Alliance GRAIN TRADERS Inc.

QUARTER TWO 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND JUNE 30, 2010

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The following Management's discussion and analysis ("MD&A") of financial condition and results of operation has been prepared by Management to help readers interpret Alliance Grain Traders Inc's. ("AGT" or the "Company") consolidated financial results for the six months ended June 30, 2011 and June 30, 2010 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2010 (the "Annual Financial Statements") which have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP") as at December 31, 2010 and in accordance with International Financial Reporting Standards ("IFRS") as at June 30, 2011. In addition, see the most recent Annual Information Form ("AIF") on file with provincial regulatory authorities which are available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com.

This MD&A has been prepared as of Aug 10, 2011. All references to AGT, include its subsidiaries and its predecessor, Alliance Grain Traders Income (the "Fund"), as applicable. All funds are in CDN$ unless otherwise stated, and in thousands, except for share data, unless otherwise stated.

To enhance the discussion, this MD&A includes information with respect to the agriculture business industry, the markets in which AGT operates and trends that may affect operating and financial performance in the future.

Forward Looking Statements

This MD&A contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of lentils and other crops, the estimated size and quality of future harvests of lentils and other crops, costs of production, currency fluctuations, the growth of AGT's business, strategic initiatives, planned capital expenditures, plans and reference to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents, or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled "Risk Factors" in AGT's most recent AIF, which is available on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com and which should be reviewed in conjunction with this document. Although AGT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Although AGT believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of 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 and Southern Australian crop and Turkey production quality in 2011 and subsequent crop years; 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 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; ability of the railways to ship pulses to port facilities for export without labour or other service disruptions; 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 in accordance with applicable securities laws.

Non-IFRS Financial Measures

AGT provides some non-IFRS measures as supplementary information that Management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include EBITDA* (earnings before interest, income taxes, depreciation and amortization), Adjusted EBITDA* (earnings before interest, income taxes, depreciation and amortization and any effects of non-cash foreign exchange adjustment) and Adjusted Net Earnings* (Earnings before any effects of non-cash foreign exchange adjustments). Management believes that these are important measures in evaluating performance and in determining whether to invest in AGT. However, EBITDA*, Adjusted EBITDA* and Adjusted Net Earnings* are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. In addition, AGT may calculate these measures differently than other companies; therefore they may not be comparable. Investors are cautioned that EBITDA*, Adjusted EBITDA* and Adjusted Net

Earnings* should not be construed as an alternative to net earnings or loss or cash flows as determined in accordance with IFRS as an indicator of AGT's performance or to cash flows. For a reconciliation of net earnings determined in accordance with IFRS to EBITDA*, Adjusted EBITDA* and Adjusted Net Earnings*, see the table on page 31.

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 analytic 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.

Highlights of Quarter Ending June 30, 2011

This quarter is the second interim reporting period under IFRS. AGT transitioned to IFRS effective January 1, 2010, and all comparative figures have been restated from Canadian GAAP to IFRS.

• **Adjusted Net Earnings*** for the three months ended June 30, 2011 was $4.5 million or $0.23 per share ($0.23 on a diluted basis).

• **Adjusted EBITDA*** for the quarter ended June 30, 2011 was $9.2 million.

• **Consolidated sales** for the quarter ended June 30, 2011 were $ 169.9 million.

• **Capital expenditures** were $16.5 million, which included enhancements to buildings and equipment at facilities in Canada, the United States, Turkey and Australia.

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

Business Overview

AGT is the successor to the Fund. The Fund was a limited purpose open-ended trust established on June 25, 2004. AGT was incorporated on July 2, 2009 under the *Business Corporations Act* (Ontario). On September 15, 2009, the Fund was converted on a tax deferred basis from an open-ended unit trust to a corporation pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) whereby AGT acquired all of the outstanding trust units of the Fund ("Units"), and certain shares of the Fund's operating company Alliance Pulse Processors Inc. ("Alliance") which were exchangeable for Units (the "Exchangeable Shares"), in exchange for common shares of AGT ("Common Shares"), such that AGT became the sole holder of the outstanding Units. On September 21, 2009, the Fund was terminated and all of its assets were transferred to its sole shareholder, AGT.

On September 15, 2009, AGT acquired Arbel Bakliyat Hububat Sanayi ve Ticaret A.Ş. ("Arbel"), Durum Gida Sanayi ve Ticaret A.Ş. ("Durum"), and Turkpulse Diş Ticaret A.Ş. ("Turkpulse", and collectively, the "Arbel Group"), such that AGT now owns 100% of the outstanding shares of the Arbel Group. The acquisition was a related party transaction by virtue of a director of AGT being a director and shareholder of the Arbel Group. As a result of the acquisition, AGT owns all of the issued and outstanding shares of the Arbel Group. Arbel, Durum and Turkpulse were three private Turkish companies engaged in the business of buying, processing and marketing lentils and grain (Arbel), producing and selling pasta and semolina (Durum), and producing and selling bulgur (Turkpulse). The Arbel Group has a 50-year operating history and has grown to become a leading processor of pulses and grains and a leading exporter of pulses and pasta in Turkey. The Arbel Group operates state-of-the-art processing and production facilities in Mersin, Turkey, and currently exports to over 50 countries in Asia, Africa, Europe and the Americas.

On December 31, 2009, AGT acquired assets from Parent Seed Farms Ltd. ("Parent Seed") and Finora Inc. ("Finora"). The two acquisitions added six processing facilities for processing beans, lentils, peas, chickpeas and other specialty crops in four locations: St. Joseph, Manitoba (operating as Saskcan Parent), Wilkie, Saskatchewan (operating as Finora Wilkie), Assiniboia, Saskatchewan (operating as Saskcan Assiniboia) and Gibbons, Alberta (operating as Saskcan Gibbons). The Parent Seed assets acquired include two plants with approximately 51,000 sq ft of bagged storage and approximately 15,000 metric tonnes of bulk product storage and certain land and equipment. The Finora assets acquired include four plants, approximately 20,000 metric tonnes (mt) of bulk product storage and certain land and equipment.

On November 1, 2010, AGT acquired the shares of A. Poortman (London) Limited ("Poortmans"), an international importer, distributor and stockist of pulses, with offices in London, UK, the Netherlands and Tianjin, China. The business acquired included a processing plant for dry edible beans and pulses, located in Tianjin, China, and trading and sales offices in Europe. The total purchase price, including transaction costs, was £8.9 million (pounds sterling) or $14.6 million, with AGT committing a further $2.0 million for expansion of the Chinese bean processing facility. At the time of acquisition, Poortman's balance sheet also included net working capital of approximately £4.4 million.

On November 15, 2010, AGT completed the acquisition of Balco Grain Services and certain real property from Balco Holdings (collectively, "Balco"), located in Bowmans, South Australia. The acquisition included real property, vertical and horizontal storage for pulses and grains, and related handling equipment. The purchase price for the asset acquisition was $2.3 million which was paid in cash. Also on November 15, 2010, AGT completed the acquisition of Northern Yorke Processors Limited ("Northern Yorke"), located at Kadina, South Australia. The acquisition included real property, vertical and horizontal storage for pulses and grains, processing plant assets and related handling equipment. The purchase price for the asset acquisition was $3.2 million, which was paid in cash.

On August 2, 2011, AGT acquired all of the assets of Canz Commodities (previously owned by Bodana Pty Ltd and the Pars Ram Punj Family), a chickpea and pulse processor in Narrabri, New South Wales Australia, located approximately 500 km from Sydney. The assets acquired include real property, storage and related handling equipment and a processing plant for pulses and grains, specializing in desi and kabuli chickpeas, faba beans, mung beans and albus lupins. The total investment, including the cash acquisition price and a budget for improvements, is $8.0 million. The Narrabri facility is currently operational with capital expansions and improvements planned to commence immediately. The new company will be owned and operated by AGT's wholly owned subsidiary, Australia Milling Group PTY Ltd.

