



*Consolidated Financial Statements of*

**C.A. BANCORP INC.**

*June 30, 2010*

*(Unaudited)*

# **C.A. BANCORP INC.**

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**June 30, 2010**

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**C.A. BANCORP INC.**  
**Consolidated Balance Sheets**

As at June 30, 2010 (Unaudited) and December 31, 2009 (in \$ thousands)

*Note*

2010

2009

**ASSETS**

Cash and cash equivalents		\$	20,856	\$	11,114
Accounts receivable			1,361		1,659
Loans receivable			29		58
Publicly traded investments	2		88		1,718
Investments in private entities	3		36,973		37,654
Investment in Charter REIT	4		-		7,502
Investment in C.A. Bancorp Canadian Realty Finance Corporation	5		8,608		8,900
Future income tax assets	10		-		264
Intangible assets	5		2,301		2,394
Prepaid expenses and other assets			48		97
Capital assets	6		132		154
		\$	70,396	\$	71,514

**LIABILITIES**

Accounts payable and accrued liabilities		\$	2,068	\$	1,935
Future income tax liabilities	10		251		155
Note payable to C.A. Bancorp Canadian Realty Finance Corporation	5		1,684		1,825
			4,003		3,915

**NON-CONTROLLING INTERESTS**

- (43)

**SHAREHOLDERS' EQUITY**

Share capital	9		76,996		76,996
Contributed surplus	9		4,549		4,960
Deficit			(15,152)		(14,314)
			66,393		67,642
		\$	70,396	\$	71,514

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"John F. Driscoll"

..... Director

"Paul Haggis"

..... Director

The accompanying notes are an integral part of these consolidated financial statements.

## C.A. BANCORP INC.

### Consolidated Statements of Operations and Comprehensive (Loss) Earnings

For the three and six months ended June 30 (Unaudited)

(in \$ thousands except per share amounts)	Note	Three months ended June 30,		Six months ended June 30,	
		2010	2009	2010	2009
<b>REVENUE</b>					
Interest and investment income		\$ 774	\$ 795	\$ 1,587	\$ 1,495
Asset management fees		388	522	708	1,076
Other fees and commissions		186	80	215	174
		<b>1,348</b>	<b>1,397</b>	<b>2,510</b>	<b>2,745</b>
<b>NET RESULTS OF INVESTMENTS</b>					
Realized (loss) gain on sale of publicly traded investments	2	(3,489)	80	(3,494)	(670)
Change in unrealized gain on publicly traded investments	2	3,538	61	3,593	908
Realized (loss) gain on sale of investments in private entities	3	59	-	(4,968)	-
Change in unrealized gain (loss) on investments in private entities	3	(57)	555	5,551	145
Gain on sale of Charter REIT		2,098	-	2,098	-
Impairment loss on goodwill and intangible assets related to Barlow		-	(2,069)	-	(2,069)
Equity participation in C.A. Bancorp Canadian Realty Finance Corporation	5	(9)	107	75	129
Equity participation in Charter REIT	4	(179)	(222)	(429)	(263)
Other corporate investments		-	(13)	60	(30)
		<b>1,961</b>	<b>(1,501)</b>	<b>2,486</b>	<b>(1,850)</b>
<b>EXPENSES</b>					
Employee		1,712	398	2,451	949
Strategic review and hostile defense	8	1,060	-	2,250	-
General and administration		386	606	754	989
Audit, legal and other corporate		189	858	248	1,040
Paid to Sentry Select	8	19	387	63	787
Interest		29	45	57	106
Depreciation and amortization		15	-	29	-
Other		-	8	-	36
Stock based compensation		(411)	(530)	(411)	(569)
		<b>2,999</b>	<b>1,772</b>	<b>5,441</b>	<b>3,338</b>
<b>NET (LOSS) EARNINGS BEFORE INCOME TAXES</b>		<b>310</b>	<b>(1,876)</b>	<b>(445)</b>	<b>(2,443)</b>
<b>PROVISION (RECOVERY) FOR INCOME TAXES</b>					
Current tax provision (recovery)	10	21	(172)	(10)	(490)
Future tax provision	10	49	131	360	874
		<b>70</b>	<b>(41)</b>	<b>350</b>	<b>384</b>
<b>NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS BEFORE NON-CONTROLLING INTERESTS</b>		<b>240</b>	<b>(1,835)</b>	<b>(795)</b>	<b>(2,827)</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>-</b>	<b>(15)</b>	<b>43</b>	<b>(23)</b>
<b>NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS</b>		<b>240</b>	<b>(1,820)</b>	<b>(838)</b>	<b>(2,804)</b>
<b>NET EARNINGS FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,963</b>
<b>NET (LOSS) EARNINGS AND COMPREHENSIVE (LOSS) EARNINGS</b>		<b>\$ 240</b>	<b>\$ (1,820)</b>	<b>\$ (838)</b>	<b>\$ 4,159</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (in thousands)</b>					
Basic		26,737	26,944	26,737	27,080
Diluted		26,737	26,944	26,737	27,080
<b>NET (LOSS) EARNINGS PER SHARE - BASIC</b>					
Continuing operations		\$ 0.01	\$ (0.07)	\$ (0.03)	\$ (0.11)
Discontinued operations		-	-	-	0.26
Net (loss) earnings per share		<b>\$ 0.01</b>	<b>\$ (0.07)</b>	<b>\$ (0.03)</b>	<b>\$ 0.15</b>
<b>NET (LOSS) EARNINGS PER SHARE - DILUTED</b>					
Continuing operations		\$ 0.01	\$ (0.07)	\$ (0.03)	\$ (0.11)
Discontinued operations		-	-	-	0.26
Net (loss) earnings per share		<b>\$ 0.01</b>	<b>\$ (0.07)</b>	<b>\$ (0.03)</b>	<b>\$ 0.15</b>

The accompanying notes are an integral part of these consolidated financial statements.

**C.A. BANCORP INC.**  
**Consolidated Statements of Deficit and Accumulated Other**  
**Comprehensive Income**

For the three and six months ended June 30 (unaudited)

(in \$ thousands)

<b>For the three months ended June 30</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total</b>
Balance, March 31, 2009	\$ (10,457)	\$ -	\$ (10,457)
Net loss for the period	(1,820)	-	(1,820)
<b>Balance, June 30, 2009</b>	<b>\$ (12,277)</b>	<b>\$ -</b>	<b>\$ (12,277)</b>
<b>Balance, March 31, 2010</b>	<b>\$ (15,392)</b>	<b>\$ -</b>	<b>\$ (15,392)</b>
<b>Net earnings for the period</b>	<b>240</b>	<b>-</b>	<b>240</b>
<b>Balance, June 30, 2010</b>	<b>\$ (15,152)</b>	<b>\$ -</b>	<b>\$ (15,152)</b>

  

<b>For the six months ended June 30</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total</b>
Balance, December 31, 2008	\$ (16,436)	\$ -	\$ (16,436)
Net earnings for the period	4,159	-	4,159
<b>Balance, June 30, 2009</b>	<b>\$ (12,277)</b>	<b>\$ -</b>	<b>\$ (12,277)</b>
<b>Balance, December 31, 2009</b>	<b>\$ (14,314)</b>	<b>\$ -</b>	<b>\$ (14,314)</b>
<b>Net loss for the period</b>	<b>(838)</b>	<b>-</b>	<b>(838)</b>
<b>Balance, June 30, 2010</b>	<b>\$ (15,152)</b>	<b>\$ -</b>	<b>\$ (15,152)</b>

The accompanying notes are an integral part of these consolidated financial statements.

