UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

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

AGT FOOD AND INGREDIENTS INC.

Unaudited Consolidated Statements of Financial Position
as at

(Stated in thousands of Canadian Dollars)

	Note		Mar 31, 2017		Dec 31, 2016
Assets					
Cash		$	19,108	$	29,025
Trade accounts receivable			227,831		279,782
Derivative assets	9		4,078		1,695
Inventory	4		309,302		323,320
Prepaid expenses and other			96,645		113,631
Income tax receivable			6,417		5,012
Total current assets			**663,381**		**752,465**
Property, plant and equipment	5		440,194		436,108
Intangible assets	6		14,113		14,259
Goodwill	6		57,585		58,656
Deferred income tax assets			25,262		19,518
Other			11,338		11,296
Total assets		**$**	**1,211,873**	**$**	**1,292,302**
Liabilities					
Bank indebtedness		$	112,289	$	19,720
Accounts payable and accrued liabilities			235,675		322,155
Derivative liabilities	9		57,457		56,341
Deferred revenue			8,780		7,979
Income taxes payable			3,966		2,749
Current portion of long-term debt	7		15,540		137,219
Dividends payable			3,635		3,590
Total current liabilities			**437,342**		**549,753**
Long-term debt	7		453,347		410,776
Deferred income tax liabilities			30,267		29,151
Total liabilities			**920,956**		**989,680**
Shareholders' equity					
Share capital	8		379,961		375,459
Contributed surplus			-		667
Accumulated other comprehensive loss			(96,001)		(90,555)
Retained earnings			6,957		17,051
Total shareholders' equity			**290,917**		**302,622**
Total liabilities and shareholders' equity		**$**	**1,211,873**	**$**	**1,292,302**

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

AGT FOOD AND INGREDIENTS INC.

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

(Stated in thousands of Canadian Dollars)

	Note		3 Months 2017		2016
Revenues		$	520,905	$	441,393
Cost of sales			487,979		395,439
Gross profit			32,926		45,954
General and administrative expenses			12,847		14,803
Marketing, sales and distribution expenses			9,044		8,605
Earnings from operations			**11,035**		**22,546**
Other expenses:					
Unrealized foreign exchange loss (gain)			11,505		(24,519)
Finance expense	11		8,492		9,100
(Loss) Earnings before income tax			**(8,962)**		**37,965**
Income tax (recovery) expense			(2,525)		10,959
Net (loss) earnings			**(6,437)**		**27,006**
Other comprehensive loss due to changes in foreign exchange, net of tax			(5,446)		(15,039)
Total comprehensive (loss) income		**$**	**(11,883)**	**$**	**11,967**
Basic net (loss) earnings per share	8	$	(0.27)	$	1.13
Diluted net (loss) earnings per share	8	$	(0.27)	$	1.12
Basic weighted average number of shares	8		23,979,036		23,809,054
Diluted weighted average number of shares	8		23,979,036		24,010,236

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

AGT FOOD AND INGREDIENTS INC.

Unaudited Consolidated Statements of Changes in Equity

(Stated in thousands of Canadian Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive (loss)	Retained earnings	Total
Balance at January 1, 2017	$ 375,459	$ 667	$ (90,555)	$ 17,051	**$ 302,622**
Net loss	-	-	-	(6,437)	**(6,437)**
Other comprehensive loss due to changes in foreign exchange [1]	-	-	(5,446)	-	**(5,446)**
Total comprehensive (loss)	-	-	(5,446)	(6,437)	**(11,883)**
Share based compensation	4,502	(667)	-	-	**3,835**
Dividends to shareholders	-	-	-	(3,635)	**(3,635)**
Other	-	-	-	(22)	**(22)**
Balance at March 31, 2017	**$ 379,961**	**$ -**	**$ (96,001)**	**$ 6,957**	**$ 290,917**
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**

[1] Net of tax of $1,151 (2016- $692). Net of cumulative tax of $8,560.

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

AGT FOOD AND INGREDIENTS INC.

