FOOD AND INGREDIENTS INC.

(Formerly Alliance Grain Traders Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 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**") unaudited consolidated financial results for the three months ended March 31, 2015 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 May 11, 2015. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for the quarter ended March 31, 2015

- **Adjusted EBITDA*** was $22.6 million for the three months ended March 31, 2015 compared to $17.1 million for three months ended March 31, 2014, an increase of 33% and compared to $24.4 million for three months ended December 31, 2014. Adjusted EBITDA* was $92.5 million for the trailing twelve months ended March 31, 2015 compared to $63.5 million for the trailing twelve months ended March 31, 2014, an increase of 46%.

- **Revenue** was $385.2 million for the three months ended March 31, 2015 compared to $311.3 million for the three months ended March 31, 2014.

- **Adjusted EBITDA* as a percentage of revenue** increased to 5.87% for the three months ended March 31, 2015 compared to 5.49% for the three months ended March 31, 2014.

- **Adjusted earnings per share*** increased to $0.43 ($0.42 fully diluted) for the three months ended March 31, 2015 compared to $0.16 ($0.16 fully diluted) for the three months ended March 31, 2014.

- **Improvement in total accounts receivable days outstanding** for the three months ended March 31, 2015 to 44 compared to 48 days for the three months ended March 31, 2014.

- **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, Switzerland, 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

In the first quarter of 2015 ("**Q1 2015**"), the positive performance reported in AGT's operating segments in 2014 has continued with good performance in the late traditional shipping period for pulses to traditional markets and gains in volumes in other segments. Overall margins have remained consistent and metric tonnes ("**mt**") sold are reported as slightly lower from the end of 2014, with performance slight reduction in processed tonnes in the pulses and grains processing segment and slight increases in the trading and distribution and food ingredient and packaged foods segments. Overall, AGT's segments continue to perform as per management expectations and in line with strategic initiatives surrounding growth and expansion of AGT's business. Management is optimistic for future improvements as a platform for AGT's future growth.

Seeding estimates for North America from Statistics Canada ("**StatsCan**") and the United States Department of Agriculture ("**USDA**") indicate significant production expected for 2015, which is positive with regard to global supply and demand position. As has been reported in past periods, Turkey continues to be a net importer of pulses, particularly lentils for domestic and regional supply. This is a key component to AGT's strategy of supplying its own production facilities with products originated from various origins, a trend that is expected to continue. Monsoon rains in India are being reported by the Indian government as below the long-term average, which may result in a smaller pulse harvest, already reported by Stat Publishing ("**StatPub**") as short of domestic supply requirements. In the available data with regard to Canadian lentil exports, the January-February 2015 period is outpacing the same period in 2014.

Management is optimistic that import requirements for Turkey and India may continue at high levels, creating both volume and margin opportunities for this segment and requiring additional loading infrastructure to make the best use of AGT's production facilities in maximizing mt's shipped and margins. This includes possible investments in transportation and bulk loading facilities, returning value-added capacity to AGT's bagged and containerized business. This is manifested in AGT's $22 million offer to purchase all of the assets of West Central Road and Rail ("**WCRR**"), with five bulk loading facilities located in key lentil and durum wheat growing areas of west central Saskatchewan, and AGT's $4.65 million offer to purchase all of the assets of Prairie Processing (1989) Ltd. ("**PPL**") with a processing facility located in Eston, Saskatchewan, both of which are expected to close in June 2015.

Sales of AGT's pulse ingredient products (consisting of ingredient flours, proteins, starches and fibres derived from pulses for human foods) through AGT's ingredient sales and distribution agreement with Ingredion Incorporated ("**Ingredion**"), as well as branded feed and pet food protein ingredient products within North America through AGT's agreement with Cargill Incorporated ("**Cargill**") continue to receive positive feedback from customers. Sample and test volumes are being converted to sales volumes. Management anticipates sales volumes to continue to increase in 2015 through Ingredion's sales, marketing and distribution channels, with initial market focus on North America, Europe and China.

The expected increase in volumes has been the driver for the announced expansions at AGT's Minot, North Dakota pulse ingredient facility (the "**Minot Facility**"), with commercial production of the third production line continuing to ramp up in the second quarter of 2015 ("**Q2 2015**") with a target to bring the Minot Facility to full capacity in late 2015. Recently announced expansions at the Minot Facility that may add further value to AGT's pulse ingredient products are being planned, including de-flavouring, pre-cooking lines, sterilization lines and blending facilities to produce pre-mixes and formulated systems, which are combinations of ingredients that are marketed to fill a specific function within a food manufacturing system that may be used by various food clients worldwide, are expected to be completed in 2015. These expansions to the Minot Facility will increase the available building infrastructure to accommodate additional production lines and specialty packaging lines and are expected to be completed in 2016. Other projects or conversions of some capacity to food ingredient production within the AGT system in Canada, the U.S., Turkey and China are being considered by management and will be evaluated based on performance of the food ingredient business unit and customer demand for products for periods in 2017 and beyond.

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 supplying markets in Canada and the United States ("**U.S**"), 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. In Turkey, the announced expansion to add a small pasta production line for vermicelli nest pasta is being installed, with the line expected to be running in the second half of 2015. Additional pasta expansions in Turkey for the addition of a further long cut pasta line is being investigated for 2016-2017. All of the buildings, infrastructure and semolina capacity are fully constructed at the Arbella plant in Mersin to accommodate this contemplated line expansion, minimizing the costs associated to materially increase the available pasta capacity to grow this business from Turkey to export markets.

Management continues to forecast growth in the food ingredient and packaged foods segment, focused on potentially higher margin and less volatile food ingredient and retail sector business, in addition to strong performance in traditional shipping periods for the legacy business segments that are expected to combine for a compelling earnings growth story. This, combined with other initiatives in this segment, may result in growth opportunities for AGT in 2015-2016 and future periods.

