AGT
FOOD AND INGREDIENTS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

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

Unaudited Consolidated Statements of Financial Position
as at

(Stated in thousands of Canadian Dollars)

	Note	Mar 31, 2016	Dec 31, 2015
Assets			
Cash		$ 27,995	$ 22,306
Trade accounts receivable	10	182,581	284,539
Derivative assets	9	22,321	3,233
Inventory	4	398,756	430,277
Prepaid expenses and other		67,341	52,895
Income tax receivable		307	426
Total current assets		**699,301**	**793,676**
Property, plant and equipment	5	405,965	402,418
Intangible assets	6	14,972	15,474
Goodwill	6	64,557	65,947
Deferred income tax assets		14,702	16,555
Other		2,563	2,498
Total assets		**$ 1,202,060**	**$ 1,296,568**
Liabilities			
Bank indebtedness		$ 176,968	$ 139,102
Accounts payable and accrued liabilities		212,877	330,381
Derivative liabilities	9	38,281	66,536
Deferred revenue		7,687	12,940
Income taxes payable		9,215	1,092
Current portion of long-term debt	7	13,188	12,362
Dividends payable		3,584	3,571
Total current liabilities		**461,800**	**565,984**
Long-term debt	7	344,301	344,339
Deferred income tax liabilities		29,430	29,327
Total liabilities		**835,531**	**939,650**
Shareholders' equity			
Share capital	8	374,176	372,652
Contributed surplus		601	897
Accumulated other comprehensive loss		(42,021)	(26,982)
Retained earnings		33,773	10,351
Total shareholders' equity		**366,529**	**356,918**
Total liabilities and shareholders' equity		**$ 1,202,060**	**$ 1,296,568**

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

AGT FOOD AND INGREDIENTS INC.

Unaudited Consolidated Statements of Comprehensive Income
For the period ended March 31

(Stated in thousands of Canadian Dollars)

	Note	3 Months 2016	2015
Revenues		$ 441,393	$ 385,230
Cost of sales		395,439	350,731
Gross profit		45,954	34,499
General and administrative expenses		14,803	10,954
Marketing, sales and distribution expenses		8,605	6,696
Earnings from operations		**22,546**	**16,849**
Other expenses:			
Unrealized foreign exchange (gain) loss		(24,519)	8,173
Finance expense	11	9,100	8,391
Earnings before income tax		**37,965**	**285**
Income tax expense (recovery)		10,959	(261)
Net earnings		**27,006**	**546**
Other comprehensive (loss) income due to changes in foreign exchange, net of tax		(15,039)	3,592
Total comprehensive income		**$ 11,967**	**$ 4,138**
Basic net earnings per share		$ 1.13	$ 0.02
Diluted net earnings per share		$ 1.12	$ 0.02
Basic weighted average number of shares		23,809,054	23,068,039
Diluted weighted average number of shares		24,010,236	23,292,371

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

FOOD AND INGREDIENTS INC.

Unaudited Consolidated Statements of Changes in Equity

(Stated in thousands of Canadian Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings	Total
Balance at January 1, 2016	$ 372,652	$ 897	$ (26,982)	$ 10,351	**$ 356,918**
Net earnings	-	-	-	27,006	**27,006**
Other comprehensive loss due to changes in foreign exchange [(1)]	-	-	(15,039)	-	**(15,039)**
Total comprehensive (loss) income	-	-	(15,039)	27,006	**11,967**
Share based compensation	1,524	(317)	-	-	**1,207**
Dividends to shareholders	-	-	-	(3,584)	**(3,584)**
Other	-	21	-	-	**21**
Balance at March 31, 2016	**$ 374,176**	**$ 601**	**$ (42,021)**	**$ 33,773**	**$ 366,529**

	Share capital	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings	Total
Balance at January 1, 2015	$ 350,816	$ 853	$ (37,857)	$ 8,258	**$ 322,070**
Net earnings	-	-	-	546	**546**
Other comprehensive income due to changes in foreign exchange [(1)]	-	-	3,592	-	**3,592**
Total comprehensive income	-	-	3,592	546	**4,138**
Share based compensation	106	48	-	-	**154**
Dividends to shareholders	-	-	-	(3,460)	**(3,460)**
Balance at March 31, 2015	**$ 350,922**	**$ 901**	**$ (34,265)**	**$ 5,344**	**$ 322,902**

[(1)] Net of tax of $692 (2015- nil)

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

AGT FOOD AND INGREDIENTS INC.