Unaudited Consolidated Statements of Cash Flow
For the three months ended March 31

(Stated in thousands of Canadian Dollars)

	Note	2017	2016
Cash (used for) from the following:			
Operating activities			
Net (loss) earnings		$ (6,437)	$ 27,006
Adjustments to operating cash flows	12	24,759	2,714
Interest paid		(8,754)	(9,004)
Income taxes paid		(2,426)	(1,018)
Non-cash working capital	12	(12,634)	(31,282)
		(5,492)	(11,584)
Financing activities			
Increase in bank indebtedness		92,396	38,096
Proceeds from long-term debt, net of issue costs		46,504	2,152
Repayment of long term debt		(127,545)	(2,147)
Shares issued pursuant to stock options plan		3,835	1,207
Dividends paid		(3,590)	(3,571)
		11,600	35,737
Investing activities			
Purchase of property, plant and equipment and intangible assets		(14,359)	(19,261)
Proceeds from the sale of property, plant and equipment and insurance funds received		252	-
		(14,107)	(19,261)
Effect of exchange rate changes on cash		(1,918)	797
(Decrease) increase in cash position		$ (9,917)	$ 5,689
Cash position, beginning of the period		**$ 29,025**	**$ 22,306**
Cash position, end of the period		**$ 19,108**	**$ 27,995**

The accompanying notes are an integral part of these unaudited condensed consolidated interim 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 40 King Street West, Scotia Plaza, Suite 2100, Toronto, Ontario, M5H 3C2. 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, 2016. 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, 2016.

The Financial Statements were approved and authorized for issue by the Board of Directors on May 6, 2017.

(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. 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 2016 annual audited 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 2016 annual audited 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 2016 annual audited 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 Standard	Description	Previous Standard	Effective Date
IFRS 15 Revenue from Contracts with Customers	The new 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, applied retrospectively
IFRS 9 Financial Instruments	The new standard is a single financial instrument accounting standard addressing classification and measurement, impairment and hedge accounting.	IAS 39; IAS 32; IFRS 7 - Financial Instruments: Recognition and Measurement; Presentation; Disclosure	Fiscal years beginning on or after January 1, 2018, applied retrospectively with certain exceptions
IFRS 2 Share-based Payment Amendment	The amendment clarifies how to account for and measure certain types of share-based payment transactions.	IFRS 2 Share-based Payment	Fiscal years beginning on or after January 1, 2018, applied prospectively
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt.	IAS 21 The Effects of Changes in Foreign Exchange Rates	Fiscal years beginning on or after January 1, 2018, applied retrospectively or prospectively
IFRS 16 Leases	The new standard requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. 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, applied retrospectively

Management is assessing the potential impact of standards, amendments and interpretations effective in future years for impacts on both quantitative and qualitative disclosure. AGT expects to adopt these standards on their respective effective dates.

(Stated in thousands of Canadian dollars)

4. Inventory

	Mar 31, 2017	Dec 31, 2016
Raw materials	$ 133,246	$ 145,085
Processed/ split product	146,507	147,989
Packaged product	23,093	23,888
Other	6,456	6,358
	$ 309,302	$ 323,320

	Mar 31, 2017	Mar 31, 2016
Inventory expensed in cost of goods sold	$ 451,093	$ 369,034

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, 2015	$ 24,216	$ 209,568	$ 209,210	$ 10,941	$ 9,211	$ 37,392	**$ 500,538**
Additions	25	2,598	9,673	962	940	66,170	**80,368**
Disposals	-	(516)	(1,858)	(88)	(73)	-	**(2,535)**
Final purchase price adjustment on 2015 business combination	-	2,290	265	13	1	-	**2,569**
Transfers between categories	-	15,490	28,066	2,310	456	(46,322)	**-**
Effects of movements in exchange rates	(1,944)	(7,635)	(14,201)	(499)	(748)	(5,697)	**(30,724)**
Balance at December 31, 2016	$ 22,297	$ 221,795	$ 231,155	$ 13,639	$ 9,787	$ 51,543	**$ 550,216**
Additions	13	200	1,603	193	154	11,771	**13,934**
Disposals	-	(9)	(426)	(95)	(5)	-	**(535)**
Transfers between categories	-	886	11,463	57	20	(12,426)	**-**
Effects of movements in exchange rates	(53)	(1,119)	(1,043)	(63)	(62)	(1,251)	**(3,591)**
Balance March 31, 2017	$ 22,257	$ 221,753	$ 242,752	$ 13,731	$ 9,894	$ 49,637	**$ 560,024**
Accumulated Depreciation							
Balance at December 31, 2015	$ -	$ 17,167	$ 70,960	$ 5,151	$ 4,842	$ -	**$ 98,120**
Depreciation	-	6,803	15,480	1,649	1,400	-	**25,332**
Disposals	-	(68)	(865)	(56)	(73)	-	**(1,062)**
Effects of movements in exchange rates	-	(1,237)	(6,277)	(277)	(491)	-	**(8,282)**
Balance at December 31, 2016	$ -	$ 22,665	$ 79,298	$ 6,467	$ 5,678	$ -	**$ 114,108**
Depreciation	-	1,695	4,552	374	316	-	**6,937**
Disposals	-	(1)	(217)	(61)	(1)	-	**(280)**
Effects of movements in exchange rates	-	(174)	(681)	(36)	(44)	-	**(935)**
Balance March 31, 2017	$ -	$ 24,185	$ 82,952	$ 6,744	$ 5,949	$ -	**$ 119,830**
Net Book Value at December 31, 2016	**$ 22,297**	**$ 199,130**	**$ 151,857**	**$ 7,172**	**$ 4,109**	**$ 51,543**	**$ 436,108**
Net Book Value at March 31, 2017	**$ 22,257**	**$ 197,568**	**$ 159,800**	**$ 6,987**	**$ 3,945**	**$ 49,637**	**$ 440,194**

