AGT FOOD AND INGREDIENTS INC.

(formerly Alliance Grain Traders Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations has been prepared by Management to help readers interpret AGT Food and Ingredients Inc.'s ("AGT" or the "Company") consolidated financial results for the three and nine months ended September 30, 2014 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2013. The consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Additional information related to AGT, including periodic quarterly and annual reports and the Annual Information Form ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

This MD&A has been prepared as at November 12, 2014. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for the quarter ended September 30, 2014

- **EBITDA*** was $21.1 million for the three months ended September 30, 2014 compared to $14.4 million for the three months ended September 30, 2013, an increase of 46.5%.
- **EBITDA*** improved to $80.8 million for the trailing twelve months ended September 30, 2014 compared to $54.3 million for the trailing twelve months ended September 30, 2013 and compared to $74.1 million for the trailing twelve months ended June 30, 2014.
- **Revenue** was $287.7 million for the three months ended September 30, 2014 compared to $240.5 million for the three months ended September 30, 2013. EBITDA* as a percentage of revenue increased to 7.33% for the three months ended September 30, 2014 compared to 5.98% for the three months ended September 30, 2013 and compared to 6.79% for the three months ended June 30, 2014.
- **Cash flow from operating activities** was an increase of $0.7 million for the three months ended September 30, 2014 compared to a decrease of $11.0 million for the three months ended September 30, 2013.
- **Adjusted earnings per share** increased to $0.46 ($0.45 fully diluted) for the three months ended September 30, 2014 compared to $0.24 ($0.24 fully diluted) for the three months

ended September 30, 2013 and $0.44 ($0.43 fully diluted) for the three months ended June 30, 2014.

- **Improvement in days trade accounts receivable outstanding** to 44 days for the nine months ended September 30, 2014, down from 54 days for the nine months ended September 30, 2013 and decreased to 50 days for the three months ended September 30, 2014 compared to 58 days for the three months ended September 30, 2013.

- **Total accounts receivable and inventory days outstanding** for the nine months ended September 30, 2014 decreased to 128 days compared to 131 days for the nine months ended September 30, 2013.

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

Business Overview

AGT operates with three reporting segments: (1) pulses and grains processing (2) trading and distribution and (3) food ingredients and packaged foods. The pulses and grains processing segment includes subsidiaries and facilities in Canada, the U.S., Australia, China and a portion of the operations in Turkey. The trading and distribution segment includes operations in Europe, Russia, India and a portion of the operations in Turkey and Australia. The food ingredients and packaged foods segment includes subsidiaries and facilities in the U.S., Canada, South Africa and a portion of the operations in Turkey.

Through its three segments, AGT handles a full range of pulses and specialty crops including lentils, peas, chickpeas, beans, popcorn, canary seed, flax and other specialty seeds packed for domestic and export markets as well as in dry small package and canned products for both domestic consumption and export markets. In North America, AGT produces pulses proteins, fibres, starches and flours for food ingredient and industrial uses. AGT's operations in Turkey produce milled durum wheat products such as semolina, pasta (under the Arbella brand) and bulgur wheat as well as medium grain and long grain milled rice. These products are sold for both domestic consumption and export markets.

AGT owns twelve pulse and processing plants in Canada, a canning and retail packaging plant in Canada, two plants in the U.S., four in Australia and nine in Turkey, as well as one bean processing and food distribution facility in China and one processing and retail packaging facility in South Africa. Wholly owned foreign subsidiaries include the Arbel Group in Turkey ("Arbel"); United Pulse Trading Inc. ("AGT Foods USA") 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; Alliance Grain Traders India PVT Ltd. ("AGT India") in India; Alliance Grain Traders (Switzerland) SA ("AGT Switzerland") in Geneva, Switzerland; Alliance Grain Traders (Tianjin) Co. Ltd. ("AGT China") in Tianjin, China. AGT operates an origination office located in Rostov-on-Don, Russia ("AGT Rostov"). AGT's Laval, Quebec based retail packaging and canning distribution company AGT CLIC Foods Inc. ("AGT CLIC") includes packaging, canning, warehousing and distribution locations in Canada and the U.S.

AGT is among the world's largest value-added processors and splitters of pulse crops and an international producer, processor and 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".

In October 2014, AGT underwent a name change from "Alliance Grain Traders Inc." to "AGT Food and Ingredients Inc." to more accurately reflect the business of AGT as a processor and supplier of value-added pulses, staple foods and ingredients derived from pulses and other grains for export and domestic human food and animal food markets, as well as a supplier of retail packaged and canned foods to retail and food service sectors. Management believes this name change was important to effectively communicate the business focus of AGT to shareholders, stakeholders and the public market in general.

Business Outlook

The advancement of AGT business segments over the past reporting periods continue to track positively as per Management expectations and in line with implemented strategies and initiatives. Positive trends continue in AGT's legacy business and have in part provided a foundation for earnings growth reported over the first half of 2014 and continuing in the Q3 2014 period. These results are expected to continue in AGT's new food ingredients and packaged foods segment focused on ingredient flours, proteins, starches and fibres derived from pulses for human food, branded feed and petfood and other industrial uses as well as retail distribution of packaged and canned goods to consumers. This is expected in part as AGT's announced distribution and marketing agreement with Ingredion Incorporated ("Ingredion") comes into force after an initial ramp-up period where all products produced by AGT's food ingredient plant in Minot were registered within Ingredion's marketing system and produced and shipped into Ingredion's distribution system.

AGT's ongoing marketing agreement with Cargill, Incorporated ("Cargill") is also expected to continue to add growth for AGT's new segment, with a focus on sales of branded feed and petfood ingredient products. This segment is expected to be further supplemented by positive advancement in subsequent quarters as ramp-up and integration of AGT's retail packaging and distribution business, AGT CLIC, and positive performance of AGT's branded and private label pasta business from Turkey continue.

Export results from Canada within AGT's legacy business segments, made up of the pulses and grains processing and AGT's global trading and distribution business units, continue to perform well within Management expectations. Harvest results from Canada and the U.S. have produced an average yield in pulse crops with quality that is variable from the 2013 harvest but still viewed by Management as a marketable crop. Continued strong import volumes in regional consumption markets like India and Turkey has provided volume gains which have positively impacted facility capacity utilization and provided opportunity for margin gain. AGT's pulses and grains processing segment represents a significant, albeit transitioning, portion of AGT revenues and earnings, and potential exists that increasing flows of export products and stable-to-higher prices may be a key driver for AGT sales, margin and earnings growth.

Significant production levels in Canada are being reported by Statistics Canada ("StatsCan") with harvest effectively completed in mid-October. Pulses and special crops are estimated by Saskatchewan Agriculture to be 6% higher than forecast at 6.44 million metric tons ("mt"). The biggest quantity difference is in lentils, with provincial estimates pointing to a 1.94 million mt crop, 10% higher than the StatsCan estimate, but down 11% from last year's record 2.17 million mt crop. Due to some weather issues during harvest, crop quality is categorized as good, although displaying a higher degree of variability in quality than is traditionally seen. With AGT having fully functional processing systems, including cleaning, sizing, optical colour sorting and splitting, the degree of variability of crop quality is not seen as a significant obstacle to AGT achieving its planned gains in capacity utilization and positive earnings in the remainder of 2014 and 2015. With export levels expected to remain high, due to insufficient production expected in India and Turkey and low carry-in from Canada's 2013 harvest resulting from the high export levels experienced so far in 2014, a crop of this size is needed to fill AGT export programs in the busy traditional shipping periods as well as to feed raw materials for AGT's ingredient program that Management expects in the balance of 2014 and in first half 2015.

Growth in all AGT reporting segments is expected to drive improved results from AGT's operations in virtually all geographies, including gains in margins and total mt handled through AGT facilities, as the traditionally busy shipping period starts after North American harvest in Q3. Overall, results and volumes are tracking as per Management expectations, with further improvements expected through end 2014 and into 2015. The late harvest in Canada and the U.S. affected volumes handled in Q3, as late harvest meant that material crop deliveries to AGT processing plants were delayed until mid to late September, leading much of this product to be processed and shipped in October 2014.

Management continues to forecast growth in the ingredient platform on potentially higher-margin and less volatile food ingredient sector business, focused on ingredient flours, protein, fibres and starches derived from pulses and the packaged retail foods segment, particularly resulting from the commencement of sales activities with Ingredion and continuing programs with Cargill.

A review of the outlook for each of AGT's business segments is as follows:

Food Ingredients and Packaged Foods

In recent periods, AGT has been focused on rollout of its new food ingredients and packaged foods segment. This has been inclusive of AGT's pulse ingredient production facility in Minot, North Dakota, focused on the production of pulses ingredient flours, proteins, starches and fibres, as well as AGT's global packaged foods business, featuring the Arbella brand of pasta sold in over 80 countries globally; Arbel brand packaged pulses and staple foods sold in many markets in Central Asia, Europe and the Middle East/North Africa ("MENA") region; AGT CLIC brand, with retail and food service listings in Canada and the U.S.; and the Pouyoukas brand of packaged foods, widely available in Southern Africa.

The food ingredients and packaged foods segment has many potential advantages for AGT. As this segment continues establishing itself through the development of sales and market opportunities and the positive growth reported to date, Management expects this segment to potentially provide added margin opportunities and therefore earnings growth. With seasonality in AGT's legacy pulses and grains business driven by new-crop harvests and customer buying patterns dictated by local production supply and demand dynamics, the business units in this segment are expected to assist in smoothing earnings over the year.

