



**Pound-Maker Investments Ltd.**

**Semi-Annual Financial Statements**

**January 31, 2011**

**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, 2011 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.



\_\_\_\_\_  
President and CEO



\_\_\_\_\_  
Chief Financial Officer

**POUND-MAKER INVESTMENTS LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT JANUARY 31, 2011 (Unaudited) AND JULY 31, 2010 (Audited)**

	2011	2010
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ 1,822,000	\$ 4,586,000
Accounts receivable	4,802,000	1,804,000
Prepaid expenses	75,000	72,000
Corporate taxes receivable	383,000	-
Inventories	<u>9,919,000</u>	<u>10,340,000</u>
	17,001,000	16,802,000
PROPERTY, PLANT AND EQUIPMENT	7,383,000	6,793,000
START-UP & ORGANIZATIONAL COSTS	<u>12,000</u>	<u>21,000</u>
	<u>\$ 24,396,000</u>	<u>\$ 23,616,000</u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable & accrued liabilities	\$ 4,052,000	\$ 1,898,000
Corporate taxes payable	-	1,273,000
Current portion of long-term debt	8,000	374,000
Current portion of future income taxes	<u>2,646,000</u>	<u>2,550,000</u>
	6,706,000	6,095,000
LONG-TERM DEBT	47,000	893,000
FUTURE INCOME TAXES	<u>258,000</u>	<u>258,000</u>
	<u>7,011,000</u>	<u>7,246,000</u>
<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>14,887,000</u>	<u>13,872,000</u>
	<u>17,385,000</u>	<u>16,370,000</u>
	<u>\$ 24,396,000</u>	<u>\$ 23,616,000</u>

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

	2011	2010
Sales	\$ 22,397,000	\$ 30,214,000
Cost of sales	<u>18,212,000</u>	<u>26,967,000</u>
Gross profit	4,185,000	3,247,000
Other income	<u>103,000</u>	<u>140,000</u>
	<u>4,288,000</u>	<u>3,387,000</u>
Expenses		
Depreciation & amortization	532,000	543,000
Operating & administrative	1,837,000	1,754,000
Interest on long-term debt	<u>22,000</u>	<u>54,000</u>
	<u>2,391,000</u>	<u>2,351,000</u>
Earnings from operations before taxes	<u>1,897,000</u>	<u>1,036,000</u>
Provision for corporate taxes		
Current	304,000	183,000
Future	<u>96,000</u>	<u>98,000</u>
	<u>400,000</u>	<u>281,000</u>
Net earnings	1,497,000	755,000
Retained earnings, beginning of period	13,872,000	13,013,000
Dividends	<u>482,000</u>	<u>482,000</u>
Retained earnings, end of period	<u>\$ 14,887,000</u>	<u>\$ 13,286,000</u>

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

	2011	2010
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the period	\$ 1,497,000	\$ 755,000
Charges to operations not affecting cash		
Future income tax	96,000	98,000
Depreciation and amortization	532,000	543,000
	<u>2,125,000</u>	1,396,000
Net change in non-cash working capital balances related to operations		
(Increase) decrease in accounts receivable	(2,998,000)	(6,110,000)
(Increase) decrease in corporate taxes receivable	(1,656,000)	(47,000)
(Increase) decrease in prepaid expenses	(3,000)	(10,000)
(Increase) decrease in inventories	421,000	5,099,000
Increase (decrease) in accounts payable	2,154,000	807,000
	<u>43,000</u>	<u>1,135,000</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,113,000)	(298,000)
	<u>(1,113,000)</u>	<u>(298,000)</u>
FINANCING ACTIVITIES		
Term loan repayments	(1,212,000)	(178,000)
Dividends	(482,000)	(482,000)
	<u>(1,694,000)</u>	<u>(660,000)</u>
NET INCREASE (DECREASE) IN CASH RESOURCES	(2,764,000)	177,000
CASH RESOURCES (BANK INDEBTEDNESS) , BEGINNING OF PERIOD	<u>4,586,000</u>	<u>(5,295,000)</u>
CASH RESOURCES (BANK INDEBTEDNESS) , END OF PERIOD	<u>\$ 1,822,000</u>	<u>\$ (5,118,000)</u>

**POUND-MAKER INVESTMENTS LTD.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE 6 MONTHS ENDED JANUARY 31, 2011**  
**(Unaudited)**

**1 SIGNIFICANT ACCOUNTING POLICES**

These interim unaudited consolidated financial statements are based on accounting policies consistent with those used and described in the annual audited financial statements. However, these financial statements do not include all of the information and disclosure required for the annual consolidated financial statement presentation and should be read in conjunction with the most recent audited annual consolidated financial statements contained in the company's July 31, 2010 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.