AMALGAMATED INCOME LIMITED PARTNERSHIP
(A Limited Partnership)

Consolidated Financial Statements

December 31, 2009 and 2008

Management's Responsibility

To the Partners of Amalgamated Income Limited Partnership:

Management of the general partner ("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 consolidated financial 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 consolidated financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated 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 Amalgamated Income Limited Partnership's external auditors.

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

March 8, 2010

"Elias Foscolos"
President

"Chris Boatman"
Chief Executive Officer

Auditors' Report

To the Unitholders of Amalgamated Income Limited Partnership:

We have audited the consolidated balance sheets and the consolidated statements of investment portfolio for Amalgamated Income Limited Partnership (the "Partnership") as at December 31, 2009 and 2008 and the consolidated statements of net income (loss) and comprehensive income (loss), partners' capital and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of the Partnership's general partner. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position and statements of investment portfolio of the Partnership as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Calgary, AB
March 8, 2010

Chartered Accountants

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS

	As at December 31 2009 $	As at December 31 2008 $
ASSETS		
Cash and cash equivalents	**5,868,711**	2,936,357
Distributions receivable	**163,240**	481,813
Investments, at fair value	**6,200,523**	10,157,912
	12,232,474	13,576,082
LIABILITIES		
Accounts payable and accrued liabilities	**111,368**	97,422
Debentures *(Note 8)*	**-**	370,000
Distributions payable	**349,382**	336,200
	460,750	803,622
PARTNERS' EQUITY		
Limited partners	**11,663,438**	12,729,489
Contributed surplus *(Note 7)*	**108,286**	42,971
	11,771,724	12,772,460
	12,232,474	13,576,082

Going concern *(Note 1)*
Contingencies *(Note 10)*
Subsequent events *(Note 15)*

The accompanying notes are an integral part of these 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 NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31	
	2009	2008
	$	$
INVESTMENT REVENUES		
Distributions from:		
Financial Services	**334,167**	1,101,546
Marketable Securities	**223,752**	552,429
Mutual Fund Limited Partnerships and Notes	**221,739**	589,009
Real Estate Limited Partnerships	**44,112**	134,570
	823,770	2,377,554
EXPENSES		
Accounting, legal and transfer fees	**396,123**	237,477
Management and director fees *(Note 4)*	**284,675**	297,152
Office and sundry *(Note 4)*	**103,764**	148,778
Unit-based compensation *(Note 6)*	**65,315**	39,316
Regulatory	**46,020**	45,502
Interest expense	**13,983**	169,053
	909,880	937,278
NET INVESTMENT (LOSS) INCOME	**(86,110)**	1,440,276
OTHER ADDITIONS (DEDUCTIONS)		
Amortization of Mutual Fund Limited Partnerships and Notes	**(44,485)**	(1,081,566)
Realized gain (loss) on sale of Mutual Fund LPs and Notes	**16,695**	(308,019)
Unrealized gain (loss) in value of Financial Services	**855,500**	(940,085)
Realized gain (loss) on Financial Services	**(880,715)**	(520,665)
Unrealized gain (loss) in value of Marketable Securities	**2,297,705**	(2,418,549)
Realized gain (loss) on sale of Marketable Securities	**(1,532,923)**	(1,170,830)
Unrealized gain (loss) in value of Real Estate Limited Partnerships	**757,012**	(887,016)
Realized gain (loss) on sale of Real Estate Limited Partnerships	**(20,867)**	1,482,859
General Partner fees *(Note 4)*	**(77,856)**	(85,148)
	1,370,066	(5,929,019)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**1,283,956**	(4,488,743)
WEIGHTED AVERAGE UNITS OUTSTANDING	**3,165,950**	3,077,040
BASIC AND DILUTED NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER UNIT	**$ 0.41**	$ (1.46)

