FOOD AND INGREDIENTS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

MANAGEMENT'S RESPONSIBILITY

Consolidated Financial Statements

The audited consolidated financial statements are the responsibility of management and are approved by the Board of Directors of AGT Food and Ingredients Inc. (AGT). The consolidated financial statements have been prepared by management and are presented fairly in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on currently available information.

Management has established systems of internal controls, including disclosure controls and procedures, which are designed to provide reasonable assurance that financial and non-financial information that is disclosed is timely, complete, relevant and accurate. These systems of internal control also serve to safeguard AGT's assets. The systems of internal control are monitored by management.

The Audit Committee of the Board, whose members are independent of management, meets at least four times per year with management. The Audit Committee reviews the independence of the external auditor, approves audit and permitted non-audit services and reviews the consolidated financial statements and other financial disclosure documents before they are presented to the Board for approval.

These consolidated financial statements have been examined by the independent auditor, KPMG LLP, and their report is presented separately.

[signed] *"Murad Al-Katib"*	[signed] *"Lori Ireland"*
Murad Al-Katib	Lori Ireland
Chief Executive Officer	Chief Financial Officer
March 17, 2016	March 17, 2016

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of AGT Food and Ingredients Inc.

We have audited the accompanying consolidated financial statements of AGT Food and Ingredients Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of AGT Food and Ingredients Inc. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

March 17, 2016
Regina, Canada

AGT FOOD AND INGREDIENTS INC.

Consolidated Statements of Financial Position
as at December 31

(Stated in thousands of Canadian Dollars)

	Note	2015	2014
Assets			
Cash		$ 22,306	$ 29,319
Trade accounts receivable	10	284,539	191,751
Derivative assets	10	3,233	2,900
Inventory	4	430,277	341,757
Prepaid expenses and other		52,895	34,057
Income tax receivable		426	4,166
Total current assets		**793,676**	**603,950**
Property, plant and equipment	5	402,418	241,041
Intangible assets	6	15,474	12,782
Goodwill	6	65,947	58,116
Deferred income tax assets	15	16,555	10,791
Other		2,498	2,173
Total assets		**$ 1,296,568**	**$ 928,853**
Liabilities			
Bank indebtedness	7	$ 139,102	$ 91,218
Accounts payable and accrued liabilities		330,381	202,692
Derivative liabilities	10	66,536	30,883
Deferred revenue		12,940	13,458
Income taxes payable		1,092	3,267
Current portion of long-term debt	8	12,362	5,931
Dividends payable		3,571	3,460
Total current liabilities		**565,984**	**350,909**
Long-term debt	8	344,339	245,242
Deferred income tax liabilities	15	29,327	10,632
Total liabilities		**939,650**	**606,783**
Shareholders' equity			
Share capital	9	372,652	350,816
Contributed surplus		897	853
Accumulated other comprehensive loss		(26,982)	(37,857)
Retained earnings		10,351	8,258
Total shareholders' equity		**356,918**	**322,070**
Total liabilities and shareholders' equity		**$ 1,296,568**	**$ 928,853**

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

[signed] *"Murad Al-Katib"*

Director

[signed] *"John Gardner"*

Director

AGT FOOD AND INGREDIENTS INC.

Consolidated Statements of Comprehensive Income
For the period ended December 31

(Stated in thousands of Canadian Dollars)

	Note	2015	2014
Revenues		$ 1,704,480	$ 1,356,818
Cost of sales	13	1,551,630	1,226,471
Gross profit		152,850	130,347
General and administrative expenses	13	49,937	41,555
Marketing, sales and distribution expenses	13	28,913	26,140
Earnings from operations		**74,000**	**62,652**
Other expenses:			
Unrealized foreign exchange loss		23,927	9,793
Finance expense	12	31,617	27,022
Earnings before income tax		**18,456**	**25,837**
Income tax expense	15	2,411	6,078
Net earnings		**16,045**	**19,759**
Other comprehensive income (loss) due to changes in foreign exchange, net of tax		10,875	(217)
Total comprehensive income		**$ 26,920**	**$ 19,542**
Basic net earnings per share	9	$ 0.69	$ 0.96
Diluted net earnings per share	9	$ 0.68	$ 0.96
Basic weighted average number of shares	9	23,195,523	20,503,748
Diluted weighted average number of shares	9	23,424,860	20,687,449

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

Consolidated Statements of Changes in Equity

(Stated in thousands of Canadian Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2015	$ 350,816	$ 853	$ (37,857)	$ 8,258	**$ 322,070**
Net earnings	-	-	-	16,045	**16,045**
Other comprehensive income due to changes in foreign exchange [1]	-	-	10,875	-	**10,875**
Total comprehensive income	-	-	10,875	16,045	**26,920**
Shares issued as consideration for acquisition	21,569	-	-	-	**21,569**
Share based compensation	267	(21)	-	-	**246**
Dividends to shareholders	-	-	-	(13,952)	**(13,952)**
Other	-	65	-	-	**65**
Balance at December 31, 2015	**$ 372,652**	**$ 897**	**$ (26,982)**	**$ 10,351**	**$ 356,918**

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2014	$ 270,058	$ 922	$ (37,640)	$ 999	**$ 234,339**
Net earnings	-	-	-	19,759	**19,759**
Other comprehensive loss due to changes in foreign exchange	-	-	(217)	-	**(217)**
Total comprehensive (loss) income	-	-	(217)	19,759	**19,542**
Net proceeds from issuance of shares	77,374	-	-	-	**77,374**
Share based compensation	3,384	(69)	-	-	**3,315**
Dividends to shareholders	-	-	-	(12,500)	**(12,500)**
Balance at December 31, 2014	**$ 350,816**	**$ 853**	**$ (37,857)**	**$ 8,258**	**$ 322,070**

[1] Net of tax of $2,032 (2014- nil)

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

AGT FOOD AND INGREDIENTS INC.

Consolidated Statements of Cash Flow
For the years ended December 31

(Stated in thousands of Canadian Dollars)

	Note	2015	2014
Cash from (used for) the following:			
Operating activities			
Net earnings		$ 16,045	$ 19,759
Adjustments to operating cash flows	14	77,432	59,950
Interest paid		(20,205)	(20,884)
Income taxes paid		(5,146)	(9,715)
Non-cash working capital	14	(79,352)	(76,225)
		(11,226)	(27,115)
Financing activities			
Increase (decrease) in bank indebtedness		47,395	(19,989)
Proceeds from long-term debt, net of issue costs		69,623	25,695
Repayment of long term debt		(8,320)	(6,239)
Shares issued pursuant to stock option plan		267	3,065
Net proceeds from the issuance of shares		-	77,374
Dividends paid		(13,841)	(12,020)
		95,124	67,886
Investing activities			
Acquisitions, net of cash acquired	19	(44,424)	(17,275)
Purchase of property, plant and equipment and intangible assets		(52,253)	(19,310)
Proceeds from the sale of property, plant and equipment and insurance proceeds		1,563	2,503
		(95,114)	(34,082)
Effect of exchange rate changes on cash		4,203	(263)
(Decrease) increase in cash position		$ (7,013)	$ 6,426
Cash position, beginning of the period		**$ 29,319**	**$ 22,893**
Cash position, end of the period		**$ 22,306**	**$ 29,319**

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

1. Reporting entity

AGT Food and Ingredients Inc. ("AGT") head office is located in Canada. The address of AGT's registered office is 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. The management of day-to-day operations is carried out at 6200 E. Primrose Green Drive, Regina, Saskatchewan S4V 3L7. The consolidated financial statements ("Financial Statements") of AGT are comprised of AGT and its subsidiaries. AGT is engaged in the business of sourcing and value-added processing (cleaning, splitting, sorting and bagging) of pulses and specialty crops for export and domestic markets including a full range of lentils, peas, chickpeas, beans and canary seed, as well as the production and distribution of food ingredient products such as pulse flours, proteins, starches, fibres and staple foods such as pasta, rice, and milled wheat products. AGT also operates canning, small packaging and distribution facilities for the supply of products to retail and food service customers. AGT's common shares are traded on the Toronto Stock Exchange under the symbol AGT.

