

ALLIANCE GRAIN TRADERS INC.

Consolidated Balance Sheets

[See Corporate Conversion - note 1]

	March 31, 2010 (unaudited)	Dec 31, 2009 (audited)
Assets		
Current		
Accounts receivable	\$ 104,101,002	\$ 89,012,506
Inventory (Note 4)	130,416,952	94,161,475
Prepaid expenses and deposits	2,060,147	13,631,036
	236,578,101	196,805,017
Property, plant and equipment (Note 5)	135,421,907	136,504,553
Intangible assets (Note 3)	3,903,501	4,025,461
Goodwill	66,088,311	66,088,311
Investment	1,000,000	1,000,000
	\$ 442,991,820	\$ 404,423,342
Liabilities		
Current		
Bank indebtedness (Note 6)	\$ 47,844,352	\$ 46,269,344
Accounts payable and accruals	97,087,607	70,146,865
Income taxes payable	370,640	1,383,911
Current portion of long term debt and capital leases (Note 7)	1,677,056	999,618
Dividends and distributions payable	2,308,938	2,308,938
	149,288,593	121,108,676
Long term debt (Note 7)	36,254,944	36,624,321
Provision for employee termination benefits (Note 8)	323,521	239,402
Future income tax liability	12,024,167	14,540,851
	48,602,632	51,404,574
Shareholders' equity		
Common shares (Note 9)	187,151,311	187,151,311
Contributed surplus (Note 10)	644,927	866,662
Accumulated other comprehensive income	(113,537)	933,381
Retained earnings	57,417,894	42,958,738
	245,100,595	231,910,092
	\$ 442,991,820	\$ 404,423,342
Commitments (Note 16)		
Contingencies (Note 17)		

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

ALLIANCE GRAIN TRADERS INC.

Consolidated Statements of Retained Earnings and Accumulated Other Comprehensive Income

For the periods ended

Three Months Ended
March 31, 2010 March 31, 2009

RETAINED EARNINGS

Retained earnings, beginning of period	\$	42,958,738	\$	13,769,252
Dividends to shareholders and unitholders		(2,308,939)		(1,098,069)
Net income		16,768,095		7,151,720
Retained earnings, end of period	\$	57,417,894	\$	19,822,903

Net income before other comprehensive income		16,768,095		7,151,720
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Other comprehensive income (loss)				
Foreign currency translation on self-sustaining foreign operations		(1,046,918)		13,850

Comprehensive income		15,721,177		7,165,570
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ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income - beginning of year	\$	933,381	\$	456,893
Other comprehensive income (loss)		(1,046,918)		13,850
Accumulated other comprehensive income (loss) - end of period	\$	(113,537)	\$	470,743

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

ALLIANCE GRAIN TRADERS INC.

Interim Consolidated Statements of Income

For the periods ended

	3 Months Ended	
	March 31, 2010	March 31, 2009
Sales	\$ 186,355,647	\$ 86,818,020
Cost of sales	159,639,076	73,665,524
Gross margin	26,716,571	13,152,496
Operating expenses		
Amortization	694,160	364,846
Foreign exchange gain	(1,432,633)	-
Interest and bank charges	930,088	200,049
Interest on long term debt	148,360	131,958
Amortization of fair value of stock options	110,867	206,928
General and administration	7,409,218	2,468,383
	7,860,060	3,372,164
Income before income taxes and other	18,856,511	9,780,332
Provision for (recovery of) income taxes		
Current	4,605,100	2,766,280
Future	(2,516,684)	(137,668)
	2,088,416	2,628,612
Income before loss on disposal of fixed assets	\$ 16,768,095	\$ 7,151,720
Loss on disposal of fixed assets	(1,894)	-
Net income	\$ 16,766,201	\$ 7,151,720
Basic net income per share / unit and unit equivalent	\$ 0.98	\$ 0.90
Diluted net income per share / unit and unit equivalent	\$ 0.96	\$ 0.84
Basic weighted average number of shares / units outstanding	17,103,246	7,985,327
Diluted weighted average number of shares / units outstanding	17,484,222	8,558,003

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

ALLIANCE GRAIN TRADERS INC.