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 is viewed by management as providing many potential advantages for AGT. As this segment continues establishing itself through the development of sales and market opportunities and with 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 reducing the impact of seasonality.

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, as 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 mt's shipped in Q1 2015. 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. The ingredient platform products have been introduced

through Ingredion's global sales and marketing programs in North America, Europe and the Middle East/North Africa ("**MENA**") region, with China and South East Asia to follow.

- 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. Stocks of AGT pulses ingredients have been positioned in Ingredion distribution systems with customer feedback viewed as positive. Following the product launches in North America and Europe, sample volumes have begun to be converted to sales volumes as food company customers complete their testing, research and evaluation of application uses for pulse ingredients. Management expects sales volumes to continue to ramp up in 2015 as research, application development and sales programs with Ingredion, key selection criterion for AGT in the selection of Ingredion as a commercialization partner, begin to yield positive results. Concentrations for sales and marketing programs with Cargill continue to be feed, pet food and aquaculture applications and are progressing as expected by management.
- Commissioning of a third line of production in the Minot Facility was substantially completed late in Q1 2015, with commercial production commencing in Q2 2015, bringing total capacity of the Minot Facility to 105,000 mt per year. Management is also in the process of planning the recently announced expansions for the Minot facility including capacity towards de-flavouring, sterilization and blending to produce pre-mixes and formulated systems, are expected to be completed in 2015. As sales programs ramp up in future periods and are dependent on customer demand, management may consider possible conversion of all or part of production in some facilities in Canada, Turkey, the U.S. and China to pulse ingredient production; however, no plans are presently forthcoming, as the announced expansions to the Minot facility will allow for ramp-up to surpass 175,000 mt of capacity, with the addition of a fourth and fifth line of production should they be needed.
- 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, the U.S. and Europe, with 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 announcement of an $8 million capacity expansion to add a sixth pasta production line at AGT's pasta production facilities in Mersin to produce American lasagna, vermicelli nests and noodle specialty pasta, which is expected to be completed in 2015 and running at full capacity in 2016. Semolina production capacity is in place to supply raw materials for increased pasta production in place from past expansions, with investments in loading and transportation by AGT planned to more efficiently supply raw material durum wheat for milling from Canada through the acquisition of the durum wheat handling assets in west central Saskatchewan. Management 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. Additionally, 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 are expected to assist AGT in capitalizing on specialty or gourmet market segments.

Margin gains in this segment are expected by management to continue to trend positively and are a key component to AGT's diversification initiatives to higher margin, value-added products as AGT transforms from its focus on being a commodity shipper of pulses and grains to a balanced retail packaged food and food ingredient supplier.

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, packaging, shipping 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 its business and provided advantages with regard to AGT's other segments of operation, including origination, processing and logistics support of pulses and grains products.

Management expects the significant volumes of production estimated for North America in 2015 to assist in the continued strong performance of the segment, as global demand in key consumption markets for pulses, particularly lentils, is estimated to remain high, with lowered or decreased production in many destinations resulting in requirements to continue importing products for domestic and regional supply.

Key points on the pulses and grains processing segment:

- Seeding intentions by Canadian producers for 2015 are estimated by StatsCan to be some of the highest levels on record. With robust export programs for Canadian lentils and peas expected to continue in 2015, production at these levels is needed to continue to supply India and subcontinent markets as well as Turkey and the MENA region. Sufficient supply levels are available in North America to continue to supply markets throughout the growing season, with markets expected to pick up again in the traditional post-North American harvest period at the end of 2015 and into 2016.
- AGT's operations in Turkey continue to report 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.
- Investments in transportation infrastructure are being planned by management with the $22 million offer to purchase the assets of WCRR and $4.65 million offer to purchase the assets of PPL. The offers to purchase are currently before WCRR shareholders and are expected to be completed in June 2015. The WCRR loading facilities offer AGT an advantage to reclaim capacity currently being utilized by bulk loading at its value-added processing plants in Saskatchewan, allowing it to be returned to a sales program in the higher margin, value-added, bagged and containerized pulses business that AGT has traditionally been involved in. As plant utilization has increased in Canadian operations, AGT is running into capacity constraints in peak shipping windows, necessitating the addition of bulk loading capacity to augment its current capacity.
- Increasingly, as crop production in Turkey and India have decreased, Canada has been looked to as a supplier of "farmer dressed", or unprocessed and machine-cleaned raw material, lentil products to be processed, packaged and distributed in Turkey or other destination markets. Additionally, the WCRR facilities offer AGT the opportunity to do more bulk and vessel business to destinations like Turkey and India for pulses and durum wheat, particularly durum wheat for pasta production at AGT's pasta facilities in Mersin and other products. Canada is increasingly being looked to as an origin for

durum wheat in Turkey, replacing Mexico and other origins as a supply point. AGT's strength in origination is expected by management to create opportunity for the sourcing and shipment of lentils and durum wheat, as the same producers will typically produce both products, leveraging AGT's positive grower relationships in these regions. The WCRR facilities are entirely "turnkey" in that few expansions or changes are required to capitalize on the added capacity the facilities can offer AGT immediately after the closing of a potential acquisition, rapidly providing positive contribution to earnings. This acquisition also fits well with management's investigation into investments in transportation infrastructure at AGT facilities or possible port locations to best use 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.

- 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 impact on de-risking 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 and has a positive impact on AGT capacity utilization.
- 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. The potential investments in transportation and loading infrastructure to return some or all of the value-added, bagged and containerized pulses capacity back to these lines of business may assist in an incremental increase in utilization of AGT facilities overall and focus this capacity on the most efficient and profitable business possible. These adjustments, in the high fixed cost environment AGT operates in, may have a dramatic impact on AGT's earnings, 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 that AGT's legacy segment may provide AGT, 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.

