



Alliance

GRAIN TRADERS

Income Fund

Q1

**Interim Financial Statements
(unaudited)**

March 31, 2008

ALLIANCE GRAIN TRADERS INCOME FUND

(formerly Agtech Income Fund)

Interim Consolidated Balance Sheet

As at March 31, 2008

	March 31, 2008 (unaudited)	Dec 31, 2007 (audited)
Assets		
Current		
Accounts receivable	\$ 30,388,735	\$ 25,654,720
Inventory	17,562,599	13,248,365
Prepaid expenses and deposits	584,098	314,065
	48,535,433	39,217,150
Loans receivable (Note 8)	139,137	162,033
Property, plant and equipment (Note 3)	25,579,366	24,653,572
Goodwill	10,038,495	10,038,495
	\$ 84,292,430	\$ 74,071,250
Liabilities		
Current		
Bank indebtedness (Note 4)	\$ 20,959,571	\$ 6,540,872
Accounts payable and accruals	14,746,831	21,890,474
Income taxes payable	1,491,633	1,182,722
Current portion of long term debt (Note 5)	336,545	296,045
Distributions payable	623,760	597,326
	38,158,340	30,507,439
Long term		
Long term debt and capital leases (Note 5)	8,064,920	6,891,593
Future income tax liability	1,310,985	1,327,511
Non-controlling interest (Note 6)	1,400,533	1,366,617
	48,934,778	40,093,160
Unitholders' equity (Note 6)	35,357,652	33,978,090
	\$ 84,292,430	\$ 74,071,250

Commitments (Note 11)

Contingencies (Note 13)

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)

Interim Consolidated Statement of Unitholders' Equity

For the period ended March 31, 2008

3 Months Ended March 31, 2008 (unaudited)	3 Months Ended March 31, 2007 (unaudited)
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UNITHOLDERS' EQUITY

Unitholders' equity, beginning of period	\$ 33,978,090	\$ 6,481,057
Net earnings before comprehensive income	2,160,470	278,195
Units and unit equivalents issued	102,282	-
Distributions to unitholders and exchangeable share holders	(883,189)	(167,092)
Unitholders' equity, end of year	\$ 35,357,652	\$ 6,592,160

ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income - beginning of year	\$ -	\$ -
Other comprehensive income	-	-
Accumulated other comprehensive income - end of year	\$ -	\$ -

TOTAL UNITHOLDERS' EQUITY	\$ 35,357,652	\$ 6,592,160
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The accompanying notes are an integral part of these financial statements

ALLIANCE GRAIN TRADERS INCOME FUND

(formerly Agtech Income Fund)

Interim Consolidated Statement of Earnings

For the period ended March 31, 2008

	3 Months Ended March 31, 2008 (unaudited)	3 Months Ended March 31, 2007 (unaudited)
Sales	\$ 47,618,188	\$ 3,612,740
Cost of sales	40,750,750	2,986,864
Gross margin	6,867,438	625,876
Operating expenses		
Amortization	418,852	36,865
Interest and bank charges	208,583	18,587
Interest on long term debt	111,336	-
Salaries, wages and benefits	1,908,905	176,884
General and administration	1,312,959	115,345
	3,960,635	347,681
Earnings before income taxes and non-controlling interest	2,906,803	278,195
Provision for (recovery of) income taxes (Note 10)		
Current	677,862	-
Future	(32,511)	-
	645,350	-
Earnings before non-controlling interest	2,261,453	278,195
Non-controlling interest	(100,983)	-
Net earnings before other comprehensive income	2,160,470	278,195
Other comprehensive income	-	-
Comprehensive income	2,160,470	278,195