2. Basis of presentation

(a) Statement of compliance

The Financial Statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations.

The Financial Statements were approved and authorized for issue by the Board of Directors on March 17, 2016.

(b) Basis of measurement

All Financial Statements are expressed in Canadian dollars, AGT's presentation currency. All financial information has been rounded to the nearest thousand, with the exception of share units and per share amounts or unless otherwise noted. The Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. (note 10)

2. Basis of presentation – continued

(c) Use of estimates and judgments

The preparation of the Financial Statements in conformity with IFRS requires 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 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.

- **Accounting for 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 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. See note 10.

2. Basis of presentation – continued

(c) Use of estimates and judgments – continued

- **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. These inputs are subject to change on a regular basis based on the interplay of various market forces. Consequently, the fair values of AGT's derivative instruments are subject to change each reporting period.

- **Functional currency**

The identification of functional currency for each of the legal entities involves significant judgment. AGT has utilized this judgment and summarized the results in note 3(c).

- **Business combinations**

The purchase price related to a business combination or asset acquisition is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires AGT to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts AGT's reported assets and liabilities and future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated. The accounting policies have been applied consistently by AGT's entities.

(a) Revenue recognition

AGT recognizes revenue primarily from the sale of goods. Revenue is recognized upon transfer of title of the product to the customer, when the risks and rewards of ownership are otherwise transferred to the customer and when the price is fixed and determinable. These sales will be based on industry accepted sales Incoterms. For local sales, revenue is typically recognized at the plant when the customer accepts the product. For export sales, the revenue is typically recognized at a port facility, in accordance with the sales contract and incoterms. Shipping and handling costs are included as a component of cost of goods sold.

3. Significant accounting policies – continued

(b) Basis of consolidation

Business combinations

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, AGT measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net earnings.

Transaction costs, other than those associated with the issue of debt or equity securities, that AGT incurs in connection with a business combination are expensed as incurred.

Acquisitions prior to January 1, 2010

As part of its transition to IFRS, AGT elected to restate only those business combinations that occurred on or after January 1, 2010. In respect of acquisitions prior to January 1, 2010, goodwill represents the amount recognized under previous Canadian general accepted accounting principles (Canadian- GAAP).

Subsidiaries

Subsidiaries are entities controlled by AGT. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. Control exists when AGT has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The accounting policies of subsidiaries are consistent with the policies adopted by AGT.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Statements.

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of AGT entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction. Determining functional currency involves significant judgment. AGT has assessed the functional currency of each of the subsidiaries as described below.

3. Significant accounting policies – continued

(c) Foreign currency - continued

Functional currency

The functional currencies of AGT and its subsidiaries, all of which are wholly owned, are as follows:

Subsidiary	Location	Functional Currency
AGT Food and Ingredients Inc.	Canada	Canadian Dollar (CDN)
AGT Foods Canada	Canada	CDN
AGT CLIC Foods Inc.	Canada	CDN
Mobil Capital Holdings Ltd.	Canada	CDN
AGT Foods USA	United States of America	US Dollar (USD)
AGT Foods Australia Pty Ltd.	Australia	Australian Dollar (AUD)
Arbel Group	Turkey	Turkish Lira (TL)
A. Poortman (London) Ltd.	United Kingdom	Great British Pounds (GBP)
Advance Seed Pty Ltd.	South Africa	South African Rand (ZAR)
AGT Food and Ingredients (Tianjin) Co. Ltd.	China	Chinese Renminbi (RMB)
AGT (India) Private Ltd.	India	Indian Rupee (INR)
AGT (Switzerland) SA	Switzerland	USD

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates prevailing at the date of the transaction. Foreign currency differences related to investments in subsidiaries are recognized in other comprehensive income.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which substance is considered to form part of the net investment in the foreign operation, are recognized in accumulated other comprehensive income in shareholders' equity.

When a foreign currency operation is disposed of, in its entirety or partially such that control, significant influence or joint control is lost, the relevant amount in the cumulative foreign currency translation difference is transferred from accumulated other comprehensive income to profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, while retaining significant influence or joint control, the relevant portion of the cumulative foreign currency translation differences is re-attributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant portion is reclassified to profit or loss.

3. Significant accounting policies – continued

(d) Financial instruments

(i) 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.

Refer to note 10 for current year presentation of financial assets by category. AGT categorizes its non-derivative financial assets as described below:

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.

(ii) 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.

3. Significant accounting policies – continued

(d) Financial instruments - continued

(ii) Non-derivative financial liabilities– continued

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 10 for current year presentation of financial liabilities by category.

(iii) 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.

(e) Share capital

Common shares
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(f) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated net impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets. During their construction, items of property, plant and equipment are classified as construction in progress. When the asset is available for use, it is transferred from construction in progress to the appropriate category of property, plant and equipment and depreciation of the item commences.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting policies – continued

(f) Property, plant and equipment– continued

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the net carrying amount of property, plant and equipment, and are recognized in net earnings.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to AGT, and its cost can be measured reliably. The net carrying amount of the replaced part is derecognized and recorded as an expense in AGT's net earnings. The costs of the day-to-day servicing of property, plant and equipment are recognized in net earnings as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation related to production is recorded in inventory and costs of sales. Depreciation related to non-production assets is recorded through general and administration expenses.

The estimated useful lives for the current and comparative periods are as follows:

• Building, Rail and site improvement	Straight line	10 to 50 years
• Motor vehicles	Straight line	5 to 10 years
• Plant and equipment	Straight line	2 to 30 years
• Fixtures and fittings	Straight line	3 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is recorded at cost less accumulated impairment losses. Goodwill is not amortized and is assessed annually for impairment during the fourth quarter, unless a triggering event occurs that would signify that its carrying amount may not be recoverable. For measurement of goodwill at initial recognition, see note 3 (b).

3. Significant accounting policies – continued

(g) Intangible assets – continued

(ii) Intangible assets

Intangible assets that are acquired by AGT and have finite useful lives are measured at cost less accumulated amortization and net accumulated impairment losses. Intangible assets which have an indefinite life are measured annually for impairment during the fourth quarter, unless a triggering event occurs that indicates that the carrying amount may not be recoverable.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in net earnings as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value. Amortization is recognized in net earnings as part of general and administration on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

• Rights	10 to 50 years
• Customer relationships	10 years
• Other	5 to 10 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(h) Leased assets

Leases in terms of which AGT assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease agreements that do not meet the recognition criteria of a finance lease are classified and recognized as operating leases and are not recognized in AGT's statement of financial position. Payments made under operating leases are charged to income on a straight-line basis over the lease term.

3. Significant accounting policies – continued

(i) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct costs related to the purchase such as cost of grain, direct materials, direct labour, operational overhead expenses, depreciation and freight costs. Net realizable value for finished products, intermediate products and raw materials is generally considered to be the selling price of the finished product in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale. Inventory is reviewed monthly to determine if the carrying value exceeds net realizable value. If so, impairment is recognized. The impairment may be reversed if the circumstances which caused it no longer exist.

(j) Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to AGT on terms that AGT would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

AGT considers evidence of impairment for receivables on an account by account basis. All individually significant receivables are assessed for specific impairment. Individually insignificant accounts are assessed as part of the portfolio as a whole.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of a previous impairment loss to reverse or partially reverse, the decrease in impairment loss is reversed through net earnings.

Non-financial assets

The carrying amounts of AGT's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill, in the absence of a triggering event, the recoverable amount is estimated annually in the fourth quarter.

3. Significant accounting policies – continued

(j) Impairment - continued

Non-financial assets - continued

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. Impairment of goodwill is tested at the cash generating unit group level, which cannot group at a level higher than an operating segment.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's net carrying amount does not exceed the net carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Employee benefits

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Share-based payment transactions
The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. AGT utilizes a Black-Scholes model to determine the value of share-based payments.

