Alliance GRAIN TRADERS Inc.

Management's Discussion and Analysis

Year Ended

December 31, 2010

ALLIANCE GRAIN TRADERS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

The following Management's discussion and analysis ("MD&A") of financial condition and results of operation has been prepared by Management to help readers interpret Alliance Grain Traders Inc's. ("AGT" or the "Company") consolidated financial results for the years ended December 31, 2010 and 2009 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2010 (the "Annual Financial Statements") which have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP") and the most recent Annual Information Form ("AIF") on file with provincial regulatory authorities which are available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

This MD&A has been prepared as of March 29, 2011. All references to AGT, include its subsidiaries and its predecessor, Alliance Grain Traders Income (the "Fund"), as applicable. All funds are in CDN$ unless otherwise stated.

To enhance the discussion, this MD&A includes information with respect to the agriculture business industry, the markets in which AGT operates and trends that may affect operating and financial performance in the future.

Forward Looking Statements

This MD&A contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of lentils and other crops, the estimated size and quality of future harvests of lentils and other crops, costs of production, currency fluctuations, the growth of AGT's business, strategic initiatives, planned capital expenditures, plans and reference to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", would", "might" or "will" be taken, occur or be achieved.

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

Although AGT believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this MD&A. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, western Canadian, U.S. Northern Plains and southern Australian crop and Turkey production quality in 2010 and subsequent crop years; the volume and quality of crops held on-farm by producer customers in North America; demand for and supply of open market pulses; movement and sale of pulses in Australia and Turkey, particularly in the Australian states of South Australia and Victoria; agricultural commodity prices; demand for lentils, peas, chickpeas and bean crop products and the market share of these products that will be achieved; general financial conditions for western Canadian, U.S. Northern Plains, Turkish and southern Australian agricultural producers; market share of pulses deliveries and sales that will be achieved by AGT; ability of the railways to ship pulses to port facilities for export without labour or other service disruptions; ability to maintain existing customer contracts and relationships; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms, and currency, exchange and interest rates.

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

Non-GAAP Financial Measures

AGT provides some non-GAAP measures as supplementary information that Management believes may be useful to investors to explain AGT's financial results. These non-GAAP measures include EBITDA (earnings before interest, income taxes, depreciation and amortization), Adjusted EBITDA* (earnings before interest, income taxes, depreciation and amortization and any effects of non-cash foreign exchange adjustment) and Adjusted Net Income* (Income before any effects of non-cash foreign exchange adjustments). Management believes that these are important measures in evaluating performance and in determining whether to invest in AGT. However, EBITDA*, Adjusted EBITDA* and Adjusted Net Income* are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. In addition, AGT may calculate these measures differently than other companies; therefore they may not be comparable. Investors are cautioned that EBITDA*, Adjusted EBITDA* and Adjusted Net Income* should not be construed as an alternative to net income or loss or cash flows as determined in accordance with GAAP as an indicator of AGT's performance or to cash flows. For a reconciliation of net income determined in accordance with GAAP to EBITDA*, Adjusted EBITDA* and Adjusted Net Income*, see the table on page 46.

Market Share, Industry Data and Other Statistical Information

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

Highlights of 2010

• **Adjusted Net income*** for 2010 was $19.1 million or $1.01 per share ($1.00 on a diluted basis).

• **Adjusted EBITDA*** for 2010 was $37.2 million.

• **Consolidated sales** for 2010 were $642.1 million.

• **Capital expenditures** for 2010 were $43.6 million, which included acquisitions in Europe, China and Australia. Enhancements to buildings and equipment at facilities in Canada, the United States, Turkey and Australia totalled $37.9 million.

• **Finora Inc., Parent Seed Farms Ltd., Balco Grain Services and certain real property from Balco Holdings, Northern Yorke Processors Limited and A. Poortman (London) Limited** acquisitions with integration of marketing and administrative operations now substantially complete.

• **Dividend** of $0.54 per share per annum ($0.135 per quarter).

Business Overview

AGT is the successor to the Fund. The Fund was a limited purpose open-ended trust established on June 25, 2004. AGT was incorporated on July 2, 2009 under the *Business Corporations Act* (Ontario). On September 15, 2009, the Fund was converted on a tax deferred basis from an open-ended unit trust to a corporation pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) whereby AGT acquired all of the outstanding trust units of the Fund ("Units"), and certain shares of the Fund's operating company Alliance Pulse Processors Inc. ("Alliance") which were exchangeable for Units (the "Exchangeable Shares"), in exchange for common shares of AGT ("Common Shares"), such that AGT became the sole holder of the outstanding Units. On September 21, 2009, the Fund was terminated and all of its assets were transferred to its sole shareholder, AGT.

On September 15, 2009, AGT acquired Arbel Bakliyat Hububat Sanayi ve Ticaret A.Ş. ("Arbel"), Durum Gida Sanayi ve Ticaret A.Ş. ("Durum"), and Turkpulse Diş Ticaret A.Ş. ("Turkpulse", and collectively, the "Arbel Group"), such that AGT now owns 100% of the outstanding shares of the Arbel Group. The acquisition was a related party transaction by virtue of a director of AGT being a director and shareholder of the Arbel Group. As a result of the acquisition, AGT owns all of the issued and outstanding shares of the Arbel Group. Arbel, Durum and Turkpulse were three private Turkish companies engaged in the business of buying, processing and marketing lentils and grain (Arbel), producing and selling pasta and semolina (Durum), and producing and selling bulgur (Turkpulse). The Arbel Group has a 50-year operating history and has grown to become a leading processor of pulses and grains and a leading exporter of pulses and pasta in Turkey. The Arbel Group operates state-of-the-art processing and production facilities in Mersin, Turkey, and currently exports to over 50 countries in Asia, Africa, Europe and the Americas.

On December 31, 2009, AGT acquired assets from Parent Seed Farms Ltd. ("Parent Seed") and Finora Inc. ("Finora"). The two acquisitions added six processing facilities for processing beans, lentils, peas, chickpeas and other specialty crops in four locations: St. Joseph, Manitoba (operating as Saskcan Parent), Wilkie, Saskatchewan (operating as Finora Wilkie), Assiniboia, Saskatchewan (operating as Saskcan Assiniboia) and Gibbons, Alberta (operating as Saskcan Gibbons). The Parent Seed assets acquired include two plants with approximately 51,000 sq ft of bagged storage and approximately 15,000 metric tonnes of bulk product storage and certain land and equipment. The Finora assets acquired include four plants, approximately 20,000 metric tonnes of bulk product storage and certain land and equipment.

On November 1, 2010, AGT acquired the shares of A. Poortman (London) Limited (the "Poortmans"), an international importer, distributor and stockist of pulses, with offices in London, UK, the Netherlands and Tianjin, China. The business acquired included a processing plant for dry edible beans and pulses, located in Tianjin, China, and trading and sales offices in Europe. The total purchase price, including transaction costs, was £8,942,689 (pounds sterling) or $14,609,491, with AGT committing a further $2,000,000 for expansion of the Chinese bean processing facility. At the time of acquisition, Poortman's balance sheet also included net working capital of approximately £4,427,893.

On November 15, 2010, AGT completed the acquisition of Balco Grain Services and certain real property from Balco Holdings (collectively, "Balco"), located in Bowmans, South Australia. The acquisition included real property, vertical and horizontal storage for pulses and grains, and related handling equipment. The purchase price for the asset acquisition was $2,332,889 which was paid in cash. Also on November 15, 2010, AGT completed the acquisition of Northern Yorke Processors Limited ("Northern Yorke"), located at Kadina, South Australia. The acquisition included real property, vertical and horizontal storage for pulses and grains, processing plant assets and related handling equipment. The purchase price for the asset acquisition was $3,194,042, which was paid in cash.

AGT, through its subsidiaries, is engaged in the business of sourcing and processing (cleaning, splitting, sorting and bagging) specialty crops, primarily for export markets. AGT's subsidiaries and facilities in Canada, the U.S., Turkey, Australia and China handle the full range of pulses and specialty crops including lentils, peas, chickpeas, beans and canary seed. Its durum wheat milling operations in Turkey also produces semolina, pasta and bulgur wheat. AGT is also involved in milling medium grain rice and long grain rice in Turkey.

AGT owns twelve processing plants in Canada, one in the U.S., three in Australia, one in China and eight in Turkey. Canadian locations include Saskcan Pulse Trading, Saskcan Rosetown, Saskcan Agtech, Saskcan Milestone, Saskcan Horizon, Saskcan Pulse Depot, Saskcan Parent, Saskcan Assiniboia, Saskcan Gibbons and Finora Wilkie. Wholly owned foreign subsidiaries include the Arbel Group discussed above, United Pulse Trading Inc. ("United Pulse") in North Dakota, USA, Australia Milling Group Pty Ltd. ("Australia Milling Group") in Victoria, Australia and Poortmans in London, UK.

AGT is among the world's largest value-added processors/splitters of pulse crops. The Common Shares are currently listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "AGT".

Business Strategy - General

AGT's business model is executed to position the company as a market-leader in the multi-origin supply of value-added pulses and specialty grains processed in a network of owned facilities located in advantaged locations in pulse producing regions. In addition, AGT is a leading exporter and processor of pasta, semolina, bulgur wheat and medium grain rice in Turkey for the local, regional and export markets. As a direct link between the producers of raw material inputs such as lentils, peas, chickpeas, beans, durum wheat and rice and world customers, AGT seeks to captures margin and seeks to create value at each link in the value-chain from primary processing and value-added processing to direct marketing to retail consumers in over eighty countries around the globe.

North America Business Strategy: Saskcan Pulse Trading

With a wide array of processing facilities located throughout the growing regions in Western Canada and North Dakota, AGT operates in freight advantaged locations for origination directly from farmers to its processing plants. AGT has facilities located in Gibbons, Alberta and St. Joseph, Manitoba and nine processing plants located in Saskatchewan with wide reach through all of the major growing regions of the province. With a full range of processing technologies in its state-of-the art processing plants including peeling, splitting, colour sorting, calibration, cleaning, destoning, polishing, packaging and x-ray systems, AGT is equipped to meet the needs of the world's end-use markets for value-added lentils, peas, chickpeas, beans and feed ingredients such as pulses by-products and canary seeds.

AGT purchases the great majority of its product on a spot delivery basis but does contract a portion of its annual requirement on forward production contracts with a portion of the grower production priced on a fixed basis and the balance being priced at the prevailing market. AGT markets its pulses and production directly to destination customers through its commodity merchandisers, international trading offices and international distribution channels located throughout the world. The company runs a number of specific variety pulse production and marketing programs on proprietary varieties developed by the University of Saskatchewan and private breeders. These include the King Red Lentil, Queen Green Lentil, B-90 Chickpea, Large Food-type Faba Beans and the Octane and Skyline Navy Beans.

The products are shipped from AGT locations either by truck or by rail to various markets domestically or through container or port positions to export destinations. In most cases, the Company manages the transportation and logistics to the destination. AGT maintains a rigorous quality management program whereby it certifies the quality of its finished products either through issuing a manufacturer's certificate of quality or providing third party independent inspection by the Canadian Grain Commission ("CGC") or an internationally reputable surveyor to ensure it meets the quality specifications demanded by the international marketplace.

USA Business Strategy: United Pulse Trading

Operating at a single location, AGT's processing facility at Williston, North Dakota is located in the heart of the pulse growing region of the Northern plains with approximately 70% of the U.S. production of peas and lentils located within 250km of its factory (USDA and Management estimates). The strategy is very similar to the Canadian business unit. The U.S. operations are also involved in the regular supply of lentils and split peas to the programs of the USDA Food Aid program of the U.S. Government.

U.S. operations also have a focus on the supply of high quality split peas, lentils and chickpeas to the domestic U.S. market with a regular truck-load program that covers clients all over the USA.

Australian Business Strategy: Australia Milling Group

AGT's presence in Australia was bolstered by its recent acquisitions of assets in South Australia at Kadina and Bowmans in Australia. AGT has completed the acquisition and construction of approximately 60,000 mt of dedicated pulses and specialty grains storage and the lease of an additional 7,000 mt. This complements the location that AGT has in Horsham, Victoria where it operates approximately 30,000 mt of storage and handling along with a state-of-the-art processing mill with daily capacity for splitting 300 mt of pulses and specialty grains with full processing and colour sorting capability. In South Australia, a new processing plant is under construction to add a full range of cleaning and sizing for pulses to ensure that AGT is positioned to meet the needs of international clients for machine cleaned pulses from Australia.

Shipments are done through Port Adelaide and Melbourne by ocean container. The Bowmans site is located adjacent to the inland container terminal with daily direct train service for containers to the port.