This segment augments capacity utilization and margins in AGT's other two segments and provides earnings benefits and cost recovery to AGT's fixed cost base.

Strategy Implementation: Management Update

AGT has successfully 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 initiatives 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 packaged food 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 the Minot Facility 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 favourable 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.

Maintain high capacity utilization: add strategic capacity

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.

Investments in transportation and loading infrastructure to increase AGT's ability to supply not only its own operations globally, particularly in Turkey and India, but also processing industry customers with raw material lentils, peas, beans and chickpeas, as well as durum wheat, rice and other products such as canary seed, millet and soybeans in an efficient multi-modal transport strategy including rail, intermodal, truck, bulk vessel and ocean container, is expected to leverage AGT's size, scope and scale as well as its positive relationship with producers to originate products for shipment and processing in AGT facilities, thereby having the effect of increasing and expanding both capacity and the utilization of the capacity and with it positively impacting earnings.

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 also 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. With a high fixed cost component business, additional gains in utilization and the addition of capacity with a low addition of SG&A and fixed costs 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.

The earnings resiliency shown by AGT in past periods is viewed by management as providing a solid foundation and a balanced global platform that is expected to contribute to management's strategy of consistent earnings growth and growing free-cash flows through its origin, geography and product diversification. Past investments by AGT have provided 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 Quarterly Results [1]

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

	3 Months Ended Mar 31, 2015	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
Revenue	$ 385,200	$ 397,983	$ 287,692	$ 359,787	$ 311,283	$ 375,119	$ 240,485	$ 246,729
Less: cost of sales [2]	350,731	361,033	257,109	324,315	284,014	346,584	218,549	223,396
Gross profit	34,469	36,950	30,583	35,472	27,269	28,535	21,936	23,333
Add back: depreciation in cost of sales	3,900	3,684	3,802	3,703	3,615	3,192	3,144	2,549
Add back: finance income	30	27	18	24	4	11	(329)	8
Adjusted gross profit*	**38,399**	**40,661**	**34,403**	**39,199**	**30,888**	**31,738**	**24,751**	**25,890**
Deduct: General and administrative expenses	(10,954)	(12,207)	(9,090)	(10,573)	(9,685)	(11,057)	(6,938)	(8,365)
Deduct: Marketing, sales and distribution expenses	(6,696)	(7,080)	(6,892)	(6,278)	(5,890)	(5,339)	(4,916)	(4,616)
(Deduct) Add: Non cash foreign exchange effect	(8,173)	(19,204)	(3,291)	5,553	7,149	(5,735)	(7,007)	(10,037)
Add: Amortization in general and administrative expense	723	788	816	696	646	881	839	601
EBITDA	13,299	2,958	15,946	28,597	23,108	10,488	6,729	3,473
Add: Non-recurring and other expenses (3)	1,145	2,238	1,863	1,385	1,117	1,969	639	388
Add (Deduct): Non cash foreign exchange effect	8,173	19,204	3,291	(5,553)	(7,149)	5,735	7,007	10,037
Adjusted EBITDA [*]	**22,617**	**24,400**	**21,100**	**24,429**	**17,076**	**18,192**	**14,375**	**13,898**
Deduct: Finance expense	(8,391)	(6,994)	(5,128)	(6,969)	(7,931)	(6,494)	(6,352)	(7,296)
Deduct: Depreciation and amortization	(4,623)	(4,472)	(4,618)	(4,399)	(4,261)	(4,073)	(3,983)	(3,150)
Add (Deduct): Provision for income taxes	261	1,969	(2,094)	(4,249)	(1,704)	(796)	685	1,434
Adjusted net earnings [*]	**9,864**	**14,903**	**9,260**	**8,812**	**3,180**	**6,829**	**4,725**	**4,886**
Adjusted basic net earnings per share*	0.43	0.68	0.46	0.44	0.16	0.34	0.24	0.25
Adjusted diluted net earnings per share*	0.42	0.68	0.45	0.43	0.16	0.34	0.24	0.24
Non-recurring and other expenses [3]	(1,145)	(2,238)	(1,863)	(1,385)	(1,117)	(1,969)	(639)	(388)
(Deduct) Add: Non-cash foreign exchange effect	(8,173)	(19,204)	(3,291)	5,553	7,149	(5,735)	(7,007)	(10,037)
Net earnings (loss) per financial statements	**546**	**(6,539)**	**4,106**	**12,980**	**9,212**	**(875)**	**(2,921)**	**(5,539)**
Basic net earnings (loss) per share	0.02	(0.30)	0.20	0.64	0.46	(0.04)	(0.15)	(0.28)
Diluted net earnings per share	0.02	(0.30)	0.20	0.64	0.46	(0.04)	(0.15)	(0.28)
Total assets	951,389	928,853	826,265	788,022	799,237	773,792	708,068	710,905
Bank indebtedness	118,337	91,218	123,194	118,660	141,320	110,805	120,023	112,277
Short term financing	-	-	-	-	-	-	-	2,622
Long-term debt including current portion	250,230	251,173	245,770	247,010	248,332	230,605	222,517	215,486
Shareholders' equity	322,902	322,070	254,036	257,065	251,300	234,339	240,655	253,923
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]	301,599	327,195	234,409	344,971	275,721	320,619	216,780	267,774
Trading and distribution tonnes invoiced [4]	136,324	130,249	112,046	115,368	131,236	127,523	98,902	69,286
Food ingredients and packaged foods tonnes invoiced [4]	59,419	55,000	56,707	61,585	53,215	54,147	-	-
Inter-company tonnes	(72,857)	(53,943)	(59,697)	(82,632)	(73,557)	(34,317)	(20,026)	(12,959)
Total tonnes invoiced	424,485	458,501	343,465	439,292	386,615	467,972	295,656	324,101
Gross profit per metric tonne	$ 81.20	$ 80.59	$ 89.04	$ 80.75	$ 70.53	$ 60.98	$ 74.19	$ 71.99
Adjusted gross profit* per metric tonne	90.46	88.68	100.16	89.23	79.89	67.82	83.72	79.88
Adjusted EBITDA (*) per metric tonne	53.28	53.22	61.43	55.61	44.17	38.87	48.62	42.88

