AGT FOOD AND INGREDIENTS INC.

(Formerly Alliance Grain Traders Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2014

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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 twelve months ended December 31, 2014 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2014. 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.agtfoods.com.

This MD&A has been prepared as at March 20, 2015. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for 2014

- **Adjusted EBITDA*** was $87.0 million for the year ended December 31, 2014 compared to $60.0 million for the year ended December 31, 2013, an increase of 45% and compared to $80.8 million for the trailing twelve months ended September 30, 2014. Adjusted EBITDA* was $24.4 million for the unaudited three months ended December 31, 2014 compared to $21.1 million for the unaudited three months ended September 30, 2014 and compared to $18.2 million for the unaudited three months ended December 31, 2013.

- **Revenue** was $1.36 billion for the year ended December 31, 2014 compared to $1.14 billion for the year ended December 31, 2013, an increase of 19%.

- **Adjusted EBITDA* as a percentage of revenue** increased to 6.41% for the year ended December 31, 2014 compared to 5.27% for the year ended December 31, 2013.

- **Adjusted earnings per share*** increased to $1.76 ($1.75 fully diluted) for the year ended December 31, 2014 compared to $1.09 ($1.08 fully diluted) for the year ended December 31, 2013.

- **Improvement in total accounts receivable days outstanding** for the year ended December 31, 2014 to 48 days compared to 52 days for the year ended December 31, 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 include 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 a 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".

Business Outlook

Summary of Operations

AGT's operating segments performed as expected in 2014, with full year improvements and increased Adjusted EBITDA* reported. In Q4 2014, AGT's legacy business comprised of the pulses and grains processing and trading and distribution segments, reported increased metric tonnes ("mt") sold. Margins were temporarily pressured due in part to poorer crop quality later in the North American harvest and price volatility as AGT was forced to buy early harvested stocks to ship higher quality product as required for sales contracts in October to December 2014. These margin pressures are largely resolved and margins are expected to track as per management's expectations for future quarters. Overall, results demonstrate the relative continued strengthening of global pulses and staple foods markets. AGT's position as a global leader in pulses and staple foods supply and exports leads management to expect that these conditions will result in no long term negative impact on margins and volumes. AGT's food ingredients and packaged foods segment reported overall improvements and continues to track and develop as expected. In line with AGT's implemented strategies and initiatives, management is optimistic for future improvements as a platform for AGT's future growth.

In 2014, AGT began the introduction of its pulse ingredient products, consisting of ingredient flours, proteins, starches and fibres derived from pulses for human foods, with an ingredient sales and distribution agreement with Ingredion Incorporated ("Ingredion"). The results of these initiatives are included in the food ingredients and packaged foods segment. The agreement was in addition to AGT's ongoing agreement with Cargill Incorporated ("Cargill") on the sale of branded feed and pet food protein ingredient products within North America, which has received positive feedback from customers. Management anticipates sales volumes will continue to increase in 2015 through Ingredion's sales, marketing and distribution channels, with initial market focus on North America, Europe and China. Based on customer feedback and projected sales projections, AGT has announced the installation and commissioning of a third production line at AGT's food ingredient plant in Minot, with installation and ramp-up expected to be completed in Q1 2015, and commercial production commencing in Q2 2015. Anticipated success of AGT's marketing and sales agreements with Ingredion and Cargill is a key driver to capacity utilization of all three production lines in Minot. This will contribute to management's decisions on additional expansions and conversions of AGT legacy capacity to food ingredient production in Canada, the U.S. and potentially Turkey, as well as other potential enhancements to this business unit.

Future growth in this segment is expected to be further supplemented by positive advancement and integration of AGT's retail packaging and distribution businesses globally including AGT's retail division in Montreal, its retail division in South Africa and the continued positive performance of AGT's branded and private label pasta business and packaged foods from Turkey.

Globally, sales and export results for AGT's legacy business segments made up of the pulses and grains processing and trading and distribution business segments, continue to perform well. Supply and demand dynamics in key consumption markets and regional supply requirements from Turkey to the Middle East/ North Africa Region ("MENA") have, in managements opinion, been improving as a result of the performance of AGT's Arbel Group operations in Turkey, and driven in part by strong import and re-export results from Turkey for Canadian, Australian and Indian pulses and staple food commodities as well as overall export results from Canada and Australia.

Management continues to forecast growth in the ingredient platform on potentially higher-margin and less volatile food ingredient sector business. The platform is focused on ingredient flours, protein, fibres and starches derived from pulses resulting from the commencement of sales activities with Ingredion and continuing programs with Cargill and the retail packaged foods business units, in addition to strong performance in traditional shipping periods for the legacy business segments.

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

Food Ingredients and Packaged Foods

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 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.

Demand from food company customers appears to be less susceptible to volatility in commodity markets and currencies. These customers 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 as well as retail packaged foods for retail sale and foodservice distribution. 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 compared to customers in AGT's pulses and grains segment where the macro-economic fundamentals of emerging markets affect the business flows.

Key points on the food ingredients and packaged food segment:

- The segment is advancing as expected with margin gains and increased Adjusted EBITDA* reported in Q4 2014. This segment is viewed by management as a platform for future growth for AGT as the non-GMO, high protein and fibre, gluten-free, micronutrient-rich and environmentally positive profile and characteristics of pulse ingredients, with the high degree of flexibility that they possess is recognized by food companies searching for new and different ingredients for their products as well as to align with consumer demand.
- Sales programs for AGT’s pulse ingredient business focused on pulses ingredient flours, proteins, starches and fibres, with commercialization partners Ingredion and Cargill continues to advance positively. Ingredient platform has been introduced through Ingredion’s global sales and marketing programs in North America, Europe and MENA with China/South East Asia to follow.
- Stocks of AGT pulses ingredients have been positioned in Ingredion distribution systems with customer feedback viewed as positive. Management expects sales volumes to ramp up in 2015 as research and application development programs for pulse ingredients used by customers and through Ingredion significant research and application development begin to yield positive results. The research and development strength Ingredion provides through their research infrastructure and programs was a key selection criterion for commercialization partner for AGT.
- Concentrations for sales and marketing programs with Ingredion 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, pharmaceuticals and uses in other industries. Concentrations for sales and marketing programs with Cargill continue to be feed applications, pet food and aquaculture applications.
- AGT has announced the installation and commissioning of a third line of production in AGT’s Minot, North Dakota ingredient production facility, expected to be installed by late Q1 2015 and in production in Q2 2015, bringing total Minot capacity to 105,000 mt per year. This expansion is targeted to keep pace with expected customer programs. Management is also considering other expansions and conversions to both the Minot facility and to other facilities in AGT’s production system to ingredient production. These projects may include capacity towards potential de-flavouring, sterilization and blending to produce pre-mixes and formulated systems in Minot and possible conversion of all or part of production in some facilities in Canada, Turkey, the U.S. and China. These enhancements to pulse ingredients are viewed as an important next step in the commercialization of pulse ingredients as more refined applications for these products are developed by customers, thereby providing potential margin gains for these products. As well, production capacity

must be in-line with customer demands as programs through Ingredion and Cargill develop with brownfield conversions viewed as more a cost effective alternative to greenfield construction to rapidly bring additional capacity on stream.

- AGT's global packaged foods business is expected to continue to grow as market opportunities are realized and efficiencies in distribution are implemented. This business unit includes Arbella brand pasta sold in over 80 countries around the globe, Arbel brand packaged pulses and staple foods sold in many markets in Turkey, Central Asia, Europe and the MENA region; CLIC brand, with retail and food service listings providing canning, small packaging and distribution in Canada and the U.S.; and the Pouyoukas brand of packaged foods, widely available in Southern Africa as well as distribution of other brands in key markets.
- The retail packaged foods business unit is focused on branded products under AGT owned brands, private label packaging of pulses, pasta and other staple foods for major retailers in many markets around the globe and foodservice outlets. 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. Synergistic trade between AGT operations for distribution of AGT brands in other markets through AGT's global sales and merchandising strength is being initiated as well.
- Pasta production in Turkey is operating at near capacity resulting in management's decision to expand adding a sixth pasta production line to produce American lasagna, vermicelli nests and noodle specialty pasta. Semolina production capacity is in place to supply raw materials for increased pasta production in place from past expansions. Management has allocated $8 million to this project and ongoing sales programs show good visibility for sales of the new pasta varieties in the second half of 2015 with the new specialty line anticipated to be running at full capacity in 2016. AGT continues to investigate opportunities to augment its capacity 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. As well, European and North American launches of *Arbella+* with nutrient enrichment or other varieties such as tri-colour, gluten-free, high fibre and other specialty dry pasta products will assist AGT in capitalizing on specialty or gourmet market segments.