# C.A. BANCORP INC.

## Consolidated Statements of Cash Flows

For the three and six months ended June 30 (Unaudited) (in \$ thousands)	Note	Three months ended June 30,		Six months ended June 30,	
		2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES IN CONTINUING OPERATIONS</b>					
Net (loss) earnings		\$ 240	\$ (1,820)	\$ (838)	\$ 4,159
Less: earnings from discontinued operations, net of tax		-	-	-	6,963
Net earnings (loss) from continuing operations		240	(1,820)	(838)	(2,804)
Adjusted for non-cash items:					
Future tax provision		49	131	360	874
Non-controlling interest		-	(15)	43	(23)
Stock based compensation		(411)	(530)	(411)	(569)
Bad debt provision		-	(6)	-	8
Gain on sale of Charter REIT		(2,098)	-	(2,098)	-
Equity participation in Charter REIT	4	179	222	429	263
Equity participation in C.A. Bancorp Canadian Realty Finance Corporation	5	9	(107)	(75)	(129)
Equity participation in other corporate entities		-	13	-	30
Depreciation and amortization		15	14	29	28
Change in unrealized gain on publicly traded investments	2	(3,538)	(61)	(3,593)	(908)
Realized loss (gain) on publicly traded investments	2	3,489	(80)	3,494	670
Non-cash interest income on investments in private entities	3	(289)	(172)	(555)	(486)
Impairment loss on goodwill and intangible assets related to Barlow		-	2,069	-	2,069
Change in unrealized (gain) loss on investments in private entities	3	57	(556)	(5,551)	(146)
Realized loss (gain) on investments in private entities	3	(59)	-	4,968	-
Net equity participation on investments in private entities	3	-	-	(60)	-
		(2,357)	(898)	(3,858)	(1,123)
Changes in non-cash operating working capital:					
Increase (decrease) in current liabilities		315	252	66	(1,915)
Decrease (increase) in receivables		434	564	366	(1,133)
Decrease in prepaid expenses and other assets		23	212	48	215
Cash flows (used in) from operating activities in continuing operations		(1,585)	130	(3,378)	(3,956)
<b>CASH FLOWS FROM INVESTING ACTIVITIES IN CONTINUING OPERATIONS</b>					
Mortgages and loans issued		-	-	-	(131)
Mortgages and loans repaid		20	33	29	47
Purchase of publicly traded investments		-	(1)	(13)	(12)
Sale proceeds of publicly traded investments		1,741	751	1,742	1,099
Net cash proceeds received from investments in private entities	3	1,900	(856)	1,879	(5,646)
Cash held as collateral		-	-	-	700
Distributions received from Charter REIT	4	161	242	403	482
Investment in Charter REIT	4	-	(16)	-	(62)
Sale of Charter REIT		8,768	-	8,768	-
Class A Share distributions received from C.A. Bancorp Canadian Realty Finance Corporation	5	184	184	367	368
Note payable to C.A. Bancorp Canadian Realty Finance Corporation	5	(48)	(111)	(48)	(185)
Disposal of capital assets		-	1	2	-
Purchase of capital assets		(3)	-	(9)	-
Cash flows from (used in) investing activities in continuing operations		12,723	227	13,120	(3,340)
<b>CASH FLOWS FROM FINANCING ACTIVITIES IN CONTINUING OPERATIONS</b>					
C.A. Bancorp common shares repurchased		-	(324)	-	(494)
Cash flows used in financing activities in continuing operations		-	(324)	-	(494)
Cash flows from (used in) continuing operations		11,138	33	9,742	(7,790)
Cash flows from discontinued operating activities		-	-	-	-
Cash flows from discontinued investing activities		-	-	-	19,175
Cash flows from discontinued financing activities		-	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>11,138</b>	<b>33</b>	<b>9,742</b>	<b>11,385</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>		<b>9,718</b>	<b>12,597</b>	<b>11,114</b>	<b>1,245</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>		<b>\$ 20,856</b>	<b>\$ 12,630</b>	<b>\$ 20,856</b>	<b>\$ 12,630</b>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>					
Cash and cash equivalents from continuing operations		\$ -	\$ 12,630	\$ -	\$ 12,630
Cash and cash equivalents from discontinued operations		-	-	-	-
		\$ -	\$ 12,630	\$ -	\$ 12,630
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>					
Income taxes paid		\$ 25	\$ 174	\$ 25	\$ 272
Interest paid		\$ 29	\$ 45	\$ 55	\$ 105

The accompanying notes are an integral part of these consolidated financial statements.

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

June 30, 2010 (unaudited)

(in thousands of dollars except per share amounts or unless otherwise stated)

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### 1. ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The disclosures in these unaudited interim consolidated financial statements do not include all the requirements of GAAP for annual financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2009. These unaudited interim consolidated financial statements are based on accounting principles consistent with those used and described in the audited annual consolidated financial statements, except as described below.

#### (a) Principles of consolidation

C.A. Bancorp Inc.’s (“C.A. Bancorp” or the “Company”) financial statements as at June 30, 2010 include the accounts of its subsidiaries (with ownership percentages in parentheses):

- C.A. Bancorp Ltd. (“CABL”) (100%)
- C.A. Realty Management Inc. (100%)
- C.A. Bancorp Realty Finance Inc. (100%)
- C.A. Bancorp Telecom Inc. (100%)
- C.A.B. Barlow Holdings Corp (100%)

C.A.B. Barlow Holdings Corp. is a holding company for the Company’s 85% interest in Barlow Capital Management Inc. (“Barlow Capital”).

The Company’s consolidated financial statements also include the results of operations of C.A. Bancorp Financial Corp. and its wholly-owned subsidiaries AgriFinancial Canada Corp. and AgriFinancial Leasing Inc. (collectively “AgriFinancial”) from the beginning of 2009 until the date of sale on January 30, 2009. AgriFinancial is classified as discontinued operations.

