

FOCOL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF OCTOBER 31, 2010**

| | 31-Oct-10 | 31-Oct-09 | 31-Jul-10 |
|--|--------------------|--------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 19,737,261 | 13,552,491 | 20,643,668 |
| Accounts receivable, net | 19,313,151 | 19,501,253 | 16,886,629 |
| Inventories | 23,546,830 | 14,354,767 | 19,990,399 |
| Current portion of note receivable | 52,565 | - | 52,565 |
| Investments | 279,500 | 279,500 | 279,500 |
| Prepaid expenses and sundry assets | 1,705,706 | 1,906,341 | 2,719,409 |
| Total current assets | 64,635,013 | 49,594,352 | 60,572,170 |
| NON-CURRENT ASSETS: | | | |
| Note receivable | 251,908 | - | 260,751 |
| Property, plant and equipment, net | 62,983,520 | 62,720,200 | 63,360,835 |
| Intangible assets | 12,655,020 | 12,655,020 | 12,655,020 |
| Total non-current assets | 75,890,448 | 75,375,220 | 76,276,606 |
| TOTAL ASSETS | 140,525,461 | 124,969,572 | 136,848,776 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable and accrued liabilities | 25,435,115 | 20,398,773 | 23,698,013 |
| Current portion of long-term debt | - | 6,213,004 | - |
| NON-CUF Total current liabilities | 25,435,115 | 26,611,777 | 23,698,013 |
| Long term debt | - | 603,600 | - |
| Total liabilities | 25,435,115 | 27,215,377 | 23,698,013 |
| SHAREHOLDERS' EQUITY: | | | |
| Share capital | 85,978 | 85,978 | 85,978 |
| Preference shares | 500,000 | 400,000 | 500,000 |
| Contributed capital | 56,580,996 | 46,685,996 | 56,580,996 |
| Revaluation surplus | 1,300,089 | 1,326,439 | 1,300,089 |
| Retained earnings | 52,574,880 | 45,302,979 | 50,775,437 |
| Equity attributable to shareholders of the company | 111,041,943 | 93,801,392 | 109,242,500 |
| NON-CONTROLLING INTEREST | 4,048,403 | 3,952,803 | 3,908,263 |
| Total equity | 115,090,346 | 97,754,195 | 113,150,763 |
| TOTAL LIABILITIES AND EQUITY | 140,525,461 | 124,969,572 | 136,848,776 |

FOCOL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED OCTOBER 31, 2010

| | 31-Oct-10 | 31-Oct-09 | 31-Jul-10 |
|--|------------------|------------------|-------------------|
| REVENUES | 68,482,933 | 59,584,070 | 266,919,520 |
| COST OF SALES | (56,304,243) | (47,724,759) | (216,404,769) |
| Gross profit | 12,178,690 | 11,859,311 | 50,514,751 |
| Other income | 13,789 | 11,347 | 44,569 |
| Marketing, administrative and general expenses | (6,652,183) | (6,451,906) | (28,401,666) |
| Depreciation and amortization | (689,854) | (712,066) | (2,725,590) |
| Finance costs | (1,138) | (118,739) | (405,347) |
| Unrealized gain (loss) on investments | - | - | 5,000 |
| NET AND COMPREHENSIVE INCOME | 4,849,304 | 4,587,947 | 19,031,717 |
| | | | |
| NET INCOME ATTRIBUTABLE TO: | | | |
| Shareholders of the company | 4,709,164 | 4,461,597 | 18,549,907 |
| Non-controlling interest | 140,140 | 126,350 | 481,810 |
| | <u>4,849,304</u> | <u>4,587,947</u> | <u>19,031,717</u> |
| EARNINGS PER SHARE | <u>0.13</u> | <u>0.12</u> | <u>0.47</u> |

FOCOL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED OCTOBER 31, 2010

| | 31-Oct-10 | 31-Oct-09 | 31-Jul-10 |
|--|-------------------|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | 4,849,304 | 4,587,947 | 19,031,717 |
| Adjustments for: | | | |
| Depreciation | 689,854 | 712,066 | 2,725,590 |
| Unrealized (gain) loss on investments | - | (5,000) | (5,000) |
| Gain on disposals of property, plant and equipment | - | - | (2,000) |
| Income from operations before working capital changes | 5,539,158 | 5,295,013 | 21,750,307 |
| (Increase) Decrease in accounts receivable, net | (2,385,099) | (2,855,793) | (341,161) |
| Decrease (Increase) in prepaid expenses and deposits | 1,013,703 | 947,991 | 116,522 |
| (Increase) Decrease in inventories | (3,556,431) | 3,322,033 | (2,313,599) |
| Increase (Decrease) in accounts payable and accrued expenses | 1,737,102 | (6,269,000) | (1,936,846) |
| Net cash from operating activities | 2,348,433 | 440,244 | 17,275,223 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| (Increase) Decrease in notes receivable | 8,843 | - | (313,316) |
| Proceeds from disposal of property, plant and equipment | - | - | 2,000 |
| Purchase of property, plant and equipment | (312,539) | (1,697,229) | (4,332,987) |
| Net cash used in investing activities | (303,696) | (1,697,229) | (4,644,303) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Repayment of long-term debt | - | (400,400) | (7,217,004) |
| Repurchase of ordinary shares | - | (40,014) | (40,014) |
| Issuance of preference shares | - | 881,650 | 10,881,600 |
| Common share dividends paid | (2,407,394) | - | (7,623,824) |
| Preference dividends | (543,750) | (514,903) | (2,871,153) |
| Net cash used in financing activities | (2,951,144) | (73,667) | (6,870,395) |
| NET DECREASE IN CASH | (906,407) | (1,330,652) | 5,760,525 |
| CASH, BEGINNING OF YEAR | 20,643,668 | 14,883,143 | 14,883,143 |
| CASH, END OF YEAR | 19,737,261 | 13,552,491 | 20,643,668 |
| SUPPLEMENTAL INFORMATION : | | | |
| Interest paid on bank overdraft and loans | 1,138 | 118,739 | 404,347 |
| Interest received | 13,789 | 6,347 | 37,509 |
| Dividends received | - | - | 12,000 |