Alliance
GRAIN TRADERS
Income Fund

Consolidated Financial Statements

December 31, 2008

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Alliance Grain Traders Income Fund have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that assets are safeguarded.

The board of trustees has reviewed and approved these consolidated financial statements.

These consolidated financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

[Signed] Murad Al-Katib
Murad Al-Katib
Chief Executive Officer

[Signed] Lori Ireland
Lori Ireland
Chief Financial Officer

AUDITORS' REPORT

To the Unitholders,

Alliance Grain Traders Income Fund

We have audited the consolidated balance sheets of **Alliance Grain Traders Income Fund** as at **December 31, 2008 and 2007** and the consolidated statements of earnings, comprehensive income, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at **December 31, 2008 and 2007** and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan | **[signed] Virtus Group LLP**

March 19, 2009 | **Chartered Accountants**

ALLIANCE GRAIN TRADERS INCOME FUND

Consolidated Balance Sheet

As at December 31, 2008 and 2007

		2008		2007
Assets				
Current				
Accounts receivable	$	69,868,704	$	25,654,720
Inventory		16,739,971		13,248,365
Prepaid expenses and deposits		1,325,549		314,065
		87,934,224		39,217,150
Loans receivable		-		162,033
Property, plant and equipment (Note 4)		48,383,867		24,653,572
Goodwill (Note 3)		12,062,499		10,038,495
	$	148,380,590	$	74,071,250
Liabilities				
Current				
Bank indebtedness (Note 5)	$	17,447,581	$	6,540,872
Accounts payable and accruals		32,284,765		21,890,474
Income taxes payable		8,928,612		1,182,722
Current portion of long term debt and capital leases (Note 6)		1,369,010		296,045
Distributions payable		1,098,069		597,326
		61,128,037		30,507,439
Long term debt and capital leases (Note 6)		14,903,029		6,891,593
Future income tax liability		3,853,404		1,327,511
Non-controlling interest (Note 7)		-		1,366,617
		79,884,470		40,093,160
Equity				
Unitholders' equity before other comprehensive income		68,039,227		33,978,090
Accumulated other comprehensive income		456,893		-
Total unitholders' equity (Note 7)		68,496,120		33,978,090
	$	148,380,590	$	74,071,250

Commitments (Note 13)
Contingencies (Note 15)

Approved by the Board of Trustees

[Signed] Murad Al-Katib
Trustee

[Signed] Denis Arsenault
Trustee

The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND

Consolidated Statement of Unitholders' Equity

For the year ended December 31, 2008 and 2007

	2008	2007
UNITHOLDERS' EQUITY (Note 7)		
Unitholders' equity, beginning of period	$ 33,978,090	$ 6,481,057
Net earnings before other comprehensive income	22,204,743	3,695,128
Units and unit equivalents issued	16,645,955	27,048,744
Units redeemed	(25,000)	(32,286)
Issue costs net of tax benefit	(843,481)	(845,591)
Transition adjustment from accounting policy change	-	(68,382)
Distributions paid to unitholders and exchangeable share holders	(2,823,011)	(1,703,254)
Distributions payable to unitholders and exchangeable share holders	(1,098,069)	(597,326)
Unitholders' equity, end of year	$ 68,039,227	$ 33,978,090
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Accumulated other comprehensive income - beginning of year	$ -	$ -
Other comprehensive income	456,893	-
Accumulated other comprehensive income - end of year	$ 456,893	$ -
TOTAL UNITHOLDERS' EQUITY	$ 68,496,120	$ 33,978,090

The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND

Consolidated Statement of Earnings

For the year ended December 31, 2008 and 2007

	2008	2007
Sales	$ 328,672,293	$ 79,136,612
Cost of sales	278,402,799	66,359,164
Gross margin	50,269,494	12,777,448
Operating expenses		
Amortization	1,035,858	441,808
Foreign exchange loss (gain)	(654,999)	243,406
Interest and bank charges	985,766	385,681
Interest on long term debt	530,360	174,879
Salaries, wages and benefits	10,591,218	4,306,244
Compensation option expense (Note 7)	327,132	-
General and administration	7,223,889	2,180,303
	20,039,223	7,732,321
Earnings before income taxes and non-controlling interest	30,230,271	5,045,127
Provision for (recovery of) income taxes (Note 12)		
Current	8,153,207	972,745
Future	(137,667)	(11,657)
	8,015,540	961,088
Earnings before non-controlling interest and extraordinary gain	22,214,731	4,084,039
Non-controlling interest (Note 7)	(571,414)	(388,911)
Extraordinary gain		
Gain on disposal of fixed assets (Note 4)	561,426	-
Net earnings before other comprehensive income	22,204,743	3,695,128
Other comprehensive income		
Foreign currency translation on self-sustaining foreign operations	456,893	-
Comprehensive income	$ 22,661,636	$ 3,695,128
Basic net earnings per unit and unit equivalent (Note 7)	3.10	1.07
Diluted net earnings per unit and unit equivalent (Note 7)	2.91	0.91
Basic weighted average number of units and equivalents outstanding	6,987,926	3,439,857
Diluted weighted average number of units and equivalents outstanding	7,429,091	4,049,905

