Alliance GRAIN TRADERS Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011

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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 and nine months ended September 30, 2012 and September 30, 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 Form ("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 November 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, restructuring costs and any effects of non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-recurring and other costs, restructuring costs and foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). 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 30.

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 Three and Nine Months Ending September 30, 2012

• **Adjusted net earnings*** were $4.0 million or $0.20 per common share ($0.20 on a diluted basis) for the three months ended September 30, 2012, compared to adjusted net earnings of $0.44 million or $0.02 per common share ($0.02 on a diluted basis) for the three months ended June 30, 2012.

• **EBITDA*** was $11.5 million for the three months ended September 30, 2012 compared to $9.3 million for the three months ended June 30, 2012.

• **Consolidated revenues and other income** were $210.0 million for the three months ended September 30, 2012 compared to $202.3 million for the three months ended June 30, 2012.

• **Reduction of net debt** of $4.8 million from June 30, 2012 to September 30, 2012 and $32.7 million from December 31, 2011 to September 30, 2012.

• **Reduction of interest bearing debt** of $56.2 million or 17.5% at September 30, 2012 when comparing to December 31, 2011.

• **Improvement of $140.2 million in cash flow from operating activities ("CFFO")** when comparing CFFO of $61.8 million for the nine months ended September 30, 2012 to CFFO of ($78.4) million for the nine months ended September 30, 2011.

• **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, Russia and China handle the full range of pulses and specialty crops including lentils, peas, chickpeas, beans and canary seed, flax and other specialty seeds. In North America, AGT produces pulses proteins, fibres, starches and flours for food ingredient and industrial uses. 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 in other origins 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"); 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; Advance Seed Pty Ltd. and its subsidiary Pouyoukas Foods ("Advance Seed") in South Africa; A. Poortman (London) Limited in London, U.K. ("Poortmans") with merchandising offices in the Netherlands and Spain; and Alliance Grain Traders (Tianjin) Co. Ltd. ("AGT China") in Tianjin, China. AGT also operates an origination office located in Rostov on Don, Russia ("AGT Rostov").

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 – Summary

Key indicators of market normalization needed for pulses markets around the globe to continue their recovery appear to be more visible during the third quarter period, supporting the view held by AGT management of gradual recovery of margins and utilization in the 2013 period. Strengthening and stability of local currencies, easing of credit liquidity constraints and lower consumption market supplies of inventories are expected to drive import volumes. Local production in 2012 in consumption regions such as India, Syria and Turkey are expected to result in lower available local production supplies and may act as a catalyst for the forecasted 2013 recovery. With the third quarter completed and appearing to support AGT management view of improved export flows for the remainder of 2012 and 2013, the winter consumption shipping periods during the final quarter of 2012 and early 2013 are expected to continue this trend. However, while export volumes appear to be normalizing, pricing pressure and general lower prices on pulses in end use markets have not led to margin recovery to the extent that AGT management had believed would be seen in the period. However, AGT management remains optimistic that export volumes and margin recovery will continue to be seen in the remainder of 2012 and into the 2013 period.

With significant production levels of pulses in North America, and high levels of carry-in stocks resulting from lower pulses export volumes from the 2011 harvest, supply from Canada, the U.S. and Australia was well-positioned to fill demand expected earlier than the traditional shipping periods. As has been indicated by AGT management in past periods, estimated low or depleted local market stocks have not been filled as traditionally has been the case. Local importers have been buying “hand-to-mouth”, filling only minimum import volumes keeping imported and local inventory of pulses products at historically low levels, in AGT management’s expectation. This reduced buying activity has been the result of credit liquidity constraints and currency fluctuations caused in part by global economic concerns and the Eurozone debt crisis. With lower-than-average Indian and Turkish production levels in the spring 2012 period, it is expected that these stock levels may be unable to fill local market demand in 2012 and 2013 prior to the new harvest in India in April 2013 and Turkish harvest in June 2013. The improving economic conditions appear to have provided positive conditions for importers to continue buying activities in more predictable flows of shipments to fill traditional consumption of pulses in colder weather months in the Middle East, North Africa and Indian subcontinent. Ramadan festival finishing in August and the Eid religious festival finishing in October have been demand events that will assist local importers in further liquidating local supplies of pulses, which may lead to a replenishment of supplies in first half 2013 prior to the new North American crop supplies.

In the case of India, the reported late monsoon rains needed to provide moisture for the kharif (fall) harvest and later for 2013 rabi (spring) have improved in the quarter from approximately 20% deficient in July to only 7% deficient in September (Indian Ministry of Agriculture and Indian Meteorological Department). However, these deficient moisture levels have still resulted in reports of significant decreases in agricultural planting and may still have substantive yield and production effects, resulting in decreasing stocks of needed pulses food stocks and potential for rising food inflation. Indian Government estimates of pulses production for the kharif season, which have been lowered by approximately 1 million mt, have contributed to the concerns surrounding food stocks to the region. As a result, in part, imports of Canadian pulses to the Indian subcontinent in the third quarter period were reported by Statistics Canada (“StatsCan”) as increased in July and August. Presently, at the date of publishing of AGT’s third quarter results, September export figures for Canada were not available. Further reports of pest problems and crop damages from worms and insects were reported in some Indian press articles in late October further adding to speculation that the pigeon pea (tur) crop will be less than forecast in the October-November harvest. AGT management continues in its belief that Indian production will be affected in 2012 and 2013, assisting as one factor to boost import prospects for India and regional markets for a full range of AGT pulses.

Turkish production was estimated by United States Department of Agriculture (“USDA”) Global Agricultural Information Network (“GAIN”) as flat from previous years at approximately 400,000 mt. While imports to the Middle East/North Africa region from Canada are reported by StatsCan to have decreased in the July/August 2012 period, this is not a traditional buying period for this market, as local production is available in this period. In past years with larger shortfalls in domestic production, some buying activities may have been reported in this period, but presently domestic production, supplemented by earlier buying and restocking activities, has resulted in local supply consistent with AGT management estimates of adequate supply to fill regional demand in the short term until traditional buying activities resume. This region typically imports in November to April periods seasonally.

North American production, with its good quality and quantity and high carry-in stocks, has allowed exports in the periods before products from new crop harvest in Canada are available. It is expected by AGT management that positive supply conditions reported in countries of operation by AGT will continue. Additionally, consumption demand, driven by population growth in key consumption markets such as the Indian subcontinent and the Middle East/North Africa region, is expected to continue to provide import demand for pulses and staple foods products to these markets. AGT management further expects new opportunities for growth in non-traditional markets such as North America and Europe as a result of ingredient sales opportunities for pulses (including proteins, fibres, starches, and flours providing ingredient uses) as well as demand for non-GMO, gluten-free and nutritious foods.

As has been previously reported by AGT management, earlier slowdown in normal business and sales flows was largely a result of credit liquidity constraints, currency instability and economic crisis in Eurozone banking and economic markets. These issues were not significantly affected in recent periods by supply constraints or issues, as ample supplies of normal quantity and quality of pulse crops were produced in North America and Australia. The convergence of improved global economy and ample supply of pulses with the forecasted need for wide-scale replacement of estimated low or depleted local market stocks are perceived by AGT management as providing the basis for renewed optimism in stronger end 2012 and early 2013 performance of AGT.

While shipment volumes have been reported as slightly lower than previous periods, product mix shifts have led to a small margin improvement in the current period. Even with the improved availability of credit and more stable macroeconomic conditions, importers are still cautious about large-scale replenishments that are needed for estimated low or depleted local market stocks. Importers are proceeding cautiously with available credit to avoid issues similar to those they have experienced in past periods when they did not have the funds required to order and pay for stocks needed for their own import programs. This overall cautious buying activity is manifesting in part as lower prices for lentils and pulses overall, resulting in the slower recovery to export margins even as volumes recover. AGT management is optimistic that as importers become more confident in economic conditions and stable pricing, larger-scale stock replenishments may result in higher pricing for products, which may result in opportunities for higher margins in traditional shipping periods.

