



(FORMERLY ALLIANCE GRAIN TRADERS INCOME FUND)

QUARTER TWO 2010

CONSOLIDATED FINANCIAL STATEMENTS
(AMENDED)

JUNE 30, 2010

ALLIANCE GRAIN TRADERS INC.

Consolidated Balance Sheets

[See Operations and Corporate Conversion - Note 1]

	June 30, 2010 (unaudited)	Dec 31, 2009 (audited)
Assets		
Current		
Cash	\$ 48,897,180	\$ -
Accounts receivable	94,929,776	89,012,506
Inventory (Note 5)	86,304,657	94,161,475
Prepaid expenses and deposits	3,059,227	13,631,036
	233,190,840	196,805,017
Property, plant and equipment (Note 6)	139,572,372	136,504,553
Intangible assets (Note 4)	3,830,638	4,025,461
Goodwill (Note 3)	68,438,976	66,088,311
Investment	1,000,000	1,000,000
	\$ 446,032,826	\$ 404,423,342
Liabilities		
Current		
Bank indebtedness (Note 7)	\$ -	\$ 46,269,344
Accounts payable and accruals	91,019,548	70,146,865
Income taxes payable	251,545	1,383,911
Current portion of long term debt and capital leases (Note 8)	1,653,904	999,618
Dividends and distributions payable	2,656,496	2,308,938
	95,581,493	121,108,676
Long term debt (Note 8)	23,508,409	36,624,321
Provision for employee termination benefits (Note 9)	347,096	239,402
Future income tax liability	10,977,701	14,540,851
	34,833,206	51,404,574
Shareholders' equity		
Common shares (Note 10)	264,215,299	187,151,311
Contributed surplus (Note 11)	1,278,882	866,662
Accumulated other comprehensive income (loss)	(470,477)	933,381
Retained earnings	50,594,423	42,958,738
	315,618,127	231,910,092
	\$ 446,032,826	\$ 404,423,342
Commitments (Note 17)		
Contingencies (Note 18)		

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*

	3 Months Ended		6 Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
RETAINED EARNINGS				
Retained earnings, beginning of period	\$ 57,417,894	\$ 19,822,903	\$ 42,958,738	\$ 13,769,253
Dividends to shareholders and unitholders	(2,656,495)	(1,094,989)	(4,965,435)	(2,193,058)
Net income (loss)	(4,166,976)	3,038,982	12,601,120	10,190,701
Retained earnings, end of period	\$ 50,594,423	\$ 21,766,896	\$ 50,594,423	\$ 21,766,896
Net income before other comprehensive income (loss)				
	(4,166,976)	3,038,982	12,601,120	10,190,701
Other comprehensive income (loss)				
Foreign currency translation on self-sustaining foreign operations	(356,940)	(179,602)	(1,403,858)	(165,752)
Comprehensive income (loss)	(4,523,916)	2,859,380	11,197,262	10,024,949
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Accumulated other comprehensive income (loss) - beginning of period	\$ (113,537)	\$ 470,743	\$ 933,381	\$ 456,893
Other comprehensive income (loss)	(356,940)	(179,602)	(1,403,858)	(165,752)
Accumulated other comprehensive income (loss) - end of period	\$ (470,477)	\$ 291,141	\$ (470,477)	\$ 291,141

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

ALLIANCE GRAIN TRADERS INC.
Interim Consolidated Statements of Income (loss)
For the periods ended

	3 Months Ended		6 Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Sales	\$ 149,222,319	\$ 72,951,127	\$ 335,577,966	\$ 159,769,147
Cost of sales	138,300,091	65,686,000	297,939,167	139,330,524
Gross margin	10,922,228	7,265,127	37,638,799	20,438,623
Operating expenses				
Amortization	605,026	458,020	1,299,185	822,866
Foreign exchange loss	6,603,984	-	5,171,351	-
Interest and bank charges	1,132,947	125,762	2,063,035	325,811
Interest on long term debt	149,758	154,477	298,118	286,435
Amortization of fair value of stock options	301,353	110,867	412,220	317,795
General and administration	7,427,198	2,404,497	14,836,416	4,893,879
	16,220,266	3,253,623	24,080,325	6,646,786
Income (loss) before income taxes and other	(5,298,038)	4,011,504	13,558,474	13,791,837
Provision for (recovery of) income taxes				
Current	(84,596)	1,078,272	4,520,504	3,844,552
Future	(1,046,466)	(105,750)	(3,563,150)	(243,417)
	(1,131,062)	972,522	957,354	3,601,135
Net income (loss)	(\$ 4,166,976)	\$ 3,038,982	\$ 12,601,120	\$ 10,190,702
Basic net income (loss) per share / unit and unit equivalent	(\$ 0.22)	\$ 0.38	\$ 0.70	\$ 1.28
Diluted net income (loss) per share / unit and unit equivalent	(\$ 0.22)	\$ 0.37	\$ 0.69	\$ 1.25
Basic weighted average number of shares / units outstanding	18,925,175	7,989,323	18,019,243	7,987,336
Diluted weighted average number of shares / units outstanding	19,250,851	8,206,085	18,349,056	8,130,755

