

Interim Financial Statements Of

**1ST CHOICE SAVINGS AND CREDIT
UNION LTD**

Second Quarter 2010

1ST CHOICE SAVINGS AND CREDIT UNION LTD

BALANCE SHEET

As at April 30, 2010, with comparative figures for October 31, 2009

	2010	2009
	(Unaudited)	
ASSETS		
Cash	\$ 28,632,931	\$ 11,090,494
Investments and accrued interest	66,746,493	83,444,700
Prepaid expenses	97,907	96,641
Income Taxes Receivable	-	256,223
Future Income Taxes	162,000	162,000
Loans to members, net of allowance for loan impairment	296,765,413	292,825,805
Property, plant and equipment	9,200,254	9,462,297
	\$ 401,604,998	\$ 397,338,160
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,008,154	\$ 706,334
Income Taxes Payable	-	-
Deposit accounts and accrued interest	378,417,057	375,702,446
	\$ 379,425,211	\$ 376,408,780
MEMBERS EQUITY		
Allocations distributable	\$ -	\$ 178,465
Common Shares	5,016,455	5,061,119
Investment Shares	3,566,986	2,646,236
Retained earnings	13,596,346	13,043,560
	\$ 22,179,787	\$ 20,929,380
	\$ 401,604,998	\$ 397,338,160

See accompanying notes to financial statements.

1ST CHOICE SAVINGS AND CREDIT UNION LTD

STATEMENT OF INCOME

Three months and six months ended April 30, 2010, with comparative figures for April 30, 2009

	2010		2009	
	3 months (unaudited)	6 months (unaudited)	3 months (unaudited)	6 months (unaudited)
FINANCIAL INCOME:				
Interest on members' loans	\$ 3,491,017	\$ 7,067,139	\$ 3,590,382	\$ 7,518,873
Investment Income	93,239	194,843	146,721	346,071
	<u>3,584,256</u>	<u>7,261,982</u>	<u>3,737,103</u>	<u>7,864,944</u>
FINANCIAL EXPENSES:				
Interest on deposit accounts	1,296,744	2,693,887	1,367,766	3,051,873
Interest on financing	-	344	2,180	6,316
	<u>1,296,744</u>	<u>2,694,231</u>	<u>1,369,946</u>	<u>3,058,189</u>
Net Derivative Interest	543,165	9,227	(138,070)	363,683
FINANCIAL MARGIN	<u>2,830,677</u>	<u>4,576,978</u>	<u>2,229,087</u>	<u>5,170,438</u>
Provision for credit losses	33,503	44,095	2,241	16,314
Financial margin after provision for loss	<u>2,797,174</u>	<u>4,532,883</u>	<u>2,226,846</u>	<u>5,154,124</u>
Service charges and other income	772,571	1,442,576	596,524	1,147,536
Operating expenses	(2,636,793)	(5,262,205)	(2,678,588)	(5,263,332)
Income before Income taxes	<u>932,952</u>	<u>713,254</u>	<u>144,782</u>	<u>1,038,328</u>
Income taxes	160,470	160,470	29,825	214,036
Net Income	<u>\$ 772,482</u>	<u>\$ 552,784</u>	<u>\$ 114,957</u>	<u>\$ 824,292</u>

See accompanying notes to financial statements.

1ST CHOICE SAVINGS AND CREDIT UNION LTD

STATEMENT OF RETAINED EARNINGS

Six months ended April 30, 2010, with comparative figures for April 30, 2009

	2010	2009
	6 months (unaudited)	6 months (unaudited)
Retained earnings, beginning of period	\$ 13,043,562	\$ 11,188,750
Net Income	552,784	824,292
Retained earnings, end of period	\$ 13,596,346	\$ 12,013,042

See accompanying notes to financial statements.

1ST CHOICE SAVINGS AND CREDIT UNION LTD

STATEMENT OF CASH FLOW

Three months and six months ended April 30, 2010, with comparative figures for April 30, 2009

	2010		2009	
	3 months (unaudited)	6 months (unaudited)	3 months (unaudited)	6 months (unaudited)
Cash provided by (used in):				
OPERATIONS:				
Net Income	\$ 772,482	\$ 552,784	\$ 114,957	\$ 824,292
Items which do not involve cash:				
Provision for credit losses	33,503	44,095	2,241	2,241
Depreciation	171,440	358,040	149,013	292,278
Future Income Taxes (recovery)	-	-	(60,000)	(60,000)
Net changes in other items	163,706	1,520,544	(163,393)	(714,635)
	1,141,131	2,475,463	42,818	344,176
FINANCING:				
Loans payable	-	-	-	-
Net contribution by members	(79,133)	(140,936)	(65,102)	(160,642)
Proceeds on investment share issuance	108,000	838,557	-	-
Increase in deposits	(730,073)	2,786,344	1,544,039	12,990,948
	(701,206)	3,483,965	1,478,937	12,830,306
INVESTMENTS:				
Decrease (increase) in investments	1,517,547	15,628,798	2,231,368	232,369
Loans to members	(4,036,417)	(3,949,794)	(2,771,801)	(12,916,279)
Plant and equipment acquired	(24,337)	(95,995)	(81,093)	(148,713)
	(2,543,207)	11,583,009	(621,526)	(12,832,623)
Increase (decrease) in cash	(2,103,282)	17,542,437	900,229	341,859
Cash, beginning of period	30,736,213	11,090,494	8,574,719	9,133,089
Cash, end of period	\$ 28,632,931	\$ 28,632,931	\$ 9,474,948	\$ 9,474,948

See accompanying notes to financial statements.

1ST CHOICE SAVINGS AND CREDIT UNION LTD.

Notes to Financial Statements

Six Months ending April 30, 2010

The interim financial statements for 1st Choice Savings and Credit Union Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended October 31, 2009. The disclosures provided below are incremental to those included with the annual financial statements. The interim financial statements should be read in conjunction with the financial statements and the notes in the Company's annual report for the year ended October 31, 2009.

Note 1 Dividends occur annually at the discretion of the Board of Directors