Pulses and Grains Processing

The pulses and grains processing segment represents the legacy business of AGT in the origination and processing (including cleaning, calibrating, sizing, splitting and packaging and export) of pulses and staple foods in AGT owned and operated facilities around the globe. AGT's legacy segment has represented the largest segment of business and provides advantages with regard to AGT's other segments of operation including origination, processing and logistics support. AGT's legacy pulses and grains processing segment demonstrated strong performance in 2014. A short term decrease in margins was reported in Q4 2014 as a result of poorer crop quality in Canada and high levels of global supply and fluctuation in currency, however global demand in key consumption markets for pulses, particularly lentils, remains high, evidenced by the record export levels for lentils from Canada in 2014 reported by Statistics Canada ("StatsCan").

Key points on the pulses and grains processing segment:

- Poorer quality product harvested later in the season in Canada resulted in the pulses and grains processing segment reporting slightly decreased margins per tonne with no significant negative effects expected going forward. These results were due to temporarily constrained margins in the highest quality grades resulting from products purchased early in the harvest season. The record export pace, reported by StatsCan may cause stocks to become tight in late Q2 2015 and early Q3 2015 periods, however other geographies are expected to balance AGT's operations, which is one of the advantages of AGT's global origination strategy, de-risking as much as possible AGT's exposure to crop and quality conditions during the various seasons.
- AGT's operations in Turkey reported strong results on processing and exports, further demonstrating the strength of AGT's global origination, where raw materials may be imported for processing and distribution in regions where consumption is high and local production may be decreased. Pulses and other unprocessed staple foods originated from Canada, Australia, India and Russia were imported to Turkey for this purpose, providing the raw materials needed for processing operations and regional as well as domestic supply requirements at improving margins.
- Further diversification away from lentils and towards other pulses including beans, chickpeas, value-added peas and additional focus on milled wheat products like bulgur and semolina and other products like popcorn are expected to have a further de-risking impact on the segment.
- Synergistic trade opportunities are expected by management to continue to provide margin and volume growth in this segment. Synergistic trade is a mechanism to ensure supply and boost margins within AGT systems where one AGT subsidiary may sell a semi-refined

product to another AGT subsidiary who would sell customers refined and packaged products. This provides margin gain opportunity for each AGT subsidiary as well as has a positive impact on AGT capacity utilization.

- 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. Currently management is investigating possible investments in transportation infrastructure at AGT facilities or possible port locations to best utilize available transportation options utilizing a multi-modal transport strategy including rail, intermodal, truck, bulk vessel and ocean container in an efficient manner to ensure AGT products are able to move to market in a cost effective manner.
- Management initiatives aimed at working capital management, inventory/receivable turns and cost reductions are expected to continue and are expected to positively impact AGT's earnings into future periods of 2015. In the high fixed cost environment AGT operates in, incremental utilization increase at relatively stable to increased margins can have a dramatic impact on AGT's earnings. This is further supported by contribution of the pulses and grains processing segment in AGT's new lines of business focused on food ingredients and packaging and distribution of retail packaged foods.

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.

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.

Government and Non-Governmental Organization ("NGO") programs have continued to be part of sales in this segment as AGT has been successful in aid program tenders. 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 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; however, it has provided earnings benefits at different periods.

Strategy Implementation: Management Update

AGT has implemented many strategies and initiatives with respect to product and origination diversification, expanded lines of business including food ingredients and retail packaged goods and management strategies surrounding accounts receivable and inventory turns and cost reduction with overall positive results, as evidenced by margin and earnings growth over the last periods. As AGT's food ingredients and retail packaged goods segment grows as a percentage of AGT's earnings and sales, 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, providing the base required for further growth and transformation of AGT through the new segments. The continuation of these management strategies and initiatives is intended to continue AGT's growth, increase capacity utilization and overall support AGT's growth plans in 2015 and in future periods.

Details surrounding these management strategies and initiatives are as follows:

Margin Improvement through increased volumes, product mix changes and growth in new platforms

As AGT's business continues to change, margins are changing as well. Relative stability in margins with increased mt's invoiced provides a firm foundation for growth within AGT's food ingredient and packaged foods segment, demonstrating the higher margins that management believes this segment may continue to deliver to AGT as it transforms from a commodity shipper to a food ingredient supplier. Global pulse and staple foods markets have benefited from normalization to more historical and seasonal cycles. Overall volume increases as a result of high levels of global production and increased export volumes from Canada and other origins have brought supply levels in key consumption markets into better balance, as well as provided relative price strength when viewing the pulses and staple foods markets in totality. AGT has also benefited from diversification into different products, origins and destinations such as rice from India, chickpeas, beans and split peas to South America and South Asia as well as programs to strengthen and streamline distribution networks to ensure that sales opportunities are being captured efficiently to maximize margin and volume potential.

Management expects AGT's pulse ingredient business to be a key driver in the strategy. In particular, 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 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.

Move Current Food Ingredient Production into Highest Value Markets

Management continues in its efforts to boost the production at the Minot facility and is optimistic that the third production line will achieve full utilization by the end of calendar year 2015. It is essential that the incremental production be targeted at the food segment of AGT's business. Many exciting tailwinds are assisting in AGT's efforts to increase food industry market penetration, such as increased consumer demand for natural products, vegetable protein demand, and demand for high fibre and lean fat ingredients. AGT ingredient development work has been focused on utilization of technologies to naturally de-flavour and modify the flours and fractions produced at Minot to positively affect the neutrality of the flavor profile of pulse ingredients.

These activities are expected to positively affect the adoption rates and inclusion rates of pulse ingredients in snack applications, breakfast cereals, bakery, meat, sauces, dips and yogurt/dairy. As the ingredients are "de-flavoured", food companies may be more favorable to higher rates of inclusion going from inclusion rates of 2% to 7% and up to double digit inclusion rates, having a material impact on market size and probability of wider penetration of food ingredient markets. AGT and Ingredion have developed internal knowledge and expertise within the teams of product development and research and development and management is optimistic that these initiatives will lead to margin improvement and additional sales in this area in 2015-2016.

Food uses for high viscosity flour starch products are anticipated to have a materially positive effect on margins as food uses become more common in snack and pasta applications. It is anticipated that AGT will have an investment focus in growing capacity in the food ingredient segment but will also focus process investments in food ingredient modification projects to extract material margin gains from current product offerings. Market development activities are ongoing and management is encouraged by customer feedback and order flow.

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. The various management strategies surrounding diversification of products and business are having the desired positive impact on capacity utilization.

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 and to contribute to increase capacity utilization of legacy processing operations. Sales of AGT owned brands and co-packing for premium retail and distribution customers is viewed by management as an opportunity to boost production utilization of production capacity and 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.

In the absence of facility conversions to food ingredients or production facility expansions, management capacity utilization targets are to achieve 80% asset utilization in 2015 and boost that utilization above 85% in 2016. 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 cost 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. Food ingredient capital expenditures are expected to be $10 million to $20 million in 2015 and 2016 annually as investments are undertaken in capacity growth and modifications and value-added ingredient production systems in Minot, North Dakota and/or Regina, Saskatchewan.

AGT has shown earnings resiliency in 2014 and management is optimistic that AGT has established a solid foundation in a balanced global platform that will deliver management's strategy of consistent earnings growth and growing free-cashflows through its origin, geography and product diversification. Investments in 2007-2014 have given AGT an ability to balance its pulses exposure in lentils with a broader range of value added pulses including chickpeas and beans and staple foods and food ingredients. AGT's strategy is diverse but focused.

