Unaudited Condensed Consolidated Interim Financial Statements

Three and Six Month Periods ended June 30, 2013 and June 30, 2012

These unaudited condensed consolidated interim financial statements have been prepared by managegement of Alliance Grain Traders Inc. ("AGT") and have not been reviewed by AGT's auditors.

Alliance Grain Traders Inc.

Unaudited Consolidated Statements of Financial Position
as at

(Stated in Canadian Dollars)

	Note	June 30, 2013	Dec 31, 2012
Assets			
Cash		$ 34,249,736	$ 33,109,951
Accounts receivable		193,647,324	183,156,181
Inventory	4	170,481,380	188,881,727
Prepaid expenses and deposits		4,987,142	11,384,532
Income tax receivable		1,307,453	1,402,953
Total current assets		**404,673,035**	**417,935,344**
Property, plant and equipment	5	227,723,680	217,991,811
Intangible assets		8,875,880	9,249,763
Goodwill		59,849,290	60,779,993
Other		3,265,793	3,291,125
Deferred income tax assets		6,517,364	3,242,920
Total non-current assets		**306,232,007**	**294,555,612**
Total assets		**$ 710,905,042**	**$ 712,490,956**
Liabilities			
Bank indebtedness		$ 112,277,191	$ 205,548,758
Short term financing		2,622,350	12,401,810
Accounts payable and accrued liabilities		82,395,332	115,230,570
Derivative liability	7	18,170,950	347,685
Deferred revenue		9,394,672	7,026,792
Income taxes payable		810,361	2,074,729
Current portion of long-term debt and finance leases	6	6,404,798	5,752,164
Dividends payable		2,979,828	2,971,328
Total current liabilities		**235,055,482**	**351,353,836**
Long-term debt and finance leases	6	209,081,604	76,558,126
Deferred income tax liabilities		12,844,659	14,731,441
Total liabilities		**456,981,745**	**442,643,403**
Shareholders' equity			
Share capital		270,055,869	269,493,692
Contributed surplus		740,928	614,275
Accumulated other comprehensive loss		(27,628,155)	(22,888,266)
Retained earnings		10,754,655	22,627,852
Total shareholders' equity		**253,923,297**	**269,847,553**
Total liabilities and shareholders' equity		**$ 710,905,042**	**$ 712,490,956**

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

Alliance GRAIN TRADERS Inc.

Unaudited Consolidated Statements of Comprehensive Income
For the periods ended June 30

(Stated in Canadian Dollars)

	Note	3 Months 2013	3 Months 2012	6 Months 2013	6 Months 2012
Revenues		$ 246,728,894	$ 201,768,335	$ 523,168,568	$ 399,173,174
Cost of sales		223,395,786	185,147,863	477,626,985	368,423,292
Gross profit		23,333,108	16,620,472	45,541,583	30,749,882
General and administrative expenses		8,364,919	6,975,538	17,482,600	13,713,462
Marketing, sales and distribution expenses		4,615,956	4,265,988	8,942,995	9,035,057
Earnings from operations		**10,352,233**	**5,378,946**	**19,115,988**	**8,001,363**
Other expenses (income):					
Unrealized foreign exchange loss (gain)		10,036,716	(1,414,880)	14,931,587	(6,888,052)
Finance income		(7,570)	(492,120)	(347,383)	(809,370)
Finance expense	9	7,295,927	3,836,550	13,064,328	8,284,484
(Loss) earnings before income tax		**(6,972,840)**	**3,449,396**	**(8,532,544)**	**7,414,301**
Income tax (recovery) expense		(1,433,678)	1,779,577	(2,613,503)	2,977,294
Net (loss) earnings		**(5,539,162)**	**1,669,819**	**(5,919,041)**	**4,437,007**
Other comprehensive (loss) income					
Exchange differences on translation of foreign operations (no tax effect)		(5,867,873)	516,872	(4,739,889)	3,487,749
Total comprehensive (loss) income		**$ (11,407,035)**	**$ 2,186,691**	**$ (10,658,930)**	**$ 7,924,756**
Basic net earnings per share		$ (0.28)	$ 0.08	$ (0.30)	$ 0.22
Diluted net earnings per share		$ (0.28)	$ 0.08	$ (0.30)	$ 0.22
Basic weighted average number of shares		19,860,795	19,791,505	19,835,409	19,743,077
Diluted weighted average number of shares		19,993,898	19,907,776	19,957,219	19,953,136

