AG GROWTH INTERNATIONAL

FROM THE GROUND UP

2015
Quarterly Report

For the three and six-month periods ended June 30, 2015

CEO Message

On behalf of our Board of Directors and all of us at AGI we present our Q-2, 2015 financial results. Adjusted EBITDA in Q2 2015 was $22.4 million, down 7% from the same period last year while adjusted EBITDA for the six months ended June 30, 2015 was $38.8 million compared to $38.5 million in 2014. Results in 2015 were negatively impacted by a poor operating performance at our Union Iron division, where the operational improvement plan to date has not met expectations. As well, our Mepu division in Finland has experienced a sluggish domestic market, affected by an ill-timed EU farm subsidy program. Otherwise, our business units are in good order, our brands are strong and our market share solid.

What we are facing however is a number of negative macro factors that are challenging North American markets. Cautious buyer sentiment in the U.S. farm market persists as financial constraints among some of our U.S. dealers is hampering their ability and/or appetite to stock inventory at typical levels in advance of harvest. Heightened variability in crop conditions throughout the corn-belt has added to the lack of momentum in early Q-3 as we progress toward what should be a very large corn harvest at an aggregate level. And of course, we have experienced drought in western Canada. In fact there were record low rainfall levels in much of Alberta and Saskatchewan from early spring to mid-summer. For many farmers, the rain that arrived recently came too late to save the crops for this year.

Potential volatility in any given region, in any given year, encourages those of us in agriculture to maintain a long term mindset and in turn strategies to match. This is why we have worked so hard to diversify geographies and expand our catalogue. We are carefully building a foundation in Brazil that will prepare AGI for meaningful and sustainable business in 2016 and beyond. In July we opened our Innovation Centre in Oak Bluff, just outside of Winnipeg, where we will create a focused, synergistic environment for new product development; one that will fuel the strength of our brands well into the future. And our international sales team continues to grow and diversify globally. We had a very strong Q-2 internationally, with YTD Sales at June 30th growing to $52.5 million, up 55% over the first six months of 2014. Our order backlog is also tracking ahead of last year going into H-2, positioning ourselves for a potential record year internationally.

But by far the greatest highlight of this quarter has been the closing of the Westeel transaction on May 20th. We have made great progress with the integration, completing a revised organizational structure that includes substantial annualized cost savings. I am extremely pleased with the calibre of people on the Westeel team. They have demonstrated great pride in their brand and strong commitment to our customers. Congratulations to all of those who have stepped up to take on new roles in the organization. Cost savings from restructuring, along with some initial supply chain synergies, have combined to meet our near term goal of $5 million in annual synergies. Our work has now turned to the longer term process of creating revenue synergies and new market development. While the drought in western Canada will take some of the wind from our sails for the duration of this year, we remain very excited with this acquisition and the benefits Westeel will deliver in the long run. We are strategizing accordingly.

Sincerely,

Gary Anderson

CEO

AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: August 14, 2015

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and accompanying notes of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") for the year ended December 31, 2014 and the unaudited interim condensed consolidated financial statements of the Company for the three and six month periods ended June 30, 2015. Results are reported in Canadian dollars unless otherwise stated.

The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian currency, unless otherwise noted.

Throughout this MD&A references are made to "trade sales", "EBITDA", "adjusted EBITDA", "gross margin", "funds from operations", "payout ratio", "adjusted payout ratio", "adjusted profit" and "diluted adjusted profit per share". A description of these measures and their limitations are discussed below under "Non-IFRS Measures".

This MD&A contains forward-looking statements. Please refer to the cautionary language under the heading "Risks and Uncertainties" and "Forward-Looking Statements" in this MD&A and in our most recently filed Annual Information Form.

SUMMARY OF RESULTS

A brief summary of our operating results can be found below. A more detailed narrative is included later in this MD&A under "Explanation of Operating Results".

(thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Trade sales(1)	$123,459	$112,422	$217,879	$198,603
Adjusted EBITDA(1)(2)	$22,387	$24,048	$38,828	$38,512
Profit	$8,173	$13,638	$4,764	$14,856
Adjusted profit(1)	$11,899	$12,511	$19,303	$16,802
Diluted profit per share	$0.58	$0.99	$0.35	$1.12
Diluted adjusted profit per share(1) (3)	$0.85	$0.84	$1.41	$1.26

(1) See "Non-IFRS Measures".
(2) See "Adjusted EBITDA" below in Summary of Results.
(3) See "Diluted profit per share and Diluted adjusted profit per share" below in Summary of Results.