The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND

Consolidated Statement of Cash Flows

For the year ended December 31, 2008 and 2007

	2008	2007
Cash from (used for) the following:		
Operating Activities		
Net earnings before other comprehensive income	$ 22,204,743	$ 3,695,128
Items not involving cash:		
- Amortization	1,035,858	441,808
- Amortization in cost of sales	989,665	263,268
- Recovery of future income taxes	(137,667)	(11,657)
Net working capital acquired in acquisition (Note 3)	922,077	-
Non-cash operating working capital (Note 10)	(27,966,311)	(7,307,579)
	(2,951,635)	(2,919,032)
Financing Activities		
Proceeds from bank indebtedness	10,906,708	7,290,661
Net proceeds from the issuance of units	14,727,478	13,193,381
Units redeemed	(25,000)	-
Proceeds from long term debt	8,009,949	4,720,149
Repayment of long term debt	(335,339)	(8,786,858)
	33,283,796	16,417,333
Investing Activites		
Bank indebtedness acquired in business combination	-	(5,615,903)
Purchase of property, plant and equipment	(26,704,825)	(6,012,052)
Distributions paid to unitholders and non-controlling interest	(3,627,336)	(1,870,346)
	(30,332,161)	(13,498,301)
Increase (decrease) in cash position	-	-
Cash position, beginning of period	-	-
Cash position, end of period	$ -	$ -
Supplemental cash flow information:		
Interest paid	$ 1,394,438	$ 560,561
Income taxes paid	$ 1,360,713	$ 48,291

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

Alliance Grain Traders Income Fund (formerly Agtech Income Fund) (the "Fund") is a limited purpose open-ended trust established on June 25, 2004. The Fund was originally created for the purpose of acquiring all of the voting securities of Agtech Processors Inc. ("Agtech"), which was completed on March 22, 2005. The Fund subsequently acquired Saskcan Pulse Trading Inc. ("Saskcan") on August 1, 2007 and amalgamated it with Agtech to form Alliance Pulse Processors Inc. ("Alliance"). The Fund, through its operating company Alliance, is engaged in the business of sourcing and processing (cleaning, splitting, sorting and bagging) specialty crops, primarily for export markets. The Fund's companies in Canada, US and Australia handle the full range of pulses and specialty crops including lentils, peas, chickpeas, beans and canary seed. The units of the Fund are listed for trading on Tier 2 of the TSX Venture Exchange under the symbol "AGT.UN".

2. Accounting policies

Basis of presentation

The accompanying consolidated balance sheet as at December 31, 2008 and 2007, and the consolidated statements of earnings, unitholders' equity and cash flows for the years ended December 31, 2008 and 2007 have been prepared by management of the Fund in accordance with Canadian generally accepted accounting principles.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of property, plant and equipment. The fair value of net assets acquired in business combinations are determined based on available market information and analysis that is subjective in nature.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is provided using the straight-line method at annual rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings and site improvements	Straight-line	20 to 39 years
Storage bins	Straight-line	25 to 39 years
Automotive	Straight-line	5 years
Equipment	Straight-line	5 to 20 years

Goodwill

Goodwill is not subject to amortization. Goodwill is tested for impairment at least annually by comparing the fair value of its reporting unit to its carrying value. The carrying value of goodwill is written down to fair value if the carrying value of the reporting unit's goodwill exceeds its fair value. Any impairment write down is charged to income during the period of impairment.

Income taxes

The Fund is a mutual fund trust for income tax purposes and therefore is not subject to tax on income distributed to unitholders. Taxes payable on income distributed to unitholders is the responsibility of individual unitholders.

The Fund's subsidiaries follow the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are either settled or realized.

Exchangeable securities issued by subsidiaries of the Fund

Exchangeable securities are recorded in unitholders' equity as unit equivalents when the holders of the exchangeable shares are entitled to receive distributions of earnings economically equivalent to unitholders, and when disposition of exchangeable shares can only occur by exchange for units of the Fund.

2. Accounting policies (continued)

Revenue recognition

Revenue is recognized when the customer has substantially taken title and substantially assumed the risks and rewards of ownership of the products specified in the purchase order or sales agreement. Typically this occurs when product is delivered to the customer's delivery site (if the terms of the sale are "FOB destination") or when a product is shipped to the customer (if the terms are "FOB shipping point"). The sale price is fixed in a purchase order before shipment. Product cannot be returned. In cases where the terms of sale are "FOB destination" at a destination outside of Canada or the United States, payment is typically required in advance, or a deposit, letter of credit or receivable insurance is required. Payments in advance and deposits are accounted for as deposits rather than revenue. Letters of credit are not recorded until drawn upon. These revenue recognition policies are followed whether the sale is under a long-term contract or a spot contract.

