**AGT FOOD AND INGREDIENTS INC.**

(formerly Alliance Grain Traders Inc.)

# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013**

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

AGT FOOD AND INGREDIENTS INC.

# Unaudited Consolidated Statements of Financial Position
## as at

(Stated in thousands of Canadian Dollars)

| | Note | | Sept 30, 2014 | | Dec 31, 2013 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash | | $ | 29,076 | $ | 22,893 |
| Trade accounts receivable | | | 144,944 | | 166,489 |
| Derivative asset | 9 | | 7,307 | | - |
| Inventory | 4 | | 294,445 | | 236,123 |
| Prepaid expenses and other | | | 32,923 | | 35,232 |
| Income tax receivable | | | 1,199 | | 3,564 |
| **Total current assets** | | | **509,894** | | **464,301** |
| Property, plant and equipment | 5 | | 237,355 | | 232,749 |
| Intangible assets | 6 | | 11,525 | | 8,748 |
| Goodwill | 6 | | 56,585 | | 56,722 |
| Other | | | 2,139 | | 2,928 |
| Deferred income tax assets | | | 8,767 | | 8,344 |
| **Total assets** | | **$** | **826,265** | **$** | **773,792** |
| **Liabilities** | | | | | |
| Bank indebtedness | | $ | 123,194 | $ | 110,805 |
| Accounts payable and accrued liabilities | | | 159,129 | | 150,979 |
| Derivative liability | 9 | | 17,137 | | 15,191 |
| Deferred revenue | | | 9,349 | | 13,142 |
| Income taxes payable | | | 3,845 | | 3,906 |
| Current portion of long-term debt and finance leases | 7 | | 5,904 | | 6,061 |
| Dividends payable | | | 3,031 | | 2,980 |
| **Total current liabilities** | | | **321,589** | | **303,064** |
| Long-term debt and finance leases | 7 | | 239,866 | | 224,544 |
| Deferred income tax liabilities | | | 10,774 | | 11,845 |
| **Total liabilities** | | | **572,229** | | **539,453** |
| **Shareholders' equity** | | | | | |
| Share capital | 8 | | 273,442 | | 270,058 |
| Contributed surplus | | | 805 | | 922 |
| Accumulated other comprehensive loss | | | (38,468) | | (37,640) |
| Retained earnings | | | 18,257 | | 999 |
| **Total shareholders' equity** | | | **254,036** | | **234,339** |
| **Total liabilities and shareholders' equity** | | **$** | **826,265** | **$** | **773,792** |

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

**Unaudited Consolidated Statements of Comprehensive (Loss) Income**
**For the period ended September 30**

(Stated in thousands of Canadian Dollars)

| | Note | 3 Months 2014 | 3 Months 2013 | 9 Months 2014 | 9 Months 2013 |
|---|---|---|---|---|---|
| **Revenues** | | $ 287,692 | $ 240,485 | $ 958,762 | $ 763,654 |
| **Cost of sales** | | 257,109 | 218,549 | 865,438 | 696,176 |
| **Gross profit** | | 30,583 | 21,936 | 93,324 | 67,478 |
| General and administrative expenses | | 9,090 | 6,938 | 29,348 | 24,420 |
| Marketing, sales and distribution expenses | | 6,892 | 4,916 | 19,060 | 13,859 |
| **Earnings from operations** | | **14,601** | **10,082** | **44,916** | **29,199** |
| **Other expenses (income) :** | | | | | |
| Unrealized foreign exchange loss (gain) | | 3,291 | 7,007 | (9,411) | 21,938 |
| Finance income | | (18) | 329 | (46) | (18) |
| Finance expense | 11 | 5,128 | 6,352 | 20,028 | 19,417 |
| **Earnings (loss) before income tax** | | **6,200** | **(3,606)** | **34,345** | **(12,138)** |
| Income tax expense (recovery) | | 2,094 | (685) | 8,047 | (3,299) |
| **Net earnings (loss)** | | **4,106** | **(2,921)** | **26,298** | **(8,839)** |
| Other comprehensive loss | | (4,218) | (7,460) | (828) | (12,200) |
| **Total comprehensive (loss) income** | | **$ (112)** | **$ (10,381)** | **$ 25,470** | **$ (21,039)** |
| Basic net earnings (loss) per share | | $ 0.20 | $ (0.15) | $ 1.31 | $ (0.45) |
| Diluted net earnings (loss) per share | | $ 0.20 | $ (0.15) | $ 1.30 | $ (0.45) |
| Basic weighted average number of shares | | 20,201,358 | 19,865,521 | 20,081,312 | 19,845,557 |
| Diluted weighted average number of shares | | 20,410,584 | 20,087,529 | 20,245,923 | 20,004,681 |

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

AGT FOOD AND INGREDIENTS INC.

**Unaudited Consolidated Statements of Changes in Equity**

(Stated in thousands of Canadian Dollars)

| | Share capital | Contributed surplus | Accumulated other comprehensive loss | Retained earnings | Total |
|---|---|---|---|---|---|
| Balance at January 1, 2014 | $ 270,058 | $ 922 | $ (37,640) | $ 999 | **$ 234,339** |
| Net earnings | - | - | - | 26,298 | **26,298** |
| Other comprehensive income due to changes in foreign exchange | - | - | (18) | - | **(18)** |
| Loss on available for sale financial instruments | - | - | (810) | - | **(810)** |
| **Total comprehensive income** | - | - | (828) | 26,298 | **25,470** |
| Issuance of shares pursuant to stock option plan | 3,384 | (319) | - | - | **3,065** |
| Amortization of options granted | - | 202 | - | - | **202** |
| Dividends to shareholders | - | - | - | (9,040) | **(9,040)** |
| **Balance at September 30, 2014** | **$ 273,442** | **$ 805** | **$ (38,468)** | **$ 18,257** | **$ 254,036** |

| | Share capital | Contributed surplus | Accumulated other comprehensive loss | Retained earnings | Total |
|---|---|---|---|---|---|
| Balance at January 1, 2013 | $ 269,494 | $ 614 | $ (22,888) | $ 22,628 | **$ 269,848** |
| Net loss | - | - | - | (8,839) | **(8,839)** |
| Other comprehensive loss due to changes in foreign exchange | - | - | (12,200) | - | **(12,200)** |
| **Total comprehensive loss** | - | - | (12,200) | (8,839) | **(21,039)** |
| Share based compensation | 564 | 217 | - | - | **781** |
| Dividends to shareholders | - | - | - | (8,935) | **(8,935)** |
| **Balance at September 30, 2013** | **$ 270,058** | **$ 831** | **$ (35,088)** | **$ 4,854** | **$ 240,655** |

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

AGT FOOD AND INGREDIENTS INC.