Adjusted EBITDA decreased compared to the second quarter in 2014 as drought conditions in western Canada and cautious buying behavior in the United States negatively impacted sales of on-farm products including portable grain handling, aeration and storage equipment. While AGI's North American commercial business progressed at a reasonable pace the level of activity remained below the very strong demand experienced in 2014. AGI's international business performed very well in the first half of 2015 and sales increased significantly due to continued momentum in Latin America and projects with multinational grain handlers in Ukraine Adjusted EBITDA in the second quarter of 2015 benefited from the reversal of $1.3 million of earnings based bonus accruals that was required due to a decrease in management's forecast for the second half of 2015 (see "Outlook"). On May 20, 2015, AGI completed its acquisition of the Westeel division ("Westeel") of Vicwest Inc. (see "Westeel Acquisition" below) and for the period May 20, 2015 to June 30, 2015 Westeel sales and adjusted EBITDA included in AGI's consolidated results were $18.1 million and $2.3 million, respectively.

The summary of results table above includes operating results of Westeel subsequent to the acquisition date of May 20, 2015. Trade sales and adjusted EBITDA related to Westeel for the period May 20, 2015 to June 30, 2015 are shown below:

	Three Months Ended June 30			
($000's)	**Trade Sales**		**Adjusted EBITDA**	
	2015	**2014**	**2015**	**2014**
AGI ex-Westeel	$105,362	$112,422	$20,074	$24,048
Westeel (1)	18,097	0	2,313	0
Total	**$123,459**	**$112,422**	**$22,387**	**$24,048**

(1) Subsequent to the acquisition of May 20, 2015. See "Westeel Acquisition" below.

Westeel Acquisition

AGI completed its acquisition of Westeel on May 20, 2015. Headquartered in Winnipeg, Manitoba, Westeel is Canada's leading provider of grain storage solutions offering a wide range of on-farm and commercial products for the agricultural industry. The acquisition included Westeel's foreign sales offices, its 100% interest in Italian subsidiary PTM Technology, a manufacturer of grain handling equipment, and its 51% interest in a European subsidiary.

Sales and adjusted EBITDA for Westeel decreased compared to 2014 as poor growing conditions in western Canada lowered crop production expectations and negatively impacted farmer sentiment. Drought conditions in western Canada are expected to negatively impact results for the balance of 2015 (see "Outlook").

Integration and Synergies

Integration of the Westeel business is ahead of expectations and is well advanced in all aspects of the operation including production, coordination of North American and International sales efforts, centralization of the marketing function, information technology transfer and the human resources and finance functions. Cost synergies realized to date are higher than originally anticipated and at the time of writing synergies related to organizational restructuring along with certain supply change synergies have already reached the Company's near term goal of $5 million in annual synergies. Management expects to realize additional sales, manufacturing and purchasing synergies in 2016.

Financial Results

The table below compares Westeel results to prior periods for the entire three and six month periods indicated. AGI acquired Westeel on May 20, 2015. From the date of acquisition Westeel recorded trade sales of $18.1 million and adjusted EBITDA of $2.3 million.

WESTEEL				
($000's)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Trade sales (1)	39,560	49,459	78,903	90,016
Adjusted EBITDA (1)	3,412	4,662	7,216	6,884
Gross margin	22.8%	20.5%	23.8%	20.3%

(1) For the entire three and six month periods. AGI acquired Westeel on May 20, 2015.

Sales and adjusted EBITDA for Westeel decreased compared to 2014 as poor growing conditions in western Canada lowered crop production expectations and negatively impacted farmer sentiment. Drought conditions in western Canada are expected to negatively impact results for the balance of 2015 (see "Outlook").

Trade Sales (see "Non-IFRS Measures")

($000s)	**Three Months Ended June 30**			**Six Months Ended June 30**		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Canada	$39,103	$30,659	$8,444	$60,870	$53,826	$7,044
US	54,726	61,661	(6,935)	104,508	110,820	(6,312)
International	29,630	20,102	9,528	52,501	33,957	18,544
Total	**$123,459**	**$112,422**	**$11,037**	**$217,879**	**$198,603**	**$19,276**

Included in the table above are Westeel sales numbers from the May 20, 2015 acquisition date to June 30, 2015, as follows:

($000s)	Sales from date of Acquisition			
	Canada	**US**	**International**	**Total**
Westeel	$15,892	$1,121	$1,084	$18,097

Sales in Canada were negatively impacted by poor crop conditions that resulted from a lack of moisture in most key crop growing regions. Demand for portable grain handling equipment, aeration products and storage bins declined significantly, impacting sales for all AGI brands including Westeel. The impact of poor growing conditions is expected to affect demand in the second half of 2015. The geographic sales mix of Westeel is weighted towards western Canada and accordingly AGI's exposure to the region increased subsequent to the acquisition.

