TARGET CAPITAL INC.

FINANCIAL STATEMENTS

FOR PERIOD ENDED JUNE 30 | 2011

TABLE OF CONTENTS

MANAGEMENT'S RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

For the first quarters ended June 30, 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, August 24, 2011

INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at	Note	June 30, 2011	March 31, 2011	April 1, 2010
$ Canadian				
Assets				
Current assets				
Cash		$ 469,628	$ 564,574	$ 61,487
Marketable securities	4	5,143,345	4,936,666	3,224,089
Accounts receivable	16(a)	154,198	251,845	170,460
Prepaid expenses		2,013	2,768	2,768
		5,769,184	5,755,853	3,458,804
Long-term investments	5	644,710	644,710	644,710
Trailer fee rights	6	303,502	314,743	359,707
Notes receivable	7	69,546	72,446	47,987
Controlled private companies	8	47,510	46,310	37,910
Equipment	9	4,807	-	-
		$ 6,839,259	$ 6,834,062	$ 4,549,118
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities		$ 135,101	$ 161,258	$ 124,712
Interest payable		6,528	4,521	16,347
Line of credit	10	-	-	100,000
Callable bonds	11	302,650	316,150	1,832,374
		444,279	481,929	2,073,433
Deferred income taxes		301,249	307,634	200,327
Long-term bonds	11	2,984,600	2,984,600	-
		$ 3,730,128	$ 3,774,163	$ 2,273,760
Equity				
Share capital	12, 15	$ 1,132,710	$ 1,132,710	$ 1,132,710
Deficit		(324,713)	(276,413)	(310,628)
Accumulated other comprehensive income		2,301,134	2,203,602	1,453,276
		3,109,131	3,059,899	2,275,358
		$ 6,839,259	$ 6,834,062	$ 4,549,118

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the periods ended June 30	Note		2011		2010
$ Canadian					
Revenue					
Dividends		$	79,083	$	53,515
Controlled private company fees			63,686		111,327
Trailer fees			11,809		19,042
Interest			2,804		1,041
			157,382		184,925
Expenses					
Interest on bonds			59,136		41,288
General and administration			15,754		11,653
Salaries and wages			22,030		11,187
Professional fees			17,382		20,893
Amortization of intangible assets			11,241		11,241
Royalties			4,907		11,168
Directors' fees			4,500		4,500
Rent			4,165		-
Bad debt			2,250		-
Interest			-		319
			141,365		112,249
Net earnings before income taxes			16,017		72,676
Income tax expense (recovery)					
Current			(14,418)		6,743
Deferred			1,016		(7,582)
			(13,402)		(839)
Net earnings			29,419		73,515
Other comprehensive income					
Revaluation of securities available for sale			90,129		273,149
Deferred income tax effect			7,402		(36,784)
Comprehensive income		$	126,950	$	309,880
Basic and diluted earnings per share	13		0.01		0.02

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

INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

June 30, 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	-	-	-	29,419	29,419	29,419
Tax impact of dividends received	-	-	(26,361)	-	(26,361)	(26,361)
Dividends paid	-	-	25,679	(77,037)	(51,358)	(51,358)
Revaluation of securities available for sale	-	97,532	-	-	-	97,532
Balance, June 30, 2011	$ 1,132,710	$ 2,301,134	$ (85,241)	$ (239,472)	$ (324,713)	$ 3,109,131

June 30, 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	-	-	-	73,515	73,515	73,515
Tax impact of dividends received	-	-	(17,838)	-	(17,838)	(17,838)
Dividends paid	-	-	-	-	-	-
Revaluation of securities available for sale	-	236,365	-	-	-	236,365
Balance, June 30, 2010	$ 1,132,710	$ 1,689,641	$ (89,173)	$ (165,778)	$ (254,951)	$ 2,567,400

