Alliance
GRAIN TRADERS
Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2013 AND MARCH 31, 2012

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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 months ended March 31, 2013 and March 31, 2012 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2012. 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 May 9, 2013. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights of quarter ended March 31, 2013

• **EBITDA*** was $13.6 million for the three months ended March 31, 2013 compared to $6.1 million for the three months ended March 31, 2012, an increase of 121% and compared to $12.5 million for the three months ended December 31, 2012.

• **Revenue** was $276.4 million for the three months ended March 31, 2013 compared to $197.4 million for the three months ended March 31, 2012, an increase of 40% and compared to $247.2 million for the quarter ended December 31, 2012.

• **Adjusted net earnings** were $5.1 million for the three months ended March 31, 2013 compared to an adjusted net loss of $2.6 million for the three months ended March 31, 2012 and adjusted net earnings of $3.8 million for the three months ended December 31, 2012.

• **Improvement in days inventory outstanding** from 86.2 days for the year ended December 31, 2012 and 86.0 days for the quarter ended March 31, 2012 to 68.0 days for the quarter ended March 31, 2013.

• **Improvement in days accounts receivable outstanding** from 75.7 days for the year ended December 31, 2012 and 77.0 days for the quarter ended March 31, 2012 to 61.2 days for the quarter ended March 31, 2013.

• **Minot facility** construction materially complete with plant commissioning activities having begun in late quarter one 2013 with a late quarter two 2013 completion target for fractionization process.

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

Business Overview

AGT operates with two reporting segments: (1) pulses and grains processing and (2) supply chain management and distribution. The pulses and grains processing includes subsidiaries and facilities in Canada, the U.S., Australia and a portion of the operations in Turkey. The supply chain management and distribution segment includes operations in Europe, South Africa, Russia, and a portion of the operations in Turkey and China. Through its two segments, AGT handles a full range of pulses and specialty crops including lentils, peas, chickpeas, beans, 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 and nine in Turkey, as well as one distribution facility in China, 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

Lentil export statistics from the January-March 2013 period, as reported by Statistics Canada ("StatsCan"), show a significant increase in Canadian lentil exports in the first three months of the year, which may be interpreted as foreshadowing demand as "normalizing". This may also show that price trends in lentils are up substantially, as well as confirming a general sentiment that more robust demand from India seems to be manifesting itself as a demand catalyst. While three months do not fully provide enough of a basis to support the view that lentil and overall pulses markets have normalized, these positive improvements are expected by AGT management to continue in the first half 2013, providing support to the potential of a second half 2013 improvement regarding normalization of pulses and staple foods market demand and margins.

Throughout much of 2012, pulses and staple foods were affected with difficult conditions with respect to credit liquidity constraints of customers, the Eurozone economic crisis, high degrees of volatility for local currency and generally lower import demand. The results of these conditions were impaired shipment volumes and margins, resulting in lower earnings. However, the final quarter of 2012 provided some improvement in these conditions and these conditions continued in the first quarter of 2013, resulting in better earnings and some moderate recovery in shipment volumes and margins. AGT management's view is that these improving conditions are expected to continue through 2013, with recovery expected by the North American grains harvest in August and September.

Market normalization, as expected by AGT management in 2013, is projected to be driven by improving export data from most origins including Canada, the U.S. and Australia, with lentil prices in particular trending upwards based on internal AGT estimates and market intelligence through AGT's global network of agents, distributors, merchandisers and customers. India in particular is expected by AGT management to be a significant demand catalyst that may drive normalization of pulse and staple foods markets in 2013, as Indian consumption is expected by AGT management to remain high, while the United States Department of Agriculture ("USDA") Global Agriculture Information Network ("GAIN") reports of decreasing production in the Indian subcontinent region likely to result in a supply-demand gap. In past years, such as 2012, approximately 3.3 million mt of pulses were imported to India to maintain supply for the significant levels of domestic consumption in the region.

Weather conditions in May have improved from unseasonable late-season snow cover and cold weather conditions across the Prairie Provinces and into the northern U.S. These improvements have allowed for a gradual progression of seeding activities in these regions. However, StatsCan, with estimates regarding seeding intentions by farmers in Western Canada, and USDA with similar estimates for the U.S., report rationalization of acres which may result in lower production estimates for pulses for 2013. AGT management is optimistic that with seasonal forecasts for May weather, producers in Canada and the U.S. may seed their crops within the regular timeframe. With the short maturity of peas and lentils, Canadian and U.S. operations are not forecast, at this time, to be impeded by crop problems. Later seeding may favor a "switch" of some acres to pulses that were intended for oilseeds. This may lead to a reduction in the magnitude of rationalization in Western Canada.

Pulses are a rotational crop option for farmers that assist in fixing soil nitrogen, providing benefits for cereal grain or oilseed crops that may follow them. A certain amount of fluctuation is therefore expected in acres committed to pulses as farmers follow their predetermined rotational plan for their fields.

With significant levels of carry-in stocks in Canada and the U.S. resulting from significant production levels and lower export levels, AGT management views current supply of pulses for processing and merchandising activities as adequate and AGT management expects it will remain so for the 2013 year, assuming normal production conditions for North America. While lower production volumes may appear on the surface to be a negative condition for AGT's business, it may have the result of decreasing carry-in stocks from past seasons, rectifying, in part, the supply-demand imbalance caused by extended periods of lower-than-average exports to consumption markets, thereby positively impacting pricing and margins for the sector. As import programs are undertaken in consumption markets to replenish estimated low or depleted market stocks, which are a result of lower production in locations such as India and the Indian subcontinent, Turkey, and the Middle East/North Africa (“MENA”) region, export volumes from Canada, the U.S. and Australia are expected to rise, increasing AGT’s overall shipment volumes, which is expected to positively impact earnings throughout 2013 and into future periods and allow for the normal seasonal trend of imports to resume with shipping periods weighted in the late and early parts of each calendar year.

For AGT, the significance of pulse market recovery, particularly the potential normalization of red lentil markets including India and the Indian subcontinent markets and the Turkey/MENA region, is the potential for margin improvement, as well as the boosting of utilization of Canadian processing facilities. In 2012, due to lower import demand resulting in lower shipments and lowered capacity utilization, AGT facilities in Canada were utilized to process lower margin peas, contributing in part to margin compression and a negative impact on earnings. Value-added split, sized and colour-sorted lentils may have higher prices to end use markets providing opportunities for margin gains as prices increase. In the high fixed-cost environment that AGT operates in, gains in capacity utilization, particularly in higher margin products, can impact earnings very positively. As red lentils are the highest consumption type of lentils in global markets, improvements in red lentil markets are a contributor to improvement in AGT margins and earnings as well.

Recent activities in India regarding lower production levels for rabi (spring season) harvest after a kharif (fall season) harvest where deficient monsoon rains and cold wet conditions resulted in lowered production levels and AGT management believes support a positive outlook towards India and subcontinent import volumes. A spring harvest with excess rainfall may have the result of foreshadowing poor crops, which may have a yearlong impact of acting as a demand catalyst for global pulses demand, particularly to India and subcontinent markets where pulses, particularly lentils, are core consumption items. India has historically been a heavy importer in the period September to January.

Additionally, production estimates remaining stagnant to last year reduced from historic norms in Turkey suggest the potential for maintaining import levels to Turkey for 2013 to ensure domestic and regional supply. Turkey is an important supplier of pulses, staple foods and other agri-food products to the MENA region. India is also an important supplier of these products to the Indian subcontinent markets but a continued export ban will prevent India from exporting. Both countries have significant domestic production and consumption and are critical to their regional supply of pulses. AGT management estimates that import levels to both at estimated higher levels may have a significant impact on global pulse markets, assisting to correct the supply-demand imbalance by decreasing available supply and therefore impacting margins and prices positively, providing opportunity for earnings growth and increased gross margin per metric tonne for AGT and its global subsidiaries.

In recent periods, AGT management has undertaken initiatives towards diversification of AGT’s core pulses business to include more chickpeas and beans, and other products such as pasta, rice and bulgur, which may have a more consistent “year-round” consumption pattern. These products are considered staple table items for large numbers of the world's population, particularly in emerging and developing countries. These diversification initiatives have also included a focus on pulse ingredient flours, proteins, starches and fibres. Construction activities on AGT's new pulse ingredient facility in Minot, North Dakota were materially completed in late Q1 2013. Commissioning activities including ramp-up to full production levels for fractionization by the end of the second quarter of 2013 are planned. This corresponds with the beginning of marketing activities by Cargill Inc. through the previously announced exclusive agreement to market AGT's pulse proteins for branded feed applications and pet food. AGT continues to develop sales opportunities for human food and industrial uses for its pulse ingredient flours, proteins, starches and fibres, which may have the result of generating potentially higher margin, resulting in further earnings improvement.