Crop conditions in the United States are variable but generally favourable however farmer sentiment and cash flow considerations at the dealer level are contributing to cautious buying behavior. As a result, sales of on-farm handling equipment decreased compared to 2014. Commercial equipment sales in the second quarter increased compared to 2014, primarily in the processing sector. For the six month period ended June 30, 2015, commercial sales decreased compared to the prior year as a weak first quarter, the result of a return to more traditional seasonality and a somewhat softer domestic market to begin the year, more than offset gains made in the second quarter.

AGI's international sales for the three and six month periods ended June 30, 2015 increased 65% and 55%, respectively. Strong international sales were the result of continued momentum in Latin America and a high level of activity in RUK (Russia/Ukraine/Kazakhstan). In Latin America, large projects in Peru and Bolivia contributed to an increase in sales in the six months ended June 30 from $6.2 million in 2014 to $11.3 million in 2015. In RUK sales increased from $15 million in the first half of 2014 to over $25 million in the current year largely due to business in Ukraine with multinational grain traders.

See also "Outlook".

Gross Margin (see "Non-IFRS Measures")

Gross margin				
	Three Months Ended June 30		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
AGI ex-Westeel	34.0%	35.1%	35.2%	35.1%
Westeel (1)	24.8%	N/A	24.8%	N/A
Consolidated	32.7%	35.1%	34.4%	35.1%

(1) For the period May 20, 2015 – June 30, 2015.

Strong gross margins were achieved despite lower sales of high margin portable grain handling equipment as AGI reacted quickly to signs of changing demand patterns and due to the positive impact of a weaker Canadian dollar. Low margins at the Company's Union Iron division persisted in the second quarter and are not expected to improve until 2016. Union Iron represents approximately 5% to 10% of annualized sales pro forma the acquisition of Westeel.

Adjusted EBITDA (see "Non-IFRS Measures")

Adjusted EBITDA for the quarter ended June 30, 2015 was $22.4 million (2014 - $24.0 million). The decrease compared to 2014 resulted from a decrease in demand related to drought conditions in western Canada and lower sales of portable grain handling equipment in the U.S.

(thousands of dollars)	**Q2 2015**	**Q2 2014**	**YTD 2015**	**YTD 2014**
EBITDA[(1)]	**$19,596**	**$25,434**	**$24,144**	**$35,958**
Loss (gain) on foreign exchange [(2)]	550	(1,360)	10,416	1,584
Non-cash Share Based Compensation	(935)	841	145	1,708
M&A activity	2,437	51	3,514	180
Loss (gain) on sale of PP&E	739	(918)	609	(918)
Adjusted EBITDA[(1)]	**$22,387**	**$24,048**	**$38,828**	**$38,512**

(1) See “Non-IFRS Measures”.
(2) See “Impact of Foreign Exchange” below.

Diluted profit per share and Diluted adjusted profit per share

Diluted profit per share for the quarter ended June 30, 2015 was $0.58 (2014 – $0.99) and for the six months then ended was $0.35 (2014 - $1.12). The decrease was primarily the result of lower EBITDA, transaction costs related to the acquisition of Westeel and losses on foreign exchange. A reconciliation to diluted adjusted profit per share follows:

(thousands of dollars)	**Q2 2015**	**Q2 2014**	**YTD 2015**	**YTD 2014**
Profit as reported Per share as reported	$8,173 $0.58	$13,638 $0.99	$4,764 $0.35	$14,856 $1.12
Loss (gain) on foreign exchange	550	(1,360)	10,416	1,584
M&A Activity	2,437	51	3,514	180
Non-cash loss on available-for-sale investment	0	1,100	0	1,100
Loss (gain) on sale of PP&E	739	(918)	609	(918)
Adjusted profit [(1)] Diluted adjusted profit per share [(1)]	**$11,899** **$0.85**	**$12,511** **$0.84**	**$19,303** **$1.41**	**$16,802** **$1.26**

(1) See “Non-IFRS Measures”