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

INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

For the periods ended June 30	2011	2010
$ Canadian		
Cash flows from (used in) operating activities:		
Net earnings	$ 29,419	$ 73,515
Items not affecting cash:		
Amortization of intangible assets	11,241	11,241
Refundable dividend tax on hand	(682)	(17,838)
Future income taxes	1,016	(7,582)
	40,994	59,336
Net changes in non-cash working capital balances		
Accounts receivable	97,647	7,955
Prepaid expenses	755	755
Accounts payable and accrued liabilities	(26,154)	24,626
Interest payable	2,006	-
	115,248	92,672
Investing activities		
Repayment of notes receivable	4,500	3,690
Advances on notes receivable	(1,600)	(50,000)
Purchase of controlled private companies	(2,400)	(2,400)
Sale of controlled private companies	1,200	1,200
Purchase of equipment	(4,807)	-
Purchase of marketable securities	(116,550)	(131,020)
	(119,657)	(178,530)
Financing activities		
Advances from bank loan	-	175,000
Repayment of bank loan	-	(275,000)
Dividend paid	(77,037)	-
Repayment of callable bonds	(13,500)	(1,357,374)
Bonds Issued	-	1,969,000
	$ (90,537)	$ 511,626
Increase (decrease) in cash	(94,946)	425,768
Cash, beginning of period	564,574	(11,400)
Cash, end of period	$ 469,628	$ 414,368
Other information:		
Dividends received	79,083	53,515
Interest paid	57,130	41,607
Interest received	2,804	1,041
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

These condensed interim financial statements have been prepared in accordance with I*AS 34 Interim Financial Reporting* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board. These are the Company's first IFRS condensed interim financial statements for the period covered by the first IFRS annual financial statements and *IFRS 1 First-time Adoption of International Financial Reporting Standards* has been applied. 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 financial position, income and cash flows of the Company is provided in note 20. This note includes reconciliations between Canadian GAAP and IFRS of:

- equity and comprehensive income for comparative periods
- equity at the date of transition.

These condensed interim financial statements were approved by the Audit Committee on behalf of the Board of Directors on August 24, 2011.

(b) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis.

(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 judgements 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.

(i) *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 original cost.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of August 24, 2011, 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 financial statements, including the transition adjustments recognized on change-over to IFRS. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statement of financial position as at April 1, 2010 for the purpose of the transition to IFRS, unless otherwise indicated.

The significant accounting policies used in the preparation of these financial statements are described below:

(a) 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.

(b) Cash and cash equivalents

The Company considers all investments with maturities of three months or less, and lines of credit that are utilized periodically for day-to-day operations, to be cash equivalents.

(c) Marketable securities

Marketable securities are designated as financial assets at fair value through comprehensive income. Fair value is determined directly by reference to published price quotations in an active market. The securities are marked to fair value at the end of each reporting period using the current bid price, or the most recent trade price if there is no current bid; any changes in fair value are recorded in other comprehensive income.

(d) Equipment

Equipment is recorded at cost less accumulated amortization and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items.

The cost of replacing a component of an item is recognized in the carry amount of the item, if it is probable that there is future economic benefit, and its cost can be measured reliably. The carry amount of the replaced component is derecognized. The costs of day-to-day servicing of equipment are recognized in profit or loss as incurred.

The gain or loss on disposition of an item of equipment is determined by comparing the proceeds from disposal with the carry amount of the equipment, and is recognized net within other income/expenses in profit or loss.

Amortization is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, then that component is amortized separately.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item. Leased assets are amortized over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years

(e) Investments in controlled private companies

The Company relies on the guidance provided in IAS 27 Consolidated and separate financial statements and IAS 28 Investments in associates in accounting for its investments.

IAS 27 provides a different definition of control for consolidation purposes than the typical definition used in determining legal control. Legal control is presumed to exist when an entity holds more than 50% of the voting shares in a corporation, as an entity then has the power to govern, or control, the corporation. However, IAS 27 requires that an entity not only have such control, but that it is able to use such control so as to obtain benefits from the controlled entity's activities.

