FOOD AND INGREDIENTS INC.

(Formerly Alliance Grain Traders Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

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The following Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations has been prepared by management to help readers interpret AGT Food and Ingredients Inc.'s ("**AGT**" or the "**Company**") unaudited consolidated financial results for the three and six months ended June 30, 2015 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2014. The consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("**IFRS**"). Additional information related to AGT, including periodic quarterly and annual reports and the Annual Information Form ("**AIF**"), filed with Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com.

This MD&A has been prepared as at August 10, 2015. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for the quarter ended June 30, 2015

- **Adjusted EBITDA*** was $22.2 million for the three months ended June 30, 2015 compared to $24.4 million for the three months ended June 30, 2014, and compared to $22.6 million for the three months ended March 31, 2015.

- **Adjusted EBITDA*** was $90.3 million for the trailing twelve months ended June 30, 2015 compared to $74.1 million for the trailing twelve months ended June 30, 2014, an increase of 22%.

- **Adjusted earnings per share*** increased to $0.45 ($0.44 fully diluted) for the three months ended June 30, 2015 compared to $0.44 ($0.43 fully diluted) for the three months ended June 30, 2014.

- **Cash flow from operating activities** increased to $44.2 million for the three months ended June 30, 2015 compared to a decrease of $12.1 million for the three months ended March 31, 2015 and compared to an increase of $38.9 million for the three months ended June 30, 2014.

- **Food ingredients and packaged foods** segment represented 21.5% of total tonnes invoiced and 38.5% of Adjusted EBITDA* for the three months ended June 30, 2015 compared to 14.0% of total tonnes invoiced and 25.8% of Adjusted EBITDA* for the three months ended June 30, 2014.

- **Dividend** of $0.15 per share for the quarter ($0.60 per share on an annualized basis).

Business Overview

AGT operates with three reporting segments: (1) pulses and grains processing, (2) trading and distribution and (3) food ingredients and packaged foods. The pulses and grains processing segment includes subsidiaries and facilities in Canada, the U.S., Australia, China and a portion of the operations in Turkey. The trading and distribution segment includes operations in Europe, Switzerland, Russia, India and a portion of the operations in Turkey and Australia. The food ingredients and packaged foods segment includes subsidiaries and facilities in the U.S., Canada, South Africa and a portion of the operations in Turkey.

Through its three segments, AGT handles a full range of pulses and specialty crops including lentils, peas, chickpeas, beans, popcorn, canary seed, flax and other specialty seeds packed for domestic and export markets as well as in dry small package and canned products for both domestic consumption and export markets. In North America, AGT produces pulses proteins, fibres, starches and flours for food ingredient and industrial uses. AGT's operations in Turkey produce milled durum wheat products such as semolina, pasta (under the Arbella brand) and bulgur wheat as well as medium grain and long grain milled rice. These products are sold for both domestic consumption and export markets.

AGT owns eighteen pulse and processing plants in Canada, a canning and retail packaging plant in Canada, two plants in the U.S., four in Australia and nine in Turkey, as well as a bean processing and food distribution facility in China and one processing and retail packaging facility in South Africa. Wholly owned subsidiaries include Alliance Pulse Processors Inc. ("**AGT Foods Canada**") the Arbel Group in Turkey ("**Arbel**"); United Pulse Trading Inc. ("**AGT Foods USA**") in Williston and Minot, North Dakota, U.S.A.; Australia Milling Group Pty Ltd. ("**Australia Milling Group**") in Victoria, South Australia and New South Wales, Australia; Advance Seed Pty Ltd. and its subsidiary Pouyoukas Foods ("**Advance Seed**") in South Africa; A. Poortman (London) Limited in London, U.K. ("**Poortmans**") with merchandising offices in the Netherlands and Spain; Alliance Grain Traders India PVT Ltd. ("**AGT India**") in India; Alliance Grain Traders (Switzerland) SA ("**AGT Switzerland**") in Geneva, Switzerland; Alliance Grain Traders (Tianjin) Co. Ltd. ("**AGT China**") in Tianjin, China. AGT operates an origination office located in Rostov-on-Don, Russia ("**AGT Rostov**"). AGT's Laval, Quebec based retail packaging and canning distribution company, AGT CLIC Foods Inc. ("**AGT CLIC**"), includes packaging, canning, warehousing and distribution locations in Canada and the United States ("**U.S.**")

AGT is among the world's largest value-added processors and splitters of pulse crops and an international producer, processor and exporter of staple food products to over 100 countries.

The Company's common shares are currently listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "AGT".

Business Outlook

Summary of Operations

AGT's second quarter of 2015 ("**Q2 2015**") continued the consistent performance reported in 2014 and the first period of 2015, with margin gains overall, particularly in AGT's food ingredient and packaged foods segment, as well as AGT's legacy pulses and grains processing segment, on decreased metric tonnes ("**mt**") sold. The decrease in overall mt's is a result of low carry-in stocks available for AGT's export activities in the legacy segment, as stocks in Canada had been reported as nearing low and depleted levels in advance of 2015 harvest in August, resulting in limited quantities available for export and sales programs. However, these conditions led markets supplied by this segment to purchase remaining stocks at relatively higher margin levels. Uncertainty in Canadian production levels, resulting from expected lower yields due to low and in some cases deficient rainfall levels in Western Canada through the growing season, has contributed to these margin levels as buyers were willing to enter the markets at these higher price levels to secure the small amounts of inventory that were remaining in the North American grain supply chain. The sentiments related to the lack of moisture and widespread media reports locally and nationally in Canada about drought conditions developing in Western Canada also contributed to the lower volumes of stocks that were received in AGT's Canadian processing operations, as farmers chose to hold back stocks to see the crop development prior to selling off the last of their remaining stocks.

Ultimately farmers sold the majority of pulse crops remaining from 2014-2015 harvest late in the Q2 2015 period resulting in some of this product being received into AGT's processing operations late in the quarter to be processed into the subsequent period. While a significant crop of average to good quality is expected in 2015 in North America and the Australian crop looking average, global supplies are forecasted to be in relative balance in key consumption markets in India and the subcontinent and Turkey and the Middle East/North Africa ("**MENA**") region are expected to continue purchasing activities at relatively high levels. Some market participants are forecasting that robust demand from India and the India subcontinent markets and the MENA region will again lead to a 2015-2016 crop that will be largely consumed in the coming year with the potential that carry-out stocks will remain modest globally. Available crop supplies and robust demand is seen by AGT management as positive trends for the subsequent quarters in 2015 and the 2016 periods leading up to the 2016 North American harvest.

Overall, AGT's segments continue to perform as per management expectations and in line with strategic initiatives surrounding growth and expansion of AGT's business.

Statistics Canada ("**StatsCan**") and the United States Department of Agriculture ("**USDA**") are reporting significant production levels for the 2015 crop year, even with average to slightly below average yields expected; increases in lentil acres in North America were sufficient to counteract any adverse reductions in yield. Other pulses are also expected to yield at average to below average levels with acres reasonably flat to 2014. Production of pulses at these levels is expected to provide sufficient volumes for AGT and its operations globally with regard to global supply and demand position. As has been reported in past periods, Turkey continues to be a net importer of pulses, particularly lentils for domestic and regional supply. This is a key component to AGT's strategy of supplying its own production facilities with products originated from various origins, a trend that is expected to continue.

Management is optimistic that import requirements for Turkey and India, resulting from lower local production levels and strong local and regional consumption, may continue at high levels in the traditional shipping periods late in the year and early in the year following, creating both volume and margin opportunities.

AGT's recent investment in additional bulk loading capacity with AGT's purchase of the assets of West Central Road and Rail Ltd. ("**WCRR**"), including five bulk loading facilities located in key lentil and durum wheat growing areas of west central Saskatchewan, is expected to provide loading and export opportunities for AGT. This will allow AGT's production facilities to maximize shipped tonnes and margins in peak shipping periods and execute the strategy of returning value-added capacity to AGT's bagged and containerized business, therefore utilizing the most efficient transportation options available to move AGT products to markets. Additional investments in transportation and loading may be looked at by management based on the requirements, the success of and demand created by the current asset base and programs.

Sales of AGT's pulse ingredient products (consisting of ingredient flours, proteins, starches and fibres derived from pulses for human food and petfood applications) is progressing positively as demonstrated by increased tonnes sold and a positive trend in margins. In the period, sales activities are continuing to grow, as collaborative application research, both with customers directly and with AGT's sales and distribution partner, Ingredion Incorporated ("**Ingredion**"), continues to demonstrate the flexibility of pulse ingredients, and is expected to grow as food customers adopt them as part of new and reformulated products.

The commissioning of the third production line at AGT's Minot North Dakota pulse ingredient facility (the **"Minot Facility**") are in part driving the growth of mt's sold. Customers are working with increased test quantities of products as part of their own application research and development programs. Collaborative activities targeting future sales in de-flavored and pre-cooked flours are building anticipated future demand from increased production from the third production line and the expansions planned for Minot in 2015-2016 with the addition of a new processing building and a de-flavoring and sterilization production line. Customers are increasingly indicating that the guarantee of supply from additional production capacity, de-flavouring lines, pre-cooking lines, sterilization lines and blending facilities to produce pre-mixes and formulated systems, which are combinations of ingredients that are marketed to fill a specific function within a food manufacturing system that may be used by various food clients worldwide, are important considerations in their decision to embrace pulse ingredients in significant quantities.

Sales and distribution agreements with both Ingredion and major pet food ingredient users in North America are progressing as management has forecast, and sales volumes are anticipated to continue to increase in 2015 with continued market focuses on North America, Europe and China.

Future growth in this segment is expected to be further supplemented by continued positive advancement and integration of AGT's retail packaging and distribution businesses globally, including AGT's retail division in Montreal supplying markets in Canada and the U.S., its retail division in South Africa and the continued positive performance of AGT's branded and private label pasta business and packaged foods from Turkey. Management continues to forecast growth in the food ingredient and packaged foods segment, focused on potentially higher-margin and less volatile food ingredient and retail sector business, in addition to strong performance in traditional shipping periods for the legacy business segments that are expected to combine for a compelling earnings growth story. This, combined with other initiatives in this segment, may result in growth opportunities for AGT in 2015-2016 and future periods.

A review of the outlook for each of AGT's business segments is as follows:

Food Ingredients and Packaged Foods

The food ingredients and packaged foods segment is viewed by management as providing many potential advantages for AGT. This segment is continuing to establish itself with the development of sales and market opportunities and with the positive growth reported to date. These positive developments are expected by management to provide added margin opportunities and therefore earnings growth in this segment and increasingly contribute to AGT's overall earnings and margin growth. This segment is additionally expected to provide an opportunity surrounding the smoothing of earnings over the year as AGT's other main segment, the Company's legacy pulses and grains business, has a high degree of seasonality, driven by new crop harvests and customer buying patterns dictated by local production supply and demand dynamics. Additionally, AGT benefits from origination strength, buying products from producers directly, and supplying the raw material required for food ingredient product production.