The potential of these business units with regard to positive impact on AGT sales, margins and earnings is attractive for AGT due to the specific profile of customers interested in these products. In the food ingredient business unit, demand from food company customers appears to be less susceptible to volatility in commodity markets and currencies as they typically purchase higher-value ingredient products with specific characteristics and profiles or non-fractionated, value-added pulses with delivery contracts over a longer period of time and at potentially higher prices to guarantee delivery and quality. Customers in this business segment include many of the top international food companies who operate in markets such as North America and Western Europe and whose businesses are driven by macro-economic factors that are less volatile comparing to customers in AGT's pulses and grains segment where emerging markets macro-economic fundamentals affect the business flows.

Pulse ingredient flours, proteins, fibres and starches can be derived from a single product, individually from lentils, peas, chickpeas or a variety of beans, or may be blended from multiple products to capture or enhance particular characteristics that may provide positive application performance for the intended application. AGT's investment in pulse ingredients, including its production facilities, research and development infrastructure as well as the management and staff required to build a functioning business unit, has been based on the strategies undertaken to diversify AGT production and add further value to potentially higher margin products, realizing the strategy of value-added processing that AGT's legacy business was founded on. Pulse ingredients have been gaining profile with both consumers and food companies in the human food, petfood and animal feed sectors, as well as food manufacturers who may use pulses as an ingredient, in whole or fractionated form, in combination with other ingredients to create products and ingredient blends or for other applications. The non-GMO, high protein and fibre, gluten-free, micronutrient-rich and environmentally positive profile and characteristics of pulse ingredients, coupled with the high degree of flexibility that pulse ingredients have been demonstrating in application research testing, is a driver for food companies searching for new and different ingredients for their products as well as to align with consumer demand.

AGT and Ingredion, AGT's distribution partner in its pulses flours, proteins and fibres (bran) ingredients for its consumer foods and ingredient business in the United States, Canada, China, Europe, the Middle East and North Africa, continue towards product launch defined by the agreement signed in June 2014. Products are expected to be available to customers of Ingredion and its distributors in Q4 2014. This partnership is intended to more rapidly develop market and sales opportunities for AGT ingredient products through Ingredion's sales, marketing and application research strength and AGT's high quality pulse ingredients. Concentrations for sales and marketing programs include sectors in foods for human consumption such as baking, cereals, meat and meat analogues, pasta, snack and extruded foods, dips, soups beverages and convenience meals as well as nutritional supplements, additives and other industrial food uses as well as pharmaceuticals and uses in other industries.

It is expected that through this agreement, and in conjunction with AGT's previously announced Cargill distribution and marketing agreement for protein in petfood, branded feed ingredients and aquaculture in North America and AGT's own sales and marketing initiatives for human food, petfood, aquaculture and industrial use globally outside of these agreements, that margins and sales volumes on ingredient sales may continue tracking as per Management expectations for 2014 and 2015. Sales of protein and fibre (bran) are expected to continue growing at progressively improving rates as customer demand grows. Improvements in volumes of high viscosity flour and starches are expected, with a concentrated volume going into feed applications, which are expected to be replaced over time by increased human food, petfood and aquaculture applications resulting from research and development successes, particularly in partnership with Ingredion.

To support these agreements and the resulting sales programs, AGT is currently operating two production lines at its Minot, North Dakota facility. With sales currently tracking as per Management's expectations, these two production lines are expected to be at full utilization by the end of the 2014 calendar year. Management has finalized its plans to add a third production line which is expected to begin commissioning in the first quarter of 2015. AGT is also considering projects that may add further value to portions or all of the production of the three production lines in Minot, North Dakota, including pre-cooking lines, sterilization lines and blending facilities to produce pre-mixes and formulated systems, which are combinations of ingredients that are marketed to fill a specific function within a food manufacturing system, that may be used by various food clients worldwide.

The addition of the third processing line is expected to effectively bring the manufacturing capacity of the Minot plant to full capacity at approximately 105,000 mt. In order to add more production capacity, it would be necessary to add more buildings and infrastructure. Management is examining expansion opportunities in this segment, which may likely include partial or full conversion of some capacity in Regina, Canada; capacity in Williston, U.S.A.; or a portion of AGT's Mersin, Turkey facilities to pulse ingredients production and fractionation. Conversion provides benefits over Greenfield construction with regard to lower capital cost and shorter time to market. Greenfield build timelines are estimated at eighteen months while conversions are approximately nine to twelve months. Additional capacity through conversion is expected to leverage AGT's investment in infrastructure, facilities, and the management to operate the business unit, which has potential to add higher contribution to earnings as scale and capacity utilization targets are achieved. Preliminary costings and design are underway for conversion in Canada and this project is planned to be presented to the AGT Board of Directors in the first quarter of 2015.

The potential opportunities for AGT and its marketing and distribution partners is in part demonstrated by the manner with which food companies have reacted positively to non-GMO ingredients, partially as a result of the work of consumer advocacy groups. General Mills, Kellogg's and Post have all recently announcing intentions to replace GMO ingredients, including soy and corn, in some of their products. Alternative flours, including pulse flours, are forecast to grow almost four times faster than wheat flours and ahead of other cereals and potato flour in the sweet and savoury snacks applications category between 2012 and 2017 in North America and Europe [Euromonitor]. Gluten-free foods are expected to have sales of more than $6.6 billion by 2017 [Packaged Facts]. The National Foundation for Celiac Awareness reports 3 million Americans suffer from celiac disease in addition to 18 million Americans with non-celiac gluten sensitivity. While no official studies have been concluded in Canada, Health Canada estimates that as many as 300,000 people in Canada may suffer from celiac disease. The global ingredient protein market is expected to reach $28.9 billion by 2020, with plant protein expected to continue to account for the majority of the protein ingredient market [Grand View Research]. Overall, market trends are shifting towards lower-cost and abundant plant-based alternatives due to the rising cost of dairy-based ingredients, growing dietary preferences (e.g., gluten-free and vegan) and consumer demand for healthier ingredients [Canadian Institute of Food Science and Technology]. In part, statistics such as these demonstrate the potential market opportunities pulse ingredients may provide, not only in North America and Europe but around the globe, supporting Management's belief that a well-structured, strategic entry into the pulse ingredient sector, with the right partner, may provide significant growth opportunities and increased earnings potential for AGT.

In the packaged food business unit, opportunities continue to be defined as Management integrates the AGT CLIC business unit, providing canning and small packaging and distribution to retail and food service for a variety of food products, including pulses, staple foods and ethnic food products. Opportunities surrounding private label for retailers in Canada and the U.S., looking for suppliers who can not only provide a wide range of product but also origination, packaging and distribution of these products, are being initiated by Management with distribution, supply and private label/co-packing business expected to develop in the near term.

Retailers appear to be reacting to market trends where more consumers are exposed to foreign tastes and flavours for a variety of reasons, leading to these previously exotic foods and packaged goods becoming "mainstream" in traditional markets and in retail grocery outlets in North America and Europe. Suppliers, like AGT, who are able to provide the full chain of origination to delivery, are increasingly viewed as attractive to the major retail chains in North America, Europe as well as in global markets where a shift towards mass retail grocery ("MRG") is being reported with a trend towards North American style stores and away from small markets and stores or bulk commodity markets as has traditionally been the case. This trend may have a positive impact on AGT's legacy business as traditional markets look for shipments of pulses and staple foods in small package and canned formats rather than traditional large bulk bag shipments to go directly to retail shelves.

Sales opportunities and near full capacity utilization of AGT's pasta production facilities in Turkey are resulting in Management's investigation into further expansion to add line six of pasta production or to add an augmentation of specialty pasta production capacity, including the possibility of the production of lasagna, vermicelli nest pasta and/or gluten free pasta.

Decisions on pasta expansions are also expected in 2015 and are to be based on results of ongoing sales programs. Semolina production capacity is in place to supply raw materials for increased pasta production after the completion of a new semolina mill in 2013. The launch of Arbella+ in Turkey, with nutrient enrichment or other varieties such as tri-colour, gluten-free, high fibre and other specialty dry pasta products, is viewed by Management as successful, with additional launches planned for Europe and North America in future periods. Additional production capacity in Turkey is viewed as providing opportunity to further capitalize on market trends in the gourmet, specialty pasta market category that may provide added margin opportunities to complement AGT's continuing strong "table pasta" category, which is usually focused on volume and price. This may be supplemented with pasta production in the specialty pasta category; particularly gluten-free pasta produced entirely from pulse ingredients or enriched pasta products produced through a blend of durum wheat and pulse ingredients in North America.

Pulses and Grains Processing

Pulses production in North America over the past seasons has continued to be at significant levels, with export volumes and import demand for lentils and other pulses from Canada and the U.S. reported by StatsCan and the U.S. Department of Commerce and the U.S. Department of Agriculture ("USDA") at robust levels. The rotational cropping benefits of pulse crops and the nitrogen-fixing advantages they provide have assured that farmers are likely to continue to produce pulses at significant levels. This production, coupled with market demand for imported pulses to key consumption markets in India and Turkey, both for domestic supply and regional distribution, are expected to continue. Management is optimistic regarding the opportunities AGT's legacy segment may provide the company, both in terms of earnings and margin growth and in providing a foundation for expansion of AGT's food ingredients and packaged foods segment.

Based on the view that production levels in traditional production/consumption origins such as India and Turkey may continue to be lower than historically was reported, Management believes that these geographies may continue to be significant importers of Canadian, U.S. and Australian lentils and other pulses to meet domestic supply and regional distribution requirements providing opportunity for AGT operations in these origins as well as in Turkey. India and Turkey have, over the recent periods, been the top two destinations for Canadian lentils, a trend that is expected by Management to continue.