Unaudited Consolidated Statements of Cash Flow

For the three months ended March 31

(Stated in thousands of Canadian Dollars)

	Note	2016	2015
Cash from (used for) the following:			
Operating activities			
Net earnings		$ 27,006	$ 546
Adjustments to operating cash flows	12	2,714	19,505
Interest paid		(9,004)	(8,753)
Income taxes paid		(1,018)	(2,694)
Non-cash working capital	12	(31,282)	(20,719)
		(11,584)	(12,115)
Financing activities			
Increase in bank indebtedness		38,096	26,715
Proceeds from long-term debt, net of issue costs		2,152	-
Repayment of long term debt		(2,147)	(1,474)
Shares issued pursuant to stock option plan		1,207	-
Dividends paid		(3,571)	(3,460)
		35,737	21,781
Investing activities			
Purchase of property, plant and equipment and intangible assets		(19,261)	(3,806)
Proceeds from the sale of property, plant and equipment and insurance proceeds		-	18
Other		-	(56)
		(19,261)	(3,844)
Effect of exchange rate changes on cash		797	2,341
Increase in cash position		$ 5,689	$ 8,163
Cash position, beginning of the period		**$ 22,306**	**$ 29,319**
Cash position, end of the period		**$ 27,995**	**$ 37,482**

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

1. Reporting entity

AGT Food and Ingredients Inc. ("AGT") head office is located in Canada. The address of AGT's registered office is 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. The management of day-to-day operations is carried out at 6200 E. Primrose Green Drive, Regina, Saskatchewan S4V 3L7. The unaudited condensed consolidated interim financial statements ("Financial Statements") of AGT are comprised of AGT and its subsidiaries. AGT is engaged in the business of sourcing and value-added processing (cleaning, splitting, sorting and bagging) of pulses and specialty crops for export and domestic markets including a full range of lentils, peas, chickpeas, beans and canary seed, as well as the production and distribution of food ingredient products such as pulse flours, proteins, starches, fibres and staple foods such as pasta, rice, and milled wheat products. AGT also operates canning, small packaging and distribution facilities for the supply of products to retail and food service customers. The results included in the Financial Statements should not be taken as indicative of the performance to be expected for the full year due to the seasonal nature of AGT's business. AGT's common shares are traded on the Toronto Stock Exchange under the symbol AGT.

2. Basis of presentation

(a) Statement of compliance

The Financial Statements and the notes thereto have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with AGT's annual consolidated financial statements as at and for the year ended December 31, 2015. Except as disclosed in note 3, there have been no changes to AGT's accounting policies from those disclosed in AGT's annual consolidated financial statements as at and for the year ended December 31, 2015.

The Financial Statements were approved and authorized for issue by the Board of Directors on May 10, 2016.

(b) Basis of measurement

All Financial Statements are expressed in Canadian dollars, AGT's presentation currency. All financial information has been rounded to the nearest thousand, with the exception of share units and per share amounts or unless otherwise noted. The Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. (note 9)

2. Basis of presentation – continued

(c) Use of estimates and judgments

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

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

The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the 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. At each reporting period, AGT also uses significant judgment in evaluating if a triggering event occurs which would warrant an evaluation of impairment of long - lived and intangible assets based on the identified CGU's.

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

- **Accounting for Income Taxes**

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its Financial Statements. Significant judgment is required related to the classification of transactions and assessment of probable outcomes 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 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. See note 10.

2. Basis of presentation – continued

(c) Use of estimates and judgments – continued

- **Fair value of derivative instruments**

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

- **Functional currency**

The identification of functional currency for each of the legal entities involves significant judgment. AGT has utilized this judgment and summarized the results in note 3(c) of AGT's 2015 annual consolidated financial statements.