Reports of lower acreage for Canada in lentils in 2013 have been published by economic prognosticators including StatPub. AGT management believes that these reports are early speculation and that acreage decisions of North American producers will be decided by the relative price performance and cropping and rotational considerations of producers in the seeding intentions finalization periods in March and April of 2013. However, management is forecasting acreage in all major production regions to decline in lentils in 2013 as lentils and pulses have lagged pricing increases of cereals and oilseeds. This acreage and supply contraction scenario, if it plays out in 2013, is seen by management as positive as with significant carry-in stocks in Canada and Australia in 2013, forecast by analyzing normal export forecasts and available supplies leaves the supply and disposition position of lentils as adequate supply to fulfill export shipments. A supply contraction is seen as positive for margin recovery.

For detailed discussion of crop conditions and production estimates for significant markets and geographies AGT operates in, please refer to the appendix at the end of the management's discussion and analysis.

Strategy Implementation

As the pulses and staple foods sector returns to more predictable seasonal business flows expected in 2013, AGT management continues to be optimistic about its ability to develop sales opportunities in its three core platforms for growth: (1) pulses and grains processing (2) packaged foods and food ingredients, including AGT's pasta and durum wheat milling and (3) trading and distribution. Specifically this includes an increased focus on AGT's core offerings such as split and value-added lentils, peas and chickpeas and continued expansions of sales programs in AGT's newer offerings of beans, pasta, bulgur wheat, semolina and rice, as well as growth of the planned pulses ingredient platform including proteins, fibres, starches and flours derived from pulses. AGT 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. This global footprint of assets and AGT's access to significant working capital financing will magnify a competitive advantage for AGT in the coming periods. A continuing focus on these products and maximizing sales opportunities for these offerings is a key component to generate consistent earnings and margin growth.

The addition of new pulse ingredient processing infrastructure, focused on proteins, fibres, starches and flours, may have the effect in future periods of dramatically transforming AGT from a processor and shipper of agricultural commodities and agri-food products such as whole and value-added pulses, to a supplier of ingredients critical to food companies producing branded products for retail and foodservice sale to consumers around the globe. These ingredients, which can provide nutritional benefits, cost savings and product advantages to food companies may additionally provide AGT with added margin opportunities as these business lines are less susceptible to some of the issues and volatility currently being experienced in emerging markets which are typically traditional whole pulse and staple food consumption markets. These potential opportunities are leading AGT management to focus resources and expertise on this business unit, including the investment on pulses ingredient production in Minot, North Dakota expected to begin production in first quarter of 2013 and the commissioning of a Food Ingredient Research, Development and Innovation facility in Saskatoon, Saskatchewan.

The new Minot pulse ingredient facility is complemented by AGT's new Food Ingredient Research, Development and Innovation laboratory facility with work ongoing into the development of new products as well as new uses for pulses-based ingredients for supply to food companies, pet food manufacturers, aquaculture and industrial uses of fibres and starches around the globe. The laboratory facilities are also expected to assist AGT in strategic quality analysis of pulses and staple food products targeted at specific markets, which may assist AGT in capitalizing on the growing demand for non-GMO and gluten-free pulses and ingredients opportunities as well as engage in collaborative research and development programs with leading international companies. Finally, on pulses ingredients, construction planning of the bean processing and pulses ingredient processing plant in China is also ongoing, with the plant slated for completion in late 2013, allowing AGT to have another production point for this new market initiative. The China program is largely funded from previous allocations of capital.

Global economic indicators continue to show improving credit liquidity and availability of credit as well as stabilizing local currencies and prices in core consumption markets. These improving economic conditions are illustrated by the increase in ability of AGT customers to open letters of credit and clear documentary collections on-time for shipments in the current period and are further supporting improvements from the periods in late 2011 and first half of 2012. Banks, which have been experiencing their own liquidity issues, have re-opened credit facilities for many of AGT's strong importers, allowing for more reliable flows of orders to be shipped from AGT's plants around the globe.

In previous quarters where credit liquidity was more constrained, this was an ongoing issue closely monitored by AGT management; however, the same review and monitoring processes are now highlighting increased fluidity of order flows and payment of goods sold. These conditions are viewed by AGT management as necessary for more normalized business operations to be achieved, which in turn are forecast to have a positive effect on earnings and margins.

Pulses, as a staple consumption item providing non-GMO, gluten-free, low allergen vegetable protein for large numbers of the world's population, are not typically considered a discretionary item, where consumers may choose to purchase another item or substitute one for the other. Pulses generally have no obvious substitution and demand for them is viewed as relatively inelastic. In past periods, importers had delayed purchasing decisions, buying only the minimum needed to supplement local production and maintain local market stocks due to lack of access to credit and capital. AGT management expects increases in replenishment programs by importers in the near term as improving economic conditions provide a catalyst to normalization of business.

India and Turkey, as significant producers and consumers of pulses and staple foods, continue to be a driver for the sector as is illustrated by StatsCan export statistics post pulse harvest in both origins. This is particularly evident in India, where government messaging to curb food inflation as a result of shortfalls in production after the deficient monsoon rains, imports of pulses and staple foods in non-traditional periods and the recent decision of the Indian Government to resume import activities and subsidized pulses distribution through the state agencies of STC, MMTC and NAFED are viewed by AGT management as key indicators that supply constraints may be confirmed in 2013, acting as a catalyst to restart regular pulse sector trade flows.

Management strategies for the coming quarters will focus on the continuation of activities related to the normalization of AGT's business and improving the profitability of its global operations by:

Continue to focus on efficiencies and costs: A critical part of earnings improvements is AGT management's focus on cost-containment and reduction initiatives. AGT management has driven cost accountability down to the geographic cost centre level with each global plant manager being measured on cost reduction programs and overall reductions in processing costs per metric tonne. Programs will continue to focus on management of fixed costs so that boosting utilization of AGT's asset base will indeed deliver a higher contribution to EPS and earnings.

Margin Improvement through product mix changes and new platform growths: Market development programs continue to develop enhanced utilization and market opportunities for pulses in new traditional markets for AGT, such as a focus on improvements in South America and the Caribbean and South Asia, while developing market opportunities for pulses in food and ingredient markets in Europe, North America and South East Asia (China, Malaysia, Philippines, Indonesia) in the pet food, aquaculture, food and industrial uses of pulses. Programs are also underway to diversify product opportunities to further develop bean and chickpeas markets to balance AGT's lentil concentration globally. AGT management is confident in its ability to deliver steady improvements in gross margins per metric tonne. With the scale and size of operations, margin improvement on existing tonnes handled through AGT facilities will have a material impact on improving earnings.

Working Capital Management: AGT management will continue its focus on increasing inventory and receivable turns to ensure that working capital debt is reduced as a percentage of revenues and equity capital. As AGT's business grows and earnings improve, debt optimization strategies will ensure that AGT maintains a healthy balance sheet to fund its growth and expansions from free-cash flows, debt and equity while maintaining its yield to shareholders. AGT will pursue strategies to increase the time and duration of its global credits and global cost of debt capital across its mix of operating geographies.

