Alliance
GRAIN TRADERS
Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2012

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FOR THE THREE MONTHS ENDED MARCH 31, 2012

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 three months ended March 31, 2012 and March 31, 2011 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2011. The consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Additional information related to AGT, including periodic quarterly and annual reports and the Annual Information Forms ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

This MD&A has been prepared as at May 8, 2012. All references to AGT or the Company include its subsidiaries. All amounts are in Canadian dollars unless otherwise stated.

Caution about forward looking statements

This MD&A contains certain forward-looking statements. Forward-looking statements include, but are not limited to, those with respect to the 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 statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled "Risk Factors" in AGT's most recent AIF, which is available on SEDAR at www.sedar.com and on AGT's website at www.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 at the date of this MD&A. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, Western Canadian, U.S. Northern Plains, Southern Australian crop and Turkish production quality in 2011 and 2012 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, New South Wales and Victoria; agricultural commodity prices; demand for lentils, peas, chickpeas and bean crop products and the market share of these products that will be achieved; general financial conditions for Western Canadian, U.S. Northern Plains, Turkish and Southern Australian agricultural producers; market share of pulse deliveries and sales that will be achieved by AGT; the ability of the railways to ship pulses to port facilities for export without labour or other service disruptions; the ability to maintain existing customer contracts and relationships; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; and currency, exchange and interest rates.

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

Non-IFRS Financial Measures

AGT provides some non-IFRS measures as supplementary information that Management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include EBITDA* (earnings before interest, income taxes, depreciation and amortization, and any effects of non-recurring costs and non-cash foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-recurring costs and non-cash foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). Management believes that these are important measures in evaluating performance and in determining whether to invest in AGT. However, EBITDA*, Adjusted Net Earnings*, Net Debt* and Net Working Capital* are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. In addition, AGT may calculate these measures differently than other companies; therefore, such measures may not be comparable. Investors are cautioned that EBITDA*, Adjusted Net Earnings*, Net Debt* and Net Working Capital* should not be construed as an alternative to net earnings (loss) or cash flows as determined in accordance with IFRS as an indicator of AGT's performance or liquidity. For a reconciliation of net earnings (loss) determined in accordance with IFRS to EBITDA* and Adjusted Net Earnings*, see the table on page 28.

Market Share, Industry Data and Other Statistical Information

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

Highlights of Quarter Ended March 31, 2012

• **Net earnings** were $2.8 million or $0.14 per common share ($0.14 on a diluted basis) for the three months ended March 31, 2012 compared to $7.2 million or $0.36 per common share ($0.36 on a diluted basis) for the three months ended March 31, 2011.

• **EBITDA*** was $6.1 million for the three months ended March 31, 2012 compared to $14.2 million for the three months ended March 31, 2011.

• **Consolidated revenues** were $197.4 million for the three months ended March 31, 2012 compared to $168.1 million for the three months ended March 31, 2011.

• **Capital expenditures** were $7.4 million which included enhancements to buildings and equipment at facilities in the United States, Turkey and Australia.

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

Business Overview

AGT's subsidiaries and facilities in Canada, the U.S., Turkey, Europe, Australia, South Africa and China handle the full range of pulses and specialty crops including lentils, peas, chickpeas, beans and canary seed, flax and other specialty seeds. AGT's durum wheat milling operations in Turkey produce semolina, pasta (under the Arbella brand) and bulgur wheat. AGT is also involved in milling medium grain and long grain rice in Turkey. Other specialty products such as sunflower seeds, popcorn and grass seeds are produced as well.

AGT owns twelve processing plants in Canada, two in the U.S., four in Australia, one in China, nine in Turkey, and one in South Africa. Wholly owned foreign subsidiaries include the Arbel Group in Turkey ("Arbel"); Advance Seed and its subsidiary Pouyoukas Foods ("Advance Seed") in South Africa; United Pulse Trading Inc. ("United Pulse") in Williston and Minot, North Dakota, U.S.A.; Australia Milling Group Pty Ltd. ("Australia Milling Group") in Victoria, South Australia and New South Wales, Australia; A. Poortman (London) Limited in London, U.K. ("Poortmans") with merchandising offices in the Netherlands and Spain; and Alliance Grain Traders (Tianjin) Co. Ltd. ("AGT China") in Tianjin, China.

AGT is among the world's largest value-added processors and splitters of pulse crops and an international exporter of staple food products to over 100 countries. The Company's common shares are currently listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "AGT".

Market Outlook

Global economic conditions have continued to affect global pulse markets with continuing issues surrounding importer credit liquidity and unstable currency as a result of economic volatility and political instability in many regions of the world. While these conditions appear to have been alleviated somewhat late in the Q1 2012 period, AGT management estimates are for a second half 2012 return to more normalized business driven by potential increased import activity to key consumption markets. Global supply, production and carry-in stocks of pulses, specifically lentils, from virtually all production origins would be categorized as ample with good quality. In markets where there is significant production as well as domestic and regional consumption, such as India and the Indian subcontinent and Turkey and Middle East/North Africa, production shortfalls are expected with estimated lower levels of production.

To date, these shortfalls have not resulted in increased imports due to adverse global economic conditions even with consideration to the relatively inelastic demand and a lack of direct substitutes for pulses as a source of non-GMO, vegetable-based protein for a large number of the world's population. This, coupled with the estimated low or depleted local market stocks in virtually all key consumption markets, is expected to trigger buying activity once the true state of Indian and Turkish production is determined in the period of April to June 2012. AGT management does not believe there is any indication that demand for pulses and staple foods has changed, only that purchasing timing and patterns by importers have been altered in the short term due to global economic conditions. Rather than large scale replenishment, which they may have done in past periods, importers appear to be taking smaller positions to fill immediate need because of lack of available credit facilities, local currency fluctuations and price volatility. AGT management continues to estimate that these lower import levels are short-term in nature and will alleviate in time as importer liquidity improves, prices stabilize and stocks are required for market consumption. Estimated production decreases in Canada are potentially being offset by increased production in the U.S., growing production in Australia and the emergence of new origins for production and shipment such as Russia, Ukraine and China. Combined, these conditions are expected to be the catalyst needed to restart the movement of pulses globally and a return to normalized business for AGT.

North America: Canada and the U.S.

Early season crop estimates for Canada and the U.S. indicate increases in production in Canada for most pulses (with the exception of lentils) as well as significant increases in the U.S. as pulse growers in North Dakota, Montana and Minnesota recover from flooding in 2011 which affected their ability to seed as intended. The potential increase in U.S. production, particularly in North Dakota, coupled with high levels of carry-in stocks in Canada and the U.S. as a result of slower export volumes in the late 2011 and early 2012 period, are expected to assist in offsetting production decreases in Canada. However, it should be noted that seeding intentions for lentils by Canadian farmers have been reported as having decreased less than previously expected from 2011 levels.

