

**URBANA CORPORATION**

**INTERIM UNAUDITED FINANCIAL STATEMENTS**

**For the six month period ended June 30, 2006**

# URBANA CORPORATION

## UNAUDITED STATEMENTS OF NET ASSETS AS AT

	June 30, 2006	Dec. 31, 2005
<b>ASSETS</b>		
Marketable securities (note 3)	\$ 19,121,265	\$ 736,919
New York Stock Exchange ("NYSE") memberships (three) (notes 1 and 3)	-	12,726,750
Cash	13,482	71,387
Rental income receivable	-	4,790
Office equipment	2,696	2,996
	<u>\$ 19,137,443</u>	<u>\$ 13,542,842</u>
<b>LIABILITIES</b>		
Loan payable (note 4)	\$ 1,118,268	\$ 1,118,268
Accounts payable and accrued liabilities	124,523	49,701
Future income taxes	1,959,104	1,040,000
	<u>3,201,895</u>	<u>2,207,969</u>
<b>NET ASSETS</b>	<u>15,935,548</u>	<u>11,334,873</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	6,098,893	6,098,893
Unrealized gains/losses of investments (notes 1 and 2)	9,750,324	5,011,832
Retained earnings	86,331	224,148
	<u>15,935,548</u>	<u>11,334,873</u>
	<u>\$ 19,137,443</u>	<u>\$ 13,542,842</u>

Number of common shares outstanding	9,000,000	9,000,000
Net asset value per common share - basic and fully diluted	1.77	1.26

See accompanying notes

On behalf of the Board

Director

Director

# URBANA CORPORATION

## UNAUDITED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT) FOR THE SIX MONTHS ENDED JUNE 30

	2006	2005
Gains/Losses		
(Loss) on sale of marketable securities	\$ -	\$ (15,170)
Investment income		
Dividends	244,147	588
Consulting and other income	90,379	32,851
NYSE seat rental income	41,971	179,559
	376,497	212,998
Expenses		
Investment management and performance fees (note 5)	122,617	3,465
Salaries and benefits	70,932	38,481
Administrative	112,861	123,935
Audit fees	15,303	11,150
Legal fees	144,893	30,863
Director fees	8,000	6,000
Licence fees	5,158	26,867
Bank charges and interest (note5)	34,250	28,018
Amortization	300	359
	514,314	269,138
Net (loss) before unrealized gains on investments	(137,817)	(71,310)
Unrealized gains/losses of investments		
Unrealized gain - marketable securities (notes 1 and 3) (net of future tax expense of \$919,104)	4,738,492	-
Write-down of marketable securities	-	(183,664)
	4,738,492	(183,664)
Total results of operations for the period	4,600,675	(254,974)
Retained earnings, beginning of period	224,148	319,157
Retained earnings, end of period	\$ 86,331	\$ 247,847
Basic and fully diluted income (loss) per share	\$ 0.51	\$ (0.03)
Weighted average number of common shares outstanding	9,000,000	9,000,000

See accompanying notes

# URBANA CORPORATION

## UNAUDITED STATEMENTS OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED JUNE 30

	2006	2005
Net assets, beginning of year	\$ 11,334,873	\$ 6,418,050
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Operating activities		
Total results of operations for the period	4,600,675	(254,974)
Net assets, end of period	\$ 15,935,548	\$ 6,163,076
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Unrealized gains/losses of investments		
Unrealized gains/losses of investments, beginning of period	\$ 5,011,832	\$ (136,289)
Change during the period	4,738,492	(183,664)
Unrealized gains/losses of investments, end of period	\$ 9,750,324	\$ (319,953)

See accompanying notes

# URBANA CORPORATION

## UNAUDITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30

	2006	2005
Total results of operations for the period	\$ 4,600,675	\$ (254,974)
Add (deduct) items not involving cash		
Amortization	300	359
Write down (recovery) of marketable securities	-	183,664
Loss (gain) on sale of marketable securities	-	15,170
Unrealized gain - marketable securities	(4,738,492)	-
	<u>(137,517)</u>	<u>(55,781)</u>
Net change in non-cash working capital items		
Rental income receivable	4,790	(2,692)
Accounts payable and accrued liabilities	74,822	(2,467)
	<u>79,612</u>	<u>(5,159)</u>
Cash flows from operating activities	<u>(57,905)</u>	<u>(60,940)</u>
Investing activities		
Purchases of marketable securities	-	(308,578)
Proceeds of sale of marketable securities	-	287,710
Additions to resource properties	-	(4,489)
Cash flows from investing activities	<u>-</u>	<u>(25,357)</u>
Net (decrease) in cash during the year	(57,905)	(86,298)
Cash, beginning of period	71,387	102,841
Cash, end of period	<u>\$ 13,482</u>	<u>\$ 16,543</u>

