

Consolidated Financial Statements of

C.A. BANCORP INC.

March 31, 2010

C.A. BANCORP INC.

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C.A. BANCORP INC.
Consolidated Balance Sheets

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

Note

2010

2009

ASSETS

Cash and cash equivalents		\$	9,718	\$	11,114
Accounts receivable			1,727		1,659
Loans receivable			49		58
Publicly traded investments	2		1,781		1,718
Investments in private entities	3		38,581		37,654
Investment in Charter REIT	4		7,010		7,502
Investment in C.A. Bancorp Canadian Realty Finance Corporation	5		8,801		8,900
Future income tax assets	10		-		264
Intangible assets	5		2,365		2,394
Prepaid expenses and other assets			72		97
Capital assets	6		144		154
		\$	70,248	\$	71,514

LIABILITIES

Accounts payable and accrued liabilities		\$	1,686	\$	1,935
Future income tax liabilities	10		202		155
Note payable to C.A. Bancorp Canadian Realty Finance Corporation	5		1,796		1,825
			3,684		3,915

NON-CONTROLLING INTERESTS

- (43)

SHAREHOLDERS' EQUITY

Share capital	9		76,996		76,996
Contributed surplus	9		4,960		4,960
Deficit			(15,392)		(14,314)
			66,564		67,642
		\$	70,248	\$	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 months ended March 31 (Unaudited)

(in \$ thousands except per share amounts)

	<i>Note</i>	2010	2009
REVENUE			
Interest and investment income		\$ 813	\$ 810
Asset management fees		320	444
Other fees and commissions		29	94
		1,162	1,348
NET RESULTS OF INVESTMENTS			
Realized loss on sale of publicly traded investments	<i>2</i>	(5)	(750)
Change in unrealized gain on publicly traded investments	<i>2</i>	56	847
Realized loss on sale of investments in private entities	<i>3</i>	(5,028)	-
Change in unrealized gain (loss) on investments in private entities	<i>3</i>	5,608	(410)
Net equity participation on investments in private entities	<i>3</i>	60	-
Equity participation in C.A. Bancorp Canadian Realty Finance Corporation	<i>5</i>	84	21
Equity participation in Charter REIT	<i>4</i>	(250)	(40)
Other corporate investments		-	(17)
		525	(349)
EXPENSES			
Strategic review and hostile defense	<i>8</i>	1,190	-
Employee		739	551
General and administration		368	384
Audit, legal and other corporate		59	182
Fees paid to Sentry Select	<i>8</i>	44	400
Interest		28	61
Depreciation and amortization		14	13
Bad debt provision		-	14
Stock based compensation		-	(39)
		2,442	1,566
NET LOSS BEFORE INCOME TAXES		(755)	(567)
PROVISION (RECOVERY) FOR INCOME TAXES			
Current tax recovery	<i>10</i>	(31)	(319)
Future tax provision	<i>10</i>	311	744
		280	425
NET LOSS FROM CONTINUING OPERATIONS BEFORE NON-CONTROLLING INTERESTS		(1,035)	(992)
NON-CONTROLLING INTERESTS		43	(8)
NET LOSS FROM CONTINUING OPERATIONS		(1,078)	(984)
NET EARNINGS FROM DISCONTINUED OPERATIONS		-	6,963
NET (LOSS) EARNINGS AND COMPREHENSIVE (LOSS) EARNINGS		\$ (1,078)	\$ 5,979
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (in thousands)			
Basic		26,737	27,275
Diluted		26,737	27,275
NET (LOSS) EARNINGS PER SHARE - BASIC			
Continuing operations		\$ (0.04)	\$ (0.04)
Discontinued operations		-	0.26
Net (loss) earnings per share		\$ (0.04)	\$ 0.22
NET (LOSS) EARNINGS PER SHARE - DILUTED			
Continuing operations		\$ (0.04)	\$ (0.04)
Discontinued operations		-	0.26
Net (loss) earnings per share		\$ (0.04)	\$ 0.22

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 months ended March 31, (unaudited)

(in \$ thousands)

	Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2008	\$ (16,436)	\$ -	\$ (16,436)
Net earnings for the period	5,979	-	5,979
Balance, March 31, 2009	\$ (10,457)	\$ -	\$ (10,457)
Balance, December 31, 2009	\$ (14,314)	\$ -	\$ (14,314)
Net loss for the period	(1,078)	-	(1,078)
Balance, March 31, 2010	\$ (15,392)	\$ -	\$ (15,392)

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

C.A. BANCORP INC.