AGT directly buys from producers located throughout Victoria and South Australia. Purchases are done on a spot basis and growers are also given a warehousing option, whereby they may store their pulses on a fee-for-service basis and may market their pulses to AGT or another buyer at a future date. This option provides the grower with marketing options and gives AGT an ability to capture grain into its system while limiting commodity exposure as grain is only priced at the time of a purchase contract agreement.

Turkish Business Strategy: Arbel Group

The Arbel Group, through its affiliates and subsidiaries, processes and trades agricultural products including pulses, grains, pasta, rice and semolina for sale in both Turkey and international markets. The Arbel Group is headquartered in Mersin, Turkey near the Central Anatolia Region, the country’s most productive agricultural region. The Arbel Group has over 750,000 mt of processing capacity at its Mersin, Turkey facilities. Arbel has sales, distribution and sourcing networks handling the import and export of raw materials and processed goods to over 50 countries globally.

Although the Arbel Group’s operations are run on an integrated basis from a centralized facility in Mersin, Turkey, its key processing and trading products fall into four broad categories: Pulse and Special Crops, Pasta and Grain Milling, Rice and Other Commodities. The Pulse and Special Crops category is the largest of the Arbel Group’s sales largely to wholesale and industrial markets, but also includes consumer packaged products sold under the “Arbel” brand name. The Pasta and Grain Milling category is engaged in pasta and semolina production sold principally under the “Arbella” brand name, which is a leading pasta brand in Turkey, and in certain export markets.

The building of the Arbella pasta brand is a growth strategy for the Arbel Group as new pasta line capacity comes online in 2011, representing the sixth line at its production facility. A new rice mill for medium and long grain rice is expected to be commissioned in 2011 near Istanbul, as Arbel opens its first production facility outside of its current processing compound in Mersin. The Other Commodities category represents initiatives undertaken by the Arbel

Group over the past decade to expand beyond pulse and grain products into other agricultural products where the Arbel Group's global logistics and market expertise can be harnessed to supply higher margin products such as chickpeas, beans, popcorn and edible oils.

The Arbel Group sources its supply of commodities globally and in turn sells its products in both the domestic Turkish and international markets. In recent years, drought has affected production in Turkey while consumption has continued to grow so the Arbel Group has increased its supply to the domestic market with broader product offerings and has seen an increase in imported products. In 2010, Arbel Group sales were almost equally distributed between domestic and export markets in part because of the success in growing the Pasta and Grain Milling, Rice and Other Commodities categories which are more domestic market focused.

As a global business, the Arbel Group's exposure to international markets in both sales and expenses will vary depending on local crop conditions, relative commodity prices and variations in margins achievable in different commodities. The Arbel Group actively manages this exposure, and to the extent possible, attempts to balance exposures to commodity prices and currencies with the intention of optimizing margins. While changes in commodity prices may impact operating results, profitability is largely dependent on the margin per tonne that Arbel can achieve, particularly in commodities the Arbel Group processes or trades. Management believes the focus on gross profit management and utilization of capacity are key profit drivers of the Arbel Group's financial performance.

Turkey is growing in importance in the region with continued political transition in North Africa and the Middle East and with its strategic location bordering Iraq, Iran, Syria and its unique position as a gateway to the Turkic Central Asian Republics. With a stable democracy, currency, monetary and fiscal policy and a majority secular government and stable, Turkey is well-positioned to increase its economic and geo-political importance in this dynamic region.

AGT views the locational advantage of the Arbel facilities near the Mersin port as an important element driving its regional production and distribution strategy for Canadian, U.S., Australian and Chinese lentils, beans, chickpeas and faba beans. Arbel intends to continue to source and process both locally grown pulses and as well as import from AGT's other facilities internationally, allowing it to be a competitive multi-origin supplier to the local, regional and export markets. This multi-origin distribution strategy is expected to allow it to arbitrage margin opportunities and achieve a distinct competitive advantage to its localized competitors.

In the Pasta Segment, Arbella continues its diversification of markets strategy with its growth targets set based on export market success. Arbella is now being regularly shipped over 50 countries globally. The Arbel Group's production facilities have a strategic location near port and container infrastructure. Competitive durum wheat supplies in the Central Anatolia region of Turkey enable it to be a low-cost high quality supplier to many export markets. Arbella is a leader in Turkish exports among Turkish pasta producers and the Arbel facilities allow it to import competitive supplies of durum from other origins including Mexico, EU, Canada and Australia on an as needed basis to remain competitive with international suppliers. Arbel owns a 38,000 mt storage and handling facility for wheat that is employed for storage and import/export of durum wheat.

Rice milling activities are anticipated to grow with the commissioning of AGT's new rice mill in Edirne, Turkey with a daily rated capacity of 200mt per day. This facility is expected to mill locally grown paddy rice and imported paddy from U.S., Bulgaria, Ukraine and Russia. The sales strategy leverages from the existing distribution of the pasta and pulses business for sales throughout Turkey and the region.

Key Profit Drivers for AGT's Processing Business

The key drivers in AGT's processing business are product mix, volumes and margins. Volume is important because of the high fixed-cost nature of the business. The more pulses and grains that are processed through AGT's plants globally, the lower the cost of production per tonne. With the presence of specialized technicians and equipment, the processing expertise and the efficiency conversion ratios in pulses, rice and pasta production (conversion ratio is defined as the percentage of finished product generated from each tonne of raw material ie: conversion ratio in red whole lentils when producing red split lentils) are critical to the profitability and quality of AGT's finished products shipments. AGT's ability to deliver above-average conversion efficiencies are a key profit driver as efficiency gained product is sold as high value finished product instead of feed. Product quality and quantity of crop available for purchase in each of its origins affects AGT's revenue per hour of processing. Each processing cost center is managed on three main metrics: processing cost per metric tonne, conversion ratios and revenue per hour of production.

Factors that may influence the timing and amount of shipments in a given year include: producers' expectations of commodity prices in the near and longer term, the timing and quality of crop harvests in all origins, export demand, foreign exchange rates and ocean container and rail car availability. Management believes that AGT's extensive and geographically dispersed network of facilities positions the company to capture a significant share of the market relative to the production in Saskatchewan, North Dakota, Victoria, South Australia and Turkey in its core commodities of lentils, chickpeas, faba and broad beans and paddy rice. The geographic diversity of its facilities also assists in reducing revenue risk from localized production variances. The ability to source pulses in most major origins of the world and its efficient value-added processing plants is a competitive advantage for AGT.

In 2010, AGT continued to invest in its processing plant and storage facilities, as it looked to improve operational efficiencies, acquiring and building over 100,000 mt of silos storage for pulses in Canada, the U.S. and Australia (Finora, Parent Seed in Canada; Northern Yorke and Balco in Australia; and storage infrastructure project at United Pulse in the U.S.). This focus on country infrastructure positions AGT well, given some of its competitors are also expanding their country operations. With efficient processing plants in diverse geographies globally, AGT is positioned to maximize its production and sales and plant utilizations and keep costs of processing low.

The ability to attract market share in grower origination and sales is a significant factor in profitability. Market share must be appropriately balanced with the level of margins achieved. AGT's competitive strength, therefore, comes from deploying its core capabilities so that it can enhance market share by offering competitive value to pulses producers and pulses buyers internationally, while preserving and enhancing its own margin capabilities.

Additional value is derived by AGT's value-chain capture strategy as AGT engages in active sales and promotion strategy spanning eighty countries around the globe with clients, agents, warehouses and distribution points in all pulse-consuming regions. AGT has active sales agents and offices in Canada, the U.S., Australia, Turkey, China, the UK, Spain, the Netherlands, Egypt, United Arab Emirates, Indian Sub-continent and South Africa. AGT capitalizes on pricing relationships that exist between commodities and across different locations and times. By developing a global multi-origin strategy with multiple shipping points, common production qualities for products in different countries and with a coordinated global sales strategy with access to both supply and demand information, AGT can profit from inconsistencies that arise in these pricing and cost/margin relationships by arbitraging and building international sales strategies to capture margin from each origination region to each consumption region.

AGT is responsible for shipping and logistics functions in the great majority of its international sales, building advantages with steam-ship lines as one of the largest container shippers of agri-products in North America. AGT regularly employs hedging, forward contracting and position limits to assist in protecting itself from the impact of adverse market moves.

AGT continues to expand its business through the addition of new warehouse distribution points, storage, and processing plants in new origination areas and with a continued push in the development of new destination assets and relationships. The amount of information and market intelligence available to AGT is enhancing the Company's ability to drive its capacity utilization activities and optimize AGT's global products margin pipeline which enables AGT to build strategies and positions to take advantage of arbitrage opportunities when they arise. AGT continues to build its global reach with a solid focus on expansion/cross-selling to existing clients and growth and solidification of regional sales strategies focused on Europe, South America, Indian Sub-continent, China and the Middle East/North Africa. Its sales reach in Turkey and regional markets in Arbella pasta and rice and retail packed pulses continues. AGT is also building its domestic North American processing and distribution platform with its eye on further development of the food and ingredient markets in North America for beans, chickpeas, peas and lentils

Throughout the global sales development strategy execution, AGT's global marketers adhere to a strict set of standardized risk controls to manage and monitor the Company's exposure to various risks, including, but not limited to, market risk, credit risk, liquidity, currency and other operational risks. Through the use of daily monitoring, appropriate position limits, counterparty credit limits and strict segregation of duties in trade execution, AGT is able to mitigate or minimize some of the risk to which the Company is exposed. The close ties that

AGT maintains with end-use customers and its long-standing relationships in many markets of the world, spanning decades, further acts to mitigate or off-lay risk, by providing AGT insight into future market changes or challenges to which the Company could be exposed.

Among other important metrics, Management regularly monitors the following: margins per metric tonne estimated at the time of sale versus actual results by sale, costs per metric tonne processed by facility for both fixed and variable costs, capacity utilization, commodity positions (long or short) by commodity type and grade and conversion ratios/inventory management (book to physical inventory reconciliations). These measures are utilized as performance measures for management and staff performance bonuses at the operational staff levels and form a partial basis for senior management compensation.

Capability to Deliver Results: Core Competencies, Advantages and Strategies

The following factors are expected to assist AGT in its efforts to capitalize on future opportunities:

1) Depth of Distribution: AGT margins are driven by its ability to find the most attractive margin opportunity for each differentiated product it processes. With variable quality in many production regions (Canada and Australia), AGT has market reach to move products of all grades into its distribution channels. This is expected to allow it to drive the utilization of its global processing facilities, even with sub-standard raw material quality. Cross-selling and AGT's ability to sell multiple products to the same buyer ie: lentils, chickpeas, split peas and beans or same buyers of pasta, rice and bulgur wheat. Direct marketing channel access and broad regional sales offices in Canada, the U.S., Australia, Turkey, China, the UK, Spain, the Netherlands and Egypt provide opportunities to continue to develop market share and diversification of revenue streams into each market as AGT grows its business in beans, chickpeas, value-added peas, rice and pasta. The distribution network that AGT has developed and purchased through the acquisitions of Saskcan Pulse Trading, Arbel and Poortmans over the past four years have given it six decades distribution relationships.

2) Geographic Diversification of Assets: AGT's presence in Canada, the U.S., Turkey, Australia, and China are expected to assist in offsetting regional weather events such as the ones in Canada and Australia in 2010. As the pulses business grows in the U.S., Australia and China and the utilization of the pulses assets in Turkey drives higher, AGT is expected to become less reliant on the significant contributions of the Canadian pulses business for its earnings. While Canada continues to be a growth market for beans, chickpeas and peas, AGT expects to focus on building its asset bases in India, China, the U.S., Australia and Africa. Continued focus on building less seasonal business lines such as pasta, rice and beans is expected to assist Management in its efforts to smooth revenues and profitability in the future.

3) Processing and Management Expertise: AGT's facilities are modern and state-of-the-art, assisting in efforts to deal with the challenging crop conditions of 2010. AGT's management team is well equipped to deal with the challenges and opportunities presented by the weather and quality aberrations that happen year-to-year. Successful agriculture processing companies have geographic diversification and the expertise and technologies to deal with raw material, even with lower quality goods. With the addition of country and regional management complementing senior management, AGT is well positioned to handle growth and expansion.