AGT, through its subsidiaries, is engaged in the business of sourcing and processing (cleaning, splitting, sorting and bagging) specialty crops, primarily for export markets. AGT's subsidiaries and facilities in Canada, the U.S., Turkey, Australia and China handle the full range of pulses and specialty crops including lentils, peas, chickpeas, beans and canary seed. Its durum wheat milling operations in Turkey also produces semolina, pasta and bulgur wheat. AGT is also involved in milling medium grain rice and long grain rice in Turkey.

AGT owns twelve processing plants in Canada, one in the U.S., four in Australia, one in China and eight in Turkey. Canadian locations include Saskcan Pulse Trading, Saskcan Rosetown, Saskcan Agtech, Saskcan Milestone, Saskcan Horizon, Saskcan Pulse Depot, Saskcan Parent, Saskcan Assiniboia, Saskcan Gibbons and Finora Wilkie. Wholly owned foreign subsidiaries include the Arbel Group discussed above, United Pulse Trading Inc. ("United Pulse") in North Dakota, USA, Australia Milling Group Pty Ltd. ("Australia Milling Group") in Victoria, Australia and Poortmans in London, UK.

AGT is among the world's largest value-added processors/splitters of pulse crops. The Common Shares are currently listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "AGT".

Market Outlook

Damp conditions in Canada and the U.S. early in the spring planting season led market observers to temper their optimism regarding the opportunities for the 2011 crop year, both in terms of quality and quantity. This added to slow imports from the Indian sub-continent, as a result of a reported good kharif harvest in India and inadequate data on harvest in Turkey. The overall result through the Q2 period was market confusion, as buyers in all end-use markets tried to reconcile the conflicting data that was in the marketplace. Ultimately, with local market stocks still at all-time lows, a significant replenishment to regular supplies was viewed as needed just to bring inventories back up to acceptable levels before regular imports from new crop harvest in North America began. The earlier date for Ramadan (August 1, 2011) resulted in local buying of what little local market stocks were available in consumption markets with few supply options available until late August from North America. This is not an unexpected market condition in the Q2 period as the world lentil market is annually recalibrating price expectations and strategies for buying as a result of Canadian planting data and harvest reports from India and Turkey. As a result of expectations that Indian and Turkish lentil harvest production levels were estimated to be below average, market demand resumed late in the Q2 period setting the stage for more normalized buying in the second half of 2011. This demand pattern and business flow is consistent with per Management expectations.

Weather in North America did ultimately give way to better growing conditions through the summer. While significant production and carryover stock levels from virtually every origin except Turkey have been estimated for 2011, uncertainty about the potential for price fluctuations caused by global supply/demand fundamentals, weather and harvest timing as well as the requirement for buying and the long transit times for shipments to reach end-use markets, contributed to consternation in the market. Buyers in many consumption markets, based on the information available to them, for the most part by-passed the remaining 2010 stocks looking forward to 2011 new crop product. However, as indicated, demand for old crop stocks did rebound late in the Q2 period and are expected to continue to bridge importers on replenishing stocks in the post-Ramadan period for late August and September arrival. New crop Canadian stocks are only expected to arrive at destination markets in late September to October period, assuming that harvest commences in mid-August 2011 in Canada.

Results for the three and six months ended June 30, 2011, combined with the positive results reported in Q1 2011 and estimates for the balance of early 2011, appear to support Management's views with regard to estimated resumption of more normal business operations including shipments and demand for the staple food products AGT produces in second half 2011. Estimates for significant North American production, with projections of the second highest number of acres, estimated remaining 2010 crop year carryover stocks and slightly higher than average estimated yields for 2011, are expected to provide sufficient stocks for AGT processing and export activities. The remaining 2010 crop year carryover stocks of product that is of low or highly variable quality is expected to continue to allow AGT to create market share and margin opportunities by using its value-added asset base in Canada, the U.S., Turkey and Australia to satisfy consumer demands internationally and prices that customers may find acceptable compared to 2011 new crop products. Market and production conditions in the various origins and key markets AGT is active in are as follows:

North America - Canada and U.S.

North American crop production quality has the potential to rebound in 2011 from the severe weather conditions in 2010 that resulted in low or highly variable quality product. Record wet conditions and record production levels in 2010 were followed with a wet and late start to 2011 seeding in Saskatchewan. Seeding in the traditional April through May 2011 period was reported as behind the five year average by Saskatchewan Agriculture and reported as substantially completed in early June. Wet conditions in southeastern Saskatchewan, southern Manitoba and eastern North Dakota were reported as having affected seeding ability of some farmers in these areas resulting in decreases in seeded acres. In some cases the results were farmers reporting extremely late seeding or in some cases the inability to seed entirely. Conditions in southern Manitoba and eastern North Dakota were reported as most extreme. It should be noted, however, that more significant loss of cereal grain and canola acres were reported with the focus on seeding of those crops in these regions. Conditions in north and western Saskatchewan and western North Dakota and Montana were reported as good with normal seeding timelines.

However, late spring and early summer weather turnarounds in June and July allowed seeded crops to catch up very quickly with a combination of timely rain and periodic heat. In its July 28, 2011 release, Saskatchewan Agriculture reported crop conditions in Saskatchewan as 75.7% “Good to Excellent” for lentils, 79% for peas and 68% for chickpeas. For regions outside of southeastern Saskatchewan, averages of 83% “Good to Excellent” for lentils, 82.1% for peas and 87% for chickpeas are being reported. These reported crop conditions illustrate the impact of the affected southeastern Saskatchewan region. In southeastern Saskatchewan crops reported as “Good to Excellent” for 40% for lentils, 50.7% for peas and only 11.4% of chickpeas. Most crops in this region fell in the “Fair to Good” range, except chickpeas which reported 88.6% “Poor to Fair”. The concentration of AGT’s crop sourcing is more heavily weighted in regions outside of the affected southeast region so ample stocks for processing are expected.

Seeding intentions for pulses in Canada for the 2011 crop year are currently estimated by Statistics Canada to be at the following:

- Lentils at 2.8 million acres for resulting production of 1.548 million mt
- Peas at 2.5 million acres for resulting production of 2.148 million mt
- Edible beans 160,000 acres for resulting production of 132,000 mt
- Chickpeas at 105,000 acres for resulting production of 60,000 mt

Yields in Canada are conservatively expected at approximately average levels. Management opinion is that with the weather turnaround through late June and July in western Canada, the opportunity for improved yields does exist and would then increase the levels of production in the region. Yield gains are significant in that with the decrease in seeded acres in Canada for all pulses; average to above average yields are estimated to make up part of production that will invariably decline slightly.

Estimates of U.S. lentil production by the USDA reported a return to similar levels as 2009, following the trends seen in Canada. USDA estimates for 2011 are reported at 470,000 acres, down from the 658,000 acres in 2010. The current seeding estimates are lower than earlier published estimates due to the wet conditions that have affected the ability of North Dakota farmers to seed their fields as intended. The majority of the seeded acres for lentils were seen in Montana, the Pacific Northwest and western North Dakota, with a significant amount of these seeded acres within the drawing area of AGT facilities in Williston, North Dakota. Similar drops in seeding of other pulses are being reported resulting from weather conditions and rain. Due to wet conditions, yields in the U.S. are expected to drop as well.

The production decreases in the U.S. for the 2011 crop year, are expected by Management to be offset by positive yield increases in Canada resulting in ample new crop stocks combined with carryover from 2010 in Canada and by increased production in Australia. The earlier seeding intentions, while affected by weather, indicates to Management the expected trends for the U.S. as a significant and growing origin for pulse crop production. This continues to reaffirm Management's opinion of the ongoing potential of its operations in the U.S and its planned growth through expansion and acquisition of U.S. capacity in the Northern Plains states.