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

Unaudited Consolidated Statements of Changes in Equity
For the periods

(Stated in Canadian Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2013	$ 269,493,692	$ 614,275	$ (22,888,266)	$ 22,627,852	**$ 269,847,553**
Net loss	-	-	-	(5,919,041)	**(5,919,041)**
Other comprehensive loss due to changes in foreign exchange	-	-	(4,739,889)	-	**(4,739,889)**
Total comprehensive (loss)	-	-	(4,739,889)	(5,919,041)	**(10,658,930)**
Share based compensation	562,177	126,653	-	-	**688,830**
Dividends to shareholders	-	-	-	(5,954,156)	**(5,954,156)**
Balance at June 30, 2013	**$ 270,055,869**	**$ 740,928**	**$ (27,628,155)**	**$ 10,754,655**	**$ 253,923,297**
Balance at January 1, 2012	$ 267,965,885	$ 300,505	$ (25,012,972)	$ 27,711,973	**$ 270,965,391**
Net earnings	-	-	-	4,437,007	**4,437,007**
Other comprehensive income due to changes in foreign exchange	-	-	3,487,749	-	**3,487,749**
Total comprehensive income	-	-	3,487,749	4,437,007	**7,924,756**
Issuance of shares pursuant to stock option plan	1,527,807	-	-	-	**1,527,807**
Share based compensation	-	132,920	-	-	**132,920**
Dividends to shareholders	-	-	-	(5,953,055)	**(5,953,055)**
Balance at June 30, 2012	**$ 269,493,692**	**$ 433,425**	**$ (21,525,223)**	**$ 26,195,925**	**$ 274,597,819**

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

Unaudited Consolidated Statements of Cash Flow
For the period ended June 30

(Stated in Canadian Dollars)

	Note		2013		2012
Cash from (used for) the following:					
Operating activities					
Net (loss) earnings		$	(5,919,041)	$	4,437,007
Items not involving cash:					
- Depreciation and amortization in general and administration			1,743,117		1,531,348
- Depreciation in cost of sales			5,268,901		4,803,255
- Amortization of discounts on long term debt			478,866		-
- Unrealized foreign exchange loss (gain)			14,931,587		(6,888,052)
- Income tax (recovery) expense			(2,613,503)		2,977,294
- Loss on disposal of property, plant and equipment			272,696		28,652
- Interest expense			8,039,956		8,045,182
- Share based compensation			688,830		60,283
- Bad debt expense			55,418		22,596
Interest paid			(4,060,307)		(7,407,508)
Income taxes paid			(3,214,282)		(994,240)
Non-cash working capital	10		(20,170,298)		42,781,409
			(4,498,060)		49,397,226
Financing activities					
Decrease in bank indebtedness			(92,494,642)		(29,514,221)
Increase (decrease) in short term financing			(9,974,988)		(21,132,462)
Proceeds from long-term debt, net of issue/discount costs	6		215,988,014		6,383,977
Repayment of long term debt	6		(83,406,603)		(10,249,389)
Dividends paid			(5,945,656)		(5,953,055)
			24,166,125		(60,465,150)
Investing activities					
Purchase of property, plant and equipment and intangible assets	5		(18,950,325)		(14,427,280)
Proceeds from the sale of property, plant and equipment	5		32,492		626,544
Other			(71,681)		52,954
			(18,989,514)		(13,747,782)
Effect of exchange rate changes on cash			461,234		1,098,624
Increase (decrease) in cash position		$	1,139,785	$	(23,717,082)
Cash position, beginning of the period		**$**	**33,109,951**	**$**	**56,220,307**
Cash position, end of the period		**$**	**34,249,736**	**$**	**32,503,225**

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

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the three and six months ended June 30, 2013 and 2012
(Stated in Canadian dollars)

1. Reporting entity

Alliance Grain Traders Inc. ("AGT") is located in Canada. The address of AGT's registered office is 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. The management of day-to-day operations is carried out at P.O. Box 30029 No. 1 Highway East, South Tower Road, Regina, Saskatchewan S4N 7K9. The consolidated financial statements of AGT are comprised of AGT and its subsidiaries. AGT through its subsidiaries in Canada, USA, China, Europe, Australia, South Africa and Turkey are engaged in the business of sourcing and processing (cleaning, splitting, sorting and bagging) a full range of specialty crops, including lentils, peas, chickpeas, beans and canary seed, primarily for export markets along with wheat, bulgur, rice and pasta. The results included in the condensed consolidated interim 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 unaudited condensed consolidated interim financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB). All financial statements are expressed in Canadian dollars, AGT's presentation currency.

The unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 9, 2013.

(b) Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

(c) Use of estimates and judgments

The preparation of the unaudited condensed consolidated interim 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 unaudited condensed consolidated financial statements are as follows:

2. Basis of presentation – continued

(c) Use of estimates and judgments - continued

- **Impairment of Long-Lived and Intangible Assets**

  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.

  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.

- **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. Significant estimates are required in determining income tax provisions and the recoverability of deferred income tax assets. In calculating income taxes, consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences, income and losses for financial reporting purposes and income and losses determined under the substantively enacted tax laws and rates. The tax effect of these temporary differences is recorded as a deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of estimates. If these estimates prove to be inaccurate, future earnings may be materially impacted.

- **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 3c of AGT's 2012 annual consolidated financial statements.

(Stated in Canadian dollars)

3. Significant accounting policies

These unaudited condensed consolidated interim financial statements and notes thereto have been prepared using accounting policies consisitent with those used in preparing AGT's 2012 annual consolidated financial statements. While management believes that the disclosures presented are adequate to make the information not misleading, these unaudited condensed consolidated interim financial statements and notes thereto should be read in conjuction with AGT's interim management's discussion and anaylsis (MD&A) and the 2012 annual consolidated financial statements and notes thereto.

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

(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 consolidated financial statements as their effective dates fall in periods beginning subsequent to the current reporting period.

IAS 32 - Financial Instruments: Presentation	Issued in December 2011. Clarifies the presentation requirements related to the offsetting of financial assets and liabilities.	IAS 32 - Financial Instruments: Presentation	IAS 32- January 1, 2014
IFRS 9 - Financial Instruments	Initially issued in November 2009 to address the classification and measurement of financial assets. Additional guidance issued in October 2010 on the classification and measurement of financial liabilities.	IAS 39 - Financial Instruments: Recognition and Measurement	January 1, 2015

Management is assessing the potential impact of standards and amendments effective in future years for impacts on both quantitative and qualitative disclosure. AGT does not expect any significant impact.

On January 1, 2013, AGT adopted the following new standards as issued by the IASB: IFRS 7 *Financial Instruments: Disclosures*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interest in Other Entities*,and IFRS 13 *Fair Value Measurement*. None of these standards had a material impact on AGT's financial statements.

(Stated in Canadian dollars)

4. Inventory

		June 30, 2013		Dec 31, 2012
Raw materials	$	78,823,786	$	85,656,035
Processed product		44,266,388		51,703,354
Split production		9,731,769		12,402,359
Packaged product		32,371,231		35,014,929
Other		5,288,206		4,105,050
	$	170,481,380	$	188,881,727

		June 30, 2013		June 30, 2012
Inventory expensed in cost of goods sold	$	319,251,806	$	243,907,706