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

	General Partner (Note 4) $	Limited Partners $	Year Ended December 31 2009 $	2008 $
PARTNERS' CAPITAL, Beginning of Year	-	12,729,489	**12,729,489**	18,599,251
NET INCOME (LOSS)	-	1,283,956	**1,283,956**	(4,488,743)
PARTNER TRANSACTIONS				
Proceeds from Distribution Reinvestment Plan	-	-	**-**	1,247,208
Unit issue costs	-	-	**-**	(10,522)
Repurchases under Normal Course Issuer Bid	-	(116,000)	**(116,000)**	(399,127)
Distributions to limited partners	-	(2,279,577)	**(2,279,577)**	(2,218,578)
Proceeds from exercise of options	-	45,570	**45,570**	-
	-	(1,066,051)	**(1,066,051)**	(5,869,762)
PARTNERS' CAPITAL, End of Year	-	11,663,438	**11,663,438**	12,729,489

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31 **2009** $	2008 $
CASH FLOW FROM OPERATING ACTIVITIES		
Net investment (loss) income	**(86,110)**	1,440,276
Unit-based compensation	**65,315**	39,316
General partner fees *(Note 4)*	**(77,856)**	(85,148)
	(98,651)	1,394,444
Proceeds on sale/repayment of:		
Mutual Fund Limited Partnerships and Notes	**171,467**	284,382
Financial Services	**3,451,543**	5,433,464
Real Estate Limited Partnerships	**218,043**	5,125,168
Marketable Securities	**11,343,768**	18,414,157
Acquisition of:		
Mutual Fund Limited Partnerships and Notes	**-**	(15,243)
Financial Services	**(1,246,467)**	(1,560,750)
Real Estate Limited Partnerships	**(1,885,641)**	(195,150)
Marketable Securities	**(6,647,402)**	(26,464,477)
Net change in non-cash working capital items *(Note 14)*	**332,519**	1,048,912
	5,639,179	3,464,907
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Distribution Reinvestment Plan *(Note 5)*	**-**	1,247,208
Proceeds on issuance of debentures	**-**	250,000
Repayment of debentures	**(370,000)**	(205,000)
Unit issue costs	**-**	(10,522)
Repurchases under Normal Course Issuer Bid	**(116,000)**	(399,127)
Distributions to limited partners	**(2,266,395)**	(2,406,852)
Proceeds from exercise of options *(Note 5)*	**45,570**	-
	(2,706,825)	(1,524,293)
Increase in cash and cash equivalents for the year	**2,932,354**	1,940,614
Cash and cash equivalents, beginning of year	**2,936,357**	995,743
Cash and cash equivalents, end of year	**5,868,711**	2,936,357
SUPPLEMENTARY INFORMATION		
Interest paid	**13,983**	169,053
Cash and cash equivalents made up of:		
Balances with banks and brokerages held directly	**5,338,603**	2,804,681
Balances with banks held by subsidiaries	**530,108**	131,676
	5,868,711	2,936,357

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS

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	5,868,711	2,936,357

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO

Number of Units	Issuer Name	Description	As at December 31, 2009 Average Cost $	Fair Value $
MUTUAL FUND LIMITED PARTNERSHIPS ("LP") AND NOTES				
	Acuity Funds Ltd.	Non-exchange listed	*Note 11*	180,351
	Other	Non-exchange listed		110,009
				290,360
FINANCIAL SERVICES				
	Asset Based Financing (no expiry date)	Non-exchange listed	1,074,121	1,074,121
	Bridge Loan (expires Nov 2014)	Non-exchange listed	179,994	179,994
	Commerical Loan (in default) *(Note 10)*	Non-exchange listed	600,000	113,500
			1,854,115	**1,367,615**
REAL ESTATE LIMITED PARTNERSHIPS				
640,001	Paddington Properties Partnership	Non-exchange listed	2,455,602	3,040,005
	Other	Non-exchange listed	(53,955)	108,266
			2,401,647	**3,148,271**
MARKETABLE SECURITIES				
57,100	Stonefire Energy Corp	Exchange listed share	565,143	563,006
300,000	Castle Gold Corp	Exchange listed share	385,471	378,000
	Other	Exchange listed share	630,265	453,271
			1,580,878	**1,394,277**
TOTAL				**6,200,523**

