

AMALGAMATED INCOME LIMITED PARTNERSHIP
(A Limited Partnership)

Consolidated Financial Statements

September 30, 2009

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim consolidated financial statements have been prepared by management.

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS

	September 30 2009 \$ <i>(unaudited)</i>	December 31 2008 \$ <i>(audited)</i>
ASSETS		
Cash and cash equivalents	7,720,650	2,936,357
Distributions receivable	37,273	481,813
Investments, at fair value	<u>4,160,359</u>	<u>10,157,912</u>
	<u>11,918,282</u>	<u>13,576,082</u>
LIABILITIES		
Accounts payable and accrued liabilities	25,000	97,422
Debentures	-	370,000
Distributions payable	<u>342,844</u>	<u>336,200</u>
	<u>367,844</u>	<u>803,622</u>
PARTNERSHIP CAPITAL		
Limited partners	11,451,980	12,729,489
Contributed surplus	<u>98,458</u>	<u>42,971</u>
	<u>11,550,438</u>	<u>12,772,460</u>
	<u>11,918,282</u>	<u>13,576,082</u>

Contingencies (*Note 1, 7*)

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

APPROVED ON BEHALF OF THE LIMITED PARTNERSHIP
 BY THE DIRECTORS OF AMALGAMATED GENERAL PARTNER LTD.

"Elias Foscolos"

 Elias Foscolos, Director

"Michael Charlton"

 Michael Charlton, Director

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF INCOME

	Three Months September 30		Nine Months September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTMENT REVENUES				
Distributions from:				
Mutual Fund Limited Partnerships and Notes	57,896	65,333	120,023	224,445
Financial Services	52,429	127,658	240,184	986,304
Real Estate Limited Partnerships	22,154	24,876	41,712	133,863
Marketable Securities	21,568	239,402	211,871	373,678
	154,047	457,269	613,790	1,718,290
EXPENSES				
Management and director fees (Note 4)	71,763	67,379	222,272	227,265
Audit, legal and transfer fees	88,682	103,777	252,957	163,001
Interest expense	-	91,289	13,983	146,698
Office and sundry (Note 4)	42,986	48,443	97,909	108,970
Regulatory	646	2,754	44,942	34,553
Unit-based compensation (Note 6)	9,829	9,829	55,487	29,487
	213,906	323,471	687,550	709,974
NET INVESTMENT INCOME (LOSS)	(59,859)	133,798	(73,760)	1,008,316
OTHER ADDITIONS (DEDUCTIONS)				
Amortization of Mutual Fund Limited Partnerships and Notes	61,568	(539,068)	489,227	(695,985)
Realized (loss) gain on sale (redemption) of Mutual Fund Limited Partnerships	(56,268)	(65)	(555,574)	1,803
Unrealized loss in value of Financial Services	(30,000)	(1,342,000)	(60,000)	(1,472,000)
Unrealized gain (loss) in value of marketable securities	295,641	(1,608,593)	1,684,886	(1,339,885)
Realized gain (loss) on sale of marketable securities	(58,325)	235,434	(1,050,824)	378,633
Unrealized gain in value of Real Estate Limited Partnerships	121,513	577,201	121,513	820,952
Realized gain (loss) on sale of Real Estate Limited Partnerships	(5,665)	52,250	3,657	133,850
General Partner fees (Note 4)	(15,631)	(18,253)	(55,024)	(53,596)
	312,833	(2,643,094)	577,861	(2,226,228)
NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD	252,974	(2,509,296)	504,101	(1,217,912)
WEIGHTED AVERAGE UNITS OUTSTANDING	3,158,755	3,121,934	3,170,557	3,036,848
BASIC AND DILUTED NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD PER UNIT	\$ 0.08	\$ (0.80)	\$ 0.16	\$ (0.40)