(Stated in thousands of Canadian dollars)

6. Intangibles and goodwill

Cost	Indefinite Life Intangible Assets- Brands	Finite Life Intangible Assets	**Total Intangible Assets**	Goodwill	**Total**
Balance at December 31, 2015	$ 6,582	$ 13,045	**$ 19,627**	$ 65,947	**$ 85,574**
Additions	-	1,821	**1,821**	-	**1,821**
Disposals	-	(3)	**(3)**	-	**(3)**
Effects of movements in exchange rates	(514)	(1,485)	**(1,999)**	(7,291)	**(9,290)**
Balance at December 31, 2016	$ 6,068	$ 13,378	**$ 19,446**	$ 58,656	**$ 78,102**
Additions	-	425	**425**	-	**425**
Effects of movements in exchange rates	(86)	(92)	**(178)**	(1,071)	**(1,249)**
Balance at March 31, 2017	$ 5,982	$ 13,711	$ 19,693	$ 57,585	**$ 77,278**
Accumulated Amortization					
Balance at December 31, 2015	$ -	$ 4,153	**$ 4,153**	$ -	**$ 4,153**
Amortization	-	1,833	**1,833**	-	**1,833**
Effects of movements in exchange rates	-	(799)	**(799)**	-	**(799)**
Balance at December 31, 2016	$ -	$ 5,187	**$ 5,187**	$ -	**$ 5,187**
Amortization	-	455	**455**	-	**455**
Effects of movements in exchange rates	-	(62)	**(62)**	-	**(62)**
Balance at March 31, 2017	$ -	$ 5,580	$ 5,580	$ -	**$ 5,580**
Net carrying amounts					
At December 31, 2016	**$ 6,068**	**$ 8,191**	**$ 14,259**	**$ 58,656**	**$ 72,915**
At March 31, 2017	**$ 5,982**	**$ 8,131**	**$ 14,113**	**$ 57,585**	**$ 71,698**

The brands AGT recognizes are considered intangible assets having an indefinite life. The brands are actively managed with no current expectation that the brand will cease to exist.

AGT finite life intangible assets and their carrying values include rights $1,403 (December 31, 2016-$1,419), customer relationships $1,720 (December 31, 2016-$1,869) and other intangible assets $5,008 (December 31, 2016-$4,903).

Amortization of intangibles is recorded in the general and administration line on the statement of comprehensive income (loss).

(Stated in thousands of Canadian dollars)

