



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

These unaudited condensed consolidated interim financial statements have been prepared by management of AGT Food and Ingredients Inc ("AGT") and have not been reviewed by AGT's auditors.



Unaudited Consolidated Statements of Financial Position
as at

(Stated in thousands of Canadian Dollars)

	Note	Sept 30, 2016	Dec 31, 2015
Assets			
Cash		\$ 21,507	\$ 22,306
Trade accounts receivable	10	219,268	284,539
Derivative assets	9	13,786	3,233
Inventory	4	413,630	436,181
Prepaid expenses and other		44,013	46,991
Income tax receivable		293	426
Total current assets		712,497	793,676
Property, plant and equipment	5	429,039	402,418
Intangible assets	6	14,122	15,474
Goodwill	6	62,707	65,947
Deferred income tax assets		19,269	16,555
Other		2,542	2,498
Total assets		\$ 1,240,176	\$ 1,296,568
Liabilities			
Bank indebtedness		\$ 132,373	\$ 139,102
Accounts payable and accrued liabilities		278,835	330,381
Derivative liabilities	9	43,107	66,536
Deferred revenue		9,760	12,940
Income taxes payable		9,660	1,092
Current portion of long-term debt	7	13,721	12,362
Dividends payable		3,589	3,571
Total current liabilities		491,045	565,984
Long-term debt	7	366,196	344,339
Deferred income tax liabilities		30,265	29,327
Total liabilities		887,506	939,650
Shareholders' equity			
Share capital	8	375,325	372,652
Contributed surplus		696	897
Accumulated other comprehensive loss		(55,190)	(26,982)
Retained earnings		31,839	10,351
Total shareholders' equity		352,670	356,918
Total liabilities and shareholders' equity		\$ 1,240,176	\$ 1,296,568

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



AGT
FOOD AND INGREDIENTS INC.
Unaudited Consolidated Statements of Comprehensive Income
For the period ended Sept 30

(Stated in thousands of Canadian Dollars)

	Note	3 Months		9 Months	
		2016	2015	2016	2015
Revenues		\$ 442,288	\$ 362,755	\$ 1,322,341	\$ 1,126,210
Cost of sales		400,973	326,081	1,196,661	1,019,779
Gross profit		41,315	36,674	125,680	106,431
General and administrative expenses		11,988	11,615	38,566	35,002
Marketing, sales and distribution expenses		9,058	7,024	26,885	20,824
Earnings from operations		20,269	18,035	60,229	50,605
Other expenses:					
Unrealized foreign exchange loss (gain)		4,376	18,606	(6,229)	31,554
Finance expense	11	7,955	10,316	23,305	25,996
Earnings (Loss) before income tax		7,938	(10,887)	43,153	(6,945)
Income tax expense (recovery)		500	(3,655)	10,902	(3,752)
Net earnings (loss)		7,438	(7,232)	32,251	(3,193)
Other comprehensive loss due to changes in foreign exchange, net of tax		(1,851)	(13,617)	(28,208)	(16,783)
Total comprehensive income (loss)		\$ 5,587	\$ (20,849)	\$ 4,043	\$ (19,976)
Basic net earnings (loss) per share		\$ 0.31	\$ (0.31)	\$ 1.35	\$ (0.14)
Diluted net earnings (loss) per share		\$ 0.31	\$ (0.31)	\$ 1.34	\$ (0.14)
Basic weighted average number of shares		23,928,201	23,070,354	23,883,769	23,069,591
Diluted weighted average number of shares		24,124,790	23,297,482	24,084,710	23,298,793

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



AGT
FOOD AND INGREDIENTS INC.
Unaudited Consolidated Statements of Changes in Equity