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

	General Partner	Limited Partners	Nine Months September 30	
			2009	2008
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
PARTNERSHIP CAPITAL, Beginning of Period	-	12,729,489	12,729,489	18,599,251
NET INCOME	-	504,101	504,101	(1,217,912)
PARTNER TRANSACTIONS				
Proceeds from exercise of options	-	45,570	45,570	-
Repurchases under Normal Course Issuer Bid	-	(112,770)	(112,770)	(319,304)
Distributions to limited partners	-	(1,714,410)	(1,714,410)	(1,643,118)
Proceeds from Distribution Reinvestment Plan	-	-	-	1,247,208
Unit issue costs	-	-	-	(10,522)
	-	(1,277,509)	(1,277,509)	(1,943,648)
PARTNERSHIP CAPITAL, End of Period	-	11,451,980	11,451,980	16,655,603

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AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months September 30		Nine Months September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CASH FLOW FROM OPERATING ACTIVITIES				
Net investment income	(59,859)	133,798	(73,760)	1,008,316
Unit-based compensation	9,829	9,829	55,487	29,487
General partner fees (Note 4)	(15,631)	(18,253)	(55,024)	(53,596)
	(65,661)	125,374	(73,297)	984,207
Proceeds on sale/repayment of:				
Mutual Fund Limited Partnerships and Notes	21,474	4,595	156,961	26,684
Financial Services	710,485	625,000	2,524,310	3,413,074
Real Estate Limited Partnerships	141,075	3,552,000	150,397	4,255,048
Marketable Securities	1,871,058	9,275,212	9,403,569	11,218,955
Acquisition of:				
Mutual Fund Limited Partnerships and Notes	-	(2,046)	-	(11,049)
Financial Services	-	(60,000)	(1,170,663)	(1,572,000)
Real Estate Limited Partnerships	(25,422)	(78,400)	(50,845)	(248,800)
Marketable Securities	(1,115,299)	(11,362,393)	(4,383,292)	(23,901,573)
Net change in non-cash working capital items	(11,814)	164,831	378,763	1,195,907
	1,525,896	2,244,173	6,935,903	(4,639,547)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from exercise of options (Note 5)	-	-	45,570	-
Repurchases under Normal Course Issuer Bid	(33,835)	(164,607)	(112,770)	(319,304)
Repayment of debentures	-	-	(370,000)	-
Distributions to limited partners	(552,079)	(563,922)	(1,714,410)	(1,643,118)
Proceeds from Distribution Reinvestment Plan	-	881,160	-	1,247,208
Proceeds on issuance of debentures	-	20,000	-	250,000
Unit issue costs	-	-	-	(10,522)
	(585,914)	172,631	(2,151,610)	(475,736)
Increase (decrease) in cash and cash equivalents for period	939,982	2,416,804	4,784,293	(5,115,283)
Cash and cash equivalents, beginning of period	6,780,668	(6,536,344)	2,936,357	995,743
Cash and cash equivalents, end of period	7,720,650	(4,119,540)	7,720,650	(4,119,540)
SUPPLEMENTARY INFORMATION				
Interest paid	-	91,914	13,983	136,073
Cash and Cash Equivalents made up of:				
Balances with banks and brokerages held directly	6,812,869	253,399	6,812,869	253,399
Balances with banks held by subsidiaries	907,781	90,720	907,781	90,720
	7,720,650	344,119	7,720,650	344,119
Line of credit				
Brokerage margin	-	(4,463,659)	-	(4,463,659)
	7,720,650	(4,119,540)	7,720,650	(4,119,540)