4) Solidification of Destination: Management is executing on a strategy allowing the company to be able to pre-position products into owned distribution warehouse stores in liquid consumption markets and regions to minimize the business risk by shipping a consistent program into these markets. This is a strategy that is followed by other commodity sectors such as sugar and rice. Reliance on importer liquidity, mitigation of buyer's postponement of purchase decisions due to transit times of 40 days to 60 days and a smoothing of product flows into seasonal demands may be achieved by increasing the involvement of AGT right from production to market. AGT is expected to continue to use its distribution channels that are in place and grow these channels. Warehousing and distribution strategies are expected to allow AGT to gain market share and drive the utilization of its assets while feeding the demand for its core products. This strategy will be employed in liquid consumption markets with a defined risk management strategy that limits the stock levels and exposure to any one market or commodity group. In order to drive utilization, Management feels it must have available product flowing into markets to allow facilities to run predictably and to ship volumes that allows for the high fixed cost component of its business to be covered off.

5) Increases in capacity utilization: With origination and processing capabilities in place, incremental increases to global processing capacity to take advantage of the shifting origins of new crop availability through the year is important to smoothing the seasonality of AGT's business. A focus on products that have less seasonal consumption patterns, such as beans and chickpeas in the pulses platform, but also pasta and rice, are important components of this strategy. Niche products such as the King Red lentil, Queen Green lentil and the B90 chickpea are also drivers of capacity utilization opening new captive markets.

6) Maintain significant barriers to entry: A focus on markets, distribution and risk management, together with a strong management team, is expected to allow AGT to continue its leadership position in the processing and supply of pulses and staple foods in end use markets around the globe. Access to competitive financing for working capital, and long-term debt access for future acquisitions, is a competitive advantage for AGT.

Product quality requirements of the consumer are rising in every market of the world. Some of the poorest countries in the world have dramatically increased their quality tastes and preferences. The rising quality parameters at the consumer level, growing uses for pulses and staple foods as ingredients and the increasing focus by foreign governments on phytosanitary requirements/food safety, leave bulk grain shippers vulnerable to market access issues and limited market bases. Even with bulk freight advantages over container shipping, AGT's base of assets and position as a staple foods supplier to high quality markets of the world lever a significant barrier to new entrants.

Warehousing and distribution in key consumption markets and in-region sales forces through its new offices and production points globally are a key market intelligence advantage. AGT does not rely on dated and unreliable governmental statistics in many markets. Rather, AGT employees' gathers market intelligence, local stock positions, demand and consumption data and competitive intelligence on crop conditions and other suppliers. This international network of assets, management employees and distribution is expected to assist AGT in driving long-term value for its shareholders through a strategy of organic growth and new acquisitions.

Outlook

The 2010 crop year in most origins around the globe was impacted by prolonged adverse weather events extending throughout the majority of the year. Impact was felt on crop production, with reports of ample production volumes in most origins with a high degree of quality variance. Uncertainty caused by the Canadian weather event that began with unseasonal rains in May at planting and continued with cool weather that hampered crop development throughout the growing season.

Management believes that uncertainty related to the considerable acreage in Canada and the weather variability acted as a disruption to the regular functioning of the supply and demand relationships in the global marketplace. 2010 crop seeding in Canada, at record levels in the history of lentil plantings in North America, left markets with uncertainty about the potential for price declines due to a record crop or crop quality problems due to late harvest. All of these uncertainties were magnified with a catastrophic rain event that lasted for four weeks in many lentil growing areas, leaving harvest of pulses to be completed in October, well behind seasonal averages in late August to early September.

The 2010 year was a year of tumultuous weather events in the lentil growing regions in Canada and the U.S., with some analysts calling the Canadian and Australian weather events "events not seen in decades." Political instability, as a result in part from dramatic food inflation caused by depleted local market stocks, were also reported in many core consumption markets. These events have played out dramatically in 2011 as seen by the events in North Africa and the Middle East continuing to today in Libya, Egypt, Yemen and many other markets in the region.

These adverse weather events and political events have followed two previous quarters of timing related issues for global shipments, dramatically impacting AGT in its ability to execute on its strategies through the year. Crop stocks were depleted in North America and

Australia, resulting in anticipated revenues for September to December 2010 being significantly delayed due to the late harvests in Canada and Australian flooding and rains. Late in the Q4 period, many of these supply issues appear to have resolved themselves, however their impact was felt dramatically on the year as a whole. Management believes that quality variability will continue to be a challenge for the velocity and utilization of its asset base. But this same quality variance creates a market share and margin opportunity for AGT to capture margins using its value-added asset base to satisfy consumer demands internationally.

Supply is available and is expected to be shipped in 2011 from all origins. In 2010, results fell below expectations largely due to the weather effects and timing of crop supplies not being available for processing and sale. Weather uncertainties also caused unusual price volatility in Turkey with steep declines in lentil prices followed by sharp increases and weekly volatility charting against historical seasonal price trends. Margins were pressured with this unprecedented price volatility and the quality variance in Canada led AGT to satisfy requirements for contractual commitments of No. 1 and No. 2 grades at higher levels than forward production contracts reflected to meet sales commitments. Products on purchase contracts did not meet grades because of weather effects leaving the Canadian and U.S. processing operations to experience losses on some sales. Pulses have been historically inelastic in demand as it is core staple foods consumption item. Management remains optimistic that demand and supply equations will come back into relative balance in 2011. Market and production conditions in the various origins and key markets AGT is active in are as follows.

North America – Canada and U.S.

North American crop production was dramatically impacted by extended adverse weather through the entire 2010 year. Record wet conditions through the spring, delayed seeding followed by a summer period where wet conditions delayed delivery of available on-farm carry-over stocks from 2009, continued through the harvest period.

A pulse harvest, typically completed in late August was not effectively completed till mid-October and a real danger of substantial loss of seeded product in the field was a reality with frost conditions imminent. Once pulses harvest was completed, farmers were not delivering new crop product fresh from harvest, as they were still occupied with completing other, later maturing crops such as such as cereals and canola before frost conditions set in, avoiding further quality downgrades on these crops. Substantially, new crop product were not received at AGT's facilities in Canada until early to mid-November, causing delay in processing activities and fulfillment of demand that appears to continue in end-use markets.

The resulting products being delivered in that period had been affected by weather, resulting in quality downgrades; however this product would be categorized by Management as constituting suitable quantity and an entirely marketable product given AGT's significant value-added processing infrastructure throughout its facilities in Western Canada. With product delivering to AGT facilities with a high degree of quality variance and the timing of delivery being late in the season, facilities were not able to run at normal seasonal peak capacity utilization, further affecting AGT's ability to process, ship and sell product.

Harvest progress in the U.S. was less affected by weather during this same period, as U.S seeding and the resulting harvest is earlier than Canada. The weather events impacting Canada were also less severe in the Northern Plains states area, resulting in farmers being able to complete harvest and deliver relatively more harvested products to AGT facilities in North Dakota. Quality variance reported in the U.S. was viewed as less significant than in Canada, largely as a result of the earlier harvest.

Often weather events are localized to a single occurrence where damage occurs and is evaluated for impact. However in 2010, the weather event ran throughout the entire seeding, growing and harvest cycle in North America. The resulting impact is not characterized by Management as normalized growing conditions and results that were temporarily impaired in 2010 are not anticipated as recurring and permanent effects, rather temporary supply timing disruptions that are not expected to affect production and delivery on subsequent periods.

Irrespective of the prolonged adverse weather event affecting Canada and U.S. production, record production levels were reported in both origins. In Canada, record production of virtually all pulses was reported with lentils and chickpeas seeing the most significant production volume gains with 29% and 71% year on year increases respectively (Statistics Canada data).

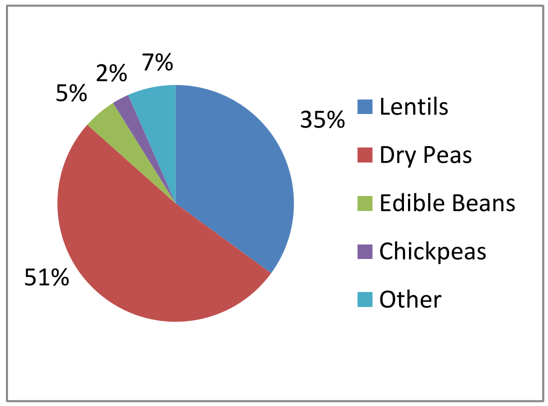

Figure 1 – '10 production in Canada totals 5.55 mmt StatsCan data

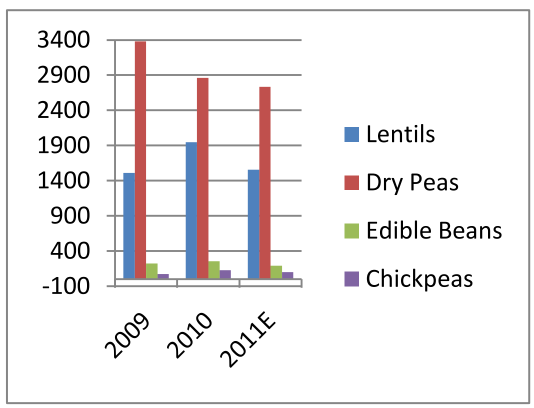

Figure 2 - Canada '09-'11(E) Pulses Production (mt) StatsCan data

Elevated seeding and production levels seen in 2010 are estimated by Management to decline in 2011 as growers of pulses continue on their planned rotational cropping patterns and move acres as planned into canola and cereal grains in 2011 before returning to pulses in their pre-determined rotational plans. This decline was predicted by Management as acreage figures from 2009 to 2010 had experienced exaggerated growth rates and acreage retreat is a normal event as production rises sharper than demand. However, it should also be noted that Management believes that many farmers are still evaluating their cropping options for the 2011 seeding period. This is expected to result in a return to the year on year growth level, in terms of acres and production volumes, seen from 2006 to 2009, with 2010 viewed as an aberration with regards to increases in acres seeded. In 2011, 2.789 million acres of lentil seeding as an early estimate by StatsCan and with reduced but substantial acres in pulses production, this is seen by AGT managements as sufficient to provide ample lentil and pulses production volumes in Canada for AGT operations.

2010 U.S. production gains were even more dramatic than in Canada, with a 48% increase from the previous year. Estimated results in the U.S. are reported at 658,000 acres of lentils harvested and estimated production of 392,000 mt (National Agricultural Statistics Service, Agricultural Board, USDA) with similar gains reported in peas as well. These trends show the U.S. as a significant and growing origin for pulse crop production and reaffirms Management's expectation of the continued potential of its operations in the U.S and its planned growth through expansion and acquisition of US capacity in the northern plains states.

Quality variance and downgrades in official grading on lentils are being seen in damage to the seed coat, and the overall colour appearance of pulses; however less so on the cotyledon of the lentils and peas. With these quality parameters being some of the criteria used by the CGC for grading of pulse quality, Management expects continued quality variance in product delivered to AGT facilities in 2011. However, quality variance creates opportunities for AGT through the processes and technologies used in its facilities for blending, splitting and colour sorting. It should be noted, however, that additional value-added processing required of off-grade or variable quality product, while increasing the overall relative value of the product produced, does slow processing velocity in facilities and decreases overall capacity utilization efficiency. However, the decreased capacity utilization may be offset by margin gains that can be realized through these processes.

Widespread reports of feed grade lentil quantities have being reported since 2010 harvest completion (StatsCan, StatPub, Kostal), however it should be noted that feed the grade does not correspond to product that must be fed to animals, but rather is a grade below number 3 quality by the CGC. Price spread on buying feed grade red lentils destined for splitting operations creates further margin opportunities for AGT through its ability to decorticate and split lentils at its facilities in Canada, Turkey and the U.S., thereby upgrading the value of the product.

International markets have been readjusting their expectations on buying criteria based on product available from the 2010 harvest in Canada and the U.S. based on dispatched samples to buyers in end use markets. Prices for premium quality whole pulses have been reported as potentially moving higher amid speculation from markets that lower quantities of premium quality will be available as compared to historical levels. This may allow for some positive margin opportunity for shippers who are able to source or create quality pulses from sub-optimal starting raw material.

AGT's market reach and ability to leverage its international distribution channels is expected to assist AGT to capitalize on marketing opportunities for all grades of pulses and specialty crops. Currently, Management believes that crop quality and quantity in North America is as per expectations and that large stock on farm is expected to allow for carry-out stocks from 2010 to be processed through the period until the new crop harvest in 2011. Production volumes, based on revisions to estimates for lentil acres and reports on yield released in December 2010 reinforces AGT Management's expectations on available stocks in Canada for shipments through Q1 2011 and further into F2011. With estimated production levels in Canada at 1.9 million metric tonnes (mt) (Statistics Canada), and with peas stocks over 2.9 million mt (Statistics Canada), higher carryover stocks are expected to result in similar to slightly increased product volumes for the 2011 crop year when comparing to 2010 production levels.