Consolidated Statements of Cash Flows

For the three months ended March 31 (Unaudited) (in \$ thousands)

	<i>Note</i>	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES IN CONTINUING OPERATIONS			
Net (loss) earnings		\$ (1,078)	\$ 5,979
Less: earnings from discontinued operations, net of tax		-	6,963
Net loss from continuing operations		(1,078)	(984)
Adjusted for non-cash items:			
Future tax provision		311	744
Non-controlling interest		43	(8)
Stock based compensation		-	(39)
Bad debt provision		-	14
Equity participation in Charter REIT	4	250	40
Equity participation in C.A. Bancorp Canadian Realty Finance Corporation	5	(84)	(21)
Other corporate investments		-	17
Depreciation and amortization		14	13
Change in unrealized gain on publicly traded investments	2	(56)	(847)
Realized loss on publicly traded investments	2	5	750
Non-cash interest income on investments in private entities	3	(266)	(314)
Change in unrealized (gain) loss on investments in private entities	3	(5,608)	443
Realized loss on investments in private entities	3	5,028	-
Net equity participation on investments in private entities	3	(60)	-
Unrealized foreign exchange gain	3	-	(33)
		(1,501)	(225)
Changes in non-cash operating working capital:			
Decrease in current liabilities		(249)	(2,167)
Increase in receivables		(68)	(1,697)
Decrease in prepaid expenses and other assets		25	3
Cash flows used in operating activities in continuing operations		(1,793)	(4,086)
CASH FLOWS FROM INVESTING ACTIVITIES IN CONTINUING OPERATIONS			
Mortgages and loans issued		-	(131)
Mortgages and loans repaid		9	14
Purchase of publicly traded investments		(13)	(11)
Sale proceeds of publicly traded investments		1	348
Investments in private entities	3	(21)	(4,790)
Cash held as collateral		-	700
Class A Share distributions received from C.A. Bancorp Canadian Realty Finance Corporation	5	183	184
Note payable to C.A. Bancorp Canadian Realty Finance Corporation	5	-	(74)
Distributions received from Charter REIT	4	242	240
Investment in Charter REIT	4	-	(46)
Purchase of capital assets		(6)	(1)
Disposal of capital assets		2	-
Cash flows from (used in) investing activities in continuing operations		397	(3,567)
CASH FLOWS FROM FINANCING ACTIVITIES IN CONTINUING OPERATIONS			
C.A. Bancorp common shares repurchased		-	(170)
Cash flows used in financing activities in continuing operations		-	(170)
Cash flows used in continuing operations		(1,396)	(7,823)
Cash flows from discontinued operating activities		-	-
Cash flows from discontinued investing activities		-	19,175
Cash flows from discontinued financing activities		-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,396)	11,352
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		11,114	1,245
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 9,718	\$ 12,597
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash and cash equivalents from continuing operations		\$ 9,718	\$ 12,597
Cash and cash equivalents from discontinued operations		-	-
		\$ 9,718	\$ 12,597
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Income taxes paid		\$ 25	\$ 98
Interest paid		\$ 26	\$ 60

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

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 2010 (unaudited)

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

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 March 31, 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

March 31, 2010 (unaudited)

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

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 \$56 was recognized in the statement of operations on the publicly traded investments for the three months ended March 31, 2010 (three months ended March 31, 2009 – change in unrealized gain taken to income of \$847) bringing the total balance sheet adjustment to an unrealized loss of (\$3,539) at March 31, 2010.