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

AMALGAMATED INCOME LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO

Number of Units	Issuer Name	Description	As at December 31, 2008 Average Cost $	Fair Value $
MUTUAL FUND LIMITED PARTNERSHIPS ("LP") AND NOTES				
	Acuity Funds Ltd.	Non-exchange listed	*Note 11*	228,974
	Other	Non-exchange listed		260,643
				489,617
FINANCIAL SERVICES				
	Asset Based Financing (no expiry date)	Non-exchange listed	1,804,121	1,804,121
	Commercial Loan (expires Aug 2009)	Non-exchange listed	670,168	670,168
	Bridge Loan (expires Jun 2009)	Non-exchange listed	410,000	410,000
	Residential Mortgage (expires Mar 2009)	Non-exchange listed	393,617	393,617
	Bridge Loan (in default)	Non-exchange listed	1,062,000	160,000
	Commerical Loan (in default) *(Note 10)*	Non-exchange listed	600,000	160,000
			4,939,906	**3,597,906**
REAL ESTATE LIMITED PARTNERSHIPS				
243,024	Paddington Properties Partnership	Non-exchange listed	569,961	486,048
855	Banff Rocky Mountain Resort LP	Non-exchange listed	146,740	146,740
	Other	Non-exchange listed	38,215	111,740
			754,916	**744,528**
MARKETABLE SECURITIES				
4,571,900	Cdn Income Mgt Trust	Exchange listed debenture	3,557,870	2,743,140
1,200,000	Claude Resources Ltd	Exchange listed debenture	1,200,000	1,176,000
232,605	Drive Products Income Fund	Exchange listed unit	649,119	288,430
1,050,000	Chalk Media Corp.	Exchange listed share	140,020	141,750
10,000	Loring Ward International Ltd.	Exchange listed share	169,783	132,000
199,000	Holloway Lodging REIT	Exchange listed debenture	174,001	103,480
360,000	Sterling Shoes Income Fund	Exchange listed debenture	301,059	99,036
1,000,000	Rockwell Diamonds Inc.	Exchange listed share	321,043	60,000
67,503	Action Energy Inc.	Exchange listed share	188,616	7,763
	Other	Exchange listed	1,108,657	574,262
			7,810,168	**5,325,861**
TOTAL				**10,157,912**

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

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 incorporated under the laws of the province of British Columbia, is responsible for the management of the Partnership on a day-to-day basis in accordance with the terms of the partnership agreement. 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 was listed on the Montreal Stock Exchange from October 2, 1995 to December 5, 1999 and thereafter was listed on the Toronto Stock Exchange (AI.UN-TSX).

As a result of a meeting of the limited partners on October 17, 2008 a termination date of the Partnership was approved for December 15, 2009. Management of the General Partner ("management") estimated 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 October 17, 2008 to the final wind-up date of December 15, 2009.

During 2009, a meeting of the limited partners was held and a new termination date of the Partnership of December 15, 2010 was approved. Future obligations related to the wind-up and dissolution were reassessed at approximately $850,000 to $1,050,000 for the period from January 1, 2010 to the final wind-up date of December 15, 2010. These amounts have not been accrued for in the consolidated financial statements but will be recorded as incurred.

Management believes that the 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 years ended December 31, 2009 and 2008. These 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 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 10 Contingencies*; and the level of distributions between December 31, 2009 and the final distribution date. Management estimates that any income earned between December 31, 2009 and the final distribution date may only be sufficient to cover general and administrative expenses but would not be sufficient to fund distributions at the current level without eroding capital.

2. 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 in any given year the taxable income to be reported by a limited partner will be different from the amount of cash distributions received.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies.