Increase capacity utilization: By using AGT's global origination base and strength in marketing and origination, AGT will boost its utilization of its asset base and examine alternatives to utilize its assets for new products and opportunities. AGT is examining an expansion into soybeans, cereal grains and oilseeds and is expanding its focus on chickpeas, green peas, flax seeds and canary seeds to utilize Canadian facilities more effectively and continues in its efforts to boost pulse and grain processing utilization in Turkey through origination programs for Turkey from Russia, Ukraine, Argentina, Canada and Australia.

Improve reporting and disclosure to the market: AGT will continue in its efforts to report the segments of its business to give meaningful disclosure to its shareholders and the capital markets globally. The unveiling of segmented reporting will allow AGT to better communicate its gains in diversifying its earnings through its efforts to diversify its origins, products and markets.

With markets returning to normalized flow of products, potential for a return to traditional margins and earnings levels is anticipated. By focusing on the core competencies and strengths of AGT's business, including 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 Sept 30, 2012	3 Months Ended Jun 30, 2012	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
Revenue and other income	209,991	202,260	197,722	232,777	190,298	170,036	167,718	169,527
Cost of sales [2]	191,926	185,149	183,275	212,387	165,001	153,011	146,763	154,769
Gross profit	**18,065**	**17,111**	**14,447**	**20,390**	**25,297**	**17,025**	**20,955**	**14,758**
Add back: depreciation in cost of sales	2,445	2,402	2,401	1,809	1,531	1,625	1,761	905
Adjusted gross profit	**20,510**	**19,513**	**16,848**	**22,199**	**26,828**	**18,650**	**22,716**	**15,663**
Deduct: General and administrative expenses	(7,051)	(6,975)	(6,738)	(7,895)	(6,394)	(5,402)	(4,612)	(7,051)
Deduct: Marketing, sales and distribution expenses	(3,113)	(4,266)	(4,769)	(9,322)	(5,817)	(5,990)	(4,760)	(3,550)
Add: Amortization in general and administrative expense	640	805	726	2,447	-	1,920	828	1,649
Add: Non-recurring and other costs [3]	505	184	80	1,785	409	-	-	667
EBITDA (*)	**11,491**	**9,261**	**6,147**	**9,214**	**15,026**	**9,178**	**14,172**	**7,378**
Deduct: Interest	(4,402)	(3,837)	(4,448)	(2,907)	(3,549)	(2,328)	(2,193)	(2,432)
Deduct: Depreciation and amortization	(3,085)	(3,207)	(3,127)	(4,255)	(1,842)	(3,545)	(2,589)	(2,554)
Add (Deduct): Provision for income taxes	(22)	(1,779)	(1,198)	(1,178)	905	1,252	(2,814)	(1,013)
Adjusted net earnings (loss) (*)	**3,982**	**438**	**(2,626)**	**874**	**10,540**	**4,557**	**6,576**	**1,379**
Adjusted basic net earnings (loss) per share	0.20	0.02	(0.13)	0.04	0.53	0.23	0.33	0.05
Adjusted diluted net earnings (loss) per share	0.20	0.02	(0.13)	0.04	0.53	0.23	0.33	0.05
Non-recurring and other costs [3]	(505)	(184)	(80)	(1,785)	(409)	-	-	(667)
Non-cash foreign exchange effect	(2,895)	1,415	5,473	218	(21,205)	(8,433)	606	(1,017)
Net earnings (loss) per financial statements	**582**	**1,669**	**2,767**	**(693)**	**(11,074)**	**(3,876)**	**7,182**	**(305)**
Basic net earnings (loss) per share	0.03	0.08	0.14	(0.04)	(0.56)	(0.20)	0.36	(0.02)
Diluted net earnings (loss) per share	0.03	0.08	0.14	(0.04)	(0.56)	(0.20)	0.36	(0.02)
Total assets	641,882	624,580	651,052	689,512	615,556	575,397	566,609	529,404
Bank indebtedness	170,649	171,227	185,782	197,868	129,493	116,397	99,150	80,336
Short term financing	17,936	21,073	40,436	42,371	37,093	28,958	9,703	24,925
Long-term debt including current portion	76,202	77,069	77,468	80,765	73,968	66,416	69,654	36,056
Shareholders' equity	268,960	274,598	273,742	270,965	276,011	290,862	302,604	303,090
Dividends declared per share	0.150	0.150	0.150	0.150	0.150	0.150	0.135	0.135
Total tonnes invoiced	259,091	275,905	275,123	272,196	282,847	227,132	251,267	
Gross profit per metric tonne	69.72	62.02	52.51	74.91	89.44	74.96	83.40	
Adjusted gross profit per metric tonne	79.16	70.72	61.24	81.56	94.85	82.11	90.41	
EBITDA (*) per metric tonne	44.35	33.57	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 condensed consolidated unaudited interim financial statements for the quarters ending September 30, 2012 and 2011 and June 30, 2012 and 2011 and March 31, 2012 and 2011, and the audited IFRS annual financial statements for the year ending 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, severance costs and other.

Discussion of Quarterly and Year to Date Results
(in thousands of Cdn. $ except as indicated, unaudited)

Revenues, Gross Profit and Adjusted Gross Profit

	3 Months Ended September 30			9 Months Ended September 30			3 Months Ended		
							September	June	
	2012	2011	Change	2012	2011	Change	2012	2012	Change
Revenue and other income	209,991	190,298	19,693	609,973	528,052	81,921	209,991	202,260	7,731
Cost of sales	191,926	165,001	26,925	560,350	464,775	95,575	191,926	185,149	6,777
Gross profit	18,065	25,297	(7,231)	49,624	63,277	(13,653)	18,065	17,111	955
Add back: depreciation in cost of sales	2,445	1,531	914	7,248	4,917	2,331	2,445	2,402	43
Adjusted gross profit	20,510	26,828	(6,318)	56,871	68,194	(11,323)	20,510	19,513	997

Revenue and other income was $210.0 million for the three months ended September 30, 2012 compared to $190.3 million for the three months ended September 30, 2011 and $202.3 million for the three months ended June 30, 2012. The year-over-year increase is attributable to additional capacity in Australia and South Africa that resulted from business acquisitions in 2011. Revenue and other income increased for the three months ended September 30, 2012 compared to the three months ended June 30, 2012 due to product mix changes in higher value commodities and commodity price increases in wheat and beans even with a reduced tonnage of products shipped from factories.

Revenue and other income was $610.0 million for the nine months ended September 30, 2012 compared to $528.1 million for the nine months ended September 30, 2011. The increase is due to increased sales volumes from new facilities in Australia and South Africa.

Gross Profit was $18.1 million or 8.6% (including reclassification 10.8%)** for the three months ended September 30, 2012 compared to $25.3 million or 13.3% for the three months ended September 30, 2011 and $17.1 million or 8.5% for the three months ended June 30, 2012. Adjusted gross profit, which is gross profit plus depreciation in cost of sales, was $20.5 million or 9.8% (including reclassification 12.0%)** for the three months ended September 30, 2012 compared to $26.8 million or 14.1% for the three months ended September 30, 2011 and $19.5 million or 9.6% for the three months ended June 30, 2012. Although there is a small improvement in gross profit percentage when comparing the quarter ended September 30, 2012 to the quarter ended June 30, 2012, global economic conditions continue to cause margin compression and as a result the gross profit percentage is lower in the quarter ended September 30, 2012 when comparing to the quarter ended September 30, 2011.

** In 2012, Management was able 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 $4.6 million are being classified in cost of goods sold for the three months ended September 30, 2012, affecting our ability to compare the three months ended September 30, 2012 to the three months ended September 30, 2011. When reviewing the three months ended September 30, 2012, the effect of the reclassifications of certain expenses to cost of sales was a decrease in gross profit percentage from 10.8% to 8.6% and a decrease in adjusted gross profit percentage from 12.0% to 9.8%.