Derivative financial instruments

The Fund enters into forward foreign exchange contracts to minimize its operating exposures to fluctuations in foreign exchange rates. These contracts are recorded on the balance sheet and adjusted to fair value at each reporting date. Any resulting gains or losses are included in the statement of earnings.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Fund are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency or credit risk. The Fund has classified bank indebtedness, accounts receivable, accounts payable and accruals, and distributions payable as held for trading, loans receivable as loans and receivables, and long-term debt as other liabilities.

Per unit amounts

Net income per unit is based on the consolidated net income for the period divided by the weighted average number of units outstanding during the period. Diluted income per unit is computed in accordance with the treasury stock method and based on the weighted average number of units and dilutive unit equivalents.

Basis of consolidation

The consolidated financial statements include the operations of the Fund's 100% owned subsidiaries Alliance Pulse Processors Inc., United Pulse Trading Inc., Australian Milling Group Pty Ltd., Pulse Depot Rosetown Inc. and Saskcan Horizon Trading Inc. On September 30, 2008, the Fund purchased the 45% non controlling interest of Saskcan Horizon Trading Inc., as a result 100% of the operations are consolidated in the Fund's operations effective October 1, 2008.

Foreign exchange - self-sustaining foreign operations

The Fund's foreign operations, which are self-sustaining, are translated using the current rate method. Under this method, all assets and liabilities are translated at year-end exchange rates with income statement items translated at average exchange rates for the year. Translation adjustments arising from changes in exchange rates form part of the change in the accumulated other comprehensive income component of shareholders' equity. These adjustments are not included in operating income until realized through a reduction in the company's net investment.

Accounting policy developments

Effective January 1, 2008, the Fund adopted the following new Canadian Institute of Chartered Accountants (CICA) accounting standards:

Inventory

The Fund adopted Section 3031 Inventories, which replaced Section 3030 Inventories, and establishes standards on the definition of 'cost' to include all costs of the purchase as well as transportation costs incurred in bringing the inventories to their present location and condition. As a result, companies are required to systematically allocate variable and fixed input costs that are incurred in converting raw product into finished goods. The allocation of fixed production overheads is based on normal production capacity of the production facilities. In addition, the standard requires companies to assess the recoverability of inventory costs in comparison to net realizable value. Declines in replacement cost below carrying values for raw materials inventories do not require write-downs if the finished goods in which they will be utilized are expected to be sold at or above cost. The standard requires disclosing, in the current period, the amount recognized as an expense and the amount recognized as a reversal of previous write-downs. No adjustment to opening retained earnings results from the adoption of this standard.

Capital management

The Fund adopted the accounting standards for capital disclosures (CICA Handbook Section 1535) in accordance with the transition provisions of the section. This section requires disclosure of information related to the objectives, policies and processes for managing capital, and particularly whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there is no impact on the Fund's operating results, however quantitative data regarding those items considered capital is required.

2. Accounting policies (continued)

Financial instruments

The Fund adopted the accounting recommendations for financial instruments - disclosures (CICA Handbook Section 3862) and financial instruments - presentation (CICA Handbook Section 3863) in accordance with the transition provisions of the sections. These sections replace the existing disclosure and presentation recommendations contained in financial instruments - disclosure and presentation (CICA Handbook Section 3861). The new disclosure standards increase the disclosures related to financial instruments, and the nature, extent and management of the Fund's risks arising from financial instruments. The presentation standards carry forward unchanged the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Fund's operating results.

Recent pronouncements

The CICA has issued the following Handbook sections, which apply commencing with the Fund's 2009 fiscal year:

Goodwill, intangible assets and financial statement concepts

In February 2008, the CICA issued Section 3064 Goodwill and Intangible Assets, replacing Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. The new Section establishes standards on the recognition, measurement, presentation and disclosure for goodwill and intangible assets subsequent to their initial recognition. The standard requires retroactive application to prior period financial statements. While the Fund is currently assessing the impact of this new standard on its consolidated financial statements, management does not expect the standard to have a significant impact on the Fund's consolidated financial results.

International financial reporting standards

The Canadian Accounting Standards Board recently confirmed January 1, 2011 as the date International Financial Reporting Standards (IFRS) will replace Canadian standards and interpretations as Canadian Generally Accepted Accounting Principles for publicly accountable enterprises. The new Standards are effective for annual financial statements with fiscal years beginning January 1, 2011. The Fund is currently assessing the impact to its financial statements.