Notes:

(1) Calculated from the condensed consolidated unaudited interim financial statements for the quarters ended March 31, 2015, September 30, 2014, June 30, 2014, March 31, 2014, September 30, 2013 and June 30, 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 Results

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

Revenue, Gross Profit and Adjusted Gross Profit*

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
	2015	2014	Change	March 31 2015	December 31 2014	Change
Revenue	385,200	311,283	73,917	385,200	397,983	(12,783)
Less: cost of sales	350,731	284,014	66,717	350,731	361,033	(10,302)
Gross profit	34,469	27,269	7,200	34,469	36,950	(2,481)
Add back: depreciation in cost of sales	3,900	3,615	285	3,900	3,684	216
Add back: finance income	30	4	26	30	27	3
Adjusted gross profit*	38,399	30,888	7,511	38,399	40,661	(2,262)
Gross profit percentage	8.9%	8.8%	0.1%	8.9%	9.3%	-0.4%
Adjusted gross profit percentage*	10.0%	9.9%	0.1%	10.0%	10.2%	-0.2%

Revenue for the three months ended March 31, 2015 increased over the same period in the prior year due to additional sales opportunities and resulting sales volumes increases out of Turkey and Canada. Revenues decreased when comparing the three months ended March 31, 2015 to the three months ended December 31, 2014 due to an increase in product shipped through subsidiaries and therefore remaining in inventory at the end of the quarter. This product will be invoiced in the second quarter of 2015.

Gross profit and Adjusted Gross Profit* percentage for the three months ended March 31, 2015 increased slightly over the same period in the prior year and decreased slightly over the prior quarter. This is due largely to improved margins per tonne related largely to the food ingredients and packaged food segment which were partially offset by higher product costs in the pulses and grains processing segment relating to crop quality in the 2014 harvest period. In addition, the three months ending March 31, 2015 included increased sales tonnes in the trading and distribution segment, compared to the same period in the prior year and compared to the prior quarter. Many of the sales were purely traded tonnes with lower gross margin.

Gross profit and Adjusted Gross Profit* in absolute dollars for the three months ended March 31, 2015 increased compared to the same period last year due to overall higher invoiced tonnes predominantly from North America and Turkey and decreased compared to the prior quarter due to seasonal lower invoiced tonnes from Canada as well as increased tonnes shipped to subsidiaries where profits have not yet been recognized due to the timing of the shipments. This product was sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer. This is an area of focus and AGT management continues to encourage AGT wholly owned subsidiaries to work collaboratively to increase trade that utilizes the sourcing advantage of one company and the distribution advantage of another.

Adjusted EBITDA*

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
				March 31	December 31	
	2015	2014	Change	2015	2014	Change
Adjusted EBITDA*	22,617	17,076	5,541	22,617	24,400	(1,783)
Adjusted EBITDA* percentage of revenue	5.87%	5.49%	0.38%	5.87%	6.13%	-0.26%

Adjusted EBITDA* and Adjusted EBITDA* as a percentage of revenue for the three months ended March 31, 2015 increased over the same period in the prior year due largely to improvements in margins relating to opportunities out of Turkey as well as improvements in food ingredients and packaged foods margins. Adjusted EBITDA* and Adjusted EBITDA* as a percentage of revenue for the three months ended March 31, 2015 decreased slightly compared to the three months ended December 31, 2014 due to overall lower invoiced tonnes.

General and administrative and marketing, sales and distribution expenses

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
				March 31	December 31	
	2015	2014	Change	2015	2014	Change
General and administrative expenses	10,954	9,685	1,269	10,954	12,207	(1,253)
Marketing, sales and distribution expenses	6,696	5,890	806	6,696	7,080	(384)
	17,650	15,575	2,075	17,650	19,287	(1,637)

General and administrative and marketing, sales and distribution expenses for the three months ended March 31, 2015 increased over the prior year. General and administrative and marketing, sales and distribution expenses for the three months ended March 31, 2015 decreased compared to the three months ended December 31, 2014 due largely to one-time adjustments such as severance obligations, legal fees and other one-time costs that were included in the three months ended December 31, 2014 but did not affect the quarter ended March 31, 2015. As a percentage of revenue, this number is slightly lower for the three months ended March 31, 2015 compared to the same period in the prior year and the prior quarter.

Expenses

	Unaudited 3 Months Ended March 31			Unaudited 3 Months Ended		
	2015	2014	Change	March 31 2015	December 31 2014	Change
Finance expense	8,391	7,931	460	8,391	6,994	1,397
Depreciation and amortization	4,623	4,261	362	4,623	4,472	151
(Recovery of) Provision for income taxes	(261)	1,704	(1,965)	(261)	(1,969)	1,708
Non-cash foreign exchange effect	8,173	(7,149)	15,322	8,173	19,204	(11,031)

Finance expenses for the three months ended March 31, 2015 increased slightly from the three months ended March 31, 2014. Finance expenses for the three months ended March 31, 2015 increased when comparing to the three months ended December 31, 2014 due to a reduction in the fair value adjustment on long term derivative liabilities included in the prior quarter. In addition, the current quarter also includes costs associated with the high yield bond interest currency swap.

Depreciation expenses for the three months ended March 31, 2015 were consistent with the same period in the prior year and the prior quarter as assets put into use during the quarter were minimal.

Provision for income tax shows a recovery for the three months ended March 31, 2015 and the three months ended December 31, 2014 and an expense for the three months ended March 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 ended March 31, 2015. The change in non-cash foreign exchange from the three months ended March 31, 2014 and from the three months 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 debt offering of $125 million.

