Alliance GRAIN TRADERS Inc.

Condensed Consolidated Interim Financial Statements

Three and Six Month Periods ended June 30, 2012 and June 30, 2011

These unaudited condensed consolidated interim financial statements have been prepared by management of Alliance Grain Traders Inc. ("AGT") and have not been reviewed by AGT's auditors

Alliance GRAIN TRADERS Inc.

Consolidated Statement of Financial Position
as at

(Stated in Canadian Dollars)
(Unaudited)

	Note		Jun 30, 2012		Dec 31, 2011
Assets					
Current					
Cash and cash equivalents		$	32,503,225	$	56,220,307
Accounts receivable			157,840,955		171,522,366
Inventory	4		143,710,002		183,309,771
Prepaid expenses and deposits			2,020,548		4,427,192
Income tax receivable			6,327,790		3,713,439
Total current assets			**342,402,520**		**419,193,075**
Property, plant and equipment	5		207,058,261		197,321,213
Intangible assets			9,614,392		8,405,945
Goodwill			61,181,636		59,552,016
Long term receivable			750,000		801,943
Investment			1,250,000		1,250,000
Deferred income taxes			2,323,522		2,988,292
Total non-current assets			**282,177,811**		**270,319,409**
Total assets		**$**	**624,580,331**	**$**	**689,512,484**
Liabilities					
Current					
Bank indebtedness		$	171,227,017	$	197,868,017
Short term financing			21,073,284		42,370,877
Accounts payable and accrued liabilities			63,744,826		82,312,029
Income taxes payable			511,159		104,412
Current portion of long-term debt and finance leases	6		5,417,976		6,203,319
Dividends payable			2,973,878		2,961,461
Total current liabilities			**264,948,140**		**331,820,115**
Long-term debt and finance leases	6		71,651,108		74,561,817
Deferred income taxes			13,383,263		12,165,161
Total liabilities			**349,982,512**		**418,547,093**
Shareholders' equity					
Share capital			269,493,692		267,965,885
Contributed surplus			433,425		300,505
Accumulated other comprehensive loss			(21,525,223)		(25,012,972)
Retained earnings			26,195,925		27,711,973
Total shareholders' equity			**274,597,819**		**270,965,391**
Total liabilities and shareholders' equity		**$**	**624,580,331**	**$**	**689,512,484**

Commitments and contingencies (Note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Alliance GRAIN TRADERS Inc.

Consolidated Statement of Comprehensive Income
For the periods ended June 30

(Stated in Canadian Dollars)
(Unaudited)

	3 Months		6 Months	
	2012	**2011**	**2012**	**2011**
Revenues	$ 201,768,335	$ 169,914,667	$ 399,173,174	$ 337,968,028
Cost of sales	185,147,863	153,010,926	368,423,292	299,774,168
Gross profit	16,620,472	16,903,741	30,749,882	38,193,860
General and administrative expenses	6,975,538	5,399,651	13,713,462	10,011,505
Marketing, sales and distribution expenses	4,265,988	5,991,962	9,035,057	10,751,468
Earnings from operations	**5,378,946**	**5,512,128**	**8,001,363**	**17,430,887**
Other expenses (income):				
Unrealized foreign exchange (gain) loss	(1,414,880)	8,432,895	(6,888,052)	7,826,886
Finance income	(492,120)	-	(809,370)	-
Finance expense	3,836,550	2,207,158	8,284,484	4,734,869
Earnings (loss) before income tax	**3,449,396**	**(5,127,925)**	**7,414,301**	**4,869,132**
Current income tax (recovery)	768,566	(241,341)	1,247,677	1,937,524
Deferred income tax (recovery)	1,011,011	(1,011,322)	1,729,617	(375,609)
Net earnings (loss)	**1,669,819**	**(3,875,262)**	**4,437,007**	**3,307,217**
Other comprehensive income (loss)	516,872	(5,100,886)	3,487,749	(10,121,472)
Total comprehensive income (loss)	**$ 2,186,691**	**$ (8,976,148)**	**$ 7,924,756**	**$ (6,814,255)**
Basic net earnings (loss) per share	$ 0.08	$ (0.20)	$ 0.22	$ 0.17
Diluted net earnings (loss) per share	$ 0.08	$ (0.20)	$ 0.22	$ 0.17
Basic weighted average number of shares	19,791,505	19,712,524	19,743,077	19,709,319
Diluted weighted average number of shares	19,907,776	19,970,487	19,953,136	19,978,778