- **Business combinations**

The purchase price related to a business combination or asset acquisition is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires AGT to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts AGT's reported assets and liabilities and future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

3. Significant accounting policies

These Financial Statements and notes thereto have been prepared using accounting policies consistent with those used in preparing AGT's 2015 annual consolidated financial statements. While management believes that the disclosures presented are adequate to make the information not misleading, these Financial Statements and notes thereto should be read in conjunction with AGT's interim management's discussion and analysis (MD&A) and the 2015 annual consolidated financial statements and notes thereto.

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

(Stated in thousands of Canadian dollars)

3. Significant accounting policies - continued

(a) New standards and interpretations

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

Proposed standards	Description	Previous Standard	Effective Date
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, 2018
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
IFRS 16 Leases	This new standard requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.	IAS 17 Leases	Fiscal years beginning on or after January 1, 2019

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. AGT does not expect any significant impact.

(Stated in thousands of Canadian dollars)

4. Inventory

	Mar 31, 2016	Dec 31, 2015
Raw materials	$ 211,853	$ 217,410
Processed/ split product	157,026	181,417
Packaged product	23,444	24,566
Other	6,433	6,884
	$ 398,756	$ 430,277

	Mar 31, 2016	Mar 31, 2015
Inventory expensed in cost of goods sold	$ 369,034	$ 323,391

5. Property, plant and equipment

Cost	Land	Building, Rail and Site improvement	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Construction in Progress	Total
Balance at December 31, 2014	$ 19,596	$ 103,611	$ 169,708	$ 8,089	$ 6,756	$ 12,170	**$ 319,930**
Additions	2,173	6,683	4,754	2,327	892	34,352	**51,181**
Disposals	(313)	(25)	(820)	(561)	(83)	-	**(1,802)**
Acquisitions through business combinations	1,962	93,163	21,291	518	630	-	**117,564**
Transfers between categories	565	1,517	6,348	616	840	(9,886)	**-**
Effects of movements in exchange rates	233	4,619	7,929	(48)	176	756	**13,665**
Balance at December 31, 2015	$ 24,216	$ 209,568	$ 209,210	$ 10,941	$ 9,211	$ 37,392	**$ 500,538**
Additions	-	248	1,178	47	244	17,216	**18,933**
Disposals	-	-	(2)	-	(14)	-	**(16)**
Transfers between categories	-	250	880	1,673	88	(2,891)	**-**
Effects of movements in exchange rates	(499)	(3,441)	(5,685)	(116)	(230)	(1,594)	**(11,565)**
Balance at March 31, 2016	$ 23,717	$ 206,625	$ 205,581	$ 12,545	$ 9,299	$ 50,123	**$ 507,890**
Accumulated Depreciation							
Balance at December 31, 2014	$ -	$ 13,308	$ 57,503	$ 4,418	$ 3,660	$ -	**$ 78,889**
Depreciation	-	3,604	12,897	1,074	1,149	-	**18,724**
Disposals	-	(24)	(519)	(314)	(46)	-	**(903)**
Effects of movements in exchange rates	-	279	1,079	(27)	79	-	**1,410**
Balance at December 31, 2015	$ -	$ 17,167	$ 70,960	$ 5,151	$ 4,842	$ -	**$ 98,120**
Depreciation	-	1,811	3,658	380	343	-	**6,192**
Disposals	-	-	(1)	-	(10)	-	**(11)**
Effects of movements in exchange rates	-	(366)	(1,814)	(53)	(143)	-	**(2,376)**
Balance at March 31, 2016	$ -	$ 18,612	$ 72,803	$ 5,478	$ 5,032	$ -	**$ 101,925**
Net Book Value at December 31, 2015	**$ 24,216**	**$ 192,401**	**$ 138,250**	**$ 5,790**	**$ 4,369**	**$ 37,392**	**$ 402,418**
Net Book Value at March 31, 2016	**$ 23,717**	**$ 188,013**	**$ 132,778**	**$ 7,067**	**$ 4,267**	**$ 50,123**	**$ 405,965**

(Stated in thousands of Canadian dollars)