AGT management continues to believe that the current supply and import demand imbalance may be corrected within the 2013 fiscal year, as pulses and staple foods are a key consumption item providing non-GMO, gluten free, nutrient dense vegetable protein consumed by large numbers of the world's population. AGT management believes that local market stocks must be replenished soon, with many core production and consumption markets forecast to report lower production levels. This is expected to assist in normalization of pulse and staple foods markets, resulting in normalized earnings and improved margins for AGT. Compiled estimates from statistical outlets for most major pulse producing and exporting origins show a return to approximate 2008 production and supply levels in 2013.

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.

Business Outlook

AGT management initiatives aimed at cost reductions and operational efficiencies, as well as developing new sales opportunities and markets are expected to be ongoing through 2013 and into future periods. These initiatives are expected to provide positive balance sheet and earnings impact in the future quarters. AGT management plans to continue with these initiatives and is optimistic that they will continue to assist AGT in its next stages of maturation as a company, bringing together the significant global asset base and the merchandising opportunities that exist in global pulse, staple foods and ingredient markets around the globe.

Regarding cost reduction and operational efficiencies, AGT management continues to be focused on balance sheet initiatives including working capital management, cost cutting initiatives and increasing inventory and receivables turns, thereby shortening the cash cycle. As has been reported in the past quarters, results have been positive. With these efforts continuing, AGT management is optimistic it may ensure that working capital debt is reduced as a percentage of revenues and operational efficiencies may be gained as AGT's business flows normalize along with global pulses and staple foods markets. As AGT's business grows, Management believes debt optimization strategies will allow AGT to maintain a healthy balance sheet to fund its growth and expansions from free-cash flow, debt and equity as required.

AGT's new credit facilities announced in early 2013 included an amended and restated credit agreement that provides for three facilities in an aggregate principal amount of $270 million, as well as an offering of $125 million aggregate principal amount senior secured second lien notes. As a result, AGT has achieved significant balance sheet certainty with regard to both duration and interest rates. As well, these financing arrangements provide the capital required to execute AGT's business plan to expand global asset base utilization, commercialize AGT's new pulses based food ingredient platform and provide working capital requirements for additional operations in geographies such as India, China and Russia and in new business units such as AGT's new pulse ingredient flour, protein, fibre and starch production facility, both of which Management believes may assist in the incremental improvement in earnings and margins.

AGT management has forecasted normalization in pulse and staple foods markets in late 2013, which may be driven by expectations of increased imports to key consumption markets where local stocks of pulses are estimated as low or depleted market stocks resulted from lower production local production levels and a combination of credit liquidity constraints and volatile local currency. This is estimated by AGT management to assist in incremental improvement in earnings and margins as well. AGT management's stated expectation of rationalization of acres and production in Canada, the U.S. and Australia may have the result of increasing prices for pulses in these markets where consumption demand is high and imports in past periods have been low thereby acting as a demand catalyst. Increased import demand to core consumption and regional distribution markets such as Turkey and the MENA region and India and Indian subcontinent may additionally have positive impact on AGT's business in the 2013-2014 years, particularly in the period after North American harvest.

Overall, continually improving conditions, manifest in increased import demand reflected through export statistics from Canada, the U.S. and Australia, demonstrate increased prices and shipments which is continuing to provide optimism to AGT management. These factors support management's continued belief in the Company's ability to develop sales opportunities in its two core platforms for growth: (1) pulses and grains processing (2) supply chain management 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 is expected to 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.

AGT management had earlier provided the late first quarter 2013 timeframe for material completion of construction of its first North American pulses ingredient facility located in Minot North Dakota, a timeline that was successfully met. Commissioning of production including a ramp-up to full production levels for the first installed fractionization line is expected by late Q2, coinciding with commencement of shipments as part of the announced reciprocally exclusive marketing agreement with Cargill Inc. with respect to pulse protein for the branded animal feed sector and petfood sector in North America. Plans are underway by AGT management for potential additional ingredient processing infrastructure in the USA, Canada and Turkey as well as the planned production plant in China, scheduled for completion in late 2013. Pulse ingredient facilities may be brought into production by capitalizing on available capacity in some Western Canadian and Turkey processing facilities where supply or logistical advantages exist, thereby adding business lines to improve capacity utilization and average margin profile in the pulses business segments.

Agreements such as the Cargill arrangement and other market opportunities being pursued by AGT, in part demonstrates the opportunities recognized by major ingredient and food companies for pulses ingredients, which can provide nutritional benefits, cost savings and product advantages to food companies. For AGT, these products may provide 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 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 and AGT's Food Ingredient Research, Development and Innovation facility in Saskatoon, Saskatchewan and the start of planning for additional pulse ingredient facilities within AGT's global system.

The addition of the pulse ingredient business unit, including production and research, is focused on the development of sales opportunities as well as new products and 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. AGT management expects, through these initiatives, to create opportunities through these initiatives in strategic quality analysis of pulses and staple food products targeted at specific markets, which may assist AGT in capitalizing on supply for 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 food companies creating sales opportunities for AGT products. This initiative may have the potential to enhance AGT's business in future periods as a supplier of whole pulses, value added-pulses and staple packaged foods as well as a preferred supplier of ingredients derived from pulses that are critical to food and feed companies producing branded products for retail and foodservice sale as well as petfood and animal feed products to consumers around the globe.

AGT management remains focused on market development programs for AGT traditional core pulses business in both new and traditional markets for AGT, that are expected to continue to enhance facility utilization and market opportunities. These development programs include initiatives to improve market share and distribution costs in South America, the Caribbean and

South Asia. AGT intends to continue to further develop its chickpea and bean market presence, with increased sales programs to key consumption markets such as South America and South Asia to further balance lentil processing and sales.

These activities include the opening of AGT India PVT Ltd. in India with a plan focused on a combination of processing of local production that may come from tuck-in acquisitions or small-scale green-field commissioning with the import, re-processing and distribution of products from other AGT operated facilities in Canada, the U.S. and Australia when production from these origins is high and freight costs provide an advantage. India and the Indian subcontinent is a significant market in the global pulse sector, with large scale local production, high levels of consumption and large import requirements. AGT management believes that local production, as indicated earlier, has been depressed due to a number of factors, resulting in a net import position and a continued ban on pulse exports from India and messaging from the government of India aimed at curbing potential food inflation. Pulses consumed include traditional pulses such as red split lentils and chickpeas, as well as some that are not produced or have lower production in other locations that AGT operates in, such as pigeon peas (toor dal), black matpe and mung beans.

Global operations in India, Southern Africa and China have been planned by AGT management to follow similar strategies as AGT's Turkish operations with import, re-processing and distribution to both domestic and regional markets. This may allow AGT to leverage freight advantages into these markets when they exist as well as potentially increase capacity utilization at its Canadian, U.S. and Australian facilities where supply of pulses is potentially high as a result of carry-in stocks and production levels remaining at significant levels. For Turkey, this strategy also includes origination from Russia and Ukraine through AGT Ltd., located in Rostov-on-Don, Russia, a Black Sea agri-port location with freight advantages through the Black Sea and Bosphorus Strait to Mersin, Turkey. AGT management believes that this strategy has been successful to ensure supply of raw materials for regional distribution as well as domestic use while local Turkish production has been focused on domestic Turkish markets and consumption.

By using its global origination base and strength in marketing, AGT expects to continue to boost the utilization of its asset base and expects to continue to assess asset utilization alternatives for new products and opportunities, including selling into new markets. AGT is considering an expansion into soybeans, cereal grains and oilseeds and is expanding its focus on chickpeas, green peas, flax seeds and canary seeds to utilize global facilities and assets more effectively. As such, AGT management believes that AGT has significant operating leverage and capacity to profitably increase sales volumes, utilizing its existing global fixed asset base that has now been largely established. Activities in global platform growth, specifically cap-ex programs for asset expansion, is expected to be limited in 2013 and the focus on asset footprint growth and is expected to resume in 2014 after the projected margin and earnings improvements forecast by AGT management in subsequent quarters. AGT management is focused on delivering gains in capacity utilization of the existing footprint of assets, working capital management and the commercialization of the food ingredient platform through the production commissioning of Minot, North Dakota and Tianjin, China. These new plants are planned to complement and assist AGT in its efforts to "move upstream" in its margin profile and improve its overall average margin profile of its business.

Strategy Implementation: Management Update

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

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 in 2013 when comparing to 2012. With the scale and size of operations, margin improvement on existing tonnes handled through AGT facilities will have a material impact on improving earnings.

With the Minot North Dakota plant commissioning in Q2 2013, commercial production quantities of pulses proteins, starches and fibers is expected to contribute to AGT results in the second half of 2013. This new platform may further drive AGT margin profile to a new market segment with a different demand and macro-economic profile compared to AGT's current emerging markets pulse marketing program. The further diversification of geographies, markets, products and revenue platforms expected to provide a solid foundation for the smoothing of quarterly seasonality over time and ensure that margin improvement visibly improves AGT's overall financial metrics.