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Alliance GRAIN TRADERS Inc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended

(Stated in Canadian Dollars)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2012	$ 267,965,885	$ 300,505	$ (25,012,972)	$ 27,711,973	**$ 270,965,391**
Net earnings	-	-	-	4,437,007	**4,437,007**
Other comprehensive income due to changes in foreign exchange	-	-	3,487,749	-	**3,487,749**
Total comprehensive income	-	-	3,487,749	4,437,007	**7,924,756**
Issuance of common shares	1,527,807	-	-	-	**1,527,807**
Other	-	132,920	-	-	**132,920**
Dividends to shareholders	-	-	-	(5,953,055)	**(5,953,055)**
Balance at June 30, 2012	**$ 269,493,692**	**$ 433,425**	**$ (21,525,223)**	**$ 26,195,925**	**$ 274,597,819**
Balance at January 1, 2011	$ 267,499,165	$ 383,357	$ (12,507,259)	$ 47,714,709	**$ 303,089,972**
Net earnings	-	-	-	3,307,217	**3,307,217**
Other comprehensive loss due to changes in foreign exchange	-	-	(10,121,472)	-	**(10,121,472)**
Total comprehensive income (loss)	-	-	(10,121,472)	3,307,217	**(6,814,255)**
Issuance of shares pursuant to stock option plan	-	25,438	-	-	**25,438**
Options exercised	179,991	-	-	-	**179,991**
Dividends to shareholders	-	-	-	(5,619,233)	**(5,619,233)**
Balance at June 30, 2011	**$ 267,679,156**	**$ 408,795**	**$ (22,628,731)**	**$ 45,402,693**	**$ 290,861,913**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Alliance GRAIN TRADERS Inc.

Consolidated Statement of Cash Flow
For the six months ended June 30

(Stated in Canadian Dollars)
(Unaudited)

	Note	2012	2011
Cash from (used for) the following:			
Operating activities			
Net earnings		$ 4,437,007	$ 3,307,217
Items not involving cash:			
- Depreciation and amortization		1,531,348	2,747,883
- Depreciation in cost of sales		4,803,255	3,385,574
- Unrealized foreign exchange (gain) loss		(6,888,052)	7,826,886
- Deferred income taxes (recovery)		1,729,617	(375,609)
- Loss on disposal of property, plant and equipment		28,652	19,660
Interest paid		(7,407,508)	(4,355,779)
Income taxes paid		(994,240)	(4,588,821)
Non-cash working capital	7	52,157,147	(44,555,877)
		49,397,226	(36,588,866)
Financing activities			
Increase (decrease) in bank indebtedness		(29,514,221)	36,731,417
Increase (decrease) in short term financing		(21,132,462)	4,032,860
Net proceeds from the issuance of shares		-	179,999
Proceeds from long term debt		6,383,977	38,204,336
Repayment of long term debt		(10,249,389)	(9,231,357)
Dividends paid		(5,953,055)	(2,660,321)
		(60,465,150)	67,256,934
Investing activities			
Decrease in long term receivables		52,954	-
Purchase of property, plant and equipment and intangible assets		(14,427,280)	(16,549,849)
Proceeds from the sale of property, plant and equipment		626,544	-
		(13,747,782)	(16,549,849)
Effect of exchange rate changes on cash		1,098,624	(836,772)
Increase (decrease) in cash position		$ (23,717,082)	$ 13,281,447
Cash position, beginning of the period		**$ 56,220,307**	**$ 23,628,472**
Cash position, end of the period		**$ 32,503,225**	**$ 36,909,919**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

Alliance Grain Traders Inc. ("AGT") is located in Canada. The address of AGT's registered office is 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. The management of day-to-day operations is carried out at P.O. Box 30029 No. 1 Highway East, South Tower Road, Regina, Saskatchewan S4N 7K9. The condensed consolidated interim financial statements of AGT are comprised of AGT and its subsidiaries. AGT through its subsidiaries in Canada, USA, China, Europe, Australia, South Africa and Turkey are engaged in the business of sourcing and processing (cleaning, splitting, sorting and bagging) a full range of specialty crops, including lentils, peas, chickpeas, beans and canary seed, primarily for export markets along with wheat, bulgar, rice and pasta. The results included in the condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for the full year due to the seasonal nature of AGT's business.

2. Basis of presentation

(a) Statement of compliance

The condensed consolidated interim financial statements and the notes thereto have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with AGT's annual consolidated financial statements as at and for the year ended December 31, 2011. All financial statements are expressed in Canadian dollars, AGT's functional currency, unless otherwise stated. There have been no changes to AGT's accounting policies from those disclosed in AGT's annual consolidated financial statements as at and for the year ended December 31, 2011.