With harvest in North America effectively completed by mid-October and significant quantities of all pulses produced, late season weather, particularly rainfall in September and October in Canada has resulted in a higher degree of variable quality for 2014 crop. While in a traditional year, 70% of the lentil crop falls into the top two grades, there is more variability of quality across all grades being seen in delivery samples at AGT facilities. Management believes there is ample product at the top quality grades to meet market demands in whole lentil markets through 2014 and 2015, with potential for incremental price increases as stocks begin to be drawn down. This may create additional margin potential for AGT in these market categories with more than ample product available for splitting and value-added operations with the variable qualities potentially providing margin gains for AGT through its ability to upgrade lower quality products using colour-sorting, peeling, splitting and calibration technologies.

Management continues to monitor transportation infrastructure in Western Canada and the Northern Tier states, as an efficient transportation infrastructure is essential to AGT's ability to move products to market given the distance from AGT facilities in North America to port facilities. The Government of Canada has undertaken a review process of the Canadian Transportation Act to identify where improvements may be made, a process that AGT is participating in with Mr. Murad Al-Katib, President and CEO of AGT, appointed as an advisor to the legislative review panel. Transportation bottlenecks have largely been resolved and AGT is optimistic that its multi-modal transport strategy using rail, intermodal, truck, bulk vessel and ocean container is expected to allow it to execute its shipping program for the 2014-2015 crop year.

AGT operates in a high fixed cost environment where incremental improvements in capacity utilization can have significant impact on improving AGT's margins and gross margin overall, positively impacting earnings. Continually improved volumes of processed and shipped product from AGT's facilities globally, particularly Canada and Turkey, are viewed by Management as important components to the positive impact on capacity utilization which appears to be showing continued improvement and tracking as per Management expectations. Management continues to take a market focus to activities, allowing for maximization of sales programs and margin opportunities. Relatively stable to higher prices have provided opportunity for AGT with regard to margins and therefore earnings in the period for this segment. The Management initiatives aimed at working capital management, inventory/receivable turns and cost reductions are expected to continue and positively impact AGT's earnings over the balance of the 2014 period and into future periods in 2015 as well.

Trading and Distribution

AGT continues to offer other commodities to its global network of existing clients. These sales are reported through AGT's trading and distribution segment, which is made up of products not specifically processed in AGT facilities. These include popcorn, coffee, canola, flax, sugar and spices and a variety of seeds. While relative margins are potentially lower in this segment, they are expected to continue to be a positive contributor to AGT's earnings due to the fact that they do not require processing and facility infrastructure nor capital investments, with the working capital requirements largely financed on relatively short trade finance terms with the utilization of structured trade finance instruments and supplier credits. Management views this business as incremental margin with little commodity risk taken as almost all sales are taken on a back-to-back basis. The sales in this segment augment AGT's ability to be a complete one-stop supplier for its key global customers.

Stable volume and gradual margin improvements similar to those seen in AGT's pulses and grains processing segment are expected by Management in this segment in the 2014 and 2015 periods. This segment is not seen as a growth segment for AGT at this time as it focuses its efforts on ramping up its capacity utilization and margins in its other two segments.

Strategy Implementation: Management Update

As global pulses and staple foods markets have continued their return to traditional market conditions with respect to product volumes, shipping periods and relative price levels, Management strategies and initiatives surrounding accounts receivable and inventory turns, cost reduction and product diversification including value-added pulses and staple foods for export, and new lines of related business such as pulse ingredients and retail packaged goods, demonstrate the continuing impact these strategies and initiatives may have on AGT's business. As global economic headwinds and production impairment, which had impacted AGT business in earlier periods, have for the most part eased, the global system of facilities for processing and distribution of pulses, staple foods and food ingredients, assembled through acquisitions and expansions completed over the past several years, is expected to demonstrate the earnings strength Management had believes could be realized.

Diversification initiatives to new business lines, such as AGT's food ingredients and retail packaged foods segment, are underway to build scale in these potentially higher-value segments, including the expansion of AGT's Minot facility to two production lines, with a third line being commissioned in the first quarter of 2015; re-deployment of some available capacity at other AGT facilities; the recently announced sales and marketing agreement with Ingredion to focus on sale and marketing of pulse ingredients globally through Ingredion's significant sales and marketing infrastructure; and AGT's expansions in the retail packaged food business area. Legacy business segments have benefited from stronger market conditions and a return to more historical and seasonal volumes and shipping periods, providing a stronger revenue and earnings base for AGT operations. Overall, these initiatives are expected to ramp up AGT's global food ingredients and retail packaged foods segment over the 2014 and 2015 periods.

Details surrounding these management strategies and initiatives are as follows:

Margin improvement through increased volumes, product mix changes and growth in new platforms: Margin improvement reported over the recent quarters in all AGT segments is expected to continue. A number of factors have contributed to this expectation, including normalization of global pulses and staple foods markets to more historical and seasonal cycles, overall volume increases as a result of higher import levels to key consumption markets to bring supply and demand into better balance; relative price strength when viewing the pulses and staple foods markets in totality; diversification into different products, origins and destinations such as rice from India, chickpeas, beans and split peas to South America and South Asia; and increases in volumes for AGT's new pulse ingredient business focused on pulse flour, protein, fibre and starches to food companies focused on human food, petfood, animal feed and aquaculture to North America, Europe and South Asia.

Diversity in this area is expected to be positively impacted through AGT's agreements with Ingredion and Cargill, ramping up sales programs for AGT's pulse ingredient business focused on pulse flour, protein, and fibre (bran) in increased volumes at potentially higher margins and driving revenue, margin and earnings growth. Strategic partnerships in this way are expected to benefit AGT with increased market reach, collaborative research into new and innovative uses of pulse ingredients and the ability to target increasingly larger customers who may be interested in the non-GMO, gluten-free, high protein and fibre and sustainable characteristics of pulse ingredients.

In AGT's legacy business segments, AGT management has been focused on programs to strengthen and streamline distribution networks to ensure that sales opportunities are being captured efficiently to maximize margin and volume potential. As markets have normalized, stronger distribution networks are expected to assist in continued positive progress in converting revenue growth to improved margins and profitability with regard to pricing and import levels. With its diversification of assets geographically, including origination strength diversity for raw materials as well as processing efficiency through technology, AGT continues to demonstrate its ability to convert gross margin improvements into EBITDA* through relatively consistent general and administrative and marketing, sales and distribution expenses on a per mt basis, taking into account that business volumes and the global footprint have increased. In the high fixed cost environment AGT operates in, incremental efficiency gains through diversification driving plant capacity utilization is viewed by Management as a positive foundation for earnings improvement and is expected to have a material impact on improving earnings.

Working capital management: Management's ongoing working capital initiatives aimed at increasing inventory and receivable turns to ensure that working capital debt is reduced as a percentage of revenues and equity capital programs are planned to continue. Earnings improvement and debt optimization strategies are forecast and 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, particularly as AGT's legacy business improves and gains are made in the new food ingredient and retail packaged foods programs. Management expects that as profitability continues to improve, free cash flows may be deployed to reduce debt and fund expansions and conversions in the food ingredient and packaged food business. Management expects to continue to pursue strategies to reduce its global cost of debt capital across its mix of operating geographies.

Increase capacity utilization: One of AGT's greatest strengths has been its global origination base and strengths in marketing and origination. Within AGT's legacy segment, by leveraging this strength, AGT expects to boost utilization of its asset base, including the utilization for new products and opportunities outside of AGT's legacy business segment, including pulse ingredient production. This is expected to include cereal grains and oilseeds in Australia; increases to Canadian facility utilization through an expanded focus on beans, chickpeas, green peas, flax seeds and canary seeds; and leveraging grain origination in Russia, Ukraine, Argentina, Canada and Australia in an effort to continue boosting utilization in Turkey as local Turkish production decreases.

The use of technology in AGT's value-added pulse processing facilities provides opportunity for margin gain, particularly in years where a higher degree of variable quality exists through its ability to upgrade lower quality products using colour-sorting, peeling, splitting and calibration technologies to increase the value of some products.

Diversification initiatives into pulse ingredient production, with two production lines in operation and a third line planned for commissioning in 2015 at AGT's Minot, North Dakota ingredient facility and the integration of the AGT CLIC business unit for retail canning, packaging and distribution, AGT management is focused on building the new food ingredient and packaged foods segment. This segment is viewed as offering potentially higher-margin, year-round business to food companies producing food for human consumption as well as petfood, animal feed and aquaculture suppliers. Management continues its analysis on the feasibility and costs of conversion of existing available capacity to assist AGT in ramping up its food ingredient platform in 2014 and 2015 as well as expansions of AGT's pasta production business in Turkey.

Additionally, the business units within these segments are expected by Management to contribute to increase capacity utilization as legacy processing operations may feed product in partially processed (in the case of ingredient production) or fully processed (in the case of canning or packaging of pulses and staple foods for retail sales programs) form, both under AGT owned and distributed brands and co-packing for customers. Co-packing for premium retail and distribution customers is viewed by Management as an opportunity to boost production capacity utilization and utilize packaging and canning infrastructure, under conditions where it does not interfere with AGT programs.

Other diversification and sales opportunities may be identified and investigated by Management as well to create sustainable margins that are expected to grow over time as the scale of these opportunities grows. The global footprint of AGT, the strength of its international management team and deep relationships with distribution clients, customers and partners is driving company-wide initiatives to develop more "synergistic trade and business" utilizing two or more wholly owned AGT subsidiaries to create margin opportunities.

In the absence of facility conversions to food ingredients or production facility expansions, Management capacity utilization targets are to achieve 75% asset utilization in 2014 and boost that utilization above 80% in 2015. Gradual growth in the legacy business driven by increased sales of seasonally neutral products like chickpeas, faba beans, peas for snack foods, beans and canary/bird seeds is expected to augment strong asset utilization in lentils in the seasonally strong lentil shipping periods in September to March of each year. With growth in utilization driven by sales programs and the potential conversions of unused or underutilized capacity into food ingredients capacity, AGT facilities are expected to reach functional full utilization at approximately 90% within 2017. With a high fixed component business, additional gains in utilization contribute materially to incremental earnings growth.