7. Long term debt

	Mar 31, 2017	Dec 31, 2016
Senior unsecured notes, bearing an interest rate of 5.875% per annum, with semi-annual payments of interest only, beginning June 2017 and concluding December 2021. [1]	$ 195,117	$ 194,898
Senior secured second lien notes, bearing an interest rate of 9% per annum, with semi-annual payments of interest only, beginning August 2013 and redeemed February 2017, secured by a general security agreement and security interests against real property owned by AGT and certain of its subsidiaries.	-	123,443
Loan payable, bearing an interest rate of prime plus 0.35%, (December 31, 2016 - prime plus 0.35%), with monthly payments of interest only, due January 2019, secured by Canadian, US and Australian property, plant and equipment, accounts receivable and inventory.	156,538	115,036
Loan payable, bearing an interest rate of prime plus 0.35%, (December 31, 2016 - prime plus 0.35%) with monthly payments of interest only and quarterly payments of $1,500 principal, due January 2019, secured by Canadian, US and Australian property, plant and equipment, accounts receivable and inventory.	64,321	65,797
Loan payable, bearing an interest rate up to 5% (December 31, 2016 - interest rate up to 5%), with annual payments of $1,000 principal, due annually in September concluding in September 2027, secured by a debenture charging the purchased assets in favour of the lender and certain property, plant, and equipment.	14,500	14,500
Non-interest bearing note payable with five annual payments of $3,900, commencing October 2016 and concluding October 2020 (effective interest rate 1.5%).	14,316	14,230
Loans payable bearing interest rates ranging from 0% to 6.11% (December 2016 - 0% to 6.11%), with monthly payments of $172, due dates ranging from February 2019 to May 2040 (December 2016 - due dates ranging from February 2019 to May 2040), secured by general security agreements and certain Canadian property, plant, and equipment.	10,052	7,302
Mortgage payable, bearing an interest rate of Business Development Bank of Canada prime rate minus 1.5% (December 31, 2016 - Business Development Bank of Canada prime rate minus 1.5%), with monthly variable interest payments combined with principal payments of $30 and all concluding August 2036, secured by security interests against real property owned by AGT and certain of its subsidiaries.	6,917	7,007
Other	7,126	5,782
	$ 468,887	$ 547,995
Current portion of senior secured second lien notes	-	(123,443)
Current portion of other debt	(15,540)	(13,776)
	$ 453,347	$ 410,776

[1] On December 21, 2016, AGT finalized a transaction to issue senior unsecured notes in the amount of $200,000. These notes bear interest at 5.875% per annum with an effective interest rate of 6.48% and mature on December 21, 2021. The proceeds after deducting expenses were $194,874. Optional early redemption features of the notes are:

i) Prior to December 21, 2018 a 5.875% premium upon equity offering in respect of partial redemptions up to 35% of the aggregate principal amount then outstanding
ii) Prior to December 21, 2018 all other redemptions on a "make whole" basis
iii) On or after December 21, 2018 a 4.4% premium
iv) On or after December 21, 2019 a 2.2% premium
v) No premium on or after December 21, 2020

AGT assessed that the optional early redemption features of the senior unsecured notes are closely related to the economic characteristics and risks of the host debt contract therefore the embedded derivative identified is not recognized separately. The combined financial instrument is not measured at fair value through net earnings.

(Stated in thousands of Canadian dollars)

7. Long term debt – continued

On February 14, 2017, AGT redeemed the $125,000 senior secured second lien notes at par value. On February 14, 2017, the syndicated debt facilities maturity date was extended out to January 2019.

On February 16, 2017, AGT entered into a cross currency swap agreement (note 9) as part of the management of its $200,000 senior unsecured notes. The agreement is effective December 21, 2016 to December 21, 2021 with semi-annual payments commencing June 21, 2017 and concluding December 21, 2021.

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

2017-18	$	15,540
2018-19		223,454
2019-20		8,339
2020-21		6,725
Thereafter		214,829
	$	468,887

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, 2017, CV: $233,984 and FV: $246,998 (December 31, 2016- CV: $354,374 and FV: $368,891).

(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, 2015	23,801,490	$	372,652
Issuance of shares pursuant to stock option plan	103,333		1,658
Issuance of other shares	31,712		1,149
Balance, December 31, 2016	23,936,535	$	375,459
Issuance of shares pursuant to stock option plan	300,001		4,502
Balance, March 31, 2017	24,236,536	$	379,961

(c) Stock option plan

All options preciously granted under the AGT stock option plan for its employees, officers and directors, were exercised in the current year. The options were 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 were 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, 2017			Dec 31, 2016		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Stock options outstanding, beginning of year	300,001	$	12.71	403,334	$	12.71
Exercised	(300,001)		12.71	(103,333)		12.71
Stock options outstanding, end of period	-		-	300,001	$	12.71
Stock options exercisable, end of period	-		-	300,001	$	12.71

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, 2017	Dec 31, 2016
	Number of RSU's	**Number of RSU's**
Opening at the beginning of the period	302,024	284,795
Granted during the period	1,251	151,582
Forfeited during the period	-	(1,927)
Vested and settled during the period	-	(132,426)
Outstanding at the end of the period	303,275	302,024
Fair value	$ 8,971	$ 10,593
Vested and accrued	$ 5,776	$ 5,771

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 or are short term in nature 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 2016 or 2017.

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

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 2016 or 2017.