In addition, the Company proportionately consolidated the accounts of International Infrastructure L.P., a joint-venture with Sentry Select Capital Corp. (“Sentry Select”) up until August 20, 2009 at which point all cash was distributed from the joint-venture back to the Company and Sentry Select. International Infrastructure L.P. was dissolved on October 7, 2009.

Intercompany transactions and balances have been eliminated in these consolidated financial statements.

#### (b) Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are used in the valuation of loans, valuation of intangible assets, allocation of purchase price to intangible assets and goodwill, valuation of investments in private entities, impairment of assets, loan provisions, useful life for amortization, and the calculation of the fair value of stock options. Actual results could differ from these estimates.

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

June 30, 2010 (unaudited)

(in thousands of dollars except per share amounts or unless otherwise stated)

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### 2. PUBLICLY TRADED INVESTMENTS

In accordance with the Company's accounting policies, the Company's publicly traded investments portfolio is designated as held-for-trading and consequently, a fair value (change in unrealized gain) adjustment of \$3,593 was recognized in the statement of operations on the publicly traded investments for the six months ended June 30, 2010 (six months ended June 30, 2009 – change in unrealized gain taken to income of \$908) bringing the total balance sheet adjustment to an unrealized loss of \$(2) at June 30, 2010.

Industry Grouping	June 30, 2010			December 31, 2009		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
Industrials	-	-	\$ -	\$ 3,162	\$ 699	\$ (2,463)
Diversified and Other	7	18	11	-	-	-
Financial Services	83	70	(13)	2,151	1,019	(1,132)
<b>Total</b>	<b>\$ 90</b>	<b>\$ 88</b>	<b>\$ (2)</b>	<b>\$ 5,313</b>	<b>\$ 1,718</b>	<b>\$ (3,595)</b>

The Company held three positions in its publicly traded investments portfolio as at June 30, 2010 carried at a fair value of \$88 (December 31, 2009 – \$1,718). The largest position in the portfolio was \$70 (December 31, 2009 – \$699). The average investment size in the portfolio was \$29 (December 31, 2009 – \$344).

A 10% price move on the average investment in the portfolio would result in an estimated pre-tax gain or loss on the statement of operations of approximately \$3 and on the portfolio's largest position of approximately \$7.

A 10% move on the entire portfolio would result in an estimated pre-tax gain or loss of approximately \$9.

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

June 30, 2010 (unaudited)

(in thousands of dollars except per share amounts or unless otherwise stated)

### 3. INVESTMENTS IN PRIVATE ENTITIES

Issuer <i>Financial Instrument</i>	Classification	Maturity Date	June 30, 2010				December 31, 2009			
			Face/ Contractual Value	Cost	Carrying Value	Unrealized Gain (Loss)	Face/ Contractual Value	Cost	Carrying Value	Unrealized Gain (Loss)
<b>High Fidelity HDTV</b>										
<i>Debenture</i>	Held-to-Maturity	Jul-10	\$ -	\$ -	\$ -	\$ -	\$ 2,226	\$ 2,135	\$ 2,135	\$ -
<i>PIK Interest</i>	Held-to-Maturity	Jul-10	-	-	-	-	408	408	408	-
<i>Common Shares</i>	Held-for-Trading	n/a	-	4	20	16	-	4	14	10
<i>Warrants</i>	Held-for-Trading	n/a	-	546	3,180	2,634	-	546	2,486	1,940
<i>Convertible Debenture</i>	Held-for-Trading	Dec-12	1,500	1,487	1,487	-	1,500	1,487	1,487	-
			1,500	2,037	4,687	2,650	4,134	4,580	6,530	1,950
<b>Birmingham Foundation Solutions</b>										
<i>Preferred Shares</i>	Held-for-Trading	n/a	9,000	8,148	9,534	1,386	9,000	8,148	9,064	916
<i>Common Shares</i>	Equity Accounting	n/a	-	1,852	2,437	585	-	1,852	2,322	470
			9,000	10,000	11,971	1,971	9,000	10,000	11,386	1,386
<b>Windward Telecom</b>										
<i>Common Shares</i>	Equity Accounting	n/a	-	710	-	(710)	-	710	350	(360)
<i>Promissory Note</i>	Held-to-Maturity	Demand	149	151	149	(2)	122	127	122	(5)
			149	861	149	(712)	122	837	472	(365)
<b>Kingswood Estates</b>										
<i>Equity</i>	Held-for-Trading	n/a	-	6,000	6,100	100	-	6,000	6,300	300
<i>Mortgage</i>	Held-to-Maturity	Jul-11	600	600	600	-	-	-	-	-
			600	6,600	6,700	100	-	6,000	6,300	300
<b>Salbro Bottle Group</b>										
<i>Debenture</i>	Held-to-Maturity	Feb-12	4,000	3,705	3,705	-	4,000	3,631	3,631	-
<i>Warrants</i>	Held-for-Trading	n/a	-	580	498	(82)	-	580	498	(82)
			4,000	4,285	4,203	(82)	4,000	4,211	4,129	(82)
<b>Everus Communications</b>										
<i>DIP Facility</i>	Loans	Demand	-	-	-	-	267	267	267	-
<i>Debenture</i>	Available-for-Sale	Jun-10	-	-	-	-	5,000	4,444	615	(3,829)
<i>PIK Interest</i>	Available-for-Sale	Jun-10	-	-	-	-	851	238	238	-
<i>Warrants</i>	Held-for-Trading	n/a	-	-	-	-	-	644	-	(644)
<i>Other Expenses</i>	Held-for-Trading	n/a	-	-	-	-	-	400	-	(400)
			-	-	-	-	6,118	5,993	1,120	(4,873)
<b>Digital Payment Technologies</b>										
<i>Debenture</i>	Held-to-Maturity	Oct-11	6,000	5,363	5,363	-	6,000	5,166	5,166	-
<i>PIK Interest</i>	Held-to-Maturity	Oct-11	385	385	385	-	251	251	251	-
<i>Warrants</i>	Held-for-Trading	n/a	-	1,164	2,300	1,136	-	1,164	2,300	1,136
			6,385	6,912	8,048	1,136	6,251	6,581	7,717	1,136
<b>Barrett Xplore Inc.</b>										
<i>Convertible Note</i>	Held-for-Trading	Feb-11	1,180	1,180	1,180	-	-	-	-	-
<i>PIK Interest</i>	Held-for-Trading	Feb-11	35	35	35	-	-	-	-	-
			1,215	1,215	1,215	-	-	-	-	-
<b>Total</b>			\$ 22,849	\$ 31,910	\$ 36,973	\$ 5,063	\$ 29,625	\$ 38,202	\$ 37,654	\$ (548)

The change in unrealized gain representing the difference between cost and carrying value of the above investments of \$5,611 in the period is comprised of four components: the change in unrealized gain on investments held-for-trading of \$5,573, net equity pick-up of \$60 and the unrealized currency loss of \$22 on a U.S. denominated investment. The change in unrealized gain relates mainly to the sale of Everus Communications Inc. which is offset by a realized loss of \$4,968.