Seeding intentions, reported by Statistics Canada ("StatsCan") for pulses by Canadian farmers for 2012 are as follows:

- Lentils estimated at 2,460,000 acres for resulting production of 1,442,000 mt (a 6% decrease from 2011) based on yield of 1,292 lbs
- Peas estimated at 3,310,000 acres for resulting production of 2,896,000 mt (a 37% increase from 2011) based on yield of 1,929 lbs
- Chickpeas estimated at 265,000 acres for resulting production of 162,000 mt (a 78% increase from 2011) based on yield of 1,348 lbs
- Beans estimated at 285,000 acres for resulting production of 218,000 mt (a 50% increase from 2011) based on yield of 1,686 lbs

Seeding intentions, reported by the United States Department of Agriculture ("USDA") for pulses by U.S. farmers for 2012 are as follows:

- Lentils estimated at 513,000 acres for resulting production of 268,000 mt (a 25% increase from 2011) based on yield of 1,152 lbs
- Peas estimated at 619,000 acres for resulting production of 485,000 mt (a 90% increase from 2011) based on yield of 1,727 lbs
- Chickpeas (or garbanzo beans as they are known in the U.S.) estimated at 184,000 acres for resulting production of 121,000 mt (a 24% increase from 2011) based on yield of 1,450 lbs
- Beans estimated at 1,486,000 acres for resulting production of 1,148,000 mt (a 43% increase from 2011, with 590,000 mt estimated in North Dakota, Montana, Minnesota and South Dakota for 2012) based on average yield across all varieties of 1,896 lbs

Seeding intentions for pulses at these estimated levels, combined with carry-in stocks from 2011, would be expected to result in overall supply of North American pulses estimated by AGT management as ample and consistent with quality expectations of end use markets.

Export results from StatsCan for the January and February 2012 periods showed a continuation of the downward trend seen through late 2011 with regards to pulse exports. Similar but less significant decreases in U.S. pulses exports were reported by the U.S. Department of Commerce. In a recent report, Agriculture and Agrifood Canada ("AAFC") stated that overall pulses exports are estimated to remain reasonably flat from 2011 levels, with a slight 3% increase driven by increases in pea and bean exports while lentil and chickpea exports are expected to remain flat from 2011 levels. However the full impact of Indian and Turkish production cannot be captured in these estimates as these levels are largely unknown.

Durum wheat production, as estimated by AAFC, is expected to rise in Canada and the U.S. for 2012 by 5% to 4.4 million mt and 8% to 3.8 million mt respectively. Global production is estimated by AAFC to increase by 1.5 million mt to 36.4 million mt, with supply of 43.8 million mt. The average price of durum is estimated by AAFC to decrease due to higher global supply.

Turkey

The upcoming Turkish pulses harvest, which occurs in the June period, is expected by various sources, including the Food and Agriculture Organization of the United Nations ("FAO"), USDA Foreign Agriculture Service ("FAS") and the Turkish government, to produce flat to slightly decreased production levels. Weather conditions have not been favourable for lentils during the current growing season, with wet conditions reported in the Southeastern region of the country. Reports by industry sources have estimated that current lentil production for 2012 may continue the current trend of production, decreasing slightly from 2011 levels. Available reports and statistics from these outlets continue to show the possibility for variability with estimates ranging in a wide band of 250,000 mt to 400,000 mt. This wide range may illustrate that there is underlying risks associated with crop volume in Turkey in lentils. This may lead to increased levels of imports in Turkey to cover crop requirements for local markets and regional exports. Chickpea acres, which are seeded in April and May and harvested in August, are estimated at flat to slightly decreased levels for 2012 over recent average levels, producing an estimated 450,000 mt. Lower production levels for pulses in Turkey are estimated to result in higher import levels to meet high domestic and regional demand in the Middle East/North African region.

Turkish durum wheat production is forecast by the International Grains Council at 3 million mt, consistent with production levels in the past seasons based on slightly lower acres and slight yield increases resulting in average production. With USDA GAIN reports estimating an increase in Turkish pasta production for 2012 at 8% to 800,000 mt and further potential for increases in pasta production projected for the future, maintaining a steady supply of staple durum wheat is important to ensure that these production increases can continue.

Rice production is estimated by USDA GAIN and the Turkish Rice Millers Association to remain at average levels for the near term, which would place production at approximately 800,000 mt for 2012. Imports of rice to meet the high levels of demand in Turkey are also expected to remain consistent with previous periods.

Australia

The 2011 harvest has been the second significant production season in a row for the Australian pulse industry, with record levels of pulse production reported by the Australian Bureau of Agricultural and Resource Economics and Science ("ABARES"). Current production estimates by ABARES post-2011 harvest for Australia are as follows:

- Lupins estimated at 1,210,172 acres for resulting production of 901,000 mt based on yield of 1,642 lbs

- Peas estimated at 601,689 acres for resulting production of 304,000 mt based on yield of 1,113 lbs

- Chickpeas estimated at 699,787 acres for resulting production of 485,000 mt based on yield of 1,527 lbs

- Faba Beans estimated at 373,862 acres for resulting production of 268,000 mt based on yield of 1,580 lbs

- Lentils estimated at 426,989 acres for resulting production of 288,000 mt based on yield of 1,486 lbs

Export data from the Australian Bureau of Statistics estimates significant increases in exports of most Australian pulses on a year-over-year basis for the Oct-Mar period, including a 69% increase in lentil exports to 151,747 mt, a 39% increase in chickpeas to 293,960 mt and a 28% increase in faba beans to 189,818 mt.

India and Subcontinent Markets

As a significant producer and consumer of pulses, India and subcontinent markets, such as Sri Lanka, Bangladesh and Pakistan, are, AGT management believes, important drivers of the global pulse industry. In the periods between rabi (spring harvest of mainly chickpeas, lentils and peas) and kharif (fall harvest of mostly pigeon peas/toor dal, mung beans and black matpe), this region can drive global pulse exports with imported product to fill domestic requirements. For the past number of years, due to decreasing pulses production, increased consumption and variability in monsoon season rainfalls needed for the production season, Indian government policy has supported a ban on the export of most pulses resulting in import requirements to India and the rest of the subcontinent region. In early 2012, the ban on pulse exports was extended for an additional year, indicating to the pulse industry that India may require import products to meet domestic requirements.

In a recent USDA Global Agriculture Information Network ("GAIN") report, the U.S. Agricultural Attaché estimates 2012/13 pulse production to be 5% lower at 17.3 million mt as compared to 2011/12. Pulse imports are forecast in 2011/12 to increase to 3 million mt and remain strong in 2012/13 provided international prices remain stable. Pulse consumption in 2012/13 is estimated in the same report to increase to 19.5 million mt, driven by strong domestic demand, sufficient domestic supplies and expected stronger import levels. As a point of comparison, consumption levels in 2011/12 have been estimated at 18.5 million mt.