3. Purchase price allocation:

The consolidated financial statements reflect the amalgamation with Saskcan Pulse Trading Inc. for 2007 and the acquisition of Pulse Depot Rosetown Inc. for 2008 using the purchase method with the purchase price being allocated to the fair value of the assets and liabilities as follows:

Purchase price comprised of:	**31-Dec-08 Pulse Depot**	**31-Dec-07 Saskcan**
Cash	$ 7,208,569	$ 12,953,081
Issuance of New Alliance units and exchangeable shares	715,000	9,200,000
Total purchase price	7,923,569	22,153,081
Allocation of purchase price:		
Cash	242,146	-
Accounts receivable	291,681	16,282,873
Inventory	413,674	3,153,238
Prepaid expenses	45,787	258,050
Property, plant and equipment	8,500,000	18,551,017
Identifiable tangible assets	9,493,288	38,245,178
Accounts payable and accruals	(71,211)	(17,227,756)
Long term debt	(1,498,508)	-
Future income tax liability	(2,024,004)	(1,204,152)
Goodwill	2,024,004	2,339,811
	$ 7,923,569	$ 22,153,081

4. Property, plant and equipment

		Cost		Accumulated amortization		Dec 31, 2008 Net book Value
Land	$	5,104,829	$	-	$	5,104,829
Buildings and site Improvements		21,759,849		1,090,684		20,669,165
Automotive		1,503,286		467,282		1,036,004
Equipment		25,234,353		3,660,486		21,573,868
	$	53,602,317	$	5,218,452	$	48,383,867

		Cost		Accumulated amortization		Dec 31, 2007 Net book Value
Land	$	2,047,812	$	-	$	2,047,812
Buildings and site improvements		7,841,635		631,811		7,209,824
Automotive		955,503		227,459		728,044
Equipment		16,747,036		2,079,144		14,667,892
	$	27,591,986	$	2,938,415	$	24,653,572

The December 8, 2007 fire at the Williston North Dakota facility (operating under the name United Pulse Trading Inc) resulted in total loss and subsequent replacement of certain equipment. Proper insurance was in place to cover any repairs and replacement as well as business interruption. The additional value associated with the replaced equipment resulted in an extraordinary gain in the amount of $561,426. This gain was recognized during the year when the final insurance settlement was completed. Regular plant operations resumed in February of 2008.

5. Bank indebtedness

At December 31, 2008, the Fund had a line of credit available totaling $50,000,000. The line bears interest at the rate of prime plus 0.25%. Collateral consists of a general security agreement on all the assets of the Fund's subsidiaries.

		Dec 31, 2008 Balance		Dec 31, 2007 Balance
6. Long term debt and capital leases				
Long term debt				
Advancer loan payable bearing interest at the rate of prime plus 1%, no fixed repayment terms.	$	7,000,000	$	4,500,000
Loan payable, due December 11, 2023, blended payments of principal plus interest at the rate of prime plus 1% per month		3,892,821		-
United Pulse Trading Inc. loan payable, various due dates and interest rate buy downs provided by the State of North Dakota, secured by property, plant and equipment of United Pulse Trading Inc.		3,154,777		1,920,815
Pulse Depot Rosetown Inc. loan payable, due October 15, 2009, payments of $12,500 per month plus interest at the rate of Canadian Bankers Acceptance rate plus 2.5%		676,391		-
Saskcan Horizon Trading Inc. loan payable, due November 6, 2013, payments of $8,670 per month, principal and interest, at the rate of prime plus 1.5%, secured by property, plant and equipment of Saskcan Horizon Trading Inc.		398,106		473,740
Pulse Depot Rosetown Inc. loan payable, due October 15, 2012, payments of $6,900 per month plus interest at the rate of Canadian Bankers Acceptance rate plus 3.75%		733,400		-
United Pulse Trading Inc. vehicle debt payable, due May 2011, payments of $858.28 per month, including interest of .9%, secured by vehicle.		32,005		-
Capital leases				
Capital lease payable in monthly installments of $3,859, including interest at 9.5%, secured by sale leaseback asset, due October 2011.		120,490		160,400
Capital lease payable in monthly installments of $1,929, including interest at 9.1%, secured by sale leaseback asset, due January 2012.		82,377		-
Capital lease payable in monthly installments of $1,819, including interest at 11.1%, secured by sale leaseback asset, due February 2011.		67,446		-
Capital lease payable in monthly installments of $1,899, including interest at 8.5%, secured by sale leaseback asset, due June 2009.		58,488		73,923
Capital lease payable in monthly installments of $1,052, including interest at 9.536%, secured by sale leaseback asset, due July 2012.		46,152		46,018
Capital lease payable in monthly installments of $422, including interest at 7.1%, secured by sale leaseback asset, lump sum payment due October 2008 .		-		12,742
Capital lease payable in monthly installments of $119 including interest at 14.5%, secured by sale leaseback asset, due July 2012		5,233		-
Capital lease payable in monthly installments of $97 including interest at 9.5%, secured by sale leaseback asset, due July 2012.		4,353		-
		16,272,039		7,187,638
Total current portion		1,369,010		296,045
	$	14,903,029	$	6,891,593