The following items, shown in the Unaudited Consolidated Statement of Financial Position as at March 31, 2017 and December 31, 2016 are measured at fair value on a recurring basis using Level 2 inputs:

Mar 31, 2017	**Level 2**	**Total**	**Change in fair value recognized in unrealized foreign exchange gain (loss)**
Derivative assets	$ 4,078	$ 4,078	$ 2,383
Derivative liabilities	(57,457)	(57,457)	(1,116)
	$ (53,379)	$ (53,379)	$ 1,267

Dec 31, 2016	**Level 2**	**Total**	**Change in fair value recognized in unrealized foreign exchange (loss) gain**
Derivative assets	$ 1,695	$ 1,695	$ (1,538)
Derivative liabilities	(56,341)	(56,341)	10,195
	$ (54,646)	$ (54,646)	$ 8,657

(Stated in thousands of Canadian dollars)

10. Accounts receivable securitization

AGT has a Master Receivables Purchase Agreement ("MRPA") with the Bank of Nova Scotia ("BNS"). The MRPA allows the sale of specific Turkish trade accounts receivable that are insured through Export Development Canada ("EDC") to the BNS. The MRPA permits AGT to securitize up to $53,196 ($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, 2017, AGT has sold for cash proceeds $43,443 (December 31, 2016 – $53,708) of trade accounts receivable from the Financial Statements and incurred $260 (March 31, 2016- $216) in transaction fees which are included in finance expense.

11. Finance expense

	Mar 31, 2017	Mar 31, 2016
Interest on bank indebtedness	$ 1,492	$ 2,626
Interest on long term debt	4,619	4,294
Trade finance fees and expenses	800	1,168
Amortization of note discount and debt fees	1,986	469
Foreign exchange	(405)	1,233
Fair value adjustment on derivative asset	-	(690)
	$ 8,492	$ 9,100

(Stated in thousands of Canadian dollars)

12. Cash flow support

Adjustments to operating cash flow

	Note	Mar 31, 2017	Mar 31, 2016
Depreciation and amortization in general and administration		$ 1,282	$ 1,008
Depreciation in cost of sales		6,135	5,601
Amortization of note discount and debt fees	11	1,986	469
Fair value adjustment on derivative asset	11	-	(690)
Unrealized foreign exchange loss (gain)		11,505	(24,519)
Loss on disposal of property, plant and equipment and insurance proceeds		3	5
Interest expense	11	6,111	6,920
Share based compensation		46	2,027
Provision for doubtful accounts		216	934
Income tax (recovery) expense		(2,525)	10,959
		$ 24,759	$ 2,714

Non-cash working capital

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

	Mar 31, 2017	Mar 31, 2016
Decrease (increase) in current assets:		
Trade accounts receivable	$ 47,870	$ 84,774
Inventory	12,888	80,341
Prepaid expenses and other	14,792	(97,691)
	$ 75,550	$ 67,424
Decrease in current liabilities:		
Accounts payable, accrued liabilities and deferred revenue	(88,184)	(98,706)
	$ (88,184)	$ (98,706)
	$ (12,634)	$ (31,282)

Financing activities and position

Details of changes in each element in the financing activities are as follows:

	Bank Indebtness	Long-term debt	Dividends Payable	Share Capital
Balance at December 31, 2016	$ 19,720	$ 547,995	$ 3,590	$ 375,459
Cash changes in financing				
Payments	(58,028)	(127,545)	(3,590)	-
Increases	150,424	46,504	-	3,835
Non-cash changes in financing				
Amortization on bond and note discount	55	1,931	-	-
Dividends declared and accrued	-	-	3,635	-
Share based compensation	-	-	-	667
Effects of movements in exchange rates	118	2	-	-
Balance at March 31, 2017	$ 112,289	$ 468,887	$ 3,635	$ 379,961

(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, 2017	Mar 31, 2016
Short term benefits (wage, bonus, vacation paid out, directors fees)	$ 1,028	$ 1,035
Post employment benefits (RRSP)	33	33
Share based compensation	20	1,091
	$ 1,081	$ 2,159

	Mar 31, 2017	Dec 31, 2016
Accounts receivable	$ 3,771	$ 227
Accounts payable	841	1,359

The accounts receivable in table above relates to employee amounts owing related to the exercise of options.
The accounts payable in the table above relates to deferred compensation.

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

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.