Management expects to focus a small capital expenditure program in 2015 to enhance utilization or reduce costs. Global capital expenditure programs in the non-food ingredient capacity are budgeted at approximately $10 million and are augmented by a regular maintenance capital expenditure that is largely expensed through the income statement of $8 million to $10 million, a figure that is near the depreciation expense of AGT consolidated operations.

Continue to focus on efficiencies and costs: Initiatives surrounding cost-containment and reduction continue to be a focus of Management, with accountability on these items with each global plant manager at a geographic cost center level being measured on cost reduction programs and overall reductions in processing costs per mt. Programs are expected to continue to focus on management of fixed costs so that boosting utilization of AGT's asset base may indeed deliver a higher contribution to earnings per share and earnings. AGT expects continued success in relatively consistent general and administrative expenses on a per mt basis when comparing periods. Tonnages invoiced have increased while costs remain static, implying that management cost containment programs are showing benefits through a reduction in fixed overheads.

Improve reporting and disclosure to the market: AGT has introduced new reporting segments expected to allow more meaningful insight into the earnings potential of AGT's new food ingredients and packaged foods segment as compared to its core legacy business. Management is reviewing potential plans for supplemental segmented reporting for future periods. Additionally, Management believes AGT's name change to "AGT Food and Ingredients Inc." is an important component in communicating to public markets, customers, shareholders and other stakeholders the business focus of AGT and the importance of the AGT's emerging business segments.

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, AGT'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 AGT's ability to normalize business operations and strengthen shareholder value in the long-term. As AGT's legacy business normalizes and is supplemented by its new ingredient and packaged goods business, new opportunities for sales, earnings and margin growth in future periods are expected.

Summary of Quarterly Results [1]

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

	3 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014	3 Months Ended March 31, 2014	3 Months Ended Dec 31, 2013	3 Months Ended Sept 30, 2013	3 Months Ended June 30, 2013	3 Months Ended March 31, 2013	3 Months Ended Dec 31, 2012
Revenue	$ 287,692	$ 359,787	$ 311,283	$ 375,119	$ 240,485	$ 246,729	$ 276,440	$ 247,195
Less: cost of sales [2]	257,109	324,315	284,014	346,584	218,549	223,396	254,231	227,415
Gross profit	30,583	35,472	27,269	28,535	21,936	23,333	22,209	19,780
Add back: depreciation cost of sales	3,802	3,703	3,615	3,192	3,144	2,549	2,720	2,700
Add back: finance income	18	24	4	10	(329)	8	339	433
Adjusted gross profit	**34,403**	**39,199**	**30,888**	**31,737**	**24,751**	**25,890**	**25,268**	**22,913**
Deduct: General and administrative expenses	(9,090)	(10,573)	(9,685)	(11,057)	(6,938)	(8,365)	(9,118)	(9,008)
Deduct: Marketing, sales and distribution expenses	(6,892)	(6,278)	(5,890)	(5,339)	(4,916)	(4,616)	(4,327)	(4,204)
Add: Amortization in general and administrative expense	816	696	646	881	839	601	1,142	717
Add: Non-recurring and other costs [3]	1,863	1,385	1,117	1,970	639	388	609	2,073
EBITDA [*]	**21,100**	**24,429**	**17,076**	**18,192**	**14,375**	**13,898**	**13,574**	**12,491**
Deduct: Finance expense	(5,128)	(6,969)	(7,931)	(6,494)	(6,352)	(7,296)	(5,768)	(4,248)
Deduct: Depreciation and amortization	(4,618)	(4,399)	(4,261)	(4,073)	(3,983)	(3,150)	(3,862)	(3,417)
Add (Deduct): Provision for income taxes	(2,094)	(4,249)	(1,704)	(796)	685	1,434	1,180	(1,033)
Adjusted net earnings [*]	**9,260**	**8,812**	**3,180**	**6,829**	**4,725**	**4,886**	**5,124**	**3,793**
Adjusted basic net earnings (loss) per share	0.46	0.44	0.16	0.34	0.24	0.25	0.26	0.19
Adjusted diluted net earnings (loss) per share	0.45	0.43	0.16	0.34	0.24	0.24	0.26	0.19
Non-recurring and other costs [3]	(1,863)	(1,385)	(1,117)	(1,970)	(639)	(388)	(609)	(2,073)
Non-cash foreign exchange effect	(3,291)	5,553	7,149	(5,735)	(7,007)	(10,037)	(4,895)	72
Net earnings (loss) per financial statements	**4,106**	**12,980**	**9,212**	**(876)**	**(2,921)**	**(5,539)**	**(380)**	**1,792**
Basic net earnings (loss) per share	0.20	0.64	0.46	(0.04)	(0.15)	(0.28)	(0.02)	0.09
Diluted net earnings (loss) per share	0.20	0.64	0.46	(0.04)	(0.15)	(0.28)	(0.02)	0.09
Total assets	826,265	788,022	799,237	773,792	708,068	710,905	735,810	712,491
Bank indebtedness	123,194	118,660	141,320	110,805	120,023	112,277	132,362	205,549
Short term financing	-	-	-	-	-	2,622	12,714	12,402
Long-term debt including current portion	245,770	247,010	248,332	230,605	222,517	215,486	210,769	82,310
Shareholders' equity	254,036	257,065	251,300	234,339	240,655	253,923	267,892	269,848
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]	234,409	344,971	275,721	320,619	216,780	267,774	278,199	231,206
Trading and distribution tonnes invoiced [4]	112,046	115,368	131,236	127,523	98,902	69,286	93,313	76,087
Packaged food and food ingredients tonnes invoiced [4]	56,707	61,585	53,215	54,147	-	-	-	-
Inter-company tonnes	(59,697)	(82,632)	(73,557)	(34,317)	(20,026)	(12,959)	(15,872)	(38,911)
Total tonnes invoiced	343,465	439,292	386,615	467,972	295,656	324,101	355,640	268,382
Gross profit per metric tonne	$ 89.04	$ 80.75	$ 70.53	$ 60.98	$ 74.19	$ 71.99	$ 62.45	$ 73.70
Adjusted gross profit per metric tonne	100.16	89.23	79.89	67.82	83.72	79.88	71.05	85.37
EBITDA (*) per metric tonne	61.43	55.61	44.17	38.87	48.62	42.88	38.17	46.54

Notes:

(1) Calculated from the condensed consolidated unaudited interim financial statements for the quarters ended September 30, 2014, June 30, 2014, March 31, 2014, September 30, 2013, June 30, 2013, March 31, 2013, September 30, 2013 and 2012 and the audited IFRS annual financial statements for the year ended December 31, 2013 and 2012.

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

(3) Non-recurring costs deemed by Management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs, share-based payments or other, predominantly reported within General and Administrative Expenses.

(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
(Thousands of Cdn$ except as indicated, unaudited)

Revenue, Gross Profit and Adjusted Gross Profit

	3 Months Ended Sept 30			9 Months Ended Sept 30			3 Months Ended		
							Sept 30	June 30	
	2014	2013	Change	2014	2013	Change	2014	2014	Change
Revenue	287,692	240,485	47,207	958,762	763,654	195,108	287,692	359,787	(72,095)
Less: cost of sales	257,109	218,549	38,560	865,438	696,176	169,262	257,109	324,315	(67,206)
Gross profit	30,583	21,936	8,647	93,324	67,478	25,846	30,583	35,472	(4,889)
Add back: depreciation in cost of sales	3,802	3,144	658	11,120	8,413	2,707	3,802	3,703	99
Add back: finance income	18	(329)	347	46	18	28	18	24	(6)
Adjusted gross profit	34,403	24,751	9,652	104,490	75,909	28,581	34,403	39,199	(4,796)
Gross profit percentage	10.6%	9.1%	1.5%	9.7%	8.8%	0.9%	10.6%	9.9%	0.8%
Adjusted gross profit percentage	12.0%	10.3%	1.7%	10.9%	9.9%	1.0%	12.0%	10.9%	1.1%

Revenue was $287.7 million and $958.8 million for the three and nine months ended September 30, 2014 compared to $240.5 million and $763.7 million for the three and nine months ended September 30, 2013 and compared to $359.8 million for the three months ended June 30, 2014. Revenue increased when comparing the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013 due to AGT's increased utilization in its larger global platform and resulting increase in tonnes invoiced. Revenue decreased when comparing the three months ended September 30, 2014 to the three months ended June 30, 2014 due to overall lower tonnes invoiced. Invoiced product was lower as a result of increased product shipped to subsidiaries close to the end of the quarter and remaining in inventory for longer periods of time.

Gross profit was $30.6 million or 10.6% for the three months ended September 30, 2014 compared to $21.9 million or 9.1% for the three months ended September 30, 2013 and $35.5 million or 9.9% for the three months ended June 30, 2014. Adjusted gross profit was $34.4 million or 12.0% for the three months ended September 30, 2014 compared to $24.8 million or 10.3% for the three months ended September 30, 2013 and $39.2 million or 10.9% for the three months ended June 30, 2014.

Gross profit was $93.3 million or 9.7% for the nine months ended September 30, 2014 compared to $67.5 million or 8.8% for the nine months ended September 30, 2013. Adjusted gross profit was $104.5 million or 10.9% for the nine months ended September 30, 2014 compared to $75.9 million or 9.9% for the nine months ended September 30, 2013.

Gross profit and adjusted gross profit percentages increased when comparing the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013 and to the three months ended June 30, 2014 due to continued margin improvements and earnings contribution from India, China and AGT CLIC as well as continued improvement in legacy business as well as the food ingredients and packaged foods margins.