(Stated in thousands of Canadian Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2016	\$ 372,652	\$ 897	\$ (26,982)	\$ 10,351	\$ 356,918
Net earnings	-	-	-	32,251	32,251
Other comprehensive loss due to changes in foreign exchange ⁽¹⁾	-	-	(28,208)	-	(28,208)
Total comprehensive (loss) gain	-	-	(28,208)	32,251	4,043
Other shares issued	1,149	-	-	-	1,149
Share based compensation	1,524	(317)	-	-	1,207
Dividends to shareholders	-	-	-	(10,763)	(10,763)
Other	-	116	-	-	116
Balance at September 30, 2016	\$ 375,325	\$ 696	\$ (55,190)	\$ 31,839	\$ 352,670
Balance at January 1, 2015	\$ 350,816	\$ 853	\$ (37,857)	\$ 8,258	\$ 322,070
Net loss	-	-	-	(3,193)	(3,193)
Other comprehensive loss due to changes in foreign exchange	-	-	(16,783)	-	(16,783)
Total comprehensive loss	-	-	(16,783)	(3,193)	(19,976)
Share based compensation	134	72	-	-	206
Dividends to shareholders	-	-	-	(10,382)	(10,382)
Balance at September 30, 2015	\$ 350,950	\$ 925	\$ (54,640)	\$ (5,317)	\$ 291,918

⁽¹⁾ Net of tax of \$796 (2015- nil)

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



AGT
FOOD AND INGREDIENTS INC.
Unaudited Consolidated Statements of Cash Flow
For the period ended September 30

(Stated in thousands of Canadian Dollars)

	Note	2016	2015
Cash from (used for) the following:			
Operating activities			
Net earnings (loss)		\$ 32,251	\$ (3,193)
Adjustments to operating cash flows	12	45,605	64,281
Interest paid		(19,708)	(19,490)
Income taxes paid		(3,711)	(4,272)
Non-cash working capital	12	(1,106)	(7,963)
		53,331	29,363
Financing activities			
(Decrease) Increase in bank indebtedness		(7,300)	9,908
Proceeds from long-term debt, net of issue costs		28,787	34,969
Repayment of long term debt		(7,247)	(4,765)
Shares issued pursuant to stock option plan		1,207	134
Dividends paid		(10,745)	(10,382)
		4,702	29,864
Investing activities			
Purchase of property, plant and equipment and intangible assets		(58,275)	(22,264)
Proceeds from the sale of property, plant and equipment and insurance funds received		1,905	392
Acquisitions, net of cash acquired		-	(26,874)
Other		(663)	(197)
		(57,033)	(48,943)
Effect of exchange rate changes on cash		(1,799)	2,310
(Decrease) increase in cash position		\$ (799)	\$ 12,594
Cash position, beginning of the period		\$ 22,306	\$ 29,319
Cash position, end of the period		\$ 21,507	\$ 41,913

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



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

1. Reporting entity

AGT Food and Ingredients Inc. ("AGT") head office is located in Canada. The address of AGT's registered office is 40 King Street West, Scotia Plaza, Suite 2100, Toronto, Ontario, M5H 3C2. The management of day-to-day operations is carried out at 6200 E. Primrose Green Drive, Regina, Saskatchewan S4V 3L7. The unaudited condensed consolidated interim 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. The results included in the Financial Statements should not be taken as indicative of the performance to be expected for the full year due to the seasonal nature of AGT's business. 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 Accounting Standard 34 *Interim Financial Reporting*. The Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with AGT's annual consolidated financial statements as at and for the year ended December 31, 2015. Except as disclosed in note 3, there have been no changes to AGT's accounting policies from those disclosed in AGT's annual consolidated financial statements as at and for the year ended December 31, 2015.

The Financial Statements were approved and authorized for issue by the Board of Directors on Nov 6, 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 9)



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

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. At each reporting period, 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.



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

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 9. 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) of AGT's 2015 annual audited consolidated financial statements.

- **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

These Financial Statements and notes thereto have been prepared using accounting policies consistent with those used in preparing AGT's 2015 annual audited consolidated financial statements. While management believes that the disclosures presented are adequate to make the information not misleading, these Financial Statements and notes thereto should be read in conjunction with AGT's interim management's discussion and analysis ("MD&A") and the 2015 annual audited consolidated financial statements and notes thereto.

The accounting policies have been applied consistently by AGT's entities.



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

3. Significant accounting policies - continued

(a) 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
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	Fiscal years beginning on or after January 1, 2018
IFRS 2 Share-based Payment	This amendment clarifies how to account for and measure certain types of share-based payment transactions.	IFRS 2 Share-based Payment	Fiscal years beginning on or after 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

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 and is continuing to assess the impact of the changes.