Cash and Cash Equivalents
Cash is comprised of cash on hand and guaranteed investment certificates with maturity dates of less than three months.

Principles of Consolidation
The consolidated financial statements include the accounts of Amalgamated, Multi-fund Income Trust (“Multi-fund”), a wholly owned trust, and Quick Draw Mortgages Ltd. (“Quick Draw”), a wholly owned subsidiary (hereinafter collectively referred to as the “Partnership”) . All significant inter-entity transactions and balances have been eliminated on consolidation. All other investments were accounted for as portfolio investments.

Valuation of Investments
All investments are recorded at fair value. More specifically, all marketable securities listed on a recognized public stock exchange are recorded at their closing bid price. Marketable securities not traded on that date are valued at the last bid price. The quoted market value has been taken as a reasonable estimate of fair value. Those investments having no quoted market values are recorded at fair value based on an assessment of the most recent price at which an arm's length transaction has occurred or an assessment of the fair value of the investment. These values may differ from values that would have been used had a ready market existed for these securities.

The fair values for both public and private investments can be impacted by trading volumes and restrictions, and the Partnership's assessment of value may not be indicative of what the Partnership could realize on the immediate sale as it may take an extended period of time to sell positions without causing a significant negative impact on the market price. The difference between the fair value and the purchase price or previous period value of the investments is treated as an unrealized gain or loss in value. The change from year to year is reflected in operations as an unrealized gain (loss) in value of investments recorded on the statement of net income (loss) and comprehensive income (loss) as an adjustment to net income.

Revenue Recognition
Distributions received from Mutual Fund Limited Partnerships are recorded on the ex-distribution date and distributions from Mutual Fund Notes are accrued as earned. Distributions from Mutual Fund Limited Partnerships and Notes are comprised of both income and capital for accounting purposes. Revenue from Financial Services is accrued as earned and distributions from Real Estate Limited Partnerships are recorded when received. Investment transactions are accounted for as of the trade date and any realized or unrealized gains and losses from such transactions are calculated on an average cost basis. Interest income is accrued as earned.

Amortization of Mutual Fund Limited Partnerships
Amortization is charged against income in amounts sufficient to reduce the value of the Mutual Fund Limited Partnerships to the fair value as defined above. The amortization expense is a combination of management’s estimate of the amount of capital that was repaid by the Mutual Fund Limited Partnerships during the year and any changes in management’s valuation assumptions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Costs

Costs incurred to purchase portfolio investments through regular means such as stock exchanges and mini-tenders are expensed as incurred. Costs incurred to complete formal takeover bids are capitalized and the value of the investment is adjusted pursuant to the valuation policies described above.

Per Unit Amounts

Basic net income (loss) and comprehensive income (loss) per unit is computed by dividing the net income (loss) and comprehensive income (loss) by the weighted average number of limited partnership units outstanding during the year. Diluted unit amounts reflect the potential dilution that could occur if options to purchase limited partnership units were exercised. The Partnership uses the treasury stock method to determine the dilutive effect of options. Under this method, only options having an exercise price less than the market price are included in the weighted average number of limited partnership units. It is also assumed that the proceeds of exercise of those options are used to repurchase the Partnership's limited partnership units at the average market price experienced during the reporting period. The weighted average number of limited partnership units is reduced by the number of limited partnership units that could have been repurchased.

Unit-Based Compensation

The Partnership has established a Unit Incentive Plan ("Incentive Plan") for key employees, consultants and executives of the Partnership to buy Amalgamated units. The exercise price of the incentive units granted under the Incentive Plan may be reduced in future periods in accordance with the terms of the Incentive Plan. The Partnership accounts for the incentive units using the Black-Scholes pricing model, whereby the fair value of incentive units is determined on the date on which fair value can be initially determined. The fair value is then recorded as compensation expense over the period that the incentive units vest, with a corresponding increase to contributed surplus. When incentive units are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded to limited partners' capital.

