Consolidated financial statements of

Urbana Corporation

June 30, 2009
(Unaudited)

Urbana Corporation

June 30, 2009

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Urbana Corporation

Consolidated statements of net assets

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
	$	$
Assets		
Cash and cash equivalents	**1,199,070**	1,477,180
Investments, at fair value	**170,677,221**	179,248,111
Sundry receivables	**608,570**	44,674
Prepaid expenses	**4,657**	5,699
Office equipment	**1,681**	1,799
Deposit on future investments	**335,349**	335,349
Future income taxes (Note 11)	**7,100,000**	6,400,000
	179,926,548	187,512,812
Liabilities		
Loan payable (Note 5)	**5,500,000**	11,100,000
Accounts payable and accrued liabilities	**803,724**	816,786
	6,303,724	11,916,786
Non-controlling interest (Note 4)	**16,227,844**	17,193,696
Net assets	**157,394,980**	158,402,330
Shareholders' equity		
Share capital (Note 6)	**215,635,600**	215,915,646
Contributed surplus (Note 7)	**15,048,549**	14,918,769
Retained earnings (deficit)	**(73,289,169)**	(72,432,085)
	157,394,980	158,402,330
Total liabilities and shareholders' equity	**179,926,548**	187,512,812
Number of shares outstanding (Note 6)	**77,000,000**	77,100,000
Net assets per share - basic and diluted	**2.04**	2.05

See accompanying notes

Approved by the Board

______________________________ Director

______________________________ Director

Urbana Corporation

Consolidated statements of operations
for the six months ended June 30

(unaudited)

	2009	2008
	$	$
Gains/losses		
(Loss) gain on sale of investments	**(3,647,206)**	321,184
Investment income		
Dividends	**2,004,111**	1,255,202
Seat rental income	**1,515,651**	1,005,798
Interest income	**56,160**	16,381
(Loss) gain on foreign exchange	**(22,193)**	(5,004)
	3,553,729	2,272,377
Expenses (Note 9)		
Investment management fees	**1,060,830**	1,793,713
Foreign withholding taxes	**703,193**	519,447
Transaction costs	**-**	141,596
Administrative	**153,543**	147,723
Interest	**97,428**	174,482
Audit fees	**44,328**	68,969
Shareholder reporting costs	**29,176**	130,823
Legal fees	**12,283**	347,286
Director fees	**9,955**	19,880
Independent Review Committee fees	**3,050**	3,045
Insurance	**15,514**	15,599
Amortization	**118**	118
License Fees	**358**	-
Expenses absorbed by manager	**-**	(319,004)
	2,129,776	3,043,677
Net (loss) income before net unrealized (loss) gain on foreign exchange and investments, non-controlling interest and income taxes	**(2,223,253)**	(450,116)
Unrealized net (loss) gain on foreign exchange and investments	**(299,683)**	(60,522,572)
Net income (loss) before non-controlling interest and income taxes	**(2,522,936)**	(60,972,688)
Non-controlling interest portion of (income) loss	**965,852**	1,361,922
Net income (loss) before income taxes	**(1,557,084)**	(59,610,766)
Provision for income taxes (note 11)		
Future	**(700,000)**	(10,650,887)
	(700,000)	(10,650,887)
Total results of operations for the period	**(857,084)**	(48,959,879)
Basic and fully diluted (loss) earnings per share	**(0.01)**	(0.63)
Weighted average number of shares outstanding	**77,033,217**	78,305,575

See accompanying notes

Urbana Corporation

Consolidated statements of changes in net assets and retained earnings (deficit)
for the six months ended June 30
(unaudited)

	2009	2008
	$	$
Net assets		
Net assets, beginning of period	**158,402,330**	262,841,278
Operating activities		
Total results of operations for the period	**(857,084)**	(48,959,879)
Capital transactions (notes 6 and 7)		
Exercise of warrants	**-**	1,031,490
Normal course issuer bid redemption proceeds	**(150,266)**	-
Total capital transactions	**(150,266)**	1,031,490
Net assets, end of period	**157,394,980**	214,912,889
Retained earnings (deficit)		
Retained earnings, beginning of period	**(72,432,085)**	31,463,062
Total results of operations for the period	**(857,084)**	(48,959,879)
Retained earnings (deficit), end of period	**(73,289,169)**	(17,496,817)

See accompanying notes

Urbana Corporation

Consolidated statements of cash flows
for the six months ended June 30

(unaudited)