By continuing management focus 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 continue to grow its business operations and strengthen shareholder value in the long-term. As AGT's legacy business segments are supplemented by its new food ingredient and packaged goods business units, new opportunities for sales, earnings and margin growth in future periods are expected.

Summary of Annual Results (in thousands of Cdn. $ except as indicated)	**Year Ended Dec 31, 2014**	**Year Ended Dec 31, 2013**	**Year Ended Dec 31, 2012**
Revenue	$ 1,356,745	$ 1,138,773	$ 855,325
Less: cost of sales (1)	1,226,471	1,042,760	787,764
Gross profit	130,274	96,013	67,561
Add back: depreciation cost of sales	14,804	11,605	9,948
Add back: finance income	73	29	2,276
Adjusted gross profit*	**145,151**	**107,647**	**79,785**
Deduct: General and administrative expenses	(41,555)	(35,478)	(29,772)
Deduct: Marketing, sales and distribution expenses	(26,140)	(19,198)	(16,352)
Deduct: Non cash foreign exchange effect	(9,793)	(27,674)	4,065
Add: Amortization in general and administrative expense	2,946	3,463	2,888
EBITDA	70,609	28,760	40,614
Add: Non-recurring and other expenses (2)	6,603	3,605	2,842
Add: Non cash foreign exchange effect	9,793	27,674	(4,065)
Adjusted EBITDA (*)	**87,005**	**60,039**	**39,391**
Deduct: Finance expense	(27,022)	(25,910)	(16,935)
Deduct: Depreciation and amortization	(17,750)	(15,068)	(12,836)
Deduct: (Provision for) recovery of income taxes	(6,078)	2,503	(4,031)
Adjusted net earnings (*)	**36,155**	**21,564**	**5,589**
Adjusted basic net earnings per share*	1.76	1.09	0.28
Adjusted diluted net earnings per share*	1.75	1.08	0.28
Deduct: Non-recurring and other expenses (2)	(6,603)	(3,605)	(2,842)
Deduct: Non cash foreign exchange effect	(9,793)	(27,674)	4,065
Net earnings (loss) per financial statements	**19,759**	**(9,715)**	**6,812**
Basic net earnings (loss) per share	0.96	(0.49)	0.34
Diluted net earnings (loss) per share	0.96	(0.49)	0.34
Total assets	928,853	773,792	712,491
Bank indebtedness	91,218	110,805	205,549
Short term financing	-	-	12,402
Long-term debt including current portion	251,173	230,605	82,310
Shareholders' equity	322,070	234,339	269,848
Dividends declared per share	$ 0.600	$ 0.600	$ 0.600
Basic shares outstanding	20,503,748	19,850,589	19,788,185
Fully diluted shares outstanding	20,687,449	20,028,887	19,973,515
Total tonnes invoiced	1,627,873	1,443,369	1,078,501
Gross profit per metric tonne	$ 80.03	$ 66.52	$ 62.64
Adjusted gross profit* per metric tonne	89.17	74.58	73.98
Adjusted EBITDA (*) per metric tonne	53.45	41.60	36.52

Notes:

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

(2) Non-recurring and other expenses 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.

Summary of Quarterly Results (1)

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

	3 Months Ended Dec 31, 2014	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
Revenue	$ 397,983	$ 287,692	$ 359,787	$ 311,283	$ 375,119	$ 240,485	$ 246,729	$ 276,440
Less: cost of sales (2)	361,033	257,109	324,315	284,014	346,584	218,549	223,396	254,231
Gross profit	36,950	30,583	35,472	27,269	28,535	21,936	23,333	22,209
Add back: depreciation in cost of sales	3,684	3,802	3,703	3,615	3,192	3,144	2,549	2,720
Add back: finance income	27	18	24	4	11	(329)	8	339
Adjusted gross profit*	**40,661**	**34,403**	**39,199**	**30,888**	**31,738**	**24,751**	**25,890**	**25,268**
Deduct: General and administrative expenses	(12,207)	(9,090)	(10,573)	(9,685)	(11,057)	(6,938)	(8,365)	(9,118)
Deduct: Marketing, sales and distribution expenses	(7,080)	(6,892)	(6,278)	(5,890)	(5,339)	(4,916)	(4,616)	(4,327)
Deduct: Non cash foreign exchange effect	(19,204)	(3,291)	5,553	7,149	(5,735)	(7,007)	(10,037)	(4,895)
Add: Amortization in general and administrative expense	788	816	696	646	881	839	601	1,142
EBITDA	2,958	15,946	28,597	23,108	10,488	6,729	3,473	8,070
Add: Non-recurring and other expenses (3)	2,238	1,863	1,385	1,117	1,969	639	388	609
Add: Non cash foreign exchange effect	19,204	3,291	(5,553)	(7,149)	5,735	7,007	10,037	4,895
Adjusted EBITDA (*)	**24,400**	**21,100**	**24,429**	**17,076**	**18,192**	**14,375**	**13,898**	**13,574**
Deduct: Finance expense	(6,994)	(5,128)	(6,969)	(7,931)	(6,494)	(6,352)	(7,296)	(5,768)
Deduct: Depreciation and amortization	(4,472)	(4,618)	(4,399)	(4,261)	(4,073)	(3,983)	(3,150)	(3,862)
Add (Deduct): Provision for income taxes	1,969	(2,094)	(4,249)	(1,704)	(796)	685	1,434	1,180
Adjusted net earnings (*)	**14,903**	**9,260**	**8,812**	**3,180**	**6,829**	**4,725**	**4,886**	**5,124**
Adjusted basic net earnings per share*	0.68	0.46	0.44	0.16	0.34	0.24	0.25	0.26
Adjusted diluted net earnings per share*	0.68	0.45	0.43	0.16	0.34	0.24	0.24	0.26
Non-recurring and other expenses (3)	(2,238)	(1,863)	(1,385)	(1,117)	(1,969)	(639)	(388)	(609)
Non-cash foreign exchange effect	(19,204)	(3,291)	5,553	7,149	(5,735)	(7,007)	(10,037)	(4,895)
Net (loss) earnings per financial statements	**(6,539)**	**4,106**	**12,980**	**9,212**	**(875)**	**(2,921)**	**(5,539)**	**(380)**
Basic net (loss) earnings per share	(0.30)	0.20	0.64	0.46	(0.04)	(0.15)	(0.28)	(0.02)
Diluted net (loss) earning per share	(0.30)	0.20	0.64	0.46	(0.04)	(0.15)	(0.28)	(0.02)
Total assets	928,853	826,265	788,022	799,237	773,792	708,068	710,905	735,810
Bank indebtedness	91,218	123,194	118,660	141,320	110,805	120,023	112,277	132,362
Short term financing	-	-	-	-	-	-	2,622	12,714
Long-term debt including current portion	251,173	245,770	247,010	248,332	230,605	222,517	215,486	210,769
Shareholders' equity	322,070	254,036	257,065	251,300	234,339	240,655	253,923	267,892
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)	327,195	234,409	344,971	275,721	320,619	216,780	267,774	278,199
Trading and distribution tonnes invoiced (4)	130,249	112,046	115,368	131,236	127,523	98,902	69,286	93,313
Food ingredients and packaged foods tonnes invoiced (4)	55,000	56,707	61,585	53,215	54,147	-	-	-
Inter-company tonnes	(53,943)	(59,697)	(82,632)	(73,557)	(34,317)	(20,026)	(12,959)	(15,872)
Total tonnes invoiced	458,501	343,465	439,292	386,615	467,972	295,656	324,101	355,640
Gross profit per metric tonne	$ 80.59	$ 89.04	$ 80.75	$ 70.53	$ 60.98	$ 74.19	$ 71.99	$ 62.45
Adjusted gross profit* per metric tonne	88.68	100.16	89.23	79.89	67.82	83.72	79.88	71.05
Adjusted EBITDA (*) per metric tonne	53.22	61.43	55.61	44.17	38.87	48.62	42.88	38.17

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 and March 31, 2013 and the audited IFRS annual financial statements for the year ended December 31, 2014 and 2013.