Industry Grouping	March 31, 2010			December 31, 2009		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
Industrials	\$ 3,162	\$ 771	\$ (2,391)	\$ 3,162	\$ 699	\$ (2,463)
Diversified and Other	7	10	3	-	-	-
Financial Services	2,151	1,000	(1,151)	2,151	1,019	(1,132)
Total	\$ 5,320	\$ 1,781	\$ (3,539)	\$ 5,313	\$ 1,718	\$ (3,595)

The Company had seven positions in its publicly traded investments portfolio as at March 31, 2010 carried at a fair value of \$1,781 (December 31, 2009 - \$1,718). The largest position in the portfolio was \$771 (December 31, 2009 - \$699). The average investment size in the portfolio was \$254 (December 31, 2009 - \$344) and the median investment size was \$186 (December 31, 2009 - \$371).

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 \$25 and on the portfolio's largest position of approximately \$77.

A 10% move on the entire portfolio would result in an estimated pre-tax gain or loss of approximately \$178.

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 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	March 31, 2010				December 31, 2009			
			Face/ Contractual Value	Cost	Carrying Value	Unrealized Gain (Loss)	Face/ Contractual Value	Cost	Carrying Value	Unrealized Gain (Loss)
High Fidelity HDTV										
<i>Debenture</i>	Held-to-Maturity	Jul-10	\$ 1,492	\$ 1,457	\$ 1,457	\$ -	\$ 2,226	\$ 2,135	\$ 2,135	\$ -
<i>PIK Interest</i>	Held-to-Maturity	Jul-10	408	408	408	-	408	408	408	-
<i>Common Shares</i>	Held-for-Trading	n/a	-	4	17	13	-	4	14	10
<i>Warrants</i>	Held-for-Trading	n/a	-	546	2,783	2,237	-	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	-
			3,400	3,902	6,152	2,250	4,134	4,580	6,530	1,950
Birmingham Foundation Solutions										
<i>Preferred Shares</i>	Held-for-Trading	n/a	9,000	8,148	9,533	1,385	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	11,970	1,970	9,000	10,000	11,386	1,386
Windward Telecom										
<i>Common Shares</i>	Equity Accounting	n/a	-	710	270	(440)	-	710	350	(360)
<i>Promissory Note</i>	Held-to-Maturity	Demand	125	139	125	(14)	122	127	122	(5)
			125	849	395	(454)	122	837	472	(365)
Kingswood Estates										
<i>Equity</i>	Held-for-Trading	n/a	-	6,000	6,300	300	-	6,000	6,300	300
<i>Mortgage</i>	Held-to-Maturity	Jul-11	600	600	600	-	-	-	-	-
			600	6,600	6,900	300	-	6,000	6,300	300
Salbro Bottle Group										
<i>Debenture</i>	Held-to-Maturity	Feb-12	4,000	3,667	3,667	-	4,000	3,631	3,631	-
<i>Warrants</i>	Held-for-Trading	n/a	-	580	498	(82)	-	580	498	(82)
			4,000	4,247	4,165	(82)	4,000	4,211	4,129	(82)
Everus Communications										
<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)
Digital Payment Technologies										
<i>Debenture</i>	Held-to-Maturity	Oct-11	6,000	5,262	5,262	-	6,000	5,166	5,166	-
<i>PIK Interest</i>	Held-to-Maturity	Oct-11	317	317	317	-	251	251	251	-
<i>Warrants</i>	Held-for-Trading	n/a	-	1,164	2,300	1,136	-	1,164	2,300	1,136
			6,317	6,743	7,879	1,136	6,251	6,581	7,717	1,136
Barrett Xplore Inc.										
<i>Convertible Note</i>	Held-for-Trading	Feb-11	1,120	1,120	1,120	-	-	-	-	-
			1,120	1,120	1,120	-	-	-	-	-
Total			\$ 24,562	\$ 33,461	\$ 38,581	\$ 5,120	\$ 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 \$5,668 in the period is comprised of four components: the change in unrealized gain on investments held-for-trading of \$5,641, net equity pick-up of \$60 and the unrealized currency loss of \$33 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 \$5,028.