Gross Profit was $49.6 million or 8.1% (including reclassification 10.1%)** for the nine months ended September 30, 2012 compared to $63.3 million or 12.0% for the nine months ended September 30, 2011. Adjusted gross profit was $56.9 million or 9.3% (including reclassification 11.3%)** for the nine months ended September 30, 2012 compared to $68.2 million or 12.9% for the nine months ended September 30, 2011. This is due to earnings impairment resulting from macro-economic issues, credit liquidity, currency volatility and the Eurozone crisis resulting in margin compression and therefore a strain on gross profit percentage.

** In 2012 Management was able 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 $11.9 million are being classified in cost of goods sold for the nine months ended September 30, 2012, affecting our ability to compare the nine months ended September 30, 2012 to the nine months ended September 30, 2011. When reviewing the nine months ended September 30, 2012, the effect of the reclassifications of certain expenses to cost of sales was a decrease in gross profit percentage from 10.1% to 8.1% and a decrease in adjusted gross profit from 11.3% to 9.3%.

EBITDA*

	3 Months Ended September 30			9 Months Ended September 30			3 Months Ended		
	2012	2011	Change	2012	2011	Change	September 2012	June 2012	Change
EBITDA*	11,491	15,026	(3,535)	26,899	38,376	(11,477)	11,491	9,261	2,230

EBITDA* was $11.5 million for the three months ended September 30, 2012 compared to $15.0 million for the three months ended September 30, 2011 and $9.3 million for the three months ended June 30, 2012. EBITDA* decreased by $3.5 million when comparing the three months ended September 30, 2012 to the three months ended September 30, 2011. The decrease is a result of fewer tonnes sold and compressed margins due to macro-economic conditions and changing product mix in order to utilize excess capacity. The increase in EBITDA* of $2.2 million or 23.7% when comparing the three months ended September 30, 2012 to the three months ended June 30, 2012 is due to the easing of the effects of global liquidity issues and continued margin improvement on new sales as well as positive earnings contributions and cost reduction programs.

EBITDA* for the nine months ended September 30, 2012 was $26.9 million compared to $38.4 million for the nine months ended September 30, 2011. This is due to strained gross profit in the early months of 2012, partially offset by cost reductions in general and administrative expenses as well as marketing, sales and distribution expenses.

Expenses

	3 Months Ended September 30 2012	2011	Change	9 Months Ended September 30 2012	2011	Change	3 Months Ended September 2012	June 2012	Change
General and administrative expenses	7,051	6,394	657	20,764	16,408	4,356	7,051	6,975	76
Marketing, sales and distribution expenses	3,113	5,817	(2,704)	12,148	16,567	(4,419)	3,113	4,266	(1,153)

General and administrative expenses were $7.1 million for the three months ended September 30, 2012 compared to $6.4 million for the three months ended September 30, 2011 and $7.0 million for the three months ended June 30, 2012. The expense has remained consistent when comparing to the three months ended June 30, 2012 due to continuing programs aimed at curbing all non-discretionary expenditures and cost savings initiatives and showed an increase when comparing to the three months ended September 30, 2011 due to AGT's increased global footprint.

General and administrative expenses were $20.8 million for the nine months ended September 30, 2012 compared to $16.4 million for the nine months ended September 30, 2011. This is due to an increased global footprint, including new facilities in South Africa and Australia.

Marketing, sales and distribution expenses were $3.1 million for the three months ended September 30, 2012, compared to $5.8 million for the three months ended September 30, 2011 and $4.3 million for the three months ended June 30, 2012. The decrease in expense when comparing to the three months ended June 30, 2012 is a result of continued initiatives taken to reduce costs such as advertising, discretionary travel and other marketing sales and distribution expenses. In addition, in 2012 management was able 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 that were formerly included in marketing, sales and distribution expense are now included in cost of sales. The decreases due to cost savings and reallocation of expense are partially offset by the overall increase in the AGT platform and resultant higher costs when comparing the three months ended September 30, 2012 to the three months ended September 30, 2011.

Marketing, sales and distribution expenses were $12.1 million for the nine months ended September 30, 2012 compared to $16.6 million for the nine months ended September 30, 2011. The decrease in expense is a direct result of cost savings initiatives taken to reduce costs such as advertising, discretionary travel and other marketing sales and distribution expenses. In addition, in 2012 Management was able 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 that were formerly included in marketing, sales and distribution expense are now included in cost of sales. The decreases due to cost savings and re-allocation of expense are partially offset by the overall increase in the AGT platform and resultant higher costs when comparing the nine months ended September 30, 2012 to the nine months ended September 30, 2011.

	3 Months Ended September 30			9 Months Ended September 30			3 Months Ended		
	2012	2011	Change	2012	2011	Change	September 2012	June 2012	Change
Interest	4,402	3,549	853	12,687	8,070	4,617	4,402	3,837	565
Depreciation and amortization	3,085	1,842	1,243	9,419	7,976	1,443	3,085	3,207	(122)
Provision for (recovery of) income taxes	22	(905)	927	2,999	657	2,342	22	1,779	(1,757)
Non-cash foreign exchange effect (recovery)	2,895	21,205	(18,310)	(3,993)	29,032	(33,025)	2,895	(1,415)	4,310

Interest expenses for the three months ending September 30, 2012 were $4.4 million compared to $3.5 million for the three months ending September 30, 2011 and $3.8 million for the three months ending June 30, 2012. Interest expense increased when comparing the three months ended September 30, 2012 to the three months ended September 30, 2011 and the three months ended June 30, 2012 due mainly to increased interest rates charged on certain foreign subsidiary credits. Management efforts are ongoing to centralize credit facilities and allow AGT to reduce its global cost of capital to minimize future interest expenditures.

Interest expenses for the nine months ended September 30, 2012 were $12.7 million compared to $8.1 million for the nine months ended September 30, 2011. This is due to increased credit utilization in 2012 compared to 2011, resulting from an increased global footprint as well as increased interest rates charged on certain foreign subsidiary credits.

Depreciation expenses for the three months ended September 30, 2012 were $3.1 million compared to $1.8 million for the three months ended September 30, 2011 and $3.2 million for the three months ended June 30, 2012. Although relatively consistent with the three months ended June 30, 2012, certain adjustments were made in the three months ended September 30, 2011 which resulted in a lower expense for that quarter.

Depreciation expenses for the nine months ended September 30, 2012 were $9.4 million compared to $8.0 million for the nine months ended September 30, 2011. This is due to additional depreciable facilities and equipment being acquired and capitalized during 2012.

Provision for income tax shows an expense of $0.02 million for the three months ended September 30, 2012 compared to a recovery of $0.9 million for the three months ended September 30, 2011 and an expense of $1.8 million for the three months ended June 30, 2012. The income tax expense is calculated for each subsidiary at the individual rate for that country, therefore can fluctuate depending on the earnings reported for each tax jurisdiction. The tax expense recorded for the three months ended June 30, 2012 was a result of subsidiary tax returns being filed and actual tax expenses being recorded.

Provision for income tax for the nine months ended September 30, 2012 was $3.0 million compared to $0.7 million for the nine months ended September 30, 2011. This is due to losses recorded in 2011 at some of the subsidiaries and resulting lower tax expense recorded.

Non-cash foreign exchange was an expense of $2.9 million for the three months ended September 30, 2012 compared to an expense of $21.2 million for the three months ended September 30, 2011 and a recovery of $1.4 million for the three months ended June 30, 2012. The change in non-cash foreign exchange from the three months ended June 30, 2012 and September 30, 2011 to the three months ended September 30, 2012 is due to changes in foreign exchange rates associated with certain foreign denominated loans, receivables, payables and derivative contracts.