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

(3) Non-recurring and other expenses 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 "Net earnings by reporting segment".

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

Revenue, Gross Profit and Adjusted Gross Profit*

	3 Months Ended Dec 31			Year Ended Dec 31			3 Months Ended		
	2014	2013	Change	2014	2013	Change	Dec 31 2014	Sep 30 2014	Change
Revenue	397,983	375,119	22,864	1,356,745	1,138,773	217,972	397,983	287,692	110,291
Less: cost of sales	361,033	346,584	14,449	1,226,471	1,042,760	183,711	361,033	257,109	103,924
Gross profit	36,950	28,535	8,415	130,274	96,013	34,261	36,950	30,583	6,367
Add back: depreciation in cost of sales	3,684	3,192	492	14,804	11,605	3,199	3,684	3,802	(118)
Add back: finance income	27	11	16	73	29	44	27	18	9
Adjusted gross profit*	40,661	31,738	8,923	145,151	107,647	37,504	40,661	34,403	6,258
Gross profit percentage	9.3%	7.6%	1.7%	9.6%	8.4%	1.2%	9.3%	10.6%	-1.3%
Adjusted gross profit percentage*	10.2%	8.5%	1.7%	10.7%	9.5%	1.2%	10.2%	12.0%	-1.8%

Revenue for the year ended December 31, 2014 increased over the prior year due to additional sales volumes relating to marketing opportunities from India and Turkey. The addition of AGT CLIC in January of 2014 also contributed to higher revenue. Revenue for the three months ended December 31, 2014 increased compared to the three months ended September 30, 2014 and three months ended December 31, 2013 due to higher invoiced tonnes from Canada related to delivery of product in the three months ended December 31, 2014, as well as an increase in sales volume from Turkey and India.

Gross profit and Adjusted gross profit* percentage for the three months and year ended December 31, 2014 increased over the prior year due largely to improved margins per tonne related largely to the food ingredients and packaged food segment. Gross profit and Adjusted gross profit* percentage for the three months ended December 31, 2014 decreased compared to the three months ended September 30, 2014 due to some issues with crop quality in North America that impacted the pulses and grain processing segment.

Gross profit and Adjusted gross profit* in absolute dollars for the year ended December 31, 2014 and for the three months ended December 31, 2014 compared to the same period last year and last quarter increased due to overall higher invoiced tonnes.

ADJUSTED EBITDA*

	3 Months Ended Dec 31			Year Ended Dec 31			3 Months Ended		
							Dec 31	Sep 30	
	2014	2013	Change	2014	2013	Change	2014	2014	Change
Adjusted EBITDA*	24,400	18,192	6,208	87,005	60,039	26,966	24,400	21,100	3,300
Adjusted EBITDA* percentage of revenue	6.13%	4.85%	1.28%	6.41%	5.27%	1.14%	6.13%	7.33%	-1.20%

Adjusted EBITDA* and Adjusted EBITDA* as a percentage of revenue for the year ended December 31, 2014 increased over the prior year due to improvements in margins out of U.S., Turkish and Australian operations as well as larger sales volumes and earning resulting from expanded sales out of India. Adjusted EBITDA* and Adjusted EBITDA* as a percentage of revenue for the three months ended December 31, 2014 increased compared to the three months ended September 30, 2014 due to continued opportunities to capture margin on product shipped from Canada and sold through subsidiaries. Adjusted EBITDA* and Adjusted EBITDA* as a percentage of revenue improved when comparing the three months ended December 31, 2014 to the three months ended December 31, 2013 due largely to stronger margins out of Australia and Turkey as well as continued growth and margin improvement in the food ingredients and packaged food segment.

General and administrative and marketing, sales and distribution expenses

	3 Months Ended Dec 31			Year Ended Dec 31			3 Months Ended		
							Dec 31	Sep 30	
	2014	2013	Change	2014	2013	Change	2014	2014	Change
General and administrative expenses	12,207	11,057	1,150	41,555	35,478	6,077	12,207	9,090	3,117
Marketing, sales and distribution expenses	7,080	5,339	1,741	26,140	19,198	6,942	7,080	6,892	188
	19,287	16,396	2,891	67,695	54,676	13,019	19,287	15,982	3,305

General and administrative expenses for the year ended December 31, 2014 increased over the prior year due to an increase in share based costs of approximately $2.2 million as well the addition of AGT CLIC and the Switzerland sales office. General and administrative expenses for the three months ended December 31, 2014 increased compared to the three months ended September 30, 2014 and three months ended December 31, 2013 due partially to an independent compensation review that resulted in certain management and board members receiving an adjustment that affected the quarter. In addition, one-time costs related to the AGT CLIC acquisition and related severance obligations as well as costs related to the syndicate renewal and share offering are included in the quarter. Going forward this expense is projected to be in the range of $9.5 million to $10.5 million.

Marketing, sales and distribution expenses for the year ended December 31, 2014 increased over the prior year due to costs associated with AGT CLIC as well as expansions in Switzerland and India. Marketing, sales and distribution expenses for the three months ended December 31, 2014 increased compared to the three months ended December 31, 2013 due to increased overall volumes and costs relating to the food ingredients and packaged foods platform, and costs were relatively consistent with the three months ended September 30, 2014.

Total general and administrative and marketing, sales and distribution expenses for the year ended December 31, 2014 increased over the prior year due to an increased platform and overall increased sales volumes. On a per tonne basis the total general and administrative and marketing, sales and distribution expenses for the year ended December 31, 2014 increased over the prior year due largely to additional one-time and other expenses but decreased when comparing the three months ended December 31, 2014 to the three months ended September 30, 2014.

Expenses

	3 Months Ended Dec 31 2014	3 Months Ended Dec 31 2013	Change	Year Ended Dec 31 2014	Year Ended Dec 31 2013	Change	3 Months Ended Dec 31 2014	3 Months Ended Sep 30 2014	Change
Finance expense	6,994	6,494	500	27,022	25,910	1,112	6,994	5,128	1,866
Depreciation and amortization	4,472	4,073	399	17,750	15,068	2,682	4,472	4,618	(146)
Provision for (recovery of) income taxes	(1,969)	796	(2,765)	6,078	(2,503)	8,581	(1,969)	2,094	(4,063)
Non-cash foreign exchange effect	19,204	5,735	13,469	9,793	27,674	(17,881)	19,204	3,291	15,913

Finance expenses for the three months ended December 31, 2014 increased slightly from the three months ending December 31, 2013 and increased when comparing December 31, 2014 to the same period last year and last quarter due to costs associated with various trade finance instruments, partially offset by a reduction in the fair value adjustment on long term derivative liabilities.

Depreciation expenses for the three months ended December 31, 2014 were consistent with the same period in the prior year and the prior quarter. Depreciation expenses for the year ended December 31, 2014 were higher than the year ended December 31, 2013 due largely to assets in China and the U.S. being put into use.

Provision for income tax shows a recovery for the three months ended December 31, 2014 and an expense for the year ended December 31, 2014.

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 for the three months and year ended December 31, 2014. The change in non-cash foreign exchange from the three months and year ended December 31, 2013 and from the three months and year ended December 31, 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

AGT's chief operating decision maker reviews AGT's operations and resource allocation by multiple business segments. Business segments are strategic business units with different products, processes and marketing strategies. AGT has three segments: (1) pulses and grains processing (2) trading and distribution and (3) food ingredients and packaged foods.

The pulses and grains processing 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, Switzerland, Spain, Russia, Ukraine, Turkey, Australia and India.