The quality variance of the 2010 crop is seen by Management as largely related to 2010 adverse weather and is not expected to affect the long-term prospects of AGT's processing business. The decrease in 2011 expected seeding acres is not seen by Management as presenting a significant concern, as ample seeding acres are projected for AGT processing and export programs from North America. Opportunities for new pulses acres, specifically lentils and beans in Alberta and further movement to continuous cropping in the North Dakota/Montana (MonDak) area are expected to equalize overall production in both countries. The focus on development of a year-round bean program from AGT facilities in Manitoba and North Dakota, the enhancements on chickpea processing in Canadian facilities and the completion of expansions at AGT facilities in the U.S. supports management's belief that AGT has the ability to increase utilization of these assets.

Turkey

Following a normalization of lentil production in Turkey in 2010 (TMO, USDA, STATPub, private trade sources), 2011 estimates on Turkish lentil production are conflicting with some outlets (TMO, USDA, STATPub, private trade sources) estimating decreases to 388,000 mt and others showing static to slightly increased at 550,000 mt (U.S. Agricultural Attaché report). Either estimate would result in continued imports of lentils, particularly red lentils which are widely consumed in Turkey. The majority of available Turkish lentil production is projected to go directly into the domestic and regional consumption markets with opportunities for AGT to utilize available capacity in its Arbel facilities, coupled with free zone facilities for import/processing/re-export activities, as shipment and freight option advantages exist from Turkey to many core consumption markets in Middle East/North Africa. Turkey is typically looked to as an origination point in the region for agri-products commodities. Potential for governmental tenders for agri-products in 2011, to assist in decreasing food inflation in many destination markets through the North Africa and Middle East regions exists and based on these developments Management is optimistic about its ability to increase capacity utilization at its facilities in Turkey.

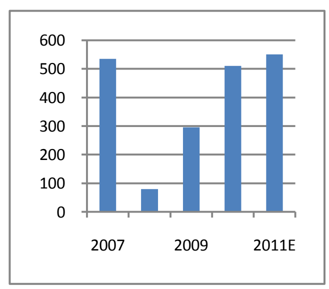

Figure 2 Turkey Lentil Production ('000mt) TMO, USDA, STATPub, U.S. Agricultural Attaché, private trade sources

With respect to durum wheat, the raw material for the production of pasta, bulgur and semolina, Turkey has seen good growing conditions for the start of the wheat crop following a dry period after seeding (Canadian Wheat Board, U.S. Agricultural Attaché Grain and Feed Update Report). Yield and quality are estimated to be close to the short term average with wheat prices estimated to remain high and rising with competition for acres and higher global wheat prices (U.S. Agricultural Attaché Grain, TMO, IGC Reports in the 2011 crop season.

Rice paddy production is estimated at 750,000 mt for the new crop harvest, consistent with 2010 production (U.S. Agricultural Attaché Grain and Feed Update Report, TMO). Rice paddy planting takes place in the early-May period with harvest commencing in the late-August period with completion in mid-November. Even with the estimated increases in paddy production levels for 2011, imports of rice are forecasted to continue for 2011 at strong levels, particularly from U.S. origins (U.S. Agricultural Attaché Grain and Feed Update Report, TMO, Turkish Rice Millers Association). This is expected to create opportunities for AGT's rice business and suitable raw material stocks for its new rice processing mill in Edirne, Turkey. Additionally, a continuation of export bans for Egyptian rice is expected with lower production from that origin, political unrest and high food inflation in the region, creating further opportunities for AGT's Turkish rice business. The construction of the new 65,000 mt per annum rice processing facility located in Edirne, Turkey, one of the major rice producing areas of Turkey, is expected to be completed and facility commissioning during Q2 2011, which is expected to bolster AGT's growth in this business platform. The plant capacity is scaleable to ensure that AGT can grow to respond to additional processing opportunities and demand.

Pasta facilities are running at effective peak capacity, which is projected to continue with strong demand for Arbella pasta in new markets in the near term. To meet the expected demand for AGT pasta products, a sixth pasta line is expected to be commissioned for production in Q2 2011, adding 30,000 mt of additional short cut pasta capacity. This is a positive development in AGT's cross-selling approach for pasta. Customers in most markets buying long-cut pasta (spaghetti and other long noodle varieties) request supplemental short-cut shapes to complement the overall variety they are able to provide to their customers in local markets. With expected strong long-cut demand continuing, customer requests for additional short-cut varieties has grown and is expected to continue providing growth opportunities for the pasta segment overall. Continued offerings to new and existing markets will be a focus through 2011. Continued demand for other milled wheat products, such as semolina and durum, in the domestic Turkish market is also expected during this period.

On December 27, 2010 a fire at the Arbel compound occurred that was caused by a third-party truck delivering beans. Extensive damage to two warehouse buildings and the loss of some product and packaging materials occurred, although no damage to the pulses or pasta processing facilities occurred. The cause of the fire was concluded to be accidental and no one was injured in the fire. Management believes that there is no material business or environmental impact as a result of this incident and insurance policies are expected to adequately cover significantly all of the losses related to the fire. Minimal interruption of processing activities occurred during the assessment of damage and subsequent cleanup of the fire. Currently USD $7.5 million of the expected insurance proceeds have been received.

Based on available reports, AGT management's maintains its expectation of favourable conditions in key growing areas and returns to historical production and supply levels for Turkish commodities. As a result of these expected positive indicators for 2011, the Arbel Group is expected to experience capacity utilization increases. Normalized new crop supply and global carryover stocks are expected to further stabilize supply of product for processing and assist in continuing to smooth the seasonality of AGT business. With these factors in mind, Management estimates the increased capacity utilization and business opportunities through the coming quarters at the Arbel Group operations to contribute in a positive manner and allow this operating division to be a strong contributor to future earnings.

Normalized production of pulses in Turkey, assisted by ample forecasted supplies in Canada and Australia are expected to assist Arbel through a more predictable and stable price environment in pulses allowing a return to normalized processing and distribution margins in the pulses business segment. The 2010 year saw margin erosions in pulses due to price volatility. Regular imports from Canada and Australia are expected to assist Arbel in meeting its sales obligations without being subjected to local pulses price fluctuations and fluctuations in physical product deliveries arriving into the pulses market in Mersin, Turkey. As farmers physically deliver products into a spot market for purchase, supplies can be variable and short deliveries cause price variances according to demand outpacing available supplies. Regular import supplies provide a degree of insulation from these upwards price pressures and allow for more consistent margins.

Australia

Weather events in 2010 also affected Australia. Growing conditions in late stages of Australian crops were seen as highly favourable (Australia Bureau Agricultural and Resource Economics and Sciences - ABARES) for the first time in many years. However, heavy rainfall late in the season led to similar, but not quite as extreme, quality downgrades as those seen in Canada. Widespread flooding was reported in the Queensland area, the principle desi chickpea growing area; however AGT does not operate assets in that region. The South Australia and Victoria regions, lentil and kabuli chickpea variety growing areas, were also affected by flooding in January 2011, however harvest was substantially complete by that point and no substantial affect on AGT facilities was reported.

Similar opportunities around storage, blending, colour sorting and sizing do exist for AGT facilities in Australia, leading management to be optimistic about the potential for its business in its new South Australian business unit. Its Victoria business at Horsham is also fully equipped with a 250mtn per day splitting and value-added processing capacity allowing it to process off-grade lentils and faba beans for the high quality demands in the Middle East and Indian Sub-continent.

With 306,000 mt or a 114% increase in lentil production and 287,000mt or a 32% increase in faba beans, record production levels are being reported. Overall pulses production in Australia is being reported at historical highs (ABARES).

For the 2011 season, good moisture conditions are being reported, in part because of the high levels of moisture during harvest period, providing favourble conditions for upcoming crop year. Owned and leased dedicated pulses storage with multiple segregations in Australia exceed 100,000mt, giving AGT a competitive advantage over most of its global competitors.

Strong origination and a growing loyal producer following in its origination areas is building a competitive advantage for AGT. AGT is exploring further acquisition opportunities in Australia.

India

Recent reports on estimated pulse production for rabi (spring) harvest in India (Indian Agricultural Department) has shown high production numbers, however accurate and reliable reporting on production levels are difficult to verify. The Indian Agricultural Department however, stresses that while high levels of production are estimated, significant crop damage due to widespread drought, heavy rains and frost are reported in many areas of the country. Based on customer communication, published Indian government statistics, media reports and internal estimates, Management expects potential for continued positive demand fundamentals with import levels remaining similar to slightly increased over previous years. In the period following rabi harvest, Indian importers tend slow on purchases from other origins, as demand is filled from local production. However, with these reports, Management continues to believe that import levels to India have potential to increase, as local supply falls short of filling demand for vegetable protein and staple foods in India.

In a period where high levels of quality variance and significant carryover stocks exist in many origins, it is projected that much of this available product may be moved to India and its regional markets to fill this local market demand. The continuing absence of regional competition in the Indian sub-continent and a continued governmental ban on Indian origin exports is expected to allow AGT to benefit from opportunities to ship more products to this region at favourable margins. Opportunities for expanded presence in the region continue to be investigated, including local processing, warehousing and distribution. India is a key focus in AGT's strategy to solidify its local presence in distribution in key consumption markets.

The demand supply gap in India is forecast to continue to rise in the coming years according to published reports by the Indian government and other industry sources. In fact, based on information gathered during a recent Management trip to India, AGT believes that national and regional government buying agencies will continue their imports and local tendering programs to ensure adequate supplies of pulses to its citizens. Growth in consumption in India is expected to continue its rise due simply to the growing population in India. Local production is stable to declining due to urbanization and weather volatility and consumption of pulses is a staple food group that spreads across all income levels, from the richest to the poorest of consumers. This leaves India as a key driver for future demand prospects for the pulses markets.

China

Market entry into China commenced for AGT with the Poortmans acquisition in 2010. A bean processing facility in China was a component of the Poortmans acquisition and Management expects China to play a significant part of expansion of its global bean platform. While there is no official data on pulses in China, a report from the U.S. Agricultural Attaché to China estimates approximately 5.2 million mt of pulses production for 2011 (largely kidney beans and also other pulses products not produced in other AGT origins) and high levels of pea imports for domestic starch extraction for vermicelli noodle production. Management would expect to utilize its Chinese facilities for a strategy that encompasses an entry point into China for Canada, the U.S. and Australian peas for starch, green peas for snack foods, green pea powder and sprouting green peas and as an export origin to major bean markets such as the U.S., Latin America, Europe, South Africa and India for light speckled kidney beans, black beans, navy beans, mung beans and white beans.

Expansion plans for AGT's Chinese facilities are underway and a new factory is planned to be constructed in the second half of 2011 with commissioning expected in the first half of 2012.

Market Conditions

With the increased off-grade production in Canada, the U.S. and Australia, increased U.S. production, and a normalization of crop supply in Turkey, Indian Sub-continent demand is essential to moving a larger global crop. The less than ideal conditions reported in India for upcoming rabi harvest is expected by Management to be an essential component, providing opportunities in F2011. Positive demand fundamentals, potential for weather related production decreases and low in-country stocks are expected to allow AGT to drive its efforts to better utilize its global capacity and execute its global sales plans. AGT facilities in Australia, as well as the shipping and freight advantages to the Indian subcontinent regions from this origin is viewed as positive for supplying these market.

Arbel Group facilities, warehousing and distribution are expected to assist AGT's further penetration of the North Africa/Middle East regional market. Media outlets have reported continued political unrest and increasing food inflation which are viewed as an opportunity to supply essential agri-product commodities to this region. Governments in the affected regions are working to calm unrest by increasing local supplies of staple food items for the population and the United Nations Agencies respond to refugee crisis in North Africa due to the Libya unrest through various tender processes.

With its proximity to the region, its stable political environment, agricultural production and its ideal location as an import and distribution hub for AGT production in Canada, USA, Australia and China, Turkey is a natural origin for supply and export of staple food items to the Middle East and North Africa. Management is optimistic about opportunities present in fiscal 2011 for its Turkish Arbel Group operations.

Non-traditional pulse consumption in North America, coupled with new lines of North American business including a focus on chickpeas and beans, is expected to create further opportunities for the processing business from Canadian and U.S. origins. The completed acquisition of Poortmans, including its Dutch sales office, a new Spanish sales office and Chinese bean processing facilities, is expected to assist AGT in its growth strategy in Europe for its global bean and chickpea platforms. Continued growth in pasta and rice, and the addition of more capacity for production in these business lines in Turkey is expected to assist AGT in boosting its global capacity utilization and smoothing the seasonality of its business and reducing its revenue concentration on its Canadian asset base.