International markets have continued with hand-to-mouth buying to keep reported depleted local market stocks steady at the low levels they have been at for some time, in advance of more active replenishment with new crop North American supply. Management expects importers and buyers to continue shifting their attention to new crop 2011 product that will be available in the fall period from Canada and the U.S. Management expects that demand conditions will improve in the second half of 2011 and 2012 and that shipments of new crop may begin as early as third week August assuming current harvest commencement estimates, in line with other years excluding the late harvest of 2010.

Export statistics available from StatsCan for the April to May 2011 period show decreases in the overall quantity of lentil exports to approximately 134,269 mt, consistent with the belief by Management of international importers decreasing buying activities of available 2010 crop year products and looking forward to 2011 new crop shipments in the later part of 2011. These decreasing current export volumes are expected to leave significant carryover of 2010 stocks in Canada for the balance of the year. This carryover product may be purchased at highly competitive levels and upgraded for shipment by AGT value-added facilities providing margin gain opportunities. The U.S. Department of Commerce statistics for U.S. exports show similar yet not as pronounced decreases in export levels of lentils at approximately an average of 10,000 mt each month over this same period.

AGT's business operations in the pulses area have traditionally been very focused on North American production. While the bias towards production in this region is being diversified and decreased somewhat through expansions and a focus on other origins, a good quantity and quality crop in Canada and the U.S. are important factors to AGT's success in executing on its sales strategy. AGT's market reach and ability to leverage its international distribution channels is expected to assist in capitalizing on marketing opportunities for all grades and types of pulses and specialty crops. With well positioned assets in western Canada, added capacity, facilities and distribution channels in the U.S. are being evaluated by Management to capitalize on projected increases to U.S. acres and domestic business opportunities.

Currently, Management reiterates its opinion that estimates regarding crop quality and quantity in North America are as per expectations and that large stock on farm is expected to allow for carry-out stocks from 2010 to be processed through the periods until new crop harvest starting in August 2011. Production volumes, based on current estimates for lentil acres, reports on yield released in June and July and 2010 carryover stocks reinforces Management's expectations that available product constitutes ample quantity for marketing in 2011. As well, AGT's significant value-added processing infrastructure throughout its facilities in Western Canada and North Dakota is expected to continue to provide upgrade opportunities on 2010 carryover stocks.

Turkey

With 2011 Turkish lentil harvest complete, conflicting opinions and sources on the size of the harvest provided additional mixed messages for importers in end use markets. While the generally accepted production levels appear to be in the 400,000 mt range (StatPub, TMO, private trade sources), this represents a drop from the 2010 harvest year and is lower than some estimates in the 500,000 mt range (U.S. Ag Attaché Reports, USDA), a level that supported the opinion of normalization of Turkish production. With levels appearing to remain in this lower range, the result is the likelihood of continued imports of lentils, particularly red lentils which are widely consumed in Turkey.

The majority of available Turkish lentil production is projected to go directly into the domestic and regional consumption markets with opportunities for AGT to utilize available capacity in its Arbel facilities, coupled with free zone facilities for import/processing/re-export activities, as shipment and freight option advantages exist from Turkey to many core consumption markets in Middle East/North Africa. Turkey is typically looked to as an origination point in the region for agri-products commodities. The lower supply levels locally in Turkey is viewed by Management as providing opportunities supported by the company's global origination strategy. This entails shipping quantities of lentils from other origins such as Canada, the U.S. and Australia for processing and distribution into regional end-use markets. The realization of this strategy gives AGT an advantage over its local competitors in Turkey in that they may not have the origination reach globally into other origins that AGT does with its operations in all major pulse producing regions. Based on these developments Management is optimistic about its ability to increase capacity utilization at its pulses assets in Turkey in the second half 2011. Shipments of lentils for Q2 2011 were hindered by a late harvest in Turkey with activity commencing in full-scale only in mid-June, accounting for limited Q2 earnings impact, as shipments of new crop commenced in July 2011. This timing lag is expected to be reflected in Q3 2011 earnings in Turkey.

Chickpea production is estimated to drop below 500,000 mt for the lowest production levels since 2007. With the decreases in North American production as well, other production origins, such as Australia, global origination will be a key driver to AGT's expanding chickpea business, allowing access to products for import/processing/re-export activities into consumption markets. Turkey and the surrounding region is a significant consumption market for chickpeas for hummus and other uses, such as flour. Management expects in the near term to grow its global chickpea business to Europe and the Middle East/North Africa regions in part by utilization of its Turkish assets through its existing global origination strategy as it has in other pulses.

With respect to durum wheat, the raw material for the production of pasta, bulgur and semolina, Turkey has seen good growing conditions for the start of the wheat crop following a dry period after seeding (Canadian Wheat Board, U.S. Agricultural Attaché Grain and Feed Update Report). Yield and quality are estimated to be close to the short term average. With reported decreases in durum wheat acres in Canada and North Dakota due to the wet conditions and flooding during spring seeding, a sharp rise in durum wheat prices for new crop raw materials are being reported (Canadian Wheat Board). Stable supply from Turkey is a key driver for AGT's growing global pasta and milled wheat business. Sufficient local stocks of Turkish durum have ensured that AGT's pasta business is able to secure its supplies to back its sales commitments without significant risks to margin. This is seen as a possible advantage for Arbella pasta business in the second half of 2011 and 2012, as Turkey will remain competitive as an origin for pasta as North American durum wheat markets are expected to remain strong. A governmental ban on the export of raw durum wheat will ensure that local supplies remain available for durum wheat millers of pasta and bulgur to continue their exports of value-added food products in 2011 and 2012.

Rice paddy production is estimated at 800,000 mt for the new crop harvest, consistent with 2010 production (U.S. Agricultural Attaché Grain and Feed Update Report, TMO). Rice paddy planting takes place in the early-May period with harvest commencing in the mid-September to early October period with completion in mid-November. Growing conditions in Turkey have been reported as favourable for harvest period assuming continuation of normal growing conditions (TMO, Turkish Rice Millers Association). With estimated production levels for paddy production in 2011 in this range, imports of rice are forecasted to continue for 2011 and 2012 at strong levels, particularly from U.S. origins (U.S. Agricultural Attaché Grain and Feed Update Report, TMO, Turkish Rice Millers Association). This is expected to create opportunities for AGT's rice business and ample raw material stocks for its new rice processing mill in Edirne, Turkey. Additionally, a continuation of export bans for Egyptian rice is expected with lower production from that origin, political unrest and high food inflation in the region, which is expected to create further opportunities for AGT's Turkish rice business. AGT has commissioned a new 65,000 mt per annum rice processing facility located in Edirne, Turkey, one of the major rice producing areas of Turkey. This new facility is expected to bolster AGT's growth in this business platform with potential of additional production through enhanced irrigation systems for the area. Rice harvest is expected to be completed slightly later in the Q3 period than previous years, which is projected to provide a positive outlook on this business segment in Q4 2011 and first half 2012.

Pasta facilities are running at effective peak capacity, which is projected to continue with strong demand for Arbella pasta in new markets in the near term. To meet the expected demand for AGT pasta products, a fifth pasta line has been commissioned for production and was operational at the end of Q2 2011 period, adding 30,000 mt of additional short cut pasta capacity. This will begin its earnings contribution in second half 2011. This is a positive development in AGT's cross-selling approach for pasta. Customers in most markets buying long-cut pasta (spaghetti and other long noodle varieties) request supplemental short-cut shapes to complement the overall variety they are able to provide to their customers in local markets. With expected strong long-cut demand continuing, customer requests for additional short-cut varieties has grown and is expected to continue providing growth opportunities for the pasta segment overall. Continued offerings to new and existing markets will be a focus through 2011. Continued demand for other milled wheat products, such as semolina and durum, in the domestic Turkish market is also expected during this period. Expansion for semolina production is currently underway with about 50% capacity increase in semolina production targeted for completion in Q4 2011 to keep pace with demand for pasta and other milled wheat production in 2012.