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 are expected to 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 continue to pursue strategies to increase the time and duration of its global credits and global cost of debt capital across its mix of operating geographies. AGT has achieved success in this area as evidenced by the improvement in its inventory and receivables turn metrics reported in the period ended March 31, 2013 when comparing to the year end 2012 and the comparative period in 2012.

Increase capacity utilization: By using AGT's global origination base and strength in marketing and origination, AGT expects to 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 beans, 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. Facility throughput was increased marginally in the period ended March 31, 2013. Further meaningful improvement of overall annual utilization is targeted in the second half of 2013 as traditional supply and demand periods show a return to business seasonality seen in past years.

Management has also begun its analysis on the feasibility and costs of conversion of existing under-utilized capacity to assist AGT in ramping up its food ingredient platform in 2014 and 2015. This capacity conversion would assist in strategy implementation of both the capacity utilization strategy and the margin improvement strategy by converting tonnes of capacity from lower margin utilization to higher margin utilization. Market development activities through the Cargill agreement and AGT's food ingredient marketing program are expected to assist in the development of commercial sales programs to offtake additional production added in future years. Management will also focus a modest cap-ex program in 2013 and 2014 to enhance utilization. Global cap-ex programs in 2013 are anticipated at a modest $10 million. Management will continue to postpone large scale capital allocation to major new projects until margins and earnings show a marked improvement to pre-financial crisis levels.

Management capacity utilization targets are to achieve 67% asset utilization in 2013 (pre-crisis levels) and boost that utilization through a steady 3% per annum program to achieve full utilization within five years.

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 center 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 earnings and earnings per share.

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 March 31, 2013	3 Months Ended Dec 31, 2012	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
Revenue	$ 276,440	$ 247,195	$ 208,957	$ 201,768	$ 197,405	$ 231,450	$ 190,556	$ 169,915
Less: cost of sales (2)	254,231	227,415	191,926	185,148	183,275	212,667	166,794	154,804
Gross profit	22,209	19,780	17,031	16,620	14,130	18,783	23,762	15,111
Add back: depreciation cost of sales	2,720	2,700	2,445	2,402	2,401	1,809	1,531	1,625
Add back: finance income	340	433	1,034	492	317	856	-	-
Adjusted gross profit	**25,269**	**22,913**	**20,510**	**19,514**	**16,848**	**21,448**	**25,293**	**16,736**
Deduct: General and administrative expenses	(9,118)	(9,008)	(7,051)	(6,975)	(6,738)	(8,226)	(6,394)	(5,400)
Deduct: Marketing, sales and distribution expenses	(4,327)	(4,204)	(3,113)	(4,266)	(4,769)	(9,023)	(4,024)	(4,199)
Add: Amortization in general and administrative expense	1,142	717	640	805	726	2,449	309	1,920
Add: Non-recurring and other costs (3)	608	2,073	505	184	80	2,566	(158)	121
EBITDA (*)	**13,574**	**12,491**	**11,491**	**9,262**	**6,147**	**9,214**	**15,026**	**9,178**
Deduct: Finance expense	(5,768)	(4,248)	(4,402)	(3,837)	(4,448)	(2,907)	(3,549)	(2,328)
Deduct: Depreciation and amortization	(3,862)	(3,417)	(3,085)	(3,207)	(3,127)	(4,255)	(1,842)	(3,545)
Add (Deduct): Provision for income taxes	1,180	(1,033)	(22)	(1,779)	(1,198)	(1,178)	905	1,252
Adjusted net earnings (loss) (*)	**5,124**	**3,793**	**3,982**	**439**	**(2,626)**	**874**	**10,540**	**4,557**
Adjusted basic net earnings (loss) per share	0.26	0.19	0.20	0.02	(0.13)	0.04	0.53	0.23
Adjusted diluted net earnings (loss) per share	0.26	0.19	0.20	0.02	(0.13)	0.04	0.53	0.23
Non-recurring and other costs (3)	(608)	(2,073)	(505)	(184)	(80)	(2,566)	158	(121)
Non-cash foreign exchange effect	(4,895)	72	(2,895)	1,415	5,473	1,001	(21,774)	(8,312)
Net earnings (loss) per financial statements	**(379)**	**1,792**	**582**	**1,670**	**2,767**	**(691)**	**(11,076)**	**(3,876)**
Basic net earnings (loss) per share	(0.02)	0.09	0.03	0.08	0.14	(0.03)	(0.56)	(0.20)
Diluted net earnings (loss) per share	(0.02)	0.09	0.03	0.08	0.14	(0.03)	(0.56)	(0.20)
Total assets	735,810	712,491	641,882	624,580	651,052	689,512	615,556	575,397
Bank indebtedness	132,362	205,549	170,649	171,227	185,782	197,868	129,493	116,397
Short term financing	12,714	12,402	17,936	21,073	40,436	42,371	37,093	28,958
Long-term debt including current portion	210,769	82,310	76,202	77,069	77,468	80,765	73,968	66,416
Shareholders' equity	267,892	269,848	268,960	274,598	273,742	270,965	276,011	290,862
Dividends declared per share	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150	$ 0.150
Pulses and grain processing tonnes invoiced (4)	278,199	231,206	221,107					
Supply chain management and distribution tonnes invoiced (4)	95,235	76,087	55,733					
Elimination tonnes	(17,794)	(38,911)	(17,749)					
Total tonnes invoiced	355,640	268,382	259,091	275,905	275,123	272,196	282,847	227,132
Gross profit per metric tonne	$ 62.45	$ 73.70	$ 65.73	$ 60.24	$ 51.36	$ 69.01	$ 84.01	$ 66.53
Adjusted gross profit per metric tonne	71.05	85.37	79.16	70.73	61.24	78.80	89.42	73.68
EBITDA (*) per metric tonne	38.17	46.54	44.35	33.57	22.34	33.85	53.12	40.41

Notes:

(1) Calculated from the condensed consolidated unaudited interim financial statements for the quarters ended March 31, 2013 and 2012, September 30, 2012 and 2011 and June 30, 2012 and 2011 and the audited IFRS annual financial statements for the year ended December 31, 2012 and 2011.

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

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

(4) For a breakdown on segmented information, see the section entitled "Revenues, expenses and EBITDA* by reporting segment"

Discussion of Quarterly and Year to Date Results
(in thousands of Cdn. $ except as indicated, unaudited for the three month ended periods)

Revenue, Gross Profit and Adjusted Gross Profit

	3 Months Ended 31-Mar			3 Months Ended		
				March	December	
	2013	2012	Change	2013	2012	Change
Revenue	276,440	197,405	79,035	276,440	247,195	29,245
Less: cost of sales	254,231	183,275	70,956	254,231	227,415	26,816
Gross profit	22,209	14,130	8,079	22,209	19,780	2,429
Add back: depreciation in cost of sales	2,720	2,401	319	2,720	2,700	20
Add back: finance income	340	317	23	340	433	(93)
Adjusted gross profit	25,269	16,848	8,421	25,269	22,913	2,356

Revenue was $276.4 million for the three months ended March 31, 2013 compared to $197.4 million for the three months ended March 31, 2012 and compared to $247.2 million for the three months ended December 31, 2012. Revenue increased for the three months ended March 31, 2013 compared to the three months ended December 31, 2012 due to increased tonnes invoiced in both the Pulses and Grain Processing and in the Supply Chain Management and Distribution segments. Revenue increased when comparing the quarter ended March 31, 2013 to the quarter ended March 31, 2012 due largely to increased utilization of processing facilities and the escalation of general commodity prices.

Gross Profit was $22.2 million or 8.0% for the three months ended March 31, 2013 compared to $14.1 million or 7.2% for the three months ended March 31, 2012 and $19.8 million or 8.0% for the three months ended December 31, 2012.

Adjusted gross profit was $25.3 million or 9.1% for the three months ended March 31, 2013 compared to $16.8 million or 8.5% for the three months ended March 31, 2012 and $22.9 million or 9.3% for the three months ended December 31, 2012.

While gross profit and adjusted gross profit percentage remained relatively consistent with the quarter ended December 31, 2012, the overall gross profit and adjusted gross profit increased due to a higher number of tonnes being invoiced. The gross profit and adjusted gross profit percentage increased when comparing to the quarter ended March 31, 2012 due to a gradual improvement in margins later in 2012 and in 2013, compared to the early months of 2012.