The estimated principal repayments for long term debt and future minimum payments for capital leases in each of the next five years are as follows:

		Long term debt		Capital Leases		Total
2009	$	1,260,762	$	118,475	$	1,379,237
2010		605,295		107,081		712,375
2011		610,464		59,954		670,417
2012		517,818		9,215		527,032
2013		785,517		-		785,517
		3,779,855		294,724		4,074,579
Less: interest portion		-		(89,815)		(89,815)
	$	3,779,855	$	204,909	$	3,984,764

7. Unitholders' equity

The Fund is authorized to issue an unlimited number of Units. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the fund, whether of net income, net realized capital gains or other amounts and in the net assets of the Fund in the event of termination or winding up of the Fund. Each Unit entitles the holder thereof to one vote at all meetings of voting Unitholders.

Unitholders' capital is comprised of the following:

	December 31, 2008		December 31, 2007	
	Units and Unit Equivalents	Total Unitholders' Capital	Units and Unit Equivalents	Total Unitholders' Capital
Balance, beginning of the year	6,335,804	$ 33,978,090	1,333,332	$ 6,481,057
Units and unit equivalents issued	1,651,544	16,645,955	5,007,472	27,048,744
Units redeemed	(2,021)	(25,000)	(5,000)	(32,286)
Issue costs net of tax benefit	-	(843,481)	-	(845,591)
Net earnings for the year	-	22,661,636	-	3,695,128
Transition adjustment for accounting policy change	-	-	-	(68,382)
Distributions paid and payable to unitholders	-	(3,921,080)	-	(2,300,580)
Balance, end of the period	7,985,327	$ 68,496,120	6,335,804	$ 33,978,090

Non-controlling interest in earnings and purchase of non-controlling interest

On September 30, 2008, the Fund signed an agreement to purchase the 45% non-controlling interest of Saskcan Horizon Trading Inc. that it did not own. The purchase consideration of $1,400,000 consisted of cash in the amount of $1,040,004 and 27,047 units of the Fund. The units were issued on October 9, 2008 and were valued at $359,996. In addition, there was a special provision in the agreement that allowed the forgiveness of the indebtedness owing to the Company by the shareholders, in the amount of $186,824. Non-controlling interest in earnings attributable to the non-owned share of Saskcan Horizon Inc. is $571,414 (2006 - $388,911) and represents the earnings of Saskcan Horizon Trading Inc. to September 30, 2008 attributable to the minority shareholders.

Changes in unitholders equity and non-controlling interest

On September 29, 2008, 55,556 units were issued in exchange for performance options. These options were issued in conjunction with the earn up agreement that was issued on August 1, 2007, whereby the shareholders of Saskcan were entitled to earn up to an additional 555,556 Units of the Fund if the North Dakota processing plant acquired by Saskcan on July 17, 2007 achieved certain performance targets (based on a deemed issue price of $5.40).

On September 19, 2008 the Fund received a notice of redemption for a total of 59,500 units. Pursuant to the Declaration of Trust, the redemption price is the lesser of 90% of the volume-weighted average closing price for the 10 trading days following the date the redemption notice was given and 100% of the closing market price on the date the redemption notice was given. Pursuant to the Articles of Trust of the Fund, the maximum redemption payment that may be made is $25,000 per quarter. The payment of the redemption is required on or before October 31, 2008 and the unitholder must reissue a request for redemption during the redemption period each quarter. The pro-rata redemption amount is 2,021 units and the units were redeemed on October 20, 2008.

On August 1, 2008, 55,000 units were issued at a deemed price of $13.00 per unit. The units were issued as part of the acquisition cost of Pulse Depot Rosetown Inc., which was acquired by the Company effective August 1, 2008.

On July 16, 2008 the Fund completed a private placement of 970,000 units at a price of $15.50 per unit for gross proceeds of $15,035,000. The net proceeds of the private placement were used to finance acquisitions as well as to finance capital improvements to existing facilities.

On June 16, 2008 5,000 compensation options valued at $27,000 were exchanged for 5,000 units of the Fund.

On May 7, 2008 20,000 compensation options valued at $108,000 were exchanged for 20,000 units of the Fund.

On May 1, 2008, 333,336 of the Exchangeable Shares of Alliance were exchanged for 333,336 units of the Fund at a price of $10.619 per unit. The units were paid for by the issuance by Alliance to the Fund of a promissory note having a principal amount of $3,539,695, bearing interest at 10.5% per annum, calculated and payable quarterly, and maturing on March 22, 2020, subject to an extension for ten additional years in certain circumstances.