Demand from food company customers appears to be less susceptible to volatility in commodity markets and currencies. These customers typically purchase higher-value ingredient products with specific characteristics and profiles or non-fractionated, value-added pulses with delivery contracts over a longer period of time and at potentially higher prices to guarantee delivery and quality, as well as retail packaged foods for retail sale and foodservice distribution. Customers in this business segment include many of the top international food companies who operate in markets such as North America and Western Europe and whose businesses are driven by macro-economic factors that are less volatile, as compared to customers in AGT's pulses and grains segment, where the macro-economic fundamentals of emerging markets affect the business flows.

Key points on the food ingredients and packaged food segment:

- The segment is advancing as expected by management, with margin gains and increased mt's shipped in Q2 2015. This segment is viewed by management as a platform for future growth for AGT, as the non-GMO, high protein and fibre, gluten-free, micronutrient-rich and environmentally positive profile and characteristics of pulse ingredients, with the high degree of flexibility that they possess, is recognized by food companies searching for new and different ingredients for their products as well as to align with consumer demand.
- Sales programs for AGT's pulse ingredient business, focused on pulses ingredient flours, proteins, starches and fibres, with commercialization partners Ingredion and Cargill continues to advance positively. The ingredient platform products have been introduced through Ingredion's global sales and marketing programs in North America, Europe and MENA, with China and South East Asia to follow.
- Collaborative research and application development projects, directly by AGT, by AGT and direct customers, and by AGT and Ingredion are expected to continue to create sales opportunities as test quantities are converted to sales quantities in both North America and Europe and research programs yield product and application advancements aimed at increasing usage, functionality and inclusion of pulse ingredient in food products for launch in the near term.
- Areas of concentration for sales and marketing programs with Ingredion include sectors in foods for human consumption such as baking, cereals, meat and meat analogues, pasta, snack and extruded foods, dips, soups, beverages and convenience meals as well as nutritional supplements, additives and other industrial food uses, pharmaceuticals and uses in other industries. Stocks of AGT pulses ingredients have been positioned in Ingredion distribution systems with customer feedback viewed as positive.

- Areas of concentration for sales and marketing programs with Cargill continue to be feed, pet food and aquaculture applications and are progressing as expected by management.
- Commercial production from a third line of production in the Minot Facility commenced in Q2 2015, with ramp up in production expected to continue in the second half of 2015, bringing total capacity of the Minot Facility to 105,000 mt per year. Planning surrounding the previously announced expansions for the Minot Facility, including capacity towards de-flavouring, sterilization and blending to produce pre-mixes and formulated systems, is completed, and construction and installation activities are expected to be completed in 2015. As sales programs ramp up in future periods and are dependent on customer demand, management may consider possible conversion of all or part of production in some facilities in Canada, Turkey, the U.S. and China to pulse ingredient production; however, no plans are presently forthcoming, as the announced expansions to the Minot Facility will allow for ramp-up to surpass 175,000 mt of capacity, with the addition of a fourth and fifth line of production should they be needed.
- AGT's global packaged foods business is expected to continue to grow as market opportunities are realized and efficiencies in distribution are implemented. This business unit includes Arbella brand pasta sold in over 80 countries around the globe; Arbel brand packaged pulses and staple foods sold in many markets in Turkey, Central Asia, Europe and the Middle East/North Africa region; CLIC brand, with retail and food service listings providing canning, small packaging and distribution in Canada and the U.S.; and the Pouyoukas brand of packaged foods, widely available in Southern Africa, as well as distribution of other brands in key markets.
- The retail packaged foods business unit is focused on branded products under AGT-owned brands, private label packaging of pulses, pasta and other staple foods for major retailers in many markets around the globe and foodservice outlets. Opportunities surrounding private label for retailers in Canada, the U.S. and Europe, with suppliers who can not only provide a wide range of product but also origination, packaging and distribution of these products, are being initiated by management, with distribution, supply and private label/co-packing business expected to develop in the near term. Synergistic trade between AGT operations for distribution of AGT brands in other markets through AGT's global sales and merchandising strength is being initiated as well.
- Pasta production in Turkey is operating at near capacity, resulting in management's announcement of an $8 million capacity expansion to add a sixth pasta production line at AGT's pasta production facilities in Mersin to produce American lasagna, vermicelli nests and noodle specialty pasta, which is expected to be completed in 2015 and

running at full capacity in 2016. Semolina production capacity is in place to supply raw materials for increased pasta production in place from past expansions, with investments in loading and transportation by AGT planned to more efficiently supply raw material durum wheat for milling from Canada through the acquisition of the durum wheat handling assets in west central Saskatchewan. Management continues to investigate opportunities to augment its capacity in the specialty pasta category, particularly gluten-free pasta produced entirely from pulse ingredients or enriched pasta products produced through a blend of durum wheat and pulse ingredients, as well as further addition of a long cut pasta line is being investigated for 2016 and 2017. Additionally, European and North American launches of Arbella+, with nutrient enrichment or other varieties such as tri-colour, gluten-free, high fibre and other specialty dry pasta products, are expected to assist AGT in capitalizing on specialty or gourmet market segments.

Margin gains in this segment are expected by management to continue to trend positively and are a key component to AGT's diversification initiatives to higher margin, value-added products as AGT transforms from its focus on being a commodity shipper of pulses and grains to a balanced retail packaged food and food ingredient supplier.

In Q2 2015, segment results showed an improvement in both tonnes shipped and adjusted gross margins and Adjusted EBITDA* per metric tonne. This segment growth continues, as the segmented results illustrate that 21.5% of metric tonnes shipped are in this segment while the segment delivered approximately 38.5% of total Adjusted EBITDA*. Even with a reduction in overall volumes for AGT, the strength of this segment is assisting the Company in delivering its positive earnings results.

Pulses and Grains Processing

The pulses and grains processing segment represents the legacy business of AGT in the origination and processing (including cleaning, calibrating, sizing, splitting, packaging, bulk loading, shipping and export) of pulses and staple foods in AGT owned and operated facilities around the globe. AGT's legacy segment has represented the largest segment of its business and provided advantages with regard to AGT's other segments of operation, including origination of raw materials, processing and logistics support of pulses and grains products.

Significant production volumes are expected in 2015 from North America with record levels of lentils expected on increased acres; however, yields are expected at average to slightly below average with good to average quality and more than adequate production to fulfill AGT processing, production and sales programs. Based on reports from key consumption regions, the continued strong performance of the segment, as global demand in key consumption markets for pulses, particularly lentils, is estimated to remains high, with lower or decreased production in many destinations resulting in requirements to continue importing products for domestic and regional supply.

Key points on the pulses and grains processing segment:

- Decrease in mt's shipped was reported in Q2 2015, resulting from the low to fully depleted stocks available for export and sales programs remaining from 2014 harvest. Additionally, key consumption markets are looking forward to 2015 "new crop" production supply to fill demand in traditional shipping periods in the second half of 2015 and into 2016. Those quantities shipped in the Q2 2015 period; however, were reported at margins levels higher than Q1 2015. It should be noted that Q2 is traditionally the reset period in global pulses and staple foods markets, where key consumption markets like Turkey and the MENA region and India and subcontinent markets are looking to both local production available in the period and upcoming harvest in North America.
- Canadian production of pulses for 2015 is estimated as slightly increased over 2014 by StatsCan and include some of the highest production levels on record, particularly for lentils. Significant quantities of production are needed to support the continued robust export programs for Canadian lentils and peas expected in the traditional peak shipping period late in the year, building off high levels in 2014 and year to date in 2015, particularly to supply India and subcontinent markets as well as Turkey and the MENA region.
- Average to below average rainfall during key periods in the growing season in North America is expected to result in lower to average yields compared to five-year averages from StatsCan; however, with significant acres in pulses, particularly lentils, production volumes are expected to offset these lower yields, resulting in high stock levels. Rains received in July and August 2015 have assisted later seeded crops and crops in the flowering and podding stages in pulses to benefit and potentially recover a portion of the anticipated yield reductions.
- AGT's operations in Turkey continue to report strong results on processing and exports, further demonstrating the strength of AGT's global origination, where raw materials may be imported for processing and distribution in regions where consumption is high and local production may be decreased. Pulses and other unprocessed staple foods originated from Canada, Australia, India and Russia were imported to Turkey for this purpose, providing the raw materials needed for processing operations and regional as well as domestic supply requirements at improving margins.
- AGT has completed investments in transportation and loading infrastructure with the recent acquisition of WCRR, currently being integrated into AGT's Western Canadian

operations. With the expected production volumes in late 2015 and shipment programs to Turkey and MENA for supply of raw materials, including lentils and durum wheat for pasta production for processing and production activities at AGT facilities, as well as distribution and supply to processing customers in Turkey and India, these facilities provide AGT an advantage to reclaim capacity currently being utilized by bulk loading at its value-added processing plants in Saskatchewan, allowing it to be returned to a sales program in the higher margin, value-added, bagged and containerized pulses business that AGT has traditionally been involved in. These operations are expected to immediately provide benefit to AGT's bulk-loading programs at harvest in 2015 and to have the effect of easing capacity constraints expected with forecasted larger export programs in peak shipping windows, providing positive contribution to earnings.

- With AGT's considerable origination strength and AGT's increased bulk-shipment programs to provide raw material, lentil products to be processed, packaged and distributed in Turkey, India or other destination markets, Management continues to investigate other investments in transportation infrastructure at AGT facilities or possible port locations to best use available transportation options, utilizing a multi-modal transport strategy including rail, intermodal, truck, bulk vessel and ocean container in an efficient manner to ensure AGT products are able to move to market in a cost effective manner.
- Further diversification away from lentils and towards other pulses, including beans, chickpeas, value-added peas, and additional focus on milled wheat products like bulgur and semolina and other products like popcorn are expected to have a further impact on de-risking the segment. Synergistic trade opportunities are expected by management to continue to provide margin and volume growth in this segment. Synergistic trade is a mechanism to ensure supply and boost margins within AGT systems where one AGT subsidiary may sell a semi-refined product to another AGT subsidiary, who then sells refined and packaged products to customers. This provides margin gain opportunity for each AGT subsidiary and has a positive impact on AGT capacity utilization.
- Management initiatives aimed at working capital management, inventory/receivable turns and cost reductions are expected to continue and positively impact AGT's earnings into future periods of 2015 and 2016. The current and potential investments in transportation and loading infrastructure to return some or all of the value-added, bagged and containerized pulses capacity back to these lines of business may assist in an incremental increase in utilization of AGT facilities overall and focus this capacity on the most efficient and profitable business possible. These adjustments, in the high fixed cost environment AGT operates in, may have a dramatic impact on AGT's earnings, further supported by contribution of the pulses and grains processing segment in AGT's new

lines of business focused on food ingredients and packaging and distribution of retail packaged foods.