## Unaudited Consolidated Statements of Cash Flow
### For the period ended September 30

(Stated in thousands of Canadian Dollars)

| | Note | | 2014 | | 2013 |
|---|---|---|---|---|---|
| **Cash from (used for) the following:** | | | | | |
| **Operating activities** | | | | | |
| Net earnings (loss) | | $ | 26,298 | $ | (8,839) |
| Items not involving cash | 12 | | 34,030 | | 44,611 |
| Interest paid | | | (20,332) | | (11,672) |
| Income taxes paid | | | (6,770) | | (3,670) |
| Non-cash working capital | 12 | | (21,547) | | (35,941) |
| | | | 11,679 | | (15,511) |
| **Financing activities** | | | | | |
| Increase (decrease) in bank indebtedness | | | 12,085 | | (83,793) |
| Decrease in short term financing | | | - | | (12,592) |
| Proceeds from long-term debt, net of issue costs | | | 19,139 | | 224,506 |
| Repayment of long term debt | | | (4,721) | | (85,184) |
| Dividends paid | | | (8,989) | | (8,925) |
| | | | 17,514 | | 34,012 |
| **Investing activities** | | | | | |
| Acquisition, net of cash acquired | | | (16,000) | | - |
| Shares issued pursuant to stock option plan | | | 3,066 | | 510 |
| Purchase of property, plant and equipment and intangible assets | | | (12,144) | | (29,114) |
| Proceeds from the sale of property, plant and equipment and insurance proceeds | | | 2,314 | | 125 |
| Other | | | - | | (71) |
| | | | (22,764) | | (28,550) |
| Effect of exchange rate changes on cash | | | (246) | | (152) |
| **Increase (decrease) in cash position** | | $ | 6,183 | $ | (10,201) |
| **Cash position, beginning of the period** | | **$** | **22,893** | **$** | **33,110** |
| **Cash position, end of the period** | | **$** | **29,076** | **$** | **22,909** |

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

## 1. Reporting entity

On October 1, 2014, AGT Food and Ingredients Inc. ("AGT") announced its name change from Alliance Grain Traders Inc. AGT's head office is located in Canada. The address of AGT's registered office is 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. The management of day-to-day operations is carried out at P.O. Box 30029 No. 1 Highway East, South Tower Road, Regina, Saskatchewan S4N 7K9. The unaudited condensed consolidated interim financial statements of AGT are comprised of AGT and its subsidiaries. AGT is engaged in the business of sourcing and value-added processing (cleaning, splitting, sorting and bagging) of pulses and specialty crops for export and domestic markets including a full range of lentils, peas, chickpeas, beans and canary seed. AGT also produces and distributes food ingredient products such as pulse flours, proteins, starches and fibres for human food, food ingredient and pet food applications. Through its offices and processing facilities located in some of the best agricultural growing regions in Canada, the U.S., Turkey, China, Australia, and South Africa, and its merchandising and sales offices in the U.K., the Netherlands, Spain and India as well as origination offices in Russia, AGT produces a full range of pulses, specialty crops, and food ingredients. Through its subsidiaries in Turkey, the Arbel Group, AGT also produces staple foods such as Arbella Pasta, rice, and milled what products, including bulgur and semolina. Through its Canadian subsidiary, AGT CLIC Foods Inc., AGT operates canning, small packaging and distribution facilities for the supply of products to retail and food service customers. The results included in the unaudited condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for the full year due to the seasonal nature of AGT's business. AGT's common shares are traded on the Toronto Stock Exchange under the symbol AGT.

## 2. Basis of presentation

### (a) Statement of compliance

The unaudited condensed consolidated interim financial statements and the notes thereto have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with AGT's annual consolidated financial statements as at and for the year ended December 31, 2013. Except as disclosed in Note 3, there have been no changes to AGT's accounting policies from those disclosed in AGT's annual consolidated financial statements as at and for the year ended December 31, 2013.

The unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 12, 2014.

### (b) Basis of measurement

All financial statements are expressed in Canadian dollars, AGT's presentation currency. All financial information has been rounded to the nearest thousand, with the exception of share units and per share amounts or unless otherwise noted. The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

## 2. Basis of presentation – continued

### (c) Use of estimates and judgments

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

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

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

- **Impairment of Long-Lived and Intangible Assets**

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

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

- **Accounting for Income Taxes**

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. Significant judgment is required related to the classification of transactions and assessment of probable outcomes. 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. If these estimates prove to be inaccurate, future earnings may be materially impacted.

**2. Basis of presentation – continued**

(c) **Use of estimates and judgments – continued**

- **Derecognition of accounts receivable**

Significant judgment is applied when determining whether financial instruments qualify for derecognition and whether substantially all of the risks, as well as the rights, control and ownership of the accounts receivable and their cash flows were transferred to a third party. AGT has removed the related accounts receivable from the statement of financial position and recognizes any costs in finance expense. See Note 10.