5. Property, plant and equipment

Cost	Land	Building and site improvement	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Construction in Progress	**Total**
Balance at December 31, 2011	$ 17,813,127	$ 65,433,732	$ 123,475,080	$ 6,700,687	$ 4,044,596	$ 18,473,685	**$ 235,940,907**
Additions	416,801	3,220,701	2,713,254	400,151	399,581	25,593,119	**32,743,607**
Disposals	-	-	(595,195)	(392,394)	(781)	-	**(988,370)**
Transfers between categories	-	3,834,378	6,596,914	43,003	197,657	(10,671,952)	**-**
Effects of movement in exchange rates	276,202	10,772,908	1,722,715	22,726	48,656	(11,129,904)	**1,713,303**
Balance at December 31, 2012	$ 18,506,130	$ 83,261,719	$ 133,912,768	$ 6,774,173	$ 4,689,709	$ 22,264,948	**$ 269,409,447**
Additions	206,120	228,436	1,480,498	430,526	190,720	16,366,154	**18,902,454**
Disposals	-	-	(13,092)	(191,145)	(267,189)	-	**(471,426)**
Transfers between categories	1,524,095	12,390,030	19,947,784	15,701	294,319	(34,171,929)	**-**
Effects of movements in exchange rates	(506,290)	(596,411)	(2,001,896)	(75,431)	(65,292)	444,959	**(2,800,361)**
Balance at June 30, 2013	$ 19,730,055	$ 95,283,774	$ 153,326,062	$ 6,953,824	$ 4,842,267	$ 4,904,132	**$ 285,040,114**
Accumulated Depreciation							
Balance at December 31, 2011	$ -	$ 5,653,599	$ 28,677,535	$ 2,508,129	$ 1,780,431	$ -	**$ 38,619,694**
Depreciation for the year	-	1,997,662	9,067,120	905,148	577,971	-	**12,547,901**
Disposals	-	-	(144,912)	(85,643)	(210)	-	**(230,765)**
Effects of movements in exchange rates	-	35,561	390,051	18,372	36,822	-	**480,806**
Balance at December 31, 2012	$ -	$ 7,686,822	$ 37,989,794	$ 3,346,006	$ 2,395,014	$ -	**$ 51,417,636**
Depreciation for the year	-	1,386,264	4,690,623	445,175	308,051	-	**6,830,113**
Disposals	-	-	(4,568)	(160,881)	(789)	-	**(166,238)**
Effects of movements in exchange rates	-	(51,194)	(642,976)	(31,817)	(39,090)	-	**(765,077)**
Balance at June 30, 2013	$ -	$ 9,021,892	$ 42,032,873	$ 3,598,483	$ 2,663,186	$ -	**$ 57,316,434**
Net Book Value at December 31, 2012	**$ 18,506,130**	**$ 75,574,897**	**$ 95,922,974**	**$ 3,428,167**	**$ 2,294,695**	**$ 22,264,948**	**$ 217,991,811**
Net Book Value at June 30, 2013	**$ 19,730,055**	**$ 86,261,882**	**$ 111,293,189**	**$ 3,355,341**	**$ 2,179,081**	**$ 4,904,132**	**$ 227,723,680**
Assets under finance lease, December 31, 2012	$ -	$ -	$ 3,402,421	$ 84,450	$ 147,756	$ -	$ 3,634,627
Assets under finance lease, June 30, 2013	$ -	$ -	$ 2,913,609	$ 63,487	$ 158,220	$ -	$ 3,135,316

(Stated in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

6. Long term debt

		June 30, 2013		Dec 31, 2012
Term Debt				
Senior secured second lien notes, bearing an interest rate of 9%, with semi-annual payments of interest only, beginning August 2013 and concluding February 2018, secured by certain property, plant and equipment.*	$	120,016,565	$	-
Loan payable, bearing an interest rate of Canadian Bankers Acceptance rate plus 0.5%, with monthly payments of interest only and quarterly payments of $1,500,000 principal, due January 2016, secured by certain accounts receivable, inventory and property, plant and equipment.		88,169,545		-
Loan payable, bearing an interest rate of prime plus 0.75%, with monthly payments of interest only, due January 2016, secured by certain property, plant and equipment.		6,689,848		
Loan payable, bearing an interest rate of prime plus 1.1%, with monthly payments of interest only, due November 2015, secured by certain property, plant and equipment.		-		49,998,471
Loan payable, bearing an interest rate of prime plus 1.1%, with combined principal and interest payments of $368,921 to October 2017, secured by property, plant and equipment.		-		19,397,043
Loans payable, bearing interest rates varying from 1.00% to 6.75%, with monthly payments of $82,599, due dates ranging from January 2014 to July 2022, secured by property, plant and equipment.		-		3,815,847
Loan payable, bearing an interest rate of 5.25% and 3.25%, due December 31, 2017, secured by Minot equipment with monthly payments of $134,916.		-		7,262,770
Loan payable, bearing an interest rate of Canadian Bankers Acceptance rate plus 3.75%, monthly principal payments of $6,900, due October 2017, unsecured.		-		402,200
Finance Leases				
Leases payable, bearing interest rates ranging from 0.0% to 11.1% (2012: 0.0% to 11.1%), with total monthly payments of $89,818 (2012: $146,257), due dates ranging from August 2013 to August 2017 (2012: August 2013 to April 2016), secured by equipment.		610,444		1,433,959
	$	215,486,402	$	82,310,290
Total current portion		(6,404,798)		(5,752,164)
	$	209,081,604	$	76,558,126

* On February 14, 2013, AGT issued senior secured second lien notes in the amounts of $125,000,000. These notes bear interest at 9% per annum (effective interest of 10.10%) and mature on February 14, 2018. The proceeds after deducting expenses were $119,701,356.

