



Alliance

GRAIN TRADERS

Income Fund

Q2

**Interim Financial Statements
(unaudited)**

June 30, 2008

ALLIANCE GRAIN TRADERS INCOME FUND

(formerly Agtech Income Fund)

Interim Consolidated Balance Sheets

As at June 30, 2008

	June 30, 2008 (unaudited)	Dec 31, 2007 (audited)
Assets		
Current		
Accounts receivable	\$ 45,019,069	\$ 25,654,720
Inventory	16,697,767	13,248,365
Prepaid expenses and deposits	1,143,808	314,065
	62,860,644	39,217,150
Loans receivable (Note 8)	116,242	162,033
Property, plant and equipment (Note 3)	26,841,766	24,653,572
Goodwill	10,038,495	10,038,495
	\$ 99,857,145	\$ 74,071,250
Liabilities		
Current		
Bank indebtedness (Note 4)	\$ 20,482,852	\$ 6,540,872
Accounts payable and accruals	26,211,307	21,890,474
Income taxes payable	2,313,153	1,182,722
Current portion of long term debt and capital leases (Note 5)	360,384	296,045
Distributions payable	-	597,326
	49,367,695	30,507,439
Long term		
Long term debt and capital leases (Note 5)	7,843,824	6,891,593
Future income tax liability	1,188,919	1,327,511
Non-controlling interest (Note 6)	1,584,800	1,366,617
	59,985,238	40,093,160
Unitholders' equity (Note 6)	39,871,908	33,978,090
	\$ 99,857,145	\$ 74,071,250

Commitments (Note 11)

Contingencies (Note 13)

Subsequent events (Note 14)

Approved by the Board of Trustees

"Murad Al-Katib"

Trustee

"Denis Arsenault"

Trustee

The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND**(formerly Agtech Income Fund)****Consolidated Statement of Unitholders' Equity (Unaudited)***For the periods ended June 30*

	3 Months Ended June 30		6 Months Ended June 30	
	2008	2007	2008	2007
UNITHOLDERS' EQUITY				
Unitholders' equity, beginning of period	\$ 35,357,652	\$ 6,511,160	33,978,090	6,481,057
Net income before comprehensive income	5,264,547	334,294	7,425,015	531,489
Units and unit equivalents issued	135,000	-	237,282	-
Units redeemed	-	(10,368)	-	(10,368)
Distributions paid to unitholders and exchangeable share holders	(672,517)	(167,092)	(1,555,764)	(334,184)
Distributions payable to unitholders and exchangeable share holders	(212,774)	-	(212,715)	-
Unitholders' equity, end of year	\$ 39,871,908	\$ 6,667,994	\$ 39,871,908	\$ 6,667,994
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Accumulated other comprehensive income - beginning of year	\$ -	\$ -	\$ -	\$ -
Other comprehensive income	-	-	-	-
Accumulated other comprehensive income - end of year	\$ -	\$ -	\$ -	\$ -
TOTAL UNITHOLDERS' EQUITY	\$ 39,871,908	\$ 6,667,994	\$ 39,871,908	\$ 6,667,994

The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND

(formerly Agtech Income Fund)

Interim Consolidated Statement of Income (unaudited)

For the periods ended June 30

	3 Months Ended June 30		6 Months Ended June 30	
	2008	2007	2008	2007
Sales	\$ 72,314,047	\$ 3,091,220	\$ 119,932,234	\$ 6,698,846
Cost of sales	60,266,876	2,313,895	101,017,626	5,302,943
Gross margin	12,047,171	777,325	18,914,609	1,395,903
Operating expenses				
Amortization	436,830	36,865	855,683	73,730
Interest and bank charges	229,434	27,202	438,017	46,597
Interest on long term debt	103,336	-	214,672	-
Salaries, wages and benefits	2,326,522	229,624	4,430,603	487,508
Compensation option expense (Note 6)	117,942	-	117,942	-
General and administration	1,686,960	149,340	2,804,742	256,579
	4,901,024	443,031	8,861,659	864,414
Income before income taxes and non-controlling interest	7,146,147	334,294	10,052,949	531,489
Provision for (recovery of) income taxes (Note 10)				
Current	1,635,292	-	2,313,154	-
Future	(20,854)	-	(53,365)	-
	1,614,438	-	2,259,788	-
Income before non-controlling interest	5,531,709	334,294	7,793,161	531,489
Non-controlling interest	(267,163)	-	(368,146)	-
Net income before other comprehensive income	5,264,547	334,294	7,425,015	531,489
Other comprehensive income	-	-	-	-
Comprehensive income	5,264,547	334,294	7,425,015	531,489
Basic net earnings per unit and unit equivalent (Note 6)	0.83	0.25	1.17	0.40
Diluted net earnings per unit and unit equivalent (Note 6)	0.73	0.25	1.03	0.40
Basic weighted average number of units outstanding	6,367,657	1,354,249	6,357,722	1,343,848
Diluted weighted average number of units outstanding	7,218,265	1,354,249	7,208,330	1,343,848