Management believes that AGT is well positioned to capitalize on the opportunities in the 2011 crop and export year. The forecast for 2011 supply in North America and other origins is viewed as significant even with projected decreases in acres in Canada offset with higher U.S. and Australian production and normalized Turkish production. These factors lead Management to be optimistic about future sales based on expectations of strong demand fundamentals for quality protein.

The higher degree of quality variance in Canadian, U.S. and Australian crop are expected to create both challenges and opportunities for AGT. Quality constraints may have the effect of reducing the fluidity and velocity of processing operations in Canada as plants deal with the challenges of variable crop quality on receipts of pulses from farmers. This may have the effect of temporarily hampering Management efforts to boost capacity utilization of existing global facilities. However, as AGT realizes upgrade opportunities and the fact that a full range of split and value-added lentils, peas and chickpeas as well as its newer offerings of beans, pasta, bulgur wheat, semolina and rice are in place, AGT's operating divisions are expected to be in a position of strength vis-à-vis its competitors both regionally and globally. Management is optimistic about its ability to develop sales opportunities in its four core platforms for growth: pulses, pasta and durum wheat milling, rice and other products (e.g. popcorn, sunflower seeds).

The steady demand for pulses and staple foods in virtually all end-use markets sees buyers following a cycle to fill the relatively inelastic demand for pulses and staple foods with supply of new crops in Canada (September harvest), as well as forward to Australia (December harvest), India (March harvest) and Turkey (June harvest). Management believes that demand will continue through traditional shipping periods with opportunities for the 2011 crop supply from all origins. The estimates of lower Indian production levels are expected to translate to higher import levels of pulses to India, which is an important component to moving available product from origins with higher degrees of quality variance than would be seen in a typical year.

Importers and international buyers must complete buying decisions as stocks are available, bringing into the markets to satisfy consumer demands for pulse products, staple foods and protein. Management expects sales demand and continued replenishment of local market stocks for 2011, compensating for cautious buying in all of 2010 caused by weather events, high prices and a late Canadian harvest resulting in uncertain supply Management believes that local importers postponed portions of their buying decisions in the period May to September 2010 due to volatile pulse markets and a general perception that markets would fall with the advent of new crops in Turkey and a market expectation that Canadian new crop stocks would be higher than last year. The timing issues through the year were compounded by the late harvest in mid-October with delivery of product to AGT facilities by early to mid November, affecting AGT's ability to execute on selling opportunities present in the market and pushing those sales into later periods. Once the full effects of the weather event of a Canadian crop affected by late seeding and harvest were clear, Management believes that markets were further confused and buying demand was further affected in this period by the questions around the Canadian crop quality.

Management feels that the effects of these timing related issues have substantively corrected themselves during the Q4 2010 period. Management is pleased with the integration progress for all acquisitions completed in 2009 and 2010. With regard to AGT and the Arbel Group, management of these companies have worked together in the past and shared certain business processes. Integration of marketing and administrative operations is complete with some minor alterations in process remaining. The Finora and Parent Seed integrations are also progressing as planned. The planned capacity expansion and addition of new value-added processing equipment (colour sorters) at the Finora Wilkie and the Rosetown division facilities are complete and Management reports that these assets are being utilized to deal with the issues surrounding Canadian crop quality.

Integration of the Balco and Northern Yorke acquisitions are ongoing and on track. Quality variability and a large crop in Australia in this harvest period resulted in opportunities to capture pulses into AGT's newly constructed storage and processing systems. These shipments in the 2011 period from Australia are expected to allow the Company to realize immediate cash flows from its new and existing base of assets.

The recent Poortmans acquisition adds key management strength, a distribution platform in Europe and a Chinese bean plant to further AGT's global bean strategy. Integration of merchandising activities with Poortmans have begun and evaluation around the next expansion steps in China are ongoing.

Management's view is that the 2011 outlook for AGT is only temporarily affected by the weather event and related timing issues have subjected AGT to an inherent risk of the agricultural business: volume risk. Management continues to believe that the key components to long-term value creation in its business are intact and that it will continue down the path of building a truly global and profitable origination, processing and distribution business for staple foods: lentils, chickpeas, peas, beans, faba beans, pasta, medium grain rice, bulgur and semolina.

Selected Annual Information

The following table presents selected financial information for AGT taken from its financial statements.

(in thousands of Cdn. $ except as indicated - Audited)	Year Ended December 31, 2010	Year Ended December 31, 2009
Sales	642,139	387,888
Cost of sales (1)	578,196	326,721
Gross margin	**63,943**	**61,167**
Add: Non cash foreign exchange effect	**(721)**	**815**
Less: Operating expenses (2)	31,799	17,546
Add: Amortization in cost of sales (1)	5,013	1,866
EBITDA*	**36,436**	**46,302**
Add (deduct): Non cash foreign exchange effect	**721**	**(815)**
Adjusted EBITDA (*)	**37,157**	**45,487**
Less: Interest	5,933	1,999
Less: Depreciation and amortization (1)	8,390	3,602
Less: Provision for income taxes	3,712	10,761
Unusual gain (loss) (3)	-	-
Adjusted net earnings (*)	19,122	29,125
Adjusted basic net earnings per share/unit and unit equivalent (5)	1.01	2.73
Adjusted diluted net earnings per share/unit and unit equivalent (5)	1.00	2.66
Add: Non cash foreign exchange effect	721	(815)
Net earnings per financial statements (4)	**18,401**	**29,940**
Basic net earnings per share/unit and unit equivalent (5)	0.98	2.80
Diluted net earnings per share/unit and unit equivalent (5)	0.96	2.74
Total assets	527,913	424,445
Bank indebtedness (short term debt)	80,336	30,105
Short term financing	24,925	26,280
Long-term debt	25,381	36,624
Shareholders' / Unitholders' equity	303,537	231,910
Dividends/distributions declared per share/unit	0.54	0.5435

(1) Cost of sales includes amortization on equipment used to process inventory. Total amortization is added back for the EBITDA* and Adjusted EBITDA* calculation.

(2) Excluding interest and amortization. Non-controlling interest in Saskcan Horizon is also included in this number, up to and including the period ended September 30, 2008.

(3) The December 8, 2007 fire at the Williston North Dakota facility (operating under the name United Pulse Trading Inc) resulted in total loss and subsequent replacement of certain equipment. Proper insurance was in place to cover replacement as well as business interruption. The additional value associated with the replaced equipment resulted in an unusual gain in the amount of $561,426. This gain was recognized during the year when the final insurance settlement was completed. Regular plant operations re-commenced in February of 2008.

(4) Net earnings exclude non-controlling interest and other comprehensive income. Net earnings for 2008 includes gain from disposal of fixed assets but excludes non-controlling interest and other comprehensive income.

(5) Before September 15, 2009, the entity whose results are reported in the table above was the Fund. "Units and unit equivalents" refers to the Units of the Fund and to the Exchangeable Shares. The Fund paid distributions on its outstanding Units each quarter. From and after

September 15, 2009, the entity whose results are reported in the table above is AGT. "Common Shares" refers to the Common Shares of AGT (the only class of shares which are outstanding). AGT's policy is to pay dividends on its outstanding Common Shares each quarter subject to the discretion of the Board of Directors of AGT. Basic and diluted earnings per unit and unit equivalent and basic and diluted earnings per share are calculated using net income before other comprehensive income and extraordinary gain. Adjusted basic and diluted earnings per unit and unit equivalent and basic and diluted earnings per share are calculated using net income before other comprehensive income, extraordinary gain and non-cash foreign exchange effect.

Discussion of Annual Results

AGT's sales were $642.1 million for the year ended December 31, 2010, compared to sales of $387.9 million for the year ended December 31, 2009. This increase from the previous year is due to AGT's reporting of a full year of results for the Arbel Group as well as the integration and inclusion of Parent Seed, Finora and Poortmans (as of November 2010) that occurred during 2010. Year over year sales growth was over 60%. Higher commodity prices in Turkey increased overall sales significantly and high commodity prices in Canada resulting from severe shortages of pulses in the periods May to November also escalated commodity prices leading to higher sales turnover.

AGT's Adjusted EBITDA* was $37.2 million for the year ended December 31, 2010, compared to $45.5 million for the year ended December 31, 2009, a reduction of approximately 22%. With product delivered to AGT facilities with a high degree of quality variance and the timing of delivery being late in the season, facilities were running at seasonal peak capacity utilization, further affecting AGT's ability to process, ship and recognize revenue from execution of sales.

In 2010, additional capacity and new operations were brought on line with the acquisition of Finora and Parent Seed and the full year inclusion of Arbel and a partial year for Poortmans altering the size of the Company and its global footprint. AGT's operating expenses (excluding interest and amortization) were $31.8 million for the year ended December 31, 2010, compared to $17.5 million for the year ended December 31, 2009. The year-over-year comparison is skewed by the dramatic increase of the size of the company. The full costs were incurred as an impact to earnings while the gross margins of the company's sales were not realized as a result of quality variances, reduced handle in its facilities due to the timing affects of the late harvest and margin pressures due to unusual commodity price volatility in Turkey. The pulses business segment suffered the brunt of this earnings erosion. Management believes this to be a temporary affect that is expected to be rectified as the crop processing and export activities continue into 2011. The late period in Q4 2010 saw utilization in facilities improve and margin gains were demonstrated by value-added processing for off-grade Canadian and Australian crops.

Additions to capacity were well used during the first quarter of the year with heavy shipping to all regions of the world and a subsequent positive result of $21.8 million EBITDA for the group in Q1. Then, the supply side started to get tighter and production volumes dropped and utilization of assets was declining rapidly causing earnings results to be compromised. Crop supplies became strained and asset utilization went from over 66% utilization to as low as 20% in periods in Q3 and the start of Q4 with little available crop supplies for the Canadian business unit and slow product deliveries of local crop stocks in Turkey and an empty pipeline of imported Canadian lentils in Turkey.

Lentil supplies were basically exhausted by July 2010 and new crop was expected by end of August 2010. With continued rains and harvest delays, Management estimates that the harvest was not complete until late October with deliveries into AGT's handling and processing facilities occurring at that time. The quality of materials was severely compromised and led to a very difficult period until the end of the fiscal year.

With a high fixed cost component to AGT's business, AGT's Canada operations are the economic driver behind the earnings of the group of companies. The 2010 adverse weather events, rated by many as one of worst harvest qualities in five decades, has had a significant impact on AGT's results. It has led to plant capacities being reduced dramatically, as off-grade materials were processed slowly and carefully to meet specifications. Reduced outputs and high fixed costs led to earnings erosion that Management views as weather related and are not expected to be recurring. Staff complements have been maintained and no substantial layoffs have been enacted. There are supplies of off-grade material that are expected to carry the company through its 2011 year.

Gross margins for 2010 totalled approximately $63.9 million, a slight improvement in absolute dollars from the $61.2 million in 2009. Gross margin lagged the growth in administration costs as processing plants were running at sub-optimal utilization due to the lack of available product and margins were hit with price fluctuations in spot markets for commodities as AGT covered product needs for shipments in Q4 at levels whereby the Company incurred losses. These losses resulted from production contract acreage either being late harvested or being harvested off-grade whereby fresh purchases at higher price levels were undertaken to complete contractual sales commitments. Additional short and long-term interest expenses of $5.9 million in 2010 compared with $1.9 million in 2009 resulted from utilization of operating credits and lease interest paid on pasta and processing lines in Turkey in Canada.

Current assets increased to $280.0 million from $213.1 million in 2009 while current liabilities increased to $185.8 million from $137.5 million. The increases in inventory levels to $110.8 million from $105.5 million in 2009 reflect higher stock levels of branded pasta and the larger year-end position of Australian operations with the late year acquisition of additional storage assets of Balco and Northern Yorke. Current assets and liability growth was expected to support the working capital requirements of the larger company. Net positive working capital position of $75.6 million in 2009 improved to $94.3 million in 2010 as a result of earnings and cash position improvement as a result of the equity capital raised in April 2010. Long Term debt including short term debt decreased from $37.6 million to $36.1 million as a result of debt repayment from the cash proceeds of the equity offering.

Equity growth was reflective of an $80.0 million equity offering in April 2010. The Company also recorded a reduction in other comprehensive income from $.93 million in 2009 to a loss of $15.4 million in 2010, a direct balance sheet equity adjustment that has no cash impact. This other comprehensive income is largely related to the cumulative translation adjustment for 2010 resulting from the devaluations of the US Dollar, Turkish Lira and British Pound. The "snap-shot" end of period adjustment to net assets and earnings translated to

Canadian dollars from the local currencies show the currency effects of the devaluations on AGT's overall equity base. As a non-cash item, this amount is expected to change year to year as the local currencies of foreign operations change over time.

