

**GODERICH ELEVATORS LIMITED**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
SEPTEMBER 30, 2007

	Page
Consolidated Interim Balance Sheet	2
Consolidated Interim Statement of Income	3
Consolidated Interim Statement Comprehensive Income	4
Consolidated Interim Statement of Retained Earnings	5
Consolidated Interim Statement of Accumulated Other Comprehensive Income	6
Consolidated Interim Statement of Cash Flows	7
Notes to Consolidated Interim Financial Statements	8 - 13

**GODERICH ELEVATORS LIMITED****Consolidated Interim Balance Sheet**

As at

September 30, 2007    March 31, 2007

**ASSETS****Current**

Investments available for sale, <i>note 3</i>	\$ 4,118,230	\$ 4,560,549
Accounts receivable	2,787,342	2,282,218
Inventory	2,255,189	1,630,694
Prepaid expenses	318,923	104,448
Income taxes recoverable	243,227	-
Future income taxes	-	23,000

---

**9,722,911**                      **8,600,909****Pension plans, *note 7***                      **118,800**                      **118,800****Property, plant and equipment, *note 4***                      **8,285,849**                      **7,508,050**

---

**\$ 18,127,560**                      **\$ 16,227,759**

---

**LIABILITIES****Current**

Bank indebtedness	\$ 285,210	\$ 60,259
Accounts payable	1,792,266	1,964,896
Bank loans, <i>note 5</i>	1,816,667	541,667
Income tax payable	-	93,061

---

**3,894,143**                      **2,659,883****Future income taxes**                      **618,000**                      **588,000**

---

**4,512,143**                      **3,247,883**

---

**SHAREHOLDERS' EQUITY****Share capital, *note 6***                      **936,006**                      **936,006****Accumulated other comprehensive income**                      **1,231,323**                      **1,197,331****Retained earnings**                      **11,448,088**                      **10,846,539**

---

**13,615,417**                      **12,979,876**

---

**\$ 18,127,560**                      **\$ 16,227,759**

---

*Approved on behalf of the Board:**"R. J. Paterson"*

Mr. R. J. Paterson, Chairman

*"A.R Heimbecker"*

Mr. A.R. Heimbecker, Director

**GODERICH ELEVATORS LIMITED**  
**Consolidated Interim Statement of Income**

<b>For the six month period ending September 30</b>	<b>2007</b>	<b>2006</b>
<b>Sales</b>	<b>\$ 10,156,632</b>	<b>\$ 11,616,416</b>
<b>Expenses</b>		
Amortization	526,798	452,898
Selling, operating and administrative	8,666,654	9,083,326
Interest - line of credit and term loan	92,287	54,609
	<u>9,285,739</u>	<u>9,590,833</u>
<b>Income from operations</b>	<u>870,893</u>	<u>2,025,583</u>
<b>Other income</b>		
Investment income	313,689	73,251
<b>Income before income taxes</b>	<u>1,184,582</u>	<u>2,098,834</u>
<b>Income taxes</b>		
Current	341,000	565,500
Future	43,000	67,000
	<u>384,000</u>	<u>632,500</u>
<b>Net income for the period</b>	<u>\$ 800,582</u>	<u>\$ 1,466,334</u>
<b>Earnings per share</b>	<b>\$ 2.50</b>	<b>\$ 4.55</b>

*Unaudited - Prepared by Management*  
*The accompanying notes are an integral part of these financial statements*

**GODERICH ELEVATORS LIMITED**  
**Consolidated Interim Statement Comprehensive Income**

<b>For the six month period ending September 30</b>	<b>2007</b>
<b>Net income for the period</b>	<b>\$ 800,582</b>
<b>Other comprehensive income -</b>	
Unrealized gain on available for sale investments	<b>39,992</b>
<b>Comprehensive income for the period</b>	<b>\$ 840,574</b>