(Stated in Canadian dollars)

6. Long term debt - continued

The estimated contractual maturities for term loans and future minimum payments for finance leases in each of the next five years and thereafter are as follows:

	Term debt	Finance leases	Total
2013-2014	$ 5,872,364	$ 532,434	$ 6,404,798
2014-2015	5,872,365	44,455	5,916,820
2015-2016	83,114,664	28,045	83,142,709
2016-2017	-	5,510	5,510
2017-2018	120,016,565	-	120,016,565
	$ 214,875,958	$ 610,444	$ 215,486,402

7. Financial instruments

Fair values

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. AGT, as part of its operations, may carry a number of financial instruments including cash, bank indebtedness, short term financing, accounts receivable, accounts payable and accrued liabilities, dividends payable, and current and long-term debt and finance leases.

The fair value of cash, bank indebtedness, accounts receivable, accounts payable and accruals, and dividends payable approximate their carrying values given their short-term maturities. The fair value of long-term debt and finance leases approximate their carrying value.

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

Level 1 – values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

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 based on the nature of AGT's derivative instruments.

Level 3 – values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. There were no items measured at fair value using level 3 in 2012 or 2013.

(Stated in Canadian dollars)

7. Financial instruments – continued

June 30, 2013	Level 1	Level 2	Total	Change in fair value recognized in net earnings
Asset (Liability)				
Cash	$ 34,249,736	$ -	$ 34,249,736	$ -
Foreign exchange derivatives	-	(18,170,950)	(18,170,950)	(18,724,466)
	$ 34,249,736	$ (18,170,950)	$ 16,078,786	$ (18,724,466)

December 31, 2012	Level 1	Level 2	Total	Change in fair value recognized in net earnings
Asset (Liability)				
Cash	$ 33,109,951	$ -	$ 33,109,951	$ -
Foreign exchange derivatives *	-	553,516	553,516	1,866,411
	$ 33,109,951	$ 553,516	$ 33,663,467	$ 1,866,411

* Foreign exchange derivatives are included in accounts receivable and accounts payable amounts respectively on the statement of financial position

8. Accounts receivable securitization

On December 21, 2012, AGT entered into a Master Receivables Purchase Agreement. This agreement allows the sale of specific Turkish trade accounts receivable that are insured through Export Development Canada (EDC) to the Bank of Nova Scotia (BNS). The agreement permits AGT to securitize up to $40 million worth of insured receivables. Based on review of IAS 39, AGT has derecognized the receivables from the unaudited consolidated Statement of Financial Position as substantially all of the risks and rewards of ownership have been transferred.

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

AGT had no factoring draws at year end. The first submission was submitted February 6, 2013. As at June 30, 2013, AGT has derecognized $14,441,769 of accounts receivable from the unaudited consolidated Statement of Financial Position and incurred $87,722 in transaction fees, included in finance expense.

(Stated in Canadian dollars)

9. Finance expense

	3 months ended		6 months ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Interest and bank charges	$ 1,236,447	$ 2,698,933	$ 3,378,637	$ 6,224,211
Interest on long term debt	2,945,709	783,107	4,661,319	1,575,860
Trade finance fees and other expense	2,591,392	354,510	4,501,993	484,413
Foreign exchange on financing activities	522,379	-	522,379	-
	$ 7,295,927	$ 3,836,550	$ 13,064,328	$ 8,284,484

10. Non-cash working capital

	June 30, 2013	June 30, 2012
(Increase) decrease in current assets:		
Accounts receivable	$ (10,796,288)	$ 15,293,527
Inventory	14,164,812	42,615,042
Prepaid expenses and deposits	6,198,472	2,400,728
	$ 9,566,996	$ 60,309,297
Decrease in current liabilities:		
Accounts payable, accrued liabilities, deferred revenue and derivative liability	(29,737,294)	(17,527,888)
	$ (29,737,294)	(17,527,888)
	$ (20,170,298)	$ 42,781,409

(Stated in Canadian dollars)

11. Related party transactions

The consolidated financial statements of AGT include the accounts of AGT and its directly wholly-owned subsidiaries incorporated in Canada, USA, China, Europe, Australia, South Africa and Turkey.