	2009	2008
	$	$
Operating activities		
Net (loss) income before net unrealized (loss) gain on foreign exchange and investments, non-controlling interest and income taxes	**(2,223,253)**	(450,116)
Add (deduct) items not involving cash		
Amortization	**118**	118
Loss (gain) on sale of Investments	**3,647,206**	(321,184)
	1,424,071	(771,182)
Net change in non-cash working capital items		
Sundry receivables	**(563,896)**	(134,939)
Prepaid expenses	**1,042**	4,190
Accounts payable and accrued liabilities	**(13,062)**	230,863
	(575,916)	100,114
Cash flow from (used in) operating activities	**848,155**	(671,068)
Financing activities		
Issuance of loan payable	**-**	15,100,000
Repayment of loan payable	**(5,600,000)**	-
Exercise of warrants	**-**	1,031,490
Normal course issuer bid redemptions	**(150,266)**	-
Cash flow (used in) from financing activities	**(5,750,266)**	16,131,490
Investing activities		
Purchases of investments	**-**	(30,261,643)
Proceeds on sale of investments	**4,623,699**	8,196,822
Proceeds on maturity of treasury bills	**1,999,125**	7,575,590
Purchase of treasury bills	**(1,998,823)**	-
Cash flow from (used in) investing activities	**4,624,001**	(14,489,231)
Net change in cash during the period	**(278,110)**	971,191
Cash and cash equivalents, beginning of period	**1,477,180**	218,666
Cash and cash equivalents, end of period	**1,199,070**	1,189,857
Supplemental disclosure of cashflow information		
Amount of interest paid	**97,428**	107,176
Amount of income taxes paid	**-**	-

See accompanying notes

Urbana Corporation

Consolidated statements of investment portfolio
as at June 30, 2009 (Unaudited) and December 31, 2008 (Audited)

			2009
Number of shares	Description	Cost	Fair value
	Privately owned entities	$	$
24,683	Bermuda Stock Exchange (seats)	533,099	601,347
169,341	Budapest Stock Exchange (seats)	4,761,242	8,275,533
50,000	Bulgarian Stock Exchange (seats)	724,589	333,124
312,500	CNSX Markets Inc.- Class A*	-	-
308,888	Bombay Stock Exchange (shares held by CIHI)	43,507,793	39,471,108
22	Chicago Board Options Exchange (seats)	58,814,864	48,544,546
9	Kansas City Board of Trade (seats)	5,287,915	4,128,599
41	Minneapolis Grain Exchange (seats)	10,146,476	5,237,688
54	OneChicago Stock Futures Exchange	3,175,830	1,813,053
		126,951,808	108,404,998
	Publicly traded securities		
1,735,981	NYSE Euronext	116,322,041	54,938,222
180,000	TMX Group Inc.	7,058,590	6,084,000
		123,380,631	61,022,222
	Other		
	Resource investment	1,094,038	1
1,250,000	CNSX Markets Inc. (convertible debenture with no interest. Convertible into shares at $4 per share.)*	1,250,000	1,250,000
	Total investments	252,676,477	170,677,221

* The Company holds 312,500 class A shares of CNSX. The shares have nil fair value and will be cancelled at the time the debenture matures

See accompanying notes

Urbana Corporation

Consolidated statements of investment portfolio
as at June 30, 2009 (Unaudited) and December 31, 2008 (Audited)

Number of shares	Description	Cost	2008 Fair value
	Privately owned entities		
24,683	Bermuda Stock Exchange (seats)	533,099	639,224
169,341	Budapest Stock Exchange (seats)	4,761,242	8,717,755
50,000	Bulgarian Stock Exchange (seats)	724,589	772,207
312,500	CNSX Markets Inc-Class A*	-	-
308,888	Bombay Stock Exchange (shares held by CIHI)	43,507,793	41,792,447
22	Chicago Board Options Exchange (seats)	58,814,864	47,528,373
9	Kansas City Board of Trade (seats)	5,287,915	3,666,465
41	Minneapolis Grain Exchange (seats)	10,146,476	5,567,595
54	OneChicago Stock Futures Exchange	3,175,830	1,888,332
		126,951,808	110,572,398
	Publicly traded securities		
80,000	Hong Kong Exchange & Clearing Ltd.	1,026,297	937,877
56,000	Johannesburg Stock Exchange Ltd.	487,160	274,434
132,000	London Stock Exchange Group	4,301,431	1,194,865
1,735,981	NYSE Euronext	116,322,041	58,634,356
200	Osaka Securities Exchange Co. Ltd.	1,261,887	1,078,570
210,791	TMX Group Inc.	8,266,039	5,305,610
		131,664,855	67,425,712
	Other		
	Resource investment	1,094,038	1
1,250,000	CNSX Markets Inc. (convertible debenture with no interest. Convertible into shares at $4 per share.)*	1,250,000	1,250,000
	Total investments	260,960,701	179,248,111