6. Intangibles and goodwill

Cost	Indefinite Life Intangible Assets-Brands	Rights	Customer Relationships	Other Intangible Assets	**Total Intangible Assets**	Goodwill	**Total**
Balance at December 31, 2014	$ 6,705	$ 1,946	$ 5,928	$ 1,254	**$ 15,833**	$ 58,116	**$ 73,949**
Additions	-	17	-	1,055	**1,072**	-	**1,072**
Disposals	-	(2)	-	-	**(2)**	-	**(2)**
Acquisitions through business combinations	-	-	-	2,400	**2,400**	8,900	**11,300**
Effects of movements in exchange rates	(123)	177	285	(15)	**324**	(1,069)	**(745)**
Balance at December 31, 2015	$ 6,582	$ 2,138	$ 6,213	$ 4,694	**$ 19,627**	$ 65,947	**$ 85,574**
Additions	-	-	-	328	**328**	-	**328**
Effects of movements in exchange rates	(81)	(105)	(392)	(15)	**(593)**	(1,390)	**(1,983)**
Balance at March 31, 2016	$ 6,501	$ 2,033	$ 5,821	$ 5,007	**$ 19,362**	$ 64,557	**$ 83,919**
Accumulated Amortization							
Balance at December 31, 2014	$ -	$ 268	$ 2,523	$ 260	**$ 3,051**	$ -	**$ 3,051**
Amortization	-	164	610	208	**982**	-	**982**
Disposals	-	(1)	-	-	**(1)**	-	**(1)**
Effects of movements in exchange rates	-	(3)	134	(10)	**121**	-	**121**
Balance at December 31, 2015	$ -	$ 428	$ 3,267	$ 458	**$ 4,153**	$ -	**$ 4,153**
Amortization	-	40	151	279	**470**	-	**470**
Effects of movements in exchange rates	-	(15)	(208)	(10)	**(233)**	-	**(233)**
Balance at March 31, 2016	$ -	$ 453	$ 3,210	$ 727	**$ 4,390**	$ -	**$ 4,390**
Net carrying amounts							
At December 31, 2015	**6,582**	**1,710**	**2,946**	**4,236**	**15,474**	**65,947**	**81,421**
At March 31, 2016	**6,501**	**1,580**	**2,611**	**4,280**	**14,972**	**64,557**	**79,529**

(Stated in thousands of Canadian dollars)

7. Long term debt

		Mar 31, 2016		Dec 31, 2015
Senior secured second lien notes, bearing an interest rate of 9% per annum, with semi-annual payments of interest only maturing in February 2018, secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries.[1]	$	122,701	$	122,428
Loan payable, bearing an interest rate of prime plus 0.5%, (December 31, 2015 - prime plus 0.5%), with monthly payments of interest only, due January 2018, secured by Canadian, US and Australian property, plant and equipment, accounts receivable and inventory.		111,231		111,174
Loan payable, bearing an interest rate of prime plus 0.5%, (December 31, 2015 - Canadian Bankers Acceptance rate plus 0.5%) with monthly payments of interest only and quarterly payments of $1,500 principal, due January 2018, secured by Canadian, US and Australian property, plant and equipment, accounts receivable and inventory.		70,302		71,775
Non-interest bearing note payable with five annual payments of $3,900, commencing October 2016 and concluding October 2020 (effective interest rate 1.5%).		17,875		17,779
Loan payable, bearing an interest rate up to 5% (December 31, 2015 - interest rate up to 5%), with annual payments of $1,000 principal, due annually in December concluding in September 2027, secured by a debenture charging the purchased assets in favour of the lender and certain property, plant, and equipment.		15,500		15,500
Mortgage payable, bearing an interest rate of Business Development Bank of Canada prime rate minus 1.5% (December 31, 2015 - Business Development Bank of Canada prime rate minus 1.5%), with monthly variable interest payments commencing December 2015 combined with principal payments of $30 commencing September 2016 and all concluding August 2036, secured by security interests against real property owned by AGT and certain of its subsidiaries.		7,125		7,125
Loans payable bearing variable interest rates ranging from 5% to 6% (December 2015 - 5% to 6%), with monthly payments of $80, due dates ranging from September 2019 to May 2040 (December 2015: due dates ranging from September 2019 to May 2040), secured by general security agreements and certain Canadian property, plant, and equipment.		6,894		6,375
Other		5,861		4,545
	$	357,489	$	356,701
Total current portion		(13,188)		(12,362)
	$	344,301	$	344,339

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

i) On or after February 14, 2016 a 6.8% premium.
ii) No premium on or after February 14, 2017

(Stated in thousands of Canadian dollars)

7. Long term debt - continued

The estimated contractual maturities for term loans in each of the next five periods are as follows:

2016-17	$	13,188
2017-18		305,725
2018-19		7,448
2019-20		6,576
Thereafter		24,552
	$	357,489

For the long term debt that is variable rate debt, the carrying value (CV) approximates its fair value (FV). For the long term debt that is fixed rate debt, at March 31, 2016, CV: $165,268 and FV: $171,497 (December 31, 2015- CV: 164,653 and FV: $174,122).