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

4. Inventory

	Sept 30, 2016	Dec 31, 2015
Raw materials	\$ 203,835	\$ 223,314
Processed/ split product	171,578	181,417
Packaged product	31,887	24,566
Other	6,330	6,884
	<u>\$ 413,630</u>	<u>\$ 436,181</u>

	3 months ended		9 months ended	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Inventory expensed in cost of goods sold	\$ 379,267	\$ 301,480	\$ 1,125,005	\$ 946,641

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, 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
Additions	25	1,308	9,120	1,053	680	45,389	57,575
Disposals	-	(419)	(815)	(79)	(72)	-	(1,385)
Transfers between categories	-	14,979	22,470	1,969	280	(39,698)	-
Effects of movements in exchange rates	(780)	(4,423)	(7,643)	(190)	(384)	(1,735)	(15,155)
Balance at September 30, 2016	\$ 23,461	\$ 221,013	\$ 232,342	\$ 13,694	\$ 9,715	\$ 41,348	\$ 541,573
Accumulated Depreciation							
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
Depreciation	-	5,138	11,195	1,282	1,057	-	18,672
Disposals	-	(58)	(401)	(50)	(70)	-	(579)
Effects of movements in exchange rates	-	(569)	(2,764)	(94)	(252)	-	(3,679)
Balance at September 30, 2016	\$ -	\$ 21,678	\$ 78,990	\$ 6,289	\$ 5,577	\$ -	\$ 112,534
Net Book Value at December 31, 2015	\$ 24,216	\$ 192,401	\$ 138,250	\$ 5,790	\$ 4,369	\$ 37,392	\$ 402,418
Net Book Value at September 30, 2016	\$ 23,461	\$ 199,335	\$ 153,352	\$ 7,405	\$ 4,138	\$ 41,348	\$ 429,039



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(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, 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	
Additions	-	2	-	698	700	-	700	
Disposals	-	(3)	-	-	(3)	-	(3)	
Effects of movements in exchange rates	(202)	(138)	(788)	(38)	(1,166)	(3,240)	(4,406)	
Balance at September 30, 2016	\$ 6,380	\$ 1,999	\$ 5,425	\$ 5,354	\$ 19,158	\$ 62,707	\$ 81,865	
Accumulated Amortization								
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	
Amortization	-	120	433	806	1,359	-	1,359	
Effects of movements in exchange rates	-	(20)	(433)	(23)	(476)	-	(476)	
Balance at September 30, 2016	\$ -	\$ 528	\$ 3,267	\$ 1,241	\$ 5,036	\$ -	\$ 5,036	
Net carrying amounts								
At December 31, 2015	6,582	1,710	2,946	4,236	15,474	65,947	81,421	
At September 30, 2016	6,380	1,471	2,158	4,113	14,122	62,707	76,829	



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

7. Long term debt

	Sept 30, 2016	Dec 31, 2015
Senior secured second lien notes, bearing an interest rate of 9% per annum, with semi-annual payments of interest only maturing in February 2018, secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries. ¹	\$ 123,278	\$ 122,428
Loan payable, bearing an interest rate of prime plus 0.5%, (December 31, 2015 - prime plus 0.5%), with monthly payments of interest only, due January 2018, secured by Canadian, US and Australian property, plant and equipment, accounts receivable and inventory.	137,253	111,174
Loan payable, bearing an interest rate of prime plus 0.5%, (December 31, 2015 - Canadian Bankers Acceptance rate 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.	67,356	71,775
Non-interest bearing note payable with five annual payments of \$3,900, commencing October 2016 and concluding October 2020 (effective interest rate 1.5%).	18,044	17,779
Loan payable, bearing an interest rate up to 5% (December 31, 2015 - interest rate up to 5%), with annual payments of \$1,000 principal, due annually in September concluding in September 2027, secured by a debenture charging the purchased assets in favour of the lender and certain property, plant, and equipment.	14,500	15,500
Mortgage payable, bearing an interest rate of Business Development Bank of Canada prime rate minus 1.5% (December 31, 2015 - Business Development Bank of Canada prime rate minus 1.5%), with monthly variable interest payments combined with principal payments of \$30 and all concluding August 2036, secured by security interests against real property owned by AGT and certain of its subsidiaries.	7,096	7,125
Loans payable bearing interest rates ranging from 5% to 6% (December 2015 - 5% to 6%), with monthly payments of \$80, due dates ranging from September 2019 to May 2040 (December 2015: due dates ranging from September 2019 to May 2040), secured by general security agreements and certain Canadian property, plant, and equipment.	6,468	6,375
Other	5,922	4,545
	\$ 379,917	\$ 356,701
Total current portion	(13,721)	(12,362)
	\$ 366,196	\$ 344,339

