

CMI Terminal Ltd.
Consolidated Financial Statements
October 31, 2008

CMI Terminal Ltd.
Contents
For the years ended

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To the Shareholders of CMI Terminal Ltd.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

December 1, 2008

signed – Fred Draude _____

signed – David Nystuen _____

Auditors' Report

To the Shareholders of CMI Terminal Ltd.:

We have audited the consolidated balance sheets of CMI Terminal Ltd. as at October 31, 2008 and 2007, and the consolidated statements of earnings and comprehensive earnings and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Melfort, Saskatchewan

December 1, 2008

Meyers Norris Penny LLP

Chartered Accountants

CMI Terminal Ltd.
Consolidated Balance Sheets

| | <i>October 31</i> | <i>October 31</i> |
|---|-------------------|-------------------------------|
| | 2008 | 2007 |
| Assets | | |
| Current | | |
| Cash | 1,158,590 | 941,390 |
| Short-term deposits | 240,742 | 138,106 |
| Accounts receivable | 293,416 | 275,243 |
| Prepaid expenses and deposits | 17,020 | 14,217 |
| | 1,709,768 | 1,368,956 |
| Future income taxes | 2,132 | - |
| Property, plant and equipment <i>(Note 4)</i> | 3,459,314 | 3,533,009 |
| | 5,171,214 | 4,901,965 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 368,174 | 90,028 |
| Income taxes payable | 199,407 | 21,863 |
| Condo deposits | - | 21,500 |
| Current portion of long-term debt <i>(Note 5)</i> | 298,832 | 302,915 |
| | 866,413 | 436,306 |
| Term loan due on demand <i>(Note 5)</i> | 1,165,195 | 1,395,865 |
| | 2,031,608 | 1,832,171 |
| Long-term debt <i>(Note 5)</i> | 7,266 | 75,167 |
| Future income taxes | - | 40,568 |
| | 2,038,874 | 1,947,906 |
| Contingencies <i>(Note 14)</i> | | |
| Subsequent events <i>(Note 15)</i> | | |
| Shareholders' Equity | | |
| Share capital <i>(Note 6)</i> | 1,872,234 | 2,147,154 |
| Retained earnings | 1,260,106 | 806,905 |
| | 3,132,340 | 2,954,059 |
| | 5,171,214 | 4,901,965 |
| Approved on behalf of the Board | | |
| <u>signed – Fred Draude</u> | Director | <u>signed – David Nystuen</u> |
| | Director | |

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

CMI Terminal Ltd.
Consolidated Statements of Earnings and Comprehensive Earnings and Retained Earnings
For the years ended

| | <i>October 31</i> 2008 | <i>October 31</i> 2007 |
|---|----------------------------------|----------------------------------|
| Sales | 6,222,745 | 3,983,798 |
| Cost of sales | 4,303,090 | 2,121,240 |
| Gross margin | 1,919,655 | 1,862,558 |
| Other income | 37,788 | 34,897 |
| Administrative expenses | 1,957,443 | 1,897,455 |
| Operating expenses | 183,434 | 173,133 |
| | 957,188 | 790,590 |
| Earnings from operations | 816,821 | 933,732 |
| Interest on long-term debt | 104,296 | 115,875 |
| Amortization | 279,201 | 280,353 |
| Earnings before income taxes and extraordinary item | 433,324 | 537,504 |
| Provision for income taxes | | |
| Current | 163,512 | 85,253 |
| Future | (42,700) | 17,395 |
| | 120,812 | 102,648 |
| Earnings before extraordinary item | 312,512 | 434,856 |
| Extraordinary item <i>(Note 11)</i> | 140,689 | - |
| Net earnings and Comprehensive earnings | 453,201 | 434,856 |
| Retained earnings, beginning of year | 806,905 | 503,782 |
| Dividends | - | (131,733) |
| Retained earnings, end of year | 1,260,106 | 806,905 |
| Earnings per share | | |
| Basic and fully diluted | 19.781 | 18.981 |