- **Fair value of derivative instruments**

The fair value of derivative instruments is estimated using inputs, including foreign exchange rates and interest rates (Level 2), as described in Note 9. These inputs are subject to change on a regular basis based on the interplay of various market forces. Consequently, the fair value of AGT's derivative instruments are subject to change each reporting period.

- **Functional currency**

The identification of functional currency for each of the legal entities involves significant judgment. AGT has utilized this judgment and summarized the results in Note 3c of AGT's 2013 annual consolidated financial statements.

**3. Significant accounting policies**

These unaudited condensed consolidated interim financial statements and notes thereto have been prepared using accounting policies consistent with those used in preparing AGT's 2013 annual consolidated financial statements. While management believes that the disclosures presented are adequate to make the information not misleading, these unaudited condensed consolidated interim financial statements and notes thereto should be read in conjunction with AGT's interim management's discussion and analysis (MD&A) and the 2013 annual consolidated financial statements and notes thereto.

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

**(a) New standards and interpretations**

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

(Stated in thousands of Canadian dollars)

## 3. Significant accounting policies- continued

| Proposed standards | Description | Previous Standard | Effective Date |
|---|---|---|---|
| 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, 2018 |
| Annual Improvements to IFRS (2010 - 2012) and (2011 - 2013) | Issued in December 2013. Amendments were made to various standards, including IFRS 2 Shared-based Payment, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, and IAS 24 Related Party Disclosure. | IFRS 2 Shared-based Payment, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, and IAS 24 Related Party Disclosure | January 1, 2015 |
| IFRS 15 - Revenue from Contracts with Customers | Issued in May 2014. Standard creates a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. This standard may change how much and when revenue can be recognized. | IAS 18 Revenue, IFRIC 18 Transfer of Assets from Customers | Fiscal years ending on or after December 31, 2017 |
| Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangibles Assets | Issued in May 2014. Standards explicitly state that revenue based depreciation is not acceptable. | IAS 16 - Property, Plant and Equipment and IAS - Intangible Assets | January 1, 2016 |

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, 2014, AGT adopted the following new standards as issued by the IASB: IAS 32 *Financial Instruments: Presentation*. This standard did not have a material impact on AGT's financial statements.

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.

Additionally, AGT early adopted an amendment to IAS 36 *Impairment of Assets* during 2013. This amendment reverses the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite life intangible assets have been allocated. As a result of early adoption, AGT does not expect any significant impact to the financial statements.

(Stated in thousands of Canadian dollars)

## 4. Inventory

| | Sept 30, 2014 | Dec 31, 2013 |
|---|---|---|
| Raw materials | $ 101,056 | $ 115,988 |
| Processed/ split product | 162,763 | 110,990 |
| Packaged product | 24,001 | 3,935 |
| Other | 6,625 | 5,210 |
| | $ 294,445 | $ 236,123 |

| | 3 months ended | | 9 months ended | |
|---|---|---|---|---|
| | Sept 30, 2014 | Sept 30, 2013 | Sept 30, 2014 | Sept 30, 2013 |
| Inventory expensed in cost of goods sold | $ 203,026 | $ 175,409 | $ 689,343 | $ 559,451 |

## 5. Property, plant and equipment

| **Cost** | Land | Building and site improvement | Plant and Equipment | Motor Vehicles | Fixtures and Fittings | Construction in Progress | **Total** |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2012 | $ 18,506 | $ 83,262 | $ 133,913 | $ 6,774 | $ 4,690 | $ 22,265 | **$ 269,410** |
| Additions | 199 | 2,956 | 2,987 | 899 | 691 | 31,635 | **39,367** |
| Disposals | - | (104) | (365) | (540) | (303) | - | **(1,312)** |
| Transfers between categories | 1,545 | 15,321 | 25,898 | 184 | 353 | (43,301) | **-** |
| Effects of movement in exchange rates | (1,485) | (3,925) | (7,432) | (242) | (172) | 838 | **(12,418)** |
| Balance at December 31, 2013 | $ 18,765 | $ 97,510 | $ 155,001 | $ 7,075 | $ 5,259 | $ 11,437 | **$ 295,047** |
| Additions | - | 471 | 2,307 | 490 | 1,028 | 7,344 | **11,640** |
| Disposals | - | (1,558) | (491) | (220) | (157) | - | **(2,426)** |
| Acquistions through business combinations | - | 281 | 2,728 | 137 | 212 | - | **3,358** |
| Transfers between categories | 652 | 2,932 | 3,705 | 41 | (31) | (7,299) | **-** |
| Effects of movements in exchange rates | 157 | 1,451 | 2,816 | 11 | 57 | (581) | **3,911** |
| Balance at September 30, 2014 | $ 19,574 | $ 101,087 | $ 166,066 | $ 7,534 | $ 6,368 | $ 10,901 | **$ 311,530** |
| **Accumulated Depreciation** | | | | | | | |
| Balance at December 31, 2012 | $ - | $ 7,688 | $ 37,990 | $ 3,345 | $ 2,395 | $ - | **$ 51,418** |
| Depreciation | - | 2,884 | 10,101 | 901 | 653 | - | **14,539** |
| Disposals | - | (1) | (81) | (444) | (36) | - | **(562)** |
| Effects of movements in exchange rates | - | (308) | (2,595) | (104) | (90) | - | **(3,097)** |
| Balance at December 31, 2013 | $ - | $ 10,263 | $ 45,415 | $ 3,698 | $ 2,922 | $ - | **$ 62,298** |
| Depreciation | - | 2,377 | 8,763 | 722 | 582 | - | **12,444** |
| Disposals | - | (252) | (168) | (188) | (140) | - | **(748)** |
| Effects of movements in exchange rates | - | 28 | 140 | (4) | 17 | - | **181** |
| Balance at September 30, 2014 | $ - | $ 12,416 | $ 54,150 | $ 4,228 | $ 3,381 | $ - | **$ 74,175** |
| **Net Book Value at December 31, 2013** | **$ 18,765** | **$ 87,247** | **$ 109,586** | **$ 3,377** | **$ 2,337** | **$ 11,437** | **$ 232,749** |
| **Net Book Value at September 30, 2014** | **$ 19,574** | **$ 88,671** | **$ 111,916** | **$ 3,306** | **$ 2,987** | **$ 10,901** | **$ 237,355** |
| Assets under finance lease, December 31, 2013 | $ - | $ - | $ 2,316 | $ 99 | $ 150 | $ - | $ 2,565 |
| Assets under finance lease, September 30, 2014 | $ - | $ - | $ 1,780 | $ 69 | $ 122 | $ - | $ 1,971 |