Taxation and Scope of the Consolidated Financial Statements

These consolidated financial statements include only the assets, liabilities, revenues, and expenses of the Partnership carried on under the name of Amalgamated Income Limited Partnership and do not include any other assets, liabilities, revenues, and expenses of the partners. No provision for income taxes has been made in these consolidated financial statements since income of the Partnership is taxable only in the hands of the limited partners. Other than the fee to the General Partner as permitted by the Amended Limited Partnership Agreement executed February 21, 2005 ("Partnership Agreement"), no amounts have been charged against income for remuneration, interest or other similar compensation to the partners. The consolidated financial statements reflect the distributions of the Mutual Fund Limited Partnerships and Real Estate Limited Partnerships which may be different from taxable income.

Use of Estimates/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 income and expenses during the reporting period. Actual results could differ from those estimates.

The amounts disclosed relating to the fair value of Real Estate Limited Partnerships are based on management's estimates of net operating income capitalization rates and appropriate liquidity discounts for non-listed securities. The amounts disclosed relating to the fair value of Mutual Fund Limited Partnerships ("MFLPs") are based on management's estimates for annual redemptions and market appreciation in the mutual funds from which the MFLPs receive participation fee income. The amounts disclosed relating to fair values of unit incentive options issued are based on management's estimates of expected stock price volatility, expected lives of the options, expected dividends to be paid by the Partnership, and risk-free interest rates. By their nature, these estimates are subject to measurement uncertainty, and the effect on the consolidated financial statements from changes in such estimates in future periods could be significant.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Section "3855, "Financial Instruments – Recognition and Measurement" establishes guidance for recognizing and measuring financial assets, financial liabilities, and non-financial derivatives. All financial instruments must be classified into a defined category namely, held-for-trading financial assets or financial liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. The standard requires that financial instruments within scope, including derivatives, be included on the Partnership's balance sheet and measured at fair value, except for loans and receivables, held-to-maturity financial assets and other financial liabilities which are measured at amortized cost. Gains and losses on held-to-maturity financial assets and other financial liabilities are recognized in net earnings in the period in which they arise. Unrealized gains and losses, other than those designated as held for trading which are included in income, are recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time any unrealized gains, or losses are recorded in net earnings. Transaction costs, other than those related to financial instruments classified as held-for-trading which are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models as discussed above under "*Valuation of Investments*".

The Partnership has designated its financial assets and liabilities into the following two categories. The Partnership has not classified any financial assets as held-to-maturity.

Held for trading

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 Partnership has classified the following financial assets and liabilities as held for trading: cash and cash equivalents, distributions receivable and investments. Transactions to purchase or sell these items are recorded on the trade date.

Other financial liabilities:

The Partnership has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, debentures and distributions payable. These liabilities are initially recognized at their fair value. 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.

Section 3865, "Hedges" requires identification, designation, documentation and assessment of effectiveness of hedging relationships. The Partnership does not use hedge instruments or hedge accounting.

Section 1530, "Comprehensive Income" introduced a statement of comprehensive income, which is comprised of net earnings and other comprehensive income. Other comprehensive income represents the change in limited partner equity from transactions and other events from non-owner sources and includes unrealized gains and losses on financial assets that are classified as available for sale. For 2009 and 2008, the Partnership has not included a consolidated statement of comprehensive income for the changes in these items as there were none.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

International Financial Reporting Standards ("IFRS")
In February 2008, the Accounting Standards Board ("AcSB") confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an Omnibus Exposure Draft that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011.

The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Partnership for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010. The AcSB proposes that CICA Handbook Section – *Accounting Changes,* paragraph 1506.30, which would require an entity to disclose information relating to a new primary source of GAAP that has been issued but is not yet effective and that the entity has not applied, not be applied with respect to Exposure Draft.

The Partnership is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. The Partnership does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the information.