**GODERICH ELEVATORS LIMITED**  
**Consolidated Interim Statement of Retained Earnings**

<b>For the six month period ending September 30</b>	<b>2007</b>	<b>2006</b>
Balance, beginning of period	\$ 10,846,539	\$ 9,407,277
Net income for the period	<u>800,582</u>	<u>1,466,334</u>
	<b>11,647,121</b>	10,873,611
Dividends	<b>(160,033)</b>	(161,683)
Refundable tax paid	<b>(39,000)</b>	(19,914)
Shares repurchased - excess over average cost	-	(88,539)
<b>Balance, end of period</b>	<b>\$ 11,448,088</b>	<b>\$ 10,603,475</b>

*Unaudited - Prepared by Management*  
*The accompanying notes are an integral part of these financial statements*

## GODERICH ELEVATORS LIMITED

### Consolidated Interim Statement of Accumulated Other Comprehensive Income

<b>For the six month period ending September 30</b>	<b>2007</b>
Balance at beginning of period	\$ 1,197,331
<b>Other comprehensive income</b>	<b>39,992</b>
Refundable taxes	(6,000)
<b>Balance, end of period</b>	<b>\$ 1,231,323</b>

**GODERICH ELEVATORS LIMITED**  
**Consolidated Interim Statement of Cash Flows**

<b>For the six month period ending September 30</b>	<b>2007</b>	<b>2006</b>
<b>Cash provided by (used by)</b>		
<b>Operating activities</b>		
Operations		
Net income for the period	\$ 800,582	\$ 1,466,334
Items not involving cash -		
Amortization	526,798	452,898
Gain on sale of investments	(269,345)	(18,384)
Future income taxes	43,000	67,000
	<u>1,101,035</u>	<u>1,967,848</u>
Changes in non cash working capital accounts		
Accounts receivable	(505,124)	(2,525,054)
Inventory	(624,495)	(1,343,076)
Prepaid expenses	(214,475)	(449,060)
Accounts payable	(172,630)	1,086,569
Bank line of credit and term loan	1,275,000	966,667
Income taxes	(336,288)	(238,865)
	<u>523,023</u>	<u>(534,971)</u>
<b>Financing activities</b>		
Dividends paid	(160,033)	(161,683)
Refundable taxes	(39,000)	(19,914)
Shares repurchased	-	(98,175)
	<u>(199,033)</u>	<u>(279,772)</u>
<b>Investing activities</b>		
Purchase of capital assets	(1,304,597)	(1,429,494)
Purchase of investments	(788,578)	(642,391)
Proceeds on disposal of investments	1,544,234	2,105,114
	<u>(548,941)</u>	<u>33,229</u>
<b>Increase (decrease) in cash</b>	<b>(224,951)</b>	<b>(781,514)</b>
Balance, beginning of period	(60,259)	803,530
<b>Balance, end of period</b>	<b>\$ (285,210)</b>	<b>\$ 22,016</b>
<b>Supplemental information</b>		
Cash payments made for income taxes	\$ 713,792	\$ 829,579
Interest paid	\$ 92,287	\$ 54,609

**GODERICH ELEVATORS LIMITED**  
**Notes to Consolidated Interim Financial Statements**

SEPTEMBER 30, 2007

**1. Corporate information**

---

The Company is incorporated under the laws of Ontario and is engaged in the storage, conditioning, processing and handling of grain through facilities at Goderich, Hamilton and Port Colborne, Ontario.

**Corporate structure**

The consolidated statements include the accounts of the Company and its subsidiary G. S. Dunn Limited.

**2. Significant accounting policies**

---

**Principles of consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

**Disclosure and use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

**Investments available for sale**

The Company has adopted the new CICA accounting rules relating to investments whereby it has determined that its' investments are considered available for sale. As such, these investments are measured at fair value with unrealized gains and losses recorded in other comprehensive income until the investment is either sold, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

**Inventories**

Raw materials are valued at the lower of average cost and replacement cost. Finished goods are valued at the lower of average cost and net realizable value.