EBITDA*

	3 Months Ended 31-Mar			3 Months Ended		
				March	December	
	2013	2012	Change	2013	2012	Change
EBITDA*	13,574	6,147	7,427	13,574	12,491	1,083

EBITDA* was $13.6 million for the three months ended March 31, 2013 compared to $6.1 million for the three months ended March 31, 2012 and $12.5 million for the three months ended December 31, 2012. EBITDA* increased by $7.5 million when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 and increased by $1.1 million when comparing the three months ended March 31, 2013 to the three months ended December 31, 2012. This increase is a result of increased tonnes sold when comparing the quarter ended March 31, 2013 to the quarter ended December 31, 2012 and movements toward the recovery of macro-economic conditions that resulted in margin compression in past quarters when comparing to the quarter ended March 31, 2012.

Expenses

	3 Months Ended 31-Mar			3 Months Ended		
				March	December	
	2013	2012	Change	2013	2012	Change
General and administrative expenses	9,118	6,738	2,380	9,118	9,008	110
Marketing, sales and distribution expenses	4,327	4,769	(442)	4,327	4,204	123

General and administrative expenses were $9.1 million for the three months ended March 31, 2013 compared to $6.7 million for the three months ended March 31, 2012 and $9.0 million for the three months ended December 31, 2012. The cost is consistent with the quarter ended December 31, 2012 and includes legal, financing, professional and other costs related to non-recurring events such as the Australian train derailment reported at the year ended December 31, 2012 and the establishment of the food ingredient research and development initiatives. The expense for the quarter ended March 31, 2013 is higher when comparing to the quarter ended March 31, 2012 due to AGT's growth in Australia, South Africa, China, India and North America (food ingredients platform).

Marketing, sales and distribution expenses were $4.3 million for the three months ended March 31, 2013, compared to $4.8 million for the three months ended March 31, 2012 and $4.2 million for the three months ended December 31, 2012. While the expense remained relatively consistent when comparing the quarter ended March 31, 2013 to the quarter ended December 31, 2012, there is a decrease when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 due to continued focus on decreasing discretionary expenditures such as advertising and promotion activities. This is partially offset by increased metric tonnes flowing through global facilities and distribution.

	3 Months Ended			3 Months Ended		
	31-Mar			March	December	
	2013	2012	Change	2013	2012	Change
Finance expense	5,768	4,448	1,320	5,768	4,248	1,520
Depreciation and amortization	3,862	3,127	735	3,862	3,417	445
Provision for (recovery of) income taxes	(1,180)	1,198	(2,378)	(1,180)	1,033	(2,213)
Non-cash foreign exchange effect (recovery)	4,895	(5,473)	10,368	4,895	(72)	4,967

Finance expenses for the three months ending March 31, 2013 were $5.8 million compared to $4.4 million for the three months ending March 31, 2012 and $4.2 million for the three months ending December 31, 2012. Finance expense increased when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 and the three months ended December 31, 2012 due to an increase in interest bearing debt, resulting from grain settlements that were deferred for payment until after January 1, 2013. Approximately $500,000 of prepayment and interest rate penalties were incurred as a one-time cost during the finalization of the syndication and second lien notes offering to retire existing debt in North America and Turkey. In addition, AGT experienced a first quarter ramp up of inventories to meet sales commitments and as a result accounts receivables increased when compared to the quarter ended December 31, 2012.

Depreciation expenses for the three months ended March 31, 2013 were $3.9 million compared to $3.1 million for the three months ended March 31, 2012 and $3.4 million for the three months ended December 31, 2012. Depreciation expense was higher for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 and compared to the three months ended December 31, 2012 due to capital assets being put into use.

Provision for income tax shows a recovery of $1.2 million for the three months ended March 31, 2013 compared to an expense of $1.2 million for the three months ended March 31, 2012 and an expense of $1.0 million for the three months ended December 31, 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.

AGT estimates an average tax rate in the range of 26% to 26.5%, depending on which jurisdiction has earnings or losses, and the tax treatment of variance revenues or expenses.

Non-cash foreign exchange was an expense of $4.9 million for the three months ended March 31, 2013 compared to a recovery of $5.5 million for the three months ended March 31, 2012 and a recovery of $0.1 million for the three months ended December 31, 2012. The change in non-cash foreign exchange from the three months ended December 31, 2012 and March 31, 2012 to the three months ended March 31, 2013 is due to changes in foreign exchange rates associated with 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 currently has two segments: (1) pulses and grains processing and (2) supply chain management and distribution.

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 through 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 a portion of the operations in Turkey. The segment is consistent 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.

Supply chain management 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 Canada, UK, Netherlands, Spain, Russia, a portion of the operations in Turkey, the 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.

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

AGT's chief operating decision maker evaluates segment performance on the basis of EBITDA* (earnings before finance expense, income taxes, depreciation and amortization, non-recurring 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 AGT management believes may be useful to investors to explain AGT's financial results.

Revenues, expenses and EBITDA* by reporting segment

Net Earnings by Reporting Segment	Pulses and Grain Processing				Supply Chain Management and Distribution			
	3 Months Ended Mar 31, 2013	3 Months Ended Dec 31, 2012	3 Months Ended Sept 30, 2012	Change Mar 31, 2013 to Dec 31, 2012	3 Months Ended Mar 31, 2013	3 Months Ended Dec 31, 2012	3 Months Ended Sept 30, 2012	Change Mar 31, 2013 to Dec 31, 2012
Quarterly comparisons								
Revenue	$198,301,248	$182,454,559	$159,068,626	$ 15,846,689	$ 103,302,061	$ 91,507,402	$ 61,909,102	$ 11,794,659
Cost of sales	182,412,079	167,502,189	148,457,512	14,909,890	96,982,755	86,678,472	55,490,255	10,304,283
Gross profit	15,889,169	14,952,370	10,611,114	936,799	6,319,306	4,828,930	6,418,847	1,490,376
Add back: depreciation in cost of sales	2,599,755	2,376,548	2,304,136	223,207	119,863	323,899	140,249	(204,036)
Add back: finance income	339,813	432,459	1,034,454	(92,646)	-	-	-	-
Adjusted gross profit	18,828,737	17,761,377	13,949,704	1,067,360	6,439,169	5,152,829	6,559,096	1,286,340
General administrative expenses and other	4,770,970	3,386,879	3,609,779	1,384,091	2,029,778	2,478,527	1,760,503	(448,749)
Marketing, sales and distribution expenses	2,198,385	1,099,018	1,934,659	1,099,367	1,519,950	2,630,672	874,023	(1,110,722)
Segment earnings from operations	**11,859,382**	**13,275,480**	**8,405,266**	**(1,416,098)**	**2,889,441**	**43,630**	**3,924,570**	**2,845,811**
Unrealized foreign exchange gain	-	-	-	-	-	-	-	-
Finance expense	-	-	-	-	-	-	-	-
Segment earnings before income taxes	**11,859,382**	**13,275,480**	**8,405,266**	**(1,416,098)**	**2,889,441**	**43,630**	**3,924,570**	**2,845,811**
Current income tax	-	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-	-	-
Net segment earnings	**11,859,382**	**13,275,480**	**8,405,266**	**(1,416,098)**	**2,889,441**	**43,630**	**3,924,570**	**2,845,811**
Depreciation	422,743	397,057	228,587	25,686	43,045	62,090	81,712	(19,045)
Unrealized foreign exchange gain	-	-	-	-	-	-	-	-
Finance expense	-	-	-	-	-	-	-	-
Net tax expense	-	-	-	-	-	-	-	-
Non-recurring and other expenses	524,612	815,666	331,563	(291,054)	4,077	98,705	10,340	(94,628)
EBITDA*	**$ 12,806,737**	**$ 14,488,203**	**$ 8,965,416**	**$ (1,681,466)**	**$ 2,936,563**	**$ 204,425**	**$ 4,016,622**	**$ 2,732,138**
Total tonnes invoiced	278,199	231,206	221,107	46,993	95,235	76,087	55,733	19,148
Gross profit per metric tonnes	$ 57.11	$ 64.67	$ 47.99	$ (7.56)	$ 66.35	$ 63.47	$ 115.17	$ 2.89
Adjusted gross profit per metric tonne	67.68	76.82	63.09	(9.14)	67.61	67.72	117.69	(0.11)
EBITDA* per metric tonne	46.03	62.66	40.55	(16.63)	30.83	2.69	72.07	28.15