Gross profit and adjusted gross profit in absolute dollars increased when comparing the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013 due to overall increased invoiced tonnes. Gross profit and adjusted gross profit decreased when comparing the three months ended September 30, 2014 to the three months ended June 30, 2014 due to fewer tonnes invoiced.

EBITDA*

	3 Months Ended Sept 30			9 Months Ended Sept 30			3 Months Ended		
							Sept 30	June 30	
	2014	2013	Change	2014	2013	Change	2014	2014	Change
EBITDA*	21,100	14,375	6,725	62,605	41,847	20,758	21,100	24,429	(3,329)
EBITDA* percentage of revenue	7.33%	5.98%	1.35%	6.53%	5.48%	1.05%	7.33%	6.79%	0.54%

EBITDA* was $21.1 million for the three months ended September 30, 2014 compared to $14.4 million for the three months ended September 30, 2013 and $24.4 million for the three months ended June 30, 2014. EBITDA* increased by $6.7 million when comparing the three months ended September 30, 2014 to the three months ended September 30, 2013 due to increased tonnes invoiced at improved gross margin and adjusted gross margin percentage. EBITDA* decreased by $3.3 million when comparing to the three months ended June 30, 2014 due to decreased tonnes invoiced. EBITDA* as a percentage of revenue for the three months ended September 30, 2014 increased when comparing to the three months ended September 30, 2013 and the three months ended June 30, 2014 due to improved margins.

EBITDA* was $62.6 million for the nine months ended September 30, 2014 compared to $41.8 million for the nine months ended September 30, 2013. EBITDA* increased by $20.8 million when comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013 due to increased tonnes invoiced at improved gross margin and adjusted gross margin percentage. EBITDA* as a percentage of revenue for the nine months ended September 30, 2014 increased to 6.53% compared to 5.48% for the nine months ended September 30, 2013 due to improved margins and a continued focus on cost savings initiatives.

General and administrative and marketing sales and distribution expenses

	3 Months Ended Sept 30 2014	3 Months Ended Sept 30 2013	Change	9 Months Ended Sept 30 2014	9 Months Ended Sept 30 2013	Change	3 Months Ended Sept 30 2014	3 Months Ended June 30 2014	Change
General and administrative expenses	9,090	6,938	2,152	29,348	24,420	4,928	9,090	10,573	(1,483)
Marketing, sales and distribution expenses	6,892	4,916	1,976	19,060	13,859	5,201	6,892	6,278	614
	15,982	11,854	4,128	48,408	38,279	10,129	15,982	16,851	(869)

General and administrative expenses were $9.1 million for the three months ended September 30, 2014 compared to $6.9 million for the three months ended September 30, 2013 and $10.6 million for the three months ended June 30, 2014. The expense increased when comparing the three months ended September 30, 2014 to the three months ended September 30, 2013 due to expanded operations related to food ingredients, India, China and AGT CLIC, and decreased by $1.5 million from the three months ended June 30, 2014 due partially to ramp up costs earlier in 2014 related to growth in the packaged food and food ingredients segment.

Marketing, sales and distribution expenses were $6.9 million for the three months ended September 30, 2014, compared to $4.9 million for the three months ended September 30, 2013 and $6.3 million for the three months ended June 30, 2014. Marketing, sales and distribution expenses increased when comparing the three months ended September 30, 2014 to the three months ended September 30, 2013 and the three months ended June 30, 2014 due largely to the expansion into food ingredients, including travel costs, costs associated with AGT CLIC as well as costs associated with the sales office in Switzerland.

General and administrative and marketing, sales and distribution expenses for the nine months ended September 30, 2014 were $48.4 million compared to $38.3 million for the nine months ended September 30, 2013. The increase is due to the growth in AGT's global platform, including expansions of operations in China, India and Switzerland, as well as growth in the food ingredients and packaged foods segment and the acquisition of AGT CLIC in January of 2014.

Other expenses

	3 Months Ended Sept 30 2014	3 Months Ended Sept 30 2013	Change	9 Months Ended Sept 30 2014	9 Months Ended Sept 30 2013	Change	3 Months Ended Sept 30 2014	3 Months Ended June 30 2014	Change
Finance expense	5,128	6,352	(1,224)	20,028	19,417	611	5,128	6,969	(1,841)
Depreciation and amortization	4,618	3,983	635	13,278	10,995	2,283	4,618	4,399	219
Provision for (recovery of) income taxes	2,094	(685)	2,779	8,047	(3,299)	11,346	2,094	4,249	(2,155)
Non-cash foreign exchange effect	3,291	7,007	(3,716)	(9,411)	21,938	(31,349)	3,291	(5,553)	8,844

Finance expenses for the three months ended September 30, 2014 were $5.1 million compared to $6.4 million for the three months ending September 30, 2013 and $7.0 million for the three months ending June 30, 2014. Finance expenses for the nine months ended September 30, 2014 were $20.0 million compared to $19.4 million for the nine months ended September 30, 2013.

Finance expense decreased when comparing the three months ended September 30, 2014 to the three months ended September 30, 2013 and the three months ended June 30, 2014. The decrease is a result of a reduction in the fair value adjustment on long term derivative liabilities, partially offset by increased interest expense due to a larger global platform and higher utilization of credits during the period. The increase when comparing the nine months ended September 30, 2014 to the nine months ended September 30, 2013 is due to larger credit utilization.

Depreciation expenses for the three months ended September 30, 2014 were $4.6 million compared to $4.0 million for the three months ended September 30, 2013 and $4.4 million for the three months ended June 30, 2014. Depreciation expenses for the nine months ended September 30, 2014 were $13.3 million compared to $11.0 million for the nine months ended September 30, 2013.

Depreciation expense increased when comparing to the three months and nine months ended September 30, 2013 and the three months ended June 30, 2014 due to assets being put into use.

Provision for income tax shows an expense of $2.1 million for the three months ended September 30, 2014 compared to a recovery of $0.7 million for the three months ended September 30, 2013 and an expense of $4.2 million for the three months ended June 30, 2014. Provision for income tax shows an expense of $8.0 million for the nine months ended September 30, 2014 compared to a recovery of $3.3 million for the nine months ended September 30, 2013.

The income tax expense is calculated for each subsidiary at the individual rate for that country and therefore can fluctuate depending on the earnings reported for each tax jurisdiction.

AGT estimates an average tax rate in the range of 25% to 26%, depending on which jurisdiction has earnings or losses, and the tax treatment of various revenues or expenses.

Non-cash foreign exchange was an expense of $3.3 million for the three months ended September 30, 2014 compared to an expense of $7.0 million for the three months ended September 30, 2013 and a recovery of $5.6 million for the three months ended June 30, 2014.

Non-cash foreign exchange was a recovery of $9.4 million for the nine months ended September 30, 2014 compared to an expense of $21.9 million for the nine months ended September 30, 2013.

The change in non-cash foreign exchange from the three and nine months ended September 30, 2013 and from the three months ended June 30, 2014 to the three and nine months ended September 30, 2014 is due to changes in foreign exchange rates associated with certain foreign denominated loans, receivables, payables and derivative contracts and includes the cross currency swap related to the high yield offering of $125 million. During the quarter, the U.S. dollar strengthened against most currencies, causing fluctuations in the non-cash foreign exchange amount.

Reporting Segments

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 food.

The pulses and grains processing segment 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 U.K., the Netherlands, Spain, Russia, Ukraine, Turkey, Australia and India.

Food and food ingredients 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.

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.

Net Earnings by Reporting Segment (in thousands of Cdn. $ except as indicated, unaudited)

	Pulses and Grain Processing			Trading and Distribution			Food Ingredients and Packaged Foods		
	3 Months Ended Sept 30, 2014	9 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014	3 Months Ended Sept 30, 2014	9 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014	3 Months Ended Sept 30, 2014	9 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014
Quarterly comparisons									
Revenue	$ 198,027	$ 657,325	$ 252,334	$ 79,472	$ 258,795	$ 83,159	$ 54,534	$ 177,077	$ 69,821
Cost of sales	179,361	601,399	229,558	75,464	244,827	78,946	46,625	153,647	61,338
Gross profit	18,666	55,926	22,776	4,008	13,968	4,213	7,909	23,430	8,483
Adjusted gross profit	20,953	62,644	25,069	4,018	14,013	4,232	9,413	27,787	9,875
Net segment earnings	**15,157**	**43,948**	**18,199**	**676**	**3,753**	**1,119**	**5,666**	**17,187**	**6,205**
EBITDA*	**$ 15,624**	**$ 45,807**	**$ 19,049**	**$ 1,072**	**$ 4,370**	**$ 1,277**	**$ 5,842**	**$ 17,711**	**$ 6,281**
Total tonnes invoiced	234,409	855,101	344,971	112,046	358,650	115,368	56,707	171,507	61,585
Gross profit per metric tonne	$ 79.63	$ 65.40	$ 66.02	$ 35.77	$ 38.95	$ 36.52	$ 139.47	$ 136.61	$ 137.74
Adjusted gross profit per metric tonne	89.39	73.26	72.67	35.86	39.07	36.68	165.99	162.02	160.35
EBITDA* per metric tonne	66.65	53.57	55.22	9.57	12.18	11.07	103.02	103.27	101.99

	Corporate and Eliminations			Consolidated		
	3 Months Ended Sept 30, 2014	9 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014	3 Months Ended Sept 30, 2014	9 Months Ended Sept 30, 2014	3 Months Ended June 30, 2014
Quarterly comparisons						
Revenue	$ (44,341)	$ (134,435)	$ (45,527)	$ 287,692	$ 958,762	$ 359,787
Cost of sales	(44,341)	(134,435)	(45,527)	257,109	865,438	324,315
Gross profit	-	-	-	30,583	93,324	35,472
Adjusted gross profit	18	47	25	34,402	104,491	39,201
Net segment earnings	**(13,594)**	**(27,472)**	**(8,841)**	**7,906**	**37,416**	**16,683**
EBITDA*	**$ (1,438)**	**$ (5,283)**	**$ (2,177)**	**$ 21,100**	**$ 62,605**	**$ 24,429**
Total tonnes invoiced	(59,697)	(215,886)	(82,632)	343,465	1,169,372	439,292
Gross profit per metric tonne				$ 89.04	$ 79.81	$ 80.75
Adjusted gross profit per metric tonne				100.16	89.36	89.23
EBITDA* per metric tonne				61.43	53.54	55.61

AGT is not reporting prior year comparative segment information due to changes in segment information. In future periods, Management will report comparative figures.