Interim Consolidated Statements of Cash Flows

For the periods ended

3 Months Ended
March 31, 2010 March 31, 2009

Cash from (used for) the following:

Operating Activities

Net income	\$	16,766,201	\$	7,151,720
Items not involving cash:				
- Amortization		694,160		364,846
- Amortization in cost of sales		1,164,798		306,879
- Unrealized foreign exchange gain		(1,432,633)		-
- Provision for current and future income taxes		(2,516,684)		(137,668)
- Amortization of fair value of stock options		110,867		206,928
Non-cash operating working capital (Note 13)		(11,606,472)		(17,852,321)
		3,180,237		(9,959,616)

Financing Activities

Proceeds of bank indebtedness		2,254,255		12,123,799
Proceeds from long term debt		2,293,875		2,046,754
Repayment of long term debt		(1,213,873)		(238,258)
		3,334,257		13,932,295

Investing Activities

Purchase of property, plant and equipment		(4,205,557)		(2,874,610)
Dividends and distributions		(2,308,937)		(1,098,069)
		(6,514,494)		(3,972,679)

Increase (decrease) in cash position

- -

Cash position, beginning of period

- -

Cash position, end of period

\$ - \$ -

Supplemental cash flow information:

Interest paid	\$	1,019,525	\$	332,008
Income taxes paid	\$	2,278,191	\$	7,100,000

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

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 3 months ended March 31, 2010 and 2009

1. Operations and Corporate Conversion

Alliance Grain Traders Inc. ("AGTI") is the successor to Alliance Grain Trader Income Fund (formerly, the Agtech Income Fund, "the Fund"). On September 15, 2009 the Fund and AGTI completed the conversion of the Fund on a tax deferred basis from an open-ended unit trust to a dividend-paying corporation by means of a plan of arrangement between the Fund and AGTI under the Business Corporations Act (Ontario) (the "Conversion"). The Fund was 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"). AGTI and its subsidiaries in Canada, USA, Australia 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 and pasta.

As a result of the Conversion, all of the outstanding units of the Fund are now owned by AGTI, which was originally a wholly-owned subsidiary of the Fund incorporated for this purpose. All of the holders of outstanding Units have been issued common shares of AGTI on the basis of one Common share for each Unit. The Units of the Fund were delisted from the TSX Venture Exchange as of the close of business on September 17, 2009. The Fund was dissolved on September 21, 2009. The Common shares of AGTI are listed on the Toronto Stock Exchange as of September 18, 2009.

Pursuant to the plan of arrangement, AGTI acquired all of the outstanding Units of the Fund and Exchangeable Shares of Alliance in exchange for one common share of AGTI (a "Common Share") for each Unit or Exchangeable Share. In addition, AGTI adopted an incentive stock option plan for the directors, officers and employees of AGTI and its subsidiaries that has substantially the same terms as the Fund's previous incentive option plan, and each incentive option of the Fund was exchanged for one incentive stock option of AGTI which will entitle its holder to acquire one Common Share on the same terms (including the same exercise price per share and duration) as the Fund incentive option in exchange for which it was issued. Immediately before the completion of the Conversion, AGTI completed a private placement for special warrants to issue 37,000 Common Shares at \$16.25 per special warrant, and at the effective time of the Conversion, each such special warrant of AGTI exchanged for one Common Share. The sole Common Share currently held by the Fund was cancelled upon the completion of the Conversion.

On September 15, 2009, AGTI acquired ("the Acquisition") all of the outstanding shares of Arbel Bakliyat Hububat Sanayi ve Ticaret A.Ş., ("Arbel"), Durum Gıda Sanayi ve Ticaret A.Ş., ("Durum"), and Turkpulse Dış Ticaret A.Ş., "Turkpulse", (collectively, the "Arbel Group"). As a result of the Acquisition, AGTI owns all of the issued and outstanding shares of the Arbel Group of Companies. The aggregate purchase price for the Acquisition was of \$104,141,400, of which \$60,097,988 was paid in cash and \$44,043,412 was paid by the issuance of 2,850,448 common shares of AGTI ("Common Shares") at a deemed price of \$15.4514 per Common Share.