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 2010 (unaudited)

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

3. INVESTMENTS IN PRIVATE ENTITIES (continued)

(a) *High Fidelity HDTV Inc.*

During the quarter, the Company recorded a positive fair value adjustment of \$3 on the common shares and \$297 on the warrants. Aggregate investment income of \$134 was recorded on the debenture and convertible debenture during the quarter.

(b) *Birmingham Foundation Solutions*

During the quarter, the Company recorded an equity pick-up adjustment of \$115 on its investment in Birmingham's common shares in accordance with the equity method of accounting.

During the quarter the Company also recorded a positive fair value adjustment of \$469 on its investment in Birmingham's preferred shares which are designated as held-for-trading.

(c) *Windward Telecom Limited*

During the quarter the Company recorded an equity pick-up adjustment of \$(55) in accordance with the equity method of accounting.

(d) *Kingswood Estates*

There has been no change to the estimated fair value of the equity in Kingswood Estates during the quarter.

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 within six months of the closing as needed by Kingswood Estates.

(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.

Investment income of \$36 was recorded on the Salbro debenture during the quarter.

(f) *Digital Payments Technologies Corp.*

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

Aggregate investment income of \$282 was recorded on the Digital Payments debenture during the quarter.

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 2010 (unaudited)

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

3. INVESTMENTS IN PRIVATE ENTITIES (continued)

(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. 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 \$1,120 in consideration, subject to certain post-closing adjustments. The consideration is structured as a promissory note, convertible into BXI common shares within twelve months from the closing.

4. INVESTMENT IN CHARTER REIT

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 63,360 units in lieu of cash during the first quarter 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.

	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	45	63,360	0.01
Equity pick-up	(40)	-	(0.01)
Distributions received from Charter REIT	(240)	-	(0.04)
As at March 31, 2009	\$ 8,713	6,028,813	\$ 1.46
As at December 31, 2009	\$ 7,502	6,047,095	\$ 1.24
Equity pick-up	(250)	-	(0.04)
Distributions received from Charter REIT	(242)	-	(0.04)
As at March 31, 2010	\$ 7,010	6,047,095	\$ 1.16

The Company's investment in Charter REIT had an estimated fair value of \$8,647 (December 31, 2009 - \$8,164) as at March 31, 2010 based on the closing bid price of \$1.43 on the Toronto Stock Exchange (December 31, 2009 - \$1.35).

The Company also recognized \$112 (2009 - \$110) in asset management fees from Charter REIT during the first quarter.

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 2010 (unaudited)

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

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	-	3,600,060
Repurchased and cancelled under MMPP and NCIB*	-	-	(329,100)	0.0%	(329,100)
Balance as at December 31, 2009	966,160	29.5%	2,304,800	70.5%	3,270,960
Repurchased and cancelled under MMPP and NCIB	-	-	(34,400)	100%	(34,400)
Balance as at March 31, 2010	966,160	29.9%	2,270,400	70.1%	3,236,560

*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 \$84 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 \$173 (2009 – \$214) were recognized as income on account of CRFC and investment management fees of \$nil (2009 - \$53) were expensed.

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 2010 (unaudited)

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

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

	<u>Carrying Value</u>	<u>Carrying Value per Class A Share</u>
As at December 31, 2008	\$ 9,293	\$ 9.62
Equity pick-up	21	0.02
Distributions received from CRFC	(183)	(0.19)
As at March 31, 2009	\$ 9,131	\$ 9.45
As at December 31, 2009	\$ 8,900	\$ 9.21
Equity pick-up	84	0.09
Distributions received from CRFC	(183)	(0.19)
As at March 31, 2010	\$ 8,801	\$ 9.11

(c) Assessment of Fair Value

The Company's investment in CRFC is carried on the Company's consolidated statements at a carrying value of \$8,801 or \$9.11 per Class A Share (December 31, 2009 - \$8,900 or \$9.21 per Class A Share).

