Statement of compliance

TThese condensed interim financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board. These condensed interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported equity, comprehensive income and cash flows of the Company is provided in note 21. This note includes reconciliations between Canadian GAAP and IFRS of equity for comparative periods

These condensed interim financial statements were approved by the Board of Directors on February 15, 2012.

(b) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis, except for the marketable securities, long-term investments,and controlled private companies, which are measured at fair value.

(c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgements

The preparation of the condensed interim financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of asset, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management applying the Company’s accounting policies, and the key sources of estimation uncertainty, are expected to be the same as those to be applied in the first annual IFRS financial statements.

Use of estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are as follows:

Accounts receivable & allowance for bad debt

Management has made an estimate of the amount of accounts receivable that will likely not be recoverable. This estimate is based on both historical repayment rates and management's assessment of the financial situation of individual customers.

Valuation of Long Term Investments

Management has determined that its investment in Bearspaw Tree Farm cannot be reliability fair-valued, and as such has continued to record the investment at historical cost.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of February 15, 2012, the date the Audit Committee approved the statements. Any subsequent changes to IFRS that are given effect in Target's annual financial statements for the year ending March 31, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

There have been no changes in accounting policies or method of computation since Target's first quarter statements, which detailed its accounting policies under IFRS. The same accounting policies have been applied throughout the nine months ended December 31, 2011, and the 2010 comparative period.

Accounting standards issued but not yet applied

The following IFRS standards have been published subsequent to March 31, 2011, and therefore their impact on Target's financial reporting was not evaluated by management during the IFRS conversion process. These standards are not required to be adopted until financial years beginning on or after January 1, 2013; however, early adoption is allowed. Management will be evaluating the impact of the standards during the coming quarters and will disclose its adoption plans upon completion of this review.

(i) *IFRS 10 - Consolidation*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

(ii) *IFRS 11 - Joint Arrangements*

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

(iii) *IFRS 12 – Disclosure of Interests in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

(iv) *IFRS 13 - Fair Value Measurement*

Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements. IFRS 13 is a more comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement.

4. MARKETABLE SECURITIES

	December 31, 2011			March 31, 2011		
	Book value	**Fair value**	**Fair value over (under) book value**	Book value	Fair value	Fair value over (under) book value
Eyelogic Systems Inc.	**$ 152,476**	**$ 55,268**	**$ (97,208)**	$ 152,476	$ 75,366	$ (77,110)
Mosaic Capital Corporation	**1,141**	**57,257**	**56,116**	2,532	139,000	136,468
Mosaic Capital Corporation (Preferred shares)	**1,391**	**80,080**	**78,689**	-	-	-
Olympia Financial Group Inc.	**2,660,129**	**4,916,450**	**2,256,321**	2,224,910	4,722,300	2,497,391
	$ 2,815,137	**$ 5,109,055**	**$ 2,293,918**	$ 2,379,918	$4,936,666	$ 2,556,749

5. LONG-TERM INVESTMENTS

	December 31 2011	March 31 2011
Private company securities at original cost		
Bearspaw Tree Farm Inc.	**$ 644,710**	$ 644,710
Industrial Avenue Development Corporation	**$ 2**	$ -
	$ 644,712	$ 644,710

Target's investment in Bearspaw Tree Farm is classified as a financial asset at fair value through comprehensive income. Due to the difficulty in reliably valuing the investment, it is recorded at historical cost.

Target is the 50% shareholder of Industrial Avenue Development Corporation ("IADC"), a Company involved in the redevelopment of land in the greater Vancouver area. Due to its significant influence over IADC, Target is required to account for this investment using the equity method, whereby Target recognizes its share of net assets of the corporation. At this time, the assets and liabilities of IADC are completely offsetting, and therefore the amount recognized is Target's original investment amount.

6. RELATED PARTY LOAN

As consideration for its stake in IADC, Target agreed to provide an interest-free loan to IADC to finance the costs associated with the redevelopment. The maximum loan amount is $2,050,000 and is secured against the assets of IADC. Loan advances are made for payment of actual expenses incurred upon submission of invoices. The loan is due on December 31, 2014.

7. TRAILER FEE RIGHTS

Between July 2000 and October 2003, the Company acquired five contractual interests in future commissions on claims processed through the Olympia Trust Health Plan. The future claims commissions are payable at rates that vary, by contract, between 2% and 3% of all the claims made on accounts funded for the first 84 months from the dates of the agreements, and 2% thereafter.

In 2008, management determined that the trailer fee contracts had an estimated useful life of 10 years. Accordingly, trailer fee rights are amortized over this period and amortization of $33,723 (nine months) and $11,241 (three months) has been recorded in the current periods.