10% of the purchase price (including both cash and shares) was withheld in escrow as security for any claims for indemnity which AGTI may make against the former principal shareholders of the Arbel Group. All of the remaining Common Shares issued pursuant to the Acquisition and the 10% cash portion have been placed in escrow for a period of two years, with 25% to be released every six months.

On December 31, 2009, AGTI acquired assets from Parent Seed Farms Ltd. and Finora Inc. The two acquisitions add facilities for processing beans, lentils, peas, chickpeas and other specialty crops in four locations: St. Joseph, Manitoba (operating as Saskcan Parent), Wilkie, Saskatchewan (operating as Finora Wilkie), Assiniboia, Saskatchewan (operating as Saskcan Assiniboia) and Gibbons, Alberta (operating as Saskcan Gibbons). The purchase price for the Parent Seed Farms Ltd acquisition was CDN \$10,000,000, of which \$9,000,000 was paid in cash and \$1,000,000 was paid by the issuance of 45,350 common shares of AGTI at a deemed price of \$22.05 per common Share. The assets acquired include plants with approximately 51,000 sq ft of bagged storage and approximately 15,000 tonnes of bulk product storage and certain land and equipment. The purchase price for the Finora Inc. assets was USD \$8,900,000, which was paid in cash. The assets acquired include plants, approximately 20,000 tonnes of bulk product storage and certain land and equipment.

2. Accounting policies

Basis of presentation

The unaudited interim consolidated financial statements of AGTI have been prepared in accordance with accounting principles generally accepted in Canada using the same accounting policies as those disclosed in Note 2 to AGTI's audited consolidated financial statements for the year ended December 31, 2009, except as noted below. Generally accepted accounting principles ("GAAP") for interim consolidated financial statements do not conform in all respects to the disclosures required for annual consolidated financial statements and, accordingly, these unaudited interim consolidated financial statements should be read in conjunction with AGTI's audited annual consolidated financial statements and accompanying notes. In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these unaudited interim consolidated financial statements. These adjustments consist only of normal and recurring adjustments. The interim results are not necessarily indicative of results for the full year. The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

These Consolidated financial statements reflect the consolidated results of AGTI as a corporation on and subsequent to September 15, 2009 and as an Income Fund prior thereto.

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 3 months ended March 31, 2010 and 2009

2. Accounting policies (continued)

The accounting policies used in preparing these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the 2009 annual consolidated financial statements.

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 (GAAP) for publicly accountable enterprises. The new Standards are effective for annual financial statements with fiscal years beginning January 1, 2011. Accordingly, management of AGTI is continuing a project in 2010 to make the conversion from Canadian GAAP to IFRS in 2011. AGTI has retained an IFRS advisory firm to work with senior management to complete the conversion.

AGTI has completed both the Initial Assessment and Detailed Assessment phases of its project plan. Key segments of these phases included determining accounting policy and disclosure changes that will be required upon transition to IFRS as well as the exemptions relating to IFRS 1, First-time Adoption of International Financial Reporting Standards.

3. Intangible assets

		Cost	Accumulated amortization	Mar 31, 2010 Net book Value
Intangible Assets	\$	4,104,666	\$ 201,165	\$ 3,903,501
	\$	4,104,666	\$ 201,165	\$ 3,903,501

		Cost	Accumulated amortization	Dec 31, 2009 Net book Value
Intangible Assets	\$	4,126,626	\$ 101,165	\$ 4,025,461
	\$	4,126,626	\$ 101,165	\$ 4,025,461

4. Inventories

March 31, 2010 Inventories for AGTI are categorized as follows:

	Mar 31, 2010	Dec 31, 2009
Raw product	\$ 22,407,831	\$ 15,117,887
Processed product	57,530,159	57,441,646
Split product	25,374,607	4,047,062
Packaged product	23,287,235	17,426,954
Other	1,817,120	127,926
	\$ 130,416,952	\$ 94,161,475

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 3 months ended March 31, 2010 and 2009