Impact of Foreign Exchange

Sales and Adjusted EBITDA

AGI's average rate of exchange for the three and six month periods ended June 30, 2015 was U.S. $1.00 = CAD $1.24 in both periods (2014 = CAD $1.10 in both periods). A lower Canadian dollar results in an increase in reported trade sales as U.S. denominated sales are translated into Canadian dollars at a higher rate. Similarly, as U.S. dollar sales exceed U.S. dollar costs, adjusted EBITDA benefits from a weaker Canadian dollar. Sales denominated in U.S. dollars in the three and six month periods were U.S. $54 million and U.S. $119 million, respectively (2014- $71 million and $126 million). U.S. dollar denominated costs (cost of sales plus SG&A) were U.S. $38 million and U.S. $75 million, respectively (2014 – U.S. $40 million and $74 million).

Gains and Losses on Foreign Exchange

AGI enters forward foreign exchange contracts with maturity dates up to two years from the contract date with the objective of partially mitigating exposure to currency fluctuations. The table below summarizes outstanding foreign exchange contracts. For reference, AGI's net exposure to the U.S. dollar in 2014 (sales less cost of sales and SG&A) was U.S. $116 million.

Forward Foreign Exchange Contracts			
Settlement Dates	**Face Amount USD (000's)**	**Average Rate CAD**	**CAD Amount (000's)**
2015 (July – Dec)	62,000	1.12	69,690
2016 (Jan – Dec)	100,500	1.18	118,294
2017 (Jan - Feb)	9,000	1.25	11,216

In the three and six months ended June 30, 2015, AGI realized a loss on maturing foreign exchange contracts of $1.8 million and $3.7 million, respectively. Based on current rates of foreign exchange the Company expects to realize significant losses on its foreign exchange contracts in the second half of 2015. Currency fluctuations also result in non-cash gains or losses on foreign exchange. At June 30, 2015, the fair value of the Company's outstanding forward exchange contracts was a loss of $15.2 million. See Financial Instruments – Foreign exchange contracts".

CORPORATE OVERVIEW

AGI is a manufacturer of agricultural equipment with a focus on grain handling, storage and conditioning products. Our products service most agricultural markets including the individual farmer, corporate farms and commercial operations. Our business is affected by regional and global trends in grain volumes, on-farm and commercial grain storage and handling practices, and to a lesser extent crop prices. Our business is seasonal, with higher sales occurring in the second and third calendar quarters compared with the first and fourth quarters. We manufacture in Canada, the U.S. and Europe and we sell products globally, with most of our sales in the U.S.

Our business is sensitive to fluctuations in the value of the Canadian and U.S. dollars as a result of our exports from Canada to the U.S. and as a result of earnings derived from our U.S. based divisions. Fluctuations in currency impact our results even though we engage in currency hedging with the objective of partially mitigating our exposure to these fluctuations. The Company's average rate of foreign exchange per USD $1.00 in the three and six month periods ended June 30, 2015 was CAD $1.24 (2014 - $1.10 in both periods).

Our business is also sensitive to fluctuations in input costs, especially steel, a principal raw material in our products, which, for reference, represented approximately 26% of the Company's production costs in fiscal 2014. Short-term fluctuations in the price of steel impact our financial results even though we strive to partially mitigate our exposure to such fluctuations through the use of long-term purchase contracts, bidding commercial projects based on current input costs and passing input costs on to customers through sales price increases.

OUTLOOK

On-Farm Equipment

The majority of planted acres in western Canada did not receive sufficient moisture during critical stages of the growing season and as a result market observers generally anticipate a significant deterioration in crop yields and crop production. Demand for AGI on-farm handling, aeration and storage equipment, including equipment from its newly acquired Westeel division, will decrease accordingly. The geographic sales mix of Westeel is weighted towards western Canada and accordingly AGI's exposure to the region increased subsequent to the acquisition.

Crop conditions in the United States are generally favourable though certain areas have received excessive moisture and crops have been damaged as a result. The USDA currently forecasts corn production in 2015 to approximate 13.7 billion bushels (2014 – 14.0 billion bushels). Crop volume is the primary demand driver for AGI and demand at the farm level will ultimately be determined by the number of bushels of grain at harvest. However, farmer sentiment and cash flow considerations at the dealer level are contributing to cautious buying behavior, even in light of expectations for a large crop in 2015. Management continues to anticipate high levels of in-season demand for portable equipment, however, based on existing backlogs, current dealer inventory levels and the pace of new order intake the Company's forecast for portable equipment sales in the second half of 2015 has decreased. AGI is able to react relatively quickly to an increase in demand and has proactively increased inventory levels throughout its warehousing network, however, the window to manufacture, transport and assemble portable equipment prior to the end of harvest is shortening which may constrain in-season sales in the third quarter of 2015 and possibly the fourth quarter subject to the timing and duration of harvest.