¹ 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) On or after February 14, 2016 a 6.8% premium.
- ii) No premium on or after February 14, 2017



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

7. Long term debt - continued

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

2016-17	\$	13,721
2017-18		329,551
2018-19		7,424
2019-20		6,340
Thereafter		22,881
	\$	379,917

For the long term debt that is variable rate debt, the carrying value (CV) approximates its fair value (FV). For the long term debt that is fixed rate debt, at September 30, 2016, CV: \$164,012 and FV: \$168,427 (December 31, 2015- CV: 164,653 and FV: \$174,122).



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

8. Share capital

(a) Authorized

Unlimited number of voting common shares without par value

(b) Issued and outstanding

	# of Common Shares	Amount
Issued and outstanding 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	722,803	21,569
Balance, December 31, 2015	23,801,490	\$ 372,652
Issuance of shares pursuant to stock option plan	94,999	1,524
Other shares issued	31,712	1,149
Balance, September 30, 2016	23,928,201	\$ 375,325

(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.

	Sept 30, 2016		Dec 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Stock options outstanding, beginning of year	403,334	\$ 12.71	420,000	\$ 12.71
Exercised	(94,999)	12.71	(16,666)	12.71
Stock options outstanding, end of period¹	308,335	\$ 12.71	403,334	\$ 12.71
Stock options exercisable, end of period¹	308,335	\$ 12.71	261,667	\$ 12.71

¹ The exercise price for all options are \$12.71 per share. All options will be vested in 2016 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.



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2016 and 2015

(Stated in thousands of Canadian dollars)

8. 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 at 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:

	Sept 30, 2016	Dec 31, 2015
	Number of RSU's	Number of RSU's
Opening at the beginning of the period	284,795	318,619
Granted during the period	128,820	103,545
Forfeited during the period	(1,386)	(4,985)
Vested and settled during the period	(132,426)	(132,384)
Outstanding at the end of the period	279,803	284,795
Fair value	\$ 10,060	\$ 9,217
Vested and accrued	\$ 4,655	\$ 5,773

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.



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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9. 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 2015 or 2016.

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 2015 or 2016.

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 Unaudited Consolidated Statement of Financial Position as at September 30, 2016 and December 31, 2015 are measured at fair value on a recurring basis using Level 2 inputs:

Sept 30, 2016	Level 2	Total	Change in fair value recognized in unrealized foreign exchange gain
Derivative assets	\$ 13,786	\$ 13,786	\$ 10,553
Derivative liabilities	(43,107)	(43,107)	23,429
	\$ (29,321)	\$ (29,321)	\$ 33,982

Dec 31, 2015	Level 2	Total	Change in fair value recognized in unrealized foreign exchange gain (loss)
Derivative assets	\$ 3,233	\$ 3,233	\$ 333
Derivative liabilities	(66,536)	(66,536)	(35,653)
	\$ (63,303)	\$ (63,303)	\$ (35,320)



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10. Accounts receivable securitization

AGT has a Master Receivables Purchase Agreement (“MRPA”) with the Bank of Nova Scotia (“BNS”). The MRPA allows the sale of specific Turkish trade accounts receivable that are insured through Export Development Canada (“EDC”) to the BNS. The MRPA permits AGT to securitize up to \$52,468 (\$40,000 USD) worth of insured receivables. AGT has derecognized the receivables from the Financial Statements 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 September 30, 2016, AGT has sold for cash proceeds \$52,174 (December 31, 2015 – \$55,360) of trade accounts receivable from the Financial Statements and incurred \$660 (September 30, 2015- \$566) in transaction fees which are included in finance expense.