5. Property, plant and equipment

	Cost	Accumulated amortization	Mar 31, 2010 Net book Value
Land	\$ 17,394,212	\$ -	\$ 17,394,212
Buildings and Site Improvements	45,559,885	3,127,141	42,432,744
Automotive	4,227,457	1,605,693	2,621,764
Equipment	90,944,540	17,971,353	72,973,187
	<u>\$ 158,126,094</u>	<u>\$ 22,704,187</u>	<u>\$ 135,421,907</u>

	Cost	Accumulated amortization	Dec 31, 2009 Net book Value
Land	\$ 13,443,448	\$ -	\$ 13,443,448
Buildings and Site Improvements	48,619,454	2,810,421	45,809,033
Automotive	3,988,740	1,497,939	2,490,801
Equipment	91,947,558	17,186,287	74,761,271
	<u>\$ 157,999,200</u>	<u>\$ 21,494,647</u>	<u>\$ 136,504,553</u>

6. Bank indebtedness

At March 31, 2010 AGTI and its subsidiaries had total operating credit and other short term facilities available from six global financial institutions of \$176,445,227, a portion of which is secured by a general security agreement. Average funding rates for floating loans range from Canadian prime plus 0.15% and Canadian prime plus 0.50%. One year fixed USD loans bear interest averaging between LIBOR plus 1.65% and LIBOR plus 2%.

7. Long term debt

	Mar 31, 2010 Balance	Dec 31, 2009 Balance
<i>Term debt</i>		
Arbel Group term facility bearing interest at a rate of 8.5%, due annually with maturity dates ranging from May 2011 to February 2012, secured by inventory and accounts receivable.	\$ 10,152,498	\$ 10,571,414
Advancer loan payable bearing interest at the rate of prime plus 1%, no fixed repayment terms.	12,000,000	12,000,000
Loan payable, due December 11, 2023, blended payments of principal plus interest at the rate of prime plus 1% per month	5,484,251	5,566,718
United Pulse Trading Inc. loans payable, due dates ranging from June 15, 2011 to July 17, 2022, interest rates varying from 0.9% to 4% after the State of North Dakota interest buy down and monthly payments of USD \$32,989, secured by property, plant and equipment of United Pulse Trading Inc.	4,603,886	2,502,048
Pulse Depot Rosetown Inc. loan payable, due October 15, 2010, payments of \$12,500 per month plus interest at the rate of Canadian Bankers Acceptance rate plus 2.5%	488,891	526,391
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%	629,900	650,600
United Pulse Trading Inc. vehicle debt payable, due May 2011, payments of \$858.28 per month, including interest of .9%, secured by vehicle.	13,416	16,561

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 3 months ended March 31, 2010 and 2009

7. Long term debt (continued)

Capital leases

Arbel Group various capital leases payable in total monthly installments of TL \$398,300, including interest, secured by sale leaseback asset, due dates ranging from September 2011 to June 2014.	4,315,293	5,517,858
Capital lease payable in monthly installments of \$3,859, including interest at 9.5%, secured by sale leaseback asset, due August 2011.	68,015	78,747
Capital lease payable in monthly installments of \$2,025, including interest at 9.1%, secured by sale leaseback asset, due February 2013.	59,855	64,552
Capital lease payable in monthly installments of \$1,819, including interest at 10.25%, secured by sale leaseback asset, due January 2012.	47,717	51,884
Capital lease payable in monthly installments of \$1,863, including interest at 8.5%, secured by sale leaseback asset, due June 2010.	35,299	40,136
Capital lease payable in monthly installments of \$1,052, including interest at 9.536%, secured by sale leaseback asset, due July 2012.	27,228	30,612
Capital lease payable in monthly installments of \$119 including interest at 14.5%, secured by sale leaseback asset, due July 2012	3,188	3,534
Capital lease payable in monthly installments of \$97 including interest at 9.5%, secured by sale leaseback asset, due July 2012.	2,562	2,884
	37,932,000	37,623,939
Total current portion	1,677,056	999,618
	\$ 36,254,944	\$ 36,624,321

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

	Term Loans	Capital Leases	Total
2010	\$ 1,544,251	\$ 132,806	\$ 1,677,056
2011	11,241,768	2,064,959	13,306,728
2012	1,443,752	1,628,773	3,072,525
2013	1,035,220	676,477	1,711,697
2014	1,008,784	58,663	1,067,447
thereafter	17,099,068	-	17,099,068
	33,372,843	4,561,678	37,934,521
Interest portion	-	(2,521)	(2,521)
Total	\$ 33,372,843	\$ 4,559,157	\$ 37,932,000

8. Provision for employee termination benefits

Under Turkish labor law, the Arbel Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. Such payments are calculated on the basis of 30 days pay with a maximum accrued per employee.