**Property, plant and equipment**

Capital assets are recorded at acquisition cost and amortized over their useful life on a straight line basis using the following annual rates -

Assets on Company owned land	-	4%
Assets on Government owned land	-	over the life of the lease
Dome and attached machinery	-	25 years
Pollution control equipment	-	6 2/3%
Other equipment	-	5% to 33%

**GODERICH ELEVATORS LIMITED**  
**Notes to Consolidated Interim Financial Statements**

SEPTEMBER 30, 2007

**2. Significant accounting policies**

---

**Revenue recognition**

Revenue from the services of storage, conditioning, processing and handling of grain is recognized when products are shipped or as the services are rendered.

**Financial instruments**

The Company's other financial instruments include cash, accounts receivable and bank loans. Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in fair value is other than temporary, the financial asset is written down to its fair value. Unless otherwise indicated, the fair values of financial instruments approximate their recorded amounts.

The Company provides credit to its customers in the normal course of business and maintains provisions for potential bad debts.

**Income taxes**

The Company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of assets and liabilities and are measured using the substantively enacted tax rates that are expected to be in effect when the differences are expected to reverse.

The Company is a Canadian controlled private corporation under the Income Tax Act (Canada) and as such, a portion of the income taxes on its investment income is refundable upon payment of taxable dividends to shareholders. These refundable taxes are considered to be in the nature of advance distributions to shareholders and are charged to retained earnings.

**3. Investments available for sale**

As at	September 30, 2007		March 31, 2007	
	Cost	Fair Value	Cost	Fair Value
Cash and equivalents	\$ 208,577	\$ 208,577	\$ 271,402	\$ 272,744
Common shares	2,179,493	3,780,653	2,482,576	4,060,505
Trust funds	98,837	129,000	219,240	227,300
	<u>\$ 2,486,907</u>	<u>\$ 4,118,230</u>	<u>\$ 2,973,218</u>	<u>\$ 4,560,549</u>

**GODERICH ELEVATORS LIMITED**  
**Notes to Consolidated Interim Financial Statements**

SEPTEMBER 30, 2007

**4. Property, plant and equipment**

As at	September 30, 2007		March 31, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 668,848	\$ -	\$ 668,848	\$ -
Land and water lots	1	-	1	-
Docks, buildings, dome	7,530,221	4,887,454	7,079,619	4,820,215
Pollution control	1,447,027	1,361,298	1,447,027	1,354,103
Machinery	12,308,876	7,843,943	11,550,321	7,502,712
Vehicles	526,827	328,077	526,827	291,404
Office and computers	849,563	624,742	798,373	594,532
	<u>\$ 23,331,363</u>	<u>\$ 15,045,514</u>	<u>\$ 22,071,016</u>	<u>\$ 14,562,966</u>
Net book value		<u>\$ 8,285,849</u>		<u>\$ 7,508,050</u>

**5. Bank loans**

As at	September 30, 2007	March 31, 2007
Line of credit at bank prime	\$ 1,450,000	\$ 125,000
Demand term loan repayable \$8,333 per month plus interest at bank prime plus 1/4%	<u>366,667</u>	<u>416,667</u>
	<u>\$ 1,816,667</u>	<u>\$ 541,667</u>

The Company has a line of credit in the amount of \$4,500,000 and has provided letters of credit totaling \$929,000. A general security agreement covering all assets and an assignment of certain book debts has been lodged as collateral for this line and the demand loan.

The demand term loan repayments are as follows for the twelve months ending March 31 -

March 31, 2008	-	\$ 49,998
March 31, 2009	-	99,996
March 31, 2010	-	99,996
March 1, 2011	-	99,996
March 31, 2012	-	16,681

**GODERICH ELEVATORS LIMITED**  
**Notes to Consolidated Interim Financial Statements**  
SEPTEMBER 30, 2007

**6. Share capital**

As at

**September 30, 2007**    March 31, 2007

---

**Authorized**

Unlimited number of common shares

**Issued**

320,066 common shares (320,066 - March 31, 2007)

\$ 936,006    \$ 936,006

**GODERICH ELEVATORS LIMITED**  
**Notes to Consolidated Interim Financial Statements**

SEPTEMBER 30, 2007

**7. Pension plans**

The Company has a defined contribution pension plan covering the majority of employees. During the period, the Company made contributions of \$25,184 during the period ending September 30, 2007 (\$21,341 during 2006) with respect to this plan.