3. Significant accounting policies – continued

(k) Employee benefits – continued

Restricted Share Units

Restricted share units granted to executives and senior management are recorded at the fair value of the amount payable and recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured using a Black-Scholes model at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an employee expense in earnings for the portion of the award that has been earned and vested.

Pension obligations

AGT has a defined contribution plan for Canadian employees. A defined contribution plan is a pension plan under which AGT pays fixed contributions into a separate entity. AGT has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and future periods. AGT records these employee benefits in cost of sales, general and administration expenses and marketing, sales and distribution as appropriate.

(l) Provisions

A provision is recognized if, as a result of a past event, AGT has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by AGT from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, AGT recognizes any impairment loss on the assets associated with that contract, if assets exist.

(m) Finance expense

Finance expense is comprised of interest expense, fees on borrowings, amortization of discounts on long term debt, and the impact of foreign exchange on the settlement of certain debt instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net earnings using the effective interest method.

3. Significant accounting policies – continued

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net earnings except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of temporary difference is controlled by AGT and it is probable the temporary difference will not reverse in the foreseeable future.

(o) Earnings per share

AGT presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of AGT by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, such as compensation options granted to employees and Directors.

(Stated in thousands of Canadian dollars)

3. Significant accounting policies – continued

(p) Segment reporting

An operating segment is a component of AGT that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of AGT's other components. All operating segments' operating results are reviewed regularly by AGT's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily AGT's headquarters), head office expenses, and income tax assets and liabilities.

(q) 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 Financial Statements as their effective dates fall in 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
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
IFRS 16 Leases	This new standard requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.	IAS 17 Leases	Fiscal years beginning on or after January 1, 2019

(Stated in thousands of Canadian dollars)

3. Significant accounting policies – continued

(q) New standards and interpretations - continued

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. AGT does not expect any significant impact.

On January 1, 2015, AGT prospectively adopted the following new standards as issued by the IASB and IFRIC: IFRS 2 *Share-based Payment*, IFRS 8 *Operating Segments*, IFRS 13 *Fair Value Measurement*, and IAS 24 *Related Party Disclosure.* These standards did not have a material impact on AGT's Financial Statements.

4. Inventory

		2015		2014
Raw materials	$	217,410	$	166,232
Processed/ split product		181,417		143,169
Packaged product		24,566		26,250
Other		6,884		6,106
	$	430,277	$	341,757

		2015		2014
Inventory expensed in cost of goods sold	$	1,435,302	$	1,115,552

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5. Property, plant and equipment

Cost	Land	Building, Rail and Site improvement	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Construction in Progress	Total
Balance at December 31, 2013	$ 18,765	$ 97,510	$ 155,001	$ 7,075	$ 5,259	$ 11,437	**$ 295,047**
Additions	-	1,724	4,751	1,103	1,340	9,719	**18,637**
Disposals	-	(1,558)	(752)	(283)	(160)	-	**(2,753)**
Acquisitions through business combinations	-	281	2,004	137	218	-	**2,640**
Transfers between categories	652	3,228	5,233	41	30	(9,184)	**-**
Effects of movements in exchange rates	179	2,426	3,471	16	69	198	**6,359**
Balance at December 31, 2014	$ 19,596	$ 103,611	$ 169,708	$ 8,089	$ 6,756	$ 12,170	**$ 319,930**
Additions	2,173	6,683	4,754	2,327	892	34,352	**51,181**
Disposals	(313)	(25)	(820)	(561)	(83)	-	**(1,802)**
Acquisitions through business combinations	1,962	93,163	21,291	518	630	-	**117,564**
Transfers between categories	565	1,517	6,348	616	840	(9,886)	**-**
Effects of movements in exchange rates	233	4,619	7,929	(48)	176	756	**13,665**
Balance at December 31, 2015	$ 24,216	$ 209,568	$ 209,210	$ 10,941	$ 9,211	$ 37,392	**$ 500,538**
Accumulated Depreciation							
Balance at December 31, 2013	$ -	$ 10,263	$ 45,415	$ 3,698	$ 2,922	$ -	**$ 62,298**
Depreciation	-	3,196	11,943	986	826	-	**16,951**
Disposals	-	(252)	(300)	(269)	(116)	-	**(937)**
Effects of movements in exchange rates	-	101	445	3	28	-	**577**
Balance at December 31, 2014	$ -	$ 13,308	$ 57,503	$ 4,418	$ 3,660	$ -	**$ 78,889**
Depreciation	-	3,604	12,897	1,074	1,149	-	**18,724**
Disposals	-	(24)	(519)	(314)	(46)	-	**(903)**
Effects of movements in exchange rates	-	279	1,079	(27)	79	-	**1,410**
Balance at December 31, 2015	$ -	$ 17,167	$ 70,960	$ 5,151	$ 4,842	$ -	**$ 98,120**
Net Book Value at December 31, 2014	**$ 19,596**	**$ 90,303**	**$ 112,205**	**$ 3,671**	**$ 3,096**	**$ 12,170**	**$ 241,041**
Net Book Value at December 31, 2015	**$ 24,216**	**$ 192,401**	**$ 138,250**	**$ 5,790**	**$ 4,369**	**$ 37,392**	**$ 402,418**

(Stated in thousands of Canadian dollars)

6. Intangibles and goodwill

Cost	Indefinite Life Intangible Assets-Brands	Rights	Customer Relationships	Other Intangible Assets	**Total Intangible Assets**	Goodwill	**Total**
Balance at December 31, 2013	$ 2,753	$ 1,764	$ 5,842	$ 677	**$ 11,036**	$ 56,722	**$ 67,758**
Additions	-	95	-	578	**673**	-	**673**
Acquisitions through business combinations	3,944	-	-	-	**3,944**	1,204	**5,148**
Effects of movements in exchange rates	8	87	86	(1)	**180**	190	**370**
Balance at December 31, 2014	$ 6,705	$ 1,946	$ 5,928	$ 1,254	**$ 15,833**	$ 58,116	**$ 73,949**
Additions	-	17	-	1,055	**1,072**	-	**1,072**
Disposals	-	(2)	-	-	**(2)**	-	**(2)**
Acquisitions through business combinations	-	-	-	2,400	**2,400**	8,900	**11,300**
Effects of movements in exchange rates	(123)	177	285	(15)	**324**	(1,069)	**(745)**
Balance at December 31, 2015	$ 6,582	$ 2,138	$ 6,213	$ 4,694	**$ 19,627**	$ 65,947	**$ 85,574**
Accumulated Amortization							
Balance at December 31, 2013	$ -	$ 204	$ 1,897	$ 187	**$ 2,288**	$ -	**$ 2,288**
Amortization	-	61	605	74	**740**	-	**740**
Effects of movements in exchange rates	-	3	21	(1)	**23**	-	**23**
Balance at December 31, 2014	$ -	$ 268	$ 2,523	$ 260	**$ 3,051**	$ -	**$ 3,051**
Amortization	-	164	610	208	**982**	-	**982**
Disposals	-	(1)	-	-	**(1)**	-	**(1)**
Effects of movements in exchange rates	-	(3)	134	(10)	**121**	-	**121**
Balance at December 31, 2015	$ -	$ 428	$ 3,267	$ 458	**$ 4,153**	$ -	**$ 4,153**
Net carrying amounts							
At December 31, 2014	**6,705**	**1,678**	**3,405**	**994**	**12,782**	**58,116**	**70,898**
At December 31, 2015	**6,582**	**1,710**	**2,946**	**4,236**	**15,474**	**65,947**	**81,421**

The brands AGT recognizes are considered intangible assets having an indefinite life. The brands are actively managed with no current expectation that the brand will cease to exist.

Amortization of intangibles is recorded in the general and administration line on the statement of comprehensive income (loss).

Finite life intangible assets are assessed for impairment when there is indication that a triggering event has occurred. Detailed impairment testing is carried out for indefinite life intangible assets and goodwill at least annually. For the purposes of impairment testing, goodwill and indefinite life intangible assets are allocated at the lowest level of cash generating units (CGU) where independent cash flows exist.