8. NOTES RECEIVABLE

	December 31 2011	March 31 2011
Demand Notes		
Prime rate plus 3% note	**$ 20,101**	$ 32,446
9% fixed rate note	**40,000**	40,000
	$ 60,101	$ 72,446

The notes receivable have no specified terms of repayment and are unsecured. Interest is calculated and accrued monthly.

9. CONTROLLED PRIVATE COMPANIES

	December 31 2011	March 31 2011
Private company securities at original cost		
Private company securities, beginning of period	**$ 46,310**	$ 37,910
Purchase of private company securities	**11,400**	$ 16,200
Sale of private company securities	**(1,800)**	(7,800)
Private company securities, end of period	**$ 55,910**	$ 46,310

Target has purchased a majority of the voting shares in 94 private companies (March 31, 2011 78). The nature of the Company's investment in the controlled private companies is to enable the debt securities of the companies to be eligible for Deferred Plans. A Deferred Plan is a registered retirement savings plan, registered education savings plan, registered retirement income fund, a locked-in retirement account or a tax-free savings account. The promoters managing these companies use the capital raised at their own discretion, without reliance on the management or resources of Target. Target's management and capital are not committed to these controlled private companies.

Target earns fees from each company for enabling these companies to raise funds from Deferred Plans. The annual fee is generally the greater of: $2,500 or 0.5% of the total capital raised by each private company from Deferred Plans. The controlled private companies have raised capital via investment from Deferred Plans that vary in size from nil to several million dollars per private company.

The Company entered into an agreement with Tarman Inc. ("Tarman") and Eyelogic Systems Inc. ("Eyelogic", Note 16), whereby Tarman would provide new contacts to Target to invest in, as controlled private companies up to and including December 31, 2010. Tarman was obligated by contract to exclusively provide new contacts for Eyelogic until December 31, 2010. To compensate Eyelogic for releasing Tarman from its obligations to Eyelogic, Eyelogic will receive a royalty of 10% of all fees earned by Target from companies introduced to Target up to and including December 31, 2010.

Target's maximum exposure to losses is limited to its initial investment, typically $600 per private company or a total exposure of $55,910 (March 31, 2011 - $46,310).

10. EQUIPMENT

	December 31, 2011	
	Computer equipment	Total
Cost		
At beginning of period	$ -	$ -
Additions	4,807	4,807
At end of period	$ 4,807	$ 4,807
Accumulated amortization		
At beginning of period	$ -	$ -
Amortization for period	601	601
At end of period	$ 601	$ 601
Closing net book value	$ 4,206	$ 4,206

11. LINE OF CREDIT

A line of credit has been authorized to a maximum of $1,000,000 and bears interest at the bank's prime lending rate plus 0.25%. The loan is secured by a control agreement over 80,000 common shares of Olympia Financial Group Inc. held by the Company and a general security agreement over the Company's assets. At December 31, 2011, the Company had $440,413 (March 31, 2011 - $nil) outstanding under this facility.

12. BONDS

	December 31 2011	March 31 2011
8% renewable		
The bonds bear interest at 8% per annum with interest paid semi-annually and can be redeemed in full, 90 days after a formal request by the bondholder has been made. The bonds have various maturity dates up to December 20, 2012 and automatically renew if not redeemed.	**$ 90,000**	$ 132,500
9% renewable		
The bonds bear interest at 9% per annum with interest paid semi-annually and can be redeemed in full, 90 days after a formal request by the bondholder has been made. The bonds have various maturity dates up to June 28, 2011 and automatically renew if not redeemed.	**$ 101,650**	$ 183,650
Callable Bonds	**$ 191,650**	$ 316,150
7% renewable		
The bonds bear interest at 7% per annum with interest paid quarterly. The bonds are redeemable at the option of the Company at any time. The bonds mature on January 31, 2025; however, the bonds contain an early redemption option, which allow for repayment on January 31st of 2013, 2016, 2019 or 2022 at the advance written request of the bondholder.	**$ 2,984,600**	$ 2,984,600
Long-term bonds	**$ 2,984,600**	$ 2,984,600
	$ 3,176,250	$ 3,300,750

13. SHARE CAPITAL

Authorized

Unlimited number of common voting shares

Issued common shares

	Amount	Number
Balance, December 31, 2011, and March 31, 2011	**$ 1,132,710**	3,851,863

14. EARNINGS PER SHARE

Earnings per share is calculated using the weighted average number of shares outstanding during the period.