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

June 30, 2010 (unaudited)

(in thousands of dollars except per share amounts or unless otherwise stated)

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### 3. INVESTMENTS IN PRIVATE ENTITIES (continued)

#### (a) *High Fidelity HDTV Inc.*

In April 2010, High Fidelity fully repaid the principal amount outstanding together with all interest owed under the original debenture issued by the Company in 2007.

During the quarter, the Company recorded a positive fair value adjustment of \$3 on the common shares and \$397 on the warrants (six months – fair value adjustment of \$6 on the common shares and \$694 on the warrants). Aggregate investment income of \$62 (six months – \$196) was recorded on the debenture and convertible debenture during the quarter.

#### (b) *Birmingham Foundation Solutions*

There has been no material change to the estimated fair value of the Birmingham preferred shares since March 31, 2010.

#### (c) *Windward Telecom Limited*

During the quarter, the Company recorded a fair value adjustment of \$(270) on its investment in Windward's common shares bringing the estimated fair value of the common shares to zero.

#### (d) *Kingswood Estates*

During the quarter, the Company recorded a negative fair value adjustment of \$200 on the equity in Kingswood.

In January 2010 the Company announced that it closed a \$1,200 follow-on interest yielding mortgage investment in Kingswood Estates. The Company's \$1,200 mortgage investment is being matched on a proportionate basis by the other two limited partners in Kingswood Estates (\$150 each). The total \$1,500 in mortgage proceeds will be utilized by Kingswood Estates to refinance existing debt and to fund future unit upgrades and yields an interest rate of 10%.

\$600 of the mortgage investment was funded on closing with the remainder to be funded as needed by Kingswood Estates. See subsequent events Note 14 (b).

#### (e) *Salbro Bottle Group*

There has been no change to the estimated fair value or carrying values of the Salbro warrants since December 31, 2009.

Aggregate investment income of \$157 was recorded on the Salbro debenture during the quarter (six months – \$313).

## C.A. BANCORP INC.

### Notes to the Consolidated Financial Statements

June 30, 2010 (unaudited)

(in thousands of dollars except per share amounts or unless otherwise stated)

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#### 3. INVESTMENTS IN PRIVATE ENTITIES (continued)

(f) *Digital Payment Technologies Corp.*

There has been no material change to the estimated fair value of the Digital Payment warrants since December 31, 2009.

Aggregate investment income of \$269 was recorded on the Digital Payment debenture during the quarter (six months – \$571).

(g) *Sale of interests in Everus Communications Inc. and Investment in Barrett Xplore Inc.*

In March 2010, the Company announced the sale of substantially all the assets and business of Everus to Barrett Xplore Inc. (“BXI”). The transaction represented the culmination of a marketing and sales effort conducted by BDO Canada Limited, in its capacity as court appointed interim receiver of all the assets, undertakings and properties of Everus.

The Company, as senior secured creditor of Everus, received a convertible note valued at \$1,180 in consideration. The consideration is structured as a promissory note, convertible into BXI common shares within twelve months from the closing.

#### 4. INVESTMENT IN CHARTER REIT

On June 4, 2010, the Company completed the sale of its units in Charter REIT to IGW Public Limited Partnership, an affiliate of League Asset Corp. at a price of \$1.45 per Unit. The sale yielded gross proceeds to the Company of approximately \$8.8 million.

In connection with the sale, the management agreement dated March 27, 2007 between Charter REIT and Realty Management was terminated. The Company’s severance cost in connection with the termination of the management agreement was approximately \$0.7 million.

The following table summarizes the Company’s transactions in Charter REIT during the first quarter for the last two years. Beginning March 2008 until April 2009 the Company elected to participate in Charter REIT’s distribution reinvestment plan (“DRIP”) on approximately 18% of the Charter REIT units it held. (As a result, the Company received 81,986 units in lieu of cash during the first six months of 2009).

For both 2009 and 2010 and in accordance with the equity method of accounting for long-term investments, equity income (loss) adjustments were taken for the Company’s pro-rata portion of Charter REIT’s loss (“equity pick-up”) and for distributions received.

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

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### 4. INVESTMENT IN CHARTER REIT (continued)

	Carrying Value	Total Number of Units held/purchased by C.A. Bancorp	Carrying Value per Unit
As at December 31, 2008	\$ 8,948	5,965,453	\$ 1.50
Participation in Charter REIT DRIP	62	81,982	0.01
Equity pick-up	(263)	-	(0.04)
Distributions received from Charter REIT	(482)	-	(0.08)
<b>As at June 30, 2009</b>	<b>\$ 8,265</b>	<b>6,047,435</b>	<b>\$ 1.39</b>
<b>As at December 31, 2009</b>	<b>\$ 7,502</b>	<b>6,047,095</b>	<b>\$ 1.24</b>
<b>Equity pick-up</b>	<b>(429)</b>	<b>-</b>	<b>(0.07)</b>
<b>Distributions received from Charter REIT</b>	<b>(403)</b>	<b>-</b>	<b>(0.07)</b>
<b>Sale of Charter REIT Units</b>	<b>(6,670)</b>	<b>(6,047,095)</b>	<b>-</b>
<b>As at June 30, 2010</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>

The Company recognized \$185 (2009 – \$220) in asset management fees from Charter REIT during the six months ended June 30, 2010.

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**5. C.A. BANCORP CANADIAN REALTY FINANCE CORPORATION (“CRFC”)**

*(a) The following is a continuity of CRFC’s Class A shares (number of shares) and the Company’s ownership in CRFC:*

	<u>Held by C.A. Bancorp</u>	<u>% of total</u>	<u>Held Publicly by Other Investors</u>	<u>% of total</u>	<u>Total Class A Shares</u>
Balance as at December 31, 2008	966,160	26.8%	2,633,900	-	<b>3,600,060</b>
Repurchased and cancelled under MMPP and NCIB*	-		(329,100)		<b>(329,100)</b>
Balance as at December 31, 2009	966,160	29.5%	2,304,800	70.5%	<b>3,270,960</b>
Repurchased and cancelled under MMPP and NCIB	-		(109,900)		<b>(109,900)</b>
Balance as at June 30, 2010	966,160	30.6%	2,194,900	69.4%	<b>3,161,060</b>

\*MMPP = Mandatory Market Purchase Plan NCIB = Normal Course Issuer Bid

*(b) Equity Accounting for Investment*

The Company accounts for this investment under the equity method as it exercises significant influence over CRFC.