Non-cash foreign exchange for the nine months ended September 30, 2012 was a recovery of $4.0 million compared to an expense of $29.0 million for the nine months ended September 30, 2011. This is due to fluctuations in foreign currencies during 2012, and resulting recoveries when re-valuing certain foreign denominated loans, receivables, payables and derivative contracts.

Reporting Segments

As of July 1, 2012, improvements were made to management information systems to allow the review of AGT's operations and resource allocation by multiple business segments. Business segments are strategic business units with different products, processes and marketing strategies. AGT has three segments: (1) pulses and grains processing, (2) trading and distribution and (3) food ingredients and packaged food.

The pulses and grains processing includes the operations of AGT factories across its global platform. The activities in this segment are viewed by management as the traditional and regular business of AGT: to source pulses and grains from producers, process them through its factories and sell these products to its network of clients in over 100 countries in the world. The segment includes all pulses processed in AGT factories in Canada, the United States, Australia, and Turkey. The segment is synonymous with AGT in the periods prior to 2010 when AGT management began a strategy to establish certain distribution activities in key regional markets around the globe.

Trading and distribution relates to AGT's activities aimed at bringing its range of pulses and specialty crops direct to wholesale and retail markets. The segment currently captures AGT operations in UK, Netherlands, Spain, Russia, Ukraine and China. The segment also includes AGT operations in Southern Africa.

The segment was established to develop packaging, wholesale and retail clients for AGT products offering import, warehouse, logistics and quality management services to AGT clients and to expand market reach and penetration of certain client segments in Europe and Africa. The segment includes a trading group that sources products from South America, Africa, China, Russia and Ukraine for the food and feed client base. It also includes a birdseed ingredient distribution business in Europe with sales to leading packagers of bird food blends for retail clients globally.

Management anticipates that this segment will grow with product offerings growing in the areas of pet food ingredients, ground nuts, popcorn, chickpeas, dry beans and bakery product ingredients sourced from quality audited and reliable suppliers globally. The segment will assist AGT in increasing the utilization of its core asset base in the Pulses and Grains Processing segment.

The food and packaged food segment includes all AGT Arbella business and its new pulses flours, protein, fiber and starch milling business being commissioned in Minot, North Dakota. In the current period, food and packaged food does not qualify as a reportable segment and is included in the processing and handling segment.

AGT's chief operating decision maker evaluates segment performance on the basis of EBITDA* (earnings before interest, income taxes, depreciation and amortization, one-time costs and any effects of non-cash foreign exchange adjustment). AGT provides some non-IFRS measures in its management discussion and analysis and other public documents as supplementary information that Management believes may be useful to investors to explain AGT's financial results.

Revenues, expenses and EBITDA* by reporting segment

Three months ended September 30, 2012	**Pulses and Grain Processing**	**Trading and Distribution**	**Corporate and Eliminations**	**Consolidated**
Revenue and other income	$ 160,103,080	$ 61,909,102	$ (12,021,381)	**$ 209,990,801**
Cost of sales	148,457,512	55,490,255	(12,021,381)	**191,926,386**
Gross profit	11,645,568	6,418,847	-	**18,064,415**
Add back depreciation in cost of sales	2,304,136	140,249	-	**2,444,385**
Adjusted gross profit	13,949,704	6,559,096	-	**20,508,800**
General administrative expenses and other	3,609,779	1,760,503	1,680,021	**7,050,303**
Marketing, sales and distribution expenses	1,934,659	874,023	304,011	**3,112,693**
Earnings from operations	**6,101,130**	**3,784,321**	**(1,984,032)**	**7,901,419**
Unrealized foreign exchange loss	-	-	2,895,485	**2,895,485**
Finance expense	-	-	4,402,053	**4,402,053**
Earnings before income taxes	**6,101,130**	**3,784,321**	**(9,281,570)**	**603,881**
Current income tax	-	-	962,053	**962,053**
Deferred income tax recovery	-	-	(939,870)	**(939,870)**
Net earnings	**6,101,130**	**3,784,321**	**(9,303,753)**	**581,698**
Depreciation	2,532,723	81,712	469,862	**3,084,297**
Unrealized foreign exchange loss	-	-	2,895,485	**2,895,485**
Finance expense	-	-	4,402,053	**4,402,053**
Net tax expense	-	-	22,183	**22,183**
Non-recurring and other expenses	331,563	10,340	162,672	**504,575**
EBITDA*	**8,965,416**	**3,876,373**	**(1,351,498)**	**11,490,291**
Total tonnes invoiced	238,655	38,182	(17,746)	259,091
Gross profit per metric tonne	48.80	168.11	-	69.72
Adjusted gross profit per metric tonne	58.45	171.79	-	79.16
EBITDA* per metric tonne	37.57	101.52	-	44.35

Nine months ended September 30, 2012	Pulses and Grain Processing	Trading and Distribution	Corporate and Eliminations	Consolidated
Revenue and other income	$ 459,761,122	$ 202,186,835	$ (51,974,612)	**$ 609,973,345**
Cost of sales	429,176,144	183,148,146	(51,974,612)	**560,349,678**
Gross profit	30,584,978	19,038,689	-	**49,623,667**
Add back depreciation in cost of sales	7,064,316	183,324	-	**7,247,640**
Adjusted gross profit	37,649,294	19,222,013	-	**56,871,307**
General administrative expenses and other	9,774,480	6,002,213	4,987,072	**20,763,765**
Marketing, sales and distribution expenses	6,887,821	3,907,877	1,352,052	**12,147,750**
Earnings from operations	**13,922,677**	**9,128,599**	**(6,339,124)**	**16,712,152**
Unrealized foreign exchange gain	-	-	(3,992,567)	**(3,992,567)**
Finance expense	-	-	12,686,537	**12,686,537**
Earnings before income taxes	**13,922,677**	**9,128,599**	**(15,033,094)**	**8,018,182**
Current income tax	-	-	2,209,730	**2,209,730**
Deferred income tax	-	-	789,747	**789,747**
Net earnings	**13,922,677**	**9,128,599**	**(18,032,571)**	**5,018,705**
Depreciation	7,979,216	290,484	1,149,225	**9,418,925**
Unrealized foreign exchange gain	-	-	(3,992,567)	**(3,992,567)**
Finance expense	-	-	12,686,537	**12,686,537**
Net tax expense	-	-	2,999,477	**2,999,477**
Non-recurring and other expenses	406,422	17,613	344,102	**768,137**
EBITDA*	**22,308,315**	**9,436,696**	**(4,845,797)**	**26,899,214**
Total tonnes invoiced	755,437	106,393	(51,711)	810,119
Gross profit per metric tonne	40.49	178.95	-	61.25
Adjusted gross profit per metric tonne	49.84	180.67	-	70.20
EBITDA* per metric tonne	29.53	88.70	-	33.20

Other reporting segment information

As at September 30, 2012	Pulses and Grain Processing	Trading and Distribution	Corporate and Eliminations	Consolidated
Assets	666,822,989	112,871,854	(137,812,924)	**641,881,919**
Intangible assets	5,657,014	3,602,806	-	**9,259,820**
Goodwill	45,464,008	14,573,181	-	**60,037,189**

Net Debt and Working Capital

Net debt* is comprised of bank indebtedness, short term financing, long term debt and current portion of long term debt, less cash and cash equivalents and totalled $232.1 million at September 30, 2012 compared to $236.9 million at June 30, 2012 and compared to $264.8 million at December 31, 2011. The decrease in net debt of $32.7 million or 12.4% when comparing to December 31, 2011 and $4.8 million or 2.0% when comparing to June 30, 2012 is a result of continued focus on accounts receivable collections and sales of inventory and the subsequent repayment of operating facilities. Metrics continue to be calculated for each facility and performance targets are being tied to inventory and accounts receivable turns.