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 7, 2012.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

(c) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect 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. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates and judgement are used when accounting for items such as collectability of receivables, depreciation and amortization, net realizable value of inventory, estimated useful lives and impairment of long-lived assets, goodwill valuation, intangible assets valuation, allocation of acquisition

2. Basis of presentation – continued

(d) Use of estimates and judgements - continued

purchase prices, stock-based compensation, accounting for income taxes, fair value of financial assets and liabilities and amounts and likelihood of contingencies.

Estimates and judgements that have the most significant impact on the amounts recognized in the condensed consolidated interim financial statements are as follows:

- **Impairment of Long-Lived and Intangible Assets**
  AGT assesses the carrying values of property, plant and equipment, intangibles assets, and goodwill annually, or more frequently if warranted by circumstances. Recoverability is determined through assumptions and judgements regarding future cash flows, sustaining capital requirements, discount rates, and asset lives. A material change in assumptions may impact the potential recoverability of these assets, resulting in amounts charged against current earnings.

- **Accounting for Income Taxes**
  AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. Significant judgement is required in determining income tax provisions and the recoverability of deferred income tax assets. In calculating income taxes consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, valuation allowances, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences between income and losses for financial reporting purposes and income and losses determined under the substantively enacted tax laws and rates. The tax effect of these temporary differences is recorded as a deferred tax asset or liability in the financial statements. The calculation of income taxes requires the use of judgement and estimates. If these judgements and estimates prove to be inaccurate, future earnings may be materially impacted.

3. Accounting changes

(a) New standards and interpretations not yet adopted

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and amendments that have not been applied in preparing these condensed consolidated interim financial statements as their effective dates fall in periods beginning subsequent to the current reporting period.

(Stated in Canadian dollars)

3. Accounting changes- continued

Proposed standards	Description	Previous Standard	Effective Date
IFRS 10 - Consolidated Financial Statements	Builds on the existing principles of control and elaborates on the definition of control when determining whether an entity should be consolidated or not.	SIC-12 -Consolidation - Special Purpose Entities IAS 27 -Consolidated and Separate Financial Statements	January 1, 2013
IFRS 11 - Joint Arrangements	Focuses on the rights and obligations of an arrangement rather than its legal form and requires a single method to account for interests in jointly controlled entities.	IAS 31 - Interests in Joint Ventures SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers	January 1, 2013
IFRS 12 - Disclosure of Interest in Other Entities	A new standard detailing disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-statement of financial position vehicles.	Various - no direct replacement	January 1, 2013
IFRS 13 - Fair Value Measurement	Sets out a single framework for measuring fair value and disclosure requirements surrounding the inputs and assumptions used in determining fair value.	Various - no direct replacement	January 1, 2013
IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosures	Issued in December 2011. Clarifies the presentation and disclosure requirements related to the offsetting of financial assets and liabilities.	IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosures	IFRS 7- January 1, 2013 IAS 32- January 1, 2014
IFRS 9 - Financial Instruments	Initially issued in November 2009 to address the classification and measurement of financial assets. Additional guidance issued in October 2010 on the classification and measurement of financial liabilities.	IAS 39 - Financial Instruments: Recognition and Measurement	January 1, 2015

Management continues to assess the potential impact of standards and amendments effective in future years for impacts on both quantitative and qualitative disclosure.

(Stated in Canadian dollars)

4. Inventory

	June 30, 2012	Dec 31, 2011
Raw materials	$ 56,692,240	$ 53,581,696
Processed product	30,594,051	36,428,285
Split production	18,810,437	19,264,868
Packaged product	34,277,910	71,191,443
Other	3,335,364	2,843,479
	$ 143,710,002	$ 183,309,771

	June 30, 2012	June 30, 2011
Inventory expensed in cost of goods sold	$ 243,907,706	$ 251,213,219