Commercial Equipment

The long-term trend towards increasing amounts of grain grown continues to drive demand for capacity and efficiency enhancements throughout the North American commercial grain handling infrastructure. The pace of customer commitment in North America for commercial equipment increased after the first quarter and as a result AGI's domestic order backlog as at June 30, 2015 approximated the high levels of 2014. Management anticipates strong sales of commercial equipment in the third quarter of 2015 however it does not expect these sales to reach 2014 levels. Quoting activity remains strong and accordingly management anticipates healthy North American sales of commercial equipment in the fourth quarter, however the magnitude of these sales will depend largely on the timing of customer commitments.

AGI's international sales in the six months ended June 30, 2015 increased 55% over the first half of 2014. The strong performance was largely related to projects in Ukraine, primarily with multinational grain handlers, and continued success in Latin America. AGI was able to deliver on many of these large projects in the first half of the fiscal year and still exit the second quarter with an international backlog similar to the prior year. AGI has a high quality quote log and expects to finalize additional new business in the near term. Management currently expects international sales in the second half of 2015 to approximate the strong levels experienced in 2014 however these sales may be influenced by the timing of customer commitment and their delivery requirements.

Other

AGI's financial results are impacted by the rate of exchange between the Canadian and U.S. dollars and a weaker Canadian dollar relative to its U.S. counterpart positively impacts profit and adjusted EBITDA. AGI's average rate of exchange in fiscal 2014 of $1.10 was significantly lower than prevailing rates and accordingly AGI's financial results in 2015 may significantly benefit from a weaker Canadian dollar compared to the prior year. A portion of the Company's foreign exchange exposure has been hedged through forward foreign exchange contracts and based on current rates of exchange the Company expects to recognize significant loss on these contracts in the second half of 2015. At June, 30, 2015, the fair value of the Company's outstanding forward foreign exchange contracts was a loss of $15.2 million.

Sales in the second half of 2015 will be influenced by weather patterns, crop conditions and the timing of harvest and conditions during harvest. Changes in global macroeconomic factors as well as sociopolitical factors in certain local or regional markets, including the ongoing uncertainty and volatility in Ukraine, and the availability of credit and export credit agency support in offshore markets, also may influence sales, primarily of commercial grain handling and storage products. Results may also be impacted by changes in steel prices and other material input costs and the rate of exchange between the Canadian and U.S. dollars.

Summary

Management expects third quarter sales of on-farm portable equipment to fall significantly below the levels experienced in 2014 as existing order backlogs and the current pace of order intake do not support a significant increase in demand in Q3. Poor crop conditions in western Canada have negatively impacted the 2015 business of newly acquired Westeel and accordingly third quarter results from Westeel are expected to materially decline compared to the prior year. AGI's commercial business, both domestically and overseas, is expected to perform well in the third quarter however realized sales are subject to the timing of customer commitment and delivery considerations. On balance, management expects third quarter adjusted EBITDA to fall significantly below record 2014 levels.

Sales of on-farm equipment in the fourth quarter will be influenced by crop conditions, the timing of harvest and conditions during harvest. On-farm sales of grain handling, aeration and storage equipment in Canada will be negatively impacted by a poor harvest however participation in pre-season programs will in part depend on inventory management at the dealer level over the next several months. Management has less than usual visibility into fourth quarter prospects for portable on-farm equipment in the United States due to the somewhat unique demand environment experienced to date in 2015. However, management does anticipate significant in-season demand provided the US harvest unfolds favorably. Similar to Q3, management has a positive bias towards fourth quarter commercial business in North America and overseas however consistent with prior years commercial sales realized in Q4 are subject to the timing of customer commitment and their delivery requirements. Based on the factors discussed above management maintains a cautious outlook towards the fourth quarter of fiscal 2015.

Although management anticipates a challenging second half in 2015 we remain very enthusiastic with respect to our prospects for long-term growth both in North America and overseas. The strength of our on-farm and commercial businesses in North America remains intact and AGI will benefit from the continuing trend towards higher grain volumes. Our international business continues to gain momentum and has become more geographically diverse. We remain particularly excited with respect to the enormous potential of Brazil and look forward to positive results from our operations in that country in 2016. Finally, our integration of Westeel is ahead of schedule and we are confident that synergies from this acquisition will exceed our initial expectations. The benefits of this strategic acquisition will contribute to the growth and prosperity of AGI over the long term.