In accordance with the equity method of accounting for investments a carrying value adjustment of \$(9) (six months 2010 – \$75) was taken into earnings based on the Company’s percentage ownership during the quarter for which the Company was deemed to have significant influence over CRFC.

The Company earns management fees on CRFC and paid Sentry Select, as the investment manager, a portion of its management fees received in the form of investment management fees until September 15, 2009 (see Note 8 – Internalization of Management). Management fees of \$373 (2009 – \$214) were recognized as income for the six months ended June 30, 2010 on account of CRFC and investment management fees of \$nil (2009 – \$53) were expensed.

**C.A. BANCORP INC.**  
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**5. C.A. BANCORP CANADIAN REALTY FINANCE CORPORATION (continued)**

	<u>Carrying</u> <u>Value</u>	<u>Carrying Value</u> <u>per Class A Share</u>
As at December 31, 2008	\$ 9,293	\$ 9.62
Equity pick-up	129	0.13
Distributions received from CRFC	(368)	(0.38)
<b>As at June 30, 2009</b>	<b>\$ 9,054</b>	<b>\$ 9.37</b>
<b>As at December 31, 2009</b>	<b>\$ 8,900</b>	<b>\$ 9.21</b>
<b>Equity pick-up</b>	<b>75</b>	<b>0.08</b>
<b>Distributions received from CRFC</b>	<b>(367)</b>	<b>(0.38)</b>
<b>As at June 30, 2010</b>	<b>\$ 8,608</b>	<b>\$ 8.91</b>

*(c) Assessment of Fair Value*

The Company's investment in CRFC is carried on the Company's consolidated statements at a carrying value of \$8,608 or \$8.91 per Class A Share (December 31, 2009 – \$8,900 or \$9.21 per Class A Share).

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Carrying Value on Company's financial statements	<u>\$ 8.91</u>	<u>\$ 9.21</u>
NAV per CRFC Class A share	<u>\$ 9.08</u>	<u>\$ 9.35</u>
Closing TSX Bid Price	<u>\$ 6.98</u>	<u>\$ 7.61</u>

The Company has performed an assessment of fair value of its underlying investment to determine whether impairment in the carrying value exists. This assessment included consideration of the net asset value (NAV) of the Class A shares for the purposes of assessing any potential "other than temporary" impairment. CRFC is an investment fund and its assets and liabilities are carried at fair value for the purposes of calculating a NAV per Class A share. The Company's assessment also considered the current trading price of the Class A shares which the Company does not consider to be reflective of fair value due to the illiquidity of the Class A shares. Based upon this analysis, the Company has concluded no other than temporary impairment in value exists at June 30, 2010.

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**5. C.A. BANCORP CANADIAN REALTY FINANCE CORPORATION (continued)**

*(d) CRFC Intangible Asset and Note Payable*

In September 2008, the Company issued a note payable in the amount of \$2,757 to CRFC in connection with an offering to repay CRFC for the expenses of the offering over a maximum of seven years, plus interest equal to 6% per annum. A corresponding amount of the initial note payable amount has been included in intangible assets representing asset management contracts.

	<u>Intangible Asset</u>	<u>Note Payable</u>
Balance as at December 31, 2008	\$ 2,676	\$ 2,578
Additional issue costs paid during the quarter	18	18
Forgiveness on account of Class A Share repurchases	(130)	(130)
Principal repayments	-	(185)
<b>Balance as at June 30, 2009</b>	<b>\$ 2,564</b>	<b>\$ 2,281</b>
<b>Balance as at December 31, 2009</b>	<b>\$ 2,394</b>	<b>\$ 1,825</b>
<b>Forgiveness on account of Class A Share repurchases</b>	<b>(93)</b>	<b>(93)</b>
<b>Principal repayments*</b>	<b>-</b>	<b>(48)</b>
<b>Balance as at June 30, 2010</b>	<b>\$ 2,301</b>	<b>\$ 1,684</b>

\* Principal was repaid in advance during the fourth quarter of 2009 and therefore no amount was due in the first quarter of 2010 and a reduced amount was due in the second quarter of 2010

The amount outstanding on this note as at June 30, 2010 is \$1,684 (December 31, 2009 – \$1,825) of which \$321 is payable within the next year in quarterly equal installments plus accrued interest. The amount of interest accrued at June 30, 2010 is \$nil (December 31, 2009 – \$nil).

*(e) Management and loan servicing fees*

The Company also recognized loan servicing fees of \$51 for the six months ended June 30, 2010 (six months ended June 30, 2009 – \$40) earned by providing such services to CRFC.

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**6. CAPITAL ASSETS**

Capital assets are recorded at cost less accumulated amortization and provision for impairments, if any. Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets.

	June 30, 2010			December 31, 2009
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer Equipment	\$ 129	\$ 47	\$ 82	\$ 98
Furniture	60	10	50	56
	<u>\$ 189</u>	<u>\$ 57</u>	<u>\$ 132</u>	<u>\$ 154</u>

**7. FINANCIAL INSTRUMENTS**

The Company has classified the significant impacts of its financial instruments as follows:

a) *Financial instruments – carrying values and fair values:*

Asset (Liability)	June 30, 2010							
	Held for Trading		Available-for-sale (measured at cost)	Loans and receivables/ (other financial liabilities)	Held-to-Maturity	Carrying amount	Fair value	
	Classified	Designated						
Cash and cash equivalents	\$ 20,856	\$ -	\$ -	\$ -	\$ -	\$ 20,856	\$ 20,856	
Accounts receivable	-	-	-	1,361	-	1,361	1,361	
Loans receivable	-	-	-	29	-	29	29	
Publicly traded investments	-	88	-	-	-	88	88	
Investments in private entities	8,645	15,653	-	-	10,238	34,536	34,536	
Accounts payable and accrued liabilities	-	-	-	(2,068)	-	(2,068)	(2,068)	
Note payable to CRFC	-	-	-	(1,684)	-	(1,684)	(1,684)	

Asset (Liability)	December 31, 2009							
	Held for Trading		Available-for-sale (measured at cost)	Loans and receivables/ (other financial liabilities)	Held-to-Maturity	Carrying amount	Fair value	
	Classified	Designated						
Cash and cash equivalents	\$ 11,114	\$ -	\$ -	\$ -	\$ -	\$ 11,114	\$ 11,114	
Accounts receivable	-	-	-	1,659	-	1,659	1,659	
Loans receivable	-	-	-	58	-	58	58	
Publicly traded investments	-	1,718	-	-	-	1,718	1,718	
Investments in private entities	6,771	15,378	853	-	11,980	34,982	34,982	
Accounts payable and accrued liabilities	-	-	-	(1,935)	-	(1,935)	(1,935)	
Note payable to CRFC	-	-	-	(1,825)	-	(1,825)	(1,825)	

b) *Fair value measurement:*

The Company uses a fair value hierarchy to categorize the inputs used in its valuation of assets and liabilities carried at fair value. The extent of the Company's use of unadjusted quoted market prices (Level 1), models using observable market information as inputs (Level 2) and models using unobservable market information (Level 3) in its valuation of assets and liabilities carried at fair value are as follows:

**C.A. BANCORP INC.**  
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**7. FINANCIAL INSTRUMENTS (continued)**

As at June 30, 2010				
Fair value measurements using:				Assets/(liabilities) at
Asset (Liability)	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	\$ 20,856	\$ -	\$ -	\$ 20,856
Publicly traded investments	88	-	-	88
Investments in private entities	-	-	24,298	24,298

  

As at December 31, 2009				
Fair value measurements using:				Assets/(liabilities) at
Asset (Liability)	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	\$ 11,114	\$ -	\$ -	\$ 11,114
Publicly traded investments	1,718	-	-	1,718
Investments in private entities	-	-	23,002	23,002

There were no transfers during the year between levels.

*c) Changes in fair value measurement for instruments categorized in Level 3*

The following table presents the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in Section 3862 of the CICA Handbook as described in Note 1:

June 30, 2010									
Asset	Fair value December 31, 2009	Total unrealized gains included in earnings	Investments in Private Entities	Settlement of investments in Private Entities	Transfers from Held-for-Trading to Equity Accounting	Transfers from Held-to-Maturity into Available-for- Sale	Fair value June 30, 2010	Changes in unrealized gains included in earnings for assets for the period ended June 30, 2010 for positions still held	
Investments in private entities	\$ 23,002	\$ 969	\$ 1,180	\$ (853)	\$ -	\$ -	\$ 24,298	\$	969

  

December 31, 2009									
Asset	Fair value December 31, 2008	Total unrealized gains included in earnings	Investments in Private Entities	Settlement of investments in Private Entities	Transfers from Held-for-Trading to Equity Accounting	Transfers from Held-to-Maturity into Available-for- Sale	Fair value December 31, 2009	Changes in unrealized gains included in earnings for assets for the year ended December 31, 2009 for positions still held	
Investments in private entities	\$ 18,361	\$ 3,196	\$ 3,199	\$ (50)	\$ (2,557)	853	\$ 23,002	\$	3,196

The changes in unrealized gains on investments in private entities are included in net results of investments on the consolidation statements of operations and comprehensive income. Please refer to audited annual consolidated financial statements for the year ended December 31, 2009 for a discussion of key valuation assumptions and sensitivity analysis on the investments in private entities.

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

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### 8. INTERNALIZATION OF MANAGEMENT AND STRATEGIC REVIEW COSTS

The Company was a party to management and administration agreements (the “Management Agreement” and the “Administration Agreement”, respectively and referred to herein collectively as the “Agreements”) with Sentry Select until September 15, 2009, when the Agreements were terminated pursuant a negotiated agreement between the Company and Sentry Select (the “Internalization”). Sentry Select is a privately held company controlled by the Company’s existing Chairman and former Chief Executive Officer (resigned effective September 24, 2009) of C.A. Bancorp.

#### (a) Fees Paid to Sentry Select under the Agreements

Under the terms of the Administration Agreement prior to its termination on September 15, 2009, the Company paid Sentry Select a monthly fee of \$40 plus applicable taxes in exchange for the provision of administrative services including accounting and recordkeeping, regulatory reporting and compliance, investor relations, office space, equipment and certain administrative and management personnel, and other administrative and office services.

The Management Agreement engaged Sentry Select to provide investment management services in respect of the Company’s merchant banking business and other investing activities, including searching for, evaluating and screening investment opportunities and conducting due diligence with respect to potential investments, for a quarterly fee of  $\frac{1}{4}$  of 1.50% of financial statement capital until January 31, 2009.

An amendment to the Management Agreement was made between Sentry Select and C.A. Bancorp pursuant to which the Management Fee was reduced from 1.50% to 1.10% of financial statement capital per year. Sentry Select had previously paid the 0.40% difference to investment dealers, until the management agreement was terminated as a servicing fee, along with the reduction in management fee, effective February 1, 2009.

#### (b) Reimbursements made to Sentry Select under the Agreements

Under the terms of the Administration Agreement, Sentry Select had the ability to seek reimbursement from C.A. Bancorp of the costs of certain additional management personnel by way of written notice, which notice was given to C.A. Bancorp (the “Reimbursement Notice”) on November 1, 2008. As a result of the Reimbursement Notice, approximately \$223 and \$512 of additional operating expenses were incurred during the three and six months ended June 30, 2009, respectively.

Similar to the Reimbursement Notice provided under the Administration Agreement on November 1, 2008, Sentry Select provided an additional Reimbursement Notice to C.A. Bancorp in respect of three employees for which it had previously paid cash salaries, bonuses and benefits related to the operation of Charter REIT for which C.A. Bancorp, through its wholly-owned subsidiary C.A. Realty Management Inc., has its own management contract to operate. As a result, approximately \$140 and \$217 of additional operating expenses were incurred during the three and six months ended June 30, 2009, respectively.

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**8. INTERNALIZATION OF MANAGEMENT AND STRATEGIC REVIEW COSTS (continued)**

*(c) Sentry Select Total Strategy Fund*

Effective March 30, 2009, Total Strategy Fund was terminated. C.A. Bancorp Inc. was the manager of the Fund. Sentry Select received fees as Investment Manager of Total Strategy Fund, until its termination.

*(d) Summary of all fees paid to Sentry Select*

The following is a summary of fees paid to Sentry Select for the three and six months ended June 30, 2010 and 2009:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Management fees	\$ -	\$ 208	\$ -	\$ 421
Administration fees	-	126	-	251
CRFC administration fees (Note 9)	-	53	-	106
IT services fee	<b>19</b>	-	<b>63</b>	-
Total Strategy investment management fees	-	-	-	9
<b>Total fees paid to Sentry Select</b>	<b>\$ 19</b>	<b>\$ 387</b>	<b>\$ 63</b>	<b>\$ 787</b>

*(e) Strategic Review and Hostile Defence Costs*

On December 3, 2009, Maxam Acquisition Corp. announced its intention to make a hostile take-over bid (the "Maxam Offer") for the Company. In response to the announcement, the Company engaged legal and financial advisors to assist in responding to the Maxam Offer. The Company's financial advisor provided an opinion that the Maxam Offer was inadequate from a financial point of view to the Company's shareholders. On December 22, 2009, the Company's Board of Directors issued a Directors' Circular urging shareholders to reject the Maxam Offer. On January 12, 2010 Maxam extended the Maxam offer and increased the consideration offered thereunder. On February 2, 2010, the Maxam Offer lapsed. The Company initiated a strategic review process in response to the Maxam Offer (the "Strategic Review Process"). On May 12, 2010, C.A. Bancorp entered into a pre-acquisition agreement (the "Pre-Acquisition Agreement") with 1535633 Alberta Ltd., an affiliate of Century Services LP (together, Century), representing the culmination of the Strategic Review Process.