Management is optimistic regarding the opportunities AGT's legacy segment may provide, both in terms of earnings and margin growth and in providing a foundation for expansion of AGT's food ingredients and packaged foods segment.

Trading and Distribution

AGT continues to offer other commodities to its global network of existing clients. These sales are reported through AGT's trading and distribution segment, which is made up of products not specifically processed in AGT facilities. These include popcorn, coffee, canola, flax, sugar and spices and a variety of seeds. While relative margins are potentially lower in this segment, they are expected to continue to be a positive contributor to AGT's earnings due to the fact that they do not require processing and facility infrastructure nor capital investments, with the working capital requirements largely financed on relatively short trade finance terms with the utilization of structured trade finance instruments and supplier credits. Management views this business as incremental margin with little commodity risk taken, as almost all sales are taken on a back-to-back basis. The sales in this segment augment AGT's ability to be a complete one-stop supplier for its key global customers.

This segment is not seen as a growth segment for AGT at this time as it focuses its efforts on ramping up its capacity utilization and margins in its other two segments; however, it has provided earnings benefits at different periods and is a cost recovery contributor to AGT's fixed cost base.

Strategy Implementation: Management Update

AGT has implemented many strategies and initiatives with respect to product and origination diversification, expanded lines of business including food ingredients and retail packaged goods, management strategies surrounding accounts receivable and inventory turns, and cost reductions with overall positive results, as evidenced by margin and earnings growth over the last periods. As AGT's food ingredients and retail packaged goods segment grows as a percentage of AGT's earnings and sales, global pulses and staple foods markets have continued their return to traditional market conditions with respect to product volumes, shipping periods and relative price levels, providing the base required for further growth and transformation of AGT through the new segments. The continuation of these management strategies and initiatives is intended to continue AGT's growth, increase capacity utilization and overall support AGT's growth plans in 2015 and in future periods.

The earnings resiliency shown by AGT in past periods is viewed by management as providing a solid foundation and a balanced global platform that is expected to contribute to management's strategy of consistent earnings growth and growing free-cash flows through its origin, geography and product diversification. Past investments by AGT have provided an ability to balance its pulses exposure in lentils with a broader range of value added pulses including chickpeas and beans and staple foods and food ingredients. AGT's strategy is diverse but focused.

By continuing management focus on the core competencies and strengths of AGT's business, including the strength of the management team, the geographic diversification of AGT's assets, AGT's global reach for sales and distribution to virtually all pulse consumption markets around the globe, a clearly defined and executed risk management program, and adequate access to capital in a capital constrained global market, AGT management is optimistic about AGT's ability to continue to grow its business operations and strengthen shareholder value in the long-term. As AGT's legacy business segments are supplemented by its new food ingredient and packaged goods business units, new opportunities for sales, earnings and margin growth in future periods are expected.

Summary of Quarterly Results (1)

(in thousands of Cdn. $ except as indicated, unaudited)

	3 Months Ended June 30, 2015	3 Months Ended Mar 31, 2015	3 Months Ended Dec 31, 2014	3 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended Sept 30, 2013
Revenue	$ 378,225	$ 385,230	$ 398,010	$ 287,710	$ 359,811	$ 311,287	$ 375,130	$ 240,156
Less: cost of sales (2)	342,967	350,731	361,033	257,109	324,315	284,014	346,584	218,549
Gross profit	35,258	34,499	36,977	30,601	35,496	27,273	28,546	21,607
Add back: depreciation in cost of sales	3,711	3,900	3,684	3,802	3,703	3,615	3,192	3,144
Adjusted gross profit*	**38,969**	**38,399**	**40,661**	**34,403**	**39,199**	**30,888**	**31,738**	**24,751**
Deduct: General and administrative expenses	(12,433)	(10,954)	(12,207)	(9,090)	(10,573)	(9,685)	(11,057)	(6,938)
Deduct: Marketing, sales and distribution expenses	(7,104)	(6,696)	(7,080)	(6,892)	(6,278)	(5,890)	(5,339)	(4,916)
(Deduct) Add: Non cash foreign exchange effect	(4,775)	(8,173)	(19,204)	(3,291)	5,553	7,149	(5,735)	(7,007)
Add: Amortization in general and administrative expense	717	723	788	816	696	646	881	839
EBITDA	15,374	13,299	2,958	15,946	28,597	23,108	10,488	6,729
Add: Non-recurring and other expenses (3)	2,057	1,145	2,238	1,863	1,386	1,116	1,969	639
Add (Deduct): Non cash foreign exchange effect	4,775	8,173	19,204	3,291	(5,553)	(7,149)	5,735	7,007
Adjusted EBITDA (*)	**22,206**	**22,617**	**24,400**	**21,100**	**24,430**	**17,075**	**18,192**	**14,375**
Deduct: Finance expense	(7,289)	(8,391)	(6,994)	(5,128)	(6,969)	(7,931)	(6,494)	(6,352)
Deduct: Depreciation and amortization	(4,428)	(4,623)	(4,472)	(4,618)	(4,399)	(4,261)	(4,073)	(3,983)
Add (Deduct): Provision for income taxes	(164)	261	1,969	(2,094)	(4,249)	(1,704)	(796)	685
Adjusted net earnings (*)	**10,325**	**9,864**	**14,903**	**9,260**	**8,813**	**3,179**	**6,829**	**4,725**
Adjusted basic net earnings per share*	0.45	0.43	0.68	0.46	0.44	0.16	0.34	0.24
Adjusted diluted net earnings per share*	0.44	0.42	0.68	0.45	0.43	0.16	0.34	0.24
Non-recurring and other expenses (3)	(2,057)	(1,145)	(2,238)	(1,863)	(1,386)	(1,117)	(1,969)	(639)
(Deduct) Add: Non-cash foreign exchange effect	(4,775)	(8,173)	(19,204)	(3,291)	5,553	7,149	(5,735)	(7,007)
Net earnings (loss) per financial statements	**3,493**	**546**	**(6,539)**	**4,106**	**12,980**	**9,211**	**(875)**	**(2,921)**
Basic net earnings (loss) per share	0.15	0.02	(0.30)	0.20	0.64	0.46	(0.04)	(0.15)
Diluted net earnings per share	0.15	0.02	(0.30)	0.20	0.64	0.46	(0.04)	(0.15)
Total assets	965,258	951,389	928,853	826,265	788,022	799,237	773,792	708,068
Bank indebtedness	92,464	118,337	91,218	123,194	118,660	141,320	110,805	120,023
Long-term debt including current portion	282,190	250,230	251,173	245,770	247,010	248,332	230,605	222,517
Shareholders' equity	316,207	322,902	322,070	254,036	257,065	251,300	234,339	240,655
Dividends declared per share	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150
Pulses and grain processing tonnes invoiced (4)	254,304	301,599	327,195	234,409	344,971	275,721	320,619	216,780
Trading and distribution tonnes invoiced (4)	86,155	136,324	130,249	112,046	115,368	131,236	127,523	98,902
Food ingredients and packaged foods tonnes invoiced (4)	70,250	59,419	55,000	56,707	61,585	53,215	54,147	-
Inter-company tonnes	(83,786)	(72,857)	(53,943)	(59,697)	(82,632)	(73,557)	(34,317)	(20,026)
Total tonnes invoiced	326,923	424,485	458,501	343,465	439,292	386,615	467,972	295,656
Gross profit per metric tonne	$ 107.85	$ 81.27	$ 80.65	$ 89.09	$ 80.80	$ 70.54	$ 61.00	$ 73.08
Adjusted gross profit* per metric tonne	119.20	90.46	88.68	100.16	89.23	79.89	67.82	83.72
Adjusted EBITDA (*) per metric tonne	67.92	53.28	53.22	61.43	55.61	44.17	38.87	48.62

Notes:

(1) Calculated from the condensed consolidated unaudited interim financial statements for the quarters ended June 30, 2015, March 31, 2015, September 30, 2014, June 30, 2014, March 31, 2014 and September 30, 2013 and the audited annual financial statements for the year ended December 31, 2014 and 2013.

(2) Cost of sales includes depreciation on equipment used to process inventory. Total depreciation is added back for Adjusted EBITDA*.

(3) Non-recurring and other expenses deemed by management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs, share-based payments or other, predominantly reported within General and Administrative Expenses.

(4) For a breakdown on segmented information, see the section entitled "Net earnings by reporting segment".

Discussion of Quarterly Results

(in Thousands of Cdn$ except as indicated, unaudited)

Revenue, Gross Profit and Adjusted Gross Profit*

	3 Months Ended June 30			6 Months Ended June 30			3 Months Ended		
	2015	2014	Change	2015	2014	Change	June 30 2015	March 31 2015	Change
Revenue	378,225	359,811	18,414	763,455	671,098	92,357	378,225	385,230	(7,005)
Less: cost of sales	342,967	324,315	18,652	693,698	608,329	85,369	342,967	350,731	(7,764)
Gross profit	35,258	35,496	(238)	69,757	62,769	6,988	35,258	34,499	759
Add back: depreciation in cost of sales	3,711	3,703	8	7,611	7,318	293	3,711	3,900	(189)
Adjusted gross profit*	38,969	39,199	(230)	77,368	70,087	7,281	38,969	38,399	570
Gross profit percentage	9.3%	9.9%	-0.6%	9.1%	9.4%	-0.3%	9.3%	9.0%	0.3%
Adjusted gross profit percentage*	10.3%	10.9%	-0.6%	10.1%	10.4%	-0.3%	10.3%	10.0%	0.3%

Revenue for the three and six months ended June 30, 2015 increased over the same periods in the prior year due largely to continued sales opportunities and resulting sales volumes increases relating to food aid shipments from Turkey, however decreased when comparing to the three months ended March 31, 2015 due largely to seasonally lower invoiced tonnes from North American and Australian origins, partially offset by higher revenues in South Africa, the UK and Turkey.

Gross Profit and Adjusted Gross Profit* percentage for the three and six months ended June 30, 2015 decreased slightly over the same period in the prior year and for the three months ended June 30, 2015, increased slightly over the prior quarter. This is due largely to improved margins per tonne in the legacy business as well as product mix in the trading and distribution segment and continued gradual increases in food ingredients and packaged foods margins.

Gross Profit and Adjusted Gross Profit* in absolute dollars for the three months ended June 30, 2015 were relatively consistent when compared to the same period last year and improved when compared to the prior quarter, although invoiced tonnes were down substantially. Gross Profit and Adjusted Gross Profit* in absolute dollars for the six months ended June 30, 2015 improved over the same period in the prior year due to improved margins and product mix as well as continued gradual increases in food ingredients and packaged foods margins.

