



May 23, 2003

Dear Shareholder,

Please find enclosed the unaudited financial statements for **British Columbia Discovery Fund (VCC) Inc.** (the "Fund") as at March 31, 2003. We are presently required to provide three, six and nine-month interim unaudited financial statements to registered shareholders of the Fund pursuant to British Columbia securities regulations.

The Fund plans to report to shareholders as follows:

Annual Report

The annual report of the Fund will contain audited financial statements of the Fund as at and for the years ending December 31. It will include a discussion and analysis of Fund activities and financial results for the relevant year or years, as well as a report on any other developments or matters related to the Fund that are of interest to shareholders.

Semi-Annual Report

The semi-annual report of the Fund will contain the unaudited financial statements of the Fund as at and for the six-month periods ending June 30. It will also include a brief discussion and analysis of Fund activities and financial results for the relevant period or periods, and report on any other developments or matters related to the Fund that are of interest to shareholders.

Thank you for investing in the Fund. Our public disclosure documents can be viewed at the SEDAR website at www.sedar.com. If you have any questions, please contact Charles Cook, Chief Financial Officer, at (604) 683-3000 ext. 102.

Yours sincerely,



Harry Jaako
President



British Columbia Discovery Fund (VCC) Inc.
Interim Financial Statements
(Unaudited – prepared by management)

March 31, 2003

British Columbia Discovery Fund (VCC) Inc.

Statements of Financial Position

(Unaudited – prepared by management)

		March 31, 2003		December 31, 2002
ASSETS				
Cash	\$	174,771	\$	225,683
Subscriptions receivable		336,728		-
Deferred charges (note 2)		399,248		219,782
Total Assets		910,747		445,465
LIABILITIES				
Accounts payable and accrued liabilities (note 3)		264,846		183,365
Total Liabilities		264,846		183,365
Net Assets		645,901		262,100
SHAREHOLDERS' EQUITY				
Share capital (note 4)		645,901		262,100
Total Shareholders' Equity	\$	645,901	\$	262,100
Common shares outstanding		64,590		26,210
Net Asset Value per Common Share¹	\$	10.00	\$	10.00

See accompanying notes

¹ The Fund is conducting a continuous offering of its common shares pursuant to a prospectus dated March 6, 2003. The common shares are offered at a price of \$10.00 per common share until June 30, 2003.

On behalf of the Board of Directors:

"Harry Jaako"

Director

"John McEwen"

Director

British Columbia Discovery Fund (VCC) Inc.

Statements of Changes in Net Assets

(Unaudited – prepared by management)

For the three months ended	March 31, 2003
Net assets, beginning of period	\$ 262,100
Capital Transactions	
Proceeds from issuance of common shares	383,801
Increase in net assets for the period	383,801
Net assets, end of the period	\$ 645,901

See accompanying notes

British Columbia Discovery Fund (VCC) Inc.

Notes to Financial Statements

(March 31, 2003)

These interim financial statements should be read in conjunction with the audited statement of financial position as at November 20, 2002 contained in the prospectus of the Fund dated March 6, 2003. These statements follow the same accounting policies and methods of their application as those followed in the November 20, 2002 audited statement of financial position.

1 Nature of operations

British Columbia Discovery Fund (VCC) Inc. (the Fund) was incorporated under the Company Act of British Columbia on November 6, 2002 and is registered as a venture capital corporation under the Small Business Venture Capital Act of British Columbia (the SBVCA). The Fund is engaged in the business of venture capital financing, focusing on investing in technology businesses that are eligible small businesses under the SBVCA.

A wholly owned subsidiary of Discovery Capital Corporation, Discovery Capital Management Corp. (together, the Manager), acts as investment manager to the Fund and assists the Fund in sourcing, selecting and monitoring the Fund's investments. The Fund has entered into a management agreement with the Manager under which the Manager will be paid an annual management fee of 2.75% of the net asset value of the Fund, up to \$100 million, plus 2.5% of the net asset value of the Fund in excess of \$100 million, calculated and paid monthly in arrears, as well as, subject to satisfaction of certain conditions, a performance fee equal to 20% of the realized gains for cash and cash income from each eligible investment of the Fund, calculated and paid quarterly in arrears.

The Fund does not expect to conduct material investment operations prior to June 30, 2003 and is, accordingly, deferring all costs associated with the start-up and initial organization of the Fund in the pre-operating period, which will end June 30, 2003. Accordingly, the Fund has not prepared a statement of operations for the period ending March 31, 2003.

2 Deferred charges

The Fund records sales commissions and other costs directly related to the issuing of common shares (Issue Costs) as deferred charges. The Fund amortizes Issue Costs on a straight-line basis to retained earnings over five years from the date of issue of the related shares.

Costs associated with the start-up and initial organization of the Fund are being deferred in the pre-operating period and will subsequently be amortized to income over the shorter of the expected period of benefit or five years, when it is probable that the costs will be recoverable from future periods.

3 Related party transactions

Included in accounts payable and accrued liabilities at March 31, 2003 is \$159,027 payable to the Manager in respect of management fees (\$2,869) and recoverable expenditures (\$156,158).

Pursuant to a funding agreement between Discovery Capital Corporation (DCC) and the Fund, DCC has agreed to pay any expense of the Fund that the Fund is unable to pay, due to any restrictions on the Fund paying such expenses imposed by the SBVCA or otherwise, and, further, to not demand payment of any expenses payable to DCC. Any such expenses will continue to be liabilities of the Fund and will be paid when the Fund has available funds that are not restricted by the SBVCA to pay such liabilities.

British Columbia Discovery Fund (VCC) Inc.

Notes to Financial Statements

(March 31, 2003)

4 Share capital

Authorized

500,000,000 common shares

Issued

	March 31, 2003	
	Number	Amount
Balance, December 31, 2002	26,210	\$ 262,100
Issued during the period	38,380	383,801
Balance, end of period	64,590	\$ 645,901

Shareholders can require the Fund to redeem their shares at the net asset value per common share of the Fund at any time after five years from the original share issue date, or at any time if the holder thereof is deceased, provided that the Fund is in compliance with the SBVCA at all times and is not otherwise prohibited or restricted under its articles from completing redemption requests.

5 Subsequent event

The Fund is conducting a continuous offering of its common shares pursuant to a prospectus dated March 6, 2003. The common shares are offered at a price of \$10.00 per common share until June 30, 2003 after which the common shares will be offered at the net asset value per common share determined on the valuation date which falls on or occurs immediately after the date on which the common shares are purchased. As at May 23, 2003, the Fund has issued 181,722 common shares for gross proceeds of \$1,817,220.