Current assets were $359.4 million at September 30, 2012 compared to $342.4 million at June 30, 2012 and compared to $419.2 million at December 31, 2011 (see table on page 22). 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 increased to $178.6 million at September 30, 2012, compared to $171.5 million at December 31, 2011 and increased by 13.1% compared to $157.8 million at June 30, 2012 (see table on page 22). This is due to increased sales tonnes out of North American factories.

Inventory levels decreased by 22.7% to $141.8 million at September 30, 2012, compared to $183.3 million at December 31, 2011 and decreased by 1.3% compared to $143.7 million at June 30, 2012 (see table on page 22). The decrease in inventory levels is the result of a stronger focus on inventory levels at each factory and continued efforts to increase and monitor inventory turns has resulted in lower inventory levels.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. While the inventory value is $141.8 million at September 30, 2012, this value represents a number of different commodities globally. Much of this inventory is also pre-sold and will remain as inventory until substantial risks transfer from seller to buyer under AGT's revenue recognition policy. AGT management continues the practice of examining stock levels at each of its foreign operations to achieve an optimization of inventory levels. In addition, inventory management practices include book to physical inventory reconciliations monthly to ensure accurate recording of inventory values.

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

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

In addition, much of the bank financing availability is determined based on a borrowing base calculation and therefore this financing is backed by the inventory and accounts receivable. It is important to note that AGT has current assets of $359.4 million as compared to total interest bearing debt of $264.8 million, and as a result AGT has liquid capital resources available to cover all debt obligations, including long term debt.

Dividends - AGT paid a dividend in October 2012 of $2.97 million ($0.15 per share) in the aggregate to its shareholders of record.

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

AGT's financial statements are presented in Canadian dollars, but AGT's operating subsidiaries earn revenues and incur expenses in several currencies, including U.S. dollars ("**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 September 30, 2012 and December 31, 2011 foreign exchange rates as follows:

	Sept 30, 2012	**Dec 31, 2011**
USD/CDN	0.98320	1.02133
AUD/CDN	1.02190	1.03867
TL/CDN	0.54770	0.54089
GBP/CDN	1.58690	1.58206
EUR/CDN	1.26460	1.32150
ZAR/CDN	0.11860	0.12606
RMB/CDN	0.15650	0.16197

For each subsidiary, any difference between the September 30, 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 pay its declared dividends. AGT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Discussion of Third Quarter Results - Dividends" above, "Outlook" and "Appendix A" discussing geographic crop conditions for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.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 September 30, 2012, AGT had total operating lines and other facilities available of $279.0 million (June 30, 2012 - $280.3 million and 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 September 30, 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:

	Sept 30, 2012	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011
Long term debt and finance leases	$ 70,163,874	$ 71,651,108	$ 72,997,002	$ 74,561,817
Bank indebtedness, short term financing and current portion of long term debt and finance leases	194,623,862	197,718,277	230,688,530	246,442,213
Cash and cash equivalents	(32,710,646)	(32,503,225)	(35,626,096)	(56,220,307)
Net debt*	**232,077,090**	**236,866,160**	**268,059,436**	**264,783,723**
Shareholders' equity	268,959,838	274,597,819	273,741,995	270,965,391
Capital	**501,036,928**	**511,463,979**	**541,801,431**	**535,749,114**

Selected asset and liability information

	Sept 30, 2012	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011
Cash and cash equivalents	$32,710,646	$32,503,225	$35,626,096	$56,220,307
Accounts receivable	178,584,904	157,840,955	163,755,151	171,522,366
Inventory	141,783,677	143,710,002	163,005,058	183,309,771
Bank indebtedness, short term financing and current portion of long term debt and finance leases	194,623,862	197,718,277	230,688,530	246,442,213
Accounts payable and accrued liabilities	89,482,812	63,744,826	57,104,625	82,312,029
Long-term debt and finance leases	70,163,874	71,651,108	72,997,002	74,561,817
Total current assets	359,420,972	342,402,520	372,367,295	419,193,075
Total current liabilities	289,191,999	264,948,140	290,757,543	331,820,115
Net working capital*	70,228,973	77,454,380	81,609,752	87,372,960

Cash Flow Summary

	Nine months ended Sept 30, 2012	Nine months ended Sept 30, 2011	Difference
Cash flow from operating activities	$ 61,807,384	($78,426,515)	$ 140,233,899
Cash flow from financing activities	(63,540,238)	100,745,108	(164,285,346)
Cash flow from investing activities	(21,519,872)	(27,191,843)	5,671,971
Effect of exchange rate changes on cash	(256,935)	(1,466,927)	1,209,992
Change in cash	($23,509,661)	($6,340,177)	($17,169,484)

Cash flow from operating activities for the nine months ended September 30, 2012 was an increase of $61.8 million compared to a decrease of $78.4 million for the nine months ended September 30, 2011.

Cash flow from financing activities for the nine months ended September 30, 2012 was a reduction of $63.5 million compared to an increase of $100.7 million for the nine months ended September 30, 2011.

Cash flow from investing activities for the nine months ended September 30, 2012 was a reduction of $21.5 million compared to a reduction of $27.2 million for the nine months ended September 30, 2011.

The change in cash generated from operating activities from the nine months ended September 30, 2011 to the nine months ended September 30, 2012 was $140.2 million. This change, along with the change in cash on hand in the amount of $17.2 million was primarily offset by reduced interest bearing debt and dividends paid.

Cash Flow Information – Non-Cash Working Capital:

The change in non-cash working capital for the nine months ended September 30, 2012 was an increase of $56.0 million compared to a decrease of $92.2 million for the nine months ended September 30, 2011. This difference of $148.1 million is due primarily to decreased inventory levels during 2012 as compared to 2011, improved accounts receivable turns and increased accounts payable levels. The funds generated were used primarily to pay down interest bearing debt, which went from an increase of $106.4 million for the nine months ended September 30, 2011 to a decrease of $54.6 million for the nine months ended September 30, 2012, a change of $161.0 million. In addition, AGT continues to negotiate with vendors to achieve favorable payment terms and this is an area of continued focus.

Accounts Payable:

Accounts payable increased by $25.8 million, from $63.7 million at June 30, 2012 to $89.5 million at September 30, 2012. This is largely due to deferred producer payments as well as continued initiatives to achieve more favorable credit terms.

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

	Sept 30, 2012	Sept 30, 2011
Revenues	$ 67,693	$ 208,160
Purchases	3,802,084	3,005,379
	Sept 30, 2012	**Dec 31, 2011**
Accounts receivable	$ 34,067	$ 772,645
Accounts payable	1,739,926	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 product, 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 deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of judgements 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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 ending September 30, 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, 2013.

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. There does not appear to be significant litigation risk for AGT at September 30, 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 protection against decreases in market price and retention of future market price increases. To mitigate the risks associated with the fluctuations in the market price for pulse crops, AGT maintains a portfolio of product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from pricing volatility.