Adjusted EBITDA*

	3 Months Ended June 30 2015	3 Months Ended June 30 2014	Change	6 Months Ended June 30 2015	6 Months Ended June 30 2014	Change	3 Months Ended June 30 2015	3 Months Ended March 31 2015	Change
Adjusted EBITDA*	22,206	24,430	(2,224)	44,823	41,505	3,318	22,206	22,617	(411)
Adjusted EBITDA* percentage of revenue	5.87%	6.79%	-0.92%	5.87%	6.18%	-0.31%	5.87%	5.87%	0.00%

Adjusted EBITDA* and Adjusted EBITDA* as a percentage of revenue for the three months ended June 30, 2015 decreased over the same period in the prior year due largely to lower carry in stocks in the current year, and resulting lower receipts and tonnes invoiced. Adjusted EBITDA* for the three months ended June 30, 2015 decreased slightly compared to the three months ended March 31, 2015 due to overall lower invoiced tonnes, however Adjusted EBITDA* as a percentage of revenue remained consistent due to improved Gross Profit and Adjusted Gross Profit* percentages. Adjusted EBITDA* for the six months ended June 30, 2015 improved when compared to the same period in the prior year.

General and administrative and marketing, sales and distribution expenses

	3 Months Ended June 30 2015	3 Months Ended June 30 2014	Change	6 Months Ended June 30 2015	6 Months Ended June 30 2014	Change	3 Months Ended June 30 2015	3 Months Ended March 31 2015	Change
General and administrative expenses	12,433	10,573	1,860	23,387	20,258	3,129	12,433	10,954	1,479
Marketing, sales and distribution expenses	7,104	6,278	826	13,800	12,168	1,632	7,104	6,696	408
	19,537	16,851	2,686	37,187	32,426	4,761	19,537	17,650	1,887

General and administrative and marketing, sales and distribution expenses for the three months ended June 30, 2015 increased over the prior year and increased over the three months ended March 31, 2015. This is due largely to the increase in share price which impacted the share based compensation accrual in the current period. The increase for the six months ended June 30, 2015 compared to the same period last year is due to a larger global platform as well as increased average share prices which impact the share based compensation accrual.

Expenses

	3 Months Ended June 30 2015	3 Months Ended June 30 2014	Change	6 Months Ended June 30 2015	6 Months Ended June 30 2014	Change	3 Months Ended June 30 2015	3 Months Ended March 31 2015	Change
Finance expense	7,289	6,969	320	15,680	14,900	780	7,289	8,391	(1,102)
Depreciation and amortization	4,428	4,399	29	9,051	8,660	391	4,428	4,623	(195)
Provision for (recovery of) income taxes	164	4,249	(4,085)	(97)	5,953	(6,050)	164	(261)	425
Non-cash foreign exchange effect	4,775	(5,553)	10,328	12,948	(12,702)	25,650	4,775	8,173	(3,398)

Finance expenses for the three and six months ended June 30, 2015 increased slightly from the three and six months ended June 30, 2014 however decreased when compared to the three months ended March 31, 2015. The change is due to costs associated with the cross currency swap on the high yield bond interest that are recorded in both unrealized foreign exchange and in finance expense, throughout the life of the contract. Though these costs affect unrealized foreign exchange and finance expense, these are non-cash adjustments which have no impact on Adjusted EBITDA. In addition, AGT utilizes various trade finance instruments and the costs associated with these instruments are also recorded in finance expense. On a normalized basis, finance expense is in the range of $6.5 to $7.5 million per quarter when considering interest on bank indebtedness, long term debt, bond interest and various trade finance instruments.

Depreciation expenses for the three and six months ended June 30, 2015 were consistent with the same periods in the prior year and the prior quarter as assets put into use during the quarter were minimal.

Provision for income tax shows an expense for the three months ended June 30, 2015 and the three months ended June 30, 2014 and a recovery for the three months ended March 31, 2015 and the six months ended June 30, 2015.

The income tax expense is calculated for each subsidiary at the individual rate for that country and therefore can fluctuate depending on the earnings reported for each tax jurisdiction.

AGT estimates an average tax rate in the range of 25% to 26%, depending on which jurisdiction has earnings or losses, and the tax treatment of various revenues or expenses.

Non-cash foreign exchange was an expense for the three and six months ended June 30, 2015. The change in non-cash foreign exchange from the three months ended June 30, 2014 and from the three months ended March 31, 2015 is due to changes in foreign exchange rates associated with certain foreign denominated loans, receivables, payables and derivative contracts and includes the cross currency swap related to the high yield debt offering of $125 million.

Reporting Segments

AGT's chief operating decision maker reviews AGT's operations and resource allocation by multiple business segments. Business segments are strategic business units with different products, processes and marketing strategies. AGT has three segments: (1) pulses and grains processing, (2) trading and distribution and (3) food ingredients and packaged foods.

The pulses and grains processing segment includes the operations of AGT factories across its global platform. The activities in this segment are viewed by management as the traditional and regular business of AGT: to source pulses and grains from producers, process them through its factories and sell these products to its network of clients in over 100 countries in the world. The segment includes all pulses processed in AGT factories in Canada, the United States, Australia, Turkey and China.

Trading and distribution relates to AGT's activities aimed at bringing its range of pulses and specialty crops direct to wholesale and retail markets. The segment currently captures AGT operations in the U.K., the Netherlands, Switzerland, Spain, Russia, Ukraine, Turkey, Australia and India.

Food and food ingredients includes the results from the pulse fractionation plant at the Minot, Facility, as well as the results from the pasta, bulgur and semolina plants in Turkey and the operations in South Africa. This segment also includes the retail packaging and distribution business in Canada.

AGT's chief operating decision maker evaluates segment performance on the basis of Adjusted EBITDA*. Management believes that Adjusted EBITDA* is an important indicator of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose.

The accounting policies used within each segment are consistent with the policies outlined in the notes to the financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business. Certain estimates and assumptions were made by management in the determination of segment composition.

Net Earnings by Reporting Segment
(in thousands of Cdn. $ except as indicated, unaudited)

	Pulses and Grain Processing			Trading and Distribution			Food Ingredients and Packaged Foods			Corporate and Eliminations			Consolidated		
	3 Months Ended June 30, 2015	3 Months Ended Mar 31, 2015	3 Months Ended June 30, 2014	3 Months Ended June 30, 2015	3 Months Ended Mar 31, 2015	3 Months Ended June 30, 2014	3 Months Ended June 30, 2015	3 Months Ended Mar 31, 2015	3 Months Ended June 30, 2014	3 Months Ended June 30, 2015	3 Months Ended Mar 31, 2015	3 Months Ended June 30, 2014	3 Months Ended June 30, 2015	3 Months Ended Mar 31, 2015	3 Months Ended June 30, 2014
Quarterly comparisons															
Revenue	$ 260,400	$ 272,358	$ 252,334	$ 79,874	$ 95,865	$ 83,169	$ 68,041	$ 62,730	$ 69,835	$ (30,090)	$ (45,723)	$ (45,527)	$ 378,225	$ 385,230	$ 359,811
Cost of sales	240,551	251,663	229,558	76,029	91,711	78,946	56,477	53,080	61,338	(30,090)	(45,723)	(45,527)	342,967	350,731	324,315
Gross profit	19,849	20,695	22,776	3,845	4,154	4,223	11,564	9,650	8,497	-	-	-	35,258	34,499	35,496
Adjusted gross profit*	21,872	22,932	25,068	3,852	4,169	4,242	13,245	11,298	9,889	-	-	-	38,969	38,399	39,199
Adjusted EBITDA*	**$ 15,808**	**$ 16,973**	**$ 19,048**	**$ 602**	**$ 488**	**$ 1,288**	**$ 8,554**	**$ 6,958**	**$ 6,295**	**$ (2,758)**	**$ (1,802)**	**$ (2,202)**	**$ 22,206**	**$ 22,617**	**$ 24,430**
Total tonnes invoiced	254,304	301,599	344,971	86,155	136,324	115,368	70,250	59,419	61,585	(83,786)	(72,857)	(82,632)	326,923	424,485	439,292
Gross profit per metric tonne	$ 78.05	$ 68.62	$ 66.02	$ 44.63	$ 30.47	$ 36.60	$ 164.61	$ 162.41	$ 137.97				$ 107.85	$ 81.27	$ 80.80
Adjusted gross profit* per metric tonne	86.01	76.03	72.67	44.71	30.58	36.77	188.54	190.14	160.57				119.20	90.46	89.23
Adjusted EBITDA* per metric tonne	62.16	56.28	55.22	6.99	3.58	11.16	121.77	117.10	102.22				67.92	53.28	55.61

Net Earnings by Reporting Segment
(in thousands of Cdn. $ except as indicated, unaudited)

	Pulses and Grain Processing		Trading and Distribution		Food Ingredients and Packaged Foods		Corporate and Eliminations		Consolidated	
	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014	6 Months Ended June 30, 2015	6 Months Ended June 30, 2014
Quarterly comparisons										
Revenue	$ 532,758	$ 459,298	$ 175,739	$ 179,335	$ 130,771	$ 122,559	$ (75,813)	$ (90,094)	$ 763,455	$ 671,098
Cost of sales	492,214	422,038	167,740	169,363	109,557	107,022	(75,813)	(90,094)	693,698	608,329
Gross profit	40,544	37,260	7,999	9,972	21,214	15,537	-	-	69,757	62,769
Adjusted gross profit*	44,804	41,718	8,021	9,995	24,543	18,374	-	-	77,368	70,087
Adjusted EBITDA*	**$ 32,781**	**$ 30,183**	**$ 1,090**	**$ 3,311**	**$ 15,512**	**$ 11,885**	**$ (4,560)**	**$ (3,874)**	**$ 44,823**	**$ 41,505**
Total tonnes invoiced	555,903	620,692	222,479	246,604	129,669	114,800	(156,643)	(156,189)	751,408	825,907
Gross profit per metric tonne	$ 72.93	$ 60.03	$ 35.95	$ 40.44	$ 163.60	$ 135.34			$ 92.84	$ 76.00
Adjusted gross profit* per metric tonne	80.60	67.21	36.05	40.53	189.27	160.05			102.96	84.86
Adjusted EBITDA* per metric tonne	58.97	48.63	4.90	13.43	119.63	103.53			59.65	50.25

The pulses and grains processing segment showed Adjusted Gross Profit* of $86.01 per mt and Adjusted EBITDA* of $62.16 per mt for the three months ended June 30, 2015 compared to Adjusted Gross Profit* of $76.03 per mt and Adjusted EBITDA* of $56.28 per mt for the three months ended March 31, 2015 and compared to Adjusted Gross profit of $72.67 and Adjusted EBITDA* of $55.22 for the three months ended June 30, 2014. Mt's invoiced during the quarter decreased over the same period last year as well as the prior quarter, however Adjusted Gross Profit and Adjusted EBITDA* improved over the same quarter in the prior year and over the prior quarter due to stronger margins on sales.