* The Company holds 312,500 class A shares of CNSX. The shares have nil fair value and will be cancelled at the time the debenture matures.

See accompanying notes

Urbana Corporation ("Urbana" or the "Company") is an investment company originally incorporated as a mineral exploration company named Macho River Gold Mines Limited under the Companies Act (Ontario) on August 25, 1947. A change of Business application from a mining issuer to an investment issuer was approved by the TSX Venture Exchange in July, 2005. The Company is now considered a "non-redeemable investment fund" and an "investment fund" for the purposes of applicable securities laws and is listed on the Toronto Stock Exchange ("TSX").

The long-term strategy of Urbana is to continue to seek and acquire investments for income and capital appreciation. Currently, management has identified securities exchange properties as attractive long-term investments due to the demutualization and consolidation of the exchange industry.

1. Summary of significant accounting policies

These unaudited consolidated financial statements of Urbana have been prepared by management in accordance with generally accepted accounting principles in Canada ("GAAP"). The financial statements have, in management's opinion, been properly prepared using judgment 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, 2008 which are available on SEDAR at www.sedar.com or upon request to the Company. The significant accounting policies follow that of the most recently reported annual financial statements.

2. Future accounting changes

In June 2009, the Canadian Institute of Chartered Accountants modified section 3862 *Financial Instruments Disclosure*, to improve the disclosure of fair value measurements, particularly with respect to the relative reliability of the data on which these measurements are based, and the liquidity risk related to financial instruments. The modifications will apply to the annual financial statements for periods ending after September 30, 2009. Earlier adoption is permitted. The Company is currently evaluating the impact of the modifications to this standard on the consolidated financial statements.

3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks. Management seeks to minimize potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Company's position and market events.

Credit risk

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash and cash equivalents at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at June 30, 2009 and December 31, 2008, the Company had no significant investments in debt instruments and/or derivatives. Accordingly, the Company is not subject to significant amounts of credit risk.

3. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligation when due. The Company's obligations are due within one year. As at June 30, 2009 the Company had a demand loan for $5,500,000 (December 31, 2008 - $11,100,000). Liquidity risk is managed by investing in assets that are traded in an active market and can be readily sold or by borrowing under its credit facility. The Company's common shares and Class A shares cannot be redeemed by shareholders. The Company endeavours to maintain sufficient liquidity to meet expenses.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investment rises. When the value of the Canadian dollar rises, the value of foreign investment falls.

The table below indicates the currencies to which the Company had significant exposure as at June 30, 2009 and December 31, 2008.

	June 30, 2009	December 31, 2008
Currency	**As % of net assets**	As % of net assets
	%	%
United States Dollars	**72.78**	75.06
Indian Rupee	**14.89**	26.38
Other	**6.03**	8.40
	93.70	109.84

As at June 30, 2009, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $7,372,608 (December 31, 2008 - $8,699,456). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. The Company is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

3. Financial instruments and risk management (continued)

The tables below summarize the Company's exposure to interest rate risks by remaining term to maturity.

		Less than 1 year	1 – 3 years	3 – 5 years	Over 5 years	Total
		$	$	$	$	$
Loan payable	June 30, 2009	5,500,000	-	-	-	5,500,000
	December 31, 2008	11,100,000	-	-	-	11,100,000

As at June 30, 2009, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the results of operations would have decreased or increased, respectively, by approximately $ 44,605 (December 31, 2008 - $90,000). In practice, the actual trading results may differ and the difference could be material.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. Any equity and derivative instruments that the Company may hold are susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

The most significant exposure for the Company to other price risk arises from its investment in publicly traded securities. As at June 30, 2009, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately $8,665,615 (December 31, 2008 - $8,830,277) (approximately 5.5 % (December 31, 2008 – 5.5%) of total net assets). In practice, the actual trading results may differ and the difference could be material. Management is unable to meaningfully quantify any correlation of the price of its privately owned equities to changes in a benchmark index.