Consolidated financial statements and non-controlling interests
CICA Handbook Section 1601 *Consolidated Financial Statements*, together with Section 1602 *Non-Controlling Interests,* replaces Section 1600 *Consolidated Financial Statements.* Section 1601 establishes standards on the preparation of consolidated financial statements while Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These standards should be applied to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Partnership does not expect the adoption of this new standard to have a material impact on its consolidated financial statements.

Business combinations
CICA Handbook Section 1582 Business Combinations replaces corresponding Section 1581 and establishes new standards for the accounting for business combinations. The new standard requires that the acquisition method (formerly, the purchase method) continue to be applied to business combinations, the acquirer recognize and measure the acquiree as a whole, and the assets and liabilities assumed be recognized and measured at their fair values as of the acquisition date.

This standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

4. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2009 and 2008, 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 $77,856 (2008 - $85,148) 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. As at December 31, 2009 $7,544 (2008 – $nil) of these amounts were included in accounts payable and accrued liabilities. The 0.01% fee was waved by the General Partner for the year ended December 31, 2009 and 2008. 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:

  - GBH Consulting Group Limited ("GBH"), a company controlled by Chris Boatman (Chief Executive Officer of the Partnership) was paid fees of $12,000 plus GST for the year ended December 31, 2009 (2008 - $5,551) for administrative and management services provided by Mr. Chris Boatman. As at December 31, 2009, $3,150 (2008 - $5,000) of this amount was included in accounts payable;

  - Accretive Financial Corp. ("Accretive"), a company controlled by Mr. Elias Foscolos (President, CEO, director, and shareholder of the General Partner) was paid fees of $237,149 for the year ended December 31, 2009 (2008 - $235,988) for administrative services which included the professional services of Mr. Foscolos and other support staff, $33,042 for rent and $63,871 for reimbursable office and sundry expenses (2008 - $33,042 for rent and $31,469 for office and sundry expenses). As at December 31, 2009, $31,501 (2008 - $30,680) of these amounts were included in accounts payable and accrued liabilities. The General Partner currently has an agreement with Accretive to provide these services on an ongoing basis until December 31, 2010. In addition, Accretive receives a monthly fee of $2,622 (2008 - $2,622) plus applicable taxes for office space;

  - Directors of the General Partner were paid $5,000 each for director's fees plus applicable employer payroll remittances for a total of $24,926 during the year ended December 31, 2009 (2008 - $25,223). These amounts represent the total annual compensation for the directors;

- The Partnership sold 855 Banff Rocky Mountain Resort Partnership units (2008 – nil) to directors and officers of the General Partner for $141,075 (2008 – $nil), a market value that was determined based on recent arm's length transactions;

- Multi-fund had $1,074,121 invested with Acorn Partners Merchant Bankers ("Acorn") as Asset Based Financing (2008 - $1,804,121). Mr. Andy Chen, a former director of Amalgamated, was a senior account manager with Acorn and also has a minor equity position in Acorn. Mr. Chen has abstained from any Amalgamated board of director votes to invest with Acorn and is not involved in the day-to-day investment decisions of the management of Amalgamated;

- A promissory note of $570,000 between the Partnership and Acorn Income Corp. (an entity with a common officer and common directors as the Partnership) bearing interest of 4% per annum was issued on January 30, 2009 and repaid on May 8, 2009. Additional promissory notes between the Partnership and Acorn Income Corp. for $12,633.29 and 10,000.00 were issued on February 26, 2009 and April 22, 2009 respectively and repaid on September 4, 2009. The Partnership received $6,739 in aggregate interest income on these promissory notes. There were no promissory notes issued between the Partnership and Acorn Income Corp. during the year ended December 31, 2008.