The six months ended June 30, 2015 showed Adjusted Gross Profit* and Adjusted EBITDA* of $80.60 and $58.97 per mt compared to $67.21 and $48.63 for the same period in the prior year.

The trading and distribution segment showed Adjusted Gross Profit* of $44.71 per mt and Adjusted EBITDA* of $6.99 per mt for the three months ended June 30, 2015 compared to Adjusted Gross Profit* of $30.58 per mt and Adjusted EBITDA* per mt of $3.58 for the three months ended March 31, 2015 and compared to Adjusted Gross Profit* of $36.77 per mt and Adjusted EBITDA* of $11.16 per mt for the three months ended June 30, 2014. Management continues to view this segment as augmenting AGT's ability to be a complete one-stop supplier for its key global customers, and margins depend entirely on product mixed that is invoiced in each quarter.

The six months ended June 30, 2015 showed Adjusted Gross Profit* and Adjusted EBITDA* of $36.05 and $4.90 per mt compared to $40.53 and $13.43 for the same period in the prior year.

Food ingredients and packaged foods showed Adjusted Gross Profit* of $188.54 per mt and Adjusted EBITDA* of $121.77 per mt for the three months ended June 30, 2015 compared to Adjusted Gross Profit* of $190.14 and Adjusted EBITDA* of $117.10 for the three months ended March 31, 2015 and compared to Adjusted Gross Profit* of $160.57 and Adjusted EBITDA* of $102.22 for the three months ended June 30, 2014. Adjusted Gross Profit* was consistent with the prior quarter, however stronger margins and increased invoiced product from food ingredients and pasta contributed to overall improvements in the food ingredients and packaged foods segment.

The six months ended June 30, 2015 showed Adjusted Gross Profit* and Adjusted EBITDA* of $189.27 and $119.63 per mt compared to $160.05 and $103.53 for the same period in the prior year.

For the three months ended June 30, 2015 inter-company shipments were 83,786 tonnes and for the six months ended June 30, 2015 inter-company shipments were 156,643 tonnes, meaning that they were sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer. Management continues in its efforts to increase the margin of its international business in all segments by capturing additional margins by encouraging AGT wholly owned subsidiaries to work collaboratively to increase trade that utilizes the sourcing advantage of one company and the distribution advantage of another.

Net working capital* decreased to $278.7 million at June 30, 2015, compared to $291.1 million at March 31, 2015 due mainly to lower inventory, accounts receivable and prepaid items, partial offset by increased cash on hand while current liabilities remained consistent with the prior quarter.

Net debt* is comprised of bank indebtedness, long term debt and current portion of long term debt, less cash and totaled $327.7 million at June 30, 2015 compared to $331.1 million at March 31, 2015 (see table on page 25). Net debt decreased from March 31, 2015 due primarily to lower bank indebtedness and an increase of cash. This was offset by additional long term debt related to the acquisition of the WCRR assets.

Current assets were $603.8 million at June 30, 2015 compared to $616.4 million at March 31, 2015 (see table on page 26). The current asset base is largely accounts receivable and inventory. It is important to note that accounts receivables are largely insured by Export Development Canada ("**EDC**"), significantly reducing the risks associated with accounts receivable collection, since buyer risk is being replaced by Government of Canada risk through the export insurance.

Trade accounts receivable days outstanding increased slightly, to 44 days for the six months ended June 30, 2015 compared to 43 days for the six months ended June 30, 2014.

Trade accounts receivable decreased to $182.9 million at June 30, 2015, compared to $184.0 million at March 31, 2015 (see table on page 26). Although overall tonnes invoiced decreased from the prior quarter, the accounts receivable levels did not decrease significantly due to the timing of shipments that resulted in invoices later in the quarter.

Inventory days outstanding increased to 88 days for the six months ended June 30, 2015 when compared to 71 days for the six months ended June 30, 2014. The increase from the prior year is mainly due to higher average inventory levels in Turkey relating to various requirements to keep pre-sold stocks for the United Nations and NGO aid programs related to the Syrian and Iraq refugee aid program. Days inventory outstanding and inventory levels increased in Turkish during the period due to a requirement to position imported stocks of wheat for pasta and bulgur, lentils and chickpeas for Ramadan related demand and post-Ramadan restocking demand of local and regional customers. In addition, the Turkish business continues to be relied on for AGT's global supply chain to provide products which are imported, processed and distributed in the region.

Inventory decreased by $12.9 million, to $334.0 million at June 30, 2015, compared to $346.9 million at March 31, 2015. During the quarter, Canadian inventory decreased by $10.6 million due to lower receipts later in the quarter and Australian inventory decreased by $13.3 million due to seasonal selling of inventory. This was partially offset by an increase of $9.2 million in India related to product received later in the quarter and available to invoice during the third quarter. Inventory at other AGT subsidiaries increased by $1.8 million.

The total of trade accounts receivable and inventory days outstanding has increased from 114 days for the six months ended June 30, 2014 to 132 days for the six months ended June 30, 2015 due to the larger scale of AGT; however, it has decreased over the 2014 annual average of 134 days. Accounts receivable and inventory days outstanding continue to be a focus for AGT Management and the seasonality and timing of sales is considered when evaluating these metrics.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. While the inventory value is $334.0 million at June 30, 2015, this value represents a number of different commodities globally. Much of this inventory is also earmarked for sales contracts and will remain as inventory until substantial risks transfer from seller to buyer under AGT's revenue recognition policy. AGT management continues the practice of examining stock levels at each of its foreign operations to achieve an optimization of inventory levels. In addition, inventory management practices include book to physical inventory reconciliations monthly to ensure accurate recording of inventory values.

The majority of AGT sales are insured through EDC providing coverage on receivables in the event of customer default on payment. In addition, ownership of the original documents for the cargo in transit remains with AGT in most cases, due to the terms of sale. If a customer defaults on the contract, AGT can choose to resell the cargo to another customer or divert the cargo to another market. With extensive market reach and facilities or warehouses in key consumption markets, AGT has numerous options available to minimize or mitigate risk and exposure in these areas. AGT also has the option to make a claim to EDC to cover up to 90% of the receivable in question. AGT has extended its EDC coverage to all foreign operations, excluding China, to ensure that additional financial risks are largely mitigated in the current macro-economic environment.

Working capital and short-term debt is typically used by AGT to finance its export program and customer orders due to the long transit times. In addition, costs associated with the goods, such as processing costs, payments to the farmer from whom raw materials were purchased and freight costs, must be paid prior to receiving payment for sale. Customer purchases are typically backed by irrevocable letters of credit (LC) or cash against document (CAD) terms and therefore payment risk is mitigated. The EDC policy remains in place to ensure that a catastrophic loss in any particular region will not hinder payment. Management has implemented steps to monitor accounts receivable aging and inventory turns at each facility. Metrics are calculated for each facility and correlate to facility compensation.

In addition, much of the bank financing availability is determined based on a borrowing base calculation and therefore this financing is backed by the inventory and accounts receivable.

AGT management will continue in its efforts to optimize capital utilization and debt levels to ensure a predictable return on deployed capital for shareholders. It is anticipated that with a predicted return to more seasonal flows in the global pulse and staple foods markets, AGT management may observe a potential de-levering of the balance sheet with a gradual ramp up of working capital in the early months of the calendar year. This seasonal working capital trend has been observed in past years and reflects the normalized consumption patterns of markets for AGT's products.

Dividends - AGT paid a dividend in July 2015 of $3.5 million ($0.15 per share) in the aggregate to its shareholders of record.

It is currently anticipated that, going forward, AGT will continue to pay a quarterly dividend, the amount of which will be determined by the Board of Directors. AGT's dividend policy will be subject to the discretion of the Board of Directors and may vary depending on, among other things, AGT's earnings, financial requirements, the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends and other relevant factors. AGT and its predecessors have declared and paid the quarterly dividend each quarter since its inception in 2005. Management does not anticipate a reduction of the current dividend in the coming periods.

AGT's financial statements are presented in Canadian dollars, but AGT's operating subsidiaries earn revenues and incur expenses in several currencies, including U.S. dollars ("**USD**"), Turkish lira ("**TL**"), Australian dollars ("**AUD**"), Pounds Sterling ("**GBP**"), Euros ("**EUR**"), South African rand ("**ZAR**"), Renminbi of the People's Republic of China ("**RMB**") and the Indian Rupee ("**INR**").

Balance sheet accounts of subsidiaries are valued at June 30, 2015 and December 31, 2014 foreign exchange rates as follows [Source: Bank of Canada]:

	June 30, 2015	**Dec 31, 2014**
USD/CDN	1.24900	1.16010
AUD/CDN	0.96090	0.94790
TL/CDN	0.46560	0.49660
GBP/CDN	1.96140	1.80710
EUR/CDN	1.39110	1.40380
ZAR/CDN	0.10270	0.10050
RMB/CDN	0.20120	0.18690
INR/CDN	0.01961	0.01840

For each subsidiary, any difference between the June 30, 2015 exchange rate and the average exchange rate used to record revenues and expenses is recorded as other comprehensive income (loss) on AGT's Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity.

Liquidity and Capital Resources

Liquidity risk is the risk that AGT cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

AGT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations and development activities, and pay its declared dividends. AGT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Discussion of Dividends" above, "Outlook" and "Appendix A" discussing geographic crop conditions for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com.

AGT's working capital requirements fluctuate from quarter to quarter as the supply of pulses and special crops fluctuates, since payments to suppliers form the largest item of the working capital requirements. AGT's working capital requirements are met from its earnings, with its credit facility providing bridge financing until payments for sales are received.

At June 30, 2015, AGT had total operating lines available of $184.6 million (December 31, 2014 - $183.4 million). Included in these facilities is a syndicated debt facility of $153.0 million (December 31, 2014 – $153.0 million) secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries, maturing in January 2017. The weighted average interest rate on available operating lines is 3.9% (December 31, 2014 – 3.9%).

The Canadian credit facilities have floating interest rates, and management regularly monitors interest rates to make adjustments to its fixed versus floating interest rate management program. AGT also uses short term banker's acceptances from time to time to mitigate a portion of its floating interest rate risk in its operating credit facilities. As a result of the low interest rates prevailing in Canada in recent years, management has decided to leave its Canadian credit facilities largely at floating interest rates.

At June 30, 2015, AGT is in compliance with its financial covenants under all credit agreements.

AGT has implemented a global foreign exchange management program to effectively manage its net exposure to the U.S. dollar, while matching its local currency operations to minimize net exposure to any one foreign currency. AGT's operations in Canada, Australia and Turkey are managed such that net exposures to local currencies are mitigated through offsetting local currency receipts with local currency requirements and borrowings, and hedging programs where appropriate.