Presentations at the recent International Pulse Federation (CICILS/IPTIC) in Dubai in April 2012 showed a consensus view that Indian lentil, chickpea and pigeon pea crops may be diminished as compared to 2011 with potential for further reported decreases once more data is available. This may be further magnified by lesser crop expectations in Myanmar, Pakistan and Bangladesh. Supply disruptions and crop uncertainty in this region may contribute to improved importer perceptions of price stability and may also act as a positive potential catalyst for global demand resumption.

Russia and Ukraine

Pulses production in Russia and Ukraine for 2011 was reported by USDA GAIN as up significantly from previous levels. Production levels for Russia in 2012 are estimated to remain flat to 2011. Data surrounding current seeding intentions for 2012 is estimated by FAO and USDA GAIN reports at a total of 1.485 million hectares (3,669,515 acres) of pulses producing an estimated 2.25 million mt for 2012, compared to 2.45 million mt in 2011. As in 2011, much of the 2012 production is estimated in peas, with 1.1 million hectares (2,710,499 acres) resulting in 1.8 million mt of production, and a reported 21,200 hectares (52,386 acres) of chickpeas resulting in 44,000 mt. A 30% decrease to 9,100 hectares (22,486 acres) of lentils resulting in 6,000 mt of production is reported as well. Overall, however, production in this region has potential to increase in upcoming years. Opportunities including broad beans, beans and lupins could also be realized.

Russia and the Ukraine are emerging as potentially important production regions, especially considering the availability of shipping lanes through the Black Sea and the Bosphorus to processing locations and markets in Turkey. At this time, the necessary processing infrastructure for large scale value-added processing of pulses does not exist in the region. Therefore, the region is currently viewed as a source of raw material for grain origination. To facilitate this, Russian and Ukrainian production regions have been identified and local Turkish staff has been positioned in Russia, Kyrgyzstan and Ukraine to assist in grain buying and origination to facilitate the flow of peas, chickpeas and beans to AGT's Arbel facilities in Turkey.

South Africa

Pulses acres for beans, lupins and other products in South Africa are trending down due to competition with corn and other higher priced cereals as reported by the South Africa Grain Information Service. The Southern African region, with its availability of significant farmland, is viewed by AGT management as a future production growth region in pulses and specialty crops for import substitution, growing and supply programs for local retail markets, capturing potential duty and tax advantages for locally produced products. In the near term, however, the region is a consumer of pulses. AGT's global operations and local distribution infrastructure provide the view of this region as a source of import/re-process/re-export opportunities to cross-sell with locally produced popcorn and other products.

China

China continues to emerge as a significant potential origin for pulses, particularly in the area of beans. Although limited official data on pulses production in China is available, the USDA GAIN reports 2011-2012 production levels as trending upward; however, production is still estimated at approximately 4.2 million mt of pulses production, largely consisting of broad beans, kidney beans, mung beans and adzuki beans. With production at these levels, China is viewed by management as a significant potential export origin to major bean markets such as the U.S., Latin America, Europe, Southern Africa and India for light speckled kidney beans, black beans, navy beans, mung beans and white beans.

Previously reported estimates by USDA GAIN indicate high levels of pea imports for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods, supporting the view by AGT management that planning surrounding new Chinese assets may be a key development in the region. This could provide an entry point for Canadian, U.S. and Australian whole green peas, pea starch, green pea powder and sprouting green peas. Expansion plans for AGT's planned new bean processing plant have been slower than anticipated, as AGT management continues to evaluate options on location, scope and scale of the investment. Plans for construction of a new facility in 2012 are ongoing.

Flax imports to China for the industrial processing sector is also a growing segment for AGT's North American assets, providing another product to utilize excess capacity.

Strategy Implementation

AGT 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) through the balance of 2012. Specifically, offerings include split and value-added lentils, peas and chickpeas and newer offerings of beans, pasta, bulgur wheat, semolina and rice, as well as a planned pulses ingredient business including flour, protein, starch and fibre. Management's opinion is that AGT's diversified operating divisions in virtually every pulse and staple food producing origin with value-added processing infrastructure and origination strength, taking advantage of freight options, provide a position of strength with respect to AGT competitors both regionally and globally. A continuing focus on these products and maximizing sales opportunities for these offerings is a key component to generate consistent earnings and margin growth.

As global economic conditions correct themselves, improving credit liquidity and availability of credit as well as stabilizing local currencies, it is the view of AGT management that more normalized business operations may be achieved, having a positive effect on earnings and margins.

Pulses, as a staple consumption item providing non-GMO, gluten-free, vegetable protein for large numbers of the world's population, is not typically considered a discretionary item, where consumers may choose to purchase another item or substitute one for the other. It is for this reason that demand for pulses is viewed as relatively inelastic. While consumption demand is viewed in this manner, import demand, defined as the quantities purchased and imported to a specific market to fill consumption requirements, may be variable due to the ability of importers to either secure available product or pay for products they have purchased. While agricultural supply and demand fundamentals are relatively immune to short-term macroeconomic events, the uncertainties in the current global economic climate have contributed to significant volatility as non-commercial traders, who have significantly lowered their positions in commodity markets or have continued with programs of limited stock replenishments.

Importers and customers in key consumption markets make purchasing decisions around the periods of changes in global supply, such as seeding or harvest in a particular production origin. The steady demand for pulses and staple foods and lack of obvious substitutions available in virtually all end-use markets sees buyers following a cycle to fill this estimated, relatively inelastic demand with supply of new crops in North America (August/September harvest), as well as forward to Australia/South Africa (December harvest), India (March harvest) and Turkey (June harvest). These translate to typically higher shipment levels in the Q4 and Q1 periods from North American and Australian harvest, a reset of markets in Q2 in advance of Indian and Turkish production, and looking ahead to North American seeding intentions, with levels beginning to ramp up in Q3 again to fill early demand from the start of North American harvest. The impact of these typical patterns may be affected by production increases or shortfalls in any given year. In the long term, AGT management believes flow of exports based on estimated customer demand will continue through traditional shipping periods; however, in the short-term, importers continue to buy as stocks are needed in their local market, resulting in these lower levels which have impacted margins and therefore earnings results.

Access to global working capital and credit facilities is a key advantage for AGT. In March 2012, AGT announced an extension of its senior secured credit facility through its wholly owned subsidiary Alliance Pulse Processors Inc. ("APP") with Bank of Nova Scotia and a syndicate of other banking partners. The credit facility was extended to April 2013 with an additional term-out extension effectively extending the facility to April 2014. AGT has no covenants tied to market capitalization on its debt, with all covenants at the subsidiary level being balance sheet metrics and including current ratio, minimum tangible equity and total debt to tangible equity. AGT management confirms that it is in compliance with all covenants.