7. Unitholders' equity (continued)

On April 21, 2008 the Fund issued options to acquire 595,000 units of the Fund, each exercisable for one unit of the Fund at a price of $9.00 per unit until April 21, 2013. The fair value of unit options, estimated at the date of grant using the Black-Scholes option pricing model with the assumptions below, of $844,262 resulted in a charge of $327,132 to current year income.

Risk free interest rate	3%
Expected dividend yield	10%
Expected volatility	25%
Expected time until exercise	5 years

The options were issued to certain key managers and to the Trustees of the Fund and vest in the hands of the holder as follows:

33,333 units	April 21, 2009
33,333 units	April 21, 2010
173,334 units	April 21, 2011
140,000 units	April 21, 2012
140,000 units	January 21, 2013

The Black-Scholes options valuation model used by the Fund to determine fair values was developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions. In addition, this model requires the input of highly subjective assumptions, including future unit price volatility and expected time until exercise. The Fund's outstanding unit options have characteristics which are significantly different from those of traded options and changes in any of the assumptions may have a material effect on the estimated value.

On March 6, 2008 3,555 compensation options valued at $19,197 were exchanged for 3,555 units of the Fund.

On February 27, 2008 5,000 compensation options valued at $27,000 were exchanged for 5,000 units of the Fund.

On February 20, 2008 333 compensation options valued at $1,798.20 were exchanged for 333 units of the Fund.

On January 11, 2008 10,053 compensation options valued at $54,286.20 were exchanged for 10,053 units of the Fund.

On December 31, 2007 44,500 compensation options valued at $240,300 were exchanged for 44,500 units of the Fund.

On October 5, 2007, 2,600 units of the Fund were redeemed for $21,918

On August 1, 2007, the Fund acquired all of the issued and outstanding voting shares of Saskcan Pulse Trading Inc. ("Saskcan"). The consideration for the acquisition consisted of $9,200,000, which was paid by the issuance of Units of the Fund or unit equivalents at a deemed issue price of $5.40 per unit or unit equivalent. 170,370 units (to be increased to up to 225,926 if certain performance targets are achieved) were issued directly by the Fund to the shareholders of Saskcan. 1,533,334 Exchangeable Shares of Alliance (to be increased to up to 2,033,334 if certain performance targets are achieved) were also issued to the shareholders Saskcan. Each Exchangeable Share entitles its holder to acquire one Unit of the Fund through a put-call arrangement. In addition, the shareholders of Saskcan will be entitled to earn up to an additional 555,556 Units of the Fund if the North Dakota processing plant acquired by Saskcan on July 17, 2007 achieves certain performance targets (based on a deemed issue price of $5.40). All performance targets have now been acheived, so the relevant additional units and exchangeable shares have now been issued.

In connection with the acquisition of Saskcan, on August 2, 2007 the Fund also completed a private placement of 2,592,592, Units at a price of $5.40 per unit for gross proceeds of $14,000,000. The net proceeds of the private placement were used to repay the existing debts of Saskcan after the acquisition and to pay for Saskcan's acquisition of a North Dakota processing plant. As consideration for services rendered in connection with the private placement, the Fund issued to the syndicate of its agents for the offering, led by Standard Securities Capital Corporation, compensation options to acquire 163,664 units of the Fund, each exercisable for one unit of the Fund at a price of $5.40 per share until August 2, 2009. The fair value of unit options, estimated at the date of grant using the Black-Scholes option pricing model with the assumptions above did not exceed the issue price. Therefore, no cost has been recorded related to these options.

On August 2, 2007, the Fund loaned to Alliance the sum of $14,000,000 pursuant to a promissory note for that amount, bearing interest at 10% per annum, calculated and payable quarterly, and maturing on March 22, 2020, subject to an extension for ten additional years in certain circumstances. Like the promissory notes previously issued by Agtech to the Fund, this promissory note is secured by a general security interest in all of the property and undertaking of Alliance, and is subordinate, in right of payment and in security, to Alliance's credit facility with Credit Union Central of Saskatchewan.

On July 1, 2007, 266,666 of the Exchangeable Shares were exchanged for 266,666 units of the Fund at a price of $5.50 per unit. The units were paid for by the issuance of Agtech Processors Inc. to the Fund a promissory note having a principal amount of $1,466,663.00, bearing interest at 10% per annum, calculated and payable quarterly, and maturing on March 22, 2020, subject to an extension for ten years in certain circumstances. The effective date of the exchange was June 29, 2007.

On July 1, 2007, 66,666 of the Exchangeable Shares were exchanged for 66,666 units of the Fund at a price of $4.90 per unit. The units were paid for by the issuance of Agtech Processors Inc. to the Fund a promissory note having a principal amount of $326,663.40, bearing interest at 10% per annum, calculated and payable quarterly, and maturing on March 22, 2020, subject to an extension for ten additional years in certain circumstances. The effective date of the exchange was June 8, 2007.

On April 24, 2007 2,400 units of the Fund were redeemed for $10,368.