The accompanying notes are an integral part of these financial statements

CMI Terminal Ltd.
Consolidated Statements of Cash Flows
For the years ended

| | <i>October 31</i> <i>2008</i> | <i>October 31</i> <i>2007</i> |
|---|----------------------------------|----------------------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Net earnings and Comprehensive earnings | 453,201 | 434,856 |
| Amortization | 279,201 | 280,353 |
| Gain on settlement related to breach of joint venture agreement | (195,375) | - |
| Gain on disposal of property, plant and equipment | (543) | (1,051) |
| Future income taxes | (42,700) | 17,395 |
| | 493,784 | 731,553 |
| Changes in working capital accounts | | |
| Accounts receivable | (18,167) | (123,069) |
| Income taxes payable | 177,544 | 20,761 |
| Prepaid expenses and deposits | (2,803) | 1,941 |
| Accounts payable and accruals | 278,140 | 36,387 |
| Condo deposits | (21,500) | (5,500) |
| | 906,998 | 662,073 |
| Financing activities | | |
| Repayments of long-term debt | (302,654) | (303,895) |
| Repayment of share capital | (274,920) | - |
| Dividends | - | (131,733) |
| | (577,574) | (435,628) |
| Investing activities | | |
| Purchases of property, plant and equipment | (15,596) | (42,131) |
| Proceeds on disposal of property, plant and equipment | 6,008 | 5,491 |
| | (9,588) | (36,640) |
| Increase in cash resources | 319,836 | 189,805 |
| Cash resources, beginning of year | 1,079,496 | 889,691 |
| Cash resources, end of year | 1,399,332 | 1,079,496 |
| Cash resources are composed of: | | |
| Cash | 1,158,590 | 941,390 |
| Short-term deposits | 240,742 | 138,106 |
| | 1,399,332 | 1,079,496 |
| Supplementary cash flow information | | |
| Interest paid | 104,171 | 114,965 |
| Income taxes paid | 30,885 | 63,977 |

The accompanying notes are an integral part of these financial statements

1. Incorporation and commencement of operations

CMI Terminal Ltd. (the Company) was incorporated on June 4, 1998 under the laws of the Province of Saskatchewan. The Company was formed for the purpose of entering into a joint venture agreement with Viterra in constructing and operating an inland grain terminal near Naicam, Saskatchewan. The Joint Venture name is CMI Terminal Joint Venture.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following accounting policies:

Basis of consolidation

The consolidated financial statements include the accounts of CMI Terminal Ltd., and its fifty percent proportionate share of the accounts of its joint venture interest in CMI Terminal Joint Venture. Based on the proportionate consolidation method, the Company includes in its accounts its proportionate share of the assets, liabilities, revenues and expenses of the Joint Venture. Inter entity balances and transactions are eliminated.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

| | Method | Rate |
|-----------------------------------|-------------------|---------|
| Buildings | declining balance | 4-10 % |
| Automotive | declining balance | 30 % |
| Computer equipment | declining balance | 30 % |
| Fertilizer and chemical equipment | declining balance | 10 % |
| Equipment | declining balance | 10-20 % |

Long-lived assets

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from an asset's use and disposal are less than its carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings or loss for the year.

Asset retirement obligations

The Company owns all land upon which its capital assets are located. The Company believes that it does not have a legal obligation to undertake a site restoration of these properties at any time in the future, and thus has determined that its liability for asset retirement obligations is nil.

2. **Significant accounting policies** *(Continued from previous page)*

Revenue recognition

The Company's share of the revenues of CMI Terminal Joint Venture represents substantially all of its consolidated revenue.

Revenue of the Company's Joint Venture is generated primarily from the handling and elevation of grains and oilseeds owned by Viterra Inc. Viterra Inc. purchases this product directly from farmers and is responsible for the marketing and selling of product that is not sold under the legislated monopoly of the Canadian Wheat Board. The Joint Venture recognizes revenue when grain cars are loaded at the terminal. Viterra Inc. pays the Joint Venture when the cars are unloaded at their destination. The Company's sales revenue is its proportionate share of the Joint Venture's revenue.

Revenue from the sale of crop inputs is recognized when the product is transferred to the farmer. Viterra Inc. bills the Joint Venture for the related cost of sales as of the date of sale.

Future income taxes

The Company 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 to be either settled or realized.

Earnings per share

Basic earnings per share is calculated by dividing income available to common shareholders by the weighted average number of common shares.

Measurement uncertainty

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. Although inventory on hand is owned by Viterra Inc., the Joint Venture is responsible for any grade variances discovered when product reaches its destination by rail. Gains or losses resulting from grading of grains and oilseeds, which is subjective in nature, are recognized in the period they occur. Amortization is based on the estimated useful lives of property, plant and equipment. Current portion of long-term debt is calculated based on repayment terms and interest rates in effect at year end. In addition the company has entered into contracts for the purchase of crop supplies from Viterra which may result in contingent gains and losses, the measurement of which is subject to estimates.

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.

2. **Significant accounting policies** *(Continued from previous page)*

Financial Instruments

Held for trading:

The Company has classified the following financial assets and liabilities as held for trading: cash and short-term deposits. Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Company has designated cash on initial recognition as held for trading as required by the definition of this classification. Held for trading instruments are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the trade date.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

Available-for-sale:

The Company does not hold any financial assets classified as available-for-sale.