The Company also has a defined benefit pension plan covering two salaried employees (one active and one retired). Under this benefit plan, benefits at retirement are related to years of service and remuneration during the years of employment. The pension plan is actuarially valued at least every three years. Based on the most recent actuarial valuation and management's best estimate of rates of return and compensation rates, the actuarial present value of accumulated plan benefits at March 31, 2007 is approximately \$1,214,200 (2006 - \$1,156,000). The market value of plan assets available to provide for these benefits is approximately \$1,219,000 as at March 31, 2007 (2006 - \$1,119,100).

The following is a summary based on the most recent information, as presented in the annual financial statements -

<b>As at March 31</b>	<b>2007</b>	<b>2006</b>
<b>Significant assumptions</b>		
Discount rate	<b>5.75%</b>	5.75%
Salary increases	<b>2.00%</b>	2.00%
Expected rate of return on assets	<b>6.50%</b>	6.50%
<b>Status of the defined benefit plan</b>		
<b>Benefit obligation</b> , beginning of year	<b>\$ 1,156,000</b>	\$ 1,061,700
Cost of benefits	<b>9,200</b>	8,600
Interest on benefit obligation	<b>60,200</b>	60,500
Benefit payments	<b>(37,900)</b>	(36,900)
Actuarial (gain) loss on benefit obligation	<b>26,700</b>	62,100
<b>Benefit obligation</b> , end of year	<b>\$ 1,214,200</b>	\$ 1,156,000
<b>Plan assets</b> , beginning of year	<b>\$ 1,119,100</b>	\$ 996,000
Benefit payments	<b>(37,900)</b>	(36,900)
Funding contributions	<b>66,100</b>	48,000
Actual return on plan assets	<b>71,700</b>	112,000
<b>Plan assets</b> , end of year	<b>\$ 1,219,000</b>	\$ 1,119,100
<b>Accrued pension asset</b> , beginning of year	<b>\$ 61,900</b>	\$ 45,200
Cost of benefits	<b>(9,200)</b>	(8,600)
Expected return on plan assets	<b>73,700</b>	65,100
Interest on benefit obligation	<b>(60,200)</b>	(60,500)
Amortization of transitional obligation	<b>29,200</b>	29,200
Amortization of net actuarial loss	<b>(42,700)</b>	(56,500)
Employee contributions	<b>3,100</b>	3,000
Pension expense	<b>63,000</b>	45,000
<b>Accrued pension asset</b> , end of year	<b>\$ 118,800</b>	\$ 61,900

*Unaudited - Prepared by Management*

**GODERICH ELEVATORS LIMITED**  
**Notes to Consolidated Interim Financial Statements**  
 SEPTEMBER 30, 2007

**8. Income taxes**

For the six month period ending September 30	<b>2007</b>	2006
The effective income tax rate differs from the statutory rates mainly as a result of the following -		
Statutory tax rate	<b>36%</b>	36%
Tax effect of -		
Non taxable portion of capital gains	<b>(3%)</b>	(2%)
Surtax	<b>1%</b>	1%
Manufacturing and processing deduction	<b>(1%)</b>	(1%)
Small business deduction and general rate reduction for CCPC	<b>(2%)</b>	(5%)
Refundable tax on investment income	<b>1%</b>	1%
Average tax rate	<b><u>32%</u></b>	<u>30%</u>

**9. Commitments**

The aggregate minimum annual lease payments under long term leases for land and storage facilities, based on the current payments for the next five years (ending March 31), are as follows:

2008	-	\$	134,060
2009	-		268,114
2010	-		194,618
2011	-		157,870
2012	-		157,870
Thereafter	-		684,352