11. Finance expense

	3 months ended		9 months ended	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Interest bank indebtedness	\$ 2,103	\$ 1,997	\$ 6,051	\$ 6,128
Interest on long term debt	4,618	3,747	13,336	10,919
Trade finance fees and expenses	931	1,398	3,178	4,078
Amortization of note discount and debt fees	525	394	1,464	1,103
Foreign exchange on financing activities	1,254	1,318	2,987	2,306
Fair value adjustment on derivative asset	(1,476)	1,462	(3,711)	1,462
	\$ 7,955	\$ 10,316	\$ 23,305	\$ 25,996



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12. Cash flow support

Adjustments to operating cash flow

	Note	Sept 30, 2016	Sept 30, 2015
Depreciation and amortization in general and administration		3,284	2,218
Depreciation in cost of sales		16,586	11,519
Amortization of note discount and debt fees	11	1,464	1,103
Fair value adjustment on derivative asset	11	(3,711)	1,462
Unrealized foreign exchange (gain) loss		(6,229)	31,554
(Gain) loss on disposal of property, plant and equipment and insurance proceeds		(1,096)	24
Interest expense	11	19,387	17,047
Share based compensation		4,561	2,864
Provision for doubtful accounts		457	242
Income tax expense (recovery)		10,902	(3,752)
		45,605	64,281

Non-cash working capital

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

	Sept 30, 2016	Sept 30, 2015
Decrease (Increase) in current assets:		
Trade accounts receivable	\$ 41,392	\$ 24,513
Inventory	(4,758)	(87,065)
Prepaid expenses and other	(4,213)	(7,577)
	\$ 32,421	\$ (70,129)
(Decrease) Increase in current liabilities:		
Accounts payable, accrued liabilities and deferred revenue	(33,527)	62,166
	\$ (33,527)	\$ 62,166
	\$ (1,106)	\$ (7,963)



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13. 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:

	Sept 30, 2016	Sept 30, 2015
Short term benefits (wage, bonus, vacation paid out, directors fees)	\$ 3,157	\$ 3,071
Post employment benefits (RRSP)	98	95
Other long term benefits including stock based compensation (long term incentive plan)	2,432	2,285
	<u>\$ 5,687</u>	<u>\$ 5,451</u>

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.

	Sept 30, 2016	Dec 31, 2015
Accounts receivable	\$ 264	\$ 134
Accounts payable	1,153	3,383

	Sept 30, 2016	Sept 30, 2015
Revenue	\$ -	\$ 13
Purchases	98	3,382

(b) Transactions with other related parties

	Sept 30, 2016	Dec 31, 2015
Accounts payable	\$ 13	\$ 404
Current portion of long-term debt	3,789	3,789
Long-term debt	13,433	13,433

	Sept 30, 2016	Sept 30, 2015
Purchases	\$ 500	\$ 746

The table above relates primarily to note payable commitments arising from business combinations.



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14. 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) pulse and grain processing (2) bulk handling and distribution and (3) food ingredients and packaged foods.

The pulse and grain 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.

Bulk handling and distribution, formerly 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. During the quarter, the Company rebranded this segment as bulk handling and distribution to better reflect the business operations undertaken within it. No changes to reporting or operations occurred within this segment.

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 that occurred during the ordinary course of business. 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. See "Non-IFRS Financial Measures" in the management's discussion and analysis of AGT for the three and nine months ended September 30, 2016 and 2015 for a reconciliation of Adjusted EBITDA to EBITDA (earnings before finance expense, income taxes, depreciation and amortization).



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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14. Segmented Reporting- continued

Three months ended Sept 30, 2016	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	\$ 248,460	\$ 168,489	\$ 72,252	\$ (46,913)	\$ 442,288
Cost of sales	224,961	162,254	60,671	(46,913)	400,973
Gross profit	23,499	6,235	11,581	-	41,315
Earnings (loss) before income tax	15,004	2,091	6,944	(16,101)	7,938
Net earnings (loss)	15,004	2,091	6,944	(16,601)	7,438
Adjusted EBITDA**	\$ 18,264	\$ 2,680	\$ 9,187	\$ (2,735)	\$ 27,396

Three months ended Sept 30, 2015	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	\$ 259,479	\$ 90,708	\$ 58,432	\$ (45,864)	\$ 362,755
Cost of sales	236,880	86,952	48,113	(45,864)	326,081
Gross profit	22,599	3,756	10,319	-	36,674
Earnings (loss) before income tax	14,321	512	6,033	(31,753)	(10,887)
Net earnings (loss)	14,321	512	6,033	(28,098)	(7,232)
Adjusted EBITDA**	\$ 17,229	\$ 589	\$ 7,853	\$ (2,463)	\$ 23,208