Net Earnings by Reporting Segment	Corporate and Eliminations				Consolidated			
	3 Months Ended Mar 31, 2013	3 Months Ended Dec 31, 2012	3 Months Ended Sept 30, 2012	Change Mar 31, 2013 to Dec 31, 2012	3 Months Ended Mar 31, 2013	3 Months Ended Dec 31, 2012	3 Months Ended Sept 30, 2012	Change Mar 31, 2013 to Dec 31, 2012
Quarterly comparisons								
Revenue	$ (25,163,635)	$ (26,766,801)	$ (12,021,381)	$ 1,603,166	$ 276,439,674	$247,195,160	$208,956,347	$ 29,244,514
Cost of sales	(25,163,635)	(26,766,801)	(12,021,381)	1,603,166	254,231,199	227,413,860	191,926,386	26,817,339
Gross profit	-	-	-	-	22,208,475	19,781,300	17,029,961	2,427,175
Add back: Depreciation in cost of sales	-	-	-	-	2,719,618	2,700,447	2,444,385	19,171
Add back: Finance income	-	-	-	-	339,813	432,459	1,034,454	(92,646)
Adjusted gross profit	-	-	-	-	25,267,906	22,914,206	20,508,800	2,353,700
General administrative expenses and other	2,316,933	3,142,361	1,680,021	(825,428)	9,117,681	9,007,767	7,050,303	109,914
Marketing, sales and distribution expenses	608,704	475,028	304,011	133,676	4,327,039	4,204,718	3,112,693	122,321
Segment earnings from operations	**(2,925,637)**	**(3,617,389)**	**(1,984,032)**	**691,752**	**11,823,186**	**9,701,721**	**10,345,804**	**2,121,465**
Unrealized foreign exchange loss (gain)	4,894,871	(72,400)	2,895,485	4,967,271	4,894,871	(72,400)	2,895,485	4,967,271
Finance expense	5,768,401	4,248,081	4,402,053	1,520,320	5,768,401	4,248,081	4,402,053	1,520,320
Segment earnings before income taxes	**(13,588,909)**	**(7,793,070)**	**(9,281,570)**	**(5,795,839)**	**1,159,914**	**5,526,040**	**3,048,266**	**(4,366,126)**
Current income tax	883,225	(426,983)	962,053	1,310,208	883,225	(426,983)	962,053	1,310,208
Deferred income tax	(2,063,050)	1,459,705	(939,870)	(3,522,755)	(2,063,050)	1,459,705	(939,870)	(3,522,755)
Net segment earnings	**(12,409,084)**	**(8,825,792)**	**(9,303,753)**	**(3,583,292)**	**2,339,739**	**4,493,318**	**3,026,083**	**(2,153,579)**
Depreciation	675,833	257,541	329,613	418,292	1,141,621	716,688	639,912	424,933
Unrealized foreign exchange gain	4,894,871	(72,400)	2,895,485	4,967,271	4,894,871	(72,400)	2,895,485	4,967,271
Finance expense	5,768,401	4,248,081	4,402,053	1,520,320	5,768,401	4,248,081	4,402,053	1,520,320
Net tax expense	(1,179,825)	1,032,722	22,183	(2,212,547)	(1,179,825)	1,032,722	22,183	(2,212,547)
Non-recurring and other expenses	80,597	1,159,402	162,672	(1,078,805)	609,286	2,073,773	504,575	(1,464,487)
EBITDA*	**$ (2,169,207)**	**$ (2,200,446)**	**$ (1,491,747)**	**$ 31,239**	**$ 13,574,093**	**$ 12,492,182**	**$ 11,490,291**	**$ 1,081,911**
Total tonnes invoiced	(17,794)	(38,911)	(17,749)	21,117	355,640	268,382	259,091	87,258
Gross profit per metric tonnes					$ 62.45	$ 73.70	$ 65.73	$ (11.25)
Adjusted gross profit per metric tonne					71.05	85.37	79.16	(14.32)
EBITDA* per metric tonne					38.17	46.54	44.35	(8.37)

AGT is reporting comparative segment information in order to provide metrics regarding the quarterly and annual performance of its reporting segments. In future periods, management will report current quarter to past quarter and current period to same period prior year.

When reviewing the Pulses and Grain Processing segmented results for the quarter ended March 31, 2013, gross profit and adjusted gross profit increased when comparing to the quarter ended September 30, 2012 and decreased from the quarter ended December 31, 2012. Continued development of chickpea, bean, high-quality green lentil and split pulses opportunities contributed to gradual margin improvement when comparing the periods. Utilization improved in comparison to both periods with significant demand from the India sub-continent due to crop concerns and quality problems with April 2013 harvest in India. Even with a slight decline in average margin from Quarter 4 2012 to the March 31, 2013 period, margin improvements in year over year comparison lend verification to managements projection that margins will continue their gradual improvement as AGT moves through the 2013 period. It is not uncommon that margins are pressured in the first half of the calendar year as buyers are reluctant to purchase when prices are robust as they are awaiting the results of India harvest in April and Turkey harvest in May/June. As a result, tonnages were up and absolute dollar margins and earnings were improved. Management remains optimistic that its continued efforts to diversify this segment will lead to sustained margin improvements in coming quarters.

Overall margins in the Canada and Turkey geographies improved while Australia and USA margins were pressured. Proportionately, the margin improvement in Canada and Turkey is an important signal for AGT results for the remainder of 2013. The business in this segment is showing signs of returning to a more normalized demand seasonal pattern that was observed by management to be impaired and changed in 2011 and 2012 as a result of the financial crisis globally. Management is encouraged that predictability on seasonal trends will allow for more consistent asset utilization and financial performance.

The Supply Chain Management and Distribution segment was very consistent in its performance. Increased sales due to governmental tenders and United Nations agencies resulted in a volume of durum wheat trade and sugar trade that was completed in the first quarter on a back to back basis. The margin profile of this business was lower than other activities contained within this segment (operations of Poortman's and Advance Seeds). AGT management continues to view the Supply Chain Management and Distribution segment as an important platform for new business development and development of opportunities to utilize capacity in AGT's Pulses and Grain Processing segment.

Other reporting segment information

As at March 31, 2013	Pulses and Grain Processing	Supply Chain Management and Distribution	Corporate and Eliminations	Consolidated
Assets	$ 717,436,175	$ 171,316,267	$ (152,942,903)	**$ 735,809,539**
Liabilities	522,190,114	74,510,111	(128,782,438)	**467,917,787**
Intangible assets	5,646,571	3,426,428	-	**9,072,999**
Goodwill	46,126,862	14,757,243	-	**60,884,105**

Working Capital and Net Debt

Net working capital* increased to $183.6 at March 31, 2013, compared to $66.6 million at December 31, 2012 due to restructuring of financing lines to longer term facilities. This has allowed balance sheet certainty for AGT.

Net debt* is comprised of bank indebtedness, short term financing, long term debt and current portion of long term debt, less cash and totalled $319.1 million at March 31, 2013 compared to $267.2 million at December 31, 2012 and compared to $232.1 million at September 30, 2012 (see table on page 34). The increase in net debt of $51.9 million when comparing to December 31, 2012 and $87.0 million when comparing to September 30, 2012 is a result of increased bank indebtedness and long term debt resulting from the ramp up of inventory levels as well as increased invoicing and the resultant accounts receivable. An increase in property, plant and equipment in the amount of $8.3 million also affected the net debt total as of March 31, 2013. In addition, the net debt to finance working capital increase, which is expected by management during the harvest period, is a seasonal demand that continues to convert to cash early in 2013.

This increase is partially offset by a continued focus on accounts receivable turns 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.

The total of accounts receivable and inventory days outstanding has decreased from 161.9 days during the year ended December 31, 2012 and 163.3 days for the quarter ended March 31, 2012 to 129.2 days for the quarter ended March 31, 2013, an improvement of 32.7 days from the year ended December 31, 2012 and an improvement of 34.0 days from the quarter ended March 31, 2012.

Current assets were $434.0 million at March 31, 2013 compared to $417.9 million at December 31, 2012 and compared to $359.4 million at September 30, 2012 (see table on page 34). The current asset base is largely accounts receivable and inventory. It is important to note that accounts receivables are largely insured by Export Development Canada, significantly reducing the risks associated with accounts receivable collection, since buyer risk is being replaced by Government of Canada risk through the export insurance. Higher 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 days outstanding decreased from an average of 75.7 days for the year ended December 31, 2012 and from 77.3 days for the quarter ended March 31, 2012 to 61.2 days for the quarter ended March 31, 2013.

Accounts receivable increased to $193.0 million at March 31, 2013, compared to $183.2 million at December 31, 2012 and increased compared to $178.6 million at September 30, 2012 (see table on page 34). Accounts receivable increased by $9.8 million when comparing the quarter ended March 31, 2013 to the quarter ended December 31, 2012. This is due to increased sales from Canada and South Africa later in the quarter ended March 31, 2013 and a subsequent increase in accounts receivable of $20.7 million from Canada and $1.0 million from South Africa. Accounts receivables in Turkey decreased by $12.7 million when comparing the quarter ended March 31, 2013 to the quarter ended December 31, 2012 due to increased focus on measures to increase collection turns, including banking products. Accounts receivable at other subsidiaries increased by $0.8 million when comparing March 31, 2013 to December 31, 2012.

Inventory days outstanding decreased from an average of 86.2 days for the year ended December 31, 2012 and from 86.0 days for the quarter ended March 31, 2012 to 68.0 days for the quarter ended March 31, 2013.