Food and food ingredients is the newest segment which AGT operates. 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 Adjusted EBITDA*. Management believes that Adjusted 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 for the three months ended periods)

	Pulses and Grains Processing			Trading and Distribution			Food Ingredients and Packaged Foods			Corporate and Eliminations			Consolidated		
Quarterly comparisons	3 Months Ended Dec 31, 2014	Year to Date Dec 31, 2014	3 Months Ended Sept 30, 2014	3 Months Ended Dec 31, 2014	Year to Date Dec 31, 2014	3 Months Ended Sept 30, 2014	3 Months Ended Dec 31, 2014	Year to Date Dec 31, 2014	3 Months Ended Sept 30, 2014	3 Months Ended Dec 31, 2014	Year to Date Dec 31, 2014	3 Months Ended Sept 30, 2014	3 Months Ended Dec 31, 2014	Year to Date Dec 31, 2014	3 Months Ended Sept 30, 2014
Revenue	$ 262,255	$ 919,580	$ 198,027	$ 101,525	$ 360,320	$ 79,472	$ 58,943	$ 236,020	$ 54,534	$ (24,740)	$ (159,175)	$ (44,341)	$ 397,983	$ 1,356,745	$ 287,692
Cost of sales	239,507	840,905	179,361	96,051	340,878	75,464	50,215	203,863	46,625	(24,740)	(159,175)	(44,341)	361,033	1,226,471	257,109
Gross profit	22,748	78,675	18,666	5,474	19,442	4,008	8,728	32,157	7,909	-	-	-	36,950	130,274	30,583
Adjusted gross profit*	24,975	87,620	20,953	5,488	19,501	4,018	10,171	37,957	9,413	27	73	19	40,661	145,151	34,403
Adjusted EBITDA*	**$ 19,832**	**$ 65,639**	**$ 15,624**	**$ 1,457**	**$ 5,824**	**$ 1,072**	**$ 6,127**	**$ 23,839**	**$ 5,842**	**$ (3,016)**	**$ (8,297)**	**$ (1,438)**	**$ 24,400**	**$ 87,005**	**$ 21,100**
Total tonnes invoiced	327,195	1,182,296	234,409	130,249	488,899	112,046	55,000	226,507	56,707	(53,943)	(269,829)	(59,697)	458,501	1,627,873	343,465
Gross profit per metric tonne	$ 69.52	$ 66.54	$ 79.63	$ 42.03	$ 39.77	$ 35.77	$ 158.69	$ 141.97	$ 139.47				$ 80.59	$ 80.03	$ 89.04
Adjusted gross profit* per metric tonne	76.33	74.11	89.39	42.13	39.89	35.86	184.93	167.58	165.99				88.68	89.17	100.16
Adjusted EBITDA* per metric tonne	60.61	55.52	66.65	11.19	11.91	9.57	111.40	105.25	103.02				53.22	53.45	61.43

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 grains processing segment showed Adjusted gross profit* of $76.33 per metric tonne and Adjusted EBITDA* of $60.61 per metric tonne for the three months ended December 31, 2014 compared to Adjusted gross profit* of $89.39 per metric tonne and Adjusted EBITDA* of $66.65 per metric tonne for the three months ended September 30, 2014. The decrease is due to quality issues affecting the North American harvest, causing some strain on sales margins resulting from higher prices paid for better quality crops required to execute sales. Adjusted gross profit* and Adjusted EBITDA* per metric tonne for the year ended December 31, 2014 were $74.11 and $55.52 per metric tonne.

The trading and distribution segment showed Adjusted gross profit* of $42.13 per metric tonne and Adjusted EBITDA* of $11.19 per metric tonne for the three months ended December 31, 2014 compared to Adjusted gross profit* of $35.86 per metric tonne and Adjusted EBITDA* per metric tonne of $9.57 for the three months ended September 30, 2014. Adjusted gross profit* and Adjusted EBITDA* per metric tonne for the year ended December 31, 2014 were $39.89 and $11.91 per metric tonne. Management continues to view this segment as augmenting AGT's ability to be a complete one-stop supplier for its key global customers.

Food ingredients and packaged foods showed Adjusted gross profit* of $184.93 per metric tonne and Adjusted EBITDA* of $111.40 per metric tonne for the three months ended December 31, 2014 compared to Adjusted gross profit* of $165.99 and Adjusted EBITDA* of $103.02 for the three months ended September 30, 2014. Pasta volumes decreased slightly in the quarter ended December 31, 2014, compared to the prior quarter, but the decrease was offset by higher margins recognized in the pasta sales. Stronger margins recognized in shipments from the Minot facility also contributed to overall improved margins in the food ingredients and packaged foods segment. Adjusted gross profit* and Adjusted EBITDA* per metric tonne for the year ended December 31, 2014 were $167.58 and $105.25 per metric tonne.

For the three months ended December 31, 2014, inter-company metric tonnes were 53,943 tonnes, meaning that they were sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer. For the year ended December 31, 2014, inter-company shipments totaled 269,829 tonnes. Management continues in its efforts to increase the margin of its international business in all segments by capturing additional margins by encouraging AGT wholly owned subsidiaries to work collaboratively to increase trade that utilizes the sourcing advantage of one company and the distribution advantage of another. Management terms this strategy "synergistic trade". The dramatic increase in the number of inter-company shipments evidences the success of AGT leveraging its global platform for growth in Adjusted EBITDA*.

Net working capital* increased to $281.0 million at December 31, 2014, compared to $198.1 million at September 30, 2014 and compared to $176.4 million at December 31, 2013 due largely to proceeds related to the share issuance in November of 2014.

Net debt* is comprised of bank indebtedness, long term debt and current portion of long term debt, less cash and totaled $313.1 million at December 31, 2014 compared to $339.9 million at September 30, 2014 and compared to $318.5 million at December 31, 2013 (see table on page 29). Net debt decreased from September 30, 2014 and decreased from December 31, 2013. The decrease is due primarily to share issuance proceeds during the quarter and resulting reduction in bank indebtedness, offset partially by proceeds used to purchase inventory, proceeds used for capital expenditures and an increase in accounts receivable.

Current assets were $601.1 million at December 31, 2014 compared to $502.6 million at September 30, 2014 and compared to $464.3 million at December 31, 2013 (see table on page 29). 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 48 days for the year ended December 31, 2014 from an average of 52 days for the year ended December 31, 2013.

Trade accounts receivable increased to $191.8 million at December 31, 2014, compared to $144.9 million at September 30, 2014 and compared to $166.5 million at December 31, 2013 (see table on page 29). Trade accounts receivable increased by $46.9 million when comparing the quarter ended December 31, 2014 to the quarter ended September 30, 2014. The increase is due to increased sales tonnes out of many of AGT's subsidiaries. When comparing the three months ended December 31, 2014 to the three months ended September 30, 2014, Canada, Australia, Turkey, India and the U.K. invoiced increased tonnes and had resulting higher accounts receivable of $20.1 million in Canada, $7.8 million in Australia, $4.4 million in Turkey and $3.8 million in the U.K. Accounts receivables in India increased by $6.3 million due to product being invoiced later in the quarter. Accounts receivables at other AGT subsidiaries increased by $4.5 million.

Inventory days outstanding increased to 86 days for the year ended December 31, 2014 from an average of 74 days for the year ended December 31, 2013. The increase is a result of large amounts of product being received in the quarter as well as shipments to subsidiaries to take advantage of selling opportunities. Product shipped to subsidiaries will have a longer transit period prior to selling to the end customer.

Inventory increased by $47.4 million, to $341.8 million at December 31, 2014, compared to $294.4 million at September 30, 2014. Inventory increased in Australia and the U.K. by $36.3 million and $4.1 million respectively and increased in India by $4.5 million. Inventory increased at other AGT facilities by $2.5 million. The inventory increases are seasonal in nature, and follow the harvest periods in the various regions.

The total of trade accounts receivable and inventory days outstanding has increased from 126 days for the year ended December 31, 2013 to 134 days for the year ended December 31, 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 $341.8 million at December 31, 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 January 2015 of $3.5 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 ("USD"), Turkish lira ("TL"), Australian dollars ("AUD"), Pounds Sterling ("GBP"), Euros ("EUR"), South African rand ("ZAR"), Renminbi of the People's Republic of China ("RMB") and the Indian Rupee ("INR").