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 Limited 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 Limited Partnership 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 limited partnership units outstanding is as follows:

	Year Ended December 31	
	2009	2008
Limited Partnership Units, beginning of year	**3,178,062**	2,998,697
Distribution reinvestment and optional purchase plan	**-**	275,965
Repurchases under Normal Course Issuer Bid	**(45,400)**	(96,600)
Exercise of options	**21,000**	-
Limited Partnership Units, end of year	**3,153,662**	3,178,062

During the year ended December 31, 2009, 45,400 units were repurchased under a Normal Course Issuer Bid for proceeds of $116,000 (96,600 units were repurchased for $399,127 in the year ended December 31, 2008). No units were issued under the distribution reinvestment and optional purchase plan (the "Reinvestment Plan") during the year ended December 31, 2009 (275,965 units were issued for net proceeds of $1,247,208 in the year ended December 31, 2008).

The Reinvestment Plan provided eligible limited partners with the opportunity to reinvest cash distributions, as may be declared payable by Amalgamated. The purchase of new Amalgamated Units from treasury under the Reinvestment Plan were at a 5% discount to the average market price (as defined in the Reinvestment Plan). Participants in the Reinvestment Plan also had the option to purchase additional Amalgamated Units at a 5% discount to the average market price on the applicable distribution payment date by investing additional sums within the limits established under the Reinvestment Plan. The Reinvestment Plan was suspended in September 2008 as it was the opinion of management of the General Partner that the price of Amalgamated Units was undervalued, and issuing more Amalgamated Units would be dilutive to existing Limited Partners.

6. UNIT-BASED COMPENSATION

Limited Partnership Unit Incentive Plan

The Limited Partnership Unit Incentive Plan ("Incentive Plan") was approved by the Board of Directors of the General Partner on January 18, 2005. Pursuant to this agreement, Amalgamated may grant incentive units to key employees, consultants and executives to purchase Amalgamated units. The amount of incentive units issued to any single participant cannot exceed five percent of the units outstanding and the maximum number of units that can be issued is ten percent of the number of outstanding units as at the date the incentive units are granted. The initial exercise price of incentive units granted under the Incentive Plan is set by the Board of Directors of the General Partner and shall not be less than the closing quotation of Amalgamated units on the Toronto Stock Exchange on the last day on which there was a trade of the units before the date on which the incentive units are granted. The maximum term for the incentive units is five years.

At December 31, 2009, 246,300 (2008 – 277,300) incentive units were granted under this program and are exercisable for a maximum of five years from the time of issuance. Incentive units granted in 2009 vested immediately. For incentive units granted prior to 2009, 20% of the incentive units vest immediately after the grant and then continue to vest at 20% per year on the anniversary of the grant date. In addition, the exercise price of the incentive units is adjusted annually by the amount by which distributions for the Partnership's fiscal year in which the incentive units were granted exceeds the initial exercise price multiplied by 10% plus the amount by which distributions for each Partnership fiscal year subsequent to the initial year exceeds the initial exercise price, less the initial adjustment and all subsequent adjustments, multiplied by ten percent, provided that the adjusted exercise price can not be less than $0.01. Compensation cost related to incentive units granted in the years ended December 31, 2009 and 2008 was estimated on the date of grant using the Black-Scholes pricing model with a risk free rate of 5% (2008 - 5%), dividend rate of $0.72 (2008 - $0.72) per year, expected life of 5 years (2008 expected life of 5 years), vesting immediately (2008 vesting at 20% per year), and volatility of 20% (2008 – 20%). The resulting cost of the incentive units in the year ended December 31, 2009 was $65,315 (2008 - $39,315) and closing contributed surplus at December 31, 2009 was $108,286 (2008 - $42,971). A summary of the changes in incentive units outstanding under the Incentive Plan is as follows:

	Year Ended December 31			
	2009		2008	
	Number of Units	**Weighted Average Exercise Price $**	Number of Units	Weighted Average Exercise Price $
Beginning of year	**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 year	**246,300**	**5.91**	277,300	6.18
Exercisable, end of year	**165,900**	**5.97**	124,100	6.50

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. The weighted average contractual life remaining on the option contracts was 2 years 43 days as at December 31, 2009 (2008 - 3 years 9 days).