(Stated in thousands of Canadian dollars)

6. Intangibles and goodwill - continued

	2015		2014	
Segment	Goodwill	Indefinite Life Intangible Asset	Goodwill	Indefinite Life Intangible Asset
Pulses and Grains Processing				
Turkey	$ 14,201	$ -	$ 14,865	$ -
Canada	27,299	-	18,399	-
Trading and Distribution				
Turkey	4,790	-	5,014	-
United Kingdom	4,189	-	3,710	-
Food Ingredients and Packaged Food				
Turkey	14,200	2,625	14,865	2,748
Canada	1,204	3,944	1,204	3,944
	$ 65,883	$ 6,569	$ 58,057	$ 6,692
Units without significant allocations	64	13	59	13
Total	$ 65,947	$ 6,582	$ 58,116	$ 6,705

The recoverable amount of the units was based on the value in use of the CGU to which goodwill has been allocated. The value in use was determined by discounting management's estimate of the expected cash flows to be generated through continuing use of the CGU.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are the discount rates and the budgeted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)** growth rate. AGT used budgeted earnings before interest, taxes, depreciation and amortization and sustaining capital expenditures as an approximation for baseline cash flows. The assumptions utilized by management are considered conservative in nature and it is not expected that a reasonably possible change in assumptions would result in a CGU's carrying value exceeding its recoverable amount. The assumptions are as follows:

(Stated in thousands of Canadian dollars)

6. Intangibles and goodwill - continued

Discount rate

Discount rates are pre-tax measures that reflect risks specific to the CGU based on the weighted average cost of capital for that CGU. Pre-tax discount rates were determined from post-tax rates of 11% for Turkey, 8% for Canada, and 9% for the United Kingdom (2014 - 11% for Turkey, 8% for Canada, and 9% for the United Kingdom). Differences arise between the post-tax and pre-tax discount rates for each CGU because of the timing of future tax cash flows and discrepancies between the carrying amount of an asset and its tax base.

Budgeted Adjusted EBITDA** (refer to note 17), as a basis for cash flows from a CGU, was projected based on AGT's 2016 budget which incorporated management's past experience and expectations of future unit performance. Management based growth rates over the first five years of the cash flow projection on a combination of historical growth in the unit and management's expectation of performance over the forecast period. Changes in cash flows associated with various working capital account balances due to estimated growth have been factored into the estimated cash flows. Cash flows into perpetuity have been assumed based on the inclusion of an annual cash outflow associated with sustaining capital expenditures. These are estimated expenditures that are intended to maintain the performance of the property, plant and equipment of the CGU. No growth of Adjusted EBITDA** has been assumed for this terminal period.

KEY ASSUMPTIONS

	2015		**2014**	
Segment	Discount Rate	Adjusted EBITDA** Growth	Discount Rate	Adjusted EBITDA** Growth
Pulses and Grains Processing				
Turkey	13%	0%	15%	4%
Canada	10%	0%	16%	9%
Trading and Distribution				
Turkey	14%	0%	16%	0%
United Kingdom	17%	3%	17%	0%
Food Ingredients and Packaged Food				
Turkey	13%	0%	18%	12%
Canada	10%	0%	14%	-

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7. Bank Indebtedness

At December 31, 2015, AGT had total operating lines available of $251,100 (December 31, 2014 - $183,400). Included in these facilities is a syndicated debt facility of $207,000 (December 31, 2014 – $153,000) secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries, maturing in January 2018. The weighted average interest rate on available operating lines at December 31, 2015 is 3.3% (December 31, 2014 – 3.9%).

8. Long term debt

	2015	2014	
Senior secured second lien notes, bearing an interest rate of 9% per annum, with semi-annual payments of interest only, beginning August 2013 and concluding February 2018, secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries.[1]	$ 122,428	$ 121,389	
Loan payable, bearing an interest rate of prime plus 0.5%, (December 31, 2014 - prime plus 0.5%), with monthly payments of interest only, due January 2018, secured by Canadian, US and Australian property, plant and equipment, account receivable and inventory.	111,174	51,154	
Loan payable, bearing an interest rate of Canadian Bankers Acceptance rate plus 0.5%, (December 31, 2014 - prime plus 0.5%) with monthly payments of interest only and quarterly payments of $1,500 principal, due January 2018, secured by Canadian, US and Australian property, plant and equipment, accounts receivable and inventory.	71,775	77,428	
Non-interest bearing note payable with five annual payments of $3,900, commencing October 2016 and concluding October 2020 (effective interest rate 1.5%).	17,779	-	
Loan payable, bearing an interest rate up to 5% (2014 - nil), with annual payments of $1,000 principal, due annually in December concluding in September 2027, secured by a debenture charging the purchased assets in favour of the lendor and certain property, plant, and equipment.	15,500	-	1
Mortgage payable, bearing an interest rate of Business Development Bank of Canada prime rate minus 1.5% (2014: nil), with monthly payments of $30 principal and variable interest commencing September 2016 and concluding August 2036, secured by security interests against real property owned by AGT and certain of its subsidiaries.	7,125	-	
Loans Payable bearing variable interest rates ranging from 5% to 6% (2014: nil), with monthly payments of $80, due dates ranging from September 2019 to May 2040 (2014: nil), secured by general security agreements and certain Canadian property, plant, and equipment	6,375	-	
Other	4,545	1,202	
	$ 356,701	$ 251,173	
Total current portion	(12,362)	(5,931)	
	$ 344,339	$ 245,242	

On February 14, 2013, AGT issued senior secured second lien notes in the amounts of $125,000. These notes bear interest at 9% per annum (effective interest of 10.1%) and mature on February 14, 2018. The proceeds after deducting expenses were $119,700. Optional early redemption features of the notes are:

i) Prior to February 14, 2016 a 9% premium upon equity offering in respect of partial redemptions up to 35% of the aggregate principal amount then outstanding
ii) Prior to February 14, 2016 all other redemptions on a "make whole" basis
iii) On or after February 14, 2016 a 6.8% premium
iv) No premium on or after February 14, 2017

(Stated in thousands of Canadian dollars)

8. Long term debt - continued

The estimated contractual maturities for term loans in each of the next five years are as follows:

2016	$	12,362
2017		12,368
2018		300,995
2019		12,653
Thereafter		18,323
	$	356,701

(Stated in thousands of Canadian dollars)

9. Share capital

(a) Authorized

Unlimited number of voting common shares without par value

(b) Issued and outstanding

	Note	# of Common Shares		Amount
Issued and outstanding December 31, 2013		19,865,521	$	270,058
Issuance of shares pursuant to stock option plan		338,500		3,384
Issuance of shares pursuant to share offering		2,858,000		77,374
Balance, December 31, 2014		23,062,021	$	350,816
Issuance of shares pursuant to stock option plan		16,666		267
Issuance of shares pursuant to acquisition	19	722,803		21,569
Balance, December 31, 2015		23,801,490	$	372,652

(c) Stock option plan

AGT has a stock option plan for its employees, officers and directors. Options are granted at an exercise price set at the closing market price of AGT's common shares on the day proceeding the date on which the option is granted and are exercisable within 5 years. Options are granted with graded vesting terms. One third of the options granted vest on the second anniversary date of the grant, one third vests on the third anniversary date of the grant and one third of the options vest on the fourth anniversary of the grant.

	2015			2014		
	Number of options		**Weighted average exercise price**	**Number of options**		**Weighted average exercise price**
Stock options outstanding, beginning of year	420,000	$	12.71	758,500	$	11.08
Exercised	(16,666)		12.71	(338,500)		9.05
Stock options outstanding, end of period[1]	403,334	$	12.71	420,000	$	12.71
Stock options exercisable, end of period[1]	261,667	$	12.71	136,667	$	12.71

[1] The exercise price for all options are $12.71 per share. All options will be vested and will expire between April and June 2017.

The fair value of options granted under the stock option plan was measured based on the Black-Scholes option-pricing model.