Based on available reports, Management maintains its opinion of favourable conditions in key growing areas and ample production and supply levels for most Turkish commodities. As a result, due to these positive indicators for 2011, the Arbel Group is expected to provide capacity utilization increases. Where local production shortfalls are experienced, Management expects to continue on the strategy to utilize available capacity in its Arbel facilities, coupled with free zone facilities for import/processing/re-export activities with products being shipped to Turkey from other origins. More normalized or slightly lower production of new crop supply and global carryover stocks are expected to further stabilize supply of product for processing and assist in continuing to smooth the seasonality of AGT business in Turkey. This is estimated to be assisted by ample forecasted supplies in Canada and Australia, supplying Arbel with a more predictable and stable supply and price environment in pulses throughout the year until harvest in these origins is complete in the fall. This is expected to allow for a return to normalized processing and distribution margins in the pulses business segment from Turkey, halting the margin erosions due to price volatility experienced in 2010. Regular imports from Canada and Australia will assist Arbel in meeting its sales obligations without being subjected to local pulses price fluctuations and fluctuations in physical product deliveries arriving into the pulses market in Mersin, Turkey. As farmers physically deliver products into a spot market for purchase, supplies can be variable and short deliveries cause price variances according to demand outpacing available supplies. Regular import supplies provide a degree of insulation from these upwards price pressures and allow for more consistent margins.

AGT is also expected to continue to develop its distribution platform using Arbel as the base for green lentils, chickpeas, white beans, speckled beans, faba beans, mung beans, popcorn and rice. Transit and trade business to Iran, Iraq, Syria, Sudan, and Africa are important revenue generators for AGT. Utilization of newly erected cold storage warehouses at Arbel is expected to allow AGT branded bagged product to achieve further market penetration as AGT has positioned warehouse stocks in Turkey to capitalize on immediate delivery opportunities.

With these factors in mind, Management estimates the increased capacity utilization and business opportunities through the coming quarters at the Arbel Group operations to contribute in a positive manner and allow this operating division to be a strong contributor to future earnings.

Australia

Australia reports the period before seeding on a positive note, as it did in 2010. While overall pulses production is estimated to decrease in 2011, the drop is principally caused by the dramatic decrease in estimated chickpea production with a 44% decrease estimated by the Australian Bureau of Agricultural and Resource Economics and Sciences. These decreases are a result of the dramatic flooding events seen in 2010 which by most reports destroyed large areas of chickpea production in the Queensland area, principally growing desi varieties, and New South Wales, where desi and kabuli are produced. A similar decrease of 11% in seeding intention for lupins is estimated for 2011. Gains on seeding intention for lentils of 11% to an estimated 434,869 acres and 7% to an estimated 385,476 acres for faba beans are being reported for 2011. High levels of rainfall late in the 2010 season are expected to provide good conditions with regard to soil moisture and irrigation dam levels for the upcoming crop season.

With Australia expected to be a strong production origin in the 2011 crop year for 2012 marketing activities, Management is optimistic about the potential for its Australian business units in Victoria and its expanded South Australian facilities as well as the newly announced acquisition in New South Wales. With similar opportunities around storage, blending, colour sorting and sizing, AGT's Victoria business at Horsham is fully equipped with a splitting and value-added processing capacity allowing it to process off-grade lentils and faba beans for the high quality demands in the Middle East and Indian Sub-continent markets. The acquisitions and expansions at the grain handling facilities in Bowmans and Kadina in South Australia and the addition of a processing plant provide opportunities with regard to storage and containerized shipments to these markets as well. Owned and leased dedicated pulses storage with multiple segregations in Australia exceed 115,000 mt, giving AGT a significant competitive advantage over most of its global competitors. AGT's new acquisition in Narrabri is expected by management to provide opportunities for exports of desi and kabuli chickpea, faba bean, mung bean and lupins principally to Indian-subcontinent markets. Container rail service to Sydney is expected to bolster export opportunities for these products to near-by consumption markets, further expanding AGT's global chickpea and bean platforms. As was announced, expansions and upgrades on the facility have commenced and are expected to be completed in time for 2011 harvest. Management expects its Australian expansion strategy to continue to grow and ultimately contribute positively to earnings with strong origination, well equipped and positioned assets and a growing loyal producer following in its origination areas is a building competitive advantage for AGT. The Australian business unit is a key, along with Turkey and the U.S. to assisting AGT in its efforts to diversify its earnings base and balance its concentration on Canadian operations.

Management expects that pulses acreage in Australia will continue to rise providing the basis on which to continue execution of its investment strategy in Victoria, South Australia and New South Wales.

India and Sub-Continent Markets

Recent comments from India's agriculture department on import and production levels have contributed to market volatility in the near term. A reported significant production season from kharif harvest has limited the amount of imports being reported to India and some of the surrounding regions from non-Indian origins. While government estimates are for a decrease in imports for the near term, Management expects traditional demand in the latter half of 2011. However, it should be noted that accurate and reliable reporting on production, consumption and import levels in India are difficult to verify. Statistical lag and regions that simply do not report production and consumption contributes to this. While this has translated in the short term to a decline in imports to the region, as local production is consumed in the market, local importers are expected to look to import product available from North American and Australian harvest periods. Governmental policy and messaging aimed at curbing food inflation also contribute to messaging that Management sees as "overly optimistic" in the Indian production systems.

Management notes that India is a major driver of regional production and consumption. However, Bangladesh, Sri Lanka and Pakistan are also positive demand points for AGT. Demand for lentils, chickpeas and beans will continue in these neighbouring markets regardless of India's internal market dynamics.

Management expects, through contact with local importers and customers, the positive demand fundamentals for pulse imports to Indian sub-continent markets through second half of 2011 to continue, especially later in the 2011 year with import levels having the potential to remain static to previous years. In any production year, India and its regional markets are important components to moving global pulses. The continuing absence of regional competition in the Indian sub-continent and a continued governmental ban on Indian origin exports is expected to allow AGT to benefit from opportunities to ship more products to this region at estimated good margins. Opportunities for expanded presence in the region continue to be investigated, including local processing, warehousing and distribution. India is a key focus in AGT's strategy to solidify its local presence with regard to distribution in key consumption markets. The demand/supply gap in India is forecast to continue to rise in the coming years according to published reports by the Indian Government and other industry sources. Growth in consumption is estimated to continue its rise due merely to the growing population in India. Local production is stable to declining due to urbanization and weather volatility and consumption of pulses is a staple food group that spreads across all income levels, from the richest to the poorest of consumers. This leaves India as a key driver for future demand prospects for the pulses markets.

China

Market entry into China is ongoing for AGT with the Poortman acquisition in 2010. A bean processing facility in China was a component of the acquisition and Management expects China to play a significant part in the expansion of its global bean platform. Expansion plans are underway and a new facility construction is planned for second half 2011 with commissioning in the first half of 2012. While there is limited official data on pulses in China, a recent report from the U.S. Agricultural Attaché to China estimates approximately 4.2 million mt of pulses production, largely broad beans, kidney beans, mung beans and adzuki beans, the latter two being varieties pulses products not produced or produced in limited amounts in other AGT origins, and high levels of pea imports for domestic starch extraction for vermicelli noodle production. Management would expect to utilize its new Chinese assets for a strategy that encompasses an entry point for Canada, U.S. and Australian peas for starch, green peas for snack foods, green pea powder and sprouting green peas as well as an 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.

Market Conditions

Management estimates adequate production levels of pulses in Canada, the U.S. and Australia, increased U.S. production in future based on continuation of seeding intentions by U.S. growers for 2011, and a normalization of crop supply in Turkey. These conditions are expected to stabilize pricing and provide a return to more normalized business in the global pulse industry after a volatile 2010 year. Under these normalized conditions Management expects to be well positioned to drive efforts to better utilize global capacity and execute its global sales plans supplying end uses markets with quality protein and staple foods.