INTEREST IN EUROPEAN SUBSIDIARY

The investment in European subsidiary represents the Company's 51% holding of the common equity of a leading designer, manufacturer and installer of grain storage systems. The put option liability relates to a put option held by the non-controlling shareholders that provides them an option to put the remaining minority interest to the Company. Significant judgement was required in determining whether the Company has control over this European subsidiary. The most significant factor in the assessment was whether the Company had practical ability to exercise power over the relevant activities of the European subsidiary. As at the effective date of the acquisition of the Westeel business and as at June 30, 2015 the Company has concluded that they do not have the practical ability to control the European subsidiary despite the Company's 51% holding. Factors relevant to this assessment included the lack of Board representation from the Company and certain legal matters surrounding the transfer of the Company's interest. The investment in the European subsidiary has therefore been recorded at cost in these interim financial statements. The values assigned to both the investment in this subsidiary and the put option liability are preliminarily and may change as the Company obtains additional information to complete the measurement process. Such changes may be material.

DETAILED OPERATING RESULTS

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2015	**2014**	**2015**	**2014**
Trade sales (1)	$123,459	$112,422	$217,879	$198,603
Gain (loss) on FX	(1,063)	416	(8,224)	(1,487)
Sales	122,396	112,838	209,655	197,116
Cost of inventories	83,055	73,014	142,973	128,950
Depreciation/Amortization	2,141	1,744	3,902	3,356
Cost of sales	85,196	74,758	146,875	132,306
General and administrative	17,760	16,222	37,355	32,963
M&A activity	2,437	51	3,514	180
Depreciation/ amortization	1,527	1,257	2,881	2,450
Impairment of investment	0	1,100	0	1,100
Other operating (income) expenses	276	(939)	(293)	(988)
Finance costs	3,976	2,287	7,076	6,543
Finance expense (income)	(728)	(944)	1,962	53
Profit before income taxes	11,952	19,046	10,285	22,509
Current income taxes	1,697	2,070	2,567	2,742
Deferred income taxes	2,082	3,338	2,954	4,911
Profit for the period	$8,173	$13,638	$4,764	$14,856
Profit per share				
Basic	$0.60	$1.04	$0.35	$1.14
Diluted	$0.58	$0.98	$0.35	$1.11

(1) See "Non-IFRS Measures".

EBITDA AND ADJUSTED EBITDA RECONCILIATION

(thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Profit before income taxes	$11,952	$19,046	$10,285	$22,509
Impairment of available for sale investment	0	1,100	0	1,100
Finance costs	3,976	2,287	7,076	6,543
Depreciation/amortization in cost of sales	2,141	1,744	3,902	3,356
Depreciation/amortization in SG&A expenses	1,527	1,257	2,881	2,450
EBITDA (1)	**19,596**	**25,434**	**24,144**	**35,958**
Loss (gain) on FX in sales (2)	1,063	(416)	8,224	1,487
Loss (gain) on FX in finance income	(513)	(944)	2,192	97
Non-cash Share Based Compensation	(935)	841	145	1,708
M&A activity	2,437	51	3,514	180
Loss (gain) on sale of property, plant & equipment	739	(918)	609	(918)
Adjusted EBITDA (1)	**$22,387**	**$24,048**	**$38,828**	**$38,512**
Adjusted EBITDA as a % of trade sales	**18%**	**21%**	**18%**	**19%**

(1) See "Non-IFRS Measures".
(2) Primarily related to gains on foreign exchange contracts.

ASSETS AND LIABILITIES

(thousands of dollars)	**June 30 2015**	**December 31 2014**	**June 30 2014**
Total assets	$730,121	$447,116	$416,921
Total liabilities	$471,014	$237,390	$195,889

EXPLANATION OF OPERATING RESULTS

Trade sales

($000s)	Three Months Ended June 30			Six Months Ended June 30		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Canada	$39,103	$30,659	$8,444	$60,870	$53,826	$7,044
US	54,726	61,661	(6,935)	104,508	110,820	(6,312)
International	29,630	20,102	9,528	52,501	33,957	18,544
Total	**$123,459**	**$112,422**	**$11,037**	**$217,879**	**$198,603**	**$19,276**

Included in the table above are Westeel sales from the date of acquisition of May 20, 2015 to June 30, 2015 as follows:

($000s)	Sales from date of Acquisition			
	Canada	**US**	**International**	**Total**
Westeel	$15,892	$1,121	$1,084	$18,097

Canada

Sales in Canada were negatively impacted by poor crop conditions that resulted from a lack of moisture in most crop growing regions. Accordingly, demand for portable grain handling equipment, aeration products and storage bins declined significantly, impacting sales for all AGI brands including Westeel. The impact of poor growing conditions is expected to affect demand in the second half of 2015. The geographic sales mix of Westeel is weighted towards western Canada and accordingly AGI's exposure to the region increased subsequent to the acquisition.