Pursuant to the Pre-Acquisition Agreement, Century agreed to make an offer to acquire all of the issued and outstanding shares of the Company at a price of \$1.50 per share. The Century offer was subject to certain terms and conditions, including acceptance by holders of not less than 66% of the outstanding C.A. Bancorp shares calculated on a fully-diluted basis. John Driscoll, the Chairman of the Company and holder of approximately 13% of the outstanding shares, agreed to tender his shares to the Century offer.

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**8. INTERNALIZATION OF MANAGEMENT AND STRATEGIC REVIEW COSTS (continued)**

*(e) Strategic Review and Hostile Defence Costs (continued)*

The Board of Directors (the “Board”) of the Company did not make any recommendation concerning the Century offer to C.A. Bancorp’s shareholders. The Company’s Board determined that, if the Century offer was not successfully completed, C.A. Bancorp’s interests would be best served through the realization of the Company’s assets (Realization Strategy) and the distribution of the proceeds to the Company’s securityholders.

Under the Pre-Acquisition Agreement the Company agreed not to solicit competing transactions to the Century offer, and agreed to pay a termination fee of \$1.5 million in certain circumstances including if a superior offer was recommended by the Company’s Board. The Company also agreed to reimburse Century for certain expenses if the Century offer was not successfully completed in certain circumstances. See subsequent event note 14.

The Company has expensed \$2,250 (December 31, 2009 – \$753) in respect of costs related to the Maxam Offer, the Strategic Review, and the Century offer as at June 30, 2010 of which \$964 (December 31, 2009 – \$547) were accrued and unpaid as at June 30, 2010.

In January 2010, the Company amended the employment agreements of management of the senior team members of C.A. Bancorp, Charter REIT, and CRFC to provide, among other things, (i) that severance entitlements be triggered following a change of control (as defined therein) if the member was constructively dismissed or terminated; and (ii) that members of management shall receive a retention bonus of one-third of annual base salary to be paid on the earlier of the date of a change of control or June 6, 2010. The Company has paid for \$395 of the retention bonuses as at June 30, 2010 with \$60 accrued and unpaid as at June 30, 2010.

	<b>For the three months ended</b>		<b>For the six months ended</b>		<b>In aggregate since</b>
	<b>June 30, 2010</b>		<b>June 30, 2010</b>		<b>December 3, 2009</b>
External legal fees	\$ 384	\$	948	\$	1,138
Financial advisory	140		308		758
Retention bonus	196		455		455
Expense reimbursement	250		250		250
Special committee and other director fees	75		210		230
Information agent	11		59		148
Other	4		20		24
<b>Strategic review and hostile defense costs</b>	<b>\$ 1,060</b>	<b>\$</b>	<b>2,250</b>	<b>\$</b>	<b>3,003</b>

# C.A. BANCORP INC.

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### 9. SHAREHOLDERS' EQUITY

(a) *Share capital*

Authorized:

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Class A, Class B and Class C Preference Shares, issuable in series without nominal or par value.

There have been no changes to common shares outstanding, share capital or contributed surplus since December 31, 2009.

	(000s) Number of common shares	Share capital
<b>As at June 30, 2010 and December 31, 2009</b>	<b>26,737</b>	<b>\$ 76,996</b>

(b) *Contributed surplus*

	<u>Carrying Value</u>
As at December 31, 2008	\$ 4,408
Net increase related to:	
Stock based compensation	(693)
Mandatory market purchase plan	1,245
As at December 31, 2009	4,960
Net decrease related to:	
Stock based compensation	(411)
<b>As at June 30, 2010</b>	<b>\$ 4,549</b>

# C.A. BANCORP INC.

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### 10. INCOME TAXES

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's consolidated future income tax assets are as follows:

	<b>June 30, 2010</b>	December 31, 2009
Future income tax assets		
Non-capital loss carryforwards	\$ 2,999	\$ 1,980
Unrealized impairment on Charter REIT units	-	827
Deemed capital gain on conversion of Charter shares to Charter REIT units	-	375
Other Charter REIT carrying value adjustments	-	220
Net unrealized (gain) loss on investments	(374)	777
Net realized loss on investments	2,234	-
Cumulative eligible capital expenses	65	23
Other	(3)	(10)
	<b>4,921</b>	4,192
Valuation allowance	<b>(4,921)</b>	(3,928)
Net future tax asset	\$ -	\$ 264

	<b>June 30, 2010</b>	December 31, 2009
Future income tax liabilities (all relating to CABL)		
Non-capital loss carryforwards	\$ (332)	\$ (453)
Net realized loss on investments	(109)	(109)
Intangible assets	689	689
Other	(123)	(82)
	<b>125</b>	45
Valuation allowance	<b>126</b>	110
Net future tax liability	\$ 251	\$ 155

As at June 30, 2010, the Company and its subsidiaries had non-capital losses available to be carried forward to offset income in future years of \$13,086. A valuation allowance against the benefit of these losses has been recognized in these consolidated financial statements. These losses are available to offset future taxable income up to the date of their expiry. These losses expire as follows:

Year	
2026	\$ 1,313
2028	2,690
2029	3,882
2030	5,201
	<b>\$ 13,086</b>

# C.A. BANCORP INC.

## Notes to the Consolidated Financial Statements

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### 10. INCOME TAXES (continued)

The recovery of income taxes differs from the result that would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rates to loss before income taxes as follows:

	For the six months ended June 30,	
	2010	2009
Loss before income taxes		
and non-controlling interest	\$ (445)	\$ (2,443)
Combined federal and provincial income tax rate	31.0%	33.0%
Expected recovery for income taxes	(137)	(806)
Permanent differences	(941)	(463)
Future tax rate change	287	(36)
Valuation allowance	999	3,291
Recognition of previously unrecognized losses	(45)	(1,605)
Prior year adjustments	156	-
Other	31	3
Net tax expense	\$ 350	\$ 384
Current tax recovery	\$ (10)	\$ (490)
Future tax expense	360	874
Net tax expense	\$ 350	\$ 384

### 11. COMMITMENTS

The future minimum operating lease payments for premises and equipment are as follows:

	Operating Leases	
For the year ended:		
2010	\$	145
2011		289
2012		283
2013		266
2014		210
Thereafter		-
<b>Total future minimum lease payments</b>	<b>\$</b>	<b>1,193</b>

# C.A. BANCORP INC.

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### 12. RELATED PARTY TRANSACTIONS

Unless mentioned elsewhere in the notes to these consolidated financial statements the following are additional disclosures regarding related party transactions.