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Carrying Value on Company's financial statements	<u>\$ 9.11</u>	<u>\$ 9.21</u>
NAV per CRFC Class A share	<u>\$ 9.26</u>	<u>\$ 9.35</u>
Closing TSX Bid Price	<u>\$ 6.67</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. Based upon this analysis, the Company has concluded no other than temporary impairment in value exists at March 31, 2010.

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

March 31, 2010 (unaudited)

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

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	(52)	(52)
Principal repayments	-	(74)
Balance as at March 31, 2009	\$ 2,642	\$ 2,470
Balance as at December 31, 2009	\$ 2,394	\$ 1,825
Forgiveness on account of Class A Share repurchases	(29)	(29)
Principal repayments*	-	-
Balance as at March 31, 2010	\$ 2,365	\$ 1,796

* Principal was repaid in advance during the fourth quarter of 2009 and therefore no amount was due in the first quarter of 2010.

The amount outstanding on this note as at March 31, 2010 is \$1,796 (December 31, 2009 - \$1,825) of which \$332 is payable within the next year in quarterly equal installments plus accrued interest. The amount of interest accrued at March 31, 2010 is \$nil (December 31, 2009 - \$nil).

(e) Management and loan servicing fees

The Company also recognized loan servicing fees of \$26 (2009 - \$84) earned by providing such services to CRFC.

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.

	<u>March 31, 2010</u>			<u>December 31, 2009</u>
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer Equipment	\$ 127	\$ 37	\$ 90	\$ 98
Furniture	60	6	54	56
	<u>\$ 187</u>	<u>\$ 43</u>	<u>\$ 144</u>	<u>\$ 154</u>

C.A. BANCORP INC.

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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)	March 31, 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	\$ 9,718	\$ -	\$ -	\$ -	\$ -	\$ 9,718	\$ 9,718	
Accounts receivable	-	-	-	1,727	-	1,727	1,727	
Loans receivable	-	-	-	49	-	49	49	
Publicly traded investments	-	1,781	-	-	-	1,781	1,781	
Investments in private entities	8,189	15,849	-	-	11,836	35,874	35,874	
Accounts payable and accrued liabilities	-	-	-	(1,686)	-	(1,686)	(1,686)	
Note payable to CRFC	-	-	-	(1,796)	-	(1,796)	(1,796)	

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:

Asset (Liability)	As at March 31, 2010				
	Fair value measurements using:				Assets/(liabilities) at Fair value
	Level 1	Level 2	Level 3		
Cash and cash equivalents	\$ 9,718	\$ -	\$ -	\$ -	\$ 9,718
Publicly traded investments	1,781	-	-	-	1,781
Investments in private entities	-	-	24,038	-	24,038

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

C.A. BANCORP INC.

Notes to the Consolidated Financial Statements

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7. FINANCIAL INSTRUMENTS (continued)

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:

March 31, 2010								Changes in unrealized gains included in earnings for assets for the period ended March 31, 2010 for positions still held
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 March 31, 2010	
Investments in private entities	\$ 23,002	\$ 769	\$ 1,120	\$ (853)	\$ -	\$ -	\$ 24,038	\$ 769

December 31, 2009								Changes in unrealized gains included in earnings for assets for the year ended December 31, 2009 for positions still held
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	
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.

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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 \$289 of additional operating expenses were incurred during the three months ended March 31, 2009.

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 \$78 of additional operating expenses were incurred during the three months ended March 31, 2009.

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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 in the three months ended March 31, 2010 and March 31, 2009:

	Three months ended	
	March 31, 2010	March 31, 2009
Management fees	\$ -	\$ 213
Administration fees	-	125
CRFC administration fees (Note 9)	-	53
IT services fee	44	-
Total Strategy investment management fees	-	9
Total fees paid to Sentry Select	\$ 44	\$ 400

(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's strategic review process, including discussions with and due diligence activities undertaken by third parties, has required some time to conclude. The Company has expensed \$856 (December 31, 2009 - \$753) in respect of costs related to the Maxam Offer and Strategic Review as at March 31, 2010 of which \$640 (December 31, 2009 - \$547) were accrued and unpaid as at March 31, 2010.