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 3 months ended March 31, 2010 and 2009

9. Common Shares

Authorized - Unlimited number of voting common shares without par value
Issued - 17,103,246 common shares

	Units and Unit Equivalents	Total Capital	Shares and Share Capital	Total Share Capital
Balance, December 31, 2008	7,985,327	48,216,324	-	-
Warrants exercised (1)	69,367	374,582		
Units redeemed	(3,086)	(25,000)		
Balance prior to Conversion to common shares	8,051,608	48,565,906		
Conversion to common shares	(8,051,608)	(48,565,906)	8,051,608	48,565,906
Issuance of common shares for Arbel Group acquisition (3)	-	-	2,850,448	44,043,412
Subscription receipts converted to common shares pursuant to Plan of Arrangement (2)	-	-	6,118,840	99,431,150
Private placement of shares pursuant to Plan of Arrangement	-	-	37,000	601,250
Issuance costs			-	(6,490,407)
Issuance of common shares for other acquisitions (4)	-	-	45,350	1,000,000
Balance, December 31, 2009 and March 31, 2010	-	\$ -	17,103,246	\$ 187,151,311

(1) On June 23, 2009 69,367 compensation options valued at \$374,582 were exchanged for 69,367 units of the Fund.

(2) On July 21, 2009, the Fund completed its previously announced public offering of 6,118,840 subscription receipts ("Subscription Receipts") at a price of \$16.25 per Subscription Receipt for gross proceeds of \$99,431,150 (the "Offering"), pursuant to a bought deal with a syndicate of underwriters led by Genuity Capital Markets and including Wellington West Capital Markets Inc., Macquarie Capital Markets Canada Ltd., and GMP Securities L.P. (the "Underwriters"). The Underwriters were entitled to a fee equal to 4% of the gross proceeds of the Offering. Each Subscription Receipt entitled its holder to receive one trust unit of the Fund (an "Underlying Unit"), which were converted to common shares of AGTI once all conditions of the conversion were satisfied.

(3) On September 15, 2009, AGTI acquired all of the outstanding shares of the Arbel Group (note 1). The aggregate purchase price for the Acquisition was of \$104,141,400, of which \$60,097,988 was paid in cash and \$44,043,412 was paid by the issuance of 2,850,448 common shares of AGTI at a deemed price of \$15.4514 per Common Share.

(4) On December 31, 2009, 45,350 units were issued at a deemed price of \$22.05 per unit. The units were issued as part of the acquisition cost of the assets of Parent Seed Farms Ltd., which was acquired by AGTI effective December 31, 2009.

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. Subsequently 75,000 options were cancelled and never exercised. The fair value of unit options, estimated at the date of grant using the Black-Scholes option pricing model with the assumptions below resulted in a charge of \$539,530 for the year ending December 31, 2009.

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 Directors of AGTI that remain outstanding 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 AGTI 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. AGTI'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.

ALLIANCE GRAIN TRADERS INC.
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For the 3 months ended March 31, 2010 and 2009

10. Contributed surplus

	3 Months Ended	
	March 31, 2010	March 31, 2009
Contributed surplus - beginning of period	\$ 534,060	\$ 327,132
Amortization of fair value of stock options	110,867	206,928
Contributed surplus - end of period	\$ 644,927	\$ 534,060

11. 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 judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

AGTI, as part of its operations, carries a number of financial instruments that include bank indebtedness, accounts receivable, investments, accounts payable and accruals, distributions payable, and long-term debt and capital leases. 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 long-term debt and capital leases are not materially different than their carrying value. The fair value of investments is not materially different than carrying value due to the short time period between the purchase and the balance sheet date.