(Stated in thousands of Canadian dollars)

8. Share capital

(a) Authorized

Unlimited number of voting common shares without par value

(b) Issued and outstanding

	# of Common Shares		Amount
Issued and outstanding December 31, 2014	23,062,021	$	350,816
Issuance of shares pursuant to stock option plan	16,666		267
Issuance of shares pursuant to acquisition	722,803		21,569
Balance, December 31, 2015	23,801,490	$	372,652
Issuance of shares pursuant to stock option plan	94,999		1,524
Balance, March 31, 2016	23,896,489	$	374,176

(c) Stock option plan

AGT has a stock option plan for its employees, officers and directors. Options are granted at an exercise price set at the closing market price of AGT's common shares on the day proceeding the date on which the option is granted and are exercisable within 5 years. Options are granted with graded vesting terms. One third of the options granted vest on the second anniversary date of the grant, one third vests on the third anniversary date of the grant and one third of the options vest on the fourth anniversary of the grant.

	Mar 31, 2016			Dec 31, 2015		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Stock options outstanding, beginning of year	403,334	$	12.71	420,000	$	12.71
Exercised	(94,999)		12.71	(16,666)		12.71
Stock options outstanding, end of period[1]	308,335	$	12.71	403,334	$	12.71
Stock options exercisable, end of period[1]	166,669	$	12.71	261,667	$	12.71

[1] The exercise price for all options are $12.71 per share. All options will be vested in 2016 and will expire between April and June 2017.

The fair value of options granted under the stock option plan was measured based on the Black-Scholes option-pricing model.

(Stated in thousands of Canadian dollars)

8. Share capital - continued

(d) Restricted share units and other plans

AGT has implemented a long term incentive plan, which includes restricted share units (RSU) to executives and certain other senior management. The number of restricted share units is determined based on an average share price from the week of the grant date. The number of share units granted to each individual is then determined based on the bonus given to each employee, divided by the average price. These RSU's will be settled in cash, on or after the vesting date. RSU's vest at a rate of 50% on the two year anniversary of the grant date and the remainder on the three year anniversary of the grant date and are settled at each respective vesting date. Amounts are not payable if the employee is not with AGT at the vesting date, but are being recognized as an expense over the vesting period primarily in general and administration expenses.

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

	Mar 31, 2016	Dec 31, 2015
	Number of RSU's	**Number of RSU's**
Opening at the beginning of the period	284,795	318,619
Granted during the period	1,205	103,545
Forfeited during the period	-	(4,985)
Vested and settled during the period	-	(132,384)
Outstanding at the end of the period	286,000	284,795
Fair value	$ 10,336	$ 9,217
Vested and accrued	$ 7,489	$ 5,773

Restricted share units granted are recorded at the fair value of the amount payable and recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured using a Black-Scholes model at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as an employee expense in earnings.

(Stated in thousands of Canadian dollars)

9. Financial instruments

Fair values

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

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

Level 1 – values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. There were no items measured at fair value using Level 1 in 2015 or 2016.

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

Level 3 – values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. There were no items measured at fair value using Level 3 in 2015 or 2016.

The fair value of long-term debt with fixed interest rates is estimated based on readily available market information from a third party.