A program to decrease working capital requirements is ongoing and will be implemented through a variety of mechanisms such as customer prepayments for contracts, shorter credit term durations, receivable collection management programs and inventory reduction and optimization initiatives. A company-wide effort to reduce the cash cycle is also underway. It is expected that working capital improvements will continue in 2012 as market liquidity eases for AGT's clients and inventory flows return to a more normalized flow.

Capacity utilization improvements are also being undertaken by AGT management, including short-term programs focused on potentially lower margin products such as whole peas, flax and canary seed which are aimed at maintaining utilization in North American facilities in the first half of 2012 period until harvest in the fall. It should be noted, however, that available capacity can be turned towards higher margin and higher value-added products very rapidly should import demand from Indian subcontinent and Turkey/Middle East/North Africa materialize sooner than management expectations. In Turkey, pasta facilities are operating at near peak capacity, driven by the significant demand for Arbella pasta globally. The newest pasta line, installed late in 2011, is expected to be brought into full production in 2012. AGT has substantially completed construction of its new semolina processing plant in Turkey, providing enough semolina for the new line and approximately three new lines that may be added in the future.

Asset rationalization or sale in Canada has been evaluated and there are no plans for asset divestiture as AGT management retains its views that all assets are running cash flow positive and that the temporary nature of the demand disruption globally will be substantially resolved in the second half of 2012. Facility staffing and overheads have been scaled down; however, key staff has all been retained. Cost reduction and capital projects restrictions have been implemented by management to seek to enhance profitability.

With regards to acquisitions, AGT management reports that the evaluation of acquisitions or expansions in key consumption markets and other origins is ongoing; however, no immediate plans are being made. In fact, capital programs in 2012 are being scaled back and some projects and expenditures are being deferred to 2013 and future years as AGT management is focused and committed to ensuring that the business returns to more normalized profitability and margins. The Canadian pasta project announced in 2011 will be deferred in 2012 and is currently planned to begin in 2013 allowing AGT management to monitor developments in the North American grain industry, with the pending de-monopolization of the Canadian Wheat Board, including the proposed sale of Viterra to Glencore and the European free trade negotiations between Canada and the European Union (E.U.).

In the U.S., activities surrounding the commissioning of the acquired facility in Minot, North Dakota continue with a focus on implementation of ingredients (flours, proteins, starches and fibres) derived from pulses for the food ingredient sector, as well as value-added processing of pulses to bolster U.S. processing capacity with AGT's existing Williston, North Dakota facility currently slated for completion in late 2012. This investment will assist AGT in capitalizing on the growing demand for non-GMO and gluten free pulses opportunities. Construction planning of the bean processing plant in China is also ongoing, with the plant also slated for completion in late 2012.

With regard to integration of previous acquisitions, processes are continuing as planned. New additions to AGT's corporate management continue on programs aimed at bolstering administrative, corporate reporting and information technology standardization between all corporate subsidiaries as well as new initiatives around streamlining operations. Improvements planned for 2012 aimed at a number of North American, Turkish and Australian facilities continue with the goal of positioning those facilities for positive contribution to AGT business in future periods, as well as to provide AGT management with better tools and information to manage AGT's global operations.

In Canada, facility operations are underutilized in the short term; however, AGT management is optimistic that capacity utilization rates will increase through the second half of 2012, as Canadian lentil and pulse exports are expected to increase with customer orders. AGT management believes that increased activity is expected in this period as global credit issues are alleviated. Ample stocks are available in Canada for AGT's Canadian origin sales programs, with significant carry-in stocks and a smaller than expected decrease in Canadian lentil acres for 2012.

In Australia, AGT management is optimistic about the growth potential of the existing and new Australian business units with reported production gains over the past growing seasons. Storage expansions in Victoria, Australia are completed. Integration of South Australian assets are ongoing and on track, with these facilities expected to continue to create opportunities to capture pulses into AGT's newly commissioned storage and processing systems. The acquired facility in Narrabri is well-positioned in a key growing area in New South Wales for desi and kabuli chickpeas, faba beans, mung beans and lupins. It is a fully operational facility, with three times weekly container rail service to the Port of Sydney and freight advantages to North Africa and the Indian subcontinent, which are the principal markets for these products. AGT management is pleased with the opportunities that may be provided by its Australian operations. Australia is a key component of AGT's strategy to diversify its revenues and earnings away from its reliance on Canada and Turkey. U.S. and Australian build-outs will position AGT to balance regional crop issues and opportunities and be in a better position to globally benefit from the growing demand for pulses in the Indian subcontinent, North America (food ingredients) and Europe (non-GMO gluten free food ingredients).

In Turkey, pasta facilities are running at near capacity, illustrating the need for added pasta production capacity, partially fulfilled by the semolina line expansion and full commissioning of Arbella's fifth pasta line in 2012. Expansions to semolina milling capacity to provide raw materials for the commissioned fifth pasta production line are expected to be completed in the second quarter of 2012, adding an approximate 50% increase in semolina milling capacity. Capacity utilization in AGT's Turkish pulse processing facilities has been increased, with product originated in Russia, Ukraine and Kyrgyzstan complementing domestic Turkish production as well as product from Canada, the U.S., China and Australia. Import/re-process/re-export activities using free-zone warehousing provide opportunities for AGT's regional business in the Middle East/North Africa region in addition to domestic business in Turkey. The newly commissioned rice mill in Edirne, Turkey is expected to contribute gains to AGT's rice business in Turkey in the upcoming harvest period in the second half of 2012. Turkish assets are expected to provide increased business opportunities in future periods with normalization of regular business operations.

South African integration is ongoing with existing facilities for processing and packaging in Johannesburg as well as packaging and distribution facilities in Cape Town and Durban. Advance Seed also provides seed grains and agronomical consulting services to growers of pulses, grains and popcorn in Southern Africa, which is viewed as providing potential for the advancement of pulses and grains production in the region. Additionally, the branded products and private label business through the Pouyoukas Foods brand is seen as a platform for growth of the AGT retail platform for popcorn, packaged pulses, rice and Arbella pasta in the region.

AGT management continues to reiterate 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 in Canada, U.S., Turkey, Australia, China, India, Eastern Europe and Southern Africa. AGT management identifies the following core competencies and strengths of its business: the strength of the management team, the geographic diversification of AGT's assets, the Company's global reach for sales and distribution to virtually all pulse consumption markets around the globe, a clearly defined and executed risk management program, and adequate access to capital in a capital constrained global market. AGT management is optimistic about the Company's ability to normalize business operations and strengthen shareholder value in the long-term.