Growing conditions in North America, a subject of concern earlier in the season as a result of high moisture levels early in the season, have recently been reported as very near optimal conditions through the balance of the summer growing season leading to mid-August start to harvest in Canada. With some exception in certain regions of the Prairie Provinces, significant acres and potential for higher yields with expected good to excellent quality is expected. This will allow for a return to normalized origination, processing and export activities for the 2011 and early 2012 export periods from Canada. Demand is expected to gain momentum through the balance of the 2011 year, which is projected to result in normalized shipping volumes and expected staple margins.

Non-traditional pulse consumption in North America, coupled with new lines of North American business including a focus on chickpeas and beans, is expected to create further opportunities for the processing business from Canadian and U.S. origins. The completed acquisition of A. Poortman (London) Limited including its Dutch and Spanish sales office and Chinese bean processing assets, is expected to assist AGT in its growth strategy in Europe for its global bean and chickpea platforms. Continued growth in pasta and rice, and the addition of more capacity for production in these business lines in Turkey will assist AGT in boosting its global capacity utilization resulting in potential for smoothing the seasonality of its business and reducing its revenue concentration on its Canadian asset base. The lower lentil production volumes in Turkey is expected to have the positive effect of allowing AGT to focus domestic production on domestic markets, while utilizing Arbel Group facilities for warehousing and distribution and a import/processing/re-export strategy to supply staple food items to regional markets such as the Middle East/North Africa with products originated in other AGT origins.

Management is optimistic about its ability to develop sales opportunities in its four core platforms for growth: pulses, pasta and durum wheat milling, rice and other products (e.g. popcorn, sunflower seeds). Specifically, offerings are split and value-added lentils, peas and chickpeas as well as its newer offerings of beans, pasta, bulgur wheat, semolina and rice that are in place, management's opinion is that the diversified operating divisions in virtually every pulse and staple food producing origin, provides a position of strength vis-à-vis AGT competitors both regionally and globally.

The steady demand for pulses and staple foods in virtually all end-use markets sees buyers following a cycle to fill the relatively inelastic demand for pulses and staple foods with supply of new crops in North America (August/September harvest), as well as forward to Australia (December harvest), India (March harvest) and Turkey (June harvest). Management believes demand will continue through traditional shipping periods with opportunities for the 2011 crop supply from all origins in 2011 and 2012 compensating for cautious buying in 2010.

The uncertainty regarding actual Indian production and supply levels have the potential to translate to strong import levels of pulses to India in the last half of 2011, which is an important component to moving available product from producing origins in any production year.

Importers and international buyers must complete buying decisions as stocks are available, bringing them into the markets to satisfy consumer demands for pulse products, staple foods and protein. Local importers who previously postponed portions of their buying due to volatile pulse markets are expected to come back into the market for new crop 2011 offerings from all origins, especially as quality is expected to return to normalized levels. The calming of political tensions and political reforms in the North Africa and Middle East regions are expected to have a positive effect on food import prospects as governments and aid agencies deal with political reforms, refugee crisis and food availability as a basic building block of civil society.

With regard to acquisition, management is continuing to explore opportunities in key consumption markets and other origins. With regard to integration of previous acquisitions, integration processes are continuing as planned. Integration of marketing and administrative operations of the Arbel Group is complete with some continued minor alterations in process ongoing. Finora Inc. and Parent Seed Farms Ltd. integrations have considered effectively completed with minor integration remaining. Completed improvements at a number of North American facilities in advance of the 2011 harvest season well position those facilities for positive contribution to AGT business.

In Australia, Management is optimistic with regard to the growth potential of the existing and new Australian business units. Expansions at Horsham are completed. Integration of the Balco and Northern Yorke acquisitions are ongoing and on track, with these new facilities expected to continue to create opportunities to capture pulses into AGT's newly constructed storage and processing systems scheduled for completion in November 2011. The newly acquired facility in Narrabri is expected to immediately contribute for the 2011 harvest in Australia. This facility is well positioned in a key growing area in New South Wales for desi and kabuli chickpeas, faba beans, mung beans and lupins. It is a fully operational facility, with three times weekly container rail service to port of Sydney and freight advantages to the Indian sub-continent, which is a principal market for these products. Management is pleased with the opportunities this new facility may provide to the Australian operations.

The Poortman acquisition adds key management strength, a distribution platform in Europe and a Chinese bean plant to further AGT's global bean strategy. Integration of merchandising activities with Poortman is ongoing and evaluation around the next expansion steps in China continues.

Management continues to reiterate that the key components to long-term value creation in its business are intact and that it seeks to continue down the path of building a truly global and profitable origination, processing and distribution business for staple foods: lentils, chickpeas, peas, beans, faba beans, pasta, medium grain rice, bulgur and semolina with a continued focus on expansions in the USA, Turkey, China, India and Southern Africa.

Summary of Quarterly Results

(in thousands of Cdn. $ except as indicated unaudited)	3 Months Ended June 30, 2011(1)	3 Months Ended March 31, 2011(1)	3 Months Ended December 31, 2010(1) *	3 Months Ended September 30, 2010 *	3 Months Ended June 30, 2010 *	3 Months Ended, March 31, 2010 *	3 Months Ended December 31, 2009(1) **	3 Months Ended September 30, 2009 **
Sales	169,915	168,053	169,003	137,559	149,222	186,356	154,799	73,320
Cost of sales(2)	153,011	146,763	154,767	122,142	136,882	156,774	124,455	62,936
Gross margin	**16,904**	**21,290**	**14,236**	**15,417**	**12,340**	**29,582**	**30,344**	**10,384**
Add: Non cash foreign exchange effect	(8,433)	606	(1,017)	5,467	(6,604)	1,433	815	-
Less: Operating expenses(3)	9,351	8,879	8,466	12,019	9,362	9,220	9,753	2,581
Add: Depreciation in cost of sales (2)	1,625	1,761	846	1,677	1,461	-	919	391
EBITDA (*)	**745**	**14,778**	**5,599**	**10,542**	**(2,165)**	**21,795**	**22,325**	**8,194**
Add (deduct): Non cash foreign exchange effect	8,433	(606)	1,017	(5,467)	6,604	(1,433)	(815)	-
Adjusted EBITDA (*)	**9,178**	**14,172**	**6,616**	**5,075**	**4,439**	**20,362**	**21,510**	**8,194**
Less: Interest	2,328	2,193	2,398	1,139	1,283	1,078	546	841
Less: Depreciation and amortization(2)	3,545	2,588	2,495	2,106	2,066	628	1,411	812
Less: Provision for (recovery of) income taxes	(1,252)	2,814	1,013	1,382	(1,186)	2,403	5,160	1,999
Adjusted net earnings (*)	**4,557**	**6,577**	**710**	**448**	**2,276**	**16,253**	**14,393**	**4,542**
Adjusted basic net earnings per share/unit and unit equivalent(4)	0.23	0.33	0.05	0.02	0.12	0.95	0.81	0.47
Adjusted diluted net earnings per unit and unit equivalent(4)	0.23	0.33	0.05	0.02	0.12	0.93	0.80	0.46
Add (deduct): Non cash foreign exchange effect	(8,433)	606	1,017	5,467	(6,604)	1,433	815	-
Net earnings (loss) per financial statements	**(3,876)**	**7,183**	**(307)**	**5,915**	**(4,328)**	**17,686**	**15,208**	**4,542**
Basic net earnings (loss) per share/unit and unit equivalent(4)	(0.20)	0.36	(0.02)	0.30	(0.23)	1.03	0.89	0.47
Diluted net earnings (loss) per unit and unit equivalent(4)	(0.19)	0.36	(0.02)	0.30	(0.22)	1.01	0.87	0.46
Total assets	575,397	566,609	527,268	453,274	445,398	459,439	424,445	332,936
Bank indebtedness (short-term debt)	116,397	99,150	80,336	-	-	64,755	30,105	29,244
Short term financing	28,958	9,703	24,925	25,005	26,261	50,975	26,385	-
Long term debt	56,484	56,993	22,893	17,637	23,508	36,255	36,624	25,987
Shareholders'/Unitholders' equity	290,862	302,604	303,090	319,137	314,779	244,755	231,910	221,944
Dividends/distributions declared per share/unit	0.1500	0.1350	0.1350	0.1350	0.1350	0.1350	0.1350	0.1350

* Certain Management estimates were employed to facilitate the reclassification of comparative cost of sales and operating expenses related to the allocation of wages and benefits for IFRS comparatives.