The following items, shown in the Unaudited Consolidated Statement of Financial Position as at March 31, 2016 and December 31, 2015 are measured at fair value on a recurring basis using Level 2 inputs:

Mar 31, 2016	**Level 2**	**Total**	**Change in fair value recognized in unrealized foreign exchange gain**
Derivative assets	$ 22,321	$ 22,321	$ 19,088
Derivative liabilities	(38,281)	(38,281)	28,255
	$ (15,960)	$ (15,960)	$ 47,343

Dec 31, 2015	**Level 2**	**Total**	**Change in fair value recognized in unrealized foreign exchange gain (loss)**
Derivative assets	$ 3,233	$ 3,233	$ 333
Derivative liabilities	(66,536)	(66,536)	(35,653)
	$ (63,303)	$ (63,303)	$ (35,320)

(Stated in thousands of Canadian dollars)

10. Accounts receivable securitization

AGT has a Master Receivables Purchase Agreement with the Bank of Nova Scotia (BNS). This agreement allows the sale of specific Turkish trade accounts receivable that are insured through Export Development Canada (EDC) to the BNS. The agreement permits AGT to securitize up to $51,948 ($40,000 USD) worth of insured receivables. AGT has derecognized the receivables from the Financial Statements as substantially all of the risks and rewards of ownership have been transferred.

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

As at March 31, 2016, AGT has sold for cash proceeds $51,726 (December 31, 2015 – $55,360) of trade accounts receivable from the Financial Statements and incurred $216 (March 31, 2015- $164) in transaction fees which are included in finance expense.

11. Finance expense

	Mar 31, 2016	Mar 31, 2015
Interest bank indebtedness	$ 2,626	$ 1,952
Interest on long term debt	4,294	3,562
Trade finance fees and expenses	668	1,543
Amortization of note discount and debt fees	469	346
Foreign exchange on financing activities	1,733	988
Fair value adjustment on derivative asset	(690)	-
	$ 9,100	$ 8,391

(Stated in thousands of Canadian dollars)

12. Cash flow support

Adjustments to operating cash flow

	Note	Mar 31, 2016	Mar 31, 2015
Depreciation and amortization in general and administration		1,008	723
Depreciation in cost of sales		5,601	3,900
Amortization of note discount and debt fees	11	469	346
Fair value adjustment on derivative asset	11	(690)	-
Unrealized foreign exchange (gain) loss		(24,519)	8,173
Loss (gain) on disposal of property, plant and equipment		5	(7)
Interest expense	11	6,920	5,514
Share based compensation		2,027	939
Provision for doubtful accounts		934	178
Income tax expense (recovery)		10,959	(261)
		2,714	**19,505**

Non-cash working capital

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

	Mar 31, 2016	Mar 31, 2015
Decrease (Increase) in current assets:		
Trade accounts receivable	$ 84,774	$ 15,474
Inventory	20,184	(2,607)
Prepaid expenses and other	(18,422)	(7,105)
	$ 86,536	$ 5,762
Decrease in current liabilities:		
Accounts payable, accrued liabilities and deferred revenue	(117,818)	(26,481)
	$ (117,818)	$ (26,481)
	$ (31,282)	$ (20,719)

(Stated in thousands of Canadian dollars)

13. Related party transactions

(a) Key management personnel

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

		Mar 31, 2016		Mar 31, 2015
Short term benefits (wage, bonus, vacation paid out, directors fees)	$	1,035	$	1,011
Post employment benefits (RRSP)		33		32
Other long term benefits including stock based compensation (long term incentive plan)		1,091		460
	$	2,159	$	1,503

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, 2016		Dec 31, 2015
Accounts receivable	$	297	$	134
Accounts payable		1,936		3,383

		Mar 31, 2016		Mar 31, 2015
Purchases	$	-	$	1,364

(b) Transactions with other related parties

		Mar 31, 2016		Dec 31, 2015
Accounts payable	$	91	$	404
Current portion of long-term debt		3,789		3,789
Long-term debt		13,433		13,433

		Mar 31, 2016		Mar 31, 2015
Purchases	$	194	$	295

The table above relates primarily to note payable commitments arising from business combinations.

14. Segmented Reporting

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) pulse and grain processing (2) trading and distribution and (3) food ingredients and packaged foods.

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

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

Food ingredients and packaged foods includes the results from the 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.

** Adjusted EBITDA (earnings before finance expense, income taxes, depreciation and amortization, one-time costs and any effects of non-cash foreign exchange adjustment) is a non-IFRS measure. See "Non-IFRS Financial Measures" in the management's discussion and analysis of AGT for the three months ended March 31, 2016 and 2015 for a reconciliation of Adjusted EBITDA to EBITDA (earnings before finance expense, income taxes, depreciation and amortization).