Summary of Quarterly Results (1)

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

	3 Months Ended Mar 31, 2012	3 Months Ended Dec 31, 2011	3 Months Ended Sept 30, 2011	3 Months Ended June 30, 2011	3 Months Ended March 31, 2011	3 Months Ended Dec 31, 2010	3 Months Ended Sept 30, 2010	3 Months Ended June 30, 2010
Sales	197,405	231,450	190,556	169,915	168,053	169,003	137,559	149,222
Cost of sales (2)	183,275	212,387	165,001	153,011	146,763	154,769	122,142	136,882
Gross profit	**14,130**	**19,063**	**25,555**	**16,904**	**21,290**	**14,234**	**15,417**	**12,340**
Deduct: General and administrative expenses	(6,738)	(7,911)	(6,709)	(5,400)	(4,612)	(7,053)	(6,228)	(4,971)
Deduct: Marketing, sales and distribution expenses	(4,769)	(9,322)	(5,817)	(5,990)	(4,760)	(3,550)	(6,187)	(4,843)
Add (Deduct): Other expenses	-	16	4	(2)	-	2	-	-
Add (Deduct): Finance income (expense)	317	1,327	(258)	121	(335)	524	(33)	(153)
Add: Amortization in cost of sales	2,401	1,809	1,531	1,625	1,761	905	1,893	1,179
Add: Amortization in general and administrative expense	726	2,447	311	1,920	828	1,649	213	887
Add: Non-recurring costs (3)	80	1,785	409	-	-	667	-	-
EBITDA (*)	**6,147**	**9,214**	**15,026**	**9,178**	**14,172**	**7,378**	**5,075**	**4,439**
Deduct: Interest	(4,448)	(2,907)	(3,549)	(2,328)	(2,193)	(2,432)	(1,139)	(1,283)
Deduct: Depreciation and amortization	(3,127)	(4,255)	(1,842)	(3,545)	(2,589)	(2,554)	(2,106)	(2,066)
Add (Deduct): Provision for income taxes	(1,198)	(1,178)	905	1,252	(2,814)	(1,013)	(1,382)	1,186
Adjusted net earnings (loss) (*)	**(2,626)**	**874**	**10,540**	**4,557**	**6,576**	**1,379**	**448**	**2,276**
Adjusted basic net earnings per share	(0.13)	0.04	0.53	0.23	0.33	0.05	0.02	0.12
Adjusted diluted net earnings per share	(0.13)	0.04	0.53	0.23	0.33	0.05	0.02	0.12
Non-recurring costs (3)	(80)	(1,785)	(409)	-	-	(667)	-	-
Non cash foreign exchange effect	5,473	218	(21,205)	(8,433)	606	(1,017)	5,467	(6,604)
Net earnings (loss) per financial statements	**2,767**	**(693)**	**(11,074)**	**(3,876)**	**7,182**	**(305)**	**5,915**	**(4,328)**
Basic net earnings (loss) per share	0.14	(0.04)	(0.56)	(0.20)	0.36	(0.02)	0.30	(0.23)
Diluted net earnings (loss) per share	0.14	(0.04)	(0.56)	(0.20)	0.36	(0.02)	0.30	(0.23)
Total assets	651,052	689,512	615,556	575,397	566,609	529,404	453,274	445,398
Bank indebtedness	185,782	197,868	129,493	116,397	99,150	80,336	-	-
Short term financing	40,436	42,371	37,093	28,958	9,703	24,925	25,005	26,261
Long-term debt including current portion	77,468	80,765	73,968	66,416	69,654	36,056	21,792	25,162
Shareholders’ equity	273,742	270,965	276,011	290,862	302,604	303,090	319,633	314,779
Dividends declared per share	0.150	0.150	0.150	0.150	0.135	0.135	0.135	0.135
Total tonnes invoiced	275,123	272,196	282,847	227,132	251,267			
Gross profit per metric tonne	51.36	70.03	90.35	74.42	84.73			
EBITDA (*) per metric tonne	22.34	33.85	53.12	40.41	56.40			

Certain Management estimates were employed to facilitate the reclassification of comparative cost of sales and operating expenses related to the allocation of wages and benefits for IFRS comparatives.

Notes:

(1) Calculated from the unaudited interim financial statements for the quarters ended September 30, 2011 and 2010 and June 30, 2011 and 2010 and March 31, 2012 and 2011, and the audited IFRS annual financial statements for the year ended December 31, 2011 and 2010.

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

(3) One-time costs deemed to be non-recurring by Management, relating to acquisitions, financing and other.

Discussion of First Quarter Results

Revenues were $197.4 million for the three months ended March 31, 2012 compared to $168.1 million for the three months ended March 31, 2011 and $231.5 million for the three months ended December 31, 2011. The year over year increase is attributable to additional capacity in Australia and South Africa that resulted from business acquisitions in 2011. In addition, there was a year over year increase in pasta sales. Revenue decreased for the three months ended March 31, 2012 compared to the three months ended December 31, 2011 due to product mix concentration in lower value and lower margin sales.

Gross Profit was $14.1 million or 7.2% for the three months ended March 31, 2012 compared to $21.3 million or 12.7% for the three months ended March 31, 2011 and $19.1 million or 8.2% for the three months ended December 31, 2011. With the addition of trading and distribution businesses in Europe and South Africa and Arbel's recent entry into Russia and Ukraine, approximately 20% of AGT's reported tonnes are sold and not processed within AGT facilities, resulting in a lower margin per tonne. In Canada, sales opportunities in more commodity type businesses such as peas, flax and whole red lentils have resulted in compressed margins. While these margins are lower than traditional sales, they are covering fixed overhead costs, ensuring that AGT profitability does not deteriorate further in the short term. Management is optimistic that margin compression will improve in coming quarters.

Management has continued to develop financial information systems to track costs in foreign operations that are specific to cost of goods sold and as a result are now able to capture those specific costs that were previously aggregated in marketing, sales and distribution and general and administrative costs. As a result of this additional information, expenses in the amount of $4.1 million are being classified in cost of goods sold for the quarter ended March 31, 2012. When reviewing the quarter ended March 31, 2012, the effect of the reclassifications of certain expenses to cost of sales was a decrease in gross profit percentage from 9.2% to 7.2%. The expenses will be classified in this manner going forward.

EBITDA* was $6.1 million for the three months ended March 31, 2012 compared to $14.2 million for the three months ended March 31, 2011 and $9.2 million for the three months ended December 31, 2011. The decrease in EBITDA* when comparing the three months ended March 31, 2012 to the three months ended March 31, 2011 is due to a strain on margins resulting from temporary reduction in global demand for core product offerings associated with normalized margins and a shift to lower margin commodity sales required due to the global economic strain. The decrease in EBITDA* when comparing the three months ended March 31, 2012 to the three months ended December 31, 2011 is due to a shift to lower margin commodity sales as a result of global economic conditions.