5. Property, plant and equipment

Cost	Land	Building and site improvement	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Construction in Progress	Total
Balance at December 31, 2011	$ 17,813,127	$ 65,433,732	$ 123,475,080	$ 6,700,687	$ 4,044,596	$ 18,473,685	**$ 235,940,907**
Additions	376,797	404,104	1,889,000	230,507	266,590	10,020,773	**13,187,771**
Disposals	-	-	(540,839)	(320,604)	(265)	-	**(861,708)**
Transfer from construction in progress	-	2,423,867	4,065,845	-	18,921	(6,508,633)	**-**
Effects of movements in exchange rates	441,704	970,451	2,345,844	51,109	73,113	155,733	**4,037,954**
Balance at June 30, 2012	$ 18,631,628	$ 69,232,154	$ 131,234,930	$ 6,661,699	$ 4,402,955	$ 22,141,558	**$ 252,304,924**
Accumulated Depreciation							
Balance at December 31, 2011	$ -	$ 5,653,599	$ 28,677,535	$ 2,508,129	$ 1,780,431	$ -	**$ 38,619,694**
Depreciation for the period	-	956,519	4,376,509	431,145	263,086	-	**6,027,259**
Disposals	-	-	(139,249)	(63,362)	(210)	-	**(202,821)**
Effects of movements in exchange rates	-	66,469	657,615	32,577	45,870	-	**802,531**
Balance at June 30, 2012	$ -	$ 6,676,587	$ 33,572,410	$ 2,908,489	$ 2,089,177	$ -	**$ 45,246,663**
Net Book Value at December 31, 2011	**$ 17,813,127**	**$ 59,780,133**	**$ 94,797,545**	**$ 4,192,558**	**$ 2,264,165**	**$ 18,473,685**	**$ 197,321,213**
Net Book Value at June 30, 2012	**$ 18,631,628**	**$ 62,555,567**	**$ 97,662,520**	**$ 3,753,210**	**$ 2,313,778**	**$ 22,141,558**	**$ 207,058,261**
Assets under finance lease, December 31, 2011	$ -	$ -	$ 4,815,844	$ 102,894	$ 190,714	$ -	$ 5,109,452
Assets under finance lease, June 30, 2012	$ -	$ -	$ 4,055,273	$ 64,494	$ 183,683	$ -	$ 4,303,450

(Stated in Canadian dollars)

6. Long term debt

	June 30, 2012	Dec 31, 2011
Term Debt		
Loan payable, bearing an interest rate of 8.7%, due February 2012, secured by inventory and accounts receivable.	$ -	$ 2,554,218
Loan payable, bearing an interest rate of prime (3.0%) plus 1.1%, with monthly payments of interest only, due November 2025, secured by certain property, plant and equipment.	49,998,471	49,998,471
Loan payable, bearing an interest rate of prime (3.0%) plus 1.1%, with monthly interest payments to November 2012 and combined principal and interest payments of $368,921 CAD to October 2016, secured by property, plant and equipment.	20,000,000	20,000,000
Loans payable, bearing interest rates varying from 1.75% to 6.75%, with monthly payments of $85,539 USD, due dates ranging from January 2014 to July 2022, secured by property, plant and equipment.	4,286,548	4,681,118
Loan payable, bearing an interest rate of Canadian Bankers Acceptance rate plus 3.75%, monthly principal payments of $6,900 CAD, due October 2012, unsecured.	443,600	485,000
Finance Leases		
Leases payable, bearing interest rates ranging from 3.2% to 6.5%, with monthly payments of 247,540 TL, due dates ranging from November 2012 to April 2016, secured by equipment.	2,032,676	2,628,750
Leases payable, bearing interest rates from 8.50% to 9.75%, with monthly payments of 55,797 ZAR, due dates ranging from September 2012 to February 2016, secured by equipment.	191,298	189,683
Lease payable, bearing 0% interest with monthly payments of $16,091 CAD, due November 2012, secured by equipment.	80,453	176,997
Lease payable, bearing an interest rate of 9.1%, with monthly payments of $1,929 CAD, due February 2013, secured by equipment.	15,591	30,374
Leases payable, bearing interest rates varying from 9% to 11% with monthly payments of $569 USD, due November 2015, secured by equipment.	20,447	20,525
	$ 77,069,084	$ 80,765,136
Total current portion	(5,417,976)	(6,203,319)
	$ 71,651,108	$ 74,561,817

(Stated in Canadian dollars)

6. Long term debt - continued

The estimated principal repayments for term loans and future minimum payments for finance leases in each of the next five years and thereafter are as follows:

	Term debt	Finance leases	Total
2012-2013	$ 3,644,692	$ 1,773,284	$ 5,417,976
2013-2014	4,609,726	508,440	5,118,166
2014-2015	4,594,968	41,753	4,636,721
2015-2016	4,472,440	16,988	4,489,428
2016-2017	6,130,550	-	6,130,550
thereafter	51,276,243	-	51,276,243
	$ 74,728,619	$ 2,340,465	$ 77,069,084

The carrying value of variable and fixed interest rate debt and finance lease obligations approximates fair value.