	Nine months ended December 31					
	2011			2010		
	Net earnings	**Weighted average common shares**	**Earnings per shares**	Net earnings	Weighted average common shares	Earnings per shares
Basic and diluted	**$ 264,861**	**3,851,863**	**$ 0.07**	$ 208,363	3,851,863	$ 0.05

	Three months ended December 31					
	2011			2010		
	Net earnings	**Weighted average common shares**	**Earnings per shares**	Net earnings	Weighted average common shares	Earnings per shares
Basic and diluted	**$131,344**	**3,851,863**	**$ 0.03**	$ 66,018	3,851,863	$ 0.02

15. RELATED PARTY TRANSACTIONS

(a) During the period, the Company entered into transactions with the following related parties:

Controlled private companies, Subsidiaries

Eyelogic Systems. Inc., Common management

Industrial Avenue Development Corporation, Significant share ownership

Olympia Benefits Inc., Common management

Olympia Financial Group Inc., Common management

Olympia Trust Company, Common management

Tarman Inc., Common management

(b) Transactions:

For the periods ended December 31	**2011 (9 Months)**	2010 (9 Months)	**2011 (3 Months)**	2010 (3 Months)
Revenue				
Controlled private company fees				
Controlled private companies	**$ 460,772**	$ 407,288	**$ 212,670**	$ 161,297
Dividends				
Olympia Financial Group Inc.	**233,675**	152,625	**78,975**	58,375
Eyelogic Systems Inc.	**-**	16,964	**-**	0
Trailer fees				
Olympia Benefits Inc.	**44,984**	52,735	**18,889**	18,337
	$ 739,431	$ 629,612	**$ 310,534**	$ 238,009
Expenses				
General and Administration				
Olympia Financial Group Inc.	**$ 54,877**	$ 26,023	**$ 20,213**	$ 110,511
Olympia Trust Company	**12,907**	9,837	**4,281**	3,469
Royalties				
Eyelogic Systems Inc.	**37,451**	36,651	**17,959**	12,296
Management fees (within salary & wages)				
Tarman Inc.	**18,000**	-	**6,000**	-
	$ 123,235	$ 72,511	**$ 48,453**	$ 326,276

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The future commitments in terms of these agreements are detailed in note 17.

(c) Accounts receivable and related party loans include amounts receivable from:

	December 31 2011	March 31 2011
Controlled private companies	**$ 354,746**	$ 244,719
Industrial Avenue Development Corporation	**360,316**	-
Olympia Benefits Inc.	**6,969**	6,801
	$ 722,031	$ 251,520

(d) Accounts payable and accrued liabilities include amounts payable to:

	December 31 2011	March 31 2011
Eyelogic Systems Inc.	$ 62,439	$ 50,004
Olympia Financial Group Inc.	6,722	1,572
Olympia Trust Company	4,448	6,890
Tarman Inc.	-	6,300
	$ 73,609	$ 64,766

16. MANAGEMENT OF CAPITAL

The Company's policy is to maintain a strong capital base that will maintain investor, creditor and market confidence and sustain future development of the business. The Company considers equity as capital; at period end this totaled $2,881,373 (March 31, 2011 - $3,059,899). The Company is not subject to externally imposed capital requirements.

17. COMMITMENTS

The Company entered into a royalty agreement with Eyelogic and Tarman, both related parties, whereby Tarman provided new contacts to Target to invest in controlled investment companies, up to and including, December 31, 2010. Tarman was contractually obligated to exclusively provide new contacts for Eyelogic until December 31, 2010. To compensate Eyelogic for releasing Tarman from its obligations to Eyelogic, Eyelogic will receive a royalty of 10% of all fees earned by Target from companies introduced to Target up to and including December 31, 2010.

As described in notes 6 and 20, Target has entered into loan agreements with two parties which will require Target to advance funds to these companies. The specific details of each loan are included in the reference notes.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of items that will result in future cash receipts, such as: recorded amounts of accounts receivable, notes receivable, marketable securities and long-term investments. They also include items that will result in future cash outlays, including: bank indebtedness, accounts payable, accrued liabilities and bonds.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Board of Directors reviews, with management, the risks faced by the Company and the systems that have been put in place to manage these risks.

The Company is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of accounts receivable represents the maximum credit exposure.

The Company is exposed to credit risk from its trade customers. The credit risk is influenced mainly by the individual credit characteristics of each client. Geographically, there is a concentration of risk in the Alberta region. The Company makes use of the following techniques to reduce its credit risk:

- Controlled private companies do not receive final approval, and therefore cannot raise funds, until the investment fee for the first year ($2,500) is paid;
- The Company does not require collateral with respect to trade and other receivables. The Company has a significant number of customers, which minimizes concentration of credit risk. Accounts receivable are monitored on a regular basis.

At period end, the Company had $188,431 receivables outstanding for more than 90 days, totalling 52% of outstanding receivables (March 31, 2011 - $36,569 and 15%). At period end, management believes all amounts are collectable.

(b) Market risk

The Company is exposed to market risk, which is the risk that the value of its quoted investments will change as a result of a volatile market conditions. The Company's investments are not sufficiently diversified to reduce exposure to market risk.