While the Company holds majority ownership in most of its investments, is able to elect the Board of Directors and exert legal control over the entities, it has entered into agreements with each entity imposing long-term restrictions on the Company's ability to obtain future economic benefits from its interest in those entities. Therefore, while the Company legally controls these entities through its investments, such investments do not meet the requirements of control under IAS 27 due to the inability of the Company to use its control to obtain benefits from the controlled entity's activities.

As the Company's investments do not meet all of the IAS 27 criteria for consolidation, the Company does not consolidate these investments for reporting purposes. However, as it does still have significant influence as defined in IAS 28, it accounts for these investments using the equity method. The Company has recognized its share of net income or loss of these private companies to be nil because it has no rights to receive any residual returns or any obligation to absorb losses of these private companies.

(f) Intangible asset

Trailer fee rights are intangible assets recorded at cost and amortized over their estimated useful life of 10 years. The useful life and expected residual value are reviewed annually.

Trailer fee rights are tested for impairment when events or circumstances indicate the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount, to the projected future net cash flows the assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(g) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity, or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax payable arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, based on the laws that have be enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Financial Instruments

The Company has chosen to early adopt IFRS 9 Financial Instruments.

Financial instruments are classified into one of five categories:

(i) financial assets at amortized cost;

(ii) financial assets at fair value through comprehensive income;

(iii) financial assets at fair value through profit or loss;

(iv) financial liabilities at amortized cost; or,

(v) financial liabilities at fair value through profit or loss

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

Financial assets at amortized cost

Instruments can only be classified as financial assets at amortized cost if they are held with the objective to collect contractual cash flows and if the cash flows are solely payments of principal and interest on the principal amount. Financial assets at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses.

Financial assets at amortized costs are comprised of notes receivable and accounts receivable.

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through comprehensive income are initially measured at fair value and changes therein are recognized in comprehensive income.

Financial assets at fair value through comprehensive income are comprised of marketable securities and long-term investments.

Financial assets at fair value through profit or loss

All financial assets except for those placed into one of the above categories are recorded at fair value through profit or loss. Additionally, assets that meet the requirements for financial assets at amortized costs can optionally be designated as financial assets at fair value through profit or loss. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss.

Financial assets at fair value through profit or loss are comprised of cash and cash equivalents, and controlled private companies.

Financial liabilities at amortized cost

All financial liabilities, except those designated as financial liabilities at fair value through profit or loss, are recorded at amortized cost. Financial liabilities at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these liabilities are measured at amortized cost using the effective interest method.

Financial instruments at amortized cost are comprised of accounts payable, interest payable, line of credit, callable bonds and long-term bonds.

Financial liabilities at fair value through profit or loss

Certain financial liabilities that:

1) contain embedded derivatives;

2) are part of a group of liabilities actively managed on a fair value basis; or

3) which would cause a measurement inconsistency if they were not accounted for at fair value, can optionally be designated as financial instruments at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss. Such liabilities and the reason for the designation must be clearly disclosed in the financial statements.

The Company does not currently hold any financial liabilities at fair value through profit or loss.

(i) Impairment

The carry amounts of the Company's equipment, notes receivable and accounts receivable are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU use is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

(j) Revenue recognition

Revenue from trailer fees related to the Company's acquired interests in future commissions, as described in Note 6, is recognized on a net basis when a claim is processed. The Company records all accounts receivable and payable related to trailer fees on a net basis, as it receives the fees net of a handling fee charged by Olympia Benefits Inc.

Investment service fee revenue relates to fees paid to Target by the controlled private companies that it has invested in. Revenue is recognized over the period in which the services are provided.

Interest is recognized in the month it accrues under the terms of the notes receivable when collection is reasonably assured.

Dividends are recorded when declared.

(k) Earnings per share

The calculation of basic earnings per share is based on net earnings divided by the weighted average number of common shares outstanding.