(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:

	June 30, 2013	June 30, 2012
Short term benefits (wage, bonus, vacation paid out, directors fees)	$ 1,134,750	$ 815,250
Post employment benefits (RRSP)	43,200	42,400
Other long term benefits including stock based compensation (long term incentive plan)	457,665	457,500
Total	$ 1,635,615	$ 1,315,150

(b) Transactions with other related parties

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

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

	June 30, 2013	Dec 31, 2012
Accounts receivable	$ 445,483	$ 801,143
Accounts payable	1,637,214	1,640,551

	June 30, 2013	June 30, 2012
Purchases	$ 3,384,384	$ 1,367,083

12. Segmented reporting

As of July 1, 2012, improvements were made to management information systems to allow the review by AGT's chief operating decision maker of 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 two segments: (1) pulses and grains processing and (2) supply chain management and distribution.

The pulses and grains 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, and Turkey. In addition to this, pasta, bulgur and semolina results are included in this segment.

Supply chain management 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, Turkey and China. The segment also includes AGT operations in Southern Africa.

AGT's chief operating decision maker evaluates segment performance on the basis of EBITDA** (earnings before finance expense, income taxes, depreciation and amortization, one-time costs and any effects of non-cash foreign exchange adjustment). AGT provides some non-IFRS measures in its management discussion and analysis and other public documents as supplementary information that Management believes may be useful to investors to explain AGT's financial results.

The accounting policies used within each segment are consistent with the policies outlined in the notes to the financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business. Certain estimates and assumptions were made by Management in the determination of segment composition.

Prior to July 1, 2012, AGT reviewed its operations as a single operating segment as the management reporting to accurately track segment performance was not in place. Management has determined that the cost to develop reliable comparative information would be excessive. Comparative information previously disclosed on AGT's operations as a single operating segment is now included under Note 13.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
For the three and six months ended June 30, 2013 and 2012
(Stated in Canadian dollars)

12. Segmented reporting - continued

Three months ended June 30, 2013	**Pulses and Grain Processing**	**Supply Chain Management and Distribution**	**Corporate and Eliminations**	**Consolidated**
Revenue	$ 221,954,586	$ 78,871,505	$ (54,097,197)	**$ 246,728,894**
Cost of sales	204,651,552	72,841,431	(54,097,197)	**223,395,786**
Gross profit	17,303,034	6,030,074	-	**23,333,108**
General administrative expenses and other	4,045,182	2,276,485	2,043,252	**8,364,919**
Marketing, sales and distribution expenses	2,453,018	1,930,175	232,763	**4,615,956**
Earnings (loss) from operations	**10,804,834**	**1,823,414**	**(2,276,015)**	**10,352,233**
Unrealized foreign exchange loss	-	-	10,036,716	**10,036,716**
Finance income	-	-	(7,570)	**(7,570)**
Finance expense	-	-	7,295,927	**7,295,927**
	10,804,834	**1,823,414**	**(19,601,088)**	**(6,972,840)**
Income tax recovery	-	-	(1,433,678)	**(1,433,678)**
Net earnings (loss)	**10,804,834**	**1,823,414**	**(18,167,410)**	**(5,539,162)**
Depreciation	2,949,952	143,784	57,042	**3,150,778**
Unrealized foreign exchange loss	-	-	10,036,716	**10,036,716**
Finance expense	-	-	7,295,927	**7,295,927**
Income tax recovery	-	-	(1,433,678)	**(1,433,678)**
Non-recurring and other expenses	(297,406)	7,198	677,424	**387,216**
EBITDA**	**$ 13,457,380**	**$ 1,974,396**	**$ (1,533,979)**	**$ 13,897,797**

(Stated in Canadian dollars)

Alliance GRAIN TRADERS Inc.