(Stated in thousands of Canadian dollars)

9. Share capital – continued

(d) Restricted share units and other plans

AGT has implemented a long term incentive plan, which includes restricted share units (RSU) to executives and certain other senior management. The number of restricted share units is determined based on an average share price from the week of the grant date. The number of share units granted to each individual is then determined based on the bonus given to each employee, divided by the average price. These RSU's will be settled in cash, on or after the vesting date. RSU's vest at a rate of 50% on the two year anniversary of the grant date and the remainder on the three year anniversary of the grant date and are settled on or after each respective vesting date. Amounts are not payable if the employee is not with AGT at the vesting date, but are being recognized as an expense over the vesting period primarily in general and administration expenses.

RSU's outstanding and the fair value of the RSU liability is summarized below as:

	2015	2014
	Number of RSU's	**Number of RSU's**
Opening at the beginning of the period	318,619	291,624
Granted during the period	103,545	121,718
Forfeited during the period	(4,985)	(4,974)
Vested and settled during the period	(132,384)	(89,749)
Outstanding at the end of the period	284,795	318,619
Fair value	$ 9,217	$ 8,342
Vested and accrued	$ 5,773	$ 5,000

These amounts are recorded primarily in employee compensation in general and administrative expenses.

Restricted share units granted are recorded at the fair value of the amount payable and recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured using a Black-Scholes model at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an employee expense in earnings.

(Stated in thousands of Canadian dollars)

9. Share capital - continued

(e) Per share amounts

		2015		2014
Basic earnings per share computation				
Net income earnings attributable to equity holders	$	16,045	$	19,759
Weighted average common shares outstanding		23,195,523		20,503,748
Basic earnings per common share	**$**	**0.69**	**$**	**0.96**
Diluted earnings per share computation				
Net earnings attributable to equity holders	$	16,045	$	19,759
Weighted average common shares outstanding		23,195,523		20,503,748
Dilutive effect of stock options		229,337		183,701
Weighted average common shares outstanding assuming dilution		23,424,860		20,687,449
Diluted earnings per common share	**$**	**0.68**	**$**	**0.96**

During 2015, issued dividends of $0.60 per share on an annualized basis (2014 - $0.60 per share).

(Stated in thousands of Canadian dollars)

10. Financial instruments

Fair values

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's length transaction between knowledgeable and willing parties under no compulsion to act. Fair values for AGT's derivative instruments are determined using models requiring the use of inputs, as described below.

All financial instruments measured at fair value are categorized into one of three levels, described below, for disclosure purposes. Each level is based on transparency of inputs used to measure the fair value of assets and liabilities:

Level 1 – values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. There were no items measured at fair value using Level 1 in 2014 or 2015.

Level 2 – values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. In determining the inputs for calculating fair values, AGT looks to readily observable market inputs, primarily currency rates, interest rates and forward rates based on the nature of AGT's derivative instruments.

Level 3 – values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. There were no items measured at fair value using Level 3 in 2014 or 2015.

The fair value of long-term debt with fixed interest rates is estimated based on readily available market information from a third party.

The following items, shown in the consolidated statement of financial position as at December 31, 2015 and December 31, 2014 are measured at fair value on a recurring basis using Level 2 inputs:

2015	**Level 2**	**Total**	**Change in fair value recognized in unrealized foreign exchange loss**
Derivative assets	$ 3,233	$ 3,233	$ 333
Derivative liabilities	(66,536)	(66,536)	(35,653)
	$ (63,303)	$ (63,303)	$ (35,320)

2014	**Level 2**	**Total**	**Change in fair value recognized in unrealized foreign exchange loss**
Derivative assets	$ 2,900	$ 2,900	$ 2,900
Derivative liabilities	(30,883)	(30,883)	(15,692)
	$ (27,983)	$ (27,983)	$ (12,792)

(Stated in thousands of Canadian dollars)

10. Financial instruments – continued

Fair values – continued

The carrying value and fair value of AGT's financial instruments are as follows:

2015	Fair value Through Profit or Loss	Amortized cost: Loans and receivables	Amortized cost: Other financial liabilities	Total: Carrying amount	Total: Fair value
Financial Assets					
Cash	$ -	$ 22,306	$ -	$ 22,306	$ 22,306
Trade accounts receivables	-	284,539	-	284,539	284,539
Derivative asset	3,233	-	-	3,233	3,233
Financial Liabilities					
Bank indebtedness	-	-	139,102	139,102	139,102
Accounts payable and accrued liabilities	-	-	330,381	330,381	330,381
Long-term debt	-	-	356,701	356,701	369,119
Derivative liability	66,536	-	-	66,536	66,536
Dividend payable	-	-	3,571	3,571	3,571

2014	Fair value Through Profit or Loss	Amortized cost: Loans and receivables	Amortized cost: Other financial liabilities	Total: Carrying amount	Total: Fair value
Financial Assets					
Cash	$ -	$ 29,319	$ -	$ 29,319	$ 29,319
Trade accounts receivables	-	191,751	-	191,751	191,751
Derivative asset	2,900	-	-	2,900	2,900
Financial Liabilities					
Bank indebtedness	-	-	91,218	91,218	91,218
Accounts payable and accrued liabilities	-	-	202,692	202,692	202,692
Long-term debt	-	-	251,173	251,173	264,380
Derivative liability	30,883	-	-	30,883	30,883
Dividend payable	-	-	3,460	3,460	3,460

10. Financial instruments – continued

Risk management

As a result of the nature of AGT's operations, it may be exposed to various forms of risk related to financial instruments. Those forms of risk include credit risk, foreign exchange risk, liquidity risk, interest rate risk and commodity price risk.

AGT seeks from time to time, to use financial derivatives to reduce market risk exposures from changes in foreign exchange rates. AGT does not hold or use any derivative instruments for trading or speculative purposes. Overall, AGT's Board of Directors has responsibility for the establishment and approval of AGT's risk management policies. Management continually performs risk assessments to ensure that all significant risks have been reviewed and assessed to reflect changes in market condition and AGT's operating activities.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet obligations to be similarly affected by changes in economic or other conditions. AGT minimizes this risk by having a diverse customer base and established credit policies, including the use of accounts receivable insurance. Credit risk associated with cash is minimized substantially by investing these financial assets with highly rated financial institutions.

The carrying amount of financial assets represents the maximum credit exposure as follows:

	2015	2014
Cash	$ 22,306	$ 29,319
Trade accounts receivables	284,539	191,751

AGT ages trade accounts receivable based on their due date. The aging categories are the number of days overdue. Due to risk management processes that AGT has in place, including insurance on substantially all receivables and prepayments from customers, management is confident in its ability to collect outstanding receivables.

The allowance for doubtful receivables represents specific provisions charged to expenses. The allowance is an estimated amount that management believes will be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables.

(Stated in thousands of Canadian dollars)

10. Financial instruments – continued

Credit risk - continued

The aging of customer receivables is as follows:

		2015		2014
Current	$	226,502	$	114,503
1-30 days		35,664		54,954
31-60 days		12,277		10,652
Greater than 60 days		10,096		11,642
	$	284,539	$	191,751

The above table reflects a listing of trade accounts receivable, net of allowance for doubtful accounts of $1,208 at December 31, 2015 (December 31, 2014 - $1,045).

AGT has a Master Receivables Purchase Agreement with the Bank of Nova Scotia (BNS). This agreement allows the sale of specific Turkish trade accounts receivable that are insured through Export Development Canada (EDC) to the BNS. The agreement permits AGT to securitize up to $55,360 ($40,000 USD) worth of insured receivables. AGT has derecognized the receivables from the Consolidated Statement of Financial Position as substantially all of the risks and rewards of ownership have been transferred.

The arrangement with BNS has AGT continuing to be administratively involved in the collection of receivables and submission of those collections to BNS. However, AGT bears no risk and any uncollected amounts would result in EDC making a payment directly to BNS.

As at December 31, 2015, AGT has sold for cash proceeds $55,360 (December 31, 2014 – $46,404) of trade accounts receivable from the Financial Statements and incurred $790 (Dec 31, 2014- $652) in transaction fees, included in finance expense.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. AGT 's sales are routinely denominated in the U.S. dollar while processing and production costs are largely denominated in the functional currency of the country in which the subsidiary operates.