The treasury stock method of calculating diluted per share amounts is used whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period.

(l) Foreign exchange

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on the retranslation are recognized in profit or loss.

4. MARKETABLE SECURITIES

	June 30, 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**	**$ 97,975**	**$ (54,501)**	$ 152,476	$ 75,366	$ (77,110)
Mosaic Capital Corporation	**1,141**	**45,045**	**43,904**	2,532	139,000	136,468
Mosaic Capital Corporation (Preferred shares)	**1,391**	**75,075**	**73,684**	-	-	-
Olympia Financial Group Inc.	**2,341,459**	**4,925,250**	**2,583,791**	2,224,910	4,722,300	2,497,391
	$2,496,467	**$ 5,143,345**	**$2,646,878**	$ 2,379,918	$4,936,666	$ 2,556,749

During the quarter, First West Capital, one of Target's long-term investments, merged with Mosaic Capital Corporation. As a result of the transaction, Target now holds both common and preferred shares of Mosaic Capital Corporation; the original cost of the First West Capital shares has been allocated to each class on a pro-rata basis, based on merger-day valuation of each new holding.

Subsequent to the merger, both classes of shares in Mosaic Capital Corporation were listed on the TSX Venture Exchange under the symbols MZ and MZ.PR.A. As a result, Target reclassified its holdings from 'long-term investment' to 'marketable securities'. The prior year values have also been reclassified for comparative purposes.

5. LONG-TERM INVESTMENTS

		June 30 2011		March 31 2011
Private company securities at original cost				
Bearspaw Tree Farm Inc.	**$**	**644,710**	$	644,710
	$	**644,710**	$	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.

6. 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.

Management has determined that the trailer fee contracts have an estimated useful life of 10 years. Accordingly, trailer fee rights are amortized over this period and amortization of $11,241 has been recorded in the current period.

7. NOTES RECEIVABLE

		June 30 2011		March 31 2011
Demand Notes				
Prime rate plus 3% note	**$**	**27,946**	$	32,446
9% fixed rate note		**41,600**		40,000
	$	**69,546**	$	72,446

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

8. CONTROLLED PRIVATE COMPANIES

		June 30 2011		March 31 2011
Private company securities at original cost				
Private company securities, beginning of year	**$**	**46,310**	$	37,910
Purchase of private company securities		**2,400**	$	16,200
Sale of private company securities		**(1,200)**		(7,800)
Private company securities, end of year	**$**	**47,510**	$	46,310

Target has purchased a majority of the voting shares in 80 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 $47,510 (March 31, 2011 - $46,310).

9. EQUIPMENT

		June 30, 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	-	-
At end of period	$ -	$ -
Closing net book value	$ 4,807	$ 4,807

10. 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. There were no amounts outstanding under this facility during the quarter. At June 30, 2011, the Company had $nil (March 31, 2011 - $nil) outstanding under this facility.

11. BONDS

	June 30 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.	**$ 124,500**	$ 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.	**$ 178,150**	$ 183,650
Callable Bonds	**$ 302,650**	$ 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
	$ 3,287,250	$ 3,300,750

12. SHARE CAPITAL

Authorized

Unlimited number of common voting shares

Issued common shares

	Amount	Number
Balance, June 30, 2011, and March 31, 2011 and April 1, 2010	**$ 1,132,710**	3,851,863

13. EARNINGS PER SHARE

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

		June 30, 2011	
	Net earnings	**Weighted average common shares**	**Earnings per shares**
Basic and diluted	**$ 29,419**	**3,851,863**	**$ 0.01**

		June 30, 2010	
	Net earnings	Weighted average common shares	Earnings per shares
Basic and diluted	$ 73,515	3,851,863	$ 0.02

14. 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

Olympia Benefits Inc., Common management

Olympia Financial Group Inc., Common management

Olympia Trust Company, Common management

Tarman Inc., Common management

(b) Transactions:

	June 30 2011	June 30 2010
Revenue		
Controlled private company fees		
Controlled private companies	**$ 63,686**	$ 111,327
Dividends		
Olympia Financial Group Inc.	**77,090**	45,625
Eyelogic Systems Inc.	**-**	6,915
Trailer fees		
Olympia Benefits Inc.	**11,809**	19,042
	$ 152,585	$ 182,909

	June 30 2011	June 30 2010
Expenses		
General and Administration		
Olympia Financial Group Inc.	**$ 10,813**	$ 9,222
Olympia Trust Company	**4,562**	1,433
Royalties		
Eyelogic Systems Inc.	**4,907**	11,168
Management fees		
Tarman Inc.	**6,000**	-
	$ 26,282	$ 21,823

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 16.

(c) Accounts receivable and notes receivable include amounts receivable from:

	June 30 2011	March 31 2011
Controlled private companies	**$ 152,178**	$ 244,719
Olympia Benefits Inc.	**2,020**	6,801
	$ 154,198	$ 251,520

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

		June 30 2011		March 31 2011
Eyelogic Systems Inc.	$	34,346	$	50,004
Olympia Financial Group Inc.		3,137		1,572
Olympia Trust Company		3,877		6,890
Tarman Inc.		-		6,300
	$	41,360	$	64,766

15. 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 $3,109,131 (March 31, 2011 - $3,059,899). The Company is not subject to externally imposed capital requirements.

16. 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.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of recorded amounts of accounts receivable, notes receivable, marketable securities and long-term investments, which will result in future cash receipts, as well as bank indebtedness, accounts payable, accrued liabilities and bonds that will result in future cash outlays.

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;
- The Company reviews accounts receivable on a regular basis.

At period end, the Company had $91,529 receivables outstanding for more than 90 days, totalling 59% 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

	June 30 2011	March 31 2011
Marketable securities	**$ 5,143,345**	$ 4,936,666

Fair value sensitivity analysis

A 10% decline in the market price at June 30, 2011 would have resulted in a $514,334 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:

	June 30 2011	March 31 2011
Fixed rate instruments		
Financial asset		
Notes receivable	**$ 41,600**	$ 40,000
Financial liabilities		
Callable bonds	**(302,650)**	(316,150)
Long-term bonds	**(2,984,600)**	(2,984,600)
	$ (3,245,650)	$ (3,260,750)
Variable rate instruments		
Financial assets		
Notes receivable	**$ 27,946**	$ 32,446
	$ 27,946	$ 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 increased equity and after tax earnings by $52 for the quarter ended June 30, 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.

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).

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.

18. 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.

19. SUBSEQUENT EVENTS

There were no material subsequent events.

20. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2(a), these are the Company's first interim financial statements prepared in accordancewith IFRS.

The accounting policies set out in note 3 have been applied in preparing the interim financial statements for the three months ended June 30, 2011, the comparative information presented in the interim financial statements for both the three months ended June 30, 2010 and year ended March 31, 2011, and in the preparation of an opening IFRS statement of financial position at April 1, 2010.

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.

Reconciliations of equity as at April 1, 2010, June 30, 2010 and March 31, 2011, and statements of comprehensive income for the quarter ended June 30, 2010 and the year ended March 31, 2011 are included below. The adjustment had no impact on the previously reported statements of cash flows for the quarter ended June 30, 2010 or the year ended March 31, 2011.