Exposure to Market Risk

	December 31 2011	March 31 2011
Marketable securities	**$ 5,109,055**	$ 4,936,666

Fair value sensitivity analysis

A 10% decline in the market price at December 31, 2011 would have resulted in a $510,906 downward adjustment to the fair value of marketable securities with the offset recorded to other comprehensive income and future incomes taxes (March 31, 2011 - $493,666). This analysis assumes that all other variables, in particular systematic risk, remain constant. The analysis is performed on the same basis for the previous period.

(c) Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	December 31 2011	March 31 2011
Fixed rate instruments		
Financial asset		
Notes receivable	$ 44,000	$ 40,000
Financial liabilities		
Callable bonds	(191,650)	(316,150)
Long-term bonds	(2,984,600)	(2,984,600)
	$ (3,132,250)	$ (3,260,750)
Variable rate instruments		
Financial assets		
Notes receivable	$ 20,101	$ 32,446
Financial liabilities		
Line of credit	(440,413)	-
	$ (420,312)	$ 32,446

Cash flow sensitivity analysis for fixed rate instruments

Rates are fixed at the beginning of the bond period and are not subject to variability; therefore a change in interest rates at the reporting date does not affect net expenses with respect to these fixed rate financial liabilities.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points (1%) in interest rates, sustained throughout the period, would have decreased equity and after tax earnings by $2,329 for the nine months ended December 31, 2011 (year ended March 31, 2011 - $235 increase). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the previous period.

(d) Liquidity risk

The callable bonds are repayable on demand either in full 90 days from formal request or 30 days after formal request with 10% of the face value being repaid every 30 days. The Company has sufficient cash reserves to repay all outstanding callable bonds. Accounts payable is due within 30 days.

(e) Fair value

The Company's carrying value of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and interest payable approximates fair value due to the immediate or short-term maturity of these instruments. The carrying value of the notes receivable approximates the fair value, as the notes are due on demand.

The fair value of the callable bonds is not materially different from the carrying value as the majority of the bonds are at interest rates that are consistent with the current rates offered to the Company for debt with similar terms.

Bearspaw Tree Farms Inc. invests solely in one property. Management has concluded that an independent land appraisal, as at February 01, 2008, continues to support the carrying value of the Company's investment in Bearspaw Tree Farm Inc., as the carrying value is significantly below the appraised value at that time.

Investments in private controlled companies and marketable securities are recorded at fair value.

The Company's fair value hierarchy comprises the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 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); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and marketable securities were determined using Level 1 inputs. The fair value of long-term investments and controlled private companies were determined using level 3 inputs.

19. COMPARATIVE FIGURES

Financial information from previous periods has been reclassified, where applicable, to conform to the presentation used in the current period. The changes do not affect the prior period net income.

20. SUBSEQUENT EVENTS

Subsequent to period end, Target entered into an agreement to provide a secured loan of up-to $500,000 to OrganicKidz Inc. ("OKI"), a Calgary-based manufacturing company; OKI is related to Target by way of a common Director. The loan bears interest at 9%, is due July 31, 2013, and includes an option for Target to purchase either 25% or 33% of the Company for a nominal amount, depending on the amount of the loan utilized by OKI. As of February 15, 2012, the loan balance was $150,000.

21. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2(a), this is the first year the Company has prepared statements in accordance with IFRS.

The only change on adoption of IFRS was to change the presentation of Target's investment in Mosaic Capital (formerly First West Capital) and Bearspaw Tree Farm from cost to fair value. Due to the difficulty in reliably valuing Bearspaw Tree Farm, historical cost is currently being used in place of fair value as permitted by IFRS 9. Under Canadian GAAP, the fair value was disclosed in the notes to the financial statements.

A reconciliation of equity as at December 31, 2010 is included below. The adjustment had no impact on the previously reported statements of comprehensive income or cash flows for the quarter ended December 31, 2010.

Reconciliation of equity as at December 31, 2010		
Share Capital		
Balance in accordance with CGAAP	$	1,132,710
Share capital in accordance with IFRS		1,132,710
Accumulated other comprehensive income (AOCI)		
Balance in accordance with CGAAP		2,107,635
Mosaic Capital fair value adjustment		116,757
AOCI in accordance with IFRS		2,224,392
Deficit		
Balance in accordance with CGAAP		(295,333)
Deficit in accordance with IFRS		(295,333)
Total equity in accordance with IFRS	$	3,061,769

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Craig Skauge[4]
Ryan Hoult[4]
Brian Newman[1234]
Charles Chebry[1234]
Gerard Janssen[1234]
Anne Louise Bartlett

Officers

Rick Skauge
Chief Executive Officer

Craig Skauge
President

Ryan Hoult
Chief Financial Officer

Board Committees

[1] Audit Committee
[2] Corporate Governance Committee
[3] Executive Compensation Committee
[4] Investment Committee

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