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

For the period ended March 31, 2008

	3 Months Ended March 31, 2008 (unaudited)	3 Months Ended March 31, 2007 (unaudited)
Cash from (used for) the following:		
Operating Activities		
Net earnings	\$ 2,160,470	\$ 278,195
Items not involving cash:		-
- Amortization	418,852	36,865
- Provision for (recovery of) future income taxes	(32,511)	-
Non-cash operating working capital (Note 9)	(16,080,910)	(359,822)
	(13,534,100)	(44,762)
Financing Activities		
Proceeds from bank indebtedness	14,418,698	233,153
Proceeds from the issuance of units	102,282	-
Proceeds from long term debt	3,281,706	-
Repayment of long term debt	(2,067,879)	-
	15,734,807	233,153
Investing Activities		
Purchase of property, plant and equipment	(1,344,647)	(21,299)
Distributions paid to unitholders and non-controlling interest	(856,060)	(167,092)
	(2,200,707)	(188,391)
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 period ended March 31, 2008

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".

The Fund owns six plants in Canada, the US and Australia and operating divisions include Saskcan Pulse Trading, with two plants in Saskatchewan, and Saskcan Agtech, with one plant in Regina, Saskatchewan. Wholly owned foreign subsidiaries include United Pulse Trading Inc. ("United Pulse") in North Dakota, USA and Australia Milling Group Pty Ltd. ("Australia Milling Group") in Victoria State, Australia. Alliance also owns 55% of Saskcan Horizon Trading Inc., which owns a processing plant in Aberdeen, Saskatchewan. The balance of Saskcan Horizon Trading Inc. is owned by six individual investors. The Fund's operations currently focus on value added splitting of lentils and peas. It is among the world's largest splitters of pulses.

2. Accounting policies

Basis of presentation

The accompanying unaudited consolidated balance sheet as at March 31, 2008, and the consolidated statements of earnings, unitholders' equity, accumulated other comprehensive income, cash flows for the periods ended March 31, 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

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the period ended March 31, 2008

2. Accounting policies (continued)

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 the 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.

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

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the period ended March 31, 2008

2. Accounting policies (continued)

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.

Significant accounting changes - financial instruments

The Canadian Institute of Chartered Accountants issued three new accounting standards: Section 1530, Comprehensive Income, Section 3855, Financial Instruments – Recognition and Measurement, and Section 3865, Hedges. The new accounting standards are effective for the Fund's fiscal year beginning January 1, 2008.

Measurement

Under the new accounting standards for financial instruments all financial assets and liabilities are classified according to their characteristics, management objectives, or the choice of category in certain circumstances. All financial assets must be classified as held-for-trading, held-to-maturity, available-for-sale or as loans and receivable. Financial liabilities must be classified as other or held-for-trading.

Financial assets and liabilities held-for-trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost. Available-for-sale instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. If fair value is not reliably determinable, available-for-sale instruments will be recorded at cost.

Comprehensive income

As a result of adopting these standards, a new category, Accumulated Other Comprehensive Income has been added to unitholders' equity on the financial statements. Major components of this category include unrealized gains and losses on financial assets classified as available-for-sale and changes in fair value of the effective portion of cash flow hedging instruments. The statement of comprehensive income will accompany the statement of income. Accumulated other comprehensive income is presented as a separate component of equity in the balance sheet.

Derivatives

Under these new standards, all derivatives (including embedded derivatives) are required to be measured at fair value unless they qualify for hedge accounting. There are new rules for whether or not a derivative qualifies as a hedge which are much more stringent than previous. The Fund has chosen not to use hedge accounting and therefore all derivatives will be measured at fair value. The Fund selected January 1, 2008 as its transition date for identifying and recording embedded derivatives, if any.

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the period ended March 31, 2008

2. Accounting policies (continued)

Recently Adopted Policies:

The Canadian Institute of Chartered Accountants (CICA) has issued new accounting standards which became effective January 1, 2008 for the Fund. These changes include:

Section 1535 Capital Disclosures now requires disclosure of qualitative and quantitative information to enable financial statement users to evaluate the objectives, policies and processes used by the Fund to manage capital.