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO

Number of Units	Issuer Name	Description	September 30, 2009	
			Average Cost \$ (<i>unaudited</i>)	Fair Value \$ (<i>unaudited</i>)
MUTUAL FUND LIMITED PARTNERSHIPS ("LP") AND NOTES				
	Acuity Funds Ltd.	Non-exchange listed	<i>Note 8</i>	137,303
	Other			129,008
				266,311
FINANCIAL SERVICES				
	Asset Based Financing (no expiry date)	Non-exchange listed	1,074,176	1,074,176
	Bridge Loan (in default) (Note 7)	Non-exchange listed	393,617	393,617
	Commercial Loan (in default) (Note 7)	Non-exchange listed	366,616	366,616
	Commerical Loan (in default) (Note 7)	Non-exchange listed	1,062,000	130,000
	Bridge Loan (in default) (Note 7)	Non-exchange listed	600,000	130,000
	Commercial Loan (expires Dec 2009)	Non-exchange listed	89,850	89,850
			3,586,259	2,184,259
REAL ESTATE LIMITED PARTNERSHIPS				
253,193	Paddington Properties LP	Non-exchange listed	620,806	658,405
	Other	Non-exchange listed	38,215	111,740
			659,021	770,145
MARKETABLE SECURITIES				
134,305	Drive Products Income Fund	Exchange listed unit	372,949	177,283
40,000	West Energy Ltd.	Exchange listed share	110,218	99,600
179,000	Holloway Lodging - Debenture	Exchange listed debenture	156,513	90,843
117,000	Royal Host D - Debenture	Exchange listed debenture	103,552	76,050
43,250	BNP Resources - B	Exchange listed share	160,219	21,625
325,000	Rockwell Diamonds	Exchange listed share	104,339	14,625
67,503	Action Energy Inc.	Exchange listed share	188,616	8,438
	Other		542,661	451,180
			1,739,067	939,644
TOTAL				4,160,359

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

1. ORGANIZATION OF THE PARTNERSHIP AND GOING CONCERN

Amalgamated Income Limited Partnership ("Amalgamated" or the "Partnership") is a limited partnership registered under the Partnership Act (British Columbia) on November 18, 1994. The business of the Partnership consists of investing in and acquiring income generating securities, assets or businesses and holding, managing, reorganizing and disposing of such investments with a view to making a profit. Amalgamated General Partner Ltd. (the "General Partner"), a corporation existing under the laws of the province of Alberta, is responsible for the management of the Partnership on a day-to-day basis in accordance with the terms of the Amalgamated partnership agreement dated November 18 1994 as amended from time to time. The General Partner may engage agents to assist in carrying out its management obligations to the Partnership. For the services rendered by the General Partner, the General Partner is entitled to 0.01% of the annual net income of the Partnership and an annual fee equal to 3.25% of all distributions. In addition, the General Partner is entitled to be reimbursed by the Partnership for all direct costs and expenses incurred on the Partnership's behalf. Amalgamated is listed on the Toronto Stock Exchange (AI.UN-TSX).

As a result of a meeting of limited partners on June 19, 2009, a termination date of the Partnership was approved of December 15, 2010. Management estimates that future obligations associated with the wind-up and dissolution of Amalgamated to be approximately \$900,000 to \$1,200,000 for the period from June 19, 2009 to the final wind-up date of December 15, 2010. These amounts have not been accrued for in the unaudited interim consolidated financial statements but will be recorded as incurred. Management believes that the unaudited interim consolidated financial statements have been prepared within reasonable limits of materiality and within the framework of accounting policies summarized below, which were applied for the nine months ended September 30, 2009. These unaudited interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Partnership will realize the carrying value of its investments upon wind-up and satisfy its obligations as they become due in the normal course of operations. The application of the going concern concept is dependent on the Partnership's ability to realize the net realizable value of the remaining investments. A failure to continue as a going concern would then require that stated amounts of assets and liabilities be reflected on a liquidation basis which could differ significantly from the going concern basis. These unaudited interim consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities were the Partnership unable to continue its operations.

Management of Amalgamated is working to sell the Partnership's assets on an orderly basis and distribute the cash or provide in-kind distributions of the remaining assets prior to December 15, 2010. The final net realizable amount will depend on various factors including the performance of the Partnership's investments and the final wind-up date; outcome of the contingent liability as discussed under *Note 7 Contingencies*; and the level of distributions between September 30, 2009 and the final distribution date. Management estimates that any income earned between September 30, 2009 and the final distribution date will be sufficient to cover general and administrative expenses but would not be sufficient to fund distributions at the current level without eroding capital.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") for unaudited interim consolidated financial statements. The accounting principles and methods of computation adopted in these unaudited interim consolidated financial statements are the same as those for the audited annual financial statements for the year ended December 31, 2008. However, these unaudited interim consolidated financial statements do not include all information and footnote disclosures required under Canadian GAAP for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto, for the year ended December 31, 2008.