It is management's view that the outlook for AGT is only temporarily affected by adverse weather events and related timing issues have subjected AGT to an inherent risk of the agricultural business: volume risk. Management believes that the key components to long-term value creation in its business are intact and that it will continue down the path of building a truly global and profitable origination, processing and distribution business for staple foods: lentils, chickpeas, peas, beans, faba beans, pasta, medium grain rice, bulgur and semolina.

Summary of Quarterly Results

Summary of Quarterly Results (in thousands of Cdn. $ except as indicated unaudited)	3 Months Ended December 31, 2010(1)	3 Months Ended September 30, 2010	3 Months Ended June 30, 2010	3 Months Ended, March 31 2010	3 Months Ended December 31, 2009(1)	3 Months Ended September 30, 2009	3 Months Ended June 30, 2009	3 Months Ended, March 31 2009
Sales	169,003	137,559	149,222	186,355	154,799	73,320	72,951	86,818
Cost of sales (2)	156,861	123,396	138,300	159,639	124,455	62,936	65,686	73,644
Gross margin	**12,142**	**14,163**	**10,922**	**26,716**	**30,344**	**10,384**	**7,265**	**13,174**
Add: Non cash foreign exchange effect	(1,017)	5,467	(6,604)	1,433	815	-	-	-
Less: Operating expenses (3)	6,165	10,385	7,728	7,521	9,753	2,581	2,515	2,697
Add: Amortization in cost of sales (2)	1,306	1,297	1,245	1,165	919	391	249	307
EBITDA (*)	**6,266**	**10,542**	**(2,165)**	**21,793**	**22,325**	**8,194**	**4,999**	**10,784**
Add (deduct): Non cash foreign exchange effect	1,017	(5,467)	6,604	(1,433)	(815)	-	-	-
Adjusted EBITDA (*)	**7,283**	**5,075**	**4,439**	**20,360**	**21,510**	**8,194**	**4,999**	**10,784**
Less: Interest	2,433	1,139	1,283	1,078	546	841 (6)	280	332
Less: Depreciation and amortization (2)	2,955	1,726	1,850	1,859	1,411	812	707	672
Less: Provision for income taxes	1,276	1,479	(1,131)	2,088	5,160	1,999	973	2,629
Extraordinary gain (loss)	-	-	-	(2)	-	-	-	-
Adjusted net earnings (*)	**619**	**731**	**2,437**	**15,333**	**14,393**	**4,542**	**3,039**	**7,151**
Adjusted basic net earnings per share/unit and unit equivalent (4)	0.03	0.04	0.13	0.90	0.81	0.47	0.38	0.90
Adjusted diluted net earnings per unit and unit equivalent (4)	0.03	0.04	0.13	0.88	0.80	0.46	0.37	0.84
Add (deduct): Non cash foreign exchange effect	425	5,467	(6,604)	1,433	815	-	-	-
Net earnings per financial statements	**(397)**	**6,198**	**(4,167)**	**16,766**	**15,208**	**4,542**	**3,039**	**7,151**
Basic net earnings (loss) per share/unit and unit equivalent (4)	(0.02)	0.31	(0.22)	0.98	0.89	0.47	0.38	0.90
Diluted net earnings (loss) per unit and unit equivalent (4)	(0.02)	0.31	(0.22)	0.96	0.87	0.46	0.37	0.84
Total assets	527,913	454,083	446,033	442,992	424,445	332,936	135,041	145,171
Bank indebtedness (short-term debt)	80,336	-	-	47,844	30,105	29,244	8,412	29,571
Short term financing	24,925	25,005	26,261	25,487	26,385	-	-	-
Long-term debt	25,381	17,637	23,508	36,255	36,624	25,987	16,094	16,556
Shareholders'/Unitholders' equity	303,537	321,048	315,618	245,101	231,910	221,944	77,319	78,098
Dividends/distributions declared per share/unit	0.1350	0.1350	0.1350	0.1350	0.1350 (5)	0.1350	0.135996	0.137511

Notes:

(1) Calculated from the audited annual financial statements of for the years ending December 31, 2010 and December 31, 2009, and the unaudited financial statements of the Fund for the periods ended September 30, 2010 and September 30, 2009.

(2) Cost of sales includes amortization on equipment used to process inventory. Total amortization is added back for the EBITDA. Periods prior to the aforementioned quarters had all amortization reported in one line item without the reclassification of amortization-related to processing costs.

(3) Excluding interest and amortization.

(4) Before September 15, 2009, the entity whose results are reported in the table above was the Fund. "Units and unit equivalents" refers to the Units of the Fund and to the Exchangeable Shares. The Fund paid distributions on its outstanding Units each quarter. From and after September 15, 2009, the entity whose results are reported in the table above is AGT. "Shares" refers to the Common Shares of AGT (the only class of shares which are outstanding). It is anticipated that going forward, AGT will continue to pay a quarterly dividend, the amount of which will be determined by the Board of Directors. AGT's dividend policy will be subject to the discretion of the Board of Directors and may vary depending on, among other things, AGT's earnings, financial requirements, the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends and other relevant factors.

(5) The distributions paid by the Fund consisted of the quarterly interest payments made to the Fund under a consolidated promissory note issued by Alliance to the Fund (the "**Alliance Note**") and another promissory note issued by Alliance to the holders of the exchangeable shares of Alliance. The principal amount of the Alliance Note would be increased each time the Fund issued Units. The distribution per Unit for the third quarter of 2008 was below the Fund's target of $0.135 per Unit because the Fund issued additional Units during the quarter and since the additional Units were issued after the beginning of the quarter the promissory notes issued by Alliance in respect of such additional Units (subsequently consolidated into the Alliance Note) did not earn a full quarter's interest income for the Fund.

(6) Interest expense for the quarter ending September 30, 2009 includes one-time settlement interest payments on the retirement of Arbel Group credit facilities with Turkish banks that bore interest rates higher than existing Alliance credit facilities.

Discussion of Quarterly Results

AGT's sales were $169.0 million for the three months ended December 31, 2010, compared to sales of $154.8 million for the same period in 2009. This is an increase from the $137.6 million for the period ending September 30, 2010 and sales of $149.2 million for the three months ended June 30, 2010. Sales growth is largely attributable to higher base commodity prices year over year. The increases for the first three quarters from the previous year are due to AGT's reporting of the Arbel Group. The final quarter included the integration and inclusion of Parent Seed, Finora and Poortmans (as of November 2010) that occurred during 2010.

When comparing the fourth quarter ending December 31, 2010 results to the same period in 2009, Adjusted EBITDA* fell from $21.5 million to $7.3 million results, decreased by 66% but was 44% higher than Q3 Adjusted EBITDA* of $5.1 million. The large decline in earnings year over year was due to wholesale price volatility. The pulses and special crops processing industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale prices of raw material caused by changes in supply, weather events, taxes and duties, price controls and/or other market conditions, all of which are factors beyond AGT's control.

Weather uncertainties also caused unusual price volatility in Turkey with steep declines in lentil prices followed by sharp increases and weekly volatility charting against historical seasonal price trends. Margins were pressured with this unprecedented price volatility and the quality variance in Canada led AGT to cover off requirements for contractual commitments of No. 1 and No. 2 grades at higher levels than forward production contracts reflected to meet sales commitments. Products on purchase contracts did not meet grades because of weather effects leaving the Canadian and U.S. processing operations to experience negative margins on some sales. All of these effects of the unprecedented and unpredictable weather event led to reductions in earnings. Capacity utilization for the months of October and November were affected by the slow pace on harvest deliveries as quality variances and a race against the calendar led farmers to concentrate of harvesting, limiting harvest selling of commodities.

General and administrative expenses include costs such as marketing and advertising, payroll, insurance, property taxes, legal and administrative. Expenses decreased from $10.3 million in Q3 to $6.1 million in Q4. The Q4 2010 figure of $6.1 million is also a reduction from the same period in 2009 where administration expenses totalled $9.8 million. Marketing and promotion activities in the branded business segment were unusually low in Q4 and are expected to continue in subsequent quarters at more normalized levels. The costs in operating expenses are being reviewed across all business units and foreign operations and a methodology will be developed effective January 1, 2011 to ensure consistency in the treatment of general and administrative expenses versus expenses related to cost of sales across all subsidiaries. Management is continuing to look at all areas of operations for potential cost reduction and synergy savings that may result from acquisitions, scale of operations and business combinations.

Interest expense of $2.4 million for Q4 is higher than the expense of $1.1 million recorded for the Q3 2010 and higher than the Q4 2009 figure of $0.6 million. In 2009, Arbel Group credit facilities with Turkish banks that bore interest rates higher than existing facilities were retired and in 2010, operating credits were re-advanced in all operations to support the higher revenues.

Amortization expense of $3.0 million for Q4 (which includes amortization allocated to cost of goods sold in the amount of $1.3 million) is higher than the total expense of $1.7 million recorded for Q3 due to the additional amortization associated with new acquisitions and an annual amortization adjustment for the Arbel Group related to a fair value adjustment of their net assets done after an independent valuation report in 2010.

Provision for income tax expense of $1.3 million for Q4 2010 is in line with the expense of $1.5 million recorded for Q3. The variance from 2009 tax expenses of $5.2 million versus the Q4 2010 figure is attributable to lower earnings. The effective marginal tax rate decreased compared to the prior year due to timing differences.

Dividends

AGT paid a dividend in January 2011 of $2.7 million ($0.135 per share) in the aggregate to its Shareholders of record as of December 31, 2010. A total of $12.6 million was distributed to shareholders in 2010.

It is currently anticipated that going forward, AGT will continue to pay a quarterly dividend, the amount of which will be determined by the Board of Directors. AGT's dividend policy will be subject to the discretion of the Board of Directors and may vary depending on, among other things, AGT's earnings, financial requirements and the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends and other relevant factors.

Balance sheet accounts of subsidiaries are valued at December 31, 2010 foreign exchange rates as follows:

USD/CDN	0.997006
AUD/CDN	1.01416
TL/CDN	0.643761
GBP/CDN	1.54772
EUR/CDN	1.332200

For each subsidiary, any difference between the December 31, 2010 exchange rate and the average exchange rate used to record sales is recorded as other comprehensive income (loss) on AGT's Consolidated Statements of Retained Earnings and Accumulated Other Comprehensive Income.

Liquidity and Capital Resources

AGT has not had difficulty in generating sufficient cash from its operations to maintain its operations, fund development, and to pay its declared dividends. AGT's ability to generate sufficient cash in the future to pay dividends will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Discussion of Quarterly Results - Dividends" above and "Outlook" for a discussion of these factors.

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

At December 31, 2010 AGT had total operating credit and other short term facilities available of $255.7 million (2009-$176.4 million), a portion of which is secured by a general security agreement. Interest rates on floating loans range from Canadian prime to Canadian prime plus 0.50%. One year fixed USD loans bear interest averaging between LIBOR plus 1.65% and LIBOR plus 2%.

In September of 2010, Alliance concluded a credit facility with the Bank of Nova Scotia, increasing the operating line to $60.0 million. The credit facility was guaranteed by AGT, and as additional security, a general security agreement over all present and after acquired property of AGT was entered into in favour of the Bank of Nova Scotia. The Bank of Nova Scotia extended additional letter of credit facilities in the amount of $10 million to back AGT's license with the CGC.

Also in September of 2010, AGT finalized an agreement with Farm Credit Canada ("**FCC**") that provided for debt financing of up to $50 million. This facility replaced an earlier $20.0 million revolving loan facility between AGT and FCC.

The Arbel Group has credit facilities with 7 banks for up to $195.0 million, of which approximately $30.1 million was drawn down as at December 31, 2010.

Of these facilities, the USD $10 million long term commodity borrowing base credit facility with Royal Bank of Scotland ("**RBS**"), formerly ABN AMRO Bank N.V, is secured by a pledge of the Arbel Group's products, collection accounts and receivables up to a maximum amount of 85% of the amount advanced under the credit facility. RBS also has a lease over one of the Arbel Group's warehouses, in order to perfect its security interest in the Arbel Group's products under Turkish law. The other credit facilities are not secured due to their short term structure of less than 372 days maturity.

The Canadian credit facilities have floating interest rates and Management regularly monitors interest rates to make adjustments to its fixed versus floating interest rate management program. AGT also uses fixed rate banker's acceptances to mitigate a portion of its floating interest rate risk in its operating credit facilities. The low interest rates prevailing in Canada in recent years have induced Management to leave its Canadian credit facilities largely at floating interest rates; the Turkish credit facilities are also largely floating due to the competitive LIBOR rates prevailing in international financial markets. Turkish Lira denominated borrowings are basis Turkish Central Bank rate and prevailing market premiums at time of utilization.