Section 3862 Financial Instruments - Disclosures now requires additional disclosures about the significance of financial instruments for the Fund's financial position and performance. Also, the Fund will be required to disclose the nature and extent of risks arising from financial instruments, to which the Fund is exposed, and how those risks are managed.

Section 3863 Financial Instruments - Presentation now requires disclosure of certain aspects of financial instruments, such as classification and circumstances where financial instruments may be offset.

The Canadian Institute of Chartered Accountants (CICA) has also approved a plan to transition Canadian generally accepted accounting standards to the International Financial Reporting Standards by 2011. The impact of this transition on the Fund's financial statements is not yet determinable.

3. Property, plant and equipment

				<i>Mar 31, 2008</i>	<i>Dec 31, 2007</i>
	<i>Cost</i>	<i>Accumulated amortization</i>		<i>Net book Value</i>	<i>Net book Value</i>
Land	\$ 1,344,714	\$ -	\$	1,344,714	\$ 2,047,812
Buildings and Site Improvements	8,734,169	617,915		8,116,254	7,209,824
Automotive	1,113,122	253,430		859,692	728,044
Equipment	17,310,270	2,051,564		15,258,706	14,667,892
	<u>\$ 28,502,275</u>	<u>\$ 2,922,910</u>	<u>\$</u>	<u>25,579,366</u>	<u>\$ 24,653,572</u>

4. Bank indebtedness

At March 31, 2008, the Fund had total consolidated lines of credit available of \$28,000,000. The lines bear interest at rates ranging from prime to prime plus 0.75%. Collateral consists of a general security agreement on all assets of the Fund.

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Notes to Consolidated Financial Statements
For the period ended March 31, 2008

	<i>Mar 31, 2008</i>	<i>Dec 31, 2007</i>
5. Long term debt and capital leases	<i>Balance</i>	<i>Balance</i>
<i>Long term debt</i>		
Advancer loan payable bearing interest at the rate of prime plus 1%, no fixed repayment terms.	\$ 5,666,509	\$ 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.	1,826,693	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.	455,949	473,740
	7,949,150	6,894,555
Current portion of long-term debt	226,065	227,264
	\$ 7,723,085	\$ 6,667,291

Estimated principal repayments for each of the next five years is as follows:

2008	\$ 226,065
2009	241,098
2010	256,326
2011	263,870
2012	191,385
	\$ 1,178,744

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the period ended March 31, 2008

	<i>Mar 31, 2008</i>	<i>Dec 31, 2007</i>
	<i>Balance</i>	<i>Balance</i>
5. Long term debt and capital leases (continued)		
<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.	\$ 150,681	\$ 160,400
Capital lease payable in monthly instalments of \$1,929, including interest at 9.1%, secured by sale leaseback asset, due January 2012.	94,710	-
Capital lease payable in monthly instalments of \$1,819, including interest at 11.1%, secured by sale leaseback asset, due February 2011.	78,036	-
Capital lease payable in monthly instalments of \$1,899, including interest at 8.5%, secured by sale leaseback asset, due June 2009.	69,840	73,923
Capital lease payable in monthly instalments of \$1,052, including interest at 9.536%, secured by sale leaseback asset, due July 2012.	47,499	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 .	11,549	12,742
	452,315	293,083
Current portion of capital leases	110,480	68,781
	341,835	224,302
	\$ 8,064,920	\$ 6,891,593

The future minimum lease payments under capital lease, together with the obligation under capital lease are as follows:

2008	\$ 139,916
2009	156,196
2010	103,908
2011	78,000
2012	9,293
Total minimum lease payments	487,313
Less: interest portion	34,998
	\$ 452,315

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the period ended March 31, 2008

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:

	March 31, 2008	
	Units and Unit Equivalents	Total Unitholders' Capital
Balance, beginning of the year	6,335,804	\$ 33,978,090
Units and unit equivalents issued	18,941	102,281
Net earnings for the year	-	2,160,470
Distributions paid and payable to unitholders	-	(883,189)
Balance, end of the period	6,354,745	\$ 35,357,652

Non-controlling interest

	March 31, 2008	Dec 31, 2007
45% non owned share of net income and retained earnings of Saskcan Horizon Trading Inc.	\$ 1,400,533	\$ 1,366,617
March 31, 2008 non-controlling interest	\$ 1,400,533	\$ 1,366,617

First quarter 2008 distributions in the amount of \$.13898 per unit, or \$623,759.61 were accrued at March 31, 2008.