(Stated in thousands of Canadian dollars)

14. Segmented Reporting- continued

Three months ended Mar 31, 2016	Pulse and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	$ 300,513	$ 127,052	$ 66,583	$ (52,755)	**$ 441,393**
Cost of sales	271,496	121,684	55,014	(52,755)	**395,439**
Gross profit	29,017	5,368	11,569	-	**45,954**
Earnings (loss) before income tax	**19,208**	**1,404**	**7,228**	**10,125**	**37,965**
Net earnings (loss)	**19,208**	**1,404**	**7,228**	**(834)**	**27,006**
Adjusted EBITDA**	**$ 24,039**	**$ 1,846**	**$ 9,170**	**$ (3,665)**	**$ 31,390**

Three months ended Mar 31, 2015	Pulse and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	$ 272,358	$ 95,865	$ 62,730	$ (45,723)	**$ 385,230**
Cost of sales	251,663	91,711	53,080	(45,723)	**350,731**
Gross profit	20,695	4,154	9,650	-	**34,499**
Earnings (loss) before income tax	**14,037**	**263**	**5,118**	**(19,133)**	**285**
Net earnings (loss)	**14,037**	**263**	**5,118**	**(18,872)**	**546**
Adjusted EBITDA**	**$ 16,973**	**$ 471**	**$ 6,945**	**$ (1,772)**	**$ 22,617**

Mar 31, 2016	Pulse and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Intangible assets	5,457	1,510	8,005	-	**14,972**
Goodwill	41,123	8,470	14,964	-	**64,557**
Dec 31, 2015					
Intangible assets	5,525	1,741	8,208	-	**15,474**
Goodwill	41,564	8,979	15,404	-	**65,947**

Mar 31, 2016	Pulse and Grain Processing	Trading and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Purchase of property, plant and equipment	6,987	26	11,920	-	**18,933**
Depreciation and amortization	4,081	211	1,801	516	**6,609**
Mar 31, 2015					
Purchase of property, plant and equipment	2,264	23	1,401	-	**3,688**
Depreciation and amortization	2,560	50	1,709	304	**4,623**

(Stated in thousands of Canadian dollars)

15. Sales and selected geographic information

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

		Mar 31, 2016		Mar 31, 2015
Pulses and specialty crops	$	273,384	$	235,838
Pasta, semolina and bulgur		35,432		39,155
Rice, other commodities and miscellaneous revenue		132,577		110,237
	$	441,393	$	385,230

Sales derived from customers located in the following geographic areas:

		Mar 31, 2016		Mar 31, 2015
Canada	$	24,796	$	14,869
Americas / Caribbean, excluding Canada		74,726		30,906
Asia / Pacific Rim		77,281		81,412
Europe / Middle East / Africa		264,590		258,043
	$	441,393	$	385,230

(Stated in thousands of Canadian dollars)

15. Sales and selected geographic information - continued

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

	Property, plant and equipment	
	Mar 31, 2016	Dec 31, 2015
Canada	$ 191,387	$ 188,887
United States	87,687	84,710
Turkey	81,105	81,960
Australia	34,517	35,173
China	6,994	7,535
South Africa	4,275	4,153
	$ 405,965	$ 402,418

	Intangibles	
	Mar 31, 2016	Dec 31, 2015
Canada	$ 8,025	$ 8,005
Turkey	3,892	4,075
United Kingdom	1,509	1,741
China	1,469	1,565
South Africa	77	88
	$ 14,972	$ 15,474

	Goodwill	
	Mar 31, 2016	Dec 31, 2015
Turkey	$ 32,162	$ 33,191
Canada	28,503	28,503
United Kingdom	3,829	4,189
Australia	50	50
United States	13	14
	$ 64,557	$ 65,947

16. 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, 2016, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of $13,000 (December 31, 2015 - $13,000). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit for $13,000 expires December 31, 2016.

At March 31, 2016, AGT had letters of guarantee in Turkey for the amount of $4,065 (December 31, 2015 - $4,166).

At March 31, 2016, AGT had capital project commitments related to the food ingredients and packaged food segment for the amount of $3,285 (December 31, 2015 - $3,489).

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.