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

Capital Management

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

AGT includes net debt and shareholders' equity as components of its capital structure. AGT also monitors adjusted EBIDTA*. The calculation of net debt, shareholders' equity, adjusted EBITDA* and capital is set out in the following table:

		2010		2009
Long-term debt and capital leases	$	25,381,053	$	36,624,321
Bank indebdtedness and current portion long-term debt		91,010,871		31,104,747
Short term financing		24,925,150		26,280,000
Cash and cash equivilents		(23,628,472)		(10,115,784)
Net debt		**117,688,602**		**83,893,284**
Shareholders' equity		303,536,603		231,910,092
Capital		**421,225,206**		**315,803,376**
Adjusted EBITDA*	**$**	**37,157,253**	**$**	**45,486,906**

Cash Flow Information - *Non-cash Working Capital*

Inventory:

Inventory at December 31, 2010 was $110.8 million compared to $105.5 million at December 31, 2009. The increase in inventory is a result of the harvest production beginning late. In addition, a large quantity of product received and processed during the quarter was shipped to Trans-Loading facilities and foreign operations (transfers from Canada to Arbel) in December. Revenue for this product as it is sold and is expected to be recognized in Q1 of 2011 as it is sold to customers.

In addition, new crop season in Turkey resulted in inventory stocks of finished goods being replenished for the Turkish and regional retail markets. New storage capacity in Australia also received new crop inventory in December 2010 harvest, resulting in higher inventory levels.

Accounts Receivable:

Accounts receivable at December 31, 2010 was $134.9 million compared to $89.0 million at December 31, 2010. The levels are relatively consistent with revenue growth. Payment terms for AGT sales are typically letter of credit or cash against documents, depending on the markets that product is being shipped to. During the quarter, a larger percentage of sales were shipped on cash against documents basis, which results in a longer period of time between invoice and receipt of payment. Management has examined all of the accounts receivable and any provisions for doubtful accounts were recognized during the quarter.

Operating Leases

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

Commitments and Contingencies

At December 31, 2010, AGT had a letter of credit in favor of the CGC in the amount of $35,000,000 (2009 - $17,500,000). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires February 28, 2011. Subsequent to year-end the letter of credit was reduced from $35,000,000 to $10,000,000 and expires on December 31, 2011. The subsequent change is the result of all facilities being re-classified from grain dealer to a primary elevator.

Critical Accounting Estimates

Note 2 to AGT's consolidated financial statements for the year ended December 31, 2010, describes AGT's significant accounting policies.

The preparation of AGT's consolidated financial statements in accordance with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The following is a list of the accounting estimates that AGT believes are critical, due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Collectability of Accounts Receivable

Accounts receivable are measured at cost and due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on an evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. AGT determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Fund's previous loss history and the customer's current ability to pay its obligation to AGT. AGT records a bad debt provision for accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the bad debt expense.

Valuation of Inventory

Inventories consist of raw materials, labour and overhead costs incurred less costs charged to cost of sales. Inventory on hand is valued at the lower of cost or market value which is determined as sales less estimated cost of completion and cost to sell. Cost of sales is based upon incurred costs. The cost of inventory purchased from third parties is valued at the lower of cost or market value which approximates replacement cost. The estimate relates to the net realizable value of the inventory based upon product quality and market factors.

Income Taxes

AGT utilizes the assets and liability method of accounting for income taxes under which future income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying value amount and the tax basis of assets and liabilities. Management uses judgment and estimates in determining the appropriate rates and amounts in recording future taxes, giving consideration to timing and probability. Actual taxes could significantly vary from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. The resolution of these uncertainties and the associated final taxes may result in adjustment to AGT's tax assets and tax liabilities.

Future income tax assets are recognized to the extent that realization is considered more likely than not. AGT considers past results, current trends and outlooks for future years in assessing realization of income tax assets.

Estimate of Useful Life and Impairment Property, Plant and Equipment

Property and equipment is recorded at cost. Property under capital leases and the related obligation for future lease payments are initially recorded at an amount equal to cost.

Property and equipment are depreciated to estimated residual values based on a straight-line basis over their estimated service lives. Property and equipment under capital leases are depreciated to estimated residual values over the life of the lease.

Valuation of Intangible Assets and Goodwill

The intangible assets of AGT were recorded at their estimated fair values at acquisition date and amortized over their estimated useful life. Indefinite life intangible assets and goodwill are subject to impairment tests under GAAP, at minimum, annually or more frequently if events or circumstances indicate a potential impairment. If the carrying value of such assets exceeds the fair values, the assets are written down to fair value. The treatment of intangible assets such as trademarks, brands and licenses are subject to separate impairment testing from the values contained in goodwill. No write down was required as at December 31, 2010.

Financial Instruments

AGT, as part of its operations, carries a number of financial instruments that include cash and cash equivalents, bank indebtedness, accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, and long-term debt and capital leases. The fair value of cash and cash equivalents bank indebtedness, restricted cash, accounts receivable, short-term financing, accounts payable and accrued liabilities, and dividends payable approximate their carrying value given their short-term maturities. The fair value of investments cannot be measured reliably due to the unavailability of a quoted market price in an active market.

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

To mitigate risk associated with foreign currency, AGT enters into sales denominated in US currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGT has entered into certain foreign exchange contracts with maturities of less than one year, to manage risks associated with entering into new sales contracts denominated in US dollars, Euros and Turkish Lira. For the Arbel Group, transactions in foreign currency expose AGT to foreign currency risk, arising mainly from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, AGT manages this risk by matching foreign currency from time to time, denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required. At December 31, 2010, AGT had outstanding USD foreign exchange sales contracts totalling $106,336,597. In addition, on December 31, 2010 AGT had outstanding USD foreign exchange sales contracts in Australia totalling USD $11,767,500. Total unrealized losses on unsettled US and Australian dollar foreign exchange contracts, US accounts receivable, US accounts payable and US dollar loans at December 31, 2010 are USD $0.72 million.

To mitigate risk associated with fluctuations in the market price of the commodities AGT buys and sells, Management monitors inventory turns and overall grain position and enters into purchase contracts with suppliers and sales contracts with buyers.

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the 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.

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.

Level 3 – values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following items, shown in the consolidated balance sheet as at December 31, 2010 and 2009, are measured at fair value on a recurring basis using level 1, level 2 or level 3 inputs:

2010	Level 1	Level 2	Total
Asset (liability)			
Cash and cash equivalents	$ 23,628,472	$ -	$ 23,628,472
Foreign exchange derivatives	-	3,213,562	3,213,562
	$ 23,628,472	$3,213,562	$ 26,842,034
2009	Level 1	Level 2	Total
Asset (liability)			
Cash and cash equivalents	$ 10,115,784	$ -	$ 10,115,784
Foreign exchange derivatives	-	1,559,849	1,559,849
	$ 10,115,784	$1,559,849	$ 11,675,633

Changes in Accounting Policies

The CICA also issued new accounting standards which became effective for the Fund (and now, AGT) on January 1, 2009. These changes include:

Section 3064, Goodwill and Intangible Assets, replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of Section 3064 did not have any impact on the Fund's consolidated financial statements.

Emerging Issues Committee ("EIC") Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the fiscal year beginning January 1, 2009. The adoption of EIC-173 did not have a significant impact on the Fund's consolidated financial statements.

International financial reporting standards

The Canadian Accounting Standards Board recently confirmed January 1, 2011 as the date International Financial Reporting Standards (IFRS) will replace Canadian standards and interpretations as Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises. The new Standards are effective for annual and interim financial statements with fiscal years beginning January 1, 2011 with retrospective application.

AGT has committed the appropriate resources and training to ensure it is IFRS compliant by the transition date. The IFRS project was broken down into four key phases which are Initial Assessment, Detailed Assessment, Design and Implementation.

AGT has completed both the Initial Assessment and Detailed Assessment phases of its project plan. Key segments of these phases included determining accounting policy and disclosure changes that will be required upon transition to IFRS as well as the exemptions relating to IFRS 1, First-time Adoption of International Financial Reporting Standards.

Set out below is the significant difference between GAAP and IFRS that AGT has currently identified which are preliminary and unaudited. AGT continues to monitor standards development as issued by the International Accounting Standards Board and, as standards change or are issued, there may be additional impacts identified. In addition, AGT may identify additional differences or experience changes in its business that may have an impact on the assessment.

The potential differences identified include:

Presentation and Disclosure
Business Combinations
Impairment
Provisions
Cumulative Translation Adjustment
Share-based Payments
Leases
Income Taxes
Amortization

In addition to the above noted differences, AGT has performed an assessment regarding IFRS 1 - First-time Adoption of International Financial Reporting Standards. IFRS 1 requires that first time adopters of IFRS retrospectively apply all effective IFRS standards and interpretations to determine the opening balance sheet as at the transition date. IFRS 1 provides for certain optional exemptions and mandatory exceptions to this general rule. At this stage, AGT is expecting to elect the following material optional exemptions under IFRS 1 that will apply as at the transition date of January 1, 2011:

Business combinations – AGT expects to elect not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occur prior to the transition date;

Capitalized interest – The Company has elected not to capitalize interest on asset additions prior to December 31, 2009;

Cumulative translation adjustment – Retrospective application of IFRS would require AGT to determine the translation differences in accordance with IFRS from the date a subsidiary or associate was formed or acquired. AGT expects to elect to reset all cumulative translation gains and losses to zero at the transition date.

As AGT continues to monitor IFRS standards changed or issued there may be changes to AGT's expectations regarding these IFRS 1 optional exemptions. In addition, AGT may identify circumstances or experience changes in its business that may have an impact on these expectations. AGT has processes in place for 2011 to ensure that reporting meets IFRS requirements.

AGT has provided training on IFRS throughout the organization on both current IFRS and potential changes in the standards to ensure the impacts are understood across the organization and any new differences are identified.

Preliminary Estimated Impact of Conversion

The information below is provided to allow investors and others to obtain an understanding of the preliminary unaudited effects on the Company's consolidated financial statements and operating performance measures. The changes described below should not be regarded as a complete description of the changes resulting from the transition to IFRS. Readers are cautioned that it may not be appropriate to use such information for any other purpose and the information is subject to change.

Status of IFRS Conversion:

- Componentization of fixed assets is complete with asset component useful lives and a systematic process for recalculating depreciation established. The estimated impact of the change in amortization rates from Canadian GAAP to IFRS will be $1,805,516 and this will be reflected in the Accumulated Amortization and Retained Earnings sections of AGT's January 1, 2010 opening IFRS Statement of Financial Position.

- Capitalized labour from asset purchase to December 31, 2009 complete. The estimated amount of labour capitalized will be $562,065 and this is reflected in the Capital Assets and Retained Earnings sections of AGT's January 1, 2010 opening IFRS Statement of Financial Position.

- Preliminary discounted cash flow models for each cash generating unit resulted in no anticipated impairment of goodwill

- Financial statement presentation formats have been selected and preliminary notes to the financial statements have been prepared

- A process has been established to calculate labour and interest on projects as they are put to into use

- A process has been established to properly record asset components for new additions

- January 1, 2010 IFRS comparative balance sheet substantially complete

Disclosure Controls and Procedures

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

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer. The Company's CEO and the CFO evaluated the effectiveness of AGT's Disclosure Controls as at December 31, 2010 and concluded that, subject to the inherent limitations noted above, AGT's Disclosure Controls were effective for the year then ended.

Internal controls over financial reporting

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

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

As at December 31, 2010, management, including the CEO and CFO, evaluated the existence and design of the AGT's ICFR and confirmed there were no changes to the ICFR that had occurred during the twelve months ended December 31, 2010 which materially affected, or are reasonably likely to materially affect, AGT's ICFR except as noted below in the scope limitation that exists as a result of the purchase of Balco Holdings, Northern Yorke Processors and A Poortman.

As at December 31, 2010, management, including the CEO and CFO, evaluated the operating effectiveness of AGT's ICFR and concluded that there are no material weaknesses in the operating effectiveness of internal controls over financial reporting, and that the design and operating effectiveness of ICFR are effective except as noted in the scope limitation below.

AGT continues to review and improve the documentation of its ICFR, and has undertaken to make changes aimed at enhancing their timeliness and effectiveness and to ensure that systems continue to evolve with the growth of AGT's expanding international business operations. Management continues to engage financial reporting consultants in Canada and Turkey to assist with its continued maintenance, review, evaluation, testing and enhancement of its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the timely preparation of financial statements in accordance with Canadian GAAP and, in 2011, with IFRS.