See accompanying notes

# URBANA CORPORATION

## UNAUDITED STATEMENT OF INVESTMENT PORTFOLIO FOR THE SIX MONTHS ENDED JUNE 30, 2006

<b>Number</b>	<b>Description</b>	<b>Cost</b>	<b>Market Value</b>
<b>Resource properties</b>			
72	Resource claims - Urban Township	\$ 1,094,038	\$ -
<b>Marketable securities</b>			
62,251	Units in the Caldwell Growth Opportunities Fund	\$ 675,790	\$ 950,325
254,097	NYSE Group Inc.	5,751,720	18,170,940
		<b>\$ 6,427,510</b>	<b>\$ 19,121,265</b>

See accompanying notes

# URBANA CORPORATION

“the Company”

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2006

## **1. Change in Accounting Policy**

In the fourth quarter of 2005, the Company adopted prospectively, Accounting Guideline 18, “Investment Companies”. As a result, the investments of the Company are recorded at fair value on the balance sheet (note 2) and the unrealized gains in investments are recorded in the statement of operations. For the six month period ended June 30, 2006, included in income is a \$4,738,492 unrealized gain in marketable securities, net of future tax expenses of \$919,104. At June 30, 2005, the marketable securities were recorded at market value (on the basis of the accounting policy being to record at the lower of cost and market) and the NYSE memberships were recorded at cost.

## **2. Summary of Significant Accounting Policies**

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada for interim financial statements. The financial statements have, in management’s opinion, been properly prepared using judgement within reasonable limits of materiality. These interim financial statements do not include all the note disclosures required for annual financial statements and, therefore, should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2005. The significant accounting policies follow that of the most recently reported annual financial statements.

## **3. Marketable Securities**

Marketable securities are recorded at fair value. Fair values for the units in the Caldwell Growth Opportunities Fund (“Fund”) are provided by the investment manager’s statement of account. The fair values are established by the Fund by valuing each held security based on closing market quotations, less estimated administration costs. The fair values of the NYSE Group Inc. common shares are based on closing market quotations less a 7.55% discount for the restrictions in selling the shares. At June 30, 2006, the cost of the marketable securities was \$6,427,510 (2005 - \$876,816) and the market value was \$19,121,265 (2005 - \$693,152). The NYSE memberships at June 30, 2005 were valued at the lower of cost and market value at \$5,751,720.

## **4. Loan Payable**

The loan payable of \$1,118,268 from Caldwell Financial Ltd. (“CFL”) (note 5) incurs interest as mutually agreed at a rate not exceeding prime, secured by a promissory note and matures on December 31, 2010 with a right to prepayment without penalty.

## 5. Related Party Transactions

CFL is a significant shareholder of the Company and under common management. Caldwell Asset Management Inc. ("CAM"), Caldwell Investment Management Ltd. ("CIM") and Caldwell Securities Ltd. ("CSL") are subsidiaries of CFL.

In 2005 and 2006 consulting fees were received from CIM.

In 2005 and 2006 investment management and performance fees were paid to CAM and CIM.

Interest incurred by CFL in order to fund financing requirements of the Company (note 4), using resources over and above CFL's cash resources, is charged to the Company based on the interest CFL has to pay to its financial institution.

In 2005 premises were rented from CAM. In 2005 and 2006 premises were rented from CSL.

Included in accounts payable and accrued liabilities is \$74,127 (2005 - \$6,320) payable to related parties which are all under common management to the Company.

In 2005 and 2006, marketable securities were held with the Caldwell Growth Opportunities Fund, a fund with common management to the Company.

Included in the statements of operations and retained earnings (deficit) are the following income (expenses) related to transactions with related parties for the six month period ended June 30:

	<b>2006</b>	<b>2005</b>
Consulting and other income	\$90,000	\$32,500
Investment management and performance fees (refer above)	(122,617)	(3,465)
Interest on financing cash requirements (refer above)	(33,936)	(27,247)
Rent included in administrative expenses (refer above)	(30,000)	(66,300)

All related party transactions are recorded at their exchange amounts.

## 6. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2006 financial statements.