Reconciliation of Net Earnings, Adjusted Net Earnings* and EBITDA*
(In thousands of CDN $)

	For the Three Months Ended Sept 30, 2012	For the Nine Months Ended Sept 30, 2012	For the Three Months Ended Sept 30, 2011	For the Nine Months Ended Sept 30, 2011
Net earnings (loss)	$582	$5,018	($11,074)	($7,767)
Add (deduct):				
Income tax expense (recovery)	22	2,999	(905)	657
Depreciation and amortization	3,085	9,419	1,842	7,975
Interest	4,402	12,687	3,549	8,070
Non-cash foreign exchange	2,895	(3,993)	21,205	29,032
Non-recurring and other expenses (1)	505	769	409	409
EBITDA*	11,491	26,899	15,026	38,376
Less:				
Interest	4,402	12,687	3,549	8,070
Depreciation and amortization	3,085	9,419	1,842	7,975
Income tax expense (recovery)	22	2,999	(905)	657
Adjusted net earnings (loss)*	3,982	1,794	10,540	21,674
Basic adjusted net earnings (loss)* per share	0.20	0.09	0.53	1.10
Diluted adjusted net earnings (loss)* per share	0.20	0.09	0.53	1.09
Basic weighted average number of shares outstanding	19,808,852	19,781,246	19,737,865	19,718,939
Diluted weighted average number of shares outstanding	20,005,473	19,986,891	19,978,756	19,971,840

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

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

	For the Nine Months Ended Sept 30, 2012	For the Year Ended Dec 31, 2011
Current assets	$ 359,421	$ 419,193
Current liabilities	289,192	331,820
Net working capital*	$ 70,229	$ 87,373
Long term debt and finance leases	$ 70,164	$ 74,562
Bank indebtedness, short term financing and current portion of long term debt and finance leases	194,624	246,442
Cash and cash equivalents	(32,711)	(56,220)
Net debt*	$ 232,077	$ 264,784

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, restructuring costs and any effects of non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-recurring and other costs, restructuring costs and foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). 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.

APPENDIX 1 – REGIONAL AND PRODUCTION SUMMARY

North America – Canada and the U.S.

Pulses harvest in Saskatchewan was reported as substantially completed on October 1, 2012, with Saskatchewan Ministry of Agriculture ("Sask Ag") reporting 99% of lentils, 100% of peas and 96% of chickpeas completed. Quality of pulses produced in 2012 are categorized as normal, with Sask Ag estimating over 75% of pulses production falling into the top two grades as defined by the Canadian Grain Commission (CGC).

Production estimates by Statistics Canada ("StatsCan") as at October 4, 2012 are as follows:

		Canadian Pulse Production 2012		Variance
	Area (acres)	**Production (mt)**	**Yields (lbs)**	**2011 Production**
Lentils	2,380,000	1,379,600	1,278	-9.9%
Dry Peas	3,250,000	2,743,400	1,861	9.7%
Edible Beans	282,000	219,000	1,712	51.5%
Chick Peas	180,000	116,100	1,422	27.9%

While these estimates do represent a decrease in production levels for lentils year over year, carry-in stocks from 2011 are expected to offset these production decreases, resulting in ample supply. Other pulses supply levels would be categorized as ample. Based on these levels, AGT management would not expect supply constraints for Canadian origin pulses in the 2012/2013 marketing period.

Pulses are a rotational cropping option for farmers with nitrogen fixing properties. As such, production of pulses may fluctuate from crop year to crop year as farmers follow their predetermined rotational plan of cereal grain, canola and pulses. This, as well as overall yield as a result of weather and growing conditions, may result in minor fluctuations in acres and overall production in any given origin.

In the U.S. Northern tier states (the MonDak region including North Dakota and Montana), lentil harvest was reported by the U.S. Department of Agriculture ("USDA") as substantially done by September 2, 2012, with peas being completed in August. The dry conditions through late summer, which were a result of the drought conditions further south in the U.S. Midwest, allowed farmers in pulse growing regions to complete harvest early with good quality and increases in production levels from 2011. These increased production levels appear to signal a recovery in pulse growing in the U.S. High carry-in stocks with significant production levels are resulting in some of the highest U.S. pulse supply levels in recent periods, with similar results being reported in Canada by StatsCan.

Production estimates by USDA as at October 11, 2012 are as follows:

		U.S. Pulses Production 2012		Variance
	Area (acres)	Production (mt)	Yields (lbs)	2011 Production
Lentils	478,000	251,000	1,158	16.9%
Dry Peas	600,000	464,000	1,705	81.9%
Edible Beans	1,536,100	1,276,035	1,831	59.0%
Chick Peas	197,600	131,614	1,468	35.4%

Export results from Canada for the July and August 2012 period as reported by StatsCan show lentil exports up slightly, growing to 208,953 mt, a 3.7% increase in total exports for the two month period. Month-over-month results were reported as increased by 48.5% from July to August 2012 as opposed to a modest 8.6% increase in the same two months in 2011. This data may be interpreted as the beginning of a return to normalized export and shipping volumes from Canada. Overall pulses exports from Canada were reported as flat at 1.7% in the 2012 two month period over 2011. Canadian export data includes reports of increased exports to Indian subcontinent markets as a result of lowered production estimates resulting from the lower than normal monsoon rains and estimated depleted local market stocks, as well as decreased imports to the Middle East/North Africa (MENA) region as a result of Turkish production being available to fill regional demand in the period.

U.S. pulses export data signalled a return to the growth in exports seen prior to the production issues of 2011, with lentil exports increasing by 74.6% from July to August and 94.6% in August from the same month in 2011. U.S. production of lentils had decreased significantly in 2011 due to excessive moisture and flooding in many areas, reducing the overall ability of farmers to seed their crops. In 2012, growing conditions were reported as normalized, resulting in production gains. Exports of peas, which largely consisted of shipments of yellow peas, were up sharply at 330% in August from the same month in 2011.

Pulse exports for 2012 are forecast by Agriculture and Agrifood Canada (“AAFC”) to increase from the previous year, as Canada expects to regain some of its export market share in the Indian subcontinent and maintain its market share in the Middle East, South America and the EU-27. With the lower production numbers expected to result in increase in imports to many key consumption regions, carry-out stocks are forecast to fall but remain significant for the third consecutive year, with average prices forecast to fall from 2011 due to the high carry-in stocks. This may lead to reduced acres in 2013-2014 of major pulses in Canada but the production acre shortfall will be adequately offset by carry-in stocks. Supply constriction in Canada is seen by AGT management as positive to assist in its efforts to recover processing margins.

Durum wheat production is estimated by AAFC to increase by 5% to 4.4 million mt in Canada and 63% to 2.23 million mt in the U.S. from 2011 levels. The dramatic increase in U.S. production is due to the low production levels in 2011, which were a result of widespread flooding in durum wheat growing areas of the Northern Tier states. With world durum production forecast to decrease by 1.6 million Mt to 35.1 million Mt, average world durum prices are expected to be similar to 2011-12, as support from the lower world supply is offset by lower world use and by the higher U.S. supply.

Turkey

Lentil harvest in Turkey was completed in June 2012, with the USDA Global Agriculture Information Network ("GAIN") forecasting production at 400,000 mt, which is consistent with AGT management expectations. Turkey is a significant producer of red lentils both for domestic consumption and supply to regional markets in the MENA region due to its freight advantages. Turkish production of red lentils at these levels is a key component of AGT management initiatives to increase capacity utilization at its Turkish pulses processing facilities and supply both domestic and regional markets in the slower Q2 and early Q3 periods. In periods where Turkish production is not adequate, alternate origins such as North America, Australia, and increasingly the Russian Federation and Ukraine can be drawn upon to supply pulses for import/process/distribution activities.

Durum wheat producers in Turkey were significantly affected by dry conditions in spring and wet conditions later in the season, resulting in lower yields and late harvest. This has resulted in lower production levels of 1.7 million mt of durum wheat, a significant reduction from the almost 2.5 million mt previously forecast. With production volumes at these levels, Turkey must import durum wheat to meet domestic production requirements for semolina, bulgur and pasta. As stated earlier, global durum wheat production is lower for 2012, resulting in higher durum wheat prices. AGT is currently involved in importing durum wheat vessels to Turkey to augment local Turkish supplies with alternate origin supplies to meet its pasta and semolina sales programs.