The unaudited interim consolidated financial statements of the Partnership include the accounts of Amalgamated and its two wholly owned subsidiaries: Multi-fund Income Trust ("Multi-fund") and Quick Draw Mortgages Ltd. ("Quick Draw").

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

3. DISTRIBUTIONS TO LIMITED PARTNERS

The Partnership is currently paying distributions on a monthly basis to its limited partners. The limited partners of record on the record date, currently anticipated to be on or about the end of each month in which a distribution is declared, will receive the cash distribution. Unlike income trusts, distributions from the Partnership do not form the basis on which the limited partners are taxed. The income or loss from the Partnership is allocated based on the limited partners of record on December 31 which is independent from the payment of distributions during the year. Therefore, it is very likely that the taxable income to be reported by a limited partner will be different from the amount of cash distributions received.

4. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2009, the following related party transactions occurred and are recorded at the exchange amount which is the amount of consideration paid or received as established and agreed to by related parties:

- Amalgamated General Partner Ltd. (the “General Partner”), a company owned by Messrs. Elias Foscolos, Bruce Mitchell, and Michael Charlton was paid \$55,024 (\$53,596 for the nine months ended September 30, 2008) pursuant to the terms of its agreement with Amalgamated to act as a general partner. Under this agreement, the General Partner is entitled to 0.01% of the annual net income of the Partnership and a fee equal to 3.25% of distributions to limited partners. In addition, the General Partner may engage agents to assist in carrying out its management and administrative functions to Amalgamated and its subsidiaries. The following entities have been engaged by the General Partner to provide these functions:
 - o GBH Consulting Group Limited (“GBH”), a company controlled by Chris Boatman (Chairman of the board, director of the General Partner, and CEO) was paid fees of \$6,000 for the nine months ended September 30, 2009 (\$551 for the nine months ended September 30, 2008) for administrative and management services provided by Mr. Chris Boatman. As at September 30, 2009, \$nil of this amount was included in accounts payable (\$nil as at September 30, 2008);
 - o Accretive Financial Corp. (“Accretive”), a company controlled by Mr. Elias Foscolos (President, CFO, director, and shareholder of the General Partner) was paid fees of \$176,268 for the nine months ended September 30, 2009 (\$170,676 for the nine months ended September 30, 2008) for administrative services which included the professional services of Mr. Foscolos and other support staff, and \$25,224 for office space (\$14,602 for the nine months ended September 30, 2008). As at September 30, 2009, none of these amounts were included in accounts payable (\$25,350 as at September 30, 2008);
 - o Directors of the General Partner were paid \$5,000 each for director’s fees plus applicable payroll remittances for a total of \$25,000 during the nine months ended September 30, 2009 (\$25,223 for the nine months ended September 30, 2008). These amounts represent the total annual compensation of the directors; and
- The Partnership sold 855 Banff Rocky Mountain Limited Partnership units to directors and officers of the General Partner at market value of \$141,075 which was determined based on recent arms length transactions.

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

5. LIMITED PARTNERSHIP UNITS

The capital of the Partnership is composed of a single class of limited partnership units (“Units”) with the following characteristics:

- (a) The amount contributed or deemed to be contributed to the capital of the Partnership as consideration for the issuance of Units is the sum or sums determined by the General Partner from time to time;
- (b) The number of authorized Units is unlimited but subject to regulatory approval; and
- (c) Each Unit shall have one vote at any meeting of partners.