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. This segment also includes the retail packaging and distribution business in Canada.

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.

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

	Pulses and Grain Processing			**Trading and Distribution**			**Food Ingredients and Packaged Foods**			**Corporate and Eliminations**			**Consolidated**		
	3 Months Ended Mar 31, 2015	3 Months Ended Dec 31, 2014	3 Months Ended Mar 31, 2014	3 Months Ended Mar 31, 2015	3 Months Ended Dec 31, 2014	3 Months Ended Mar 31, 2014	3 Months Ended Mar 31, 2015	3 Months Ended Dec 31, 2014	3 Months Ended Mar 31, 2014	3 Months Ended Mar 31, 2015	3 Months Ended Dec 31, 2014	3 Months Ended Mar 31, 2014	3 Months Ended Mar 31, 2015	3 Months Ended Dec 31, 2014	3 Months Ended Mar 31, 2014
Quarterly comparisons															
Revenue	$ 272,358	$ 262,255	$ 206,964	$ 95,848	$ 101,525	$ 96,164	$ 62,717	$ 58,943	$ 52,722	$ (45,723)	$ (24,740)	$ (44,567)	$ 385,200	$ 397,983	$ 311,283
Cost of sales	251,663	239,507	192,480	91,711	96,051	90,417	53,080	50,215	45,684	(45,723)	(24,740)	(44,567)	350,731	361,033	284,014
Gross profit	20,695	22,748	14,484	4,137	5,474	5,747	9,637	8,728	7,038	-	-	-	34,469	36,950	27,269
Adjusted gross profit*	22,932	24,975	16,622	4,152	5,488	5,763	11,285	10,171	8,499	30	27	4	38,399	40,661	30,888
Adjusted EBITDA*	**$ 16,973**	**$ 19,832**	**$ 11,134**	**$ 471**	**$ 1,457**	**$ 2,021**	**$ 6,945**	**$ 6,127**	**$ 5,588**	**$ (1,772)**	**$ (3,016)**	**$ (1,667)**	**$ 22,617**	**$ 24,400**	**$ 17,076**
Total tonnes invoiced	301,599	327,195	275,721	136,324	130,249	131,236	59,419	55,000	53,215	(72,857)	(53,943)	(73,557)	424,485	458,501	386,615
Gross profit per metric tonne	$ 68.62	$ 69.52	$ 52.53	$ 30.35	$ 42.03	$ 43.79	$ 162.19	$ 158.69	$ 132.26				$ 81.20	$ 80.59	$ 70.53
Adjusted gross profit* per metric tonne	76.03	76.33	60.29	30.46	42.13	43.91	189.92	184.93	159.71				90.46	88.68	79.89
Adjusted EBITDA* per metric tonne	56.28	60.61	40.38	3.46	11.19	15.40	116.88	111.40	105.01				53.28	53.22	44.17

The pulses and grains processing segment showed Adjusted Gross Profit* of $76.03 per mt and Adjusted EBITDA* of $56.28 per mt for the three months ended March 31, 2015 compared to Adjusted Gross Profit* of $76.33 per mt and Adjusted EBITDA* of $60.61 per mt for the three months ended December 31, 2014 and compared to Adjusted Gross profit of $60.29 and Adjusted EBITDA* of $40.38 for the three months ended March 31, 2014. Adjusted gross profit and Adjusted EBITDA* improved by 26% and 39% respectively, over the same quarter in the prior year due to stronger margins on sales, however decreased slightly from the prior quarter due to some remaining lower margin sales from Canada as a result of crop quality issues in the 2014 harvest period.

The trading and distribution segment showed Adjusted Gross Profit* of $30.46 per mt and Adjusted EBITDA* of $3.46 per mt for the three months ended March 31, 2015 compared to Adjusted Gross Profit* of $42.13 per mt and Adjusted EBITDA* per mt of $11.19 for the three months ended December 31, 2014 and compared to Adjusted Gross Profit* of $43.91 per mt and Adjusted EBITDA* of $15.40 per mt for the three months ended March 31, 2014. Management continues to view this segment as augmenting AGT's ability to be a complete one-stop supplier for its key global customers, and product invoiced during the three months ended March 31, 2015 was in line with this strategy.

Food ingredients and packaged foods showed Adjusted Gross Profit* of $189.92 per mt and Adjusted EBITDA* of $116.88 per mt for the three months ended March 31, 2015 compared to Adjusted Gross Profit* of $184.93 and Adjusted EBITDA* of $111.40 for the three months ended December 31, 2014 and compared to Adjusted Gross Profit* of $159.71 and Adjusted EBITDA* of $105.01 for the three months ended March 31, 2014. Stronger margins and increased invoiced product from food ingredients and pasta contributed to overall improved margins in the food ingredients and packaged foods segment. Adjusted Gross Profit* improved by 19% and Adjusted EBITDA* improved by 11% when comparing the three months ended March 31, 2015 to the three months ended March 31, 2014.

For the three months ended March 31, 2015, inter-company shipments were 72,857 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. 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.

Net working capital* increased to $291.1 million at March 31, 2015, compared to $281.0 million at December 31, 2014 due largely to an increase in cash on hand and inventory, as well as a decreased in accounts payable, accrued liabilities and deferred revenue.

Net debt* is comprised of bank indebtedness, long term debt and current portion of long term debt, less cash and totaled $331.1 million at March 31, 2015 compared to $313.1 million at December 31, 2014 (see table on page 26). Net debt increased from December 31, 2014 due primarily to share issuance proceeds during the prior quarter in addition to seasonal reduction of accounts payable due to deferred settlements being cashed during the first quarter and a resulting increase in bank indebtedness.