8. Financial instruments and risk management

Fair values:

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair values amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The Fund, as part of its operations, carries a number of financial instruments that include bank indebtedness, accounts receivable, loans receivable, accounts payable and accruals, distributions payable, and long-term debt. The fair value of bank indebtedness, accounts receivable, accounts payable and accruals, and distributions payable are not significantly different than their carrying value given their short-term maturities. The fair value of loans receivable and long-term debt are not significantly different than their carrying value based on the terms of the agreements.

Business risk:

As a result of the nature of the Funds operations, it may be exposed to various forms of risk. Those forms of risk include commodity risk, credit risk, liquidity risk and foreign currency risk.

Commodity risk:

Commodity risk is the risk of financial loss resulting from changes in commodity prices. Commodity risk is inherent in the nature of the business as the Fund enters into commitments that involve a degree of speculative risk. Management Information systems report a daily commodity position by commodity type, grade and location allowing management to ensure that position limits are not exceeded in any given product line. Commodity risk is further mitigated by central control of allowable commodity position levels according to established guidelines of the Fund's risk management policies. Any deviations from this guideline require the agreement of the Fund's President and CEO and VP of Operations and Marketing. Management further conducts regular reviews of commodity position limits to ensure compliance. In addition, the Fund does not hold stock in the normal course of business as it operates with frequent inventory turns and a just-in-time inventory management system , thereby minimizing the risk of value fluctuation on stock held.

Credit risk:

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet obligations to be similarly affected by changes in economic or other conditions. The Fund minimizes this risk by having a diverse customer base and established credit policies, including the use of accounts receivable insurance provided by Export Development Canada. In addition, approximately 95% of transactions are concluded with letters of credit or cash against documents payment terms whereby the Funds operating companies maintain documentary control and legal title to the goods until payment is received.

The credit risk of the Fund relates to accounts receivable and loans receivable.

The carrying amount of financial assets represents the maximum credit exposure as follows:

	Dec 31, 2008	Dec 31, 2007
Accounts receivable	$ 69,868,704	$ 25,654,720
Loans receivable	-	162,033
	$ 69,868,704	$ 25,816,753

The aging of customer receivables, which indicates potential impairment losses, is as follows:

	Dec 31, 2008	Dec 31, 2007
Current	$ 9,199,552	$ 7,653,576
0 - 30 days overdue	19,627,338	9,798,454
31 - 60 days overdue	23,908,803	6,859,063
Greater than 60 days overdue	17,133,011	1,343,627
	$ 69,868,704	$ 25,654,720

Provisions for credit losses are regularly reviewed based on an analysis of the aging of customer accounts. Amounts are written off if the accounts are deemed uncollectible. Details of the allowance account are as follows:

	Dec 31, 2008	Dec 31, 2007
Allowance for doubtful accounts - beginning	$ -	$ -
Written off	-	-
Recoveries	-	-
Provision for losses	11,406	-
Allowance for doubtful accounts - ending	-	-
	$ 11,406	$ -

8. Financial instruments and risk management (continued)

Foreign currency risk:

The Fund enters into sales denominated in US currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. The Fund has entered into certain foreign exchange contracts with maturities of less than one year, to manage risks associated with entering into new sales contracts denominated in US dollars.

Interest rate risk:

Interest risk arises from debt financing including the risk that the Fund will not be able to refinance its debt with terms as favorable as those of existing facilities. The risk is minimized by Fund's improved financial performance since the acquisition of the debt. With the exception of forward foreign currency contracts the Fund does not trade financial instruments. The Fund's financial management program also includes quarterly analysis of fixed vs floating interest rate hedging mechanisms to ensure that the Fund is achieving favorable interest rates.

Liquidity risk:

Liquidity risk results from the requirement of the Fund to make cash payments against certain indebtedness over the course of upcoming years. The following are the contractual maturities of financial liabilities, including interest payments:

December 31, 2008

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	$ 17,447,581	$ 17,447,581	$ 17,447,581	$ -	$ -	$ -
Accounts payable	32,284,765	32,284,765	32,284,765	-	-	-
Long-term debt	16,272,039	18,551,156	1,563,904	1,571,499	4,169,785	11,245,967
Distributions payable	1,098,069	17,972,225	4,312,077	4,366,183	4,646,983	4,646,983
	$ 67,102,454	$ 86,255,728	$ 55,608,327	$ 5,937,682	$ 8,816,768	$ 15,892,950

December 31, 2007

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	$ 6,540,872	$ 6,540,872	$ 6,540,872	$ -	$ -	$ -
Accounts payable	21,890,474	21,890,474	21,890,474	-	-	-
Long-term debt	7,187,638	9,352,332	717,015	719,211	1,890,757	6,025,349
Distributions payable	597,326	17,933,212	4,273,063	4,366,183	4,646,983	4,646,983
	$ 36,216,310	$ 55,716,890	$ 33,421,424	$ 5,085,394	$ 6,537,740	$ 10,672,332

Future operational cash flows and sufficient assets are on hand to fund these obligations. In addition the Fund practices an accounts receivable management program that tracks cargo and documentation flows to ensure the timely receipt of payment from customers. The Funds diversified customer base ensures that concentration risks are minimized and that inflows are more predictable. The cash flow management activities and the continued profitability of the Funds operations allow for substantial mitigation of liquidity risk.

