

**FRONTENAC MORTGAGE INVESTMENT CORPORATION  
INTERIM FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2010**

**(Unaudited - Prepared Internally for Management Use)**

Prepared: 18-Oct-10

**FRONTENAC MORTGAGE INVESTMENT CORPORATION**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2010**  
**(Unaudited - Prepared Internally for Management Use)**

		\$	
<b>CURRENT ASSETS</b>			
Cash and bank		858,409	
Due from related trust accounts		-	
T-bills and short-term investments		1,922,335	
Accrued interest receivable		161,443	
Prepaid expenses		35,620	
		2,977,807	9.5%
<b>LONG-TERM ASSETS</b>			
Investment in mortgages, net of provision for loss of:	360,000	28,288,385	90.6%
		31,266,192	
<b>LIABILITIES</b>			
Operating line		-	
Accounts payable and accrued liabilities		30,313	
		30,313	
<b>SHAREHOLDER EQUITY</b>			
Share Capital (Note 1)		31,235,879	
Dividends	-	1,114,058	
Net Earnings		1,114,058	0
		31,235,879	100.0%
		31,266,192	
<b>NOTES:</b>			
<b>1. Share Capital</b>			
Number of shares issued and outstanding at end of period		1,041,262	
		\$30.00	
Monthly dividend:	Total:	\$89,799.66	Per share: \$0.0865
Share transactions during month:		#	\$
Purchases (new investment)		13,339.6230	\$400,188.69
Redemptions			\$0.00

**FRONTENAC MORTGAGE INVESTMENT CORPORATION**  
**STATEMENT OF EARNINGS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**  
**(Unaudited - Prepared Internally for Management Use)**

	Month	YTD
	\$	\$
<b>REVENUE</b>		
Interest income	228,213	2,104,223
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<b>EXPENSES</b>		
Administration fees	53,250	468,244
Director fees	10,056	30,247
Legal	2,500	31,242
Audit	2,000	16,197
Mortgage write-offs	1,617	254,376
Provision for losses	42,000	22,000
General and operating	12,732	182,612
Trustee administration fees	14,200	28,400
Interest on operating line	59	845
	<hr/> 138,413	<hr/> 990,165
<b>NET EARNINGS</b>	<hr/> 89,800	<hr/> 1,114,058
Rate of return (rough calculation)	3.51%	5.10%
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**NOTES:**