Nine months ended Sept 30, 2016	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	\$ 812,342	\$ 433,687	\$ 213,608	\$ (137,296)	\$ 1,322,341
Cost of sales	739,513	415,062	179,382	(137,296)	1,196,661
Gross profit	72,829	18,625	34,226	-	125,680
Earnings (loss) before income taxes	45,067	6,850	20,415	(29,179)	43,153
Net earnings (loss)	45,067	6,850	20,415	(40,081)	32,251
Adjusted EBITDA**	\$ 56,613	\$ 8,605	\$ 26,707	\$ (7,817)	\$ 84,108

Nine months ended Sept 30, 2015	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	\$ 792,238	\$ 266,447	\$ 189,203	\$ (121,678)	\$ 1,126,210
Cost of sales	729,095	254,691	157,671	(121,678)	1,019,779
Gross profit	63,143	11,756	31,532	-	106,431
Earnings (loss) before income taxes	41,262	1,142	17,934	(67,283)	(6,945)
Net earnings (loss)	41,262	1,142	17,934	(63,531)	(3,193)
Adjusted EBITDA**	\$ 50,009	\$ 1,680	\$ 23,364	\$ (7,022)	\$ 68,031



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14. Segmented Reporting- continued

	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
As at Sept 30, 2016					
Intangible assets	5,202	1,231	7,689	-	14,122
Goodwill	40,471	7,925	14,311	-	62,707
Dec 31, 2015					
Intangible assets	5,525	1,741	8,208	-	15,474
Goodwill	41,564	8,979	15,404	-	65,947
	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Sept 30, 2016					
Purchase of property, plant and equipment	25,668	123	31,784	-	57,575
Depreciation and amortization	11,655	981	5,683	1,551	19,870
Sept 30, 2015					
Purchase of property, plant and equipment	10,268	316	11,409	-	21,993
Depreciation and amortization	7,522	143	5,166	906	13,737

15. Sales and selected geographic information

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

	3 months ended		9 months ended	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Pulses and specialty crops	\$ 212,379	\$ 226,073	\$ 697,245	\$ 671,564
Pasta, semolina and bulgur	28,033	29,971	104,073	108,570
Rice, other commodities and miscellaneous revenue	201,876	106,711	521,023	346,076
	\$ 442,288	\$ 362,755	\$ 1,322,341	\$ 1,126,210

Sales derived from customers located in the following geographic areas:

	3 months ended		9 months ended	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Canada	\$ 22,506	\$ 15,446	\$ 73,547	\$ 50,955
Americas / Caribbean, excluding Canada	47,025	43,540	178,831	107,897
Asia / Pacific Rim	146,417	96,683	347,795	240,895
Europe / Middle East / Africa	226,340	207,086	722,168	726,463
	\$ 442,288	\$ 362,755	\$ 1,322,341	\$ 1,126,210



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15. Sales and selected geographic information - continued

	Property, plant and equipment	
	Sept 30, 2016	Dec 31, 2015
Canada	\$ 199,336	\$ 188,887
United States	100,397	84,710
Turkey	83,293	81,960
Australia	34,705	35,173
China	6,656	7,535
South Africa	4,652	4,153
	\$ 429,039	\$ 402,418

	Intangibles	
	Sept 30, 2016	Dec 31, 2015
Canada	\$ 7,862	\$ 8,005
Turkey	3,538	4,075
United Kingdom	1,231	1,741
China	1,419	1,565
South Africa	72	88
	\$ 14,122	\$ 15,474

	Goodwill	
	Sept 30, 2016	Dec 31, 2015
Turkey	\$ 30,637	\$ 33,191
Canada	28,503	28,503
United Kingdom	3,504	4,189
Australia	50	50
United States	13	14
	\$ 62,707	\$ 65,947



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16. 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 September 30, 2016, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of \$13,000 (December 31, 2015 - \$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 December 31, 2017.

At September 30, 2016, AGT had letters of guarantee in Turkey for the amount of \$4,006 (December 31, 2015 - \$4,166).

At September 30, 2016, AGT had capital project commitments related to the food ingredients and packaged food segment for the amount of \$nil (December 31, 2015 - \$3,489).

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