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements**
For the three and nine months ended September 30, 2014 and 2013
(Stated in thousands of Canadian dollars)

## 6. Intangibles and goodwill

| Cost | Indefinite Life Intangible Assets-Brands | Rights | Customer Relationships | Other Intangible Assets | **Total Intangible Assets** | Goodwill | **Total** |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2012 | $ 3,097 | $ 1,657 | $ 5,937 | $ 200 | **$ 10,891** | $ 60,780 | **$ 71,671** |
| Additions | - | 23 | - | 510 | **533** | - | **533** |
| Effects of movements in exchange rates | (344) | 84 | (95) | (33) | **(388)** | (4,058) | **(4,446)** |
| Balance at December 31, 2013 | $ 2,753 | $ 1,764 | $ 5,842 | $ 677 | **$ 11,036** | $ 56,722 | **$ 67,758** |
| Additions | 46 | - | - | 458 | **504** | - | **504** |
| Acquistions through business combinations | - | 2,740 | - | - | **2,740** | - | **2,740** |
| Effects of movements in exchange rates | 49 | (20) | 76 | (3) | **102** | (137) | **(35)** |
| Balance at September 30, 2014 | $ 2,848 | $ 4,484 | $ 5,918 | $ 1,132 | **$ 14,382** | $ 56,585 | **$ 70,967** |
| | | | | | | | |
| Accumulated Amortization | | | | | | | |
| Balance at December 31, 2012 | $ - | $ 156 | $ 1,332 | $ 154 | **$ 1,642** | $ - | **$ 1,642** |
| Amortization | - | 65 | 590 | 53 | **708** | - | **708** |
| Effects of movements in exchange rates | - | (17) | (25) | (20) | **(62)** | - | **(62)** |
| Balance at December 31, 2013 | $ - | $ 204 | $ 1,897 | $ 187 | **$ 2,288** | $ - | **$ 2,288** |
| Amortization | - | 46 | 454 | 56 | **556** | - | **556** |
| Effects of movements in exchange rates | - | (1) | 17 | (3) | **13** | - | **13** |
| Balance at September 30, 2014 | $ - | $ 249 | $ 2,368 | $ 240 | **$ 2,857** | $ - | **$ 2,857** |
| | | | | | | | |
| Net carrying amounts | | | | | | | |
| **At December 31, 2013** | **2,753** | **1,560** | **3,945** | **490** | **8,748** | **56,722** | **65,470** |
| **At September 30, 2014** | **2,848** | **4,235** | **3,550** | **892** | **11,525** | **56,585** | **68,110** |

(Stated in thousands of Canadian dollars)

## 7. Long term debt

| | Sept 30, 2014 | Dec 31, 2013 |
|---|---|---|
| ***Term Debt*** | | |
| Senior secured second lien notes, bearing an interest rate of 9% per annum, with semi-annual payments of interest only, beginning August 2013 and concluding February 2018, secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries.[1] | $ 121,149 | $ 120,455 |
| Loan payable, bearing an interest rate of prime plus 0.75%, (at December 31, 2013, Canadian Bankers Acceptance rate plus 2.25%),with monthly payments of interest only and quarterly payments of $1,500 principal, due January 2016, secured by certain property, plant and equipment. | 79,330 | 83,734 |
| Loan payable, bearing an interest rate of prime plus 0.75%, with monthly payments of interest only, due January 2016, secured by certain property, plant and equipment. | 44,143 | 26,111 |
| Non-interest bearing promissory note payable, with annual payments of $333 beginning January 2016 and concluding January 2018 . | 1,000 | - |
| ***Finance Leases*** | | |
| Leases payable, bearing interest rates ranging from 3.9% to 11.1% (2013: 3.2% to 11.1%), with total monthly payments of $6 (2013: $29), due dates ranging from Jan 2015 to March 2018 (2013: May 2014 to October 2017), secured by equipment. | 148 | 305 |
| | $ 245,770 | $ 230,605 |
| Total current portion | (5,904) | (6,061) |
| | $ 239,866 | $ 224,544 |

[1] On February 14, 2013, AGT issued senior secured second lien notes in the amounts of $125,000. These notes bear interest at 9% per annum (effective interest of 10.1%) and mature on February 14, 2018. The proceeds after deducting expenses were $119,700. Optional early redemption features of the notes are:

i) Prior to February 14, 2016 a 9% premium upon equity offering in respect of partial redemptions up to 35% of the aggregate principal amount then outstanding
ii) Prior to February 14, 2016 all other redemptions on a "make whole" basis
iii) On or after February 14, 2016 a 6.8% premium
iv) No premium on or after February 14, 2017

The estimated contractual maturities for term loans and future minimum payments for finance leases in each of the next five years are as follows:

| | Term debt | Finance leases | Total |
|---|---|---|---|
| 2014-2015 | $ 5,830 | $ 74 | $ 5,904 |
| 2015-2016 | 117,643 | 46 | 117,689 |
| 2016-2017 | 333 | 26 | 359 |
| 2017-2018 | 121,483 | 2 | 121,485 |
| 2018-2019 | 333 | - | 333 |
| | $ 245,622 | $ 148 | $ 245,770 |

For the long term debt that is variable rate debt, the carrying value approximates its fair value. For the long term debt that is fixed rate debt, the fair value as at September 30, 2014 was $135,916 (December 31, 2013- $134,782).