** Amounts have not been restated to IFRS and are presented in accordance with Canadian GAAP.

Notes:

(1) Calculated from the unaudited interim financial statements for the quarter ending June 30, 2011 and March 31, 2011 and the audited annual financial statements for the years ending December 31, 2010 (unaudited in IFRS format) and December 31, 2009, and the unaudited financial statements for the periods ended September 30, 2010 and September 30, 2009.

(2) Cost of sales includes depreciation on equipment used to process inventory. Total depreciation is added back for EBITDA*. Periods prior to the aforementioned quarters had all amortization reported in one line item without the reclassification of amortization related to processing costs.

(3) Excluding interest and amortization.

(4) Before September 15, 2009, the entity whose results are reported in the table above was the Fund. "Units and unit equivalents" refers to the Units of the Fund and to the Exchangeable Shares. The Fund paid distributions on its outstanding Units each quarter. From and after September 15, 2009, the entity whose results are reported in the table above is AGT. "Shares" refers to the Common Shares of AGT (the only class of shares which are outstanding). It is 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.

Discussion of Quarterly Results

AGT's Sales were $169.9 million for the three months ended June 30, 2011 compared to $149.2 million for the three months ended June 30, 2010 and $168.1 million for the three months ending March 31, 2011. Sales revenues were consistent with the most recent quarter however sales volumes decreased in North America with a slight increase in the Australia and Poortman divisions as compared to the quarter ended March 31, 2011. Overall sales volume for AGT consolidated results were down. Sales revenue for Arbel Group also declined for the quarter ended June 30, 2011 compared to the quarter ended March 31, 2011 and overall sales volume was down approximately 10% when comparing the quarter ended June 30, 2011 to the quarter ended March 31, 2011. The consistency of sales revenue was driven by increased commodity prices in green lentils, beans, chickpeas and durum wheat. When looking at segmented sales data for the quarter ended June 30, 2011 compared to the quarter ended June 30, 2010, rice revenues were down from $15.5 million to $3.5 million. This dramatic decline resulted from one time Turkish Government tenders that were recorded in 2010. The second quarter is traditionally a slow period for rice production as paddy rice supply in Turkey is largely exhausted. Pulses sales for the same period increased from $124.0 million to $141.7 million, reflecting higher commodity prices and pasta sales also showed improvement from $9.7 million to $17.6 million when comparing the quarter ended June 30, 2010 to the quarter ended June 30, 2011.

Gross Margin for the three months ended June 30, 2011 improved compared to the three months ended June 30, 2010 but decreased compared to the three months ended March 31, 2011. With similar sales revenues in the quarter ended June 30, 2011 and the quarter ended June 30, 2010, gross margin percentage improved to 10%, but was down compared to the quarter ended March 31, 2011 at 13%. The gross margin per tonne remained consistent from the quarter ended March 31, 2011 to the quarter ended June 30, 2011. The reduction in dollar value is attributable to less volume invoiced in the period.

AGT's Adjusted EBITDA* was $9.2 million for the three months ended June 30, 2011 compared to $4.4 million for the three months ended June 30, 2010 and $14.2 million for the three months ending March 31, 2011. The increase in Adjusted EBITDA* from the quarter ended June 30, 2010 to the quarter ended June 30, 2011 was due to a change in product mix. In 2010, the volume of peas and canary seed increased due to the lack of availability of existing lentil stocks. In 2011, this volume was concentrated in lentils, chickpeas and beans, accounting for improved gross margins and Adjusted EBITDA*. The decrease in Adjusted EBITDA* from the quarter March 31, 2011 was due to decrease demand for commodities, lower volumes of invoiced tonnes processed as well as challenges in procuring remaining higher quality crops in North America.

Operating expenses for the quarter ending June 30, 2011 were $9.3 million, the same as $9.3 million for the three month ending June 30, 2010 and compared to $8.8 million for the three months ending March 31, 2011. Operating expenses are consistent with the quarter ending June 30, 2010 notwithstanding that Management employed certain cost allocation estimates to reclassify cost of sales and operating expenses in comparative periods in 2010 for IFRS purposes as wages and benefits for certain processing facility management, quality assurance management, grain procurement and other costs were removed from cost of sales and added to operating expenses. The increase in operating expenses for the quarter ended June 30, 2011 as compared to the quarter ended March 31, 2011 is partially due to additional costs associated with the ramp up of new capacity in Australia and equipment maintenance programs in North American facilities.

Interest expenses for the quarter ending June 30, 2011 are $2.3 million compared to $1.2 million for the quarter ending June 30, 2010 and $2.2 million for the three months ending March 31, 2011. Interest expense increased when comparing the quarter ended June 30, 2011 to the quarter ending June 30, 2010 due to increases in working capital requirements for Australia, China, Europe and Turkey. Interest expense remains relatively consistent when comparing the quarter ended June 30, 2011 to the quarter ended March 31, 2011 due to AGT's continued utilization of bank instruments bearing favourable interest rates.

Debt - a combination of bank indebtedness, short term financing and long term debt, less cash and cash equivalents totalled $174.9 million at June 30, 2011 compared to $171.3 million at March 31, 2011 and $117.7 million at December 31, 2010. Debt increases have funded capital asset additions, and the build-up of inventory in Australia and Turkey.

Current assets totalled $323.6 million at June 30, 2011 as compared to $313.8 million at March 31, 2011 and $279.7 million at December 31, 2010. The current asset base is largely accounts receivable and inventory, reflecting the growth in sales and distribution that AGT has experienced in recent months. As the payables cycle is significantly shorter than the accounts receivable and inventory turns cycle, this drives the need for working capital to deliver revenue and earnings growth and sustainability for current and future periods.

Depreciation expenses for the quarter ended June 30, 2011 were $3.5 million compared to $2.6 million for the quarter ended March 31, 2011 and $2.5 million for the quarter ended December 31, 2010. The higher depreciation amount for the quarter ended June 30, 2011 is attributable to assets previously under construction now being put into use and depreciation being recorded. Due to IFRS componentization, certain assets are depreciated at an accelerated rate as compared to prior years.

Provision for income tax shows a recovery of $1.2 million for the quarter ended June 30, 2011 as compared to an expense of $2.8 million for the quarter ended March 31, 2011 and similar to the $1.1 million recovery for the quarter ended June 30, 2010. The recovery amounts for the quarter ended June 30, 2011 and the quarter ended June 30, 2010 are a result of net losses for these quarters attributable to unrealized foreign exchange.

Dividends - AGT paid a dividend in July 2011 of $2.9 million ($0.15 per share) in the aggregate to its shareholders of record as of July 4, 2011.

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.

Balance sheet accounts of subsidiaries are valued at June 30, 2011 foreign exchange rates as follows:

USD/CDN	0.96526
AUD/CDN	1.03456
TL/CDN	0.59366
GBP/CDN	1.54573
EUR/CDN	1.39510

For each subsidiary, any difference between the June 30, 2011 exchange rate and the average exchange rate used to record sales is recorded as other comprehensive income (loss) on AGT's Consolidated Statements of Comprehensive Income and Consolidated Statements of Changes in Equity.