Loans and receivables:

The Company has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value, approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value include interest income and allowances for doubtful accounts and are recognized in net earnings upon derecognition or impairment.

Held to maturity:

The Company does not hold any financial assets classified as held to maturity.

Other financial liabilities:

The Company has classified the following financial liabilities as other financial liabilities: accounts payable and accruals and long-term debt. These liabilities are initially recognized at their fair value, approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date. Total interest expense, calculated using the effective interest rate method, is recognized in net income.

Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value include interest income and allowances for doubtful accounts and are recognized in net income upon derecognition or impairment.

2. Significant accounting policies *(Continued from previous page)*

Liabilities and equity:

The Company classifies financial instruments based on the substance of the instrument. The corresponding interest, dividends, losses and gains relating to a financial instrument or component that is classified as a financial liability is recorded as income (expense). The distributions that have been given to holders of the instruments classified as equity instruments have been recorded by the Company directly in equity.

Comprehensive earnings (loss)

Comprehensive earnings (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive earnings (loss) is the total of net earnings (loss) and other comprehensive earnings (loss). Other comprehensive earnings (loss) comprises revenues, expenses, gains and losses that, in accordance with Canadian generally accepted accounting principles, require recognition, but are excluded from net earnings (loss). The Company does not have any items giving rise to other comprehensive earnings, nor is there any accumulated balance of other comprehensive earnings. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net earnings for the period.

3. Change in accounting policies

Financial instruments

Effective November 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards.

CICA 1530 Comprehensive Income establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to cash flow hedges or available-for-sale financial assets, outside of net income, in a statement of comprehensive earnings (loss). Comprehensive earnings (loss) is defined as the change in equity of the Joint Venture arising from transactions and other events and circumstances, except those resulting from owner investment and distribution. Accumulated comprehensive earnings (loss) is separately disclosed as a component of equity.

The Joint Venture had no items requiring reclassification to accumulated other comprehensive earnings (loss).

CICA 3251 Equity establishes standards for the presentation of equity and changes in equity, including changes arising from those items recorded in comprehensive earnings (loss).

The application of hedge accounting is covered in CICA 3865 Hedges. The Joint Venture does not have any transactions which qualify for hedge accounting.

Transactions entered into prior to the adoption of these recommendations have not been retroactively designated. Prior periods have not been restated.

3. Change in accounting policies *(Continued from previous page)*

CICA 3855 Financial Instruments – Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3862 Financial Instruments - Disclosures and CICA 3863 Financial Instruments - Presentation discuss the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

As described in Significant accounting policies, Note 2, the Joint Venture recognizes its held for trading and available-for-sale financial assets and liabilities at their fair value. Prior to this classification, required at the time the Joint Venture adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any permanent impairment. This change in accounting policy had no effect in the current period. The new requirements were applied prospectively and prior periods have not been restated.

As described in Significant accounting policies, Note 2, the Joint Venture's held to maturity and loan and receivable financial assets, and its other financial liabilities, are recognized at their amortized cost, using the effective interest method. Prior to this classification, these items were recognized at their historical cost, adjusted for any permanent impairment. This change in accounting policy had no effect in the current period. The new requirements were applied prospectively and prior periods have not been restated.

4. Property, plant and equipment

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>October 31 2008 Net book value</i> |
|-----------------------------------|------------------|-------------------------------------|---|
| Land | 42,713 | - | 42,713 |
| Buildings | 4,127,198 | 1,594,038 | 2,533,160 |
| Automotive | 135,535 | 56,101 | 79,434 |
| Computer equipment | 31,362 | 26,479 | 4,883 |
| Fertilizer and chemical equipment | 501,297 | 134,053 | 367,244 |
| Equipment | 1,058,150 | 626,270 | 431,880 |
| | 5,896,255 | 2,436,941 | 3,459,314 |

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>October 31 2007 Net book value</i> |
|-----------------------------------|------------------|-------------------------------------|---|
| Land | 42,713 | - | 42,713 |
| Buildings | 4,127,198 | 1,441,166 | 2,686,032 |
| Automotive | 68,380 | 49,667 | 18,713 |
| Computer equipment | 31,362 | 24,387 | 6,975 |
| Fertilizer and chemical equipment | 384,204 | 90,013 | 294,191 |
| Equipment | 1,051,123 | 566,738 | 484,385 |
| | 5,704,980 | 2,171,971 | 3,533,009 |

During the year, the Company contributed equipment to the Joint Venture with a total fair market value of \$195,375. This contribution was related to the purchase of Agricore United by Viterra Inc.