The Company's Board of Directors, in their circular dated December 21, 2009 which was issued in response to the Maxam Offer, indicated their intention to, among other things, amend 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; 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 accrued for \$259 for retention bonuses as at March 31, 2010 out of a total retention bonus obligation of \$455.

C.A. BANCORP INC.

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

(e) *Strategic Review and Hostile Defence Costs (cont.)*

	For the three months ended		In aggregate since
	March 31, 2010		December 3, 2009
External legal fees	\$ 564	\$	754
Financial advisory	168		618
Management retention bonus	259		259
Special committee and other director fees	135		155
Information agent	48		137
Other	16		20
Strategic review and hostile defense costs	\$ 1,190	\$	1,943

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.

On August 8, 2007, the Company announced its intention to purchase and cancel its common shares through a normal course issuer bid ("NCIB"). Purchases were made commencing on August 18, 2008 and ending on August 17, 2009. While the NCIB was in place the Company was able to purchase up to a maximum of 6,299 common shares in any trading day. During the term of the NCIB, 900,100 shares were repurchased and cancelled at an average price of \$1.86.

On April 25, 2008, the Company's shareholders passed a motion to implement a mandatory market purchase plan ("MMPP") pursuant to which, the Company would use its best efforts to purchase for cancellation its common shares if they were offered at a price less than 90% of the net book value per common share on the TSX. The obligation was subject to a limit in any calendar quarter of 1.25% of the number of outstanding common shares at the beginning of each quarter. The obligation was also subject to certain conditions to ensure that the marketability of the common shares was not seriously impaired, the Company had adequate liquidity, the Company did not have to liquidate securities other than in an orderly manner, there was no material legal action instituted or threatened that materially adversely affected the Company and that there was no general suspension of trading of the Company's common shares. Over the course of time that the MMPP was in effect, 1,447,300 common shares were repurchased and cancelled at an average price of \$1.17 under the MMPP. The MMPP expired at the Company's annual meeting which took place on June 25, 2009.

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

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9. SHAREHOLDERS' EQUITY (continued)

	(000s) Number of common shares	Share capital
As at March 31, 2010 and December 31, 2009	26,737	\$ 76,996

(b) *Contributed surplus*

	Carrying Value
As at March 31, 2010 and December 31, 2009	\$ 4,960

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:

	March 31, 2010	December 31, 2009
Future income tax assets		
Non-capital loss carryforwards	\$ 2,287	\$ 1,980
Unrealized impairment on Charter REIT units	827	827
Deemed capital gain on conversion of Charter shares to Charter REIT units	375	375
Other Charter REIT carrying value adjustments	262	220
Net unrealized (gain) loss on investments	(197)	777
Net realized loss on investments	876	-
Cumulative eligible capital expenses	23	23
Other	(4)	(10)
	4,449	4,192
Valuation allowance	(4,449)	(3,928)
Net future tax asset	\$ -	\$ 264

	March 31, 2010	December 31, 2009
Future income tax liabilities (all relating to CABL)		
Non-capital loss carryforwards	\$ (400)	\$ (453)
Net realized loss on investments	(109)	(109)
Intangible assets	689	689
Other	(104)	(82)
	76	45
Valuation allowance	126	110
Net future tax liability	\$ 202	\$ 155

As at March 31, 2010, the Company and its subsidiaries had non-capital losses available to be carried forward to offset income in future years of \$10,534. 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	2,911
2029	4,298
2030	2,087
	\$ 10,609

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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:

	<u>2010</u>	<u>2009</u>
Loss before income taxes and non-controlling interest	\$ (755)	\$ (567)
Combined federal and provincial income tax rate	31.0%	33.0%
Expected recovery for income taxes	(234)	(187)
Permanent differences	(266)	(292)
Future tax rate change	166	12
Valuation allowance	552	2,449
Recognition of previously unrecognized losses	(37)	(1,536)
Prior year adjustments	94	-
Other	5	(21)
Net tax expense	\$ 280	\$ 425
Current tax recovery	\$ (31)	\$ (319)
Future tax expense	311	744
Net tax expense	\$ 280	\$ 425

11. COMMITMENTS

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

	<u>Operating Leases</u>
For the year ended:	
2010	\$ 218
2011	289
2012	283
2013	266
2014	210
Thereafter	-
Total future minimum lease payments	\$ 1,266

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 March 31, 2010, \$228 (December 31, 2009- \$111) in acquisition and management fees and \$94 (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 March 31, 2010, \$79 (December 31, 2009 - \$78) in management fees and \$169 (December 31, 2009 - \$54) for reimbursement of third party expenses were due from CRFC.

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 March 31							
	Financial Services		Investing and Asset Management		Real Estate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenues	\$ 27	\$ 20	\$ 1,014	\$ 1,218	\$ 121	\$ 110	\$ 1,162	\$ 1,348
Net results of investments	84	21	691	(329)	(250)	(41)	525	(349)
Expenses	(8)	(18)	(2,167)	(1,445)	(267)	(103)	(2,442)	(1,566)
Pre-tax net earnings (loss)	103	23	(462)	(556)	(396)	(34)	(755)	(567)
Net (provision) recovery of income taxes	(6)	-	(274)	(459)	-	34	(280)	(425)
Net earnings (loss) before NCI	97	23	(736)	(1,015)	(396)	-	(1,035)	(992)
Non-controlling interests	-	-	(43)	8	-	-	(43)	8
Net (loss) earnings from continuing operations	97	23	(779)	(1,007)	(396)	-	(1,078)	(984)
Net earnings from discontinued operations	-	6,963	-	-	-	-	-	6,963
Net earnings (loss)	\$ 97	\$ 6,986	\$ (779)	\$ (1,007)	\$ (396)	\$ -	\$ (1,078)	\$ 5,979
Total assets:								
From continuing operations	\$ 8,894	\$ 9,220	\$ 48,102	\$ 52,006	\$ 13,252	\$ 14,945	\$ 70,248	\$ 76,171
Total assets	\$ 8,894	\$ 9,220	\$ 48,102	\$ 52,006	\$ 13,252	\$ 14,945	\$ 70,248	\$ 76,171

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14. SUBSEQUENT EVENTS

(a) Repayment of High Fidelity Debenture

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. The Company continues to hold a convertible debenture in the principal amount of \$1.5 million and warrants exercisable into common shares of High Fidelity.

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

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 Inc. (together, "Century"), representing the culmination of the strategic process initiated in response to the hostile take-over bid by Maxam.

Pursuant to the Pre-Acquisition Agreement, Century has agreed to make an offer to acquire all of the issued and outstanding shares of the Company at an offer price of \$1.50 per share. The Century offer will be subject to certain terms and conditions, including acceptance by holders of not less than 66 $\frac{2}{3}$ % 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, has agreed to tender those shares to the Century offer.

The Board of Directors of the Company does not intend to make, and the terms of the Pre-Acquisition Agreement contemplate that it will not make, any recommendation concerning the Century offer to C.A. Bancorp's shareholders. The Company's Board has determined that, if the Century offer is not successfully completed, C.A. Bancorp's interests would be best served through the realization of the Company's assets and the distribution of the proceeds to the Company's securityholders, and in those circumstances the Board intends to pursue that strategy.

Under the Pre-Acquisition Agreement, the Company has agreed not to solicit competing transactions to the Century offer, and has agreed to pay a termination fee of \$1,500 in certain circumstances including if a superior offer is recommended by the Company's Board. The Company has also agreed to reimburse Century for certain expenses if the Century offer is not successfully completed in certain circumstances.