Balance sheet accounts of subsidiaries are valued at December 31, 2014 and December 31, 2013 foreign exchange rates as follows [Source: Bank of Canada]:

	Dec 31, 2014	Dec 31, 2013
USD/CDN	1.16010	1.06360
AUD/CDN	0.94790	0.94960
TL/CDN	0.49660	0.49520
GBP/CDN	1.80710	1.76270
EUR/CDN	1.40380	1.46550
ZAR/CDN	0.10050	0.10130
RMB/CDN	0.18690	0.17570
INR/CDN	0.01840	0.01717

For each subsidiary, any difference between the December 31, 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.

The following are the contractual maturities of financial liabilities, including interest payments:

(in thousands of Cdn. $ except as indicated)

2014	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	$ 91,218	$ 91,168	$ 91,168	$ -	$ -	$ -
Accounts payable and accrued liablities	202,692	202,692	202,692	-	-	-
Long-term debt	251,173	303,820	21,799	21,888	260,133	-
Derivative liability	30,883	30,883	30,883	-	-	-
Dividend payable	3,460	3,460	3,460	-	-	-
	$ 579,426	$ 632,023	$ 350,002	$ 21,888	$ 260,133	$ -

2013	Carrying Amount	Contractual cash flows	1 year	2 years	3 - 5 years	More than 5 years
Bank indebtedness	$ 110,805	$ 111,229	$ 111,229	$ -	$ -	$ -
Accounts payable and accrued liablities	150,979	150,979	150,979	-	-	-
Long-term debt	230,605	294,327	21,538	21,132	251,657	-
Derivative liability	15,191	15,191	15,191	-	-	-
Dividend payable	2,980	2,980	2,980	-	-	-
	$ 510,560	$ 574,706	$ 301,917	$ 21,132	$ 251,657	$ -

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.agtfoods.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 December 31, 2014, AGT had total operating lines available of $183.4 million (December 31, 2013 - $177.5 million). Included in these facilities is a syndicated debt facility of $153.0 million (December 31, 2013 – $150.0) secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries, maturing in January 2017. The weighted average interest rate on available operating lines is 3.9% (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 short term 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.

AGT is exposed to interest rate fluctuations on its variable-rate debt. The impact of a 1% change in interest rates would have an approximate impact on pre-tax earnings of $2.1 million (December 31, 2013 - $2.1 million). Changes in market interest rates cause the fair value of long term debt with fixed interest rates to fluctuate but do not affect net earnings as AGT's debt is carried at amortized cost and the carrying value does not change as interest rate changes.

At December 31, 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 International Inc. (CLIC). CLIC is a Canadian ethnic and traditional retail food packager and canner and retail and food service distributor. The acquired assets include inventory, retail packaging and canning production-related equipment, all CLIC and associated retail brands, retail and food service listings. The consideration transferred for the purchase of the assets of CLIC was $16 million.

On December 16, 2014, AGT purchased the shares of Quebec-based Ramico Inc (Ramico). Ramico is a service organization that operates the canning plant assets with/by CLIC.

On October 1, 2014 AGT announced the completion of the name change from Alliance Grain Traders Inc. to AGT Food and Ingredients Inc. The name change resolution was approved by shareholders at AGT's 2014 Annual and Special Meeting held on June 19, 2014.

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").

The net proceeds of the Offering were 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.

On November 3, 2014, Advance Seed signed an overdraft agreement with Standard Bank South Africa in the amount of R100 million. The facility is subject to an annual review. The agreement was completed on market-based terms which were substantially unchanged from the previous facility.

On December 23, 2014, AGT finalized an agreement to extend its syndicated operating facility to January 24, 2017. The credit agreement provides for three facilities in an aggregate principal amount of $299.5 million through AGT's wholly owned Alliance Pulse Processors Inc. ("APP") subsidiary through the Bank of Nova Scotia and a syndicate of eight other lenders containing customary negative covenants and maintenance of certain ratios at the APP and AGT level.

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. $)	Dec 31, 2014	Sept 30, 2014 (unaudited)	Dec 31, 2013
Long term debt	$ 245,242	$ 239,866	$ 224,544
Bank indebtedness, short term financing and current portion of long term debt	97,149	129,098	116,866
Cash and cash equivalents	(29,319)	(29,076)	(22,893)
Net debt*	**$ 313,072**	**$ 339,888**	**$ 318,517**
Shareholders' equity	322,070	254,036	234,339
Capital	**$ 635,142**	**$ 593,924**	**$ 552,856**

Selected asset and liability information

(in thousands of Cdn. $)	Dec 31, 2014	Sept 30, 2014 (unaudited)	Dec 31, 2013
Cash and cash equivalents	$ 29,319	$ 29,076	$ 22,893
Trade accounts receivable	191,751	144,944	166,489
Inventory	341,757	294,445	236,123
Bank indebtedness, short term financing and current portion of long term debt	97,149	129,098	116,866
Accounts payable, accrued liabilities and deferred revenue	216,150	168,478	164,121
Long-term debt	245,242	239,866	224,544
Total current assets[1]	601,050	502,587	464,301
Total current liabilities[1]	320,026	304,452	287,873
Net working capital*	281,024	198,135	176,428

(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. $)

	Dec 31, 2014	Dec 31, 2013	Financial statement caption
APP Group			
Senior secured APP bank facility	$ 76,741	$ 94,553	bank indebtedness
Senior secured APP bank facility	128,652	109,845	long term debt
Poortman facility (GBP 11.25 million)	5,105	9,781	bank indebtedness
Other	1,080	33	long term debt
	$ 211,578	$ 214,212	
Arbel/Other Entities (excluding AGT)			
Senior secured Advance Seed facility	$ 9,372	$ 6,226	bank indebtedness
Arbel/Advance Seed/other debt	-	245	bank indebtedness
Other	51	272	long term debt
	$ 9,423	$ 6,743	
AGT			
Notes outstanding	$ 121,390	$ 120,455	long term debt
Total debt	$ 342,391	$ 341,410	
December 31, 2014 financial statements			
Bank indebtedness	$ 91,218	$ 110,805	
Long term debt, including current portion	251,173	230,605	
	$ 342,391	$ 341,410	

Cash flow summary (unaudited)
(in thousands of Cdn. $)

	3 months ended Dec 31, 2014	3 months ended Sept 30, 2014	3 months ended June 30, 2014	3 months ended Dec 31, 2013	Difference Dec 31, 2014 to Dec 31, 2013
Cash flow from operating activities	$ (38,794)	$ 718	$ 38,885	$ 14,821	$ (53,615)
Cash flow from financing activities	50,372	170	(26,879)	(4,352)	54,724
Cash flow from investing activities	(11,318)	(1,987)	(750)	(10,788)	(530)
Effect of exchange rate changes on cash	(17)	220	(1,575)	303	(320)
Change in cash	$ 243	$ (879)	$ 9,681	$ (16)	$ 259

	3 months ended Dec 31, 2014	3 months ended Sept 30, 2014	3 months ended June 30, 2014	3 months ended Dec 31, 2013	Difference Dec 31, 2014 to Dec 31, 2013
Non-cash working capital	$ (53,975)	$ (6,016)	$ 18,896	$ 3,274	$ (57,249)

Cash flow summary
(in thousands of Cdn. $)

	Year ended Dec 31, 2014	Year ended Dec 31, 2013	Difference
Cash flow from operating activities	$ (27,115)	$ (689)	$ (26,426)
Cash flow from financing activities	67,886	29,659	38,227
Cash flow from investing activities	(34,082)	(39,338)	5,256
Effect of exchange rate changes on cash	(263)	151	(414)
Change in cash	$ 6,426	$ (10,217)	$ 16,643

	Year ended Dec 31, 2014	Year ended Dec 31, 2013	Difference
Non-cash working capital	$ (75,522)	$ (32,666)	$ (42,856)

Cash flow from operating activities for the three months ended December 31, 2014 was a decrease of $38.8 million compared to an increase of $14.8 million for the three months ended December 31, 2013 and compared to an increase of $0.7 million for the three months ended September 30, 2014. The decrease when comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 is due to a build-up of inventory, particularly in Australia and India. In addition, increased accounts receivable from North America due to the late harvest contributed to a decrease in cash flow from operating activities. This was partially offset by increased accounts payable and accrued expenses.