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		6 Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Cash from (used for) the following:				
Operating Activities				
Net income (loss)	(\$ 4,166,976)	\$ 3,038,982	\$ 12,601,120	\$ 10,190,701
Items not involving cash:				
- Amortization	605,026	458,020	1,299,185	822,866
- Amortization in cost of sales	1,244,658	249,353	2,409,456	556,232
- Unrealized foreign exchange loss	6,603,984	-	5,171,351	-
- Provision for future income taxes	(1,046,466)	(105,750)	(3,563,150)	(243,417)
- Amortization of fair value of stock options	301,363	110,867	412,230	317,795
Non-cash operating working capital (Note 14)	37,079,126	20,852,538	26,047,357	3,000,216
	40,620,715	24,604,010	44,377,549	14,644,393
Financing Activities				
Repayment of bank indebtedness	(47,844,352)	(21,159,040)	(46,235,465)	(9,035,241)
Net proceeds from the issuance of shares	77,063,988	127,981	77,063,988	127,981
Units redeemed	-	(25,000)	-	(25,000)
Proceeds from long term debt	-	-	2,293,875	2,046,754
Repayment of long term debt	(12,708,808)	(445,899)	(14,694,622)	(684,157)
	16,510,828	(21,501,958)	18,427,776	(7,569,663)
Investing Activities				
Purchase of property, plant and equipment	(5,925,425)	(2,003,984)	(9,290,270)	(4,878,594)
Dividends and distributions	(2,308,938)	(1,098,068)	(4,617,875)	(2,196,136)
	(8,234,363)	(3,102,052)	(13,908,145)	(7,074,730)
Increase in cash position	48,897,180	-	48,897,180	-
Cash position, beginning of period	-	-	-	-
Cash position, end of period	\$ 48,897,180	\$ -	\$ 48,897,180	\$ -
Supplemental cash flow information:				
Interest paid	\$ 580,737	\$ 280,238	\$ 1,600,262	\$ 612,246
Income taxes paid	\$ 2,623,754	\$ 3,598,847	\$ 4,901,945	\$ 10,698,847

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

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 6 months ended June 30, 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, bulgur and pasta.

As a result of the Conversion, all of the outstanding units of the Fund were 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 were 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 entitles 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 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 6 months ended June 30, 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. Goodwill

The consolidated goodwill amount shown on the balance sheets are as a result of the amalgamation with Saskcan Pulse Trading Inc. in 2007, the acquisition of Pulse Depot Rosetown Inc. in 2008 and the acquisition of the Arbel Group in 2009 using the purchase method. In addition, a portion of the acquisitions of the assets of Milestone, Parent Seeds Ltd. and Finora Inc. was allocated to goodwill.

In the current period, AGTI adjusted the purchase price allocation relating to the acquisition of the Arbel Group. As a result, the amounts previously recorded for the fair value of inventory and goodwill have been adjusted. This adjustment to the identifiable assets increased the recognized goodwill by \$2,351,009 and reduced inventory by \$2,351,009. The inventory was sold during the quarter ended June 30, 2010.

4. Intangible assets

	Cost	Accumulated amortization	June 30, 2010 Net book Value
Intangible Assets	\$ 4,131,803	\$ 301,165	\$ 3,830,638
	<u>\$ 4,131,803</u>	<u>\$ 301,165</u>	<u>\$ 3,830,638</u>

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

5. Inventory

June 30, 2010 Inventories for AGTI are categorized as follows:

	June 30, 2010	Dec 31, 2009
Raw product	\$ 18,333,056	\$ 15,117,887
Processed product	35,313,043	57,441,646
Split product	6,715,832	4,047,062
Packaged product	25,803,058	17,426,954
Other	139,668	127,926
	<u>\$ 86,304,657</u>	<u>\$ 94,161,475</u>

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 6 months ended June 30, 2010 and 2009

6. Property, plant and equipment

	Cost	Accumulated amortization	June 30, 2010 Net book Value
Land	\$ 17,802,438	\$ -	\$ 17,802,438
Buildings and Site Improvements	50,415,080	3,461,677	46,953,403
Automotive	4,343,653	1,718,812	2,624,841
Equipment	91,322,017	19,130,327	72,191,690
	<u>\$ 163,883,188</u>	<u>\$ 24,310,816</u>	<u>\$ 139,572,372</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>

7. Bank indebtedness

At June 30, 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%.