Capital Management

AGT manages its capital to ensure financial flexibility and to increase shareholder value through a combination of acquisitions and organic growth. This allows AGT to respond to changes in economic and/or marketplace conditions. AGT also strives to maintain an optimal capital structure to reduce the overall cost of capital. In the management of capital, AGT includes bank indebtedness, long term debt and shareholders' equity. It may be difficult to accurately predict market requirements for attracting capital. There were no changes in AGT's approach to capital management during the year.

AGT includes Net Debt* and shareholders' equity as components of its capital structure. The calculation of shareholders' equity, Net Debt* and capital is set out in the following table:

Net debt and capital

(in thousands of Cdn. $)	**June 30, 2015 (unaudited)**	**March 31, 2015 (unaudited)**	**Dec 31, 2014**
Long term debt	$ 276,274	$ 244,304	$ 245,242
Bank indebtedness, short term financing and current portion of long term debt	98,380	124,263	97,149
Cash and cash equivalents	(46,932)	(37,482)	(29,319)
Net debt*	**$ 327,722**	**$ 331,085**	**$ 313,072**
Shareholders' equity	316,207	322,902	322,070
Capital	**$ 643,929**	**$ 653,987**	**$ 635,142**

Selected asset and liability information

(in thousands of Cdn. $)	June 30, 2015 (unaudited)	March 31, 2015 (unaudited)	Dec 31, 2014
Cash and cash equivalents	$ 46,932	$ 37,482	$ 29,319
Trade accounts receivable	182,922	183,965	191,751
Inventory	334,045	346,865	341,757
Bank indebtedness, short term financing and current portion of long term debt	98,380	124,263	97,149
Accounts payable, accrued liabilities and deferred revenue	221,272	194,918	216,150
Long-term debt	276,274	244,304	245,242
Total current assets[1]	603,822	616,424	601,050
Total current liabilities[1]	325,117	325,328	320,026
Net working capital*	278,705	291,096	281,024

(1) Excludes derivative assets and liabilities

Consolidated capitalization information

Consolidated capitalization information of AGT includes information on the operations of AGT Foods Canada, AGT Foods USA, Australia Milling Group and Poortmans, consolidated (“**APP Group**”) as well as information on AGT and other entities, and is set out in the following table:

Capital Structure
(in thousands of Cdn. $)

	June 30, 2015	Dec 31, 2014	Financial Statement Caption
APP Group			
Senior secured APP bank facility	$ 78,407	$ 76,741	bank indebtedness
Senior secured APP bank facility	159,145	128,652	long term debt
Poortman facility (GBP 11.25 million)	4,692	5,105	bank indebtedness
Other	1,066	1,080	long term debt
	$ 243,310	$ 211,578	
Arbel/Other Entities (excluding AGT)			
Senior secured Advance Seed facility	$ 9,365	$ 9,372	bank indebtedness
Other	82	51	long term debt
	$ 9,447	$ 9,423	
AGT			
Notes outstanding	$ 121,897	$ 121,389	long term debt
Total debt	$ 374,654	$ 342,390	
June 30, 2015 financial statements			
Bank indebtedness	$ 92,464	$ 91,218	
Long term debt, including current portion	282,190	251,173	
	$ 374,654	$ 342,391	

Cash flow summary (unaudited)
(in thousands of Cdn. $)

	3 months ended June 30, 2015	3 months ended March 31, 2015	3 months ended Dec 31, 2014	3 months ended June 30, 2014	Difference June 30, 2015 to June 30, 2014
Cash flow from operating activities	$ 44,204	$ (12,115)	$ (38,794)	$ 38,885	$ 5,319
Cash flow from financing activities	2,241	21,781	50,372	(26,879)	29,120
Cash flow from investing activities	(35,923)	(3,844)	(11,318)	(750)	(35,173)
Effect of exchange rate changes on cash	(1,072)	2,341	(17)	(1,575)	503
Change in cash	$ 9,450	$ 8,163	$ 243	$ 9,681	$ (231)

	3 months ended June 30, 2015	3 months ended March 31, 2015	3 months ended Dec 31, 2014	3 months ended June 30, 2014	Difference June 30, 2015 to June 30, 2014
Non-cash working capital	$ 26,859	$ (20,719)	$ (53,975)	$ 18,896	$ 7,963

Cash flow from operating activities for the three months ended June 30, 2015 was an increase of $44.2 million compared to a decrease of $12.1 million for the three months ended March 31, 2015 and compared to an increase of $38.9 million for the three months ended June 30, 2014. The improvement when comparing the three months ended June 30, 2015 to the three months ended March 31, 2015 and to the three months ended June 30, 2014 is due to an increase in non-cash working capital, relating mainly to an increase in accounts payable, accrued liabilities and deferred revenue.

Cash flow from financing activities for the three months ended June 30, 2015 was an increase of $2.2 million compared to an increase of $21.8 million for the three months ended March 31, 2015 and compared to a decrease of $26.9 million for the three months ended June 30, 2014.

Cash flow from investing activities for the three months ended June 30, 2015 was a decrease of $35.9 million compared to a decrease of $3.8 million for the three months ended March 31, 2015 and a decrease of $0.8 million for three months ended June 30, 2014. The change from the three months ended June 30, 2015 compared to the three months ended March 31, 2015 is due to mainly to the WCRR asset purchase. In addition there were costs associated with the new pasta line in Turkey, enhancements to the Minot Facility and software upgrades.

Cash Flow Information – Non-Cash Working Capital

Non-cash working capital for the three months ended June 30, 2015 increased by $26.9 million compared to a decrease of $20.7 million for the three months ended March 31, 2015 and compared to an increase of $18.9 million for the three months ended June 30, 2014. This is due largely to increased accounts payable, accrued liabilities and deferred revenue.

Accounts Payable, accrued liabilities and deferred revenue

Accounts payable, accrued liabilities and deferred revenue increased by $26.4 million, from $194.9 million at March 31, 2015 to $221.3 million at June 30, 2015. This is due largely to increased focus on managing vendor terms as well as utilizing alternatives to improve cash flows with various instruments available to AGT.

Leases

AGT classifies leases as either finance or operating. Leases that transfer substantially all of the benefits and risk of ownership to AGT are accounted for as finance leases. Assets under finance leases are depreciated on a straight-line basis over the term of the lease unless the terms contain a bargain purchase option in which case the asset is amortized over the asset's estimated economic life on a straight-line basis. Rental payments under operating leases are expensed as incurred.

Transactions with other related parties

AGT has defined key management personnel as senior executive officers, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of AGT. The following table outlines the total compensation expense for key management personnel:

(in thousands of Cdn. $)

		June 30, 2015		June 30, 2014
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	2,058	$	1,367
Post employment benefits (RRSP)		32		43
Other long term benefits including stock based compensation (long term incentive plan)		2,283		1,120
	$	4,373	$	2,530

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The transactions were conducted in the normal course of business and were accounted for at the exchange amount.

Transactions with key management and corporations significantly influenced or controlled by AGT directors or key management

	June 30, 2015	Dec 31, 2014
Accounts receivable	$ 192	$ 256
Accounts payable	2,757	3,104

	June 30, 2015	June 30, 2014
Purchases	$ 3,065	$ 5,752

AGT contracted labour and construction support for ongoing construction projects from entities owned or controlled by directors of AGT or its subsidiaries. The accounts payable in the table above relate primarily to deferred compensation for key management and payables related to the construction projects.

Off Balance Sheet Arrangements

The nature of AGT's derivatives are disclosed in note 10 of AGT's December 31, 2014 annual audited consolidated financial statements. AGT has no other off balance sheet arrangements.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires AGT management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the consolidated financial statements are as follows:

Impairment of long-lived and intangible assets

In assessing the recoverability of long-lived and intangible assets, judgment is required in the determination of the appropriate grouping of assets that generate cash inflows or cash generating units ("**CGU's**"). The determination of CGU's is based on management's assessment of independence of revenue earned, operating asset utilization, shared infrastructure, geographic proximity and similarity of risk exposures. AGT also uses significant judgment in evaluating if a triggering event occurs which would warrant an evaluation of impairment of long-lived and intangible assets based on the identified CGU's.

AGT assesses the carrying values of property, plant and equipment, intangibles assets, and goodwill annually. Recoverability is determined through assumptions and estimates regarding future cash flows, sustaining capital requirements, discount rates, and asset lives. A material change in assumptions may impact the potential recoverability of these assets, resulting in amounts charged against current earnings.

Income Taxes

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. Significant judgment is required related to the classification of transactions and assessment of probable outcomes as well as timing of future results. Significant estimates are required in determining income tax provisions and the recoverability of deferred income tax assets. In calculating income taxes, consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences, income and losses for financial reporting purposes and income and losses determined under the substantively enacted tax laws and rates. The tax effect of these temporary differences is recorded as a deferred tax assets or liabilities in the financial statements. If these estimates prove to be inaccurate, future earnings may be materially impacted.

Derecognition of accounts receivable

Significant judgment is applied when determining whether financial instruments qualify for derecognition and whether substantially all of the risks, as well as the rights, control and ownership of the accounts receivable and their cash flows were transferred to a third party. AGT has removed the related accounts receivable from the statement of financial position and recognizes any costs in finance expense.

Fair value of derivative instruments

The fair value of derivative instruments is estimated using inputs, including foreign exchange rates and interest rates (Level 2), as described in note 10 of AGT's December 31, 2014 annual audited consolidated financial statements. These inputs are subject to change on a regular basis based on the interplay of various market forces. Consequently, the fair value of AGT's derivative instruments is subject to change each reporting period.

Functional Currency

The identification of functional currency for each of the legal entities involves significant judgment. AGT has assessed the factors in determining the appropriate functional currency and summarized the results in note 3(c) of AGT's December 31, 2014 annual audited consolidated financial statements.

Financial Instruments:

Non-derivative financial assets

AGT initially recognizes loans and receivables and deposits on the date that they are originated at fair value and subsequently measured at amortized cost. All other financial assets are recognized initially on the trade date at which AGT becomes a party to the contractual provisions of the instrument.

AGT derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interests in transferred financial assets that are created or retained by AGT are recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, AGT has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit and loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit and loss if AGT manages such investments and makes purchase and sale decisions based on their fair value in accordance with AGT's documented risk management or investment strategy. Upon initial recognition relevant transaction costs are recognized in net earnings as incurred. Financial assets at fair value through profit and loss are measured at fair value, and changes therein are recognized in net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

AGT initially recognizes short term debt securities on the date that they are originated at fair value and expenses related transaction costs. Debt associated with long term agreements is initially recognized at fair value less any directly attributable transaction costs. All other financial liabilities (including liabilities designated at fair value through profit and loss) are recognized initially on the trade date at which AGT becomes a party to the contractual provisions of the instrument. AGT derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Subsequent to initial recognition, liabilities are categorized as fair value through profit and loss or other liabilities measured at amortized cost using the effective interest method. Refer to note 3 of AGT's December 31, 2014 annual audited consolidated financial statements for current year presentation of financial liabilities by category.