9. Capital management

The Fund manages its capital to ensure that financial flexibility is present to increase unitholder value through a combination of acquisitions and organic growth. This allows the Fund to respond to changes in economic and/or marketplace conditions. The Fund also strives to maintain an optimal capital structure to reduce the overall cost of capital. In the management of capital, the Fund includes bank indebtedness, long-term debt and unitholders equity. It may be difficult to accurately predict market requirements for attracting capital. There were no changes in the Fund's approach to capital management during the year. The Fund has externally imposed capital requirements as governed through its lenders. As of December 31, 2008 the Fund must have a working capital ratio of at least 1.25:1. Working capital is defined as current assets over current liabilities. As at December 31, 2008 this ratio is at 1.44:1. In addition, the Fund must maintain a minimum unitholders equity balance of $30,000,000 and tangible net worth of $20,000,000. As at December 31, 2008 unitholders equity is $68,496,120 and tangible net worth is $56,433,621. The Fund must also maintain a debt service coverage ratio of not less than 1.25:1. Debt service ratio is defined as earnings before interest, taxes, depreciation and amortization divided by senior lenders principal and interest payments and line of credit fees for all facilities. As at December 31, 2008 this ratio was 2.24:1. The Fund must also maintain a debt to equity ratio of less than 2.0:1. As at December 31, 2008 this ratio was 1.17:1. The Fund is in compliance with all covenants as at December 31, 2008.

10. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	2008	2007
(Increase) decrease in current assets:		
Accounts receivable	$ (44,051,951)	$ (6,911,226)
Inventory	(3,491,606)	(9,318,754)
Prepaid expenses and deposits	(1,011,484)	3,876
	(48,555,041)	(16,226,104)
Increase (decrease) in current liabilities:		
Accounts payable and accruals	12,842,841	7,784,094
Income taxes payable	7,745,890	1,134,431
	20,588,730	8,918,525
	$ (27,966,311)	$ (7,307,579)

11. Related party transactions

The Fund had the following transactions with related parties:

	2008	2007
Corporations whose shareholders are also Fund unitholders		
Sales of grain to corporations whose shareholders are also Fund unitholders	$ 52,059,248	$ 332,225
Accounts receivable from corporations whose shareholders are also Fund unitholders	24,645,061	1,545,240

These transactions are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Income taxes

	2008	2007
Statutory income tax rate	29.5%	32.12%
Earnings before income taxes	$ 30,220,283	$ 5,045,127
Earnings subject to tax in the hands of	(3,921,080)	(2,300,580)
Other costs of the Fund	(313,173)	(100,210)
Net earnings of subsidiaries	25,986,030	2,644,337
Income taxes at statutory rate	7,665,879	849,361
Change as result:		
Effective tax rate of subsidiaries and other	349,661	111,727
	8,015,540	961,088
Current	8,153,207	972,745
Future	(137,667)	(11,657)
	$ 8,015,540	$ 961,088

13. Commitments

The Fund enters into production contracts with producers. The contracts provide for delivery of specific quantities and include specific prices based on the grade that is delivered. The terms of the production contracts are not longer than one year.

The Fund has in place a letter of credit in favor of the Canadian Grain Commission in the amount of $17,500,000. The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires October 31, 2009.

14. Segmented information

The subsidiaries and divisions of the Fund are in the business of sourcing and processing specialty crops, specializing in the lentil and pea markets for domestic and export markets, and operating in one business segment. Geographic information about the Fund's revenues is based on the product shipment destination.

Segmented sales:

Sales were derived from customers located in the following geographic areas:

	2008	2007
Americas / Caribbean	$ 60,076,049	$ 28,254,042
Asia / Pacific Rim	63,652,601	25,808,208
Europe / Middle East / North Africa	204,943,642	25,074,362
Total	$ 328,672,293	$ 79,136,612

Segmented assets:

Fixed assets by geographic areas are as follows:

	2008	2007
Americas / Caribbean	$ 43,350,221	$ 22,291,611
Pacific Rim	5,033,646	2,361,961
Total	$ 48,383,867	$ 24,653,572

15. Contingencies

In the normal course of operations, the Fund may become involved in various legal matters, both claims by and against the Fund. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the information provided by its legal counsel, final determination of these litigations are not determinable and an estimate of the contingency cannot be made at this time.

16. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation in the current period.