Capital management

Management manages the capital of the Company which consists of the net assets and the proceeds from the bank facility, in accordance with the Company's investment objectives. The Company borrowed this money to make additional investments. The Company is not subject to any capital requirements imposed by a regulator.

4. Subsidiaries

Caldwell India Holdings Inc.

During 2007, the Company subscribed for 100 common shares, at US$1 per share, for Caldwell India Holdings Inc. ("CIHI"). CIHI then issued 4,051,300 investor shares (non-voting) at US$10 per share of which the Company subscribed for 2,400,000, representing 59.24% of the issued share capital of CIHI. The total proceeds for the CIHI shares issued were $44,843,950, of which the Company provided $26,565,556. The remaining $18,278,394 which is owned by other investment funds managed by Caldwell Investment Management Ltd. was accounted for as a non-controlling interest. CIHI used the proceeds of the share issuance to purchase 308,888 equity shares of the Bombay Stock Exchange.

Non-controlling interest consists of the following:

	Six month period ended June 30, 2009	Year ended December 31, 2008
	$	$
Non-controlling interest, beginning of period	**17,193,696**	16,823,628
Share of net (loss) income	**(965,852)**	370,068
Non-controlling interest, end of period	**16,227,844**	17,193,696

Urbana Mauritius Inc.

In June 2009 Urbana set up a wholly owned subsidiary in Mauritius, Urbana Mauritius Inc. ("UMI"), to facilitate future investments in India. As at June 30, 2009, UMI has no significant assets or liabilities and accordingly its accounts are not included in these consolidated financial statements.

5. Loan payable

On February 19, 2008, the Company entered into a demand loan facility with the Bank of Montreal. Under this loan facility, the Company may borrow up to $50,000,000 from the Bank of Montreal at any given time. Interest is charged on the outstanding balance of the loan facility at Bank's prime rate, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on the Company's assets and allows the Company to purchase additional interests in public and/or private exchanges around the world. As at June 30, 2009, the outstanding balance of the loan was $5,500,000 (2008 - $11,100,000) which is the fair value of the loan.

6. Share capital

At June 30, 2009 share capital consists of the following:

	Number	**Six month period ended June 30, 2009 Amount**	Number	Year ended December 31, 2008 Amount
		$		$
Authorized				
Unlimited preferred shares				
Unlimited common shares				
Unlimited non-voting fully participating Class A shares				
Issued - common shares				
Balance, January 1	**10,000,000**	**7,998,893**	10,000,000	7,998,893
Issued during the period	**-**	**-**	-	-
Balance, end of period	**10,000,000**	**7,998,893**	10,000,000	7,998,893
Issued - non-voting Class A shares				
Balance, January 1	**67,100,000**	**207,916,753**	68,061,518	210,136,844
Class A shares	**-**	**-**	275,064	1,242,910
Normal course issuer bid redemption	**(100,000)**	**(280,046)**	(1,236,582)	(3,463,001)
Balance, end of period	**67,000,000**	**207,636,707**	67,100,000	207,916,753
Total	**77,000,000**	**215,635,600**	77,100,000	215,915,646

7. Contributed surplus

	2009	2008
	$	$
Balance, beginning of period	**14,918,769**	13,242,479
Warrants exercised	**-**	(211,420)
Normal course issuer bid redemption discount	**129,780**	1,887,710
Balance, end of period	**15,048,549**	14,918,769

8. Class A purchase warrants

A summary of the Class A warrants are presented below:

	Number of warrants	**2009 Weighted average exercise price**	Number of warrants	2008 Weighted average exercise Price
		$		$
Outstanding, January 1	**21,366,897**	**3.75**	21,641,961	3.75
Exercised	**-**	**3.75**	(275,064)	3.75
Expired	**(8,828,861)**	**-**	-	-
Outstanding, June 30	**12,538,036**	**3.75**	21,366,897	3.75

8. Class A purchase warrants (continued)

As at June 30, 2009, the following Class A warrants are outstanding:

	Number of warrants	Exercise price	Expiry date
	$		
Class A warrants	**12,538,036**	**3.75**	**July 12, 2009**

Since the exercise price of the warrants was higher than the market price of the equity shares as at June 30, 2009, there was no dilution in respect of the net assets per equity share and the results of operations per equity share.