AGT manages foreign currency risk by matching foreign currency denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required. AGT has also 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's foreign exchange contracts are not designated as hedges and are recorded at fair value with changes in fair value recognized in earnings. AGT has also entered into a cross currency swap as part of the management of the senior secured second lien notes, which is disclosed in note 8.

10. Financial instruments – continued

Foreign currency risk - continued

At December 31, 2015:

The value of the US dollar relative to the Canadian dollar was $1.00 (US) for $1.3840 (CDN), up from $1.00 (US) for $1.1601 (CDN) at December 31, 2014. The exchange rate averaged $1.00 (US) for $1.2786 (CDN) over the year.

AGT had the following significant contracts in place:

- Foreign currency forward contracts of $251,387 (USD) with an average exchange rate of $1.00 (USD) for $1.31 (CDN). December 31, 2014 $149,886 (USD) with an average exchange rate of $1.00 (USD) for $1.12 (CDN).

- Foreign currency forward contracts of $14,478 (CAD) with an average exchange rate of $1.00 (CAD) for $1.33 (USD). December 31, 2014 $5,223 (CAD) with an average exchange rate of $1.00 (CAD) for $1.16 (USD).

- Foreign currency forward contracts of $74,053 (USD) with an average exchange rate of $1.00 (USD) for $1.37 (AUD). December 31, 2014 $38,278 (USD) with an average exchange rate of $1.00 (USD) for $1.19 (AUD).

- Cross currency interest swap contracts of $151,440 (USD) with an average exchange rate of $1.00 (USD) for $1.01 (CDN). December 31, 2014 $162,047 (USD) with an average exchange rate of $1.00 (USD) for $1.01 (CDN).

AGT manages counterparty risk associated with economic hedging by dealing with highly rated counterparties and limiting our exposure. At December 31, 2015, all counterparties to foreign exchange hedging contracts had a Standard & Poor's (S&P) credit rating of A or better.

(Stated in thousands of Canadian dollars)

10. Financial instruments – continued

Foreign currency risk - continued

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. AGT has determined its pre-tax exposure to foreign currency exchange risk on significant financial instruments to be as follows based on a 5% strengthening of the significant currencies AGT is exposed to. A 5% weakening of these same currencies at December 31, 2015 would have had an equal but opposite effect on the amounts shown below, assuming all other variables remained constant:

	Currency	Carrying Value (CDN) December 31, 2015	Gain (loss) CDN
Cash and cash equivalents	USD	$ 10,883	$ 544
Accounts receivable	USD	177,697	8,885
Accounts receivable	EUR	8,779	439
Accounts payable and accrued liabilities	USD	13,001	(650)
Accounts payable and accrued liabilities	EUR	6,601	(330)
Net foreign currency derivative liabilities	USD	63,404	(31,127)
			$ (22,239)

	Currency	Carrying Value (CDN) December 31, 2014	Gain (loss) CDN
Cash and cash equivalents	USD	$ 7,172	$ 359
Accounts receivable	USD	112,577	5,629
Accounts receivable	EUR	9,336	467
Accounts payable and accrued liabilities	USD	16,068	(803)
Net foreign currency derivative liabilities	USD	30,883	(20,048)
			$ (14,396)

The above sensitivity analysis for foreign currency risk does not include translation risk. Translation exposures arise from financial and non-financial items of operations with functional currencies different from AGT's reporting currency. AGT recognizes currency translation adjustments in other comprehensive income. The sensitivity at the reporting date is not representative of the sensitivity throughout the year as the balance sheet date exposure does not reflect the exposure during the year.

(Stated in thousands of Canadian dollars)

10. Financial instruments – continued

Liquidity risk

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.

The following are the contractual maturities of financial liabilities, including interest payments:

2015	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	$ 139,102	$ 139,102	$ 139,102	$ -	$ -	$ -
Accounts payable and accrued liabilities	330,381	330,381	330,381	-	-	-
Long-term debt	356,701	402,885	28,841	29,128	323,992	20,924
Derivative liability	66,536	76,642	23,602	3,429	49,611	-
Dividend payable	3,571	3,571	3,571	-	-	-
	$ 896,291	$ 952,581	$ 525,497	$ 32,557	$ 373,603	$ 20,924

2014	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	$ 91,218	$ 91,168	$ 91,168	$ -	$ -	$ -
Accounts payable and accrued liabilities	202,692	202,692	202,692	-	-	-
Long-term debt	251,173	303,820	21,799	21,888	260,133	-
Derivative liability	30,883	33,990	11,429	1,054	21,507	-
Dividend payable	3,460	3,460	3,460	-	-	-
	$ 579,426	$ 635,130	$ 330,548	$ 22,942	$ 281,640	$ -

Future expected operational cash flows and sufficient assets are on hand to fund these obligations. In addition, AGT practices an accounts receivable management program that tracks cargo and documentation flows to ensure the timely receipt of payment from customers. AGT's diversified customer base ensures that concentration risks are minimized and that inflows are more predictable. The cash flow management activities and the continued profitability of AGT's operations allow for substantial mitigation of liquidity risk.

Interest rate risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial 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. The impact of a 1% change in interest rates would have an approximate impact on pre-tax earnings of $3,160 (December 31, 2014 - $2,082). 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.

(Stated in thousands of Canadian dollars)

10. Financial instruments – continued

Commodity risk

AGT is a significant processor and supplier of pulse crops and bears significant exposure to changes in prices of these products. Prices are volatile and are influenced by numerous factors beyond AGT's control, such as supply and demand fundamentals, geographical events and weather.

AGT's sales contracting focuses on reducing the volatility in future earnings and cash flow, while providing protection against changes in market price. To mitigate the risks associated with the fluctuations in the market price for pulse crops, AGT seeks to maintain a portfolio of product sales contracts with varying delivery dates and pricing mechanisms that reflect the delivery dates and pricing with customers.

11. Capital management

AGT manages its capital to ensure that financial flexibility exists to increase equity 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 utilizes bank indebtedness (net of cash), long-term debt and shareholders' equity. It may be difficult to accurately predict market conditions for attracting capital. AGT has guarantees on certain of its debt facilities that require security in the form of all accounts receivable, inventory and property, plant and equipment. Certain long term lenders have priority claim on the property, plant and equipment, ranking in priority to other lenders.

AGT includes net debt and shareholders' equity as components of its capital structure. The calculation of net debt, shareholders equity and capital are set out in the following table:

		2015		2014
Long-term debt	$	344,339	$	245,242
Bank indebtedness and current portion long-term debt		151,464		97,149
Cash		(22,306)		(29,319)
Net debt*	**$**	**473,497**	**$**	**313,072**
Shareholders' equity		356,918		322,070
Total capital	**$**	**830,415**	**$**	**635,142**

*Non-IFRS measure

AGT is bound by certain covenants within its general credit facilities. These covenants place restrictions on working capital ratios, total debt, including guarantees and set minimum levels of capital. As of December 31, 2015 and 2014, AGT met these requirements. AGT expects to be in compliance with covenants for 2016.