A summary of the changes in Units outstanding is as follows:

	Three Months		Nine Months	
	Ended September 30 2009	2008	Ended September 30 2009	2008
Beginning of period	3,166,462	3,046,781	3,178,062	2,998,697
Exercise of options	-	-	21,000	-
Repurchases under Normal Course Issuer Bid	(11,800)	(34,800)	(44,400)	(65,500)
Distribution reinvestment and optional purchase plan	-	197,181	-	275,965
End of period	3,154,662	3,209,162	3,154,662	3,209,162

During the nine months ended September 30, 2009, 44,400 units were repurchased under a Normal Course Issuer Bid for proceeds of \$112,770 (65,500 units for \$319,304 during the nine months ended September 30, 2008) and 21,000 units were issued upon exercise of 21,000 options for proceeds of \$45,570 (\$nil during the nine months ended September 30, 2008).

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

6. LIMITED PARTNERSHIP UNIT INCENTIVE PLAN

A summary of the changes in incentive units outstanding under the Incentive Plan is as follows:

	Nine Months Ended September 30			
	2009		2008	
	Number of Units	Weighted Average Exercise Price \$	Number of Units	Weighted Average Exercise Price \$
Beginning of period	277,300	6.18	173,300	7.22
Granted	39,000	2.17	113,000	5.40
Exercised	(21,000)	2.17	-	-
Forfeited	(49,000)	5.89	(9,000)	6.81
End of period	246,300	5.77	277,300	6.18
Exercisable, end of period	196,100	5.87	113,100	6.49

Of the 246,300 incentive units outstanding, 67,000 units will expire in 2010, 20,000 units in 2011, 51,300 units in 2012, 90,000 units in 2013, and 18,000 units in 2014.

7. CONTINGENCIES

The Partnership has been named as a defendant in a lawsuit brought against it by a former president of the General Partner. The dispute involves an amount of approximately \$1,400,000 plus interest and costs. On July 30, 2009 the Supreme Court of British Columbia ruled that the former president was liable to Amalgamated for \$58,274 plus interest plus certain court approved costs. In August, 2009 the former president appealed this judgment. At the date of issuance of these unaudited interim consolidated financial statements, the outcome was not determinable. The same individual has brought a second action against the General Partner. At the date of these unaudited interim consolidated financial statements, neither the amount claimed nor the outcome is determinable. No amounts have been recorded in these unaudited interim consolidated financial statements relating to these claims.

As at September 30, 2009, the Partnership had a bridge loan outstanding with a face value of \$1,062,000 (fair value of \$130,000) and a commercial loan outstanding with a face value of \$600,000 (fair value of \$130,000). The borrowers in both cases have defaulted on these loans and the Partnership is currently in the process of realizing on the security pledged which consists of real property, and personal and corporate guarantees.

The Partnership has written the fair value of these loans down to what management expects to recover from the security pledged. The Partnership had a commercial loan outstanding for \$366,616 which was in default as at September 30, 2009. At the date of issuance, of these unaudited interim financial statements, \$185,000 had been repaid and the Partnership expects to recover the remaining amount and therefore, has not written down this loan.

In addition, the Partnership has a bridge loan outstanding in the amount of \$393,617 which was in default as at September 30, 2009. The borrower is currently working towards paying this loan. The loan is secured by real estate and personal and corporate guarantees. The Partnership expects to recover the full amount from the security and guarantees.

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

8. INVESTMENTS

As the Partnership invests in Mutual Fund Limited Partnerships and Notes that are depleting (distributions are a combination of income and capital), the cost of these investments was not a meaningful measure of the performance of the investments.

9. FINANCIAL RISK MANAGEMENT

a. Overview

The Partnership has exposure to credit risk, liquidity risk and market risk. The General Partners' board of directors has overall responsibility for the establishment and oversight of the Partnership's risk management framework.

b. Credit risk

Credit risk is the risk of financial loss to the Partnership if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Partnership's distributions receivables. The carrying amount of financial assets represents the maximum credit exposure.

The Partnership is subject to credit risk on its distributions receivable. The Partnership has never had any problems in collecting its distributions receivables and any adjustments to its receivables results from changes to estimates made prior to actual distribution amounts being disclosed.