The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)

Interim Consolidated Statement of Cash Flows (unaudited)

For the periods ended June 30

	3 Months Ended June 30		6 Months Ended June 30	
	2008	2007	2008	2007
Cash from (used for) the following:				
Operating Activities				
Net income	\$ 5,264,547	\$ 334,294	\$ 7,425,015	\$ 531,489
Items not involving cash:		-		
- Amortization	436,830	36,865	855,683	73,730
- Provision for (recovery of) future income taxes	(20,854)	-	(53,365)	-
Non-cash operating working capital (Note 9)	(3,983,625)	(103,949)	(18,823,522)	(356,525)
	1,696,898	267,210	(10,596,189)	248,694
Financing Activities				
Proceeds from (repayment of) bank indebtedness	(476,719)	73,512	13,941,980	306,665
Proceeds from the issuance of units	135,000	-	237,281	
Units redeemed		(10,368)		(10,368)
Shareholders loan		(162,269)		(188,515)
Proceeds from long term debt	3,084,448	-	3,152,327	-
Repayment of long term debt	(2,067,879)	-	(2,135,758)	
	674,849	(99,125)	15,195,830	107,782
Investing Activities				
Purchase of property, plant and equipment	(1,699,230)	(993)	(3,043,877)	(22,292)
Distributions paid to unitholders and non-controlling interest	(672,517)	(167,092)	(1,555,764)	(334,184)
	(2,371,747)	(168,085)	(4,599,641)	(356,476)
Increase (decrease) in cash position	-	-	-	-
Cash position, beginning of period	-	-	-	-
Cash position, end of period	-	-	-	-

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the periods ended June 30

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 created for the purpose of acquiring all of the voting securities of Agtech Processors Inc. ("Agtech"), which transaction 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 unaudited consolidated balance sheet as at June 30, 2008 the audited consolidated balance sheet as of December 31, 2007, and the consolidated statements of earnings, unitholders' equity, accumulated other comprehensive income, cash flows for the periods ended June 30, 2008 and 2007 have been prepared by management of the Fund in accordance with Canadian generally accepted accounting principles. These consolidated financial statements are unaudited and have not been reviewed by the independent auditors of the Fund.

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 collectibility 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 by the first in, first out method.

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 follows 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.

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the periods ended June 30

2. Accounting policies (continued)

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.

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 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 marked-to-market at each reporting date. Any mark-to-market 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.

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., and Australian Milling Group Pty Ltd., and its 55% owned subsidiary Saskcan Horizon Inc.

Change in accounting policies

Effective January 1, 2008, the Fund adopted the accounting recommendations for capital disclosures (Canadian Institute of Chartered Accountants (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.

Effective January 1, 2008, 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.

3. Property, plant and equipment

			June 30, 2008	Dec 31, 2007
	Cost	Accumulated amortization	Net book Value	Net book Value
Land	3,008,289	-	3,008,289	2,047,812
Buildings and Site Improvements	7,750,926	692,022	7,058,904	7,209,824
Automotive	1,214,093	303,568	910,525	728,044
Equipment	18,239,297	2,375,249	15,864,048	14,667,892
	30,212,604	3,370,839	26,841,766	24,653,572

4. Bank indebtedness

At June 30, 2008, the Fund had total consolidated lines of credit available totalling \$28,000,000. The lines bear interest ranging from prime to prime plus 0.75%. Collateral consists of a general security agreement on all the assets of the Fund.

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the periods ended June 30

	June 30, 2008 Balance	Dec 31, 2007 Balance
5. Long term debt and capital leases		
<i>Long term debt</i>		
Advancer loan payable bearing interest at the rate of prime plus 1%, no fixed repayment terms.	\$ 5,430,000	\$ 4,500,000
United Pulse Trading Inc. long term debt 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.	1,867,892	1,920,815
Saskcan Horizon Trading Inc. long term debt payable, due November 6, 2014, 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.	437,188	473,740
United Pulse Trading Inc. vehicle debt payable, due May 2011, payments of \$858.28 per month, including interest of .9%, secured by vehicle.	31,002	-
<i>Capital leases</i>		
Capital lease payable in monthly instalments of \$3,859, including interest at 9.5%, secured by sale leaseback asset, due October 2011.	147,209	160,400
Capital lease payable in monthly instalments of \$1,929, including interest at 9.1%, secured by sale leaseback asset, due January 2012.	90,659	-
Capital lease payable in monthly instalments of \$1,819, including interest at 11.1%, secured by sale leaseback asset, due February 2011.	74,603	-
Capital lease payable in monthly instalments of \$1,899, including interest at 8.5%, secured by sale leaseback asset, due June 2009.	65,678	73,923
Capital lease payable in monthly instalments of \$1,052, including interest at 9.536%, secured by sale leaseback asset, due July 2012.	41,952	46,018
Capital lease payable in monthly instalments of \$422, including interest at 7.1%, secured by sale leaseback asset, lump sum payment due October 2008 .	9,449	12,742
Capital lease payable in monthly instalments of \$119 including interest at 14.5%, secured by sale leaseback asset, due July 2012	4,607	-
Capital lease payable in monthly instalments of \$97 including interest at 9.5%, secured by sale leaseback asset, due July 2012.	3,968	-
	8,204,208	7,187,638
Total current portion	360,384	296,045
	\$ 7,843,824	\$ 6,891,593