Derivative financial instruments

AGT holds derivative financial instruments to mitigate its foreign currency risk exposures. Embedded derivatives are separated from the host contracts and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through net earnings.

Derivatives are recognized initially at fair value with attributable transaction costs recognized in net earnings as incurred. AGT has not elected to follow hedge accounting and subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognized immediately in net earnings.

AGT, as part of its operations, carries a number of financial instruments that include cash, bank indebtedness, accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, and long-term debt. The fair value of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, and dividends payable approximate their carrying value given their short-term maturities. Long-term debt is carried at amortized cost and the carrying value does not change as interest rate changes.

To mitigate risks associated with certain financial assets, AGT utilizes sales terms such as letters of credit, cash against documents, prepayments and accounts receivable insurance. Sales are made to customers that management feel are creditworthy.

Disclosure Controls and Procedures

Disclosure Controls and Procedures ("**Disclosure Controls**") are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to AGT management, including the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), as appropriate, to allow timely decisions regarding required disclosure. Management, including the CEO and the CFO, do not expect that AGT's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("**CSA**"), requires CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer. AGT's CEO and the CFO evaluated the design and operating effectiveness of AGT's Disclosure Controls as at June 30, 2015 and concluded that AGT's Disclosure Controls were effective.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("**ICFR**"), as defined by the CSA, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that AGT has disclosed any changes in its ICFR during its most recent period that have materially affected, or are reasonably likely to materially affect, its financial reporting.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, have been detected. Therefore, no matter how well-designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

Management, under the supervision of the CEO and the CFO, has evaluated the ICFR using the framework and criteria established in the 2013 Internal Controls – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management, including the CEO and CFO, evaluated the design effectiveness of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at June 30, 2015, ICFR (as defined in NI 52-109) were designed effectively.

There were no changes in our ICFR during the period ended June 30, 2015 that have materially affected, or are reasonably likely to affect our ICFR.

New Standards and Interpretations

The International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and amendments that have not been applied in preparing these consolidated financial statements, as their effective dates fall in annual periods beginning subsequent to the current reporting period.

Proposed standards	Description	Previous Standard	Effective Date
Amendments to IAS 1 Presentation of Financial Statements	Issued in December 2014. Amendments will not require a significant change to current practice, but expected to improve financial statement disclosure	IAS 1 Presentation of Financial Statements	January 1, 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangibles Assets	Issued in May 2014. Standards explicitly state that revenue based depreciation is not acceptable.	IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	Issued in May 2014. Standard creates a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. This standard may change how much and when revenue can be recognized.	IAS 18 Revenue, IFRIC 18 Transfer of Assets from Customers	Fiscal years beginning on or after January 1, 2018
IFRS 9 Financial Instruments	Initially issued in November 2009 to address the classification and measurement of financial assets. Additional guidance issued in October 2010 on the classification and measurement of financial liabilities.	IAS 39 Financial Instruments: Recognition and Measurement	January 1, 2018

Management is assessing the potential impact of standards and amendments effective in future years for impacts on both quantitative and qualitative disclosure. AGT expects to adopt these standards on their respective effective dates on a prospective basis. AGT does not expect any significant impact.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 23,070,354 common shares and 411,667 options of AGT.

Risks and Uncertainties

Information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com. Potential risks and uncertainties include operating requirements, volume, transportation and transloading, distribution and supply contracts, customer retention and competitive environment, foreign operations, integration of acquisitions, realization of benefits from acquisitions, acquisition and expansion, reliance on key personnel, localized decision making, potential undisclosed liabilities, uninsured and underinsured losses, global financial crisis and general economic conditions, wholesale price volatility, capital markets, leverage and capital requirements, financing and credit liquidity, reduced dividend payment, international agricultural trade, foreign exchange, counterparty and export, geographic and political, environmental protection, energy price fluctuation, information technology, regulatory oversight, financial reporting, control of AGT and dilution of shareholders. To Management's knowledge, no significant changes to these risks and uncertainties have occurred in the period ended June 30, 2015.

Commitments and Contingencies

AGT enters into contracts with producers. The contracts provide for delivery of specific quantities and include specific prices based on the grade that is delivered. The terms of the production contracts are not longer than one year.

At June 30, 2015, AGT had letters of credit in favour of the Canadian Grain Commission in the amount of $13.0 million (December 31, 2014 - $13 million). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires on December 31, 2016.

At June 30, 2015, AGT had letters of guarantee in Turkey for the amount of $4.5 million (December 31, 2014 - $2.8 million).

At June 30, 2015, AGT had capital project commitments related to the food ingredients and packaged food segment for the amount of $3.4 million (December 31, 2014 - nil).

AGT has various legal matters pending which, in the opinion of management, will not have a material effect on AGT's unaudited consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to AGT's financial position or results of operations could result. Should circumstances change, provisions could change materially.

Interest Rate Risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. With respect to its debt portfolio, AGT addresses interest rate risk by using various floating rate instruments. The exposure is also managed by aligning current and long term assets with outstanding debt and making use of global credit facilities.

AGT is exposed to interest rate fluctuations on its variable-rate debt. Changes in market interest rates cause the fair value of long term debt with fixed interest rates to fluctuate but do not affect net earnings as AGT's debt is carried at amortized cost and the carrying value does not change as interest rate changes.

Foreign Currency Risk

To mitigate risk associated with foreign currency, AGT enters into sales denominated in U.S. currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGT has entered into certain foreign exchange contracts with maturities of less than two years to manage risks associated with entering into new sales contracts denominated in U.S. dollars, Euros, British pounds and Australian dollars. AGT has also entered into a cross currency swap as a part of the management of its senior secured second lien notes which are disclosed in note 8 of AGT's December 31, 2014 audited consolidated financial statements. For the Arbel Group, transactions in foreign currencies expose AGT to foreign currency risk, arising mainly from the fluctuation of foreign currency used in the conversion of foreign denominated assets and liabilities into Turkish lira. This risk is mitigated by the use of Turkish lira to satisfy local operating requirements and the Turkish lira position is monitored by Management.

Foreign currency risk arises as a result of foreign exchange rates in the future and the difference between the assets and liabilities recognized. In this regard, AGT manages this risk by matching foreign currency denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required.

AGT measures its exposure to foreign exchange risk on financial instruments as the change in carrying values that would occur as a result of reasonably possible changes in foreign exchange rates, holding all other variables constant.

Translation exposures arise from financial and non-financial items of operations with functional currencies different from the Company's reporting currency. AGT recognizes currency translation adjustments in other comprehensive income.

The exchange rate between the functional currencies of AGT and its subsidiaries and the U.S. dollar affects the financial results of AGT's operations.

Sales are routinely denominated in U.S. dollars, while production costs are largely denominated in the functional currency of a subsidiary. AGT uses derivative instruments to try to protect net inflows (total sales less U.S. dollar cash expenses and product purchases) against changes in the USD in the shorter term. AGT also swapped the proceeds of the Senior Secured Notes issued in 2013 to U.S. dollar as operating costs in many jurisdictions can be denominated in U.S. dollars. The terms of the swap payments align with the payments of the Senior Secured Notes.

Commodity Price Risk

AGT is a significant processor and supplier of pulse crops and bears significant exposure to changes in prices to these products. A substantial change in prices will affect the Company's net earnings, working capital and operating cash flows. Prices for AGT's products are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, geographical events and weather.

AGT's sales contracting strategy focuses on reducing the volatility in future earnings and cash flow while providing protection against decreases in market price and retention of future market price increases. To mitigate the risks associated with the fluctuations in the market price for pulse crops, AGT maintains a portfolio of product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from pricing volatility.

Subsequent event

On July 23, 2015, AGT entered into a new agreement with Lloyd's Bank in the United Kingdom, consisting of an Import Trade Finance (Import Loan) facility for $33.8 million (GBP 17.3 million), an overdraft of $3.9 (GBP 2.0 million) and an accordion for an additional $9.8 million (GBP 5.0 million) for a total lending capacity of $47.5 million (GBP 24.3 million). This agreement is effective to May 31, 2016.

Caution about forward looking statements

This MD&A contains certain forward-looking statements. Forward-looking statements include but are not limited to, those with respect to: the performance of certain of AGT's segments, including without limitation, margin pressures, conditions, profitability, capacity utilization, capital expenditures utilization, yields, sales volumes, de-risking impact, capital expenditures and growth expectations; the Minot Facility, including without limitation, additional facilities that may be commissioned, sales volumes in 2015, the requirement for additional capacity, the capital budget regarding expansion and capacity increases; expected synergies; global supplies; global demand; sixth pasta production line at Mersin; rainfall in North America; sales opportunities; AGT's dividend policy; and internal controls over financial reporting. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled "Risk Factors" in AGT's most recent AIF, which is available on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com and which should be reviewed in conjunction with this document. Although AGT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Although AGT believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as at the date of this MD&A. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, Western Canadian, U.S. Northern Plains, Southern Australian crop and Turkish production quality; the volume and quality of crops held on-farm by producer customers in North America; demand for and supply of open market pulses; movement and sale of pulses in Australia and Turkey, particularly in the Australian states of South Australia, New South Wales and Victoria; agricultural commodity prices; demand for lentils, peas, chickpeas and bean crop products and the market share of these products that will be achieved; general financial conditions for Western Canadian, U.S. Northern Plains, Turkish and Southern Australian agricultural producers; market share of pulse deliveries and sales that will be achieved by AGT; the ability of the railways to ship pulses to port facilities for export without labor or other service disruptions; the ability to maintain existing customer contracts and relationships; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; and currency, exchange and interest rates.

AGT expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required in accordance with applicable securities laws.

Non-IFRS Financial Measures

AGT provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include Adjusted Gross Profit (gross profit plus depreciation in cost of sales), Adjusted EBITDA* (earnings before finance expense, income taxes, depreciation and amortization, restructuring costs and any effects of non-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* and Adjusted Net Earnings Per Share* (earnings before any effects of non-cash, non-recurring and other costs, restructuring costs and foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). Adjusted Net Earnings* and Adjusted Net Earnings Per Share* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*, Net Debt* and Net Working Capital* are important indicators of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. The exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*. Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Net Earnings Per Share*, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted Gross Profit*, Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Net Earnings Per Share*, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net earnings (loss) determined in accordance with IFRS to Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*, see the table on page 41.