The Partnership is also subject to credit risk on its Financial Services investments. These investments are comprised of bridge loans, real estate loans, and other financial instruments to borrowers, mainly in Alberta and British Columbia, in a number of industries. The Partnership mitigates its credit risk by placing only a portion of its investments in financial services, diversifying its financial services among various borrowers in different industries, and obtaining what is determined to be sufficient security at the time to back the loans.

c. Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. The Partnership's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses.

As at September 30, 2009, the Partnership had financial assets of \$11,918,282 and \$367,844 of financial liabilities compared to \$13,576,082 of financial assets and \$433,622 of financial liabilities as at December 31, 2008. In addition, the Partnership had no brokerage margin and no debentures which compared to no brokerage margin and \$370,000 of debentures as at December 31, 2008.

The Partnership manages its liquidity risk by continuously monitoring forecasted cash flows and the value of underlying investments provided as security for the credit facilities.

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, debenture values, and equity prices will affect the Partnership's income or value of its financial instruments. The Partnership invests solely in Canadian dollars and therefore is not exposed to currency risk.

The Partnership invests in Financial Services investments with various terms. All Financial Services investments have fixed rates of interest except for the Asset Based Financing of \$1,074,176 whose rate of return is dependent on risk and repayment terms. A 1% increase (decrease) in the rate would result in an increase (decrease) in the net loss for the Partnership for the nine months ended September 30, 2009 of \$8,056. This analysis assumes that all other

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

variables remain constant and the Asset Based Financing of \$1,074,176 is outstanding for the entire period.

e. Fair value of financial instruments

The Partnership has determined the fair values of its financial instruments as follows:

- i. The fair values in the consolidated balance sheet of cash and cash equivalents, distributions receivable, distributions payable, and accounts payable and accrued liabilities approximate carrying amounts because of the short-term nature of these instruments.
- ii. The fair value of investments was calculated based on the accounting policies discussed in note 2 to the audited consolidated financial statements for the year ended December 31, 2008.

10. CAPITAL MANAGEMENT

The Partnership's objective is to maintain access to diverse and cost-effective sources of capital with which to finance its investment program. The Partnership maintains a capital structure of permanent equity and lower cost debt (brokerage margin and debentures) when deemed necessary.

The Partnership manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying investments. The Partnership will balance its overall capital structure through new unit issues, unit repurchases, issuance of debentures, use of brokerage margin, repayment of debt or by undertaking other activities as deemed appropriate in the specific circumstances.

For 2009, the Partnership's objective with regards to capital management is to repurchase its units which management believes will enhance the value of the Partnership and to repay existing brokerage margin and debentures as the Partnership moves towards a wind-up by December 15, 2010.

The Partnership's credit facilities (brokerage margin and debentures) include customary positive and negative covenants that can be categorized as externally imposed capital requirements. As at September 30, 2009, the Partnership was in compliance with all its obligations under its credit facilities.

The total capital as at September 30, 2009 and December 31, 2008 was calculated as follows:

	September 30		December 31	
	2009		2008	
	Carrying Amount \$	As a Percentage of Capital	Carrying Amount \$	As a Percentage of Capital
Debentures	-	0.0%	370,000	2.8%
Partnership Capital	11,550,438	100.0%	12,772,460	97.2%
Total Capital	11,550,438	100.0%	13,142,460	100.0%

Total capital has decreased between December 31, 2008 and September 30, 2009 due mainly to the repayment of \$370,000 of debentures and distributions paid to limited partners of \$1,714,410 for the nine months ended September 30, 2009.

AMALGAMATED INCOME LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2009

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to presentation adopted for the current period.

12. SUBSEQUENT EVENT

After September 30, 2009, a wholly owned direct subsidiary of the Partnership acquired an additional 374,755 units of Paddington Properties LP at a price of \$4.75 per unit for a total consideration of \$1,780,086. The acquisition was funded by the Partnership's working capital.