9. Related party transactions

Caldwell Financial Ltd ("CFL") and Urbana are under common management. Caldwell Investment Management Ltd. ("CIM") is a subsidiary of CFL.

Under an investment management agreement dated May 1, 2006 between the Company and CIM, the investment manager, CIM, is entitled to an investment management fee equal to 1.5% per annum of the market value of the equity securities in the Company's portfolio and .5% of the market value of the fixed income securities in the Company's portfolio of marketable securities. The investment advisory fees are accrued and paid quarterly in arrears. In the six month periods ended June 30, 2009 and June 30, 2008, investment management fees of $1,060,830 and $1,793,713 respectively were earned by CIM. For the six months ended June 30, 2009, CIM did not reimburse any expenditures (June 30, 2008 - $319,004) relating to the Company.

Included in accounts payable and accrued liabilities is investment management fee of $536,991 (2008 - $630,826) payable to CIM. There are no other fees payable to related parties.

All related party transactions are recorded at their exchange amounts.

10. Net asset value and net assets

In calculating net assets ("Net Assets") for financial reporting purposes, the Company must comply with Canadian GAAP and these rules require the use of bid price for securities purchased long and ask price for securities sold short, where the securities are traded in an active market.

The Canadian securities regulatory authorities have published amendments to NI 81-106, in final form, that remove the requirement that net asset value be calculated in accordance with Canadian GAAP (other than in financial statements) effective September 8, 2008. As a result of the amendments, the net asset value of investment funds (other than in financial statements) will continue to be calculated using the fair value of the assets and liabilities of the investment funds, as calculated by applying the close or last trade price to obtain securities values ("Net Asset Value").

10. Net asset value and net assets (continued)

As a result, the Company's valuations are different for weekly net asset value calculation purposes as compared to the financial statements because of the valuation methodology used in determining fair values. The Net Asset Value per share and Net Assets per share is presented as follows:

	Net Asset Value per share	**Net Assets per share**
	$	**$**
As at June 30, 2009	**2.06**	**2.04**
As at December 31, 2008	**2.06**	**2.05**

11. Income taxes

The Company's provision for income taxes is summarized as follows:

	2009	2008
	$	$
Net loss before income taxes	**(1,557,084)**	(59,610,766)
Expected income taxes payable at future rates - 33%	**(513,838)**	(19,671,553)
Income tax effect of the following:		
Non-taxable portion of realized capital transactions losses (gains)	**601,789**	(52,995)
Non-taxable portion of unrealized capital losses	**49,448**	9,986,224
Non-controlling interest	**(318,731)**	(449,434)
Other	**(518,668)**	(463,129)
	(700,000)	(10,650,887)

The components of the Company's future income tax liability are as follows:

	2009	2008
	$	$
Resource deductions available in perpetuity	**(18,088)**	(18,088)
Unrealized capital gains (losses) on investments	**(3,094,306)**	(2,766,231)
Write down of deposit on future investments	**(247,500)**	-
Share issuance costs	**(1,732,149)**	(1,732,149)
Tax benefit of capital loss carryforwards	**(1,169,808)**	(568,019)
Tax benefit of non-capital loss carryforwards	**(844,307)**	(1,314,212)
Other	**6,158**	(1,300)
Total future income tax (asset) liability	**(7,100,000)**	(6,400,000)

12. Future changes in accounting standards

The Canadian Accounting Standards Board ("AcSB") recently confirmed the plan to adopt International Financial Reporting Standards ("IFRS") on or by January 1, 2011. IFRS will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. Accordingly, the Company will adopt IFRS for their fiscal period beginning January 1, 2011.

In preparation for the conversion to IFRS, management has developed a preliminary IFRS conversion plan and taken the following steps in managing the transition to IFRS:

a) Commenced activities to identify key issues and the likely impacts resulting for the adoption of IFRS ; and,

b) Initiated analysis to reconfigure accounting systems used by the Company.

The Company is still in the early planning stages of these activities. The key elements of the preliminary plan include disclosure of the qualitative impact in the 2009 annual financial statements, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. The impact of the adoption of these standards will be disclosed in future periods.

13. Subsequent events

Effective July 31, 2009, some of the terms of the demand loan facility with Bank of Montreal were changed. Under the new terms, the Company may borrow up to $15,000,000 from the Bank with an interest rate at the Bank's prime rate plus 2.75%. All other terms of the loan facility remain the same.