In past USDA GAIN reports, the U.S. Agricultural Attaché to Turkey has estimated annual production levels for pasta in Turkey at 800,000 mt per year. Strong export demand to Africa, the Middle East and the Far East is driving the increases in production. Over the past number of years, Turkey has emerged as a significant producer and exporter of pasta to global markets, a trend that AGT management expects may continue, contributing to the growing retail and packaged foods business segment of AGT.

Paddy rice production is forecast by the Turkish Grain Board (TMO) at 770,000 mt, which would result in approximately 530,000 mt of rice for 2012. With domestic consumption estimated at 600,000 mt, Turkey will continue to be an importer of paddy rice to meet high domestic consumption and regional exports in the near term as it has been for the recent past periods.

Australia

Despite good conditions in some regions of Australia, cold weather in some regions and dry conditions in others have led to forecasts by the Australian Bureau of Agricultural and Resource

Economics and Science ("ABARES") of decreased yields on most crops. 2011 saw the highest levels of pulses production on record in Australia, with a small increase of 2.1% forecast for 2012 with a differing mix of production. Desi chickpea production, a key export item from Australia to the Indian subcontinent, is forecast to increase significantly 86.8% from 2011, along with increases on production of faba beans at 38.3% and broad beans at 30%. Lentil production is estimated to fall 18.9%; however, production volume is still forecast to be significant.

These specific production increases in Australia are estimated by AGT management to be positive factors for continued growth in AGT's expanded operations in Australia, with new processing infrastructure for desi chickpeas and faba beans in New South Wales and a new sales and trading office in Queensland and expanded processing operations in Victoria and South Australia. With decreased production estimates in India due to lower monsoon rains (as estimated by India's Agriculture Department), chickpea exports to the Indian subcontinent are expected to increase to meet domestic demand. With freight advantages to this market, AGT management expects sales opportunities to grow in the upcoming periods and the Australian business footprint for AGT may increase in magnitude in the 2013-2014 periods.

Production estimates by ABARES as at October 4, 2012 are as follows:

	Australian Pulses Production 2012		Variance
	Area (acres)	Production (mt)	2011 Production
Broad Beans	59,305	54,600	30.0%
Chickpea All	1,392,686	845,100	74.1%
Desi	1,215,264	752,900	86.8%
Kabuli	177,421	92,200	12.0%
Faba Beans	441,330	370,800	38.3%
Field Pea All	698,567	406,000	33.6%
Lentils	406,241	233,700	-18.9%
Lupin All	1,113,703	422,200	-53.1%

Australian export data for the November 2011 to August 2012 period reported by the Australian Bureau of Statistics shows an overall increase in Australian pulses exports with significant increases in exports during that period of 42% for chickpeas and 69.8% for lentils from the same period in 2010 to 2011. AGT management opinion is that the month-over-month increases of 26.1% for lentils for July and August 2012 and an 8.1% increase comparing August 2011 to 2012 support the view of increased imports to Indian subcontinent markets to fill domestic demand not met by lower production results estimated in India.

India and Subcontinent Markets

Recent reports of short monsoon season rains and the subsequent impact on Indian subcontinent imports have dominated the pulses sector in recent months. Based on forecasts and production estimates by USDA Foreign Agriculture Service ("FAS") and India's Agriculture

Department, markets have been expecting lower production in the kharif (fall) season and for the lower moisture levels to affect rabi (spring) production, also resulting in significantly lower production levels overall. It has been forecast that these results would positively affect exports from Canada for pulses to the region.

Weak monsoon rains were reported in July at approximately 20% deficient (The Economic Times/India Times); however, they recovered somewhat in August to 16% deficient, improving to 7% in September (India Meteorological Department). While the advancing monsoon rains are a positive sign for India, rains at these levels are viewed by AGT management as potentially not sufficient to sustain agricultural production in upcoming periods, similar to 2009 when deficient monsoons provided a catalyst resulting in higher import levels to subcontinent markets to fill demand for food products.

In an August report, the Indian Ministry of Agriculture reported "poor rainfall distribution in central, north and northwest India is likely to affect adversely the MY 2012/13 kharif (fall/early winter harvest) food grain crops like rice, corn, sorghum, millet and major pulses (pigeon pea, mung beans, black matpe). Planting of the upcoming kharif crops is lagging significantly behind last year; particularly rainfed (dryland) coarse grains and pulses." The report goes on to show pulses planting in kharif at approximately 1 million hectares lower than 2011 (which was shown as lower than 2010) and states that "continued deficient monsoon rains and reports of impending drought have led to a significant increase in food prices, with prices of most food grains rising by 6 to 14 percent during July. The increase in the prices of corn and various pulses has been very strong, raising serious food inflation concerns among policy makers."

As a result, the Indian Ministry of Agriculture has been closely observing the monsoon's progress and periodically issuing crop advisories as well as contingency plans in case of imminent drought and to curb food inflation. In the Q3 period, this has translated to increased import activity in the non-traditional period to Indian subcontinent markets from Canada (at approximately 91,000 mt of exports in July and August 2012 to India as well as higher levels to Pakistan and Bangladesh reported by StatsCan in the period) and other origins like Australia and Myanmar as well.

Additionally, relative currency stability is being reported, with the Indian rupee near historic lows; however, the rupee is showing less volatility, which is assisting in improving credit liquidity needed by local importers. These factors together are viewed by AGT management as positive and continuing to assist in normalization of subcontinent markets in advance of the traditional shipping periods in Q4 2012 and Q1 2013, with more robust growth in exports to the region as a result of consumption demand and lower domestic production.

Russia and Ukraine

Despite an earlier than usual harvest period, production in Russia and Ukraine is trending lower than previously forecast. However, with harvest completed, updated official production statistics specifically outlining lentil, pea and chickpea volumes are unavailable. The available sources (Stat Publishing, Leftfield Commodities) and internal estimates compiled from available data indicate that approximately 2.5 million mt of pulses have likely been produced in Russia and Ukraine, consistent with the last USDA GAIN report where production estimates were provided. This could include as much as 50,000 mt to 70,000 mt of lentils, 1 million mt of peas and 175,000 mt of chickpeas in future periods.

AGT management continues to believe that Russia and the Ukraine are emerging as potentially important production regions for pulses in upcoming years. The region provides shipping advantages through the Black Sea and the Bosphorus to processing locations and markets in Turkey. With a lack of processing infrastructure for large scale value-added processing of pulses, the region is viewed as a source of raw material for grain origination rather than finished product shipments to end use markets such as India. AGT management has positioned staff in Rostov on Don, Russia to assist in grain buying and origination to facilitate the flow of peas, chickpeas and beans from Russia, Ukraine and Kyrgyzstan to AGT's Arbel facilities in Turkey.

South Africa

Pulses acres for beans, lupins and other products in South Africa are trending upwards for 2012-13 as farmers in Southern Africa try to take advantage of higher pulse prices in the region as reported by the South Africa Grain Information Service ("SAGIS"). Corn production is also estimated by SAGIS to remain high. The Southern African region, with its availability of significant farmland, is viewed 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, USDA GAIN reports 2011-2012 production levels as trending upward. Production in China is generally forecast 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 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 of high levels of pea imports for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods, support the view by AGT management that planning surrounding new Chinese assets may be a key development for AGT's business 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 in 2013 of a new facility located in Tianjin, 35 km from Beijing, are ongoing.

Flax exports to China for the industrial processing sector are also a growing segment for AGT's North American asset utilizations, providing another product to utilize available capacity.