(Stated in thousands of Canadian dollars)

## 8. Share capital

### (a) Authorized

Unlimited number of voting common shares without par value

### (b) Issued and outstanding

| | # of Common Shares | | Amount |
|---|---|---|---|
| Issued and outstanding December 31, 2012 | 19,808,852 | $ | 269,494 |
| Issuance of shares pursuant to stock option plan | 56,669 | | 564 |
| **Balance, December 31, 2013** | 19,865,521 | $ | 270,058 |
| Issuance of shares pursuant to stock option plan | 338,500 | | 3,384 |
| **Balance, September 30, 2014** | 20,204,021 | $ | 273,442 |

### (c) Stock option plan

| | Sept 30, 2014 | | | Dec 31, 2013 | | |
|---|---|---|---|---|---|---|
| | Number of options | | Weighted average exercise price | Number of options | | Weighted average exercise price |
| Stock options outstanding, beginning of year | 758,500 | $ | 11.08 | 815,169 | $ | 10.93 |
| Exercised | (338,500) | | 9.05 | (56,669) | | 9.00 |
| Stock options outstanding, end of period | 420,000 | $ | 12.71 | 758,500 | $ | 11.08 |
| Stock options exercisable, end of period | 136,667 | $ | 12.71 | 333,500 | $ | 9.00 |

(Stated in thousands of Canadian dollars)

## 8. Share capital - continued

### (d) Deferred share units and other plans

AGT has implemented a long term incentive plan, which includes deferred share units (DSU) to executives and certain other senior management. The number of deferred share units is determined based an average share price from the week of the grant date. The number of share units granted to each individual is then determined based on the bonus given to each employee, divided by the average price. These DSU's will be settled in cash, on or after the vesting date. The vesting dates for the DSU's occur evenly in two settlements: half on the two year anniversary and half on the three year anniversary. Amounts are not payable if the employee is not with AGT at the vesting date, but are being recognized as an expense over the vesting period.

As at September 30, 2014, the accrued payable is $4,732 (December 31, 2013 - $2,330), broken down as follows: $416 payable in 2014 and $2,767 payable in 2015 and $1,312 payable in 2016 and $237 payable in 2017 (December 31, 2013 - $1,222 payable in 2014 and $863 payable in 2015 and $245 payable in 2016). These amounts are recorded primarily in employee compensation in general and administrative expenses.

DSU's outstanding and the fair value of the DSU liability is summarized below as:

| | Sept 30, 2014 | Dec 31, 2013 |
|---|---|---|
| | **Number of DSU's** | **Number of DSU's** |
| Opening at the beginning of the period | 291,624 | 158,969 |
| Granted during the period | 116,201 | 158,052 |
| Forfeited during the period | (2,992) | - |
| Vested and settled during the period | (89,749) | (25,397) |
| Outstanding at the end of the period | 315,084 | 291,624 |
| Fair value | $ 9,075 | $ 4,326 |

(Stated in thousands of Canadian dollars)

## 9. Financial instruments

### Fair values

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's length transaction between knowledgeable and willing parties under no compulsion to act. Fair values for AGT's derivative instruments are determined using models requiring the use of inputs.

All financial instruments measured at fair value are categorized into one of three levels, described below, for disclosure purposes. Each level is based on transparency of inputs used to measure the fair value of assets and liabilities:

Level 1 – values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. In determining the inputs for calculating fair values, AGT looks to readily observable market inputs, primarily currency rates based on the nature of AGT's derivative instruments.

Level 3 – values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. There were no items measured at fair value using Level 3 in 2013 or 2014.

The following items, shown in the unaudited consolidated statement of financial position as at September 30, 2014 and December 31, 2013 are measured at fair value on a recurring basis using Level 2 inputs:

| **Sept 30, 2014** | **Level 2** | **Total** | **Change in fair value recognized in net earnings** |
|---|---|---|---|
| Derivative asset | $ 7,307 | $ 7,307 | $ 7,307 |
| Derivative liability | $ (17,137) | $ (17,137) | $ (1,946) |
| | $ (9,830) | $ (9,830) | $ 5,361 |

| **Dec 31, 2013** | **Level 2** | **Total** | **Change in fair value recognized in net earnings** |
|---|---|---|---|
| Derivative liability | $ (15,191) | $ (15,191) | $ (15,389) |
| | $ (15,191) | $ (15,191) | $ (15,389) |

(Stated in thousands of Canadian dollars)

## 10. Accounts receivable securitization

On December 21, 2012, AGT entered into a Master Receivables Purchase Agreement. This agreement allows the sale of specific Turkish trade accounts receivable that are insured through Export Development Canada (EDC) to the Bank of Nova Scotia (BNS). The agreement permits AGT to securitize up to $44,800 ($40,000 USD) worth of insured receivables. AGT has derecognized the receivables from the Consolidated Statement of Financial Position as substantially all of the risks and rewards of ownership have been transferred.

The arrangement with BNS has AGT continuing to be administratively involved in the collection of receivables and submission of those collections to BNS. However, AGT bears no risk and any uncollected amounts would result in EDC making a payment directly to BNS.

As at September 30, 2014, AGT has sold for cash proceeds $44,800 (December 31, 2013 – $42,308) of trade accounts receivable from the unaudited consolidated Statement of Financial Position and incurred $462 (Sept 30, 2013- $158) in transaction fees, included in finance expense.