12. Segmented reporting - continued

Six months ended June 30, 2013	Pulses and Grain Processing	Supply Chain Management and Distribution	Corporate and Eliminations	Consolidated
Revenue	$ 420,255,834	$ 182,173,566	$ (79,260,832)	**$ 523,168,568**
Cost of sales	387,063,631	169,824,186	(79,260,832)	**477,626,985**
Gross profit	33,192,203	12,349,380	-	**45,541,583**
General administrative expenses and other	8,816,152	4,306,263	4,360,185	**17,482,600**
Marketing, sales and distribution expenses	4,651,403	3,450,125	841,467	**8,942,995**
Earnings (loss) from operations	**19,724,648**	**4,592,992**	**(5,201,652)**	**19,115,988**
Unrealized foreign exchange loss	-	-	14,931,587	**14,931,587**
Finance income	(339,813)	-	(7,570)	**(347,383)**
Finance expense	-	-	13,064,328	**13,064,328**
	20,064,461	**4,592,992**	**(33,189,997)**	**(8,532,544)**
Income tax recovery	-	-	(2,613,503)	**(2,613,503)**
Net earnings (loss)	**20,064,461**	**4,592,992**	**(30,576,494)**	**(5,919,041)**
Depreciation	5,972,450	306,692	732,876	**7,012,018**
Unrealized foreign exchange loss	-	-	14,931,587	**14,931,587**
Finance expense	-	-	13,064,328	**13,064,328**
Income tax recovery	-	-	(2,613,503)	**(2,613,503)**
Non-recurring and other expenses	227,206	11,275	758,020	**996,501**
EBITDA**	**$ 26,264,117**	**$ 4,910,959**	**$ (3,703,186)**	**$ 27,471,890**

Other reporting segment information

As at June 30, 2013	Pulses and Grain Processing	Supply Chain Management and Distribution	Corporate and Eliminations	Consolidated
Assets	$ 722,276,950	$ 153,483,542	$ (164,855,450)	**$ 710,905,042**
Liabilities	539,230,291	44,255,627	(126,504,173)	**456,981,745**
Intangible assets	5,397,178	3,478,702	-	**8,875,880**
Goodwill	45,313,866	14,535,424	-	**59,849,290**

(Stated in Canadian dollars)

13. Sales and selected geographic information

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

Sales by product line

	3 months ended June 30		6 months ended June 30	
	2013	**2012**	**2013**	**2012**
Pulses and specialty crops	$ 167,640,151	$ 152,891,276	$ 369,145,773	$ 309,017,481
Pasta, semolina and bulgur	37,756,021	23,730,135	70,211,971	47,297,175
Rice, other commodities and miscellaneous revenue	41,332,722	25,146,924	83,810,824	42,858,518
Total	$ 246,728,894	$ 201,768,335	$ 523,168,568	$ 399,173,174

Sales derived from customers located in the following geographic areas:

	3 months ended June 30		6 months ended June 30	
	2013	**2012**	**2013**	**2012**
Canada	$ 18,937,125	$ 12,774,020	$ 20,366,871	$ 23,241,921
Americas / Caribbean, excluding Canada	19,724,837	20,243,847	51,118,426	43,180,194
Asia / Pacific Rim	80,838,144	67,636,320	143,165,859	78,103,529
Europe / Middle East / Africa	127,228,788	101,114,148	308,517,412	254,647,530
Total	$ 246,728,894	$ 201,768,335	$ 523,168,568	$ 399,173,174

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

	Property, plant and equipment	
	June 30, 2013	**Dec 31, 2012**
Canada	$ 59,613,484	$ 60,966,045
North America, excluding Canada	50,358,804	35,400,896
Australia	32,133,554	34,441,416
Turkey	81,009,286	83,142,544
South Africa	2,978,407	3,458,474
China	1,630,145	582,436
Total	$ 227,723,680	$ 217,991,811

	Intangibles	
	June 30, 2013	**Dec 31, 2012**
Turkey	$ 5,397,208	$ 5,661,667
United Kingdom	2,071,003	2,237,383
China	1,325,957	1,248,802
South Africa	81,712	101,911
Total	$ 8,875,880	$ 9,249,763

(Stated in Canadian dollars)

13. Sales and other geographic information – continued

	Goodwill	
	June 30, 2013	**Dec 31, 2012**
Canada	$ 18,399,191	$ 18,399,191
North America, excluding Canada	10,518	9,949
Australia	48,180	51,695
Turkey	38,109,644	38,998,195
United Kingdom	3,281,757	3,320,963
Total	$ 59,849,290	$ 60,779,993

14. 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 June 30, 2013, AGT had a letter of credit in favour of the Canadian Grain Commission in the amount of $10 million (December 31, 2012 - $12 million). The letter of credit is callable by the beneficiary in the event of a producer grain payment default. The letter of credit expires at December 31, 2014.

At June 30, 2013, AGT had a letter of credit in favour of Lloyd's Bank in the United Kingdom in the amount of $12.6 milllion (December 31, 2012 – nil). This letter of credit serves as security for the operating line in the United Kingdom and is callable in the event of a default by AGT's subsidiary.

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