United States

Crop conditions in the United States are generally favourable however farmer sentiment and cash flow considerations at the dealer level appear to be contributing to cautious buying behavior. As a result, sales of on-farm handling equipment decreased compared to 2014. Commercial equipment sales in the second quarter increased compared to 2014, primarily in the processing sector. For the six month period ended June 30, 2015, commercial sales decreased compared to the prior year as a weak first quarter, the result of a return to more traditional seasonality and a somewhat softer domestic market to begin the year, more than offset gains made in the second quarter.

International

AGI's international sales for the three and six month periods ended June 30, 2015 increased 65% and 55%, respectively. Strong international sales were the result of continued momentum in Latin America and a high level of activity RUK (Russia/Ukraine/Kazakhstan). In Latin America, large projects in Peru and Bolivia contributed to an increase in sales in the six months ended June 30 from $6.2 million in 2014 to $11.3 million in 2015. In RUK sales increased from $15 million in the first half of 2014 to over $25 million in the current year largely due to business in Ukraine with multinational grain traders.

See also “Outlook”.

Gross Profit and Gross Margin

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2015	**2014**	**2015**	**2014**
Trade sales	$123,459	$112,422	$217,879	$198,603
Cost of inventories (1)	83,055	73,014	142,973	128,950
Gross Margin	$40,404	$39,408	$74,906	$69,653
Gross Margin (1) (as a % of trade sales)	32.7%	35.1%	34.4%	35.1%
Gross Margin excluding Westeel	34.0%	35.1%	35.2%	35.1%
Westeel gross margin (3)	22.8%	20.5%	23.8%	20.3%

(1) See “Non-IFRS Measures”.
(2) Excludes depreciation and amortization included in cost of sales.
(3) For entire three and six month periods in 2014 and 2015. For the period subsequent to the date of acquisition of May 20, 2015, gross margin for Westeel was 24.8%.

Strong gross margins were achieved despite lower sales of high margin portable grain handling equipment as AGI reacted quickly to signs of changing demand patterns and due to the positive impact of a weaker Canadian dollar. Low margins at the Company’s Union Iron division persisted in the second quarter and are not expected to dramatically improve until 2016. Union Iron represents 5% to 10% of annualized sales, pro forma Westeel.

On an earnings basis, AGI benefits from a weaker Canadian dollar as its U.S. dollar denominated sales significantly exceed costs denominated in that currency. On a gross margin percentage basis however, the benefit of a weaker Canadian dollar relates only to AGI’s Canadian divisions that derive U.S. dollar revenues in excess of U.S. dollar costs.

General and Administrative Expenses

For the three months ended June 30, 2015, SG&A expenses excluding Westeel were $15.4 million (13% of sales) compared to $16.2 million (14% of sales) in 2014. For the six month period ended June 30, 2015, SG&A expenses excluding Westeel were $35.1 million (16% of sales) compared to $33.0 million (17% of sales). Significant variances from the prior year are noted below:

- Salaries and wages decreased $1.0 million and $0.2 million in the three and six month periods, respectively, due to the reversal of certain earnings based bonus accruals.
- Sales and marketing expenses increased $0.4 million and $1.1 million in the three and six month periods due largely to an investment of approximately $0.2 million per quarter related to AGI's entry into Brazil, additional personnel at the divisional level to support growth as well as continued investment to support the Company's international sales team.
- Third party commission expense in the three and six month periods in 2015 increased $0.9 million and $1.6 million, respectively, primarily due to geographic sales mix.
- SG&A expenses in Q2 2015 include $0.4 million in moving costs as AGI's Union Iron division relocated to a newly constructed manufacturing facility.
- Share based compensation decreased $1.8 million and $1.5 million, respectively, compared to the same periods in 2014 due to a change in forecasted achievement levels. Based on current participation and achievement expectations the expense going forward will approximate $0.8 million per quarter until awards begin to vest. The expense in future periods may change in the event of a change in the achievement assumption.
- The remaining variance is the result of a number of offsetting factors with no individual variance larger than $0.3 million.