## 11. Finance expense

| | 3 months ended | | 9 months ended | |
|---|---|---|---|---|
| | Sept 30, 2014 | Sept 30, 2013 | Sept 30, 2014 | Sept 30, 2013 |
| Interest bank indebtedness | $ 2,059 | $ 1,082 | $ 5,313 | $ 4,460 |
| Interest on long term debt | 3,992 | 3,376 | 11,234 | 8,038 |
| Trade finance fees and expenses | 1,171 | 1,580 | 4,733 | 5,604 |
| Amorization of note discount and debt fees | 334 | 314 | 980 | 793 |
| Foreign exchange on financing activities | 172 | - | 368 | 522 |
| Other | (2,600) | - | (2,600) | - |
| | $ 5,128 | $ 6,352 | $ 20,028 | $ 19,417 |

## 12. Cash flow support

### Items not involving cash

| | Note | Sept 30, 2014 | Sept 30, 2013 |
|---|---|---|---|
| Depreciation and amortization in general and administration | | 2,158 | 2,583 |
| Depreciation in cost of sales | | 11,120 | 8,413 |
| Amortization of note discount and debt fees | | 980 | 793 |
| Unrealized foreign exchange (gain) loss | | (9,411) | 21,938 |
| (Gain) loss on disposal of property, plant and equipment | | (636) | 269 |
| Interest expense | 11 | 16,547 | 12,498 |
| Share based compensation | | 4,280 | 1,421 |
| Provision (recovery) for doubtful accounts | | 945 | (5) |
| Income tax expense (recovery) | | 8,047 | (3,299) |
| | | **34,030** | **44,611** |

(Stated in thousands of Canadian dollars)

## 12. Cash flow support - continued

### Non-cash working capital

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

| | | Sept 30, 2014 | | Sept 30, 2013 |
|---|---|---|---|---|
| **Decrease (increase) in current assets:** | | | | |
| Trade accounts receivable | $ | 23,514 | $ | 8,713 |
| Inventory | | (49,413) | | (25,343) |
| Prepaid expenses and other | | (4,260) | | (355) |
| | $ | (30,159) | $ | (16,985) |
| **Increase (decrease) in current liabilities:** | | | | |
| Accounts payable, accrued liabilities, deferred revenue and derivative liability | | 8,612 | | (18,956) |
| | $ | 8,612 | $ | (18,956) |
| | $ | (21,547) | $ | (35,941) |

## 13. Related party transactions

The unaudited consolidated financial statements of AGT include the accounts of AGT and its directly wholly-owned subsidiaries incorporated in Canada, USA, China, Europe, Australia, South Africa, India and Turkey.

### (a) Key management personnel

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

| | | Sept 30, 2014 | | Sept 30, 2013 |
|---|---|---|---|---|
| Short term benefits (wage, bonus, vacation paid out, directors fees) | $ | 2,039 | $ | 1,700 |
| Post employment benefits (RRSP) | | 65 | | 65 |
| Other long term benefits including stock based compensation (long term incentive plan) | | 2,180 | | 802 |
| | $ | 4,284 | $ | 2,567 |

(Stated in thousands of Canadian dollars)

## 13. Related party transactions - continued

### (b) Transactions with other related parties

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

| | | Sept 30, 2014 | | Dec 31, 2013 |
|---|---|---|---|---|
| Accounts receivable | $ | 1,527 | $ | 317 |
| Accounts payable | | 2,250 | | 2,621 |

| | | Sept 30, 2014 | | Sept 30, 2013 |
|---|---|---|---|---|
| Revenue | $ | 2,715 | $ | 14 |
| Purchases | | 7,051 | | 5,229 |

AGT contracted labour and construction support for ongoing construction projects from entities owned or controlled by directors of AGT or its subsidiaries. Also contained within accounts receivable is an amount due for shares issued pursuant to a stock options plan that are to be divested under a corporate share placement planned for subsequent periods. The amounts in the above table are largely attributable to these transactions.

## 14. Segmented Reporting

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

The pulses and grains processing includes the operations of AGT factories across its global platform. The activities in this segment are viewed by management as the traditional and regular business of AGT: to source pulses and grains from producers, process them through its factories and sell these products to its network of clients in over 100 countries in the world. The segment includes all pulses processed in AGT factories in Canada, the United States, Australia, Turkey and China.

Trading and distribution relates to AGT's activities aimed at bringing its range of pulses and specialty crops direct to wholesale and retail markets. The segment currently captures AGT operations in the UK, the Netherlands, Spain, Russia, Ukraine, Turkey, Australia and India.

Food ingredients and packaged foods is the newest segment which AGT operates. During the fourth quarter of 2013, the Company strengthened reporting abilities in this segment to allow improved disclosure of these results. This segment includes the results from the newly commissioned pulse fractionation plant in Minot, North Dakota, as well as the results from the pasta, bulgur and semolina plants in Turkey and the operations in South Africa. Starting in 2014, the results of the newly formed AGT CLIC Foods Inc. have been represented in the food and food ingredients segment. See business combination note (Note 16).

AGT's chief operating decision maker evaluates segment performance on the basis of EBITDA**. Management believes that EBITDA** is an important indicator of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose.

The accounting policies used within each segment are consistent with the policies outlined in the notes to the financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business. Certain estimates and assumptions were made by management in the determination of segment composition.

Prior to October 1, 2013, AGT reviewed its operations as two operating segments: (1) pulses and grains processing and (2) trading and distribution. As such, reporting to accurately track food ingredients and packaged food performance was not in place. Management has determined that the cost to develop reliable comparative information would be excessive.

** EBITDA (earnings before finance expense, income taxes, depreciation and amortization, one-time costs and any effects of non-cash foreign exchange adjustment) is a non-IFRS measure.