Business risk:

As a result of the nature of AGTI's operations, it may be exposed to various forms of risk related to financial instruments. 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 AGTI's risk management policies. Any deviations from this guideline require the agreement of AGTI's President and CEO and the Chief Operating Officer. Management further conducts regular reviews of commodity position limits to ensure compliance. In addition, AGTI 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. AGTI minimizes this risk by having a diverse customer base and established credit policies, including the use of accounts receivable insurance. In addition, approximately 90 to 95% of transactions are concluded with letters of credit or cash against documents payment terms whereby AGTI's operating companies maintain documentary controls and legal title to the goods until payment is received.

The credit risk of AGTI relates to accounts receivable.

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

	Mar 31, 2010	Dec 31, 2009
Accounts receivable	\$ 104,101,002	\$ 89,012,506
	\$ 104,101,002	\$ 89,012,506

Due to the nature and timing of cargo shipments, it is not uncommon for AGTI to carry receivable balances in excess of 60 days. Due to risk management processes that AGTI has in place, Management is confident in its ability to efficiently collect outstanding receivables.

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 3 months ended March 31, 2010 and 2009

11. Financial instruments (continued)

The aging of customer receivables is as follows:

	Mar 31, 2010	Dec 31, 2009
Current	\$ 47,943,923	\$ 27,511,904
0 - 30 days	27,049,841	28,845,175
31 - 60 days	20,880,807	17,705,705
Greater than 60 days	8,226,432	14,949,722
	<u>\$ 104,101,002</u>	<u>\$ 89,012,506</u>

This above table reflects a listing of accounts receivable from the date of invoice, rather than by actual due date. Management considers that substantially all of the amounts are current and recoverable.

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:

	Mar 31, 2010	Dec 31, 2009
Allowance for doubtful accounts - beginning	\$ 1,059,328	11,406
Written off	(7,342)	(7,530)
Recoveries	-	(3,876)
Provision for losses	79,651	1,059,328
	<u>\$ 1,131,637</u>	<u>1,059,328</u>

Foreign currency risk:

AGTI enters into sales denominated in US currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGTI 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 Euro dollars and Turkish Lira. For the Arbel Group, transactions in foreign currency expose AGTI to foreign currency risk, arising mainly from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk by matching foreign currency denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required. At March 31, 2010 AGTI had outstanding USD foreign exchange sales contracts totalling \$105,998,316. In addition, on March 31, 2010 AGTI had outstanding USD foreign exchange sales contracts in Australia totalling \$5,212,490 and outstanding EUR foreign contracts in Australia totalling \$168,500. Total unrealized gains on unsettled US and Australian dollar foreign exchange contracts and US dollar loans at March 31, 2010 total \$1,432,633.

Liquidity risk:

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

March 31, 2010

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	\$ 47,844,352	\$ 47,844,352	\$ 47,844,352	\$ -	\$ -	\$ -
Accounts payable	97,087,607	97,087,607	97,087,607	-	-	-
Long-term debt	37,932,000	44,451,659	2,307,044	14,392,108	8,182,098	19,570,409
Dividends payable	2,308,938	2,308,938	2,308,938	-	-	-
	<u>\$ 185,172,897</u>	<u>\$ 191,692,556</u>	<u>\$ 149,547,941</u>	<u>\$ 14,392,108</u>	<u>\$ 8,182,098</u>	<u>\$ 19,570,409</u>

December 31, 2009

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	\$ 46,269,344	\$ 46,269,344	\$ 46,269,344	\$ -	\$ -	\$ -
Accounts payable	70,146,865	70,146,865	70,146,865	-	-	-
Long-term debt	37,623,939	41,774,220	6,908,049	6,646,420	8,465,964	19,753,787
Dividends and distributions payable	2,308,938	2,308,938	2,308,938	-	-	-
	<u>\$ 156,349,086</u>	<u>\$ 160,499,367</u>	<u>\$ 125,633,196</u>	<u>\$ 6,646,420</u>	<u>\$ 8,465,964</u>	<u>\$ 19,753,787</u>

Future expected operational cash flows and sufficient assets are on hand to fund these obligations. In addition AGTI practices an accounts receivable management program that tracks cargo and documentation flows to ensure the timely receipt of payment from customers. AGTI's 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 AGTI's operations allow for substantial mitigation of liquidity risk.