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

	Long term debt	Capital Leases	Total
2008	\$ 244,938	\$ 139,916	\$ 384,854
2009	251,398	148,342	399,740
2010	266,626	103,908	370,534
2011	263,924	78,000	341,924
2012	1,313,819	9,293	1,323,112
	2,340,704	479,459	2,820,163
Less: interest portion	-	41,333	41,333
	\$ 2,340,704	\$ 438,126	\$ 2,778,830

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the periods ended June 30

6. 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:

	June 30, 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	43,941	237,282	5,007,472	27,048,744
Units redeemed	-	-	(5,000)	(32,286)
Issue costs	-	-	-	(845,591)
Net earnings for the year	-	7,425,015	-	3,695,128
Transition adjustment for accounting policy change	-	-	-	(68,382)
Distributions paid and payable to unitholders	-	(1,768,479)	-	(2,300,580)
Balance, end of the period	6,379,745	39,871,908	6,335,804	33,978,090

Non-controlling interest

	June 30, 2008		Dec 31, 2007	
45% non owned share of net income and retained earnings of Saskcan Horizon Trading Inc.	\$	1,584,800	\$	1,366,617
June 30, 2008 non-controlling interest	\$	1,584,800	\$	1,366,617

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 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.

On April 21, 2008 the Fund issued options to acquire 495,000 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 \$1,825,772 resulted in a charge of \$117,942 to current period 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
198,334 units	April 21, 2011
165,000 units	April 21, 2012
165,000 units	April 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.

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the periods ended June 30

7. Financial instruments

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 judgement 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 approximate their carrying value given their short-term maturities. The fair value of loans receivable and long-term debt approximate 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.

7. Financial instruments (continued)

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.

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:

	June 30, 2008	Dec 31, 2007
Accounts receivable	\$ 45,019,069	\$ 25,654,720
Loans receivable	116,242	162,033
	<u>\$ 45,135,311</u>	<u>\$ 25,816,753</u>

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

	June 30, 2008	Dec 31, 2007
Current	\$ 18,934,241	\$ 7,653,576
0 - 30 days overdue	14,621,419	9,798,454
31 - 60 days overdue	9,052,171	6,859,063
Greater than 60 days overdue	2,411,237	1,343,627
	<u>\$ 45,019,069</u>	<u>\$ 25,654,720</u>

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:

	June 30, 2008	Dec 31, 2007
Allowance for doubtful accounts - beginning	\$ -	\$ -
Written off		
Recoveries		
Provision for losses	11,406	-
Allowance for doubtful accounts - ending	<u>\$ 11,406</u>	<u>\$ -</u>

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.

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the periods ended June 30

7. Financial instruments (continued)

Liquidity risk:

The following are the contractual maturities of financial liabilities, including interest payments:

June 30, 2008

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	\$ 20,482,852	\$ 20,482,852	\$ 20,482,852	\$ -	\$ -	\$ -
Accounts payable	26,211,307	26,093,364	26,093,364	-	-	-
Long-term debt	8,204,207	9,195,418	771,891	776,669	1,904,633	5,742,225
Distributions payable	-	17,854,912	4,273,063	4,309,483	4,636,183	4,636,183
	<u>\$ 54,898,366</u>	<u>\$ 73,626,546</u>	<u>\$ 51,621,170</u>	<u>\$ 5,086,152</u>	<u>\$ 6,540,816</u>	<u>\$ 10,378,408</u>

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	6,891,593	9,352,332	717,015	719,211	1,890,757	6,025,349
Distributions payable	597,326	17,854,912	4,273,063	4,309,483	4,636,183	4,636,183
	<u>\$ 35,920,265</u>	<u>\$ 55,638,590</u>	<u>\$ 33,421,424</u>	<u>\$ 5,028,694</u>	<u>\$ 6,526,940</u>	<u>\$ 10,661,532</u>

Sufficient assets are on hand to fund these obligations.