Current assets were $616.4 million at March 31, 2015 compared to $601.1 million at December 31, 2014 (see table on page 27). The current asset base is largely accounts receivable and inventory. It is important to note that accounts receivables are largely insured by Export Development Canada (“**EDC**”), significantly reducing the risks associated with accounts receivable collection, since buyer risk is being replaced by Government of Canada risk through the export insurance.

Trade accounts receivable days outstanding decreased to 44 days for the three months ended March 31, 2015 compared to the March 31, 2014 quarter end average of 48 days.

Trade accounts receivable decreased to $184.0 million at March 31, 2015, compared to $191.8 million at December 31, 2014 (see table on page 27). Trade accounts receivable decreased by $7.8 million when comparing the quarter ended March 31, 2015 to the quarter ended December 31, 2014. When comparing the three months ended March 31, 2015 to the three months ended December 31, 2014, Canada invoiced fewer tonnes and had resulting lower accounts receivable of $12.8 million. In addition, accounts receivable from the U.S. and Australia increased by $1.7 million and $7.5 million due to increased sales volumes in the quarter. Accounts receivables from Turkey decreased by $3.7 million and decreased from other AGT subsidiaries by $0.5 million.

Inventory days outstanding increased to 88 days for the three months ended March 31, 2015 when compared to 78 days for the three months ended March 31, 2014. The increase is largely due to higher average inventory levels in Turkey relating to various requirements to keep pre-sold stocks for the United Nations and NGO aid programs related to the Syrian and Iraq refugee aid program as well as the nature of the Turkish business turning to an increased reliance on AGT's global supply chain to provide products which are imported, processed and distributed in the region. Another contributing factor is an increase in inventory levels at AGT CLIC relating to a ramp up of core product offerings.

Inventory increased by $5.1 million, to $346.9 million at March 31, 2015, compared to $341.8 million at December 31, 2014. During the quarter, Australia inventory decreased by $9.9 million. Inventory in the U.S. increased by $4.3 million and inventory related to marketing opportunities through Turkey increased by $16.0 million. Inventory at other AGT subsidiaries decreased by $5.3 million.

The total of trade accounts receivable and inventory days outstanding has increased from 126 days for the three months ended March 31, 2014 to 132 days for the three months ended March 31, 2015 due to the larger scale of AGT; however, it has decreased from the 2014 annual average of 134 days. Accounts receivable and inventory days outstanding continue to be a focus for AGT Management and the seasonality and timing of sales is considered when evaluating 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 $346.9 million at March 31, 2015, 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 April 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 March 31, 2015 and December 31, 2014 foreign exchange rates as follows [Source: Bank of Canada]:

	Mar 31, 2015	**Dec 31, 2014**
USD/CDN	1.26660	1.16010
AUD/CDN	0.96690	0.94790
TL/CDN	0.48790	0.49660
GBP/CDN	1.88340	1.80710
EUR/CDN	1.36230	1.40380
ZAR/CDN	0.10450	0.10050
RMB/CDN	0.20460	0.18690
INR/CDN	0.02035	0.01840

For each subsidiary, any difference between the March 31, 2015 exchange rate and the average exchange rate used to record revenues and expenses is recorded as other comprehensive income (loss) on AGT's Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity.

Liquidity and Capital Resources

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

AGT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations and development activities, and pay its declared dividends. AGT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Discussion of Dividends" above, "Outlook" and "Appendix A" discussing geographic crop conditions for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.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 March 31, 2015, AGT had total operating lines available of $184.6 million (December 31, 2014 - $183.4 million). Included in these facilities is a syndicated debt facility of $153.0 million (December 31, 2014 – $153.0 million) 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, 2014 – 3.9%).

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.

At March 31, 2015, 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.

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. $)	**March 31, 2015 (unaudited)**	**Dec 31, 2014**	**Sept 30, 2014 (unaudited)**
Long term debt	$ 244,304	$ 245,242	$ 239,866
Bank indebtedness, short term financing and current portion of long term debt	124,263	97,149	129,098
Cash and cash equivalents	(37,482)	(29,319)	(29,076)
Net debt*	**$ 331,085**	**$ 313,072**	**$ 339,888**
Shareholders' equity	322,902	322,070	254,036
Capital	**$ 653,987**	**$ 635,142**	**$ 593,924**

Selected asset and liability information

(in thousands of Cdn. $)	March 31, 2015 (unaudited)	Dec 31, 2014	Sept 30, 2014 (unaudited)
Cash and cash equivalents	$ 37,482	$ 29,319	$ 29,076
Trade accounts receivable	183,965	191,751	144,944
Inventory	346,865	341,757	294,445
Bank indebtedness, short term financing and current portion of long term debt	124,263	97,149	129,098
Accounts payable, accrued liabilities and deferred revenue	194,918	216,150	168,478
Long-term debt	244,304	245,242	239,866
Total current assets[(1)]	616,424	601,050	502,587
Total current liabilities[(1)]	325,328	320,026	304,452
Net working capital*	291,096	281,024	198,135

(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:

(in thousands of Cdn. $)

	March 31, 2015	Dec 31, 2014	Financial Statement Caption
APP Group			
Senior secured APP bank facility	$ 103,552	$ 76,741	bank indebtedness
Senior secured APP bank facility	127,423	128,652	long term debt
Poortman facility (GBP 11.25 million)	4,802	5,105	bank indebtedness
Other	1,074	1,080	long term debt
	$ 236,851	$ 211,578	
Arbel/Other Entities (excluding AGT)			
Senior secured Advance Seed facility	$ 9,983	$ 9,372	bank indebtedness
Other	97	51	long term debt
	$ 10,080	$ 9,423	
AGT			
Notes outstanding	$ 121,635	$ 121,389	long term debt
Total debt	$ 368,566	$ 342,390	
March 31, 2015 financial statements			
Bank indebtedness	$ 118,337	$ 91,218	
Long term debt, including current portion	250,230	251,173	
	$ 368,567	$ 342,391	