Limitation on scope of design:

In accordance with National Instrument 52-109 3.3(1)(b), AGT has limited its design of DC&P and ICFR to exclude controls, policies and procedures of the operations of Balco Holdings, Northern Yorke Processors and A Poortman, each of which were acquired within 365 days before the end of the recent financial period.

Outstanding Share Data

As of the date hereof, there are issued and outstanding 19,706,078 Common Shares. There are also outstanding incentive options to acquire 427,168 Common Shares, each exercisable for one Common Share at a price of $9.00 per Common Share until April 21, 2013, which were granted to the directors and officers of AGT and key employees of AGT and its subsidiaries. Options vested and vest for officers and other employees as to one-third on June 17, 2010, one third on April 21, 2011 and one third on April 21, 2012. Options vested and vest for independent directors in equal annual increments over a three year period, beginning April 21, 2009.

Risks and Uncertainties

Information relating to the risks and uncertainties of AGT and its subsidiaries is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the twelve months ending December 31, 2010.

Weather conditions, which can vary substantially from year to year, have a significant impact on the size and quality of the pulses and special crops and durum wheat harvests. Significant increases or decreases in the total size of the harvest or significant impacts of weather events to harvest quality (frost, rain, flooding and droughts) may impact the volume of crops that AGT sells, the relative capacities of its factories being reduced by quality impairment of raw materials and the gross profits realized on sales of its product and, consequently, on the results of its operations. AGT's global origin diversification strategy is being implemented to mitigate this weather and crop volume risk by allowing AGT to capitalize on available supplies in all of its production and processing origins. AGT is still reliant on a disproportionate share of its earnings from Canada as its asset base and scale are still the largest of AGT's global operations. Significant investments in Australia and planned expansions in Turkey, China, the USA and India are expected to assist AGT in its future efforts to balance its weather exposure to Canada. Also, the acquisition of Arbel gives AGT a base from which it may import crops to process in case of shortages in Turkey. With its location 8 km from the seaport of Mersin and its storage and handling facilities in Turkey, AGT may optimize its production by importing raw materials as needed to supplement local supplies in this important region for its business.

The pulses and special crops processing industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale prices of raw material caused by changes in supply, weather events, taxes and duties, price controls and/or other market conditions, all of which are factors beyond AGT's control. Value-added processing activities are aimed at expanding margin bases to provide cushion or insulation from significant losses due to price volatility. Much of AGT's sales are on a back-to-back basis with managed commodity exposure with tight commodity positions managed centrally within AGT risk management systems. Sophisticated grain management information systems with near-live reporting of commodity transactions allow AGT to manage its origination programs to mitigate portions of this price risk.

A portion of AGT's purchases are made through production contracts, which fix a price at which AGT may purchase crops from a producer. This production contract system assists the Company in mitigating price and supply risk on forward sales as long as the product meets the contracted grades. Management limits the percentage of a producer's production that may be priced forward and leaves a significant portion of expected yields unpriced to be determined by a subsequent pricing agreement between the producer and AGT after the production is harvested and is deemed to be acceptable to AGT's contractual terms. This fixes AGT's price exposure to a limited contractual quantity while binding the balance of production to be delivered to an AGT facility at the prevailing market rates in the future. This is a mechanism for supply security and is a successful origination strategy for the company in its Canada, USA and

Australian operations. In the case of significant weather and quality degradation of crops, AGT may be required to cover in the open market purchases that do not meet the contractual grade exposing the company to the previously discussed risk of wholesale price volatility if there is deemed to be an “act of God (frost, rains, floods, hail)”, a standard production protection granted to most pulses forward purchases by industry participants, that leaves the producer unable to deliver the contracted quality and quantity.

AGT’s revenues are dependent on the continued operation of its facilities. The operation of facilities involves certain risks, including the failure or substandard performance of equipment, natural disasters, fire, labour problems, spoilage, as well as other hazards incidental to the production, use, handling, processing, storage and transportation of pulses and special crops. Also, as an industrial operation, AGT is exposed to workplace health and safety and workers’ compensation claims but mitigates these risks through a comprehensive safety program and adequate all-risks coverage insurance policies including business interruption and additional costs coverage policies.

AGT’s operations are dependent on the abilities, experience and efforts of its senior management team, an experienced team of grain industry specialists assembled within AGT and its subsidiaries. Short and long-term incentive plans and retention strategies are being examined to ensure the continued attraction and retention of the best available talent. Mercer Group has been engaged to assist management in these program designs.

AGT’s operations are dependent on container availability. Logistics are expected to be a major consideration this season as container availability and vessel space will be challenging to move the expected 2010-2011 crops from North America and Australia. As container availability is driven by global trade flows and imports, slow-downs in the economy in the USA and import imbalances in South Australia leaves container supplies tight. AGT mitigates this risk by being a leader in containerized agri-shipments and maintaining direct relationships with international steamship lines. The Arbel Group acquisition provides AGT with a key regional seaport presence with facilities located 8 km from the Port of Mersin, Turkey, a key export and import seaport on the Mediterranean Sea.

AGT enters into sales denominated in US currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGT has entered into certain foreign exchange contracts with maturities of less than one year, to manage risks associated with entering into new sales contracts denominated in US dollars Euro dollars and Turkish Lira. For the Arbel Group, transactions in foreign currency expose AGT to foreign currency risk, arising mainly from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk by matching foreign currency denominated assets and liabilities and matched available funds and business transactional currencies to credit lines ie: in Turkey, AGT borrows in USD for its export business as proceeds are in USD and borrows in Turkish Lira for its domestic sales and lira requirements for its operations of Arbel. Management reviews the foreign currency open position and takes risk management measures if required. At December 31, 2010 AGT had unrealized gains on unsettled US and Australian dollar foreign exchange contracts in the amount of $3.2 million.

Virtually all of AGT's production in Canada, USA and Australia is exported to all geographic regions of the world. The Arbel Group exports approximately 50% of its production and sells the remaining 50% within the Turkish domestic market. AGT minimizes the risks involved with the export of goods to foreign countries by selling with internationally accepted documentary letters of credit, documentary collections and receivables insurance through Export Development Canada. Nonetheless, there is a residual risk that goods may be repudiated by a foreign buyer who may refuse delivery of the product after it has been shipped but before it has been paid for in full. Domestic sales are secured through bank guarantees and other payment securitization methods that safeguard AGT from non-payments or insolvencies of domestic buyers. Risks on non-payment in export or domestic markets could lead to residual costs to AGT affecting its profitability. Risk management programs are in place to minimize these risks of the international marketplace.

In addition, AGT's profitability and its ability to continue paying dividends will depend on AGT's success in generating profits, as discussed under "Liquidity and Capital Resources", above. For a more detailed discussion of AGT's business, please refer to the Fund's Annual Information Form under the Fund's profile on www.sedar.com.

AGT is also subject to various risks in connection with its acquisitions and growth strategy. Through its acquisitions, AGT is exposed to challenges related to the integration of the combined businesses, dependence on key executives, risks related to localized decision making in the corporate structure, control of the combined business, leverage, restrictive covenants and capital requirements, results of operations and financing risks, management of expanding operations, factors affecting the likelihood of AGT realizing the benefits of acquisitions, foreign exchange risk, counterparty risk, commodity exposure, geographic and political exposure, business interruption risk, the need for ongoing working capital funding, risks related to environmental protection requirements, potential undisclosed liabilities and risks for investors related to ownership of Common Shares.

The Company's foreign operations may be subject to the risks normally associated with the conduct of business in certain foreign countries, including uncertain political and economic environments; strong governmental control and regulation; lack of an independent judiciary; war, terrorism and civil disturbances; crime; corruption; changes in laws, regulations or policies of a particular country, including those related to imports, exports, duties and currency; cancellation or renegotiation of contracts; tax increases or other claims by government entities, including retroactive claims; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain or maintain necessary permits; currency fluctuations; high inflation; restrictions on the ability of such companies to hold USD or other foreign currencies in offshore bank accounts; import and export regulations; limitations on the repatriation of earnings; and increased financing costs. The occurrence of one or more of these risks may have a material adverse effect on the Company's financial results, business prospects and financial condition.

General economic and business conditions that impact global debt or equity markets can impact the availability of credit and the cost of credit for the Company. This capital market risk could have a material adverse effect on the Company's financial results, business prospects and financial condition. The Company mitigates this risk by establishing long-term relationships with banks and capital market participants, maintaining the Company's debt at prudent levels and by diversifying the source and maturity dates of its capital.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation. Management continues to review, evaluate and enhance its disclosure controls and procedures and international financial reporting systems and controls for AGT's expanding international operations.

Commitments and Contingencies

AGT enters into production 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.

AGT has in place a letter of credit in favour of the CGC in the amount of $10 million. The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires December 31, 2011.

Liquidity Risk

Liquidity risk results from the requirement of AGT to make cash payments against certain indebtedness over the course of upcoming years. The following are the contractual maturities of financial liabilities, including interest payments:

31-Dec-10	Carrying amount		Contractual cash flows		1 year		2 years		3 – 5 years		More than 5 years	
Bank indebtedness	$	80,335,924	$	80,335,924	$	80,335,924	$	-	$	-	$	-
Short term financing	$	24,925,150	$	24,925,150	$	24,925,150						
Accounts payable	$	68,157,031	$	68,157,031	$	68,157,031	$	-	$	-	$	-
Long-term debt	$	36,056,000	$	41,894,382	$	12,508,518	$	6,051,700	$	21,031,276	$	2,302,888
	$	209,474,105	$	215,312,487	$	185,926,623	$	6,051,700	$	21,031,276	$	2,302,888

31-Dec-09	Carrying amount		Contractual cash flows		1 year		2 years		3 – 5 years		More than 5 years	
Bank indebtedness	$	56,385,128	$	56,385,128	$	56,385,128	$	-	$	-	$	-
Short term financing	$	26,280,000	$	26,280,000	$	26,280,000						
Accounts payable	$	76,396,066	$	76,396,066	$	76,396,066	$	-	$	-	$	-
Long-term debt	$	37,623,938	$	41,774,220	$	6,908,049	$	6,646,420	$	8,465,964	$	19,753,787
Dividends and distributions payable	$	2,308,938	$	2,308,938	$	2,308,938	$	-	$	-	$	-
	$	198,994,070	$	203,144,352	$	168,278,181	$	6,646,420	$	8,465,964	$	19,753,787

Sufficient assets are on hand which, together with future operational cash flows, are sufficient 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. With respect to its debt portfolio, AGT addresses interest rate risk by using various floating rate instruments. The exposure is also managed by aligning current and long term assets with outstanding debt and making use of global credit facilities.

Commodity Price Risk

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

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

Reconciliation of Net Income to EBITDA*
(in thousands of Cdn. $ except as indicated)

	2010	2009
Net Income (loss)	$ 18,401	$ 29,941
Add:		
Income taxes	3,712	10,761
Amortization	8,390	3,602
Interest	5,933	1,999
Gain on disposal of fixed assets	-	-
EBITDA*	36,436	46,303
Foreign exchange (gain) loss	721	(816)
Adjusted EBITDA*	37,157	45,487
Less:		
Interest	5,933	1,999
Amortization	8,390	3,602
Income taxes	3,712	10,761
Adjusted net income*	19,122	29,125
Basic adjusted net income* per share/unit and unit equivalent	1.01	2.73
Diluted adjusted net income* per share/unit and unit equivalent	1.00	2.66
Basic weighted average number of shares/units outstanding	18,866,853	10,686,378
Diluted weighted average number of shares/units outstanding	$ 19,170,895	$ 10,944,658

EBITDA (Earnings Before Interest, Income Taxes, Depreciation and Amortization), Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization and any effects of non-cash foreign exchange adjustment) and Adjusted Net Income* (Income before any effects of non-cash foreign exchange adjustments) are financial measures used by many investors to compare companies on the basis of operating results, asset value and the ability to incur and service debt. Management believes that EBITDA*, Adjusted EBITDA* and Adjusted Net Income* are important measures in evaluating the performance of AGT and in determining whether to invest in AGT. However EBITDA*, Adjusted EBITDA* and Adjusted Net Income* are not recognized earnings measures under GAAP and do not have a standardized meaning prescribed by GAAP. They are not intended to represent cash flow or results of operations in accordance with GAAP. Therefore, EBITDA*, Adjusted EBITDA* and Adjusted Net Income* may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA*, Adjusted EBITDA* and Adjusted Net Income* should not be construed as alternatives to net income or loss determined in accordance with GAAP as an indicator of AGT's performance or to cash flows from operating, investing and financing activities of liquidity and cash flows.