7. Non-cash working capital

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

	June 30, 2012	June 30, 2011
(Increase) decrease in current assets:		
Accounts receivable	$ 15,293,527	$ 10,934,354
Inventory	42,615,042	(32,742,588)
Prepaid expenses and deposits	2,400,728	(9,797,077)
	60,309,297	(31,605,311)
Increase (decrease) in current liabilities:		
Accounts payable, accrued liabilities and income taxes payable	(8,152,150)	(12,950,566)
	(8,152,150)	(12,950,566)
	$ 52,157,147	$ (44,555,877)

(Stated in Canadian dollars)

8. Segmented information

AGT is in the business of sourcing and processing pulses and specialty crops, wheat, bulgar, rice and pasta, specializing in various markets for domestic and export, and operating in one reporting segment. This reporting segment is involved in the milling, cleaning, sizing, color sorting and packaging for distribution to end use customers. Pasta, rice and pulses share common customers and therefore have a common platform and are managed as one reporting segment. Geographic information about AGT's revenues is based on the product shipment destination.

Sales by product line

	3 months ended June 30		6 months ended June 30	
	2012	2011	2012	2011
Pulses and specialty crops	$ 158,337,742	$ 141,658,839	$ 318,214,175	$ 280,028,097
Pasta, semolina and bulgur	23,730,135	17,557,547	47,297,175	33,431,087
Rice	5,021,047	3,543,237	8,297,051	12,896,509
Other commodities	14,094,277	6,367,202	23,868,637	10,093,336
Miscellaneous revenue	585,134	787,842	1,496,136	1,518,999
Total	$ 201,768,335	$ 169,914,667	$ 399,173,174	$ 337,968,028

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

	3 months ended June 30		6 months ended June 30	
	2012	2011	2012	2011
Canada	$ 12,774,020	$ 11,295,539	$ 23,241,921	$ 22,857,054
Americas / Caribbean, excluding Canada	20,243,847	22,940,195	43,180,194	46,929,156
Asia / Pacific Rim	67,636,320	33,571,684	78,103,529	47,706,788
Europe / Middle East / Africa	101,114,148	102,107,249	254,647,530	220,475,030
Total	$ 201,768,335	$ 169,914,667	$ 399,173,174	$ 337,968,028

Segmented assets

Property, plant and equipment and goodwill by geographic area is as follows:

	Property, plant and equipment	
	June 30, 2012	Dec 31, 2011
Canada	$ 61,337,078	$ 62,519,106
North America, excluding Canada	26,715,293	22,551,380
Australia	34,610,381	33,700,950
Turkey	80,030,652	74,056,916
South Africa	3,790,759	3,898,123
China	574,098	594,738
Total	$ 207,058,261	$ 197,321,213

	Goodwill	
	June 30, 2012	Dec 31, 2011
Canada	$ 18,399,191	$ 18,399,191
North America, excluding Canada	10,181	10,213
Australia	52,155	51,934
Turkey	39,438,969	37,843,080
United Kingdom	3,281,140	3,247,598
Total	$ 61,181,636	$ 59,552,016

(Stated in Canadian dollars)

9. Related party transactions

(a) Key management personnel

AGT has defined key management personnel as senior executive officers, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of AGT. The following table outlines the total compensation expense for key management personnel:

		June 30, 2012		June 30, 2011
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	815,250	$	1,362,279
Post employment benefits (RRSP)		42,400		-
Other long term benefits (long term incentive plan)		457,500		-
Total	$	1,315,150	$	1,362,279

(b) Transactions with other related parties

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. As noted below, one of these entities transacted with AGT in the reporting period. The terms and conditions of the transactions were conducted on an arm's length basis. The transactions were conducted in the normal course of business and were accounted for at the exchange amount.

Transactions with corporations whose directors are also AGT directors

		June 30, 2012		June 30, 2011
Revenues	$	36,130	$	215,663
Purchases		1,403,213		2,105,830

		June 30, 2012		Dec 31, 2011
Accounts receivable	$	48,368	$	772,645
Accounts payable		795,259		420,875

10. Commitments and contingencies

AGT enters into 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.

At June 30, 2012, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of $10,000,000, (December 31, 2011 - $10,000,000). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires December 31, 2013.

AGT has various legal matters pending which, in the opinion of management, will not have a material effect on AGT's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to AGT's financial position or results of operations could result.