Cash flow from operating activities decreased for the three months ended December 31, 2014 when compared to the three months ended December 31, 2013 due largely to increased inventory levels in Turkey and Australia. In addition, accounts receivable levels increased due to higher invoiced tonnes in the three months ended December 31, 2014 compared to the same period last year.

Cash flow from operating activities decreased $27.1 million for the year ended December 31, 2014 compared to a decrease of $0.7 million the same period in 2013. The decrease is primarily due to increased inventory levels in Turkey to meet the increased sales activity in the region. The increases in inventory were partially offset by increased accounts payable balances resulting from increased utilization of trade finance instruments.

Cash flow from financing activities for the three months ended December 31, 2014 was an increase of $50.4 million compared to a decrease of $4.4 million for the three months ended December 31, 2013 and compared to an increase of $0.2 million for the three months ended September 30, 2014. The increase when comparing the three months ended December 31, 2014 to the three months ended September 30, 2014 and to the three months ended December 31, 2013 is due to the share offering that closed during the quarter, partially offset by a decrease in bank indebtedness and dividends paid to shareholders.

Cash flow from financing activities for the year ended December 31, 2014 was an increase $67.9 million compared to an increase of $29.7 million in the same period in 2013. The increase in 2014 was due primarily to the November share offering, partially offset by repayment of debt and dividends paid.

Cash flow from investing activities for the three months ended December 31, 2014 was a decrease of $11.3 million compared to a decrease of $10.8 million for the three months ended December 31, 2013 and a decrease of $2.0 million for three months ended September 30, 2014. The decrease is fairly consistent with the three months ended December 31, 2013 and there is a larger decrease compared to the three months ended September 30, 2014 due largely to capital expenditures during the fourth quarter.

Cash flow from investing activities for the year ended December 31, 2014 was a decrease of $34.1 million compared to a decrease of $39.3 million in the same period in 2013. In 2014, $17.3 million of cash was used for acquisitions compared to no cash for acquisition in 2013. Capital expenditures utilized $19.3 million of cash in 2014, compared to $39.9 million in 2013. 2013 reflects the completion of the Minot processing facility.

Cash Flow Information – Non-Cash Working Capital:

Non-cash working capital for the three months ended December 31, 2014 decreased by $54.0 million compared to an increase of $3.3 million for the three months ended December 31, 2013 and compared to a decrease of $6.0 million for the three months ended September 30, 2014. The decrease is due to higher inventory and accounts receivable levels and is partially offset by increased accounts payable and accrued expenses.

Non-cash working capital for the year ended December 31 decreased by $75.5 million compared to a decrease of $32.7 million in the same period in 2013. The decrease is due to an increase in the overall sales activity of the business, resulting in higher inventory and accounts receivable levels, partially offset by increased accounts payable and accrued expenses.

Accounts Payable, accrued liabilities and deferred revenue:

Accounts payable, accrued liabilities and deferred revenue increased by $47.7 million, from $168.5 million at September 30, 2014 to $216.2 million at December 31, 2014. This is due partially to deferred settlements being issued for payment in 2015, as well as AGT's continued efforts to negotiate favorable payment terms with vendors.

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. $)

		2014		2013
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	3,538	$	2,198
Post employment benefits (RRSP)		129		86
Other long term benefits including stock based compensation (long term incentive plan)		2,620		1,454
	$	6,287	$	3,738

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

	2014	2013
Accounts receivable	$ 256	$ 317
Accounts payable	3,104	2,621

	2014	2013
Purchases	$ 7,823	$ 7,200

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.

Off Balance Sheet Arrangements

The nature of AGT's derivatives are disclosed in Note 10 of AGT's December 31, 2014 annual audited consolidated financial statements. AGT has no other off balance sheet arrangements.

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 10 of AGT's December 31, 2014 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 3(c) of AGT's December 31, 2014 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 3 of AGT's December 31, 2014 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. 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. Long-term debt is carried at amortized cost and the carrying value does not change as interest rate changes.

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.

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 December 31, 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 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 and operating effectiveness of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2014, ICFR (as defined in NI 52-109) were designed and operating 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 year ended December 31, 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. $)

		Dec 31, 2014
Current assets	$	19,927
Long-term assets	$	7,859
Current liabilities	$	2,752
Long-term debt and finance leases	$	25,266

(in thousands of Cdn. $ except as indicated)		Dec 31, 2014 YTD
Total revenue	$	33,181
Net loss for the year	$	(233)

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
Annual Improvements to IFRS (2010 - 2012), (2011 - 2013) and (2012 - 2014)	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
Amendments to IAS 1 Presentation of Financial Statements	Issued in December 2014. Amendments will not require a significant change to current practice, but expected to improve financial statement disclosure	IAS 1 Presentation of Financial Statements	January 1, 2016
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 38 Intangible Assets	January 1, 2016
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 beginning on or after January 1, 2017
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

Management is assessing the potential impact of standards and amendments effective in future years for impacts on both quantitative and qualitative disclosure. AGT expects to adopt these standards on their respective effective dates on a prospective basis. AGT does not expect any significant impact.

On January 1, 2014, AGT prospectively adopted the following new standard as issued by the IASB: IAS 32 Financial Instruments: Presentation. This standard did not have a material impact on AGT's Financial Statements.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 23,070,354 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.agtfoods.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 year ended December 31, 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 December 31, 2014, AGT had letters of credit in favour of the Canadian Grain Commission in the amount of $13.0 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 for $3 million expires on May 31, 2015 and the letter of credit for $10 million expires on December 31, 2015.

At December 31, 2014, AGT had a letter of credit in favour of Lloyd's Bank in the United Kingdom in the amount of $13.9 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.

At December 31, 2014, AGT had a letter of guarantee in the amount of $2.8 million (December 31, 2013 - $3.9 million) related to customs activity on imports and exports in Turkey.

AGT has various legal matters pending which, in the opinion of Management, will not have a material effect on AGT's audited 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.

AGT is exposed to interest rate fluctuations on its variable-rate debt. Changes in market interest rates cause the fair value of long term debt with fixed interest rates to fluctuate but do not affect net earnings as AGT's debt is carried at amortized cost and the carrying value does not change as interest rate changes.

Foreign Currency Risk

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 two years to manage risks associated with entering into new sales contracts denominated in U.S. dollars, Euros, British pounds and Australian dollars. AGT has also entered into a cross currency swap as a part of the management of its senior secured second lien notes which are disclosed in note 8 of AGT's December 31, 2014 audited consolidated financial statements. For the Arbel Group, 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. This risk is mitigated by the use of Turkish lira to satisfy local operating requirements and the Turkish lira position is monitored by Management.

Foreign currency risk arises as a result of foreign exchange rates in the future and the difference between the assets and liabilities recognized. In this regard, AGT manages this risk by matching foreign currency denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required.

AGT measures its exposure to foreign exchange risk on financial instruments as the change in carrying values that would occur as a result of reasonably possible changes in foreign exchange rates, holding all other variables constant. As most of AGT's sales transactions are denominated in USD, the Company has determined its pre-tax exposure to foreign currency exchange risk on financial instruments to be as follows based on a 5% weakening of the Canadian dollar compared to the USD. A 5% strengthening of the Canadian dollar at December 31, 2014 would have had an equal but opposite effect on the amounts shown below assuming all other variables remained constant:

(in thousands of Cdn. $ except as indicated)

	Carrying Value (CDN) December 31, 2014	(Gain) loss
Cash and cash equivalents	$ 29,319	$ (571)
Accounts receivable	191,751	(3,846)
Accounts payable and accrued liabilities	(202,692)	999
Foreign currency derivatives	(30,883)	1,491
		$ (1,927)

The above sensitivity analysis for foreign currency risk does not include translation risk. Translation exposures arise from financial and non-financial items of operations with functional currencies different from the Company's reporting currency. AGT recognizes currency translation adjustments in other comprehensive income. The sensitivity at the reporting date is not representative of the sensitivity throughout the year as the balance sheet date exposure does not reflect the exposure during the year.