(Stated in thousands of Canadian dollars)

## 14. Segmented Reporting- continued

| Three months ended Sept 30, 2014 | Pulses and Grain Processing | Trading and Distribution | Food Ingredients and Packaged Foods | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenue | $ 198,027 | $ 79,472 | $ 54,534 | $ (44,341) | **$ 287,692** |
| Cost of sales | 179,361 | 75,464 | 46,625 | (44,341) | **257,109** |
| Gross profit | 18,666 | 4,008 | 7,909 | - | **30,583** |
| **Earnings (loss) before income tax** | **12,871** | **666** | **4,161** | **(11,498)** | **6,200** |
| **Net earnings (loss)** | **12,871** | **666** | **4,161** | **(13,592)** | **4,106** |
| **EBITDA**** | **$ 15,624** | **$ 1,072** | **$ 5,842** | **$ (1,438)** | **$ 21,100** |

If AGT had not further enhanced segmented reporting by disclosing the food ingredients and packaged food segment, reporting for September 30, 2014 would have been as follows:

| Three months ended Sept 30, 2014 | Pulses and Grain Processing | Trading and Distribution | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|
| Revenue | $ 227,727 | $ 94,463 | $ (34,498) | **$ 287,692** |
| Cost of sales | 204,159 | 87,448 | (34,498) | **257,109** |
| Gross profit | 23,568 | 7,015 | - | **30,583** |
| **Earnings (loss) before income taxes** | **15,913** | **1,785** | **(11,498)** | **6,200** |
| **Net earnings (loss)** | **15,913** | **1,785** | **(13,592)** | **4,106** |
| **EBITDA**** | **$ 20,224** | **$ 2,314** | **$ (1,438)** | **$ 21,100** |

| Three months ended Sept 30, 2013 | Pulses and Grain Processing | Trading and Distribution | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|
| Revenue | $ 184,031 | $ 93,587 | $ (37,133) | **$ 240,485** |
| Cost of sales | 167,775 | 87,907 | (37,133) | **218,549** |
| Gross profit | 16,256 | 5,680 | - | **21,936** |
| **Earnings (loss) before income taxes** | **10,496** | **1,568** | **(15,671)** | **(3,606)** |
| **Net earnings (loss)** | **10,496** | **1,568** | **(14,986)** | **(2,921)** |
| **EBITDA**** | **$ 14,211** | **$ 1,721** | **$ (1,557)** | **$ 14,375** |

(Stated in thousands of Canadian dollars)

## 14. Segmented Reporting- continued

| Nine months ended Sept 30, 2014 | Pulses and Grain Processing | Trading and Distribution | Food Ingredients and Packaged Foods | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenue | $ 657,325 | $ 258,795 | $ 177,077 | $ (134,435) | **$ 958,762** |
| Cost of sales | 601,399 | 244,827 | 153,647 | (134,435) | **865,438** |
| Gross profit | 55,926 | 13,968 | 23,430 | - | **93,324** |
| **Earnings (loss) before income tax** | **37,231** | **3,709** | **12,829** | **(19,424)** | **34,345** |
| **Net earnings (loss)** | **37,231** | **3,709** | **12,829** | **(27,471)** | **26,298** |
| **EBITDA**** | **$ 45,807** | **$ 4,370** | **$ 17,711** | **$ (5,283)** | **$ 62,605** |

If AGT had not further enhanced segmented reporting by disclosing the food ingredients and packaged food segment, reporting for September 30, 2014 would have been as follows:

| Nine months ended Sept 30, 2014 | Pulses and Grain Processing | Trading and Distribution | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|
| Revenue | $ 758,242 | $ 313,462 | $ (112,942) | **$ 958,762** |
| Cost of sales | 687,777 | 290,603 | (112,942) | **865,438** |
| Gross profit | 70,465 | 22,859 | - | **93,324** |
| **Earnings (loss) before income taxes** | **46,816** | **6,953** | **(19,424)** | **34,345** |
| **Net earnings (loss)** | **46,816** | **6,953** | **(27,471)** | **26,298** |
| **EBITDA**** | **$ 59,784** | **$ 8,104** | **$ (5,283)** | **$ 62,605** |

| Nine months ended Sept 30, 2013 | Pulses and Grain Processing | Trading and Distribution | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|
| Revenue | $ 604,287 | $ 275,761 | $ (116,394) | **$ 763,654** |
| Cost of sales | 554,839 | 257,731 | (116,394) | **696,176** |
| Gross profit | 49,448 | 18,030 | - | **67,478** |
| **Earnings (loss) before income taxes** | **30,221** | **6,161** | **(48,521)** | **(12,138)** |
| **Net earnings (loss)** | **30,221** | **6,161** | **(45,222)** | **(8,839)** |
| **EBITDA**** | **$ 40,137** | **$ 6,631** | **$ (4,921)** | **$ 41,847** |

(Stated in thousands of Canadian dollars)

## 14. Segmented Reporting- continued

**Other reporting segment information**

| As at Sept 30, 2014 | Pulses and Grain Processing | Trading and Distribution | Food Ingredients and Packaged Foods | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|---|
| Assets | $ 624,004 | $ 217,369 | $ 229,293 | $ (244,401) | **$ 826,265** |
| Liabilities | 526,789 | 86,019 | 129,685 | (170,264) | **572,229** |
| Intangible assets | 2,176 | 1,953 | 7,396 | - | **11,525** |
| Goodwill | 33,175 | 8,695 | 14,715 | - | **56,585** |
| Purchase of property, plant and equipment | 7,862 | 199 | 6,937 | - | **14,998** |

| Dec 31, 2013 | Pulses and Grain Processing | Trading and Distribution | Food Ingredients and Packaged Foods | Corporate and Eliminations | Consolidated |
|---|---|---|---|---|---|
| Assets | $ 542,031 | $ 182,141 | $ 196,051 | $ (146,431) | **$ 773,792** |
| Liabilities | 491,357 | 60,152 | 88,321 | (100,377) | **539,453** |
| Intangible assets | 1,731 | 2,127 | 4,890 | - | **8,748** |
| Goodwill | 33,281 | 8,618 | 14,823 | - | **56,722** |
| Purchase of property, plant and equipment | 14,409 | 211 | 24,747 | - | **39,367** |

