



# **Pound-Maker Investments Ltd.**

**Semi-Annual Financial Statements**

**January 31, 2010**

**Unaudited**

## **NOTICE TO READER**

To the Shareholders  
Pound-Maker Investments Ltd.

The accompanying unaudited interim consolidated statements of Pound-Maker Investments Ltd. for the six months ended January 31, 2010 have been prepared by management and approved by the Board of Directors of the Corporation. These statements have not been reviewed by the Corporation's external auditors.

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President and CEO

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Chief Financial Officer

**POUND-MAKER INVESTMENTS LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT JANUARY 31, 2010 (Unaudited) AND JULY 31, 2009 (Audited)**

	2010	2009
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Accounts receivable	\$ 9,085,000	\$ 2,975,000
Prepaid expenses	83,000	73,000
Corporate taxes receivable	91,000	44,000
Inventories	<u>13,150,000</u>	<u>18,248,000</u>
	<b>22,409,000</b>	21,340,000
PROPERTY, PLANT AND EQUIPMENT	<b>6,647,000</b>	6,882,000
START-UP & ORGANIZATIONAL COSTS	<u>30,000</u>	<u>40,000</u>
	<b>\$ 29,086,000</b>	<b>\$ 28,262,000</b>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Bank indebtedness	\$ 5,118,000	\$ 5,295,000
Accounts payable & accrued liabilities	2,400,000	1,593,000
Corporate taxes payable	-	-
Current portion of long-term debt	363,000	353,000
Current portion of future income taxes	<u>4,025,000</u>	<u>3,926,000</u>
	<b>11,906,000</b>	11,167,000
LONG-TERM DEBT	<b>1,080,000</b>	1,268,000
FUTURE INCOME TAXES	<u>316,000</u>	<u>316,000</u>
	<b>13,302,000</b>	12,751,000
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital	1,443,000	1,443,000
Contributed surplus	1,055,000	1,055,000
Retained earnings	<u>13,286,000</u>	<u>13,013,000</u>
	<b>15,784,000</b>	15,511,000
	<b>\$ 29,086,000</b>	<b>\$ 28,262,000</b>

**POUND-MAKER INVESTMENTS LTD.**  
**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS**  
**FOR THE SIX MONTH PERIOD ENDED JANUARY 31**  
**(Unaudited)**

	2010	2009
Sales	\$ 30,214,000	\$ 26,784,000
Cost of sales	<u>26,967,000</u>	<u>23,192,000</u>
Gross profit	3,247,000	3,592,000
Other income	<u>140,000</u>	<u>46,000</u>
	<u>3,387,000</u>	<u>3,638,000</u>
Expenses		
Depreciation & amortization	543,000	534,000
Operating & administrative	1,754,000	1,789,000
Interest on long-term debt	<u>54,000</u>	<u>57,000</u>
	<u>2,351,000</u>	<u>2,380,000</u>
Earnings from operations before taxes	<u>1,036,000</u>	<u>1,258,000</u>
Provision for corporate taxes		
Current	183,000	240,000
Future	<u>98,000</u>	<u>128,000</u>
	<u>281,000</u>	<u>368,000</u>
Net earnings	755,000	890,000
Retained earnings, beginning of period	13,013,000	11,670,000
Dividends	<u>482,000</u>	<u>482,000</u>
Retained earnings, end of period	<u>\$ 13,286,000</u>	<u>\$ 12,078,000</u>

**POUND-MAKER INVESTMENTS LTD.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTH PERIOD ENDED JANUARY 31**  
**(Unaudited)**

	<b>2010</b>	<b>2009</b>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the period	\$ <b>755,000</b>	\$ 890,000
Charges to operations not affecting cash		
Future income tax	<b>98,000</b>	128,000
Depreciation and amortization	<b>543,000</b>	534,000
	<hr/> <b>1,396,000</b>	<hr/> 1,552,000
Net change in non-cash working capital balances related to operations		
(Increase) decrease in accounts receivable	<b>(6,110,000)</b>	(742,000)
(Increase) decrease in corporate taxes receivable	<b>(47,000)</b>	(148,000)
(Increase) decrease in prepaid expenses	<b>(10,000)</b>	(14,000)
(Increase) decrease in inventories	<b>5,099,000</b>	(5,538,000)
Increase (decrease) in accounts payable	<b>807,000</b>	47,000
	<hr/> <b>1,135,000</b>	<hr/> (4,843,000)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<b>(298,000)</b>	(537,000)
	<hr/> <b>(298,000)</b>	<hr/> (537,000)
FINANCING ACTIVITIES		
Term loan repayments	<b>(178,000)</b>	(169,000)
Dividends	<b>(482,000)</b>	(482,000)
	<hr/> <b>(660,000)</b>	<hr/> (651,000)
NET INCREASE (DECREASE) IN CASH RESOURCES	<b>177,000</b>	(6,031,000)
CASH RESOURCES (BANK INDEBTEDNESS) , BEGINNING OF PERIOD	<hr/> <b>(5,295,000)</b>	<hr/> (371,000)
CASH RESOURCES (BANK INDEBTEDNESS) , END OF PERIOD	<hr/> <b>\$ (5,118,000)</b>	<hr/> <b>\$ (6,402,000)</b>

**POUND-MAKER INVESTMENTS LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED JANUARY 31, 2010**  
**(Unaudited)**

**1 INTERIM FINANCIAL STATEMENTS**

These interim financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles for annual financial statements. The accounting policies used in the preparation of these interim financial statements are the same as those adopted by the company in the preparation of its annual financial statements contained in its most recent annual report. Accordingly, these financial statements should be read in conjunction with the financial statements contained in the company's July 31, 2009 Annual Report to Shareholders.

**2 BASIS OF CONSOLIDATION**

The company has consolidated the assets, liabilities, revenues and expenses of all subsidiaries after the elimination of the inter-company transactions and balances. The consolidated financial statements include the accounts of the Company, and its subsidiary companies, Pound-Maker Agventures Ltd. and Pound-Maker Capital Corp.

Pound-Maker Agventures Ltd. is an integrated cattle feedlot and fuel ethanol facility. The company's feedlot division has a one time standing capacity of 29,000 head of cattle and the fuel ethanol division has an annual production capacity of 13 million litres.

Pound-Maker Capital Corp. is in the business of loaning monies to custom cattle feeder clients of Pound-Maker Agventures Ltd.