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

	3 months ended March 31, 2015	3 months ended Dec 31, 2014	3 months ended Sept 30, 2014	3 months ended March 31, 2014	Difference March 31, 2015 to March 31, 2014
Cash flow from operating activities	$ (12,115)	$ (38,794)	$ 718	$ (27,924)	$ 15,809
Cash flow from financing activities	21,781	50,372	170	44,223	(22,442)
Cash flow from investing activities	(3,844)	(11,318)	(1,987)	(20,027)	16,183
Effect of exchange rate changes on cash	2,341	(17)	220	1,109	1,232
Change in cash	$ 8,163	$ 243	$ (879)	$ (2,619)	$ 10,782

	3 months ended March 31, 2015	3 months ended Dec 31, 2014	3 months ended Sept 30, 2014	3 months ended March 31, 2014	Difference March 31, 2015 to March 31, 2014
Non-cash working capital	$ (20,719)	$ (53,978)	$ (6,016)	$ (34,427)	$ 13,708

Cash flow from operating activities for the three months ended March 31, 2015 was a decrease of $12.1 million compared to a decrease of $27.9 million for the three months ended March 31, 2014 and compared to a decrease of $38.8 million for the three months ended December 31, 2014. The improvement when comparing the three months ended March 31, 2015 to the three months ended December 31, 2014 and to the three months ended March 31, 2014 is due to a decrease in non-cash working capital, largely relating to accounts payable.

Cash flow from financing activities for the three months ended March 31, 2015 was an increase of $21.8 million compared to an increase of $50.4 million for the three months ended December 31, 2014 and compared to an increase of $44.2 million for the three months ended March 31, 2014. The three months ended December 31, 2014 included the proceeds of the share offering that closed in November 2014. In addition, bank indebtedness and long-term debt proceeds were lower in the three months ended March 31, 2015 compared to the three months ended March 31, 2014.

Cash flow from investing activities for the three months ended March 31, 2015 was a decrease of $3.8 million compared to a decrease of $11.3 million for the three months ended December 31, 2014 and a decrease of $20.0 million for three months ended March 31, 2014. The change from the three months ended March 31, 2015 compared to the three months ended December 31, 2014 is due to lower capital expenditures. The three months ended March 31, 2014 included the AGT CLIC acquisition, resulting in a larger decrease.

Cash Flow Information – Non-Cash Working Capital

Non-cash working capital for the three months ended March 31, 2015 decreased by $20.7 million compared to a decrease of $54.0 million for the three months ended December 31, 2014 and compared to a decrease of $34.4 million for the three months ended March 31, 2014. The decrease is due to higher inventory and accounts receivable levels and is partially offset by increased accounts payable and accrued expenses.

Accounts Payable, accrued liabilities and deferred revenue

Accounts payable, accrued liabilities and deferred revenue decreased by $21.3 million, from $216.2 million at December 31, 2014 to $194.9 million at March 31, 2015. 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. $)

	Mar 31, 2015	Mar 31, 2014
Short term benefits (wage, bonus, vacation paid out, directors fees)	$ 1,011	$ 698
Post employment benefits (RRSP)	32	22
Other long term benefits including stock based compensation (long term incentive plan)	460	463
	$ 1,503	$ 1,183

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

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

	Mar 31, 2015	Dec 31, 2014
Accounts receivable	$ 272	$ 256
Accounts payable	3,236	3,104

	Mar 31, 2015	Mar 31, 2014
Purchases	$ 1,659	$ 2,446

AGT contracted labour and construction support for ongoing construction projects from entities owned or controlled by directors of AGT or its subsidiaries. The accounts payable in the table above relate primarily to deferred compensation for key management.

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 March 31, 2015 and concluded that AGT’s Disclosure Controls were effective.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("**ICFR**"), as defined by the CSA, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that AGT has disclosed any changes in its ICFR during its most recent 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 effectiveness of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at March 31, 2015, ICFR (as defined in NI 52-109) were designed effectively.

There were no changes in our ICFR during the period ended March 31, 2015 that have materially affected, or are reasonably likely to affect our ICFR.

New Standards and Interpretations

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

Proposed standards	Description	Previous Standard	Effective Date
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.

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 period ended March 31, 2015.

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 March 31, 2015, AGT had letters of credit in favour of the Canadian Grain Commission in the amount of $13.0 million (December 31, 2014 - $13 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 March 31, 2015, AGT had a letter of credit in favour of Lloyd's Bank in the United Kingdom in the amount of $15.2 million (December 31, 2014 – $13.9 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 March 31, 2015, AGT had a letter of guarantee in the amount of $2.8 million (December 31, 2014 - $2.8 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 unaudited consolidated financial position or results of operations. Should the ultimate resolution of actions differ from Management's assessments and assumptions, a material adjustment to AGT's financial position or results of operations could result. Should circumstances change, provisions could change materially.

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.

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 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.

Subsequent event

On April 14, 2015, AGT entered into separate agreements with WCRR and PPL to purchase their assets for $22 million and $4.65 million, respectively. The agreements are subject to a number of customary closing conditions, including, but not limited to, WCRR shareholder approval. It is expected that the transactions will close sometime during the second quarter.

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; the closing of the WCRR transaction 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 42.