## 15. Sales and selected geographic information

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

| | 3 months ended Sept 30 | | 9 months ended Sept 30 | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| Pulses and specialty crops | $ 160,959 | $ 155,258 | $ 572,379 | $ 524,403 |
| Pasta, semolina and bulgur | 33,351 | 30,473 | 128,470 | 100,685 |
| Rice, other commodities and miscellaneous revenue | 93,382 | 54,754 | 257,913 | 138,566 |
| | $ 287,692 | $ 240,485 | $ 958,762 | $ 763,654 |

Sales derived from customers located in the following geographic areas:

| | 3 months ended Sept 30 | | 9 months ended Sept 30 | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| Canada | $ 14,475 | $ 8,455 | $ 49,917 | $ 28,821 |
| Americas / Caribbean, excluding Canada | 18,124 | 25,270 | 60,462 | 76,389 |
| Asia / Pacific Rim | 68,177 | 50,805 | 196,666 | 193,971 |
| Europe / Middle East / Africa | 186,916 | 155,955 | 651,717 | 464,473 |
| | $ 287,692 | $ 240,485 | $ 958,762 | $ 763,654 |

(Stated in thousands of Canadian dollars)

## 15. Sales and selected geographic information - continued

Property, plant and equipment, intangibles and goodwill by geographic area is as follows:

| | Property, plant and equipment | |
|---|---|---|
| | Sept 30, 2014 | Dec 31, 2013 |
| Turkey | $ 73,162 | $ 74,119 |
| Canada | 58,409 | 58,829 |
| North America, excluding Canada | 61,955 | 58,812 |
| Australia | 33,300 | 32,252 |
| China | 6,643 | 4,662 |
| South Africa | 3,886 | 4,075 |
| | $ 237,355 | $ 232,749 |

| | Intangibles | |
|---|---|---|
| | Sept 30, 2014 | Dec 31, 2013 |
| Turkey | $ 4,563 | $ 4,822 |
| Canada | 3,539 | 385 |
| United Kingdom | 1,953 | 2,127 |
| China | 1,377 | 1,346 |
| South Africa | 93 | 68 |
| | $ 11,525 | $ 8,748 |

| | Goodwill | |
|---|---|---|
| | Sept 30, 2014 | Dec 31, 2013 |
| Turkey | $ 34,394 | $ 34,647 |
| Canada | 18,399 | 18,399 |
| United Kingdom | 3,732 | 3,618 |
| Australia | 49 | 47 |
| North America, excluding Canada | 11 | 11 |
| | $ 56,585 | $ 56,722 |

(Stated in thousands of Canadian dollars)

## 16. Business combinations

On January 13, 2014, AGT finalized a transaction to purchase substantially all of the assets of Quebec-based CLIC International Inc (CLIC). CLIC is a Canadian ethnic and traditional retail food packager and canner and retail and food service distributor. The acquired assets include inventory, retail packaging and canning production-related equipment, all CLIC and associated retail brands, retail and food service listings. The consideration transferred for the purchase of the assets of CLIC was $15,000, plus a $1,000 promissory note.

Under IFRS 3, AGT has determined that the asset purchase qualifies as a business combination. The preliminary purchase price allocation is comprised of:

| **Purchase price equation comprised of:** | | **CLIC** |
|---|---|---|
| Total purchase price | **$** | **16,000** |
| **Allocation of purchase price:** | | |
| Working capital | $ | 9,901 |
| Property, plant and equipment | | 3,358 |
| Net identifiable tangible assets | | 13,259 |
| Intangible assets | | 2,741 |
| Total net assets | **$** | **16,000** |

Included in the current period Statement of Comprehensive Income is $24,424 of revenue, and $1,953 of net earnings attributable to the acquisition of CLIC. If the acquisition had occurred on January 1, 2014, the expected revenue from the acquisition would have been approximately $25,689 and the net earnings approximately $2,067.

Some acquisition costs related to the CLIC purchase were recorded in the current year Statement of Comprehensive Income. These amounts totalled $320 (June 30, 2013 – nil) and were recorded in general and administration expenses.

Included in the working capital amounts above were accounts receivable of $3,130. These amounts represent the fair value of the assets, none of which were considered uncollectable by AGT as at the purchase date.

The purchase price allocation has not been finalized as AGT continues to assess the fair values of the assets acquired. AGT expects to finalize the purchase price allocation before the end of the current fiscal year, December 31, 2014.

**17. Commitments and contingencies**

AGT enters into contracts with producers. The contracts provide for delivery of specific quantities and include specific prices based on the grade that is delivered. The terms of the production contracts are not longer than one year.

At September 30, 2014, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of $10,000 (December 31, 2013 - $10,000). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires on December 31, 2015.

At September 30, 2014, AGT had a letter of credit in favour of Lloyd's Bank in the United Kingdom in the amount of $13,440 (December 31, 2013 – $12,800). This letter of credit serves as security for the operating line in the United Kingdom and is callable in the event of a default by AGT's subsidiary.

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

**18. Subsequent event**

On October 21, 2014, AGT announced that it had entered into an agreement with a syndicate of investment dealers (the "Underwriters") pursuant to which the Underwriters agreed to purchase, on a "bought deal basis", 2,858,000 common shares ("Shares") from the treasury of AGT, at a price of $28.00 per Share for aggregate gross proceeds of approximately $80,000 (the "Offering").

In addition, AGT granted the Underwriters an option ("Over-Allotment Option"), exercisable in whole or in part, to purchase up to an additional 428,700 Shares from the treasury of AGT at the offering price exercisable at any time on or up to 30 days following the closing of the Offering, for market stabilization purposes and to cover over-allotments, if any. In the event that the Over-Allotment Option is exercised in its entirety, the aggregate gross proceeds of the Offering shall be approximately $92,000.

The net proceeds of the Offering are intended to be used for further expansion of the food ingredients and packaged food segments, other growth opportunities, debt repayment and working capital. The Offering closed on November 12, 2014.