CMI Terminal Ltd.
Notes to the Consolidated Financial Statements
For the years ended

5. Long-term debt

| | <i>October 31</i> 2008 | <i>October 31</i> 2007 |
|--|----------------------------------|---------------------------|
| Demand loan bearing interest at 6.45% (5.8% in 2007), payable in monthly instalments of \$19,223 plus interest, secured by a general security agreement, due October 2012 | 1,395,865 | 1,626,535 |
| Term loan bearing interest at prime plus 1.25% (5.25% at October 31, 2008), payable in six monthly instalments of \$10,000 from May to October annually plus interest due monthly, secured by a general security agreement, due 2009 | 60,000 | 120,000 |
| Term loan bearing interest at 0%, payable in monthly instalments of \$386, secured by related automotive assets having a total net book value of \$9,889 (\$14,127 in 2007), due 2009 | 3,825 | 12,011 |
| Term loan bearing interest at 5.9%, payable in semi-annual instalments of \$2,467, secured by equipment having a net book value of \$14,586 (19,509 in 2007), due 2010 | 11,603 | 15,401 |
| | 1,471,293 | 1,773,947 |
| Less: current portion | 298,832 | 302,915 |
| Less: term loan due on demand | 1,165,195 | 1,395,865 |
| | 7,266 | 75,167 |

Principal repayments on long-term debt in each of the next five years are estimated as follows:

| | |
|------|---------|
| 2009 | 298,832 |
| 2010 | 235,235 |
| 2011 | 233,403 |
| 2012 | 230,670 |
| 2013 | 230,670 |

Long-term debt is subject to certain financial covenants with respect to current ratio, net worth and earnings. At October 31, 2008, the Company is in compliance with all such covenants. It is management's opinion that the Company is likely to remain in compliance with all long-term debt covenants throughout the twelve months subsequent to October 31, 2008.

Although all long-term debt covenants have been met, Canadian generally accepted accounting principles require the classification of certain of the Company's long-term debt as current liabilities due to the fact that this loan is due on demand.

6. Share capital

October 31 *October 31*
2008 **2007**

Authorized

Common shares

Unlimited number of Class A, voting common shares which may be issued in series.

Unlimited number of Class B, non-voting common shares which may be issued in series. The Class B shares may be converted into Class A Series 1 shares as follows: i) Class A Shareholders may convert their Class B Series 1 shares for Class A Series 1 shares on a one-to-one basis, (ii) Class B (only) Shareholders may convert their Class B Series 1 shares to Class A Series 1 shares on a one-to-one basis provided that such conversion right may only be exercised in lots of 10 Class B Series 1 shares.

Preferred shares

Unlimited number of Class C, non-voting preferred shares, redeemable by the Company, retractable by the holder

Unlimited number of Class D, non-voting preferred shares, redeemable by the Company, retractable by the holder. Each Class D share may be converted into three Class A Series 1 shares at the option of the Company.

Issued

Common shares

| | | | | |
|--|--------|-----------------------|------------------|-----------|
| | 22,910 | Class A common shares | 1,872,234 | 2,147,154 |
|--|--------|-----------------------|------------------|-----------|

During the period, the Company returned to the shareholders capital of \$12 per share, totalling \$274,920.

7. Income taxes

The Company's effective tax rate approximates 15.5% on the first \$400,000 of active business income earned in Saskatchewan. The tax rate is between 27% and 32.5% for active business income in excess of this amount.

8. Proportionately consolidated Joint Venture

The Company's investment in CMI Terminal Joint Venture is an integral part of its operation.

The following is a summary of the Company's proportionate share of the financial position, operating results, and cash flows of the Joint Venture:

| | <i>October 31</i> <i>2008</i> | <i>October 31</i> <i>2007</i> |
|--------------------------------------|----------------------------------|----------------------------------|
| Assets | | |
| Current assets | 1,364,185 | 1,231,021 |
| Non-current assets | 3,457,222 | 3,530,396 |
| | 4,821,407 | 4,761,417 |
| Liabilities and Equity | | |
| Current liabilities | 1,819,126 | 1,787,878 |
| Long-term liabilities | 7,266 | 75,167 |
| Equity | 2,995,015 | 2,898,372 |
| | 4,821,407 | 4,761,417 |
| Operating results | | |
| Revenues | 6,244,425 | 4,010,427 |
| Expenses | (5,716,527) | (3,373,509) |
| | 527,898 | 636,918 |
| Cash flows | | |
| Cash flows from operating activities | 1,050,112 | 806,656 |
| Cash flows from investing activities | (9,587) | (36,641) |
| Cash flows from financing activities | (929,282) | (371,928) |
| | 111,243 | 398,087 |

9. Economic dependence

The Joint Venture markets substantially all of its services through an arrangement with Viterro Inc. The ability of the Company to sustain operations is dependent upon the continued operation of this arrangement. On October 31, 2008, the amount receivable from Viterro Inc. is \$284,593 (\$266,589 in 2007).

10. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value disclosure

The carrying amounts of short-term deposits, accounts receivable, and accounts payable and accruals approximate their fair values due to the short-term maturities of these items. The carrying amount of the Company's long-term debt approximates its fair value, as current interest rates are not significantly different from the terms of these loans.

Fair values are based on management's best estimates after consideration of current market conditions. The estimates are subjective and involve considerable judgment and, as such, are not necessarily indicative of the amounts that the Company may incur in actual market transactions.

Credit risk

Accounts receivable from Viterra (a venturer) in connection with grain handling services and crop protection sales represents 97% of total accounts receivable as at year end. The company believes that there is minimal risk associated with the collection of these amounts.

Commodity price risk

The nature of the Company's activities exposes it to risks of changes in commodity prices related to crop inputs that may occur between the time products are received on consignment from the supplier and the actual date of sale to customers. The Company currently has no process in place to hedge these commodity price risks.

Credit concentration

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Substantially all of the Company's trade accounts receivable are from Viterra Inc., who is also a participant in the CMI Terminal Joint Venture as discussed in Note 8.

Interest rate risk

Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk with respect to its fixed and floating rate long-term debt.

11. Other item

During 2007, the Company's joint venture partner was purchased and the new joint venture partner, Viterra Inc., was found to be in breach of the joint venture agreement with respect to infringement upon CMI Terminal's trading area. In return for waiver of this breach of contract by CMI Terminal Ltd., Viterra Inc. transferred a one-half share of its Naicam anhydrous ammonia equipment to CMI Terminal Ltd. The contribution of \$195,375 resulting from this settlement has been presented as an other item net of Provincial Sales Tax of \$9,769 and income taxes of \$44,917.

12. Commitments

The Company has entered into various lease agreements with estimated minimum annual payments as follows:

| | |
|------|--------|
| 2009 | 11,475 |
| 2010 | 9,775 |
| 2011 | 3,910 |
| 2012 | 1,572 |
| | 26,732 |

13. Capital management

The Company's objectives when managing capital is to ensure that sufficient capital reserves are maintained to facilitate the entity's ability to continue as a going concern, so that it can continue to provide returns for the venturers and benefits for other stakeholders through the provision of grain handling services, and also to allow the venture to take advantage of business opportunities that are connected to its core business.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company determines the amount of capital available to be distributed to the shareholders on an annual basis.

The Company manages the following as capital:

| | 2008 | 2007 |
|-------------------|-----------|-----------|
| Share capital | 1,872,234 | 2,147,154 |
| Retained earnings | 1,260,106 | 806,905 |
| | 3,132,340 | 2,954,059 |

14. Contingencies

The Company's Joint Venture holds various crop protection and crop nutrient products on consignment on behalf of Viterra. While the Joint Venture does not own this inventory, the Joint Venture has committed, by agreement, to purchase this inventory from Viterra at such time it is sold to producers. The cost of these products to the Joint Venture has been fixed at the price in effect at the date of delivery to the Joint Venture.

At October 31, 2008, the Joint Venture held approximately 1499 tonnes of fertilizer on consignment which had a total price at the time of delivery of approximately \$1,437,000.

Since delivery to the Joint Venture and subsequent to the fiscal year end, the fair market value of these products has decreased substantially and it is unlikely that the contractual cost of these products will be fully recovered from their eventual sale proceeds. As a result of this decline in value, the Company has accrued a liability for loss on value of product covered under this agreement in the amount of \$268,362 with a corresponding increase in cost of goods sold. The actual proceeds will not be known until the product is finally sold and the actual amounts may differ from the amount accrued.

15. Subsequent events

Subsequent to the date of the financial statements, the Joint Venture operated by the company purchased equipment for \$318,677 which was financed, in part, by a loan in the amount of \$250,000.

16. Related party transactions

The Company conducts virtually all of its activities through its Joint Venture as disclosed in Note 8. This Joint Venture conducts a majority of its operations in accordance with grain handling and crop protection service supply agreements with Viterra Inc. who is a related party by virtue of being the other venturer in this Joint Venture. Included in sales is \$6,222,746 (3,983,797 - 2007) from Viterra Inc. while cost of goods sold include \$4,303,090 (\$2,121,226 - 2007) of purchases from Viterra Inc. All of these transactions as well as all transactions with the board of directors are in the normal course of operations measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.