Inventory increased to $195.2 million at March 31, 2013, compared to $188.9 million at December 31, 2012. The increase of $6.3 million is due to largely to an increase of $4.9 million in Canada, $1.2 million in the US and $3.9 million in Turkey, partially offset by a decrease of inventory in Australia of $5.3 million. The remaining subsidiaries showed an increase of $1.6 million. Management continues to expect the temporary inventory build-up to convert to cash throughout early 2013.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. While the inventory value is $195.2 million at March 31, 2013, this value represents a number of different commodities globally. Much of this inventory is also earmarked for sales contracts 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. 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 and 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.

AGT management will continue in its efforts to optimize capital utilization and debt levels to ensure a predictable return on deployed capital for shareholders. It is anticipated that with a predicted return to more seasonal flows in the global pulse and staple foods markets, AGT management may observe a potential de-levering of the balance sheet with a gradual ramp up of working capital in the last four months of the calendar year. This seasonal working capital trend has been observed in past years and reflects the normalized consumption patterns of markets for AGT's products.

Dividends - AGT paid a dividend in January 2013 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**"), Renminbi of the People's Republic of China (" **¥**" or "**RMB**") and the Indian Rupee ("**INR**").

Balance sheet accounts of subsidiaries are valued at March 31, 2013 and December 31, 2012 foreign exchange rates as follows:

	Mar 31, 2013	**Dec 31, 2012**
USD/CDN	1.01600	0.99490
AUD/CDN	1.05890	1.03390
TL/CDN	0.56110	0.55740
GBP/CDN	1.54170	1.61780
EUR/CDN	1.30420	1.31180
ZAR/CDN	0.11070	0.11720
RMB/CDN	0.16340	0.15970
INR/CDN	0.01871	N/A

For each subsidiary, any difference between the March 31, 2013 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

Liquidity risk is the risk that AGT cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

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 and development activities, 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 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 March 31, 2013, AGT had total operating lines and other facilities available of $260.5 million (December 31, 2012 - $289.8 million), a portion of which is secured by a general security agreement. Interest rates on CDN and USD operating credits and other facilities are LIBOR and prime rate based ranging from 1.44% to 4.25% 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 based on Turkish Central Bank rate and prevailing market premiums at the time of utilization. At March 31, 2013, 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.

On January 24, 2013, AGT finalized an amended and restated credit agreement that provides for three facilities in an aggregate principal amount of $270 million ($300 million in the event that the $30 million accordion option is exercised in full) through AGT's wholly owned Alliance Pulse Processors Inc. ("APP") subsidiary through the Bank of Nova Scotia and a syndicate of six other lenders containing customary negative covenants and maintenance of certain ratios at the APP and AGT level.

On February 6, 2013 AGT submitted the first draw against a Master Receivables Purchase Agreement that was signed with The Bank of Nova Scotia on December 21, 2012.

This agreement allows the sale of specific Turkish trade accounts receivable that are insured through EDC, to The Bank of Nova Scotia.

AGT continues to be involved in the collection of the accounts receivables and submission of those collections to The Bank of Nova Scotia with any uncollected amounts resulting in EDC making a payment to the third party.

On February 14, 2013, an offering of $125 million aggregate principal amount of senior secured second lien notes due February 14, 2018 was completed with proceeds used to repay certain indebtedness of some of AGT's global subsidiaries and for general corporate purposes.

The combination of these credit arrangements is expected by AGT management to provide additional balance sheet certainty with regard to both duration and interest rates and additionally provide the capital required to execute AGT's business plan to expand global asset base utilization, commercialize AGT's new pulses based food ingredient platform and provide working capital requirements for additional operations in India, China and Russia which Management believes may assist in the incremental improvement in earnings and margins.

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. The calculation of shareholders' equity, Net Debt* and capital is set out in the following table:

	Mar 31, 2013	**Dec 31, 2012**	**Sept 30, 2012 (unaudited)**
Long term debt and finance leases	$ 204,032,461	$ 76,558,126	$ 70,163,874
Bank indebtedness, short term financing and current portion of long term debt and finance leases	151,812,465	223,702,732	194,623,862
Cash and cash equivalents	(36,773,907)	(33,109,951)	(32,710,646)
Net debt*	**$ 319,071,019**	**$ 267,150,907**	**$ 232,077,090**
Shareholders' equity	267,891,752	269,847,553	268,959,838
Capital	**$ 586,962,771**	**$ 536,998,460**	**$ 501,036,928**

Selected asset and liability information

	Mar 31, 2013 (unaudited)	Dec 31, 2012	Sept 30, 2012 (unaudited)
Cash and cash equivalents	$ 36,773,907	$ 33,109,951	$ 32,710,646
Accounts receivable	193,040,580	183,156,181	178,584,904
Inventory	195,196,462	188,881,727	141,783,677
Bank indebtedness, short term financing and current portion of long term debt and finance leases	151,812,465	223,702,732	194,623,862
Accounts payable, accrued liabilities and deferred revenue	94,112,177	122,605,047	89,482,812
Long-term debt and finance leases	204,032,461	76,558,126	70,163,874
Total current assets	433,962,766	417,935,344	359,420,972
Total current liabilities	250,338,558	351,353,836	289,191,999
Net working capital*	183,624,208	66,581,508	70,228,973

Cash Flow Summary

	3 months ended Mar 31, 2013	3 months ended Mar 31, 2012	Difference
Cash flow from operating activities	$ (39,887,788)	$5,397,492	$ (45,285,280)
Cash flow from financing activities	52,298,980	(19,366,279)	71,665,259
Cash flow from investing activities	(10,384,307)	(7,235,375)	(3,148,932)
Effect of exchange rate changes on	1,637,071	609,951	1,027,120
Change in cash	$3,663,956	($20,594,211)	$24,258,167

Cash flow from operating activities for the three months ended March 31, 2013 was a decrease of $39.9 million compared to an increase of $5.4 million for the three months ended March 31, 2012. This change is due largely to a decrease in non-cash working capital for the quarter ended March 31, 2013 in the amount of $47.2 million compared to an increase for the quarter ended March 31, 2012 in the amount of $2.9 million. The change is largely due to increased sales volumes and grain receipts and the resulting increase in accounts receivable and inventory. In addition, accounts payable decreased when compared to the prior year.

Cash flow from financing activities for the three months ended March 31, 2013 was an increase of $52.3 million compared to a decrease of $19.4 million for the three months ended March 31, 2012. This change is a result of the finalization of credit facilities, partially offset by an increased working capital requirement that typically occurs in the first quarter.

Cash flow from investing activities for the three months ended March 31, 2013 was a reduction of $10.4 million compared to a reduction of $7.2 million for the three months ended March 31, 2012. This is due to increased purchases of property, plant and equipment during the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

The change in cash generated from operating activities when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 was a reduction of $45.3 million. This change was used primarily to purchase inventory as well as finance accounts receivable due to the increase of invoiced tonnes.

Cash Flow Information – Non-Cash Working Capital:

Non-cash working capital for the three months ended March 31, 2013 decreased by $47.2 million compared to an increase of $2.9 million for the three months ended March 31, 2012. This difference of $50.1 million is due primarily to increased accounts receivable and inventory levels as compared to the same period last year. In addition, there were increased accounts payables due to increased grain receipts. AGT continues to monitor working capital.

Accounts Payable and deferred revenue:

Accounts payable and deferred revenue decreased by $28.5 million, from $122.6 million at December 31, 2012 to $94.1 million at March 31, 2013. This is largely due to deferred producer payments being cashed during the quarter ended March 31, 2013.

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:

AGT has defined key management personnel as senior executive officers, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of AGT. The following table outlines the total compensation expense for key management personnel:

		Mar 31, 2013		**Mar 31, 2012**
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	568,500	$	408,750
Post employment benefits (RRSP)		21,600		21,200
Other long term benefits including stock based compensation (long term incentive plan)		282,845		228,750
Total	$	872,945	$	658,700

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The transactions were conducted in the normal course of business and were accounted for at the exchange amount.

Transactions with key management and corporations significantly influenced or controlled by AGT directors or key management

		Mar 31, 2013		Dec 31, 2012
Accounts receivable	$	1,010,553	$	801,143
Accounts payable		1,474,159		1,640,551

		Mar 31, 2013		Mar 31, 2012
Purchases	$	1,899,147	$	1,240,251

The Arslan family own approximately 27.5% of the outstanding shares of AGT. 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:

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

Estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the consolidated financial statements are as follows:

Income Taxes:

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. Significant judgment is required related to the classification of transactions and assessment of probable outcomes. Significant estimates are required in determining income tax provisions and the recoverability of deferred income tax assets. In calculating income taxes, consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences, income and losses for financial reporting purposes and income and losses determined under the substantively enacted tax laws and rates. The tax effect of these temporary differences is recorded as a deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of estimates. If these estimates prove to be inaccurate, future earnings may be materially impacted.