The pulses and grain processing segment showed adjusted gross profit of $89.39 per metric tonne and EBITDA* of $66.65 per metric tonne for the three months ended September 30, 2014 compared to adjusted gross profit of $72.67 per metric tonne and EBITDA* of $55.22 per metric tonne for the three months ended June 30, 2014. The improvement is due to continued gradual margin recovery in the legacy business. Adjusted gross profit and EBITDA* per metric tonne for the nine months ended September 30, 2014 were $73.26 and $53.57 per metric tonne.

The trading and distribution segment showed adjusted gross profit of $35.86 per metric tonne and EBITDA* of $9.57 per metric tonne for the three months ended September 30, 2014 compared to adjusted gross profit of $36.68 per metric tonne and EBITDA* per metric tonne of $11.07 for the three months ended June 30, 2014. Adjusted gross profit and EBITDA* per metric tonne for the nine months ended September 30, 2014 were $39.07 and $12.18 per metric tonne.

Food ingredients and packaged foods showed adjusted gross profit of $165.99 per metric tonne and EBITDA* of $103.02 per metric tonne for the three months ended September 30, 2014 compared to adjusted gross profit of $160.35 and EBITDA* of $101.99 for the three months ended June 30, 2014. Pasta volumes decreased during the quarter ended September 30, 2014, compared to the prior quarter, which was partially offset by stronger margins in other areas of the food ingredients and packaged foods segment, in particular incremental volume shipments from production line two in Minot. In addition, pasta gross margins showed a slight decline as durum wheat prices increased in the latter part of the reporting period, as quality concerns in the North American harvest were priced into the global market. AGT Management does not expect these temporary margin effects to be materially continuing in the coming two quarters. New purchases of imported durum wheat from origins such as Mexico will favorably affect average raw material wheat costs in the coming quarters. Adjusted gross profit and EBITDA* per metric tonne for the nine months ended September 30, 2014 were $162.02 and $103.27 per metric tonne.

For the three months ended September 30, 2014, inter-company metric tonnes were 59,697 tonnes, meaning that they were sold from one AGT company to another for further manufacturing, further packaging and/or for sale to a final customer. For the nine months ended September 30, 2014, inter-company shipments totaled 215,886 tonnes.

Net working capital* increased to $198.1 million at September 30, 2014, compared to $197.3 million at June 30, 2014 due largely to an increase in inventory as a result of intercompany transfers executed near the end of the quarter to take advantage of strategic opportunities, partially offset by decreased trade accounts receivable and an increase in accounts payable, accrued liabilities and deferred revenue.

Net debt* is comprised of bank indebtedness, short term financing, long term debt and current portion of long term debt, less cash and totaled $339.9 million at September 30, 2014 compared to $335.7 million at June 30, 2014 (see table on page 32). Net debt increased by $4.2 million from the quarter ended June 30, 2014. The increase is due primarily to a ramp up of inventory levels due to increased intercompany activity and additional operating credits being utilized. This is partially offset by lower accounts receivable levels, increased accounts payable levels and a decrease in long term debt. Accounts payable, accrued liabilities and deferred revenue increased by $37.4 million when comparing September 30, 2014 to June 30, 2014. This is due to largely to producers, particularly in Canada, that begin to sell their pulse crops and request AGT to pay their settlements in 2015. In addition, AGT is utilizing various supplier payment programs and trade finance instruments which allow for longer accounts payable cycles.

Current assets were $502.6 million at September 30, 2014 compared to $463.8 million at June 30, 2014 (see table on page 32). 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 ("EDC"), significantly reducing the risks associated with accounts receivable collection, since buyer risk is being replaced by Government of Canada risk through the export insurance.

Trade accounts receivable days outstanding decreased to 44 days for the nine months ended September 30, 2014 from an average of 54 days for the nine months ended September 30, 2013.

Trade accounts receivable decreased to $144.9 million at September 30, 2014, compared to $154.7 million at June 30, 2014 (see table on page 32). Trade accounts receivable decreased by $9.8 million when comparing the quarter ended September 30, 2014 to the quarter ended June 30, 2014. The decrease is due partially to continued focus on accounts receivable collection as well decreased sales tonnes out of many of AGT's subsidiaries. When comparing the three months ended September 30, 2014 to the three months ended June 30, 2014, Australia and the U.K. invoiced fewer tonnes and had resulting lower accounts receivable of $4.7 million and $4.0 million respectively. Accounts receivables in Turkey decreased by $6.4 million reflecting normal transition from Turkish new crop to increased imports in the fall and winter seasons. Accounts receivables in Canada increased by $3.1 million due to the timing of invoices and increased by $2.2 million at other locations. In addition to closely monitoring accounts receivable collection, AGT utilizes an accounts receivable factoring program as well as various trade finance tools to reduce accounts receivable levels and increase turns.

Inventory days outstanding increased to 84 days for the nine months ended September 30, 2014 from an average of 77 days for the nine months ended September 30, 2013. The inventory days outstanding also increased when comparing the three months ended September 30, 2013 of 83 days to the three months ended September 30, 2014 of 95 days. This is a result of large amounts of product being received later in the quarter due to the delay in the North American harvest and arriving in Turkey for regular seasonal imports.

Inventory increased by $54.3 million, to $294.4 million at September 30, 2014, compared to $240.1 million at June 30, 2014. Inventory increased in Turkey and Switzerland by $40.4 million and $12.1 million respectively. This is due to large quantities of product received late in the quarter, for sale early in the fourth quarter. Inventory increased in Canada by $5.6 million due to the ramp up of harvest receipts in September and increased in South Africa by $5.9 million due to regular ramp up in the inventory cycle. Inventory decreased in Australia and the United Kingdom by $5.5 million and $4.7 million respectively due to lower receipts of product and increased by $0.5 million at other locations.

The total of trade accounts receivable and inventory days outstanding has decreased from 131 days for the nine months ended September 30, 2013 to 128 days for the nine months ended September 30, 2014. AGT Management continues to monitor these metrics.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. While the inventory value is $294.4 million at September 30, 2014, 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 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 early 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 October 2014 of $3.0 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 September 30, 2014 and December 31, 2013 foreign exchange rates as follows [Source: Bank of Canada]:

	Sept 30, 2014	Dec 31, 2013
USD/CDN	1.12000	1.06360
AUD/CDN	0.97900	0.94960
TL/CDN	0.49160	0.49520
GBP/CDN	1.81780	1.76270
EUR/CDN	1.41530	1.46550
ZAR/CDN	0.09912	0.10130
RMB/CDN	0.18260	0.17570
INR/CDN	0.01809	0.01717

For each subsidiary, any difference between the September 30, 2014 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 September 30, 2014, AGT had total operating lines outstanding of $123.2 million (December 31, 2013 - $110.8 million) out of $178.4 million available (December 31, 2013 – $177.9 million). Included in these facilities is a syndicated debt facility of $150.0 million (December 31, 2013 – $150.0 million) secured by a general security agreement, maturing in January 2016. The weighted average interest rate on operating credits is 3.8% (December 31, 2013 – 3.8%).

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. At September 30, 2014, AGT is in compliance with its financial covenants under all credit agreements and expects to be in compliance in future periods.

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 13, 2014, AGT finalized a transaction to purchase substantially all of the assets of Quebec-based 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 million, plus a $1 million promissory note.

On January 30, 2014, Advance Seed signed an overdraft agreement with Standard Bank South Africa in the amount of R80 million. The facility replaces the current facility with HSBC in South Africa and is subject to an annual review. The agreement was completed on market-based terms which were substantially unchanged from the previous facility.

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 million (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 million.