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12. Capital management

AGTI manages its capital to ensure that financial flexibility exists to increase equity value through a combination of acquisitions and organic growth. This allows AGTI to respond to changes in economic and/or marketplace conditions. AGTI also strives to maintain an optimal capital structure to reduce the overall cost of capital. In the management of capital, AGTI utilizes bank indebtedness, long-term debt and shareholders equity. It may be difficult to accurately predict market conditions for attracting capital. There were no changes in AGTI's approach to capital management during the period.

Alliance Pulse Processors Inc. (APP), the operating subsidiary of AGTI, has externally imposed capital requirements through its lenders. As of March 31, 2010, APP must have a working capital ratio of not less than 1.25:1. Working capital is defined as current assets over current liabilities. In addition, APP must maintain a minimum shareholders equity balance of \$30,000,000 and tangible net worth of \$20,000,000. APP 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. APP must also maintain a debt to equity ratio of less than 2.0:1. APP is in compliance with all covenants as at March 31, 2010.

13. Non-cash operating working capital

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

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009
(Increase) decrease in current assets:		
Accounts receivable	\$ (13,406,294)	\$ 6,334,226
Inventory	(39,251,603)	(1,242,579)
Prepaid expenses and deposits	11,568,361	321,185
	<u>(41,089,536)</u>	<u>5,412,832</u>
Increase (decrease) in current liabilities:		
Accounts payable and accruals	30,496,335	(21,807,622)
Income taxes payable	(1,013,271)	(1,457,531)
	<u>29,483,064</u>	<u>(23,265,153)</u>
	<u>\$ (11,606,472)</u>	<u>\$ (17,852,321)</u>

14. Related party transactions

Prior to the acquisition of Arbel, Durum and Turkpulse, AGTI engaged in normal course business with related parties:

	2010	2009
Corporations whose shareholders are also Fund unitholders		
Sales of grain to corporations whose shareholders are also AGTI shareholders	\$ -	\$ 3,253,981

These transactions were in the normal course of business and were recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Due to the Arbel business combination, there was no accounts receivable owing at the end of 2009 as a result of consolidation.

15. Segmented information

The subsidiaries and divisions of AGTI are in the business of sourcing and processing specialty crops, wheat, bulgar, rice and pasta, specializing in various markets for domestic and export, and operating in one business segment. Geographic information about AGTI's revenues is based on the product shipment destination.

Segmented sales:

Sales were derived from the following commodities:

	March 31, 2010	March 31, 2009
Pulses and Specialty Crops	\$ 139,077,918	\$ 86,818,020
Milled Grains: Pasta, Semolina and Bulgar	24,076,580	-
Rice	21,201,418	-
Other Commodities	1,999,731	-
	<u>\$ 186,355,647</u>	<u>\$ 86,818,020</u>

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15. Segmented information (continued)

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

	March 31, 2010	March 31, 2009
Americas / Caribbean	\$ 25,831,923	\$ 20,371,577
Asia / Pacific Rim	24,823,213	28,532,022
Europe / Middle East / North Africa	135,700,511	37,914,421
Total	\$ 186,355,647	\$ 86,818,020

Segmented assets:

Fixed assets by geographic areas are as follows:

	March 31, 2010	Dec 31, 2009
North America	\$ 66,590,907	\$ 64,456,754
Australia	8,011,382	7,891,949
Turkey	60,819,618	64,155,850
Total	\$ 135,421,907	\$ 136,504,553

16. Commitments

AGTI 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.

AGTI 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, 2010.

17. Contingencies

In the normal course of operations, AGTI may become involved in various legal matters, both claims by and against AGTI. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Based on the information provided by legal counsel, there does not appear to be significant litigation risk for AGTI at March 31, 2010.

18. Subsequent event

On April 26, 2010, AGTI announced the closing of its offering of 2,500,000 common shares for gross proceeds of \$80,000,000 (\$76,675,000 net proceeds), including the common shares sold under an over-allotment option which was exercised earlier the same day. The net proceeds of the offering will be used to finance AGTI's growth strategy, working capital requirements and for general corporate purposes.

19. Comparative figures

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