General and administrative expenses decreased from $7.9 million for the three months ended December 31, 2011 to $6.7 million for the three months ended March 31, 2012 and compared to $4.6 million for the three months ended March 31, 2011. The decrease when comparing the three months ended March 31, 2012 to the three months ended December 31, 2011 is due to lower depreciation on certain property, plant and equipment. In addition, certain non-recurring costs were recorded in the quarter ended December 31, 2011. When considering the totality of these effects, general and administrative expenses are relatively consistent. The increase when comparing the three months ended March 31, 2012 to the three months ended March 31, 2011 reflects the larger scale of operations due to additional capacity and new operations that were brought on line with the acquisition of New South Wales in Australia and Advance Seed in South Africa. Management continues in its efforts to identify cost savings and efficiencies in operations globally.

Marketing, sales and distribution expenses were $4.8 million for the three months ended March 31, 2012, a decrease from $9.3 million for the three months ended December 31, 2011 and consistent with the three months ended March 31, 2011. Management has continued to identify costs that are specific to cost of goods sold and as a result is now able to capture specific costs that were not tracked separately in the past. As a result of this additional information, expenses in the amount of $4.1 million are being classified in cost of goods sold for the quarter ended March 31, 2012. The expenses will be classified in this manner going forward. The decrease when comparing the three months ended March 31, 2012 to the three months ended December 31, 2011 is a result of the additional expense detail now being recorded in cost of sales, as well as a reduction of advertising and non-recurring costs that were recognized in the quarter ended December 31, 2011. The expense was consistent with March 31, 2011.

Interest expenses for the quarter ended March 31, 2012 were $4.4 million compared to $2.9 million for the quarter ended December 31, 2011 and compared to $2.2 million for the quarter ended March 31, 2011. Interest expense increased when comparing the quarter ended March 31, 2012 to the quarter ended March 31, 2011 due to increased credit utilization. Interest expense increased when comparing the quarter ended March 31, 2012 to the quarter ended December 31, 2011 as interest rates in foreign operations have increased as a result of global credit liquidity in AGT's local credit facilities. In addition, the interest reported for the quarter ended December 31, 2011 was reduced as increased capital expenditures resulted in higher amounts of interest capitalized. Management efforts are ongoing to centralize credit facilities into Canada to allow AGT to reduce its global cost of capital to minimize future interest expenditures.

Provision for income tax shows an expense of $1.2 million for the quarter ended March 31, 2012 consistent with the expense of $1.2 million for the quarter ended December 31, 2011 and a decrease from the expense of $2.8 million for the quarter ended March 31, 2011. The decrease in income tax expense from the three months ended March 31, 2011 is a result of lower income. The income tax expense is calculated for each subsidiary at the individual rate for that country and therefore can fluctuate depending on the earnings reported for each tax jurisdiction.

Depreciation expenses for the quarter ended March 31, 2012 were $3.1 million compared to $4.3 million for the quarter ended December 31, 2011 and compared to $2.6 million for the quarter ended March 31, 2011. The higher depreciation amount for the quarter ended December 31, 2011 is attributable to the adjustment of management estimates of useful life and finalization of componentization. Certain classes of assets were re-evaluated, resulting in the adjustments and the adjustments were all recorded in the reporting period. The depreciation increase from the three months ended March 31, 2011 is due to an increase in property, plant and equipment from capital expansions and acquisitions.

Unrealized foreign exchange was a recovery for the quarter ended March 31, 2012 of $5.5 million compared to a recovery of $0.2 million for the quarter ended December 31, 2011 and compared to a recovery of $0.6 million for the quarter ended March 31, 2011. The change in unrealized foreign exchange from the quarters ended March 31, 2011 and December 31, 2011 to the quarter ended March 31, 2012 is primarily due to gains on certain foreign denominated loans, receivables and derivative contracts, as well as a slight strengthening in the Turkish lira against the Canadian and U.S. dollars.

Net debt* is comprised of bank indebtedness, short term financing and long term debt, less cash and cash equivalents and totalled $268.1 million at March 31, 2012 compared to $264.8 million at December 31, 2011. The increase in net debt of $3.3 million is a result of cash used for purchases of property, plant and equipment during the quarter and high seasonal utilization of credit facilities related to producer payments for pulses and grain receipts in the last half of 2011, which were deferred for settlement until January 2012.

Current assets were $372.4 million at March 31, 2012 compared to $419.2 million at December 31, 2011 (see table on page 21). The current asset base is largely accounts receivable and inventory. It is important to note that the receivables are largely insured by Export Development Canada, significantly reducing the risks associated with this current asset class as buyer risk is being replaced by Government of Canada risk through the export insurance. Inventory levels reflect the diversification efforts of the Company to carry a full range of products processed in AGT factories for its global distribution clients.

Accounts receivable decreased from $171.5 million at December 31, 2011 to $163.8 million at March 31, 2012 due to lower value sales and continued focus on collection policies.

Inventory levels decreased from $183.3 million at December 31, 2011 to $163.0 million at March 31, 2012. During the quarter, AGT recognized sales for a significant portion of inventory that was held at distribution locations at December 31, 2011.

Working capital management will be a focus of AGT management in two main areas: inventory and accounts receivable management. Inventory levels are the result of acquired assets and businesses and diversified product offerings to better serve its global clients. AGT management continues to examine levels of stock at each of its foreign operations to achieve an optimization of inventory levels. Inventory management practices include book to physical inventory reconciliations monthly to ensure accurate recording of inventory values. While the absolute number of inventory reported is large in scale, it must be noted that a portion of this inventory is already pre-sold and remains as inventory until substantial risks transfer from seller to buyer under AGT's revenue recognition policy. There are also a significant number of product offerings that diversify the inventory exposure of AGT across its foreign operations.

Additionally, virtually all AGT sales are insured through Export Development Canada ("EDC"), providing coverage on receivables due to customer default on payment. A key distinction is that ownership of the original documents for the cargo in transit remains, in most cases, with AGT due to the terms of sale. If a customer defaults on the contract, AGT is free to resell the cargo to another customer or divert the cargo to another market if that is deemed as the best option. With extensive market reach and facilities or warehouses in key consumption markets, AGT has numerous options available in these extreme situations to minimize or mitigate risk and exposure in these areas. In extreme cases, a claim can be made to EDC to cover up to 90% of the receivable in question. AGT management does, however, endeavor to find solutions to these types of issues in the manner that most benefits AGT in the long term.