7. CONTRIBUTED SURPLUS

	2009	2008
Balance at January 1	**42,971**	3,655
Unit-based compensation	**65,315**	39,316
Balance at December 31	**108,286**	42,971

8. DEBENTURES

On December 31, 2008, the Partnership had $370,000 of debentures outstanding with an interest rate of 10%, paid quarterly and due December 31, 2009. The debentures were redeemed in January 2009.

9. BROKERAGE MARGIN

Amalgamated maintains investment accounts at several investment firms who follow the recommended margin requirements of the Investment Industry Regulatory Organization of Canada. At December 31, 2009, Amalgamated had no brokerage margin outstanding (2008 - $nil). Brokerage margin bears interest at an effective rate ranging from prime less 0.25% to prime plus 0.50%.

10. 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 $1.4 million plus interest and costs. On July 30, 2009, the Supreme Court of British Columbia ruled that the former president was liable to the Partnership for $58,274 plus interest plus certain court approved costs. In August, 2009 the former president appealed this judgment and subsequently filed for bankruptcy. The Partnership purchased the claims against the Partnership and the General Partner from the former president’s trustee and other creditors for $63,000, including $23,000 paid in January 2010. As a result, the Partnership, subject to final court approval, now owns the lawsuit against itself. Neither the amount claimed nor the outcome is determinable and no amount has been recorded in these consolidated financial statements relating to the claims.

At December 31, 2009 the Partnership had a commercial loan outstanding with a face value of $600,000 (fair value of $113,500). The borrowers have defaulted on the loan and the Partnership is currently in the process of realizing the security pledged which consists of real property and personal guarantees. The Partnership has written the fair value of this loan down to what management expects to recover from the security pledged.

11. 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.

12. 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 receivable 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 Colombia, 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 December 31, 2009, the Partnership had financial assets of $12,232,474 and $460,750 of financial liabilities compared to $13,576,082 of financial assets and $433,622 of financial liabilities at December 31, 2008. In addition, the Partnership had no brokerage margin and no debentures outstanding which compares to no brokerage margin and $370,000 of debentures 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 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 $1,074,121 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 year ended December 31, 2009 of $10,741. This analysis assumes that all other variables remain constant and the Asset Based Financing of $1,074,121 is outstanding for the entire year.

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 sheets of cash and cash equivalents, distributions receivable, debentures, 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.

13. 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).

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.

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 December 31, 2009 and 2008, the Partnership was in compliance with all its obligations under its credit facilities.

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

	As at 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%
Partners' equity	**11,771,724**	**100.0%**	12,772,460	97.2%
Total Capital	**11,771,724**	**100.0%**	13,142,460	100.0%

Total capital decreased between December 31, 2008 and December 31, 2009 due mainly to the repayment of $370,000 debentures and distributions paid to limited partners of $2,279,577 which exceeded net income of $1,283,956 for the year ended December 31, 2009.

14. NET CHANGE IN NON-CASH WORKING CAPITAL

	2009	2008
Distributions receivable	**318,573**	547,536
Prepaid expenses	**-**	600,000
Accounts payable and accrued liabilities	**13,946**	(41,791)
Unearned revenues	**-**	(56,833)
	332,519	1,048,912

15. SUBSEQUENT EVENTS

In January 2010, the Partnership acquired an additional 159,999 units of Paddington Properties Partnership for $824,795. The sale of the property owned by Paddington Properties Partnership closed in February 2010 and the Partnership has to date received proceeds of disposition of $4.225 million.

In January 2010, the Partnership sold its holdings in Stonefire Energy Corp. and Castle Gold Corp. for $567,000 and $383,389 respectively. The Acuity Funds Ltd. note was also sold for $180,000.

In February 2010, the Partnership received a $420,378 return of capital from its Asset Based Financing investment, reducing the investment amount to $653,743.

The Partnership also received $113,482 as a settlement payment for the Commercial Loan.