Liquidity and Capital Resources

AGT has not had difficulty in generating sufficient cash from its operations to maintain its operations, fund development, and to pay its declared dividends. AGT's ability to generate sufficient cash in the future to pay dividends will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Discussion of Quarterly Results - Dividends" above and "Outlook" for a discussion of these factors.

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 payment for sales are received.

At June 30, 2011 AGT had total operating lines and other facilities available of $254.1 million (June 30, 2010 - $176.4 million), a portion of which is secured by a general security agreement. Interest rates on Canadian lines are at the Canadian prime bank rate. USD lines bear interest between LIBOR plus 2.71% and LIBOR plus 4.71%. Turkish lines bear interest between Turkey Interbank Offered Rate plus 1% and Turkey Interbank Offered Rate plus 2%.

The Canadian credit facilities have floating interest rates and Management regularly monitors interest rates to make adjustments to its fixed versus floating interest rate management program. AGT also uses fixed rate banker's acceptances to mitigate a portion of its floating interest rate risk in its operating credit facilities. The low interest rates prevailing in Canada in recent years have induced Management to leave its Canadian credit facilities largely at floating interest rates; the Turkish credit facilities are also largely floating due to the competitive LIBOR rates prevailing in international financial markets. Turkish Lira denominated borrowings are basis Turkish Central Bank rate and prevailing market premiums at time of utilization. At June 30, 2011 AGT is in compliance with its financial covenants under credit agreements.

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 transactions 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. AGT also monitors Adjusted EBIDTA*. The calculation of net debt, shareholders' equity, Adjusted EBITDA* and capital is set out in the following table:

	Jun-11	Mar-11	Dec-10
	YTD	YTD	YTD
Long term debt and capital leases	$ 56,484,764	$ 56,993,613	$ 22,892,916
Bank indebtedness and current portion long term debt	126,329,124	111,810,289	93,499,008
Short term financing	28,958,010	9,702,960	24,925,150
Cash and cash equivalents	36,909,919	(7,283,942)	(23,628,472)
Net debt	**174,861,979**	**171,222,920**	**117,688,602**
Shareholders' equity	290,861,913	302,604,263	303,089,972
Capital	**465,723,892**	**473,827,183**	**420,778,574**
Adjusted EBITDA*	**$ 23,350,306**	**$ 14,172,424**	**$ 37,157,253**

Cash Flow Information - *Non-cash Working Capital*

Inventory:

Inventory at June 30, 2011 was $139.7 million compared to $165.9 million at March 31, 2011 and $110.8 million at December 31, 2010. The decrease from March 31, 2011 is the result of lower product receipts during the quarter resulting from reduced local stocks in Turkey, reduced receipts in North America and the reduction and sale of Canadian and Australian stocks that had been transferred from AGT subsidiaries to Turkey for processing.

Accounts Receivable:

Accounts receivable at June 30, 2011 was $125.9 million compared to $125.8 million at March 31, 2011 and $134.9 million at December 31, 2010. The levels are consistent with the revenue for the period. Payment terms for AGT sales are typically letter of credit or cash against documents, depending on the markets that product is being shipped to. AGT continues to ship a large percentage of sales on cash against documents basis, which results in a longer period of time between invoice and receipt of payment. Management has examined all of the accounts receivable and any provisions for doubtful accounts were recorded during the quarter.

Operating 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 capital 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 assets estimated economic life on a straight-line basis. Rental payments under operating leases are expensed as incurred.

Critical Accounting Estimates

Note 3 to AGT's consolidated financial statements for the Quarter ending June 30, 2011, describes AGT's significant accounting policies.

The preparation of AGT's consolidated financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The following is a list of the accounting estimates that AGT believes are critical, due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Collectability of Accounts Receivable:

Accounts receivable are measured at cost and due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on an evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. AGT determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Fund's previous loss history and the customer's current ability to pay its obligation to AGT. AGT records a bad debt provision for accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the bad debt expense.

Valuation of Inventory:

Inventories consist of raw materials, labour and overhead costs incurred less costs charged to cost of sales. Inventory on hand is valued at the lower of cost or market value which is determined as sales less estimated cost of completion and cost to sell. Cost of sales is based upon incurred costs. The cost of inventory purchased from third parties is valued at the lower of cost or market value which approximates replacement cost. The estimate relates to the net realizable value of the inventory based upon product quality and market factors.

Income Taxes:

AGT utilizes the assets and liability method of accounting for income taxes under which future income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying value amount and the tax basis of assets and liabilities. Management uses judgment and estimates in determining the appropriate rates and amounts in recording future taxes, giving consideration to timing and probability. Actual taxes could significantly vary from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. The resolution of these uncertainties and the associated final taxes may result in adjustment to AGT's tax assets and tax liabilities.

Future income tax assets are recognized to the extent that realization is considered more likely than not. AGT considers past results, current trends and outlooks for future years in assessing realization of income tax assets.

Estimate of Useful Life and Impairment Property, Plant and Equipment:

Property and equipment is recorded at cost. Property under capital leases and the related obligation for future lease payments are initially recorded at an amount equal to cost.

Property and equipment are depreciated to estimated residual values based on a straight-line basis over their estimated service lives. Property and equipment under capital leases are depreciated to estimated residual values over the life of the lease.

Valuation of Intangible Assets and Goodwill:

The intangible assets of AGT were recorded at their estimated fair values at acquisition date and amortized over their estimated useful life. Indefinite life intangible assets and goodwill are subject to impairment tests under IFRS, at minimum, annually or more frequently if events or circumstances indicate a potential impairment. If the carrying value of such assets exceeds the fair values, the assets are written down to fair value. The treatment of intangible assets such as trademarks, brands and licenses are subject to separate impairment testing from the values contained in goodwill. No write down was required as at June 30, 2011.

Financial Instruments:

AGT, as part of its operations, carries a number of financial instruments that include cash and cash equivalents, restricted cash, bank indebtedness, short term financing, accounts receivable, investments, accounts payable and accrued liabilities, dividends payable, and long-term debt and finance leases. The fair value of bank indebtedness, accounts receivable, accounts payable, accruals and dividends payable approximate their carrying value given their short-term maturities. The fair value of long-term debt and capital leases are not materially different than their carrying value. Available for sale assets are measured at fair value with changes therein recognized directly in other comprehensive income (loss).

To mitigate risks associated with certain financial assets, AGT utilizes sales terms such as letters of credit, cash against documents, prepayments and accounts receivable insurance. Sales are made to customers that Management feel are creditworthy.

To mitigate risk associated with foreign currency, AGT enters into sales denominated in U.S. currency for which the related revenue and accounts receivable balances are subject to exchange rate fluctuations. AGT has entered into certain foreign exchange contracts with maturities of less than one year, to manage risks associated with entering into new sales contracts denominated in U.S. dollars, Euros and Turkish Lira. For the Arbel Group, transactions in foreign currency expose AGT to foreign currency risk, arising mainly from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. Management reviews the foreign currency open position and takes risk management measures if required.

To mitigate risk associated with fluctuations in the market price of the commodities AGT buys and sells, Management monitors inventory turns and overall grain position and enters into purchase contracts with suppliers and sales contracts with buyers.

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the 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.

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.

Level 3 – values 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 2010 or 2011.