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

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:

Net debt and capital

(in thousands of Cdn. $ except as indicated)	Sept 30, 2014	June 30, 2014	Dec 31, 2013
Cash and cash equivalents	$ 29,076	$ 29,955	$ 22,893
Trade accounts receivable	144,944	154,727	166,489
Inventory	294,445	240,142	236,123
Bank indebtedness, short term financing and current portion of long term debt and finance leases	129,098	124,567	116,866
Accounts payable, accrued liabilities and deferred revenue	168,478	131,126	164,121
Long-term debt and finance leases	239,866	241,103	224,544
Total current assets(1)	502,587	463,812	464,301
Total current liabilities(1)	304,452	266,521	287,873
Net working capital*	198,135	197,291	176,428

Selected asset and liability information

(in thousands of Cdn. $ except as indicated)	Sept 30, 2014	June 30, 2014	Dec 31, 2013
Long term debt and finance leases	$ 239,866	$ 241,103	$ 224,544
Bank indebtedness, short term financing and current portion of long term debt and finance leases	129,098	124,567	116,866
Cash and cash equivalents	(29,076)	(29,955)	(22,893)
Net debt*	**$ 339,888**	**$ 335,715**	**$ 318,517**
Shareholders' equity	254,036	257,065	234,339
Capital	**$ 593,924**	**$ 592,780**	**$ 552,856**

(1) excludes derivative assets and liabilities

Consolidated capitalization information

Consolidated capitalization information of AGT includes information on the operations of Alliance Pulse Processors, United Pulse, Australia Milling Group and Poortmans, consolidated ("APP Group") as well as information on AGT and other entities, and is set out in the following table:

Capital Structure
(in thousands of Cdn. $ except as indicated)

	Sept 30, 2014	Dec 31, 2013	Financial statement caption
APP Group			
Senior secured APP bank facility	$ 114,421	$ 94,553	bank indebtedness
Senior secured APP bank facility	123,472	109,845	long term debt
Poortman facility (GBP 11.25 million)	-	9,781	bank indebtedness
Leases and other	1,087	33	long term debt
	$ 238,980	$ 214,212	
Arbel/Other Entities (excluding AGT)			
Senior secured Advance Seed facility	$ 8,091	$ 6,226	bank indebtedness
Arbel/Advance Seed/other debt	682	245	bank indebtedness
Leases	62	272	long term debt
	$ 8,835	$ 6,743	
AGT			
Notes outstanding	$ 121,149	$ 120,455	long term debt
Total debt	$ 368,964	$ 341,410	
September 30, 2014 financial statements			
Bank indebtedness	$ 123,194	$ 110,805	
Long term debt, including current portion	245,770	230,605	
	$ 368,964	$ 341,410	

Cash flow summary

	3 months ended Sept 30, 2014	3 months ended June 30, 2014	3 months ended March 31, 2014	3 months ended Sept 30, 2013	Difference Sept 30, 2014 to Sept 30, 2013
Cash flow from operating activities	$ 718	$ 38,885	$ (27,924)	$ (11,013)	$ 11,731
Cash flow from financing activities	170	(26,879)	44,223	9,846	(9,676)
Cash flow from investing activities	(1,987)	(750)	(20,027)	(9,560)	7,573
Effect of exchange rate changes on	220	(1,575)	1,109	(613)	833
Change in cash	$ (879)	$ 9,681	$ (2,619)	$ (11,340)	$ 10,461

	3 months ended Sept 30, 2014	3 months ended June 30, 2014	3 months ended March 31, 2014	3 months ended Sept 30, 2013	Difference Sept 30, 2014 to Sept 30, 2013
Non-cash working capital	$ (6,016)	$ 18,896	$ (34,427)	$ (15,771)	$ 9,755

Cash flow from operating activities for the three months ended September 30, 2014 was an increase of $0.7 million compared to a decrease of $11.0 million for the three months ended September 30, 2013 and compared to an increase of $38.9 million for the three months ended June 30, 2014. The decrease when comparing the three months ended September 30, 2014 to the three months ended June 30, 2014 is due largely to a build-up of inventory partially offset by an increase in accounts payable and accrued liabilities and the increase when compared to the three months ended September 30, 2013 is due largely to stronger earnings from operations.

Cash flow from financing activities for the three months ended September 30, 2014 was an increase of $0.2 million compared to a decrease of $26.9 million for the three months ended June 30, 2014 and was an increase of $9.8 million for the three months ended September 30, 2013. The increase when comparing the three months ended September 30, 2014 to the three months ended June 30, 2014 is due to an increase in operating facilities as a result of increased working capital requirements offset by a decrease in long term debt as well as dividends paid during the quarter.

Cash flow from investing activities for the three months ended September 30, 2014 was a decrease of $2.0 million compared to a decrease of $0.8 million for three months ended June 30, 2014 and was a decrease of $9.6 million for the three months ended September 30, 2013. The change for the three months ended September 30, 2014 was due to capital expenditures during the three months ended September 30, 2014 resulting in slightly higher cash outflow from investing activities compared to the three months ended June 30, 2014 and lower cash flow from investing activities than the three months ended September 30, 2013 due to fewer capital asset additions in the current year.

Cash Flow Information – Non-Cash Working Capital:

Non-cash working capital for the three months ended September 30, 2014 decreased by $6.0 million compared to an increase of $18.9 million for the three months ended June 30, 2014 and compared to a decrease of $15.8 million for the three months ended September 30, 2013. The decrease for the quarter ended September 30, 2014 is due to an increase in inventory, typical for the third quarter and increased further due to intercompany shipment opportunities, partially offset by a decrease in accounts receivable as well as an increase in accounts payable and deferred revenue.

Accounts Payable, accrued liabilities and deferred revenue:

Accounts payable, accrued liabilities and deferred revenue increased by $37.4 million, from $131.1 million at June 30, 2014 to $168.5 million at September 30, 2014. This is due partially to deferred settlements being issued for payment in 2015, as well as continued focus on favorable vendor terms.

Leases:

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

Transactions with other related parties:

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:

(in thousands of Cdn. $ except as indicated)

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

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:

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

	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 and operational projects from entities owned or controlled by directors of AGT or its subsidiaries. Also contained within accounts receivable is an amount due from executive officers and directors for shares issued pursuant to a stock option 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.

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:

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.

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 as well as timing of future results. 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.

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.

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 13 of AGT's December 31, 2013 annual audited consolidated financial statements. 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 is subject to change each reporting period.

Functional Currency

The identification of functional currency for each of the legal entities involves significant judgment. AGT has assessed the factors in determining the appropriate functional currency and summarized the results in Note 3c of AGT's December 31, 2013 annual audited consolidated financial statements.

Financial Instruments:

Non-derivative financial assets

AGT initially recognizes loans and receivables and deposits on the date that they are originated at fair value and subsequently measured at amortized cost. All other financial assets are recognized initially on the trade date at which AGT becomes a party to the contractual provisions of the instrument.

AGT derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interests in transferred financial assets that are created or retained by AGT are recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, AGT has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit and loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit and loss if AGT manages such investments and makes purchase and sale decisions based on their fair value in accordance with AGT's documented risk management or investment strategy. Upon initial recognition relevant transaction costs are recognized in net earnings as incurred. Financial assets at fair value through profit and loss are measured at fair value, and changes therein are recognized in net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

AGT initially recognizes short term debt securities on the date that they are originated at fair value and expenses related transaction costs. Debt associated with long term agreements is initially recognized at fair value less any directly attributable transaction costs. All other financial liabilities (including liabilities designated at fair value through profit and loss) are recognized initially on the trade date at which AGT becomes a party to the contractual provisions of the instrument. AGT derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Subsequent to initial recognition, liabilities are categorized as fair value through profit and loss or other liabilities measured at amortized cost using the effective interest method. Refer to Note 13 of AGT's December 31, 2013 annual audited consolidated financial statements for current year presentation of financial liabilities by category.

Derivative financial instruments

AGT holds derivative financial instruments to mitigate its foreign currency risk exposures. Embedded derivatives are separated from the host contracts and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through net earnings.

Derivatives are recognized initially at fair value with attributable transaction costs recognized in net earnings as incurred. AGT has not elected to follow hedge accounting and subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognized immediately in net earnings.

AGT, as part of its operations, carries a number of financial instruments that include cash, bank indebtedness, accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, and long-term debt and finance leases. The fair value of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, and dividends payable approximate their carrying value given their short-term maturities.

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. AGT's CEO and the CFO evaluated the design and operating effectiveness of AGT's Disclosure Controls as at September 30, 2014 and concluded that AGT's Disclosure Controls were effective, except as noted below in the scope limitation that exists as a result of the purchase of AGT CLIC.

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.

Management, under the supervision of the CEO and the CFO, has evaluated the ICFR using the framework and criteria established in the 1992 Internal Controls – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management, including the CEO and CFO, evaluated the design of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at September 30, 2014, ICFR (as defined in NI 52-109) were designed effectively, except as noted below in the scope limitation that exists as a result of the purchase of AGT CLIC.

There were no changes in our ICFR during the three months ended September 30, 2014 that have materially affected, or are reasonably likely to affect our ICFR, except as noted below in the scope limitation that exists as a result of the purchase of AGT CLIC.

Limitation on scope of design

Management has limited the scope of design of our disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of AGT CLIC and its subsidiaries.

The scope limitation is in accordance with National Instrument 52-109 3.3(1)(b), which allows an issuer to limit its design of DC&P or ICFR to exclude controls, policies and procedures of an acquired company not more than 365 days before the end of the financial period to which the certificate relates.

The chart below presents the summary financial information of AGT CLIC:

(in thousands of Cdn. $ except as indicated)	**Sept 30, 2014**
Current assets	$ 21,062
Long-term assets	$ 6,089
Current liabilities	$ 8,157
Long-term debt and finance leases	$ 17,041

(in thousands of Cdn. $ except as indicated)	**Sept 30, 2014 YTD**
Total revenue	$ 24,424
Net income for the period	$ 1,953

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
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. AGT intends to adopt the above standards in accordance with their effective dates.

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 or amended 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 has early adopted an amendment to IAS 36 Impairment of Assets. This amendment reverses the unintended requirement in IFRS 13 Fair Value Measurement to disclosure 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.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 23,062,021 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 nine months ended September 30, 2014.

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 million (December 31, 2013 - $10 million). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires 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 $13.4 million (December 31, 2013 – $12.8 million). 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 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 labor 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-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-cash, 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). Adjusted Net Earnings* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are important indicators 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 exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on EBITDA* and Adjusted Net Earnings*. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net earnings (loss) determined in accordance with IFRS to EBITDA* and Adjusted Net Earnings*, see the table on page 47.