Impairment of Long-Lived and Intangible Assets

AGT assesses the carrying values of property, plant and equipment, intangibles assets, and goodwill annually. Recoverability is determined through assumptions and estimates regarding future cash flows, sustaining capital requirements, discount rates, and asset lives. A material change in assumptions may impact the potential recoverability of these assets, resulting in amounts charged against current earnings

In assessing the recoverability of long-lived and intangible assets, judgment is required in the determination of the appropriate grouping of assets that generate cash inflows or cash generating units (CGU's). The determination of CGU's is based on management's assessment of independence of revenue earned, operating asset utilization, shared infrastructure, geographic proximity and similarity of risk exposures. AGT also uses significant judgment in evaluating if a triggering event occurs which would warrant an evaluation of impairment of long-lived and intangible assets based on the identified CGU's.

Functional Currency

The identification of functional currency for each of the legal entities involves significant judgment. AGT has utilized this judgment and summarized the results in note 3c of AGT's 2012 annual consolidated financial statements.

Financial Instruments:

AGT, as part of its operations, carries a number of financial instruments that include cash, 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, 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 AGT management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. Management, including the CEO and the CFO, do not expect that AGT's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), requires CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer. The Company's CEO and the CFO evaluated AGT's Disclosure Controls as at March 31, 2013 and concluded that the design of AGT's Disclosure Controls were effective.

Internal Controls over Financial Reporting

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

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

As at March 31, 2013, management, including the CEO and CFO, evaluated the design of AGT's

ICFR. Based on the evaluation, the CEO and the CFO concluded that the design of AGT's ICFR was effective as at March 31, 2013.

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 consolidated financial statements, as their effective dates fall in annual periods beginning subsequent to the current reporting period.

Proposed standards	Description	Previous Standard	Effective Date
IAS 32 - Financial Instruments: Presentation	Issued in December 2011. Clarifies the presentation requirements related to the offsetting of financial assets and liabilities.	IAS 32 - Financial Instruments: Presentation	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 is assessing the potential impact of standards and amendments effective in future years for impacts on both quantitative and qualitative disclosure. AGT does not expect any significant impact.

On January 1, 2013, AGT adopted the following new standards as issued by the IASB: IFRS 7 Financial Instruments: Disclosures, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, and IFRS 13 Fair Value Measurement. None of these standards had a material impact on AGT's financial statements.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 19,865,521 common shares of AGT.

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. Potential risks and uncertainties include operating requirements, volume, transportation and transloading, distribution and supply contracts, customer retention and competitive environment, foreign operations, integration of acquisitions, realization of benefits from acquisitions, acquisition and expansion, reliance on key personnel, localized decision making, potential undisclosed liabilities, uninsured and underinsured losses, global financial crisis and general economic conditions, wholesale price volatility, capital markets, leverage and capital requirements, financing and credit liquidity, reduced dividend payment, international agricultural trade, foreign exchange, counterparty and export, geographic and political, environmental protection, energy price fluctuation, information technology, regulatory oversight, financial reporting, control of AGT and dilution of shareholders. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the quarter ended March 31, 2013.

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 and expires December 31, 2013.

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

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.

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; 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 finance expense, 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 33.

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.

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

	For the Three Months Ended Mar 31, 2013	For the Three Months Ended Mar 31, 2012
Net earnings (loss)	$ (379)	$ 2,767
Add (deduct):		
Income tax expense (recovery)	(1,180)	1,198
Depreciation and amortization expense	3,862	3,127
Finance expense	5,768	4,448
Non-cash foreign exchange	4,895	(5,473)
Non-recurring and other expenses (1)	608	80
EBITDA*	13,574	6,147
Less:		
Finance expense	5,768	4,448
Depreciation and amortization expense	3,862	3,127
Income tax expense (recovery)	(1,180)	1,198
Adjusted net earnings*	$ 5,124	$ (2,626)
Basic adjusted net earnings* per share	0.26	(0.13)
Diluted adjusted net earnings* per share	0.26	(0.13)
Basic weighted average number of shares outstanding	19,809,741	19,743,077
Diluted weighted average number of shares outstanding	19,931,046	19,923,059

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

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

	Mar 31, 2013	Dec 31, 2012
Current assets	$ 433,962,766	$ 417,935,344
Current liabilities	250,338,558	351,353,836
Net working capital*	$ 183,624,208	$ 66,581,508
Long term debt and finance leases	$ 204,032,461	$ 76,558,126
Bank indebtedness and current portion of long term debt and finance leases	139,098,590	211,300,922
Short term financing	12,713,875	12,401,810
Cash and cash equivalents	(36,773,907)	(33,109,951)
Net debt*	$ 319,071,019	$ 267,150,907

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 finance expense, 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.

Unseasonable late-season snow cover and cold weather conditions across the Prairie Provinces and into the U.S Northern Tier states are resulting in a sense of uncertainty with regard to spring seeding commencement, with Agriculture Canada estimating that delays in spring planting may be expected, however weather conditions have improved in late May. Potential delays such as these may result in a further lowering of pulses production in both Canada and the U.S. This may come in addition to an already expected rationalization of acres, as prices for pulses to growers are estimated as lower than other competing crops such as cereal grains and oilseeds. However, high carry-in stocks are expected to maintain supply levels for export and processing programs for AGT in the period until new crop product from North American harvest is available. AGT management continues to categorize supply of all pulses in Canada and the U.S. as ample.

These lower production estimates for Canada and the U.S. are forecasted to assist in returning to 2008 production and supply levels for many pulses, most significantly lentils, which may also have the result of raising prices for pulses, allowing for margin gains in AGT sales programs.

Production estimates by Statistics Canada ("StatsCan") are as follows:

	Canadian Pulse Production 2013 (1)			
	Area (acres)	**Production (mt)**	**Yields (lbs)**	**Variance 2013(E) to 2012 Production**
Lentils	2,130,000	1,226,000	1,310	(14%)
Dry Peas	3,545,000	3,157,000	1,963	11.57%
Edible Beans	255,000	205,000	1,772	(25.3%)
Chickpeas	177,000	124,000	1,544	(21.27%)
Faba Beans(2)	20,000	20,800	2,300	n/a

(1) Effective April 15, 2013 from data and estimates available from StatsCan and STAT Publishing.
(2) Estimates compiled by AGT based on 5 year historical data and internal estimates of production.

Decreases in lentil production in Canada are estimated by Kostal Ag Consulting to impact green lentils more than red lentils, with Agriculture and Agri-Food Canada ("AAFC") reporting that green lentils have been showing lower returns in compared to other crops. However, it should be noted that estimates of seeding intentions are volatile early in any season, as farmers are still evaluating seeding options and are to expected continue to do so until they commence seeding activities in late May and possibly early June, based on snow melt and drying of fields.

Decisions on which crops are to be seeded are based on rotational plans, current prices and estimates surrounding marketing potential. Based on these levels, AGT management would not expect supply constraints for Canadian origin pulses in the 2013 marketing period. With the forecasted production decreases in pulses for Canada and the U.S. in 2013, prices are estimated by AAFC to increase for lentils and dry beans and decrease for peas and chickpeas.

In the U.S. Northern tier states (the MonDak region including North Dakota and Montana), similar delays in spring seeding are expected, with slow snow melt and drying before farmers can be in the field commencing seeding activities. Pulse production in the U.S. appears to have returned to typical levels for peas and lentils, with the United States Department of Agriculture ("USDA") forecasting pea production in line with average production from 2008-2010. Significant decreases in edible bean production are expected, likely as a result of wet conditions expected in eastern North Dakota and Minnesota due to potential flooding from Manitoba's Red River Valley. Similar conditions were seen on 2011 with extreme flooding in that region. However, it should again be noted that estimates of seeding intentions can change as farmers approach spring seeding periods in May and June. High carry-in stocks in the U.S. are estimated by USDA.

Production estimates by the United States Department of Agriculture ("USDA") are as follows:

	U.S. Pulse Production 2013 [1]			
	Area (acres)	**Production (mt)**	**Yields (lbs)**	**Variance 2013(E) to 2012 Production**
Lentils	335,000	179,000	1,178	(25.57%)
Dry Peas	850,000	633,000	1,642	28.36%
Edible Beans	1,285,700	1,016,389	1,743	(21.66%)
Chickpeas	214,300	152,757	1,571	1.41%

(1) Effective April 23, 2013 from data and estimates available from USDA and STAT Publishing.

Pulses exports from Canada for the January-March 2013 period are shown by StatsCan as having gained significantly from the same period in 2012, with peas increased 121.6% to 729,879 mt and lentils up 75.9% to 367,348 mt, with India and Turkey leading as export origins for Canadian lentils. While three months do not establish a trend, export results at these levels are positive signals with regard to movement of Canadian pulses, specifically lentils, to consumption markets overseas.