(a) *Charter REIT*

As at June 30, 2010, \$nil (December 31, 2009 – \$111) in acquisition and management fees and \$84 (December 31, 2009 – \$70) for reimbursement of third party expenses were due from Charter REIT.

(b) *C.A. Bancorp Canadian Realty Finance Corporation*

As at June 30, 2010, \$31 (December 21, 2009 – \$78) in management fees and \$87 (December 31, 2009 – \$54) for reimbursement of third party expenses were due from CRFC.

**C.A. BANCORP INC.**  
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**13. SEGMENT DISCLOSURES**

The Company has organized its reporting structure based on the following segments:

- (i) *Financial services* which includes agricultural lending, commercial real estate lending and commercial mortgage brokering.
- (ii) *Investing and asset management* which includes private and public entity direct investments (excluding real estate) and asset management activities (excluding real estate management or lending activities).
- (iii) *Real estate which includes real estate equity* (Charter REIT, Kingswood Estates) and real estate management (the management contract with Charter REIT).

	Three months ended June 30							
	Financial Services		Investing and Asset Management		Real Estate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenues	\$ 165	\$ 20	\$ 1,109	\$ 1,267	\$ 74	\$ 110	\$ 1,348	\$ 1,397
Net results of investments	(10)	108	52	(1,387)	1,919	(222)	1,961	(1,501)
Expenses	(86)	(29)	(2,112)	(1,594)	(801)	(149)	(2,999)	(1,772)
Pre-tax net earnings (loss)	69	99	(951)	(1,714)	1,192	(261)	310	(1,876)
Net (provision) recovery of income taxes	(31)	-	(60)	39	21	2	(70)	41
Net earnings (loss) before NCI	38	99	(1,011)	(1,675)	1,213	(259)	240	(1,835)
Non-controlling interests	-	-	-	15	-	-	-	15
Net (loss) earnings from continuing operations	38	99	(1,011)	(1,660)	1,213	(259)	240	(1,820)
Net earnings from discontinued operations	-	-	-	-	-	-	-	-
Net earnings (loss)	\$ 38	\$ 99	\$ (1,011)	\$ (1,660)	\$ 1,213	\$ (259)	\$ 240	\$ (1,820)
Total assets:								
From continuing operations	\$ 8,814	\$ 9,082	\$ 55,484	\$ 50,223	\$ 6,098	\$ 14,380	\$ 70,396	\$ 73,685
Total assets	\$ 8,814	\$ 9,082	\$ 55,484	\$ 50,223	\$ 6,098	\$ 14,380	\$ 70,396	\$ 73,685

	Six months ended June 30							
	Financial Services		Investing and Asset Management		Real Estate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenues	\$ 192	\$ 40	\$ 2,123	\$ 2,485	\$ 195	\$ 220	\$ 2,510	\$ 2,745
Net results of investments	74	129	743	(1,716)	1,669	(263)	2,486	(1,850)
Expenses	(94)	(47)	(4,279)	(3,039)	(1,068)	(252)	(5,441)	(3,338)
Pre-tax net earnings (loss)	172	122	(1,413)	(2,270)	796	(295)	(445)	(2,443)
Net (provision) recovery of income taxes	(37)	-	(334)	(420)	21	36	(350)	(384)
Net earnings (loss) before NCI	135	122	(1,747)	(2,690)	817	(259)	(795)	(2,827)
Non-controlling interests	-	-	(43)	23	-	-	(43)	23
Net (loss) earnings from continuing operations	135	122	(1,790)	(2,667)	817	(259)	(838)	(2,804)
Net earnings from discontinued operations	-	6,963	-	-	-	-	-	6,963
Net earnings (loss)	\$ 135	\$ 7,085	\$ (1,790)	\$ (2,667)	\$ 817	\$ (259)	\$ (838)	\$ 4,159
Total assets:								
From continuing operations	\$ 8,814	\$ 9,082	\$ 55,484	\$ 50,223	\$ 6,098	\$ 14,380	\$ 70,396	\$ 73,685
Total assets	\$ 8,814	\$ 9,082	\$ 55,484	\$ 50,223	\$ 6,098	\$ 14,380	\$ 70,396	\$ 73,685

**C.A. BANCORP INC.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2010 (unaudited)**  
**(in thousands of dollars except per share amounts or unless otherwise stated)**

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**14. SUBSEQUENT EVENTS**

*(a) Pre-Acquisition Agreement Signed with Century Services Inc.*

The Company announced on August 3, 2010, that the offer by a wholly-owned subsidiary of Century Services LP (“Century”) to acquire all of the outstanding common shares of the Company (the “Century Offer”) has expired and no shares have been taken up under the Century Offer because the minimum tender condition was not satisfied.

The Company’s pre-acquisition agreement with Century has been terminated. The Company has accrued for \$250 in expense reimbursements payable to Century if the offer was not successful.

The Company’s Board has determined, as previously disclosed, that if the Century Offer were not successfully completed the Company’s interests would be best served through the realization of the Company’s assets and the distribution of the proceeds to the Company’s shareholders. The Board expects that the Company would pursue opportunities to accelerate the realization dates for the Company’s assets, where possible, and to explore and develop further opportunities to do so.

*(b) Sale of Interest in Kingswood*

On August 5, 2010, the Company announced that it entered into a purchase agreement with KS Kingswood Drive Holdings Limited Partnership (KS) pursuant to which KS will acquire the Company’s interest in Kingswood comprised of an approximate 80% limited partnership interest and a \$0.6 million secured loan. The sale price is for \$6.7 million in cash.

The sale remains subject to certain conditions, including, without limitation, completion of certain transaction documents and deliveries and other customary closing conditions for a transaction of this nature. It is expected that the transaction will close on or about August 26, 2010. C.A. Bancorp has received a \$1.0 million deposit in trust from KS in partial satisfaction of the purchase price for the Transaction with the balance to be paid on closing.

*(c) Normal Course Issuer Bid*

On August 6, 2010, the Company announced that the TSX approved its notice of intention to make a normal course issuer bid for up to 1,816,450 of its common shares or approximately 6.8% of its issued and outstanding shares as at July 31, 2010. The Company may purchase common shares at prevailing market prices during the period from August 10, 2010 to August 9, 2011. Daily purchases will be limited to 14,920 shares, other than block purchase exemptions and will be made through the facilities of the TSX. The Company believes that, from time to time, the market price of its common shares may not reflect their underlying value and that the purchase of common shares may represent an appropriate and desirable use of funds. The Company intends to fund purchases out of available cash.