IFRS Reconciliations

Reconciliation of equity as at April 1, 2010, June 30, 2010 and March 31, 2011

	April 1 2010	June 30 2010	March 31 2011
Share Capital			
Balance in accordance with CGAAP	$ 1,132,710	$ 1,132,710	$ 1,132,710
Share capital in accordance with IFRS	1,132,710	1,132,710	1,132,710
Accumulated other comprehensive income (AOCI)			
Balance in accordance with CGAAP	1,336,519	1,572,884	2,085,983
Mosaic Capital fair value adjustment	116,757	116,757	117,619
AOCI in accordance with IFRS	1,453,276	1,689,641	2,203,602
Deficit			
Balance in accordance with CGAAP	310,628	254,951	276,413
Deficit in accordance with IFRS	310,628	254,951	276,413
Total equity in accordance with IFRS	$ 2,275,358	$ 2,567,400	$ 3,059,899

IFRS Reconciliations

Reconciliation of the statement of comprehensive income for the quarter ended June 30, 2010

	CGAAP	Adjustment	IFRS
Revenue			
Controlled private company fees	$ 111,327	-	$ 111,327
Dividends	53,515	-	53,515
Trailer fees	19,042	-	19,042
Interest	1,041	-	1,041
	184,925	-	184,925
Expenses			
Interest on bonds	41,288	-	41,288
General and administration	11,653	-	11,653
Salaries and wages	11,187	-	11,187
Professional fees	20,893	-	20,893
Royalties	11,168	-	11,168
Bad debt	-	-	-
Amortization of intangible assets	11,241	-	11,241
Directors' fees	4,500	-	4,500
Interest	319	-	319
	112,249	-	112,249
Net earnings before income taxes	72,676	-	72,676
Income tax expense (recovery)			
Current	6,743	-	6,743
Future	(7,582)	-	(7,582)
	(839)	-	(839)
Net earnings	73,515	-	73,515
Other comprehensive income			
Revaluation of securities available for sale	273,149	-	273,149
Future income tax effect	(36,784)	-	(36,784)
Comprehensive income	$ 309,880	-	$ 309,880

IFRS Reconciliations

Reconciliation of the statement of comprehensive income for the year ended March 31, 2011

	CGAAP	Adjustment	IFRS
Revenue			
Controlled private company fees	$ 712,463	-	$ 712,463
Dividends	249,279	-	249,279
Trailer fees	72,736	-	72,736
Interest	7,480	-	7,480
	1,041,958	-	1,041,958
Expenses			
Interest on bonds	197,232	-	197,232
General and administration	105,156	-	105,156
Salaries and wages	83,907	-	83,907
Professional fees	72,343	-	72,343
Royalties	66,393	-	66,393
Bad debt	58,758.0	-	58,758
Amortization of intangible assets	44,964	-	44,964
Directors' fees	24,625	-	24,625
Interest	665	-	665
	654,043	-	654,043
Net earnings before income taxes	387,915	-	387,915
Income tax expense (recovery)			
Current	44,171	-	44,171
Future	(11,844)	-	(11,844)
	32,327	-	32,327
Net earnings	355,588	-	355,588
Other comprehensive income			
Revaluation of securities available for sale	868,478	1,000	869,478
Future income tax effect	(119,014)	(138)	(119,152)
Comprehensive income	$ 1,105,052	862	$ 1,105,914

Directors

Rick Skauge[4]
Craig Skauge[4]
Ryan Hoult[4]
Brian Newman[1234]
Charles Chebry[1234]
Gerard Janssen[1234]

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

Head Office

Target Capital Inc.
Suite 255, 125 9th Avenue SE
Calgary, Alberta T2G 0P6
T 403.261.8459
F 403.668.8343

www.targetcapitalinc.com
craig@targetcapitalinc.com

Transfer Agent

Olympia Trust Company
2300, 125 9th Avenue SE
Calgary, Alberta T2G 0P6
T 403.261.0900
F 403.265.1455

Auditors

Kenway Mack Slusarchuk Stewart LLP
Chartered Accountants
333 - 11 Avenue SW Suite 220
Calgary AB T2R 1L9

OFFICERS

RICK SKAUGE
Chief Executive Officer

RYAN HOULT
Chief Financial Officer

CRAIG SKAUGE
President

TARGET CAPITAL INC.
Suite 255, 125 9th Avenue SE, Calgary, Alberta T2G 0P6
T 403.261.8459 • F 403.668.8343