Similar reports from U.S. pulses export data from the U.S. Department of Commerce reported pea and lentil exports from the U.S. up sharply when comparing January-March 2013 to 2012, with peas increasing 53.7% and lentils increasing 58.7% in this period.

With end-use market activities expected by AGT management to continue normalizing, resulting in potentially higher export levels which may begin to use up carry-in stocks, supply and demand are expected to be brought back into balance, with the forecasted result of correcting prices for producers and consumers. Supply constriction as a result of lower production and acre rationalization in Canada is seen by AGT management as a positive factor in its efforts to recover processing margins in pulses.

Regarding durum wheat for 2013-14, AAFC reports in its April 2013 Outlook for Principal Field Crops that seeded area is estimated to increase marginally; however, production is expected to decrease slightly to 4.6 million mt, causing supply to decrease by 4% due to lower production and carry-in. U.S. durum production is expected to decrease with an expected 18% decline in seeded area. Prices from durum in Canada and the U.S. are expected to decrease due to higher world supply.

Turkey

The 2013 pulse growing season is now underway, with seeding activities typically commencing in the January/February period and May/June as the typical harvest period. Premiums have been offered by the Turkish Ministry of Agriculture to boost lagging pulse production in past years, where production dropped from historical norms to approximately 375,000 to 400,000 mt in 2012 based on AGT management estimates supported by internal and industry sources. The USDA Global Agricultural Information Service ("GAIN"), in its 2013 Turkey Grain and Feed Annual Report, estimates 460,000 mt of production for lentils for 2013; however, some unofficial estimates in the lentil trade may believe lentil production in Turkey could remain at the 375,000 mt level. Production at these levels would result in Turkey's continued import of lentils, both red and green, to fill domestic demand and continue to supply to Middle East/North Africa ("MENA") regional markets. Supply of raw materials for import/re-process/re-export activities are expected to continue to be drawn from other pulse producing origins such as Canada, the U.S., and Australia and to an increasing degree Russia, Ukraine and other former Soviet Union republics such as Kyrgyzstan.

USDA GAIN estimates durum wheat production for 2013 at approximately 2 million mt, below traditional averages of between 2.5 and 3 million mt. Seeding levels in Central Anatolia are estimated to decrease and yield loss in the region due to moisture loss in the soil is expected. With production volumes at these lower levels, Turkey must import durum wheat to meet domestic production requirements for semolina, bulgur and pasta. Global carry-in and supply is expected to decrease as a result of lower global production, with AAFC estimating the lowest supply levels since 2008-09, resulting in world prices increasing. 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.

Estimates for 2013 paddy rice production are reported by USDA GAIN at 770,000 mt, which would result in approximately 530,000 mt of rice for 2013. Rice yields are dependent on rainfall in the late summer, with harvest commencing in October. AGT management would expect paddy production to be at these levels again in 2013. With domestic consumption estimated at 8.1 kg per person or approximately 600,000 mt, Turkey is expected to 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

Pulse production in Australia is expected to continue at strong levels, with 2013 lentil and chickpea production estimated by the Australian Bureau of Agricultural and Resource Economics and Science ("ABARES") at a 11.5% increase. Significant gains over 2012 for lentils at 30.5% and small gains for chickpeas at 6.7% are expected for the season. Australia is principally a producer of desi-type chickpeas, which are an important consumption item in Indian subcontinent markets. Significant production of faba beans, an important consumption item in the MENA region, has also been reported. Lentil production is estimated as increasing with volumes produced categorized as significant.

Pulse production in Australia as estimated by ABARES is as follows:

	Australian Pulse Production 2013 [1]			
	Area (acres)	**Production (mt)**	**Yields (lbs)**	**Variance 2013(E) to 2012 Production**
Lentils	454,664	239,400	1,161	30.46%
Field Peas (All)	719,061	360,800	1,106	12.86%
Chickpeas (All)	1,398,586	761,100	1,200	6.69%
Lupins (All)	1,240,442	643,400	1,143	40.27%
Faba Bean [2]	420,000	285,000	1,175	(11%)

[1] Effective April 23, 2013 from data and estimates available from ABARES and STAT Publishing.
[2] Based on estimates from Pulse Australia.

Of the four major pulses (lentils, peas, chickpeas and faba beans) produced in Australia that are processed at AGT facilities, a 42% increase in export volumes for the January-February 2013 period is reported by the Australian Bureau of Statistics, including a 51.1% increase in faba bean exports from 2012. An 18.5% increase in lentils and a 26.7% increase in chickpeas were also noted. Australian pulse production provides export opportunities to Indian subcontinent markets, especially in periods such as 2012/2013 where local Indian production of pulses is estimated to have decreased.

Indian Subcontinent Markets

With 2013 rabi (spring harvest) season pulse harvest completed, estimates presented at the recent International Pulse Trade and Industries Confederation ("CICILS-IPTIC") convention in Singapore have forecasted approximately 17.6 million mt of production, representing a slight rise over the 17.1 million mt previously reported by USDA GAIN for 2012. In February 2013, USDA GAIN reported on the impact that erratic monsoon rains and subsequent dry conditions had on the kharif (fall harvest) season pulses and therefore the impact on the start of the rabi season which has recently been completed. These conditions may foreshadow a poor crop which could have yearlong impact and ultimately act as a demand catalyst aiding in the normalization of pulses markets. Significant rainfall in February and March in northern India, a key region for the production of pulses, may have the further impact of affecting production levels. For India, production at these estimated levels would represent an potential of approximately 3.1 million mt of imports needed to meet domestic supply requirements; however, other estimates such as the Indian Government's estimates of 3.3 million mt and USDA GAIN of 4 million mt could result in even higher import levels.

USDA GAIN further reports that Indian government policy to maintain import level support and a ban on pulse exports, with the exception of kabuli chickpeas, is expected to continue for at least an additional year.

Pulse exports to the Indian subcontinent have been aided by relative stability of the Indian rupee, as queried on XE Trade, which has continued throughout the Q1 2013 period as it did in much of the later part of Q4 2012. Less volatility in local currency may have the result of assisting importers by improving credit liquidity needed for purchase and importation of goods. For Canada, this has resulted in StatPub reporting unusually strong demand from India, which bought two-thirds of all red lentils exported from Canada during the past five-month period. These factors together are viewed by AGT management as positive and continuing to assist in normalization of subcontinent markets in advance of the shipping through 2013, with more robust growth in exports to the region as a result of consumption demand and lower domestic production.

Russia and Ukraine

Production estimates for pulse production in the Russian Federation in 2013 are estimated by the Russian State Statistical Service ("Rosstat") in data published in 2012 at 2.17 million mt for legumes; however, specific details on these quantities in terms of product-specific breakdowns were not provided. Production at these levels would represent flat production from the 2.5 million mt previously indicated in 2012 by a variety of sources (Stat Publishing, Leftfield Commodities), which are consistent with the last USDA GAIN report where accurate production estimates were provided. Based on these figures, AGT management would estimate that Russian production could include as much as 50,000 mt to 75,000 mt of lentils, 1 to 1.5 million mt of peas and 175,000 to 250,000 mt of chickpeas in future periods.

Pulse production in Russia and Ukraine has been increasing in past years, becoming an important raw material drawing area for Turkey, as local production there has begun to decrease. With year-round ports available through the Black Sea and the Bosphorus to processing destinations in Turkey, there are shipping advantages available from these countries for Turkish processors. AGT, with the opening of its origination offices in Rostov-on-Don to assist with grain origination to facilitate the flow of peas, chickpeas and beans from Russia, Ukraine and Kyrgyzstan to AGT's Arbel facilities in Turkey from the Black Sea region, continues to view the region as a source of raw material for grain origination rather than finished product shipments to end use markets such as India.

South Africa

Agricultural production in 2013 in South Africa is estimated by South Africa Grain Information Service ("SAGIS") as generally increased. Production of beans is projected to increase 17.6% over 2012 levels. Canola and soybeans are also projected to see increases as farmers in Southern Africa try to take advantage of higher prices in the region for these products. The Southern African region, with its significant availability of 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, information from the United Nations Food and Agriculture Organization ("FAO") reports 4.6 million mt of pulse production in 2011, slightly higher than the 5 year average of 4.4 million mt. The 2011 production estimates include 1.5 million mt of beans, including broad beans, kidney beans, mung beans and adzuki beans, as well as 150,000 mt of lentils.

With a continuation of production in China of pulses production at levels similar to the 5 year average, China can be 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.

Additionally, China presents business opportunities, with previously reported estimates of high levels of pea imports for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods, supporting the view by AGT management that planning surrounding new Chinese assets may be a key development 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.