(Stated in thousands of Canadian dollars)

12. Finance expense

		2015		2014
Interest bank indebtedness	$	8,406	$	7,380
Interest on long term debt		14,794		14,935
Trade finance fees and expenses		3,321		5,922
Amortization of note discount and debt fees		1,490		1,316
Foreign exchange on financing activities		2,306		369
Fair value adjustment on derivative asset		1,300		(2,900)
	$	31,617	$	27,022

13. Expenses by nature

Certain expenses have been allocated on the Consolidated Statements of Comprehensive Income in order to analyze expenses by their function. These expenses were allocated in the cost of sales, general administrative expenses and marketing, sales and distribution expense lines. The nature of these expenses is as flows:

Expense by Nature

		2015		2014
Employee salaries and benefits	$	85,656	$	73,456
Depreciation and amortization		19,700		17,750

(Stated in thousands of Canadian dollars)

14. Cash flow support

Adjustments to operating cash flow

	Note	2015	2014
Depreciation and amortization in general and administration		3,141	2,946
Depreciation in cost of sales		16,559	14,804
Amortization of note discount and debt fees	12	1,490	1,316
Fair value adjustment on derivative asset	12	1,300	(2,900)
Unrealized foreign exchange loss		23,927	9,793
Gain on disposal of property, plant and equipment		(663)	(687)
Interest expense	12	23,200	22,315
Share based compensation		5,223	5,170
Provision for doubtful accounts		844	1,115
Income tax expense		2,411	6,078
		77,432	**59,950**

Non-cash working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

		2015		2014
Increase in current assets:				
Trade accounts receivable	$	(76,644)	$	(17,417)
Inventory		(86,392)		(97,487)
Prepaid expenses and other		(19,560)		(746)
	$	(182,596)	$	(115,650)
Increase in current liabilities:				
Accounts payable, accrued liabilities and deferred revenue		103,244		39,425
	$	103,244	$	39,425
	$	(79,352)	$	(76,225)

(Stated in thousands of Canadian dollars)

15. Income Taxes

(a) Tax rate reconciliation

The provision for income taxes differs from the amount computed by applying the expected income tax rate to earnings before income taxes. The reasons for these differences are as follows:

		2015		2014
Net earnings before income taxes	$	18,456	$	25,837
Combined federal and provincial rate		25.50%		25.50%
Computed income tax expense		4,706		6,588
(Decrease) increase in taxes resulting from:				
Difference between Canadian rate and rates applicable to subsidiaries in other countries		(118)		(566)
Permanent differences and other		(2,177)		56
Income tax expense	$	2,411	$	6,078
Current		5,958		8,974
Deferred		(3,547)		(2,896)
	$	2,411	$	6,078

(Stated in thousands of Canadian dollars)

15. Income Taxes - continued

(b) Significant components of deferred tax assets and liabilities

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of net deferred income tax liabilities are as follows:

		2015		2014
Assets:				
Operating loss carry forwards	$	27,668	$	20,248
Share issuance costs and financing costs		521		851
Investment incentive		388		382
Unrealized foreign exchange losses		1,605		1,653
Inventory		3,264		402
Other costs and adjustments		1,779		1,479
	$	35,225	$	25,015
Liabilities:				
Property, plant and equipment	$	42,789	$	22,583
Intangible assets		1,694		981
Unrealized foreign exchange gains		3,413		1,041
Other costs and adjustments		101		251
		47,997		24,856
Net deferred income tax (liability) asset	$	(12,772)	$	159
Deferred income tax classified as follows:				
Deferred income tax assets	$	16,555	$	10,791
Deferred income tax liabilities		29,327		10,632
Net deferred income tax (liability) asset	$	(12,772)	$	159

(Stated in thousands of Canadian dollars)

15. Income Taxes - continued

(c) Movement in net deferred tax assets and liabilities

	2015	2014
Deferred income tax asset (liability) at January 1	$ 159	$ (3,501)
Origination and reversal of temporary differences	3,547	2,896
Temporary differences recognized in other comprehensive income	2,031	-
Deferred tax assets related to share issuance expenses recorded in share capital	-	978
Deferred tax liability acquired	(18,175)	-
Foreign exchange adjustments and other	(334)	(214)
Net deferred income tax (liability) asset at December 31	$ (12,772)	$ 159

(d) Income tax losses

At December 31, 2015, income tax losses carried forward of $106,195 (2014 - $66,349) are available to reduce taxable income. These losses expire as follows:

Year of expiry	Canada	Turkey	United States	Other	Total
2016	$ -	$ 3,994	$ -	$ -	$ 3,994
2017	-	2,330	-	-	2,330
2018	-	2,072	-	-	2,072
2019	-	2,810	-	-	2,810
2020		4,977		3,062	8,039
2024	-	-	-	2,458	2,458
2029	488				488
2030	2,987	-	-	-	2,987
2031	365				365
2032	5,060	-	-	-	5,060
2033	21,969	-	19,109	-	41,078
2034	8,275	-	2,997	-	11,272
2035	16,157	-	7,085	-	23,242
	$ 55,301	$ 16,183	$ 29,191	$ 5,520	$ 106,195

AGT expects to generate sufficient taxable earnings to utilize all of the loss carry forwards in each jurisdiction within the timelines identified above.

(Stated in thousands of Canadian dollars)

16. Related party transactions

(a) Key management personnel

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:

		2015		2014
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	4,110	$	3,538
Post employment benefits (RRSP)		126		129
Other long term benefits including stock based compensation (long term incentive plan)		3,719		2,620
	$	7,955	$	6,287

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

		2015		2014
Accounts receivable	$	134	$	256
Accounts payable		2,852		2,668

		2015		2014
Purchases	$	3,458	$	6,084

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.

(b) Transactions with other related parties

		2015		2014
Accounts Payable	$	404	$	436
Current portion of long-term debt		3,789		-
Long-term debt		13,433		-

		2015		2014
Purchases	$	1,138	$	1,739

The table above relates primarily to note payable commitments arising from business combinations (refer to note 8 & note 19).

17. Segmented Reporting

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 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 UK, the Netherlands, Spain, Russia, Ukraine, India, Switzerland and part of Canada, Turkey and Australia.

Food ingredients and packaged foods includes the results from the pulse fractionation plant in Minot, North Dakota, 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 in the normal course of business and were accounted for at the exchange amount. Certain estimates and assumptions were made by management in the determination of segment composition.

** Adjusted EBITDA (earnings before finance expense, income taxes, depreciation and amortization, one-time costs and any effects of non-cash foreign exchange adjustment) is a non-IFRS measure.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2015 and 2014
(Stated in thousands of Canadian dollars)

17. Segmented Reporting- continued

2015	Pulses and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	$ 1,247,189	$ 383,399	$ 253,933	$ (180,041)	**$ 1,704,480**
Cost of sales	1,152,619	368,207	210,845	(180,041)	**1,551,630**
Gross profit	94,570	15,192	43,088	-	**152,850**
Earnings (loss) before income taxes	**61,910**	**823**	**25,261**	**(69,538)**	**18,456**
Net earnings (loss)	**61,910**	**823**	**25,261**	**(71,949)**	**16,045**
Adjusted EBITDA**	**$ 75,996**	**$ 2,076**	**$ 32,361**	**$ (9,464)**	**$ 100,969**

2014	Pulses and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	$ 919,580	$ 360,350	$ 236,063	$ (159,175)	**$ 1,356,818**
Cost of sales	840,905	340,878	203,863	(159,175)	**1,226,471**
Gross profit	78,675	19,472	32,200	-	**130,347**
Earnings (loss) before income taxes	**54,165**	**5,005**	**16,417**	**(49,750)**	**25,837**
Net earnings (loss)	**54,165**	**5,005**	**16,417**	**(55,828)**	**19,759**
Adjusted EBITDA**	**$ 65,639**	**$ 5,856**	**$ 23,882**	**$ (8,372)**	**$ 87,005**

As at Dec 31, 2015	Pulses and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Intangible assets	5,525	1,741	8,208	-	**15,474**
Goodwill	41,564	8,979	15,404	-	**65,947**
Purchase of property, plant and equipment	18,839	562	31,780	-	**51,181**
Acquisition of property, plant and equipment through business combination	117,564	-	-	-	**117,564**
Acquisition of intangibles and goodwill through business combination	11,300	-	-	-	**11,300**
Depreciation and amortization	11,057	476	6,880	1,287	**19,700**

Dec 31, 2014	Pulses and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Intangible assets	2,302	1,861	8,619	-	**12,782**
Goodwill	33,323	8,724	16,069	-	**58,116**
Purchase of property, plant and equipment	12,170	192	6,275	-	**18,637**
Acquisition of property, plant and equipment through business combination	-	-	2,640	-	**2,640**
Acquisition of intangibles and goodwill through business combination	-	-	5,148	-	**5,148**
Depreciation and amortization	9,726	218	6,432	1,374	**17,750**

(Stated in thousands of Canadian dollars)

18. Sales and selected geographic information

Geographic information about AGT's revenues is based on the product type and shipment destination.