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 $ except as indicated, unaudited)

	For the Three Months Ended Sept 30, 2014	For the Three Months Ended Sept 30, 2013
Net earnings (loss)	$ 4,106	$ (2,921)
Add (deduct):		
Income tax expense (recovery)	2,094	(685)
Depreciation and amortization expense	4,618	3,983
Finance expense	5,128	6,352
Non-cash foreign exchange (gain) loss	3,291	7,007
Non-recurring and other expenses (1)	1,863	639
EBITDA*	21,100	14,375
Less:		
Finance expense	5,128	6,352
Depreciation and amortization expense	4,618	3,983
Income tax expense (recovery)	2,094	(685)
Adjusted net earnings*	$ 9,260	$ 4,725
Basic adjusted net earnings* per share	0.46	0.24
Diluted adjusted net earnings* per share	0.45	0.24
Basic weighted average number of shares outstanding	20,201,358	19,865,521
Diluted weighted average number of shares outstanding	20,410,584	20,087,529

(1) One-time costs deemed by Management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs, share-based compensation or other

Reconciliation of Net Working Capital* and Net Debt*
(in thousands of CDN $ except as indicated, unaudited)

	Sept 30, 2014	Dec 31, 2013
Current assets(1)	$ 502,587	$ 464,301
Current liabilities(1)	304,452	287,873
Net working capital*	$ 198,135	$ 176,428
Long term debt and finance leases	$ 239,866	$ 224,544
Bank indebtedness and current portion of long term debt and finance leases	129,098	116,866
Cash and cash equivalents	(29,076)	(22,893)
Net debt*	$ 339,888	$ 318,517

(1) excludes derivative assets and liabilities

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-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings* (earnings before any effects of non-cash, 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). Adjusted Net Earnings* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are important indicators 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 exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on EBITDA* and Adjusted Net Earnings*. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. EBITDA* and Adjusted Net Earnings*, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS.

APPENDIX 1 – REGIONAL AND PRODUCTION SUMMARY

North America - Canada and the U.S.

Significant production levels in Canada and the U.S. are being reported by Statistics Canada ("StatsCan") and the U.S. Department of Agriculture ("USDA"), with harvest effectively completed in mid-October. Due to some weather issues in Canada during harvest, crop quality is categorized as good, although with a higher degree of variability in quality than is traditionally seen. Crop quality in the U.S. appears to be good. Production levels in North America are reported as slightly behind 2013 record levels; however, even with the significant export programs expected for key consumption markets in India and Turkey, which are forecast to continue buying quantities of Canadian pulses based on historical export data and current market expectations, production has been categorized as more than sufficient to meet the needs of these markets.

Current StatsCan estimates for pulses production in Canada are as follows:

Canadian Pulse Production 2014[(1)]

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	3,130,000	1,929,900	2,172,800
Dry Peas	3,925,000	3,558,000	3,960,800
Edible Beans	345,948	301,000	206,000
Chickpeas	170,000	142,500	180,400
Faba Beans[(2)]	20,000	20,800	20,800
Total	7,590,948	5,952,200	6,540,800

(1) Effective October 31, 2014 from data and estimates available from StatsCan and STAT Publishing ("StatPub").
(2) Estimates compiled by AGT based on 5 year historical data and internal estimates of production.

Current USDA estimates for pulses production in the U.S. are as follows:

U.S. Pulse Production 2014[(1)]

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	320,000	185,400	227,660
Dry Peas	921,000	730,000	708,519
Edible Beans[(2)]	1,472,300	1,162,841	953,325
Chickpeas	217,100	153,770	157,353
	2,930,400	2,232,011	2,046,857

(1) Effective October 31, 2014 from data and estimates available from USDA and STAT Publishing ("StatPub").
(2) Excluding garbanzo beans or chickpeas.

Export of pulses from Canada, particularly to India and subcontinent markets as well as Turkey and markets in the Middle East/North Africa ("MENA") region, continue to be reported as strong by StatsCan, with exports of lentils, peas and chickpeas all reported as increased for the period with available data (Jan-Aug 2014). Export volumes reported in the Q3 period can be seen as positive indicators of the current state of global pulses markets, where local production issues in India and Turkey are resulting in crop yields that are viewed by Management as continuing to decline from historical levels or short of current supply-demand requirements overall, ultimately resulting in the expectation of continued imports to these countries and regions. This has led to Management being optimistic that local buyers in these markets may continue to purchase quantities of pulses and staple foods in traditional seasonal volumes and periods.

The continuing relative weakness of the Canadian dollar has assisted in making Canadian pulses exports attractive for buyers in both Turkey and the Indian subcontinent and are expected to remain at significant levels through 2014 and into 2015.

Turkey

Turkish lentil production has averaged at approximately 400,000 mt for some time, with similar production estimates for 2014 provided by StatPub based on data from TMO, USDA and private trade sources. These consistently lower production volumes and high import volumes from Canada and other origins such as the U.S. and Australia over past seasons appear to reaffirm the belief that Turkish farmers have continued to move production to crops with higher revenue potential. Canada continues to be a significant origin for Turkey as a supplier of lentils in 2014, which appears to be part of a trend whereby Turkey continues to be an importer of lentils to meet both domestic and regional supply requirements. Turkey may be looked to for supply of more red lentils for regional demand, partially due to decreased or unclear production in Syria as a result of the ongoing civil unrest in that country. Chickpea production in Turkey is reported by USDA GAIN in the 350,000 mt range.

USDA estimates on durum wheat in Turkey report approximately 1.9 million mt of production. Durum wheat is required for pasta, semolina and bulgur production. Global production of durum wheat is forecast by Agriculture and Agri-Food Canada ("AAFC") to decrease to 33.7 million mt, partially due to lower production estimated from Canada. AAFC further forecasts that global carry-in for durum wheat is expected to decrease.

USDA reports paddy rice production of 740,000 mt in Turkey. The harvest normally begins in September and ends in October. Annual consumption demands in Turkey are expected to result in Turkey continuing to be an importer of rice to meet high domestic consumption and regional exports. The domestic prices of rice and all pulses have increased as well.

Australia

Continuing the trend in significant pulse growing regions, the upcoming Australian pulses season estimates are reported by Australian Bureau of Agricultural and Resource Economics and Sciences ("ABARES") as relatively flat to 2013.

Current ABARES estimates for pulses production are as follows:

Australian Pulse Production 2014 Estimates [1]

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	395,360	267,400	271,000
Field Peas (All)	605,395	333,600	342,000
Chickpeas (All)	1,267,623	662,700	629,000
Lupins (All)	1,079,827	554,700	625,000
Faba Beans	417,608	323,500	328,000
	3,765,813	2,141,900	2,195,000

[1] Effective October 31, 2014 from data and estimates available from ABARES and STAT Publishing ("StatPub").

India and Subcontinent Markets

Pulses production in India continues to be less than domestic and regional supply needs, with net pulse imports to India reported by StatPub as up 5.7% in the first half of the 2014 calendar year. According to Jul-Aug 2014 data from StatsCan, an overall increase in exports of Canadian lentils to India have been shown, supporting the trend that has been observed in recent periods of significant imports of Canadian lentils to India. The Indian government has extended the duty-free exemption for peas, dry edible beans and lentils until March 31, 2015; however, the demand-supply gap is expected to continue to increase due to this insufficient production and increased demand requirements resulting in part from population increase. This may result in continued strong import volumes, even with attempts by the Indian government to boost domestic production and reduce import levels of pulses, which are viewed as an "essential commodity". Even with official production volumes reported at record levels, pulse imports have increased from 3.2 million mt in 2012 to 3.55 million mt in 2013 with 19.7 million mt of production.

Deficient rains have resulted in USDA lowering rice production estimates in India to an estimated 99.5 million mt.

Russia and Ukraine

Statistical data for pulse production in Russia and Ukraine is difficult to obtain, in part due to lack of official reporting and also due to political unrest in the region. Based on data from USDA and the United Nations Food and Agricultural Organization ("UN FAO"), StatPub estimates as much as 2.3 million mt of pulses production including 31,000 mt of lentils, 251,000 mt of chickpeas and 1.76 million mt of peas.

With decreasing levels of pulses production in Turkey, supply of some pulses, principally chickpeas and some bean varieties from Russia, Ukraine and former Soviet republics such as Kazakhstan and Kyrgyzstan, continue to be important for Turkey both for domestic and regional markets. With recent political unrest in Russia, Ukraine and Crimea, Management is monitoring AGT's origination activities for peas, chickpeas and beans from the region for delivery through year-round ports via the Black Sea and the Bosphorus to processing destinations in Turkey, as well as over-land from as well Kyrgyzstan and Kazakhstan.

South Africa

The Southern African region, with its significant availability of farmland, is certainly an area that may be viewed as a future production growth region in pulses and specialty crops; however, to date, pulses production, particularly bean production, has been flat as farmers take advantage of opportunities in other crops such as corn and canola. Despite these issues, the region is a strong platform for import and distribution activities for Chinese beans, North American pulses and grains and Argentinian popcorn, complementing locally produced popcorn and other seeds and nuts, all of which are sold by AGT in small dry package directly to retailers in the Southern African region.

China

China is a significant production origin for beans, although there is limited current information on production levels. Information from the United Nations Food and Agriculture Organization ("FAO") estimates 4.5 million mt of pulse production in 2013, including over 2.8 million mt of beans, comprised of broad beans, kidney beans, mung beans and adzuki beans, 1.4 million mt of peas and 150,000 mt of lentils, along with 125,000 mt of other pulses. 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, especially with North American production decreasing in past years.

China also presents significant business opportunities for pulses and pulses food ingredient imports, both for domestic use and regional distribution. China imports high levels of peas for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods. This may provide an entry point for Canadian, U.S. and Australian whole green peas, pea starch, green pea powder and sprouting green peas as well as flax. Pulse ingredient flours, particularly starches, are extensively used in South East Asia for the production of extruded snacks and other foods as well.