EBITDA and Adjusted EBITDA

(thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
EBITDA (1)	$19,596	$25,434	$24,144	$35,958
Adjusted EBITDA (1)	$22,387	$24,048	$38,828	$38,512

(1) See the EBITDA and adjusted EBITDA reconciliation table above and "Non-IFRS Measures".

Adjusted EBITDA in the three month period ended June 30, 2015 decreased compared to 2014 as the $2.3 million contribution from the newly acquired Westeel division was more than offset by the impact of drought in western Canada and lower sales of on-farm equipment in the U.S. For the six month period adjusted EBITDA slightly exceeded the prior year due to strong sales of on-farm equipment early in the year. EBITDA decreased compared to 2014 for the reasons discussed above and due to losses on foreign exchange. See "EBITDA and Adjusted EBITDA Reconciliation" above for a reconciliation between these measures.

Finance Costs

Senior Debt

(thousands of dollars)	Currency[1]	Maturity	Total Facility	Amount Drawn	Interest Rate[2]	Interest
Series A Notes	USD	2016	31,186	31,186	6.80%	Fixed
Swing Line	CAD	2019	20,000	0	4.50%	Floating
Swing Line	USD	2019	6,237	0	5.00%	Floating
Revolver	CAD	2019	105,000	50,000	4.50%	Floating
Revolver	USD	2019	56,133	12,474	5.00%	Floating
Term Loan A	CAD	2019	50,000	50,000	3.84%	Fixed
Term Loan B	CAD	2022	40,000	40,000	4.32%	Fixed
Series B Notes	CAD	2025	25,000	25,000	4.44%	Fixed
Total			**333,556**	**208,660**		

(1) USD amounts translated to Canadian dollars at the June 30, 2015 rate of exchange of $1.2474.
(2) As at June 30, 2015.

In addition to the above, as at June 30, 2015 the Company had outstanding $138 million aggregate principal amount of 5.25% convertible unsecured subordinated debentures. See “Capital Resources”.

Finance costs for the three and six months ended June 30, 2015 were $3,976 (2014 – $2,287) and $7,076 (2014 - $6,543), respectively. The higher expense in 2015 relates to financing the acquisition of Westeel partially through a convertible debenture issuance and through an increase in amounts drawn on the Company’s credit facility. Finance costs in both periods include non-cash interest related to convertible debenture accretion, the amortization of deferred finance costs related to the convertible debentures, stand-by fees and other sundry cash interest.

Finance Expense (Income)

Finance expense (income) in both periods relates primarily to non-cash gains and losses on the translation of the Company’s U.S. dollar denominated long-term debt at the rate of exchange in effect at the end of the quarter.

Other Operating Income

Other operating income in both periods includes interest income charged on accounts receivable and gains and losses on the sale of property, plant & equipment.

Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets are categorized on the income statement in accordance with the function to which the underlying asset is related. The increase in 2015 primarily relates to the depreciation and amortization of Westeel assets. Total depreciation and amortization is summarized below:

Depreciation (thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Depreciation in cost of sales	$1,790	$1,605	$3,389	$3,096
Depreciation in G&A	181	142	348	304
Total Depreciation	$1,971	$1,747	$3,737	$3,400

Amortization (thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Amortization in cost of sales	$351	$139	$513	$260
Amortization in G&A	1,346	1,115	2,533	2,146
Total Amortization	$1,697	$1,254	$3,046	$2,406

Current income tax expense

For the three and six month periods ended June 30, 2015 the Company recorded current tax expense of $1.7 million (2014 – $2.1 million) and $2.6 million (2014 - $2.7 million), respectively. Current tax expense relates primarily to AGI's U.S. subsidiaries.

Deferred income tax expense

For the three and six month periods ended June 30, 2015 the Company recorded deferred tax expense of $2.1 million (2014 – $3.3 million) and $3.0 million (2014 - $4.9 million), respectively. Deferred tax expense in 2015 relates to the utilization of deferred tax assets plus a decrease in deferred tax liabilities that related to the application of corporate tax rates to reversals of temporary differences between the accounting and tax treatment of depreciable assets and intangible assets.

Upon conversion to a corporation from an income trust in June 2009 (the "Conversion") the Company received certain tax attributes that may be used to offset tax otherwise payable in Canada. The