8. Long term debt

	June 30, 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.	\$ 7,847,108	\$ 10,571,414
Advancer loan payable bearing interest at the rate of prime plus 1%, no fixed repayment terms.	-	12,000,000
Loan payable, due December 11, 2023, blended payments of principal plus interest at the rate of prime plus 1% per month	5,405,239	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.	4,588,149	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%	451,391	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%	609,200	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.	11,073	16,561

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 6 months ended June 30, 2010 and 2009

8. Long term debt (continued)

<i>Capital leases</i>	<i>June 30, 2010 Balance</i>	<i>Dec 31, 2009 Balance</i>
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.	6,063,666	5,517,858
Alliance Pulse Processors various capital lease payable in monthly installments of \$9,566, including interest ranging from 8.5% to 10.25%, due dates ranging from June 2010 to February 2013, secured by sales leaseback asset.	155,650	235,319
United Pulse various capital leases payable in monthly installments of \$1,268, including interest ranging from 9.5% to 14.5%, secured by sales leasebacks, due July 2012.	30,837	37,030
	25,162,313	37,623,939
Total current portion	1,653,904	999,618
	\$ 23,508,409	\$ 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	\$ 1,557,052	\$ 101,180	\$ 1,658,232
2011	8,952,985	2,536,419	11,489,404
2012	1,441,075	1,827,426	3,268,501
2013	1,054,398	1,457,823	2,512,221
2014	1,026,597	329,228	1,355,825
thereafter	4,880,053	-	4,880,053
	18,912,160	6,252,076	25,164,236
Interest portion	-	(1,923)	(1,923)
Total	\$ 18,912,160	\$ 6,250,153	\$ 25,162,313

9. 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 6 months ended June 30, 2010 and 2009

10. Common Shares

Authorized - Unlimited number of voting common shares without par value
Issued - 19,677,746 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
Subscription receipts converted to common shares pursuant to Plan of Arrangement (2)	-	-	6,118,840	99,431,150
Issuance of common shares for Arbel Group acquisition (3)	-	-	2,850,448	44,043,412
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	-	\$ -	17,103,246	\$ 187,151,311
Issuance of common shares (5)	-	-	2,500,000	80,000,000
Issuance costs (5)			-	(3,606,512)
Options exercised (6)			74,500	670,500
Balance, June 30, 2010			19,677,746	\$ 264,215,299

(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 shares 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.

(5) On April 26, 2010, 2,500,000 shares were issued at a deemed price of \$32.00 per share. The net proceeds of the offering will be used to finance AGTI's growth strategy, working capital requirements and for general corporate purposes.

(6) On June 3, 2010 16,500 compensation options valued at \$148,500 were exchanged for 16,500 shares of AGTI. On June 4, 2010 8,000 compensation options valued at \$72,000 were exchanged for 8,000 shares of AGTI. On June 22, 2010 8,500 compensation options valued at \$76,500 were exchanged for 8,500 shares of AGTI. On June 29, 2010 16,500 compensation options valued at \$148,500 were exchanged for 16,500 shares of AGTI. On June 30, 2010 25,000 compensation options valued at \$225,000 were exchanged for 25,000 shares of AGTI.

ALLIANCE GRAIN TRADERS INC.
Notes to Consolidated Financial Statements
For the 6 months ended June 30, 2010 and 2009

10. Common Shares (continued)

On April 21, 2008 the Fund issued 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. 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 \$301,353 for the quarter ending June 30, 2010 (\$412,220 year to date).

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:

16,500 units	April 21, 2009
16,500 units	April 21, 2010
102,167 units	June 17, 2010
177,000 units	April 21, 2011
143,333 units	April 21, 2012

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.

11. Contributed surplus

	3 Months Ended		6 Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Contributed surplus - beginning of period	\$ 977,529	\$ 534,060	\$ 866,662	\$ 327,132
Amortization of fair value of stock options	301,353	110,867	412,220	317,795
Contributed surplus - end of period	\$ 1,278,882	\$ 644,927	\$ 1,278,882	\$ 644,927

12. 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.

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12. Financial instruments (continued)

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 AGTI 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:

	June 30, 2010	Dec 31, 2009
Accounts receivable	\$ 94,929,776	\$ 89,012,506
	<u>\$ 94,929,776</u>	<u>\$ 89,012,506</u>

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.