Reconciliation of Net Earnings, Adjusted Net Earnings*, Adjusted Net Earnings Per Share* and Adjusted EBITDA*

(in thousands of CDN $ except as indicated, unaudited)

	For the three months ended June 30, 2015	For the three months ended June 30, 2014
Net earnings	$ 3,493	$ 12,980
(Deduct) Add:		
Income tax (recovery) expense	164	4,249
Depreciation and amortization expense	4,428	4,399
Finance expense	7,289	6,969
EBITDA	15,374	28,597
Non-cash foreign exchange loss (gain)	4,775	(5,553)
Non-recurring and other expenses [(1)]	2,057	1,386
Adjusted EBITDA*	**22,206**	**24,430**
Less:		
Finance expense	7,289	6,969
Depreciation and amortization expense	4,428	4,399
Income tax (recovery) expense	164	4,249
Adjusted net earnings*	**$ 10,325**	**$ 8,813**
Basic adjusted net earnings* per share	0.45	0.44
Diluted adjusted net earnings* per share	0.44	0.43
Basic weighted average number of shares outstanding	23,070,354	20,173,367
Diluted weighted average number of shares outstanding	23,306,106	20,316,439

(1) Non-recurring costs deemed by Management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs, share-based payments or other, predominantly reported within General and Administrative Expenses.

Reconciliation of Net Working Capital* and Net Debt*

(in thousands of CDN $, unaudited)

	June 30, 2015	Dec 31, 2014
Current assets[(1)]	$ 603,822	$ 601,050
Current liabilities[(1)]	325,117	320,026
Net working capital*	$ 278,705	$ 281,024
Long term debt	$ 276,274	$ 245,242
Bank indebtedness and current portion of long term debt	98,380	97,149
Cash and cash equivalents	(46,932)	(29,319)
Net debt*	$ 327,722	$ 313,072

[(1)] excludes derivative assets and liabilities

Market Share, Industry Data and Other Statistical Information

This MD&A includes market share, industry data and other statistical information that AGT has obtained from independent industry publications, government publications, market research reports and other published independent sources. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although AGT believes these publications and reports to be reliable, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or other assumptions relied upon by these sources and cannot, and does not, provide any representation or assurance as to the accuracy or completeness of the information or data, or the appropriateness of the information or data for any particular analytical purpose and, accordingly, disclaims any liability in relation to such information and data. AGT has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

APPENDIX 1 – REGIONAL AND PRODUCTION SUMMARY

North America - Canada and the U.S.

The following estimated production levels in Canada and the U.S. are being reported by Statistics Canada ("**StatsCan**") and the U.S. Department of Agriculture ("**USDA**") respectively. Canadian pulses crop production is expected to remain flat to 2014 overall, a downgrade from previous estimates of record yields but maintaining the trend of high production levels in recent years, particularly in lentils which are reporting higher. This reduction of expectations is largely the result of average to low moisture from rainfall; however, growing regions have retained adequate soil moisture for growing pulses, which is expected to result in adequate production on lower than average yields. U.S. pulses production outlook, affected by the same weather conditions as Canada, is reported as generally flat to 2014, with the exception of a significant increase in lentil production reported. Record export levels for some Canadian pulses in 2014-15 and adequate levels of most pulse crops are expected to be sufficient to meet the needs of key consumption and import markets.

Current StatsCan estimates for pulses production in Canada are as follows:

Canadian Pulse Production 2015[(1)]

	Area (acres)	Production (mt)	2014 Production (mt)
Lentils	3,870,000	2,296,000	1,987,000
Dry Peas	3,705,000	3,302,000	3,444,800
Edible Beans	280,000	214,000	273,100
Chickpeas	125,000	86,000	123,000
Faba Beans[(2)]	20,000	20,800	20,800
Total		5,918,800	5,848,700

(1) Effective July 7, 2015 from data and estimates available from StatsCan and STAT Publishing ("StatPub").
(2) Estimates compiled by AGT based on 5 year historical data and internal estimates of production.

Current USDA estimates for pulses production in the U.S. are as follows:

U.S. Pulse Production 2015[(1)]

	Area (acres)	Production (mt)	2014 Production (mt)
Lentils	485,000	269,200	152,726
Dry Peas	980,000	768,000	778,146
Edible Beans[(2)]	1,512,000	1,152,000	1,197,000
Chickpeas/Garbanzo Beans	196,900	133,220	127,370
Total		2,322,420	2,255,242

(1) Effective July 14, 2015 from data and estimates available from USDA and StatPub.
(2) Excluding garbanzo beans or chickpeas.

Canadian pulses exports continued to perform well in the first five months of 2015, showing significant increases over 2014's record high export numbers as reported by StatsCan. Canadian exports in the January-May 2015 period increased overall as compared to the same period in 2014, driven by a strong 80.7% increase in chickpea exports as well as modest 17% and 23% increases in pea and lentil exports respectively. Exports to traditional destinations, including India and subcontinent markets as well as markets in Turkey and the Middle East/North Africa ("**MENA**") region, continue to be reported as strong by StatsCan, with exports of all pulses reported as increased overall over the same period in 2014. Lentil exports to Turkey have recovered from an early 2015 lull, posting a modest increase over 2014 levels after a sluggish January and continuing to trend upward through the remainder of the year.

Turkey

Turkish lentil production has averaged approximately 400,000 mt for some time, with similar production estimates in 2015-16 provided by StatPub based on data from TMO, USDA and private trade sources. These consistently lower production estimates in Turkey and high import volumes from Canada and other origins such as the U.S. and Australia over past seasons appear to reaffirm the belief that Turkish farmers have continued to move production to crops with higher revenue potential. Total pulses imports by Turkey reached over 450,000 mt in the 2014 calendar year, a 37.2% increase over 2013 and well over the five-year average of nearly 288,000 mt. Canada continued to be a significant supplier for lentils to Turkey in 2014 and early 2015, maintaining the trend of Turkey importing lentils to meet both domestic and regional supply requirements, a trend which is expected to continue in the future. Turkey may be looked to for supply of more red lentils for regional demand, partially due to decreased or unclear production in Syria as a result of the ongoing civil unrest in that country. Chickpea production in Turkey is reported by USDA GAIN to be elevated over previous years, potentially reaching over 500,000 mt in 2015.

USDA estimates approximately 1.9 million mt of durum wheat production in Turkey. Durum wheat is required for pasta, semolina and bulgur production. Global production of durum wheat for 2015-16 is estimated by Agriculture and Agri-Food Canada ("AAFC") to increase to 36.7 million mt, with production in Canada forecast to rise to 5.7 million mt and U.S. durum production forecast at 1.8 million mt. USDA reports paddy rice production of 740,000 mt in Turkey.

Australia

Continuing the positive trend in significant pulse growing regions, the current Australian pulses season estimates for 2015 are reported by Australian Bureau of Agricultural and Resource

Economics and Sciences ("**ABARES**") as up 39.7%, recovering from 2014's lower production numbers and signaling a potential return to historic levels.

Current ABARES estimates for pulses production are as follows:

Australian Pulse Production 2015 Estimates[(1)]

	Area (acres)	Production (mt)	2014 Production (mt)
Lentils	601,936	414,200	255,000
Field Peas (All)	519,157	283,200	284,000
Chickpeas (All)	1,664,713	849,800	517,000
Lupins (All)	1,248,349	641,800	563,000
Faba Beans	228,200	424,000	251,000
Total		2,613,000	1,870,000

(1) Effective July 2, 2015 from data and estimates available from ABARES and StatPub.

India and Subcontinent Markets

Pulses production in India continues to be less than domestic and regional supply needs. Total pulse imports to India have continued to increase according to StatPub and are expected to reach as much as 3.7 million mt in the 2015-16 season. 2015 year-to-date data from StatsCan shows a 17% overall increase in lentil, chickpea and pea imports from Canada over the same period in 2014, supporting the trend that has been observed in recent periods of significant imports of Canadian lentils to India, as well as showing a sizable increase in pea and chickpea exports to the region. The Indian government has extended the duty-free exemption for peas, dry edible beans and lentils until September 30, 2015; however, the demand-supply gap is expected to continue to increase due to insufficient local production and increased demand requirements resulting from population increase.

Indian seeding reports for this year's kharif harvest are optimistic as compared to 2014-15, showing a record seeding pace for pulses and other grains; however, weak monsoon rains will likely limit output of Indian pulses crops in 2015-16, potentially resulting in a harvest as small as 17.8 million mt of pulses, down significantly from the record 19.8 million mt output in 2013-14. Indian chickpea production in particular may fall by as much as 20 percent, likely resulting in continued strong import volumes. In spite of attempts by the Indian government to boost domestic production and reduce import levels of pulses, which are viewed as an "essential commodity", pulse imports to India may remain high in the coming year. Additionally, as a result of weak monsoon rains, USDA has lowering rice production estimates in India to 102 million mt.

Russia and Ukraine

Statistical data for pulse production in Russia and Ukraine is difficult to obtain, in part due to lack of official reporting and also due to political unrest in the region. Based on data from USDA and the United Nations Food and Agricultural Organization ("**UN FAO**"), StatPub estimates approximately 2.34 million mt of pulses production in the region, including as much as 1.76 million mt of peas, 165,000 mt of chickpeas and 423,000 mt of other pulses.

With decreasing levels of pulses production in Turkey, supply of some pulses, principally chickpeas and some bean varieties from Russia, Ukraine and former Soviet republics such as Kazakhstan and Kyrgyzstan, continue to be important for Turkey both for domestic and regional markets. With continuing political unrest in Russia, Ukraine and Crimea, Management is monitoring AGT's origination activities for peas, chickpeas and beans from the region for delivery through year-round ports via the Black Sea and the Bosphorus to processing destinations in Turkey, as well as land transportation from Kyrgyzstan and Kazakhstan.

South Africa

The Southern African region, with its significant availability of farmland, is certainly an area that may be viewed as a future production growth region in pulses and specialty crops; however, to date, pulses production, particularly bean production, has been flat as farmers take advantage of opportunities in other crops such as corn and canola. Despite these issues, the region is a strong platform for import and distribution activities for Chinese beans, North American pulses and grains and Argentinian popcorn, complementing locally produced popcorn and other seeds and nuts, all of which are sold by AGT in small dry package directly to retailers in the Southern African region.

China

China is a significant production origin for beans, although there is limited current information on production levels. Information from the United Nations Food and Agriculture Organization ("FAO") estimates 4.5 million mt of pulse production in 2013 (the most recent information available), including over 2.6 million mt of beans, comprised of broad beans, kidney beans, mung beans and adzuki beans, 1.6 million mt of peas and 150,000 mt of lentils, along with 127,000 mt of other pulses. China can be viewed as a significant potential export origin to major bean markets such as the U.S., Latin America, Europe, Southern Africa and India for light speckled kidney beans, black beans, navy beans, mung beans and white beans, especially with North American production decreasing in past years.

China also presents significant business opportunities for pulses and pulses food ingredient imports, both for domestic use and regional distribution. Approximately 817,000 mt of pulses were imported into China in the 2014 calendar year, primarily peas for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods. This may provide an entry point for Canadian, U.S. and Australian whole green peas, pea starch, green pea powder and sprouting green peas as well as flax. Pulse ingredient flours, particularly starches, are extensively used in South East Asia for the production of extruded snacks and other foods as well.