8. Related party transactions

Due from related party consists of long-term receivables due from a related Company which are to be repaid over three and seven year terms. Management fees payable are owed to the same related Company.

9. Non-cash operating working capital

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

	3 Months Ended 2008	3 Months Ended 2007	6 Months Ended 2008	6 Months Ended 2007
(Increase) decrease in current assets:				
Accounts receivable	\$ (14,607,439)	\$ 625,771	\$ (19,318,558)	\$ 404,630
Inventory	864,832	(632,845)	(3,449,402)	(572,233)
Prepaid expenses and deposits	(559,710)	(61,791)	(829,743)	(28,537)
	<u>(14,302,316)</u>	<u>(68,865)</u>	<u>(23,597,702)</u>	<u>(196,140)</u>
Increase (decrease) in current liabilities:				
Accounts payable and accruals	9,608,063	(35,084)	3,643,750	(160,385)
Income taxes payable	710,628	-	1,130,431	-
	<u>10,318,691</u>	<u>(35,084)</u>	<u>4,774,181</u>	<u>(160,385)</u>
	<u>\$ (3,983,625)</u>	<u>\$ (103,949)</u>	<u>\$ (18,823,522)</u>	<u>\$ (356,525)</u>

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
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For the periods ended June 30

10. Income taxes

	3 Months Ended 2008	3 Months Ended 2007	6 Months Ended 2008	6 Months Ended 2007
Statutory income tax rate	32%	32%	32%	32%
Earnings before income taxes	\$ 6,878,985	\$ 334,294	\$ 9,684,804	\$ 531,489
Earnings subject to tax in the hands of unitholders	885,291	167,092	1,768,479	334,184
Other costs of the Fund	120,317	-	155,009	-
Net income of subsidiaries	5,873,376	167,202	7,761,315	197,305
Income taxes at statutory rate	1,886,528	53,505	2,492,935	63,138
Change as result:				
Other	(272,091)	(53,505)	(233,146)	(63,138)
	1,614,438	-	2,259,788	-
Current	1,635,292	-	2,313,154	-
Future	(20,854)	-	(53,365)	-
	\$ 1,614,438	\$ -	\$ 2,259,788	\$ -

11. 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 favour of the Canadian Grain Commission in the amount of \$3,750,000. 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, 2008.

12. 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:

	3 Months Ended 2008	3 Months Ended 2007	6 Months Ended 2008	6 Months Ended 2007
Americas / Caribbean	20,589,741	1,899,178	33,062,555	4,456,991
Asia / Pacific Rim	9,296,732	1,036,052	20,540,528	1,766,782
Europe / Middle East / North Africa	42,427,574	155,991	66,329,151	475,074
Total	72,314,047	3,091,220	119,932,234	6,698,846

Segmented assets:

Fixed assets by geographic areas are as follows:

	2,008	Dec 31, 2007
Americas / Caribbean	\$ 24,307,274	\$ 22,291,611
Pacific Rim	2,534,491	2,361,961
Total	\$ 26,841,766	\$ 24,653,572

13. 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.

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14. Subsequent events

The Fund is currently finalizing an increase to its operating line. The new line will allow the Fund to borrow up to \$50,000,000. The operating line will bear interest of prime plus 1/4 percent and is secured by a general security agreement over all assets of the Fund.

On August 1, 2008 the Fund finalized an agreement to purchase all of the outstanding shares of Pulse Depot Rosetown Inc and its subsidiary companies. Pulse Depot is a leading pulse and special crops processor located in Rosetown, Saskatchewan. Alliance acquired direct and indirect ownership of all of the issued and outstanding shares of Pulse Depot for \$9,409,000 (after adjustments for current assets, inventory, pre-paid expenses, accounts receivable, cash on hand, accounts payable and long-term debt of Pulse Depot determined at closing), of which a part was paid by the issuance of 55,000 units of the Fund at a deemed value of \$13.00 per unit and the assumption of certain debts of Pulse Depot. The transaction was negotiated at arm's length.

On August 1, 2008 the Fund entered into a letter of intent to purchase the assets of Tradewind Commodities Ltd., a leading pulse and special crops processor located in Milestone, Saskatchewan, approximately 60 km south of Regina. The transaction was negotiated at arm's length and is in the final stages of documentation.

The Fund is currently finalizing an agreement that provides financing of up to \$12,000,000 as a revolving loan and a further \$8,000,000 as a term loan. The proceeds of the credit facility will be used for plant upgrades and future acquisitions. The new agreement will replace the existing revolving loan.

The Fund completed a private placement of trust units on July 16, 2008. A total of 970,000 units were issued at \$15.50 per unit. The proceeds of the private placement totalling \$15,035,000 less costs of \$806,500 will be used towards acquisitions, enhancements to operations and working capital of the Fund.