The aging of customer receivables is as follows:

	June 30, 2010	Dec 31, 2009
Current	\$ 33,845,798	\$ 27,511,904
0 - 30 days	43,098,349	28,845,175
31 - 60 days	7,054,261	17,705,705
Greater than 60 days	10,931,368	14,949,722
	<u>\$ 94,929,776</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:

	June 30, 2010	Dec 31, 2009
Allowance for doubtful accounts - beginning	\$ 1,059,328	11,406
Written off	(10,633)	(7,530)
Recoveries	-	(3,876)
Provision for losses	137,949	1,059,328
Allowance for doubtful accounts - ending	<u>\$ 1,186,644</u>	<u>1,059,328</u>

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Notes to Consolidated Financial Statements
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12. Financial instruments (continued)

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 June 30, 2010 AGTI had outstanding USD foreign exchange sales contracts totalling \$133,685,800 and outstanding EUR foreign exchange contracts totalling \$168,600. In addition, on June 30, 2010 AGTI had outstanding USD foreign exchange sales contracts in Australia totalling \$4,109,306 and outstanding EUR foreign contracts in Australia totalling \$125,000. Total unrealized losses on unsettled US and Australian dollar foreign exchange contracts and US dollar loans at June 30, 2010 are \$5,171,351.

Liquidity risk:

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

June 30, 2010

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	91,019,548	91,019,548	91,019,548	-	-	-
Long-term debt	25,162,313	28,780,221	3,022,262	12,223,071	7,099,962	6,434,926
Dividends payable	2,656,496	2,656,496	2,656,496	-	-	-
	\$ 118,838,357	\$ 122,456,265	\$ 96,698,306	\$ 12,223,071	\$ 7,099,962	\$ 6,434,926

December 31, 2009

	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	\$ 46,269,343	\$ 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	-	-	-
	\$ 156,349,085	\$ 160,499,367	\$ 125,633,196	\$ 6,646,420	\$ 8,465,964	\$ 19,753,787

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.

13. 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 June 30, 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 June 30, 2010.

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14. 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		6 Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
(Increase) decrease in current assets:				
Accounts receivable	\$ 9,171,226	\$ 6,066,269	\$ (5,917,270)	\$ 12,400,495
Inventory	43,860,921	5,212,677	7,605,444	3,970,097
Prepaid expenses and deposits	(1,005,849)	146,870	10,565,039	468,055
	52,026,298	11,425,816	12,253,213	16,838,647
Increase (decrease) in current liabilities:				
Accounts payable and accruals	(14,828,077)	16,113,836	14,926,510	(5,679,936)
Income taxes payable	(119,095)	(6,687,114)	(1,132,366)	(8,158,495)
	(14,947,172)	9,426,722	13,794,144	(13,838,431)
	\$ 37,079,126	\$ 20,852,538	\$ 26,047,357	\$ 3,000,216

15. 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 \$ - \$ 6,117,269

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.

16. Segmented information

The subsidiaries and divisions of AGTI are in the business of sourcing and processing specialty crops, wheat, bulgur, 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:

	3 Months Ended		3 Months Ended		6 Months Ended	
	March 31, 2010	March 31, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Pulses and Specialty Crops	\$ 145,589,632	\$ 86,818,020	\$ 123,999,257	\$ 72,951,127	\$ 269,588,889	\$ 159,769,147
Milled Grains: Pasta, Semolina and Bulgur	17,772,298	-	9,675,436	-	27,447,734	-
Rice	21,201,418	-	15,547,626	-	36,749,044	-
Other Commodities	1,792,299	-	-	-	1,792,299	-
	\$ 186,355,647	\$ 86,818,020	\$ 149,222,319	\$ 72,951,127	\$ 335,577,966	\$ 159,769,147

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16. Segmented information (continued)

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

	3 Months Ended		6 Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Americas / Caribbean	\$ 57,917,465	\$ 19,691,833	\$ 83,749,388	\$ 40,063,410
Asia / Pacific Rim	73,353,644	13,479,410	98,176,857	42,011,432
Europe / Middle East / North Africa	17,951,210	39,779,884	153,651,721	77,694,305
Total	\$ 149,222,319	\$ 72,951,127	\$ 335,577,966	\$ 159,769,147

Segmented assets:

Fixed assets by geographic areas are as follows:

	June 30, 2010	Dec 31, 2009
North America	\$ 69,288,404	\$ 64,456,754
Australia	7,674,847	7,891,949
Turkey	62,609,121	64,155,850
Total	\$ 139,572,372	\$ 136,504,553

17. 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 \$35,000,000. The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires October 31, 2010.

18. 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 June 30, 2010.

19. Comparative figures

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