The following items, shown in the consolidated statement of financial position as at June 30, 2011 and December 31, 2010, are measured at fair value on a recurring basis using level 1, level 2 or level 3 inputs:

Jun-11	Level 1	Level 2	Total
Asset (liability)			
Cash and cash equivalents	$ 36,909,919		$ 36,909,919
Investment		1,250,000	1,250,000
Foreign exchange derivatives		2,217,980	2,217,980
	$ 36,909,919	$ 3,467,980	$ 40,377,899

Dec-10	Level 1	Level 2	Total
Asset (liability)			
Cash and cash equivalents	$ 23,628,472	$ -	$ 23,628,472
Investment	-	1,250,000	1,250,000
Foreign exchange derivatives	-	3,213,562	3,213,562
	$ 23,628,472	$ 4,463,562	$ 28,092,034

Changes in Accounting Policies

International Financial Reporting Standards (IFRS)

As at January 1, 2011, IFRS has replaced Canadian GAAP for publicly accountable enterprises. The new Standards are effective for annual and interim financial statements with fiscal years beginning January 1, 2011 with retrospective application.

AGT completed all phases of its project plan and transitioned to IFRS effective January 1, 2011, with comparative information disclosed for 2010. AGT retrospectively applied all effective IFRS standards and interpretations to determine the opening balance sheet as January 1, 2010. This quarter is the second interim reporting period under IFRS. The adoption of IFRS has not changed the business strategy of AGT nor has it impacted the primary business activities.

Disclosure Controls and Procedures

Disclosure Controls and Procedures (“Disclosure Controls”) are procedures 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 Management, including its 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. The Company's CEO and the CFO evaluated the effectiveness of AGT's Disclosure Controls as at June 30, 2011 and concluded that, subject to the inherent limitations noted above, AGT's Disclosure Controls were effective for the year then ended.

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 Canadian GAAP, and that AGT has disclosed any changes in its ICFR during its most recent interim period that has materially affected, or is 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 has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As at June 30, 2011, Management, including the CEO and CFO, evaluated the existence and design of AGT's ICFR and confirmed there were no changes to the ICFR that had occurred during the six months ended June 30, 2011 which materially affected, or are reasonably likely to materially affect, AGT's ICFR except as noted below in the scope limitation that exists as a result of the purchase of Balco Holdings, Northern Yorke Processors and A Poortman.

As at June 30, 2011, Management, including the CEO and CFO, evaluated the operating effectiveness of AGT's ICFR and concluded that there are no material weaknesses in the operating effectiveness of internal controls over financial reporting, and that the design and operating effectiveness of ICFR are effective except as noted in the scope limitation below.

AGT continues to review and improve the documentation of its ICFR, and has undertaken to make changes aimed at enhancing their timeliness and effectiveness and to ensure that systems continue to evolve with the growth of AGT's expanding international business operations. Management continues to engage financial reporting consultants in

Canada and Turkey to assist with its continued maintenance, review, evaluation, testing and enhancement of its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the timely preparation of financial statements in accordance with IFRS.

Limitation on scope of design:

In accordance with National Instrument 52-109 3.3(1)(b), AGT has limited its design of DC&P and ICFR to exclude controls, policies and procedures of the operations of Balco Holdings, Northern Yorke Processors and A Poortman, each of which were acquired within 365 days before the end of the recent financial period.

Outstanding Share Data

As of the date hereof, there are issued and outstanding 19,726,077 Common Shares. There are also outstanding incentive options to acquire 407,169 Common Shares, each exercisable for one Common Share at a price of $9.00 per Common Share until April 21, 2013, which were granted to the directors and officers of AGT and key employees of AGT and its subsidiaries. Options vested and vest for officers and other employees as to one-third on June 17, 2010, one third on April 21, 2011 and one third on April 21, 2012. Options vested and vest for independent directors in equal annual increments over a three year period, beginning April 21, 2009.

Risks and Uncertainties

Information relating to the risks and uncertainties of AGT and its subsidiaries is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.alliancegrain.com. To Management's knowledge, no significant changes to these risks and uncertainties have occurred in the 3 months ending June 30, 2011.

Commitments and Contingencies

AGT enters into production 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.

AGT has in place a letter of credit in favour of the Canadian Grain Commission in the amount of $10 million. The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires December 31, 2012.

Liquidity Risk

Liquidity risk results from the requirement of AGT to make cash payments against certain indebtedness over the course of upcoming years. The following are the contractual maturities of financial liabilities, including interest payments:

30-Jun-11	Carrying amount	Contractual cash flows	1 year	2 years	3 – 5 years	More than 5 years
Bank indebtedness	116,397	116,397	116,397	-	-	-
Short term financing	28,958	28,958	28,958	-	-	-
Accounts payable	53,620	53,620	53,620	-	-	-
Long term debt	66,416	77,356	12,840	5,235	57,438	1,843
Dividends Payable	2,959	2,959	2,959	-	-	-
	268,350	279,290	214,774	5,235	57,438	1,843

Sufficient assets are on hand which, together with future operational cash flows, are sufficient to fund these obligations. In addition, AGT practices an accounts receivable management program that tracks cargo and documentation flows to ensure the timely receipt of payment from customers. AGT's diversified customer base ensures that concentration risks are minimized and that inflows are more predictable. The cash flow management activities and the continued profitability of AGT's operations allow for substantial mitigation of liquidity risk.

Interest Rate Risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. With respect to its debt portfolio, AGT addresses interest rate risk by using various floating rate instruments. The exposure is also managed by aligning current and long term assets with outstanding debt and making use of global credit facilities.

Commodity Price Risk

AGT is a significant processor and supplier of pulse crops and bears significant exposure to changes in prices to these products. A substantial change in prices will affect the Company's net earnings and operating cash flows. Prices for AGT 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 both protection against decreases in market price and retention to 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.

Reconciliation of Net Earnings, Adjusted Net Earnings*, EBITDA* and Adjusted EBITDA*
(In thousands of CDN $ except as indicated)

	For the Three Months 30-Jun-11	For the Six Months Ended 30-Jun-11	For the Three Months 30-Jun-10	For the Six Months Ended 30-Jun-10
Net earnings (loss)	(3,876)	3,307	(4,328)	13,358
Add:				
Income taxes	(1,252)	1,562	(1,186)	1,217
Amortization	3,545	6,133	2,066	2,694
Interest	2,328	4,521	1,283	2,361
EBITDA*	745	15,523	(2,165)	19,630
Foreign exchange (gain) loss	8,433	7,827	6,604	5,171
Adjusted EBITDA*	9,178	23,350	4,439	24,801
Less:				
Interest	2,328	4,521	1,283	2,361
Amortization	3,545	6,133	2,066	2,694
Income taxes	(1,252)	1,562	(1,186)	1,217
Adjusted net earnings*	4,557	11,134	2,276	18,529
Basic adjusted net earnings* per share	0.23	0.56	0.12	1.03
Diluted adjusted net earnings* per share	0.23	0.56	0.12	1.01
Basic weighted average number of shares outstanding	19,712,524	19,709,319	18,925,175	18,019,243
Diluted weighted average number of shares outstanding	19,970,487	19,978,778	19,250,851	18,349,056

EBITDA (Earnings Before Interest, Income Taxes, Depreciation and Amortization), Adjusted EBITDA (Earnings before interest, income taxes, depreciation and amortization and any effects of non-cash foreign exchange adjustment) and Adjusted Net Earnings* (Earnings before any effects of non-cash foreign exchange adjustments) are financial measures used by many investors to compare companies on the basis of operating results, asset value and the ability to incur and service debt. Management believes that EBITDA*, Adjusted EBITDA* and Adjusted Net Earnings* are important measures in evaluating the performance of AGT and in determining whether to invest in AGT. However EBITDA*, Adjusted EBITDA* and Adjusted Net Earnings* are not recognized earnings measures under IFRS and do not have a standardized meaning prescribed by IFRS. They are not intended to represent cash flow or results of operations in accordance with IFRS. Therefore, EBITDA*, Adjusted EBITDA* and Adjusted Net Earnings* may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA*, Adjusted EBITDA* and Adjusted Net Earnings* should not be construed as alternatives to net earnings or loss determined in accordance with IFRS as an indicator of AGT's performance or to cash flows from operating, investing and financing activities of liquidity and cash flows.