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

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

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

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

ALLIANCE GRAIN TRADERS INCOME FUND
(formerly Agtech Income Fund)
Notes to Consolidated Financial Statements
For the period ended March 31, 2008

7. Financial instruments

Fair values :

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 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.

Credit risk:

Credit risk is the risk of financial loss resulting from a default of payments by a customer. The Fund minimizes this risk by having a diverse customer base and established credit policies, including the use of accounts receivable insurance.

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.

8. Related party transactions

Due from related party consists of long-term and current 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 March 31, 2008	3 Months Ended March 31, 2007
(Increase) decrease in current assets:		
Accounts receivable	\$ (4,711,120)	\$ (221,141)
Inventory	(4,314,234)	60,612
Prepaid expenses and deposits	(270,033)	33,254
	<u>(9,295,387)</u>	<u>(127,275)</u>
Increase (decrease) in current liabilities:		
Accounts payable and accruals	(7,094,434)	(232,547)
Income taxes payable	308,911	-
	<u>(6,785,523)</u>	<u>(232,547)</u>
	<u>\$ (16,080,910)</u>	<u>\$ (359,822)</u>

ALLIANCE GRAIN TRADERS INCOME FUND
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Notes to Consolidated Financial Statements
For the period ended March 31, 2008

10. Income taxes

	March 31, 2008	March 31, 2007
Statutory income tax rate	32%	32%
Earnings before income taxes	\$ 2,805,820	\$ 278,195
Earnings subject to tax in the hands of unitholders	883,189	167,092
Other costs of the Fund	34,692	
Net income of subsidiaries	1,887,939	111,103
Income taxes at statutory rate	606,406	35,553
Change as a result:		
Other	38,945	-
	645,350	35,553
Current	677,862	-
Future	(32,511)	-
	\$ 645,350	\$ -

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:

	Mar 31, 2008	Mar 31, 2007
Americas / Caribbean	\$ 12,040,935	\$ 2,562,927
Asia / Pacific Rim	10,975,486	730,730
Europe / Middle East / North Africa	24,601,767	319,083
Total	\$ 47,618,188	\$ 3,612,740

Segmented assets:

Fixed assets by geographic areas are as follows:

	Mar 31, 2008	Dec 31, 2007
Americas	\$ 23,036,826	\$ 22,291,611
Pacific Rim	2,542,540	2,361,961
Total	\$ 25,579,366	\$ 24,653,572

ALLIANCE GRAIN TRADERS INCOME FUND
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Notes to Consolidated Financial Statements
For the period ended March 31, 2008

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.

On December 8, 2007 there was a fire at the Williston North Dakota facility (operating under the name United Pulse Trading Inc). Proper insurance is in place to cover any repairs as well as business interruption. It is not anticipated that the Fund will incur losses in excess of the amount covered by insurance. Regular operations resumed in February of 2008 and payment of the business interruption portion of the insurance claim is pending.

14. Subsequent events

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. This note has been consolidated with the other promissory notes issued by Alliance or its predecessors to the Fund (together, the "Alliance Notes").

On April 21, 2008, options to acquire 605,000 units of the Fund, each exercisable for one unit of the Fund at a price of \$9.00 per unit until April 21, 2013, were granted to the trustees and officers of the Fund and key employees of Alliance and its subsidiaries, and vest in equal annual increments over a three year period, beginning April 21, 2011 (except for the options granted to the independent trustees of the Fund, whose options will commence vesting on April 21, 2009).