The exchange rate between the functional currencies of AGT and its subsidiaries and the US dollar affects the financial results of AGT's operations.

Sales are routinely denominated in US dollars, while production costs are largely denominated in the functional currency of a subsidiary. AGT uses derivative instruments to try to protect net inflows (total sales less USD cash expenses and product purchases) against changes in the USD in the shorter term. AGT also swapped the proceeds of the Senior Secured Notes issued in 2013 to US dollar as operating costs in many jurisdictions can be denominated in USD. The terms of the swap payments align with the payments of the Senior Secured Notes.

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 performance of certain of AGT's segments, including without limitation, margin pressures, conditions, profitability, capacity utilization, capital expenditures utilization, sales volumes, de-risking impact, capital expenditures and growth expectations; the AGT Minot food ingredient production facility, including without limitation, additional facilities that may be commissioned, sales volumes in 2015, the requirement for additional capacity, the capital budget regarding expansion and capacity increases; expected synergies; sales opportunities; AGT's dividend policy; and internal controls over financial reporting. 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.agtfoods.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 Adjusted Gross Profit (gross profit plus depreciation in cost of sales and finance income), Adjusted 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* and Adjusted Net Earnings Per Share* (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* and Adjusted Net Earnings Per Share* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*, 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 Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*. Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Net Earnings Per Share*, 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. Adjusted Gross Profit*, Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Net Earnings Per Share*, 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 Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*, see the table on page 46.

Reconciliation of Net Earnings, Adjusted Net Earnings*, Adjusted Net Earnings Per Share* and Adjusted EBITDA*

(in thousands of CDN $ except as indicated, unaudited)

	For the Year Ended Dec 31, 2014	For the Year Ended Dec 31, 2013
Net earnings (loss)	$ 19,759	$ (9,715)
Add (deduct):		
Income tax expense (recovery)	6,078	(2,503)
Depreciation and amortization expense	17,750	15,068
Finance expense	27,022	25,910
EBITDA	70,609	28,760
Non-cash foreign exchange loss	9,793	27,674
Non-recurring and other expenses (1)	6,603	3,605
Adjusted EBITDA*	**87,005**	**60,039**
Less:		
Finance expense	27,022	25,910
Depreciation and amortization expense	17,750	15,068
Income tax expense (recovery)	6,078	(2,503)
Adjusted net earnings*	**$ 36,155**	**$ 21,564**
Basic adjusted net earnings* per share	1.76	1.09
Diluted adjusted net earnings* per share	1.75	1.08
Basic weighted average number of shares outstanding	20,503,748	19,850,589
Diluted weighted average number of shares outstanding	20,687,449	20,028,887

(1) 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.

Reconciliation of Net Working Capital* and Net Debt*

(in thousands of CDN $, unaudited)

	Dec 31, 2014	Dec 31, 2013
Current assets(1)	$ 601,050	$ 464,301
Current liabilities(1)	320,026	287,873
Net working capital*	$ 281,024	$ 176,428
Long term debt	$ 245,242	$ 224,544
Bank indebtedness and current portion of long term debt	97,149	116,866
Cash and cash equivalents	(29,319)	(22,893)
Net debt*	$ 313,072	$ 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 Adjusted Gross Profit (gross profit plus depreciation in cost of sales and finance income), Adjusted 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* and Adjusted Net Earnings Per Share* (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* and Adjusted Net Earnings Per Share* do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that Adjusted Gross Profit*, Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*, 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 Adjusted EBITDA* and Adjusted Net Earnings*. Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Net Earnings Per Share*, 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. Adjusted Gross Profit*, Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Net Earnings Per Share*, 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.

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.

APPENDIX 1 – REGIONAL AND PRODUCTION SUMMARY

North America - Canada and the U.S.

The following production levels in Canada and the U.S. are being reported by Statistics Canada ("StatsCan") and the U.S. Department of Agriculture ("USDA") respectively. 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. Record export levels for some Canadian pulses and the high production levels of most pulse crops are expected to be more than sufficient to meet the needs of key consumption and import 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	3,110,000	1,837,000	2,172,800
Dry Peas	3,795,000	3,444,800	3,960,800
Edible Beans	305,000	273,100	206,100
Chickpeas	180,559	123,000	180,400
Faba Beans[(2)]	20,000	20,800	20,800
Total		5,698,700	6,540,900

(1) Effective February 5, 2015 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	281,000	152,726	227,660
Dry Peas	935,000	778,146	708,519
Edible Beans[(2)]	1,503,800	1,197,000	953,000
Chickpeas/Garbanzo Beans	215,100	127,370	161,435
Total		2,255,242	2,050,614

(1) Effective February 6, 2015 from data and estimates available from USDA and STAT Publishing ("StatPub").
(2) Excluding garbanzo beans or chickpeas.

Export of pulses from Canada in 2014, 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, chickpeas and beans all reported as increased over 2013 levels. Significant export volumes reported in the second half of 2014 can be seen as positive indicators of the current state of global pulses markets, where local production issues may result in crop yields continuing to decline from historical levels or short of traditional supply-demand requirements overall. These conditions may ultimately result in the expectation of continued imports to these countries and regions as local buyers in these markets may continue to purchase quantities of pulses and staple foods in traditional seasonal volumes and periods.

Turkey

Turkish lentil production has averaged approximately 400,000 mt for some time, with similar production estimates in 2014 provided by StatPub based on data from TMO, USDA and private trade sources. These consistently lower production estimates in Turkey 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 continued to be a significant supplier of lentils to Turkey in 2014, maintaining the trend of Turkey importing lentils to meet both domestic and regional supply requirements, a trend which is expected to continue in the future. 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 to be on track with previous years in the 350,000 mt range.

USDA estimates approximately 1.9 million mt of durum wheat production in Turkey. Durum wheat is required for pasta, semolina and bulgur production. Global production of durum wheat is estimated by Agriculture and Agri-Food Canada (“AAFC”) at 36 million mt. USDA reports paddy rice production of 740,000 mt in Turkey.

Australia

Continuing the trend in significant pulse growing regions, the current Australian pulses season estimates are reported by Australian Bureau of Agricultural and Resource Economics and Sciences (“ABARES”) as down by approximately 15.4%, up from previous 2014 estimates but short of 2013’s high production numbers.

Current ABARES estimates for pulses production are as follows:

Australian Pulse Production 2014 Estimates (1)

	Area (acres)	Production (mt)	2013 Production (mt)
Lentils	467,019	255,000	299,400
Field Peas (All)	588,098	284,000	339,000
Chickpeas (All)	1,050,175	517,000	635,600
Lupins (All)	1,094,653	563,000	622,000
Faba Beans	405,252	251,000	313,000
Total		1,870,000	2,209,000

(1) Effective February 10, 2015 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 to be increased significantly by StatPub, with total pulse imports totaling 3.21 million mt between January and October of 2014, a net increase of 18.4% over the same ten month period in 2013. According to full year 2014 data from StatsCan, an overall 14.6% increase in exports of Canadian pulses to India has been shown, supporting the trend that has been observed in recent periods of significant imports of Canadian lentils to India, as well as showing a sizable increase in pea and chickpea exports to the region. 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 insufficient local production and increased demand requirements resulting 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 a record 19.3 million mt in 2013-14, total pulse imports have increased from 3.03 million mt in 2011-12 to 3.49 million mt in 2013-14, and are expected to reach over 4 million mt in the 2014-15 season. Deficient rains have resulted in USDA lowering rice production estimates in India to 102 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 27,000 mt of lentils, 265,000 mt of chickpeas and 1.69 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 continuing 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 land transportation from 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, the last reporting period that current Chinese pulse production was available to FAO, including over 2.6 million mt of beans, comprised of broad beans, kidney beans, mung beans and adzuki beans, 1.6 million mt of peas and 150,000 mt of lentils, along with 127,000 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. More than 640,000 mt of pulses were imported into China between January and October of 2014. 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.