	Mar 31, 2017	Dec 31, 2016
Accounts receivable	$ 278	$ 39

(b) Transactions with other related parties

	Mar 31, 2017	Dec 31, 2016
Accounts payable	$ 490	$ 467

	Mar 31, 2017	Mar 31, 2016
Purchases	$ 727	$ 194

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) bulk handling 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.

Bulk handling and distribution, formerly 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. During the prior year, the Company rebranded this segment as bulk handling and distribution to better reflect the business operations undertaken within it. No changes to reporting or operations occurred within this segment.

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, 2017 and 2016 for a reconciliation of Adjusted EBITDA to EBITDA (earnings before finance expense, income taxes, depreciation and amortization) and Net earnings.

(Stated in thousands of Canadian dollars)

14. Segmented Reporting- continued

Three months ended Mar 31, 2017	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Revenue	$ 318,944	$ 185,903	$ 73,459	$ (57,401)	$ **520,905**
Cost of sales	302,679	179,597	63,104	(57,401)	**487,979**
Gross profit	16,265	6,306	10,355	-	**32,926**
Earnings (loss) before income tax	**5,885**	**2,530**	**5,188**	**(22,565)**	**(8,962)**
Net earnings (loss)	**5,885**	**2,530**	**5,188**	**(20,040)**	**(6,437)**
Adjusted EBITDA**	**$ 11,000**	**$ 3,178**	**$ 8,293**	**$ (2,356)**	**$ 20,115**

Three months ended Mar 31, 2016	Pulse and Grain Processing	Bulk Handling 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**

As at Mar 31, 2017	Pulse and Grain Processing	Bulk Handling and Distribution	Food Ingredients and Packaged Foods	Corporate and Eliminations	Consolidated
Intangible assets	$ 6,131	$ 1,054	$ 6,928	$ -	$ **14,113**
Goodwill	38,316	7,112	12,157	-	**57,585**
Purchase of property, plant and equipment	7,047	23	6,864	-	**13,934**
Depreciation and amortization	4,559	262	2,428	168	**7,417**
As at Dec 31, 2016					
Intangible assets	$ 5,983	$ 1,121	$ 7,155	$ -	$ **14,259**
Goodwill	38,781	7,252	12,623	-	**58,656**
Purchase of property, plant and equipment	33,874	95	46,399	-	**80,368**
Final purchase price adjustment on 2015 business combination	2,569	-	-	-	**2,569**
Depreciation and amortization	15,445	1,150	8,271	2,132	**26,998**

(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, 2017	Mar 31, 2016
Pulses and specialty crops	$ 312,173	$ 273,384
Pasta, semolina and bulgur	27,170	35,432
Rice, other commodities and miscellaneous revenue	181,562	132,577
	$ 520,905	$ 441,393

Sales derived from customers located in the following geographic areas:

	Mar 31, 2017	Mar 31, 2016
Canada	$ 29,359	$ 24,796
Americas / Caribbean, excluding Canada	70,511	74,726
Asia / Pacific Rim	136,514	77,281
Europe / Middle East / Africa	284,521	264,590
	$ 520,905	$ 441,393

(Stated in thousands of Canadian dollars)

15. Sales and selected geographic information - continued

	Property, plant and equipment	
	Mar 31, 2017	**Dec 31, 2016**
Canada	$ 203,735	$ 201,602
United States	108,379	105,670
Turkey	81,164	83,529
Australia	35,731	34,070
China	6,328	6,423
South Africa	4,857	4,814
	$ 440,194	$ 436,108

	Intangibles	
	Mar 31, 2017	**Dec 31, 2016**
Canada	$ 8,801	$ 8,679
Turkey	2,803	3,005
China	1,382	1,385
United Kingdom	1,054	1,121
South Africa	73	69
	$ 14,113	$ 14,259

	Goodwill	
	Mar 31, 2017	**Dec 31, 2016**
Canada	$ 28,503	$ 28,503
Turkey	25,600	26,691
United Kingdom	3,418	3,400
Australia	51	49
United States	13	13
	$ 57,585	$ 58,656

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, 2017 AGT had a contract of insurance in favour of the Canadian Grain Commission in the amount of $13,000 (December 31, 2016 – letter of credit $13,000). The policy can be claimed against by the beneficiary in the event of a producer grain payment default. The policy expires on June 30, 2017 and replaces the letter of credit that was in place prior to the issuance of the policy.

At March 31, 2017, AGT had letters of guarantee in Turkey for the amount of $4,028 (December 31, 2016 - $7,005).

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.