	2015	2014
Pulses and specialty crops	$ 1,066,482	$ 827,827
Pasta, semolina and bulgur	145,060	160,827
Rice, other commodities and miscellaneous revenue	492,938	368,164
	$ 1,704,480	$ 1,356,818

Sales derived from customers located in the following geographic areas:

	2015	2014
Canada	$ 85,672	$ 67,455
Americas / Caribbean, excluding Canada	165,261	88,249
Asia / Pacific Rim	434,736	290,250
Europe / Middle East / Africa	1,018,811	910,864
	$ 1,704,480	$ 1,356,818

(Stated in thousands of Canadian dollars)

18. Sales and selected geographic information - continued

Property, plant and equipment, intangibles and goodwill by geographic area is as follows:

	Property, plant and equipment	
	2015	2014
Canada	$ 188,887	$ 57,887
United States	84,710	63,959
Turkey	81,960	75,514
Australia	35,173	32,386
China	7,535	7,255
South Africa	4,153	4,040
	$ 402,418	$ 241,041

	Intangibles	
	2015	2014
Canada	$ 8,005	$ 4,844
Turkey	4,075	4,570
United Kingdom	1,741	1,861
China	1,565	1,402
South Africa	88	105
	$ 15,474	$ 12,782

	Goodwill	
	2015	2014
Turkey	$ 33,191	$ 34,744
Canada	28,503	19,603
United Kingdom	4,189	3,710
Australia	50	47
United States	14	12
	$ 65,947	$ 58,116

(Stated in thousands of Canadian dollars)

19. Business combinations

Under IFRS 3, AGT has determined that the asset purchase of West Central Road & Rail Ltd. ("WCRR") and Prairie Processing (1989) Ltd. ("PPL") and the share purchase of Mobil Capital Holdings Ltd. ("Mobil"), qualify as business combinations.

	Note	i) WCRR	ii) Mobil	Total
Assets				
Cash		$ -	$ 1,504	$ 1,504
Accounts receivable		-	2,642	2,642
Prepaid expenses and other		-	636	636
Total current assets		-	**4,782**	**4,782**
Property, plant and equipment	**5**	18,028	99,536	117,564
Total assets		**$ 18,028**	**$ 104,318**	**$ 122,346**
Liabilities				
Accounts payable and accrued liabilities		$ -	$ 5,137	$ 5,137
Current portion of long-term debt		-	3,531	3,531
Total current liabilities		-	**8,668**	**8,668**
Long-term debt		-	21,572	21,572
Deferred income tax liabilities		-	18,175	18,175
Total Liabilities		$ -	**$ 48,415**	**$ 48,415**
Total fair value of net assets acquired		**$ 18,028**	**$ 55,903**	**$ 73,931**
Goodwill arising on acquisition	**6**	8,900	-	8,900
Intangibles arising on acquisition	**6**	-	2,400	2,400
Total purchase price		**$ 26,928**	**$ 58,303**	**$ 85,231**
Less: note payable due to Mobil shareholders			(17,734)	(17,734)
Less: fair value of shares	**9**	-	(21,569)	(21,569)
Less: cash		-	(1,504)	(1,504)
Net cash used in acquisition of subsidiaries		**$ 26,928**	**$ 17,496**	**$ 44,424**

(i) WCRR

On June 2, 2015, AGT entered into separate agreements with WCRR and PPL to purchase their assets using cash.

WCRR was a trans-loader based in Eston Saskatchewan, operating five facilities capable of receiving grains, pulses, oilseeds and special crops locally, which are trans-loaded into railcars for national and international shipments. Prairie Processing (1989) Ltd. was primarily a canary processing and shipping facility located in Eston, Saskatchewan.

19. Business combinations – continued

(i) WCRR - continued

The goodwill acquired relates to the synergies AGT expects to realize from the addition of bulk loading facilities to the processing segment. The addition of the bulk loading will allow the existing value added processing facilities in Western Canada to focus on higher margin opportunities while allowing AGT to ship bulk product. In addition, the bulk loading facilities will allow AGT to source product to other segments and jurisdictions within AGT. AGT is permitted to deduct seventy five percent of the goodwill for tax purposes.

Included in the current period Statement of Comprehensive Income is $54,214 of revenue, and $2,425 of net income attributable to the acquisition of WCRR. If the acquisition had occurred on January 1, 2015, the estimated revenue from the acquisition would have been approximately $86,743 and the net earnings approximately $3,881. The results from WCRR are recorded in the pulse and grain processing segment.

Acquisition costs related to the WCRR acquisition were recorded in the current year Statement of Financial Position. These amounts totalling $278 were capitalized with the property, plant and equipment and are being depreciated throughout the life of the assets.

(ii) Mobil

On October 30, 2015, AGT acquired 1,000,003 shares of Mobil for total consideration of $58,303. The consideration transferred consisted of $19,000 cash, the issuance of $21,569 of common shares in the capital of AGT (being 722,803 common shares) and a $17,734 promissory note repayable in equal instalments for a period of five years from the date of closing.

The acquisition of Mobil complements AGT's previously completed investment in bulk loading and handling assets of WCRR. Efficient transportation options are essential to the growth and expansion of AGT's business and the Mobil acquisition helps ensure AGT maintains its dominant position in pulses and grains in Canada and the world.

Included in the current period Statement of Comprehensive Income is $2,416 of revenue, and $305 of net income attributable to the acquisition of Mobil. If the acquisition had occurred on January 1, 2015, the estimated revenue from the acquisition would have been approximately $14,496 and net income of approximately $1,830. The results from Mobil are recorded in the pulse and grain processing segment.

Included in the working capital amounts of Mobil above were accounts receivable of $2,642. These amounts represent the fair value of the assets, none of which were considered uncollectable by AGT as at the purchase date.

Acquisition costs related to the Mobil acquisition were recorded in the current year Statement of Comprehensive Income. These amounts totalled $623 and were recorded in general and administration expenses.

(Stated in thousands of Canadian dollars)

19. Business combinations – continued

On January 13, 2014, AGT finalized a transaction to purchase substantially all of the assets of Quebec-based CLIC International Inc (CLIC). CLIC is a Canadian ethnic and traditional retail food packager and canner and retail and food service distributor. The acquired assets include inventory, retail packaging and canning production-related equipment, all CLIC and associated retail brands, retail and food service listings.

On December 16, 2014, AGT purchased the shares of Quebec-based Ramico Inc (Ramico). Ramico is a service organization that operates the canning plant assets with/ by CLIC.

Under IFRS 3, AGT has determined that both the asset purchase of CLIC and the share purchase of Ramico qualify as business combinations. The final purchase price allocation is as follows:

		CLIC/ Ramico
Total purchase price	**$**	**17,275**
Allocation of purchase price:		
Working capital	$	9,487
Property, plant and equipment		2,640
Net identifiable tangible assets		12,127
Goodwill	$	1,204
Intangible assets		3,944
Total net assets	**$**	**17,275**

Included in the prior period Statement of Comprehensive Income is $33,181 of revenue, and $233 of net losses attributable to the acquisitions.

Some acquisition costs related to the CLIC and Ramico purchase were recorded in the prior year Statement of Comprehensive Income. These amounts totalled $342 and were recorded in general and administration expenses.

Included in the working capital amounts of CLIC above were accounts receivable of $3,019. These amounts represent the fair value of the assets, none of which were considered uncollectable by AGT as at the purchase date.

20. 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 December 31, 2015, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of $13,000 (December 31, 2014 - $13,000). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit for $13,000 expires on December 31, 2016.

At December 31, 2015, AGT had letters of guarantee in Turkey for the amount of $4,166 (December 31, 2014 - $2,802).

At December 31, 2015, AGT had capital project commitments related to the food ingredients and packaged food segment for the amount of $3,489 (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 audited 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.