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 three months ended March 31, 2015	For the three months ended March 31, 2014
Net earnings	$ 546	$ 9,212
(Deduct) Add:		
Income tax (recovery) expense	(261)	1,704
Depreciation and amortization expense	4,623	4,261
Finance expense	8,391	7,931
EBITDA	13,299	23,108
Non-cash foreign exchange loss (gain)	8,173	(7,149)
Non-recurring and other expenses [(1)]	1,145	1,117
Adjusted EBITDA*	**22,617**	**17,076**
Less:		
Finance expense	8,391	7,931
Depreciation and amortization expense	4,623	4,261
Income tax (recovery) expense	(261)	1,704
Adjusted net earnings*	**$ 9,864**	**$ 3,180**
Basic adjusted net earnings* per share	0.43	0.16
Diluted adjusted net earnings* per share	0.42	0.16
Basic weighted average number of shares outstanding	23,068,039	19,865,521
Diluted weighted average number of shares outstanding	23,292,371	20,162,811

(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)

	Mar 31, 2015	Dec 31, 2014
Current assets[(1)]	$ 616,424	$ 601,050
Current liabilities[(1)]	325,328	320,026
Net working capital*	$ 291,096	$ 281,024
Long term debt	$ 244,304	$ 245,242
Bank indebtedness and current portion of long term debt	124,263	97,149
Cash and cash equivalents	(37,482)	(29,319)
Net debt*	$ 331,085	$ 313,072

[(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 estimated production levels in Canada and the U.S. are being reported by Statistics Canada ("**StatsCan**") and the U.S. Department of Agriculture ("**USDA**") respectively. Canadian pulses crop production is expected to increase in 2015, reaching 6.3 million mt. U.S. pulses production outlook is reported as positive, with increases in production of lentils, peas and chickpeas/garbanzo beans expected in 2015. Record export levels for some Canadian pulses in 2014 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 2015[(1)]

	Area (acres)	Production (mt)	2014 Production (mt)
Lentils	3,350,000	2,171,000	1,837,000
Dry Peas	3,830,000	3,761,000	3,444,800
Edible Beans	273,000	242,000	273,100
Chickpeas	140,000	107,000	123,000
Total		6,281,000	5,677,900

(1) Effective April 23, 2015 from data and estimates available from StatsCan and STAT Publishing ("StatPub").

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

U.S. Pulse Production 2015[(1)]

	Area (acres)	Production (mt)	2014 Production (mt)
Lentils	385,000	215,900	152,726
Dry Peas	1,005,000	802,000	778,146
Edible Beans[(2)]	1,546,000	1,171,000	1,197,000
Chickpeas/Garbanzo Beans	196,900	135,642	127,370
Total		2,324,542	2,255,242

(1) Effective April 10, 2015 from data and estimates available from USDA and StatPub.
(2) Excluding garbanzo beans or chickpeas.

Canadian pulses exports continue to perform well in the first two months of 2015, remaining flat to slightly increased over 2014's record high export numbers as reported by StatsCan. Canadian exports in the January-February 2015 period increased overall as compared to the same period in 2014, driven by a strong 74.5% increase in chickpea exports as well as a modest 16.0% increase in lentils, with only pea exports recording a decrease in the period. Exports to traditional destinations, including India and subcontinent markets as well as markets in Turkey and the MENA region, continue to be reported as strong by StatsCan, with exports of lentils, chickpeas and beans all reported as increased overall over the same period in 2014. Canadian pea exports lagged slightly behind 2014 levels in this time period due to sluggish January exports; however, an above-average February and reports of increased import needs to come in the Indian subcontinent can be seen as positive indicators that peas will continue to improve in 2015. Turkish lentil imports in this period also lagged slightly behind 2014 due to poor January exports, but came back strong in February and are projected to trend in this direction in 2015.

Turkey

Turkish lentil production has averaged approximately 400,000 mt for some time, with similar production estimates in 2014-15 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. Total pulses imports by Turkey reached over 450,000 mt in the 2014 calendar year, a 37.2% increase over 2013 and well over the five-year average of nearly 288,000 mt. Canada continued to be a significant supplier for 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 for 2015-16 is estimated by Agriculture and Agri-Food Canada (“AAFC”) to increase to 36.4 million mt, with production in Canada forecast to rise by 6% to 5.5 Mt and U.S. durum production forecast at 1.8 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 for 2015 are reported by Australian Bureau of Agricultural and Resource Economics and Sciences (“ABARES”) as up 12.8%, recovering from 2014’s lower production numbers and signaling a potential return to historic levels.

Current ABARES estimates for pulses production are as follows:

Australian Pulse Production 2015 Estimates[1]

	Area (acres)	Production (mt)	2014 Production (mt)
Lentils	439,838	302,700	255,000
Field Peas (All)	681,996	372,000	284,000
Chickpeas (All)	1,022,994	522,400	517,000
Lupins (All)	1,072,414	550,900	563,000
Faba Beans	479,384	360,400	251,000
Total		2,108,400	1,870,000

(1) Effective April 10, 2015 from data and estimates available from ABARES and 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 continuing to increase according to StatPub, with total pulse imports expected to total just over 4 million mt in the 2015-16 season, an increase of 15.7% over 2013-14 and flat to 2014-15 totals. Full year 2014 data from StatsCan showed an overall 14.6% increase in exports of Canadian pulses to India, a trend which is expected to continue in 2015. This data supports 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 September 30, 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.

Weak monsoon rains will limit output of Indian pulses crops in 2015-16, likely resulting in a harvest as small as 17.8 million mt of pulses, down significantly from the record 19.8 million mt output in 2013-14. Indian chickpea production in particular may fall by as much as 20 percent, likely resulting in continued strong import volumes. Despite attempts by the Indian government to boost domestic production and reduce import levels of pulses, which are viewed as an "essential commodity", pulse imports to India may remain high in the coming year. Additionally, as a result of weak monsoon rains, USDA has 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 31,000 mt of lentils, 275,000 mt of chickpeas and 1.93 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 FAO estimates 4.5 million mt of pulse production in 2013, 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. Approximately 817,000 mt of pulses were imported into China in the 2014 calendar year, primarily peas for domestic starch extraction for vermicelli noodle production, moon cakes and snack foods. This may provide an entry point for Canadian, U.S. and Australian whole green peas, pea starch, green pea powder and sprouting green peas as well as flax. Pulse ingredient flours, particularly starches, are extensively used in South East Asia for the production of extruded snacks and other foods as well.