Working capital, or short-term debt, is typically used by AGT to finance its export program and customer orders due to the long transit times. AGT typically does not receive final payment for goods until shipments reach port at the destination market which can be as high as 45 to 60 days; however, AGT retains control of the cargo through control of the export documents, including the bill of lading which is the international title to the goods. While customer purchases are typically backed by irrevocable letters of credit (LC) or cash against document (CAD) terms, costs associated with the goods, such as processing costs, payments to the farmer from whom raw materials were purchased and freight costs, must be paid prior to receiving payment for sale. Management will continue to focus on reduction of receivable days outstanding, inventory dwell in facilities and overall cash cycle to collection.

Dividends - AGT paid a dividend in April 2012 of $2.96 million ($0.15 per share) in the aggregate to its shareholders of record as at April 5, 2012.

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

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

Balance sheet accounts of subsidiaries are valued at March 31, 2012 and December 31, 2011 foreign exchange rates as follows:

	Mar 31, 2012	Dec 31, 2011
USD/CDN	0.99750	1.02133
AUD/CDN	1.03580	1.03867
TL/CDN	0.56030	0.54089
GBP/CDN	1.58340	1.58206
EUR/CDN	1.33110	1.32150
ZAR/CDN	0.13040	0.12606
RMB/CDN	0.15860	0.16197

For each subsidiary, any difference between the March 31, 2012 exchange rate and the average exchange rate used to record revenues and expenses is recorded as other comprehensive income (loss) on AGT's Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity.

Liquidity and Capital Resources

AGT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations, 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 Fourth Quarter Results - Dividends" above and "Outlook" for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

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

At March 31, 2012, AGT had total operating lines and other facilities available of $272.9 million (December 31, 2011 - $280.2 million), a portion of which is secured by a general security agreement. Interest rates on CDN and USD operating credits range from 3% to 8% with varying maturity dates. Since some facilities are denominated in local currency, the available amount in CDN dollar terms will vary.

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 from time to time to mitigate a portion of its floating interest rate risk in its operating credit facilities. As a result of the low interest rates prevailing in Canada in recent years, Management has decided to leave its Canadian credit facilities largely at floating interest rates. Turkish Lira denominated borrowings are basis Turkish Central Bank rate and prevailing market premiums at the time of utilization. At March 31, 2012, AGT is in compliance with its financial covenants under all credit agreements.

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

Capital Management

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

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

	Mar 31, 2012	Dec 31, 2011	Sept 30, 2011
Long term debt and finance leases	$ 72,997,002	$ 74,561,817	$ 66,203,205
Bank indebtedness and current portion of long term debt and finance leases	190,252,661	204,071,336	137,258,052
Short term financing	40,435,869	42,370,877	37,092,680
Cash and cash equivalents	(35,626,096)	(56,220,307)	(17,288,295)
Net debt*	**268,059,436**	**264,783,723**	**223,265,642**
Shareholders' equity	273,741,995	270,965,391	276,011,686
Capital	**541,801,431**	**535,749,114**	**499,277,328**

Selected asset and liability information

	Mar 31, 2012	Dec 31, 2011	Sept 30, 2011
Cash and cash equivalents	$35,626,096	$56,220,307	$ 17,288,295
Accounts receivable	163,755,151	171,522,366	156,938,050
Inventory	163,005,058	183,309,771	175,968,043
Bank indebtedness and current portion of long term debt and finance leases	190,252,661	204,071,336	137,258,052
Accounts payable, accrued liabilities and short term financing	97,540,494	124,682,906	121,673,706
Long-term debt and finance leases	72,997,002	74,561,817	66,203,205
Total current assets	372,367,295	419,193,075	361,027,210
Total current liabilities	290,757,543	331,820,115	262,250,114
Net working capital*	81,609,752	87,372,960	98,777,096

Cash Flow Information – Non Cash Working Capital:

The change in non-cash working capital for the quarter ended March 31, 2012 was an increase of $5.6 million compared to a reduction of $55.3 million for the quarter ended March 31, 2011. This is primarily due to decreased inventory during the first quarter of 2012 compared to the same period in 2011. Further discussion is included below.

Inventory:

Inventory at March 31, 2012 was $163.0 million compared to $183.3 million at December 31, 2011. This reduction is primarily due to inventory of $12.0 million at distribution points in Turkey being shipped as well as a $5.7 million decrease in Canada. In addition, inventory in Australia decreased by $1.0 million. Inventory in other locations decreased by $1.6 million.

Accounts Receivable:

Accounts receivable at March 31, 2012 was $163.8 million compared to $171.5 million at December 31, 2011. Canadian accounts receivable decreased $13.2 million from December 2011 due to lower sales volume and continued focus on accounts receivable collection cycle. This is partially offset by an increase in sales volumes which resulted in an increase in accounts receivable from Turkish operations of $7.7 million. Accounts receivable for other subsidiaries decreased overall by $2.2 million.

Accounts Payable:

Accounts payable decreased from $82.3 million at December 31, 2011 to $57.1 million at March 31, 2012. This is largely due to producer deferred cheques from 2011 being cashed during the first quarter of 2012.

Leases:

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

Transactions with other related parties:

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. As noted below, one of these entities transacted with AGT in the reporting period. The terms and conditions of the transactions were on an arm's length basis. The transactions were conducted in the normal course of business and were accounted for at the exchange amount.

Transactions with corporations whose directors are also AGT directors

	Mar 31, 2012	Mar 31, 2011
Revenues	$ 59,045	$ 207,747
Purchases	1,240,251	847,544

	Mar 31, 2012	Dec 31, 2011
Accounts receivable	$ 474,084	$ 772,645
Accounts payable	1,015,139	420,875

The Arslan family, who own approximately 27.5% of the outstanding shares of AGT, also own a chain of gas stations and convenience stores. Arbella pasta and pulses are sold at some of these locations. AGT also contracted labour and construction support for ongoing construction projects. The amounts in the above table are largely attributable to these transactions.

Critical Accounting Estimates:

Note 3 to AGT's consolidated financial statements for the year ended December 31, 2011 describes AGT's significant accounting policies.

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

Valuation of Inventory:

Inventories consist of direct costs related to the purchase such as cost of grain, direct materials, direct labour, operational overhead expenses, depreciation and freight costs. Inventory on hand is valued at the lower of cost and net realizable value which is generally considered to be the selling price of the finished product in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale. Cost of sales is based upon incurred costs. The estimate relates to the net realizable value of the inventory based upon product quality and market factors.

Income Taxes:

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. In calculating income taxes, consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, valuation allowances, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences income and losses for financial reporting purposes and income and losses determined under the applicable tax laws. The tax effect of these temporary differences is recorded as a deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of judgement and estimates. If these judgements and estimates prove to be inaccurate, future earnings may be materially impacted.

Estimate of Useful Life and Impairment Property, Plant and Equipment:

Property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, interest and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after January 1, 2010. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in net earnings on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that AGT will obtain ownership by the end of the lease term.

Valuation of Intangible Assets and Goodwill:

The intangible assets of AGT are recorded at their estimated fair values at their acquisition date and amortized over their estimated useful life. Indefinite life intangible assets and goodwill are subject to impairment tests under IFRS, at a minimum, annually or more frequently if events or circumstances indicate a potential impairment. If the carrying value of such assets exceeds the greater of value in use or fair value, the assets are written down to fair value. The treatment of intangible assets such as trademarks, brands and licenses is subject to separate impairment testing from the values contained in goodwill. No impairment was required as at March 31, 2012.

Financial Instruments:

AGT, as part of its operations, carries a number of financial instruments that include cash and cash equivalents, bank indebtedness, short term financing, accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, and long-term debt and finance leases. The fair value of cash and cash equivalents, bank indebtedness, short term financing, accounts receivable, accounts payable and accrued liabilities, and dividends payable approximate their carrying value given their short-term maturities. The fair value of long-term debt and finance leases are not materially different than their carrying value. Available for sale assets are measured at fair value with changes therein recognized directly in other comprehensive income (loss).

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 U.S. currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGT has entered into certain foreign exchange contracts with maturities of less than one year to manage risks associated with entering into new sales contracts denominated in U.S. dollars and Euros. For Arbel, transactions in foreign currencies expose AGT to foreign currency risk, arising mainly from the fluctuation of foreign currency used in the conversion of foreign denominated assets and liabilities into Turkish lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. Management reviews the foreign currency open position and takes risk management measures if required.

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.

Disclosure Controls and Procedures:

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

National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), requires CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer. The Company's CEO and the CFO evaluated AGT's Disclosure Controls as at March 31, 2012 and concluded that the design of AGT's Disclosure Controls were effective.

Internal Controls Over Financial Reporting:

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

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

As at March 31, 2012, Management, including the CEO and CFO, evaluated the design of AGT's ICFR. Based on the evaluation, the CEO and the CFO concluded that the design of AGT's ICFR was effective as at March 31, 2012.

There have been no other changes in AGT's ICFR that occurred during the period that have materially affected or are reasonably likely to materially affect AGT's ICFR.

New Standards and Interpretations:

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

Proposed standards	Description	Previous Standard	Effective Date
IFRS 10 - Consolidated Financial Statements	Builds on the existing principles of control and elaborates on the definition of control when determining whether an entity should be consolidated or not.	SIC-12 -Consolidation - Special Purpose Entities IAS 27 -Consolidated and Separate Financial Statements	January 1, 2013
IFRS 11 - Joint Arrangements	Focuses on the rights and obligations of an arrangement rather than its legal form and requires a single method to account for interests in jointly controlled entities.	IAS 31 - Interests in Joint Ventures SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers	January 1, 2013
IFRS 12 - Disclosure of Interest in Other Entities	A new standard detailing disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-statement of financial position vehicles.	Various - no direct replacement	January 1, 2013
IFRS 13 - Fair Value Measurement	Sets out a single framework for measuring fair value and disclosure requirements surrounding the inputs and assumptions used in determining fair value.	Various - no direct replacement	January 1, 2013
IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosures	Issued in December 2011. Clarifies the presentation and disclosure requirements related to the offsetting of financial assets and liabilities.	IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosures	IFRS 7- January 1, 2013 IAS 32- January 1, 2014
IFRS 9 - Financial Instruments	Initially issued in November 2009 to address the classification and measurement of financial assets. Additional guidance issued in October 2010 on the classification and measurement of financial liabilities.	IAS 39 - Financial Instruments: Recognition and Measurement	January 1, 2015

Management continues to assess the potential impact of standards and amendments effective in future years on both quantitative and qualitative disclosure.

Outstanding Share Data:

As at the date hereof, there are issued and outstanding 19,808,852 Common Shares.

Risks and Uncertainties:

Information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com. To Management's knowledge, no significant changes to these risks and uncertainties have occurred in the quarter ended March 31, 2012.

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 Canadian Grain Commission 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, 2012.

In the normal course of operations AGT may become involved in various legal matters, both claims by and against AGT. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Based on the information provided by legal counsel, there does not appear to be significant litigation risk for AGT at March 31, 2012.

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, working capital and operating cash flows. Prices for AGT's products are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, geographical events and weather.

AGT's sales contracting strategy focuses on reducing the volatility in future earnings and cash flow while providing 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 Earnings, Adjusted Net Earnings* and EBITDA*
(In thousands of CDN $)

	For the Three Months Ended Mar 31, 2012	For the Three Months Ended Mar 31, 2011
Net earnings	$ 2,767	$ 7,182
Add:		
Income tax expense	1,198	2,814
Depreciation and amortization	3,127	2,589
Interest	4,448	2,193
Unrealized foreign exchange	(5,473)	(606)
Non-recurring expenses (1)	80	0
EBITDA*	6,147	14,172
Less:		
Interest	4,448	2,193
Depreciation and amortization	3,127	2,589
Income tax expense	1,198	2,814
Adjusted net earnings (loss)*	(2,626)	6,576
Basic adjusted net earnings* per share	(0.13)	0.33
Diluted adjusted net earnings* per share	(0.13)	0.33
Basic weighted average number of shares outstanding	19,743,077	19,706,078
Diluted weighted average number of shares outstanding	19,923,059	19,999,109

(1) One time costs deemed to be non-recurring by Management, relating to acquisitions, financing and other.

Reconciliation of Net Working Capital* and Net Debt*
(In CDN $)

	For the Three Months Ended Mar 31, 2012	For the Year Ended Dec 31, 2011
Current assets	$ 372,367,295	$ 419,193,075
Current liabilities	290,757,543	331,820,115
Net working capital*	$ 81,609,752	$ 87,372,960
Long term debt and finance leases	$ 72,997,002	$ 74,561,817
Bank indebtedness and current portion of long term debt and finance leases	190,252,661	204,071,336
Short term financing	40,435,869	42,370,877
Cash and cash equivalents	(35,626,096)	(56,220,307)
Net debt*	$ 268,059,436	$ 264,783,723

AGT provides some non-IFRS measures as supplementary information that Management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include EBITDA (earnings before interest, income taxes, depreciation and amortization, and any effects of non-recurring costs and non-cash foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-recurring costs and non-cash foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). Management believes that these are important measures in evaluating performance and in determining whether to invest in AGT. However, EBITDA*, Adjusted Net Earnings*, Net Debt* and Net Working Capital* are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. In addition, AGT may calculate these measures differently than other companies; therefore, such measures may not be comparable. Investors are cautioned that EBITDA*, Adjusted Net Earnings*, Net Debt* and Net Working Capital* should not be construed as an alternative to net earnings (loss) or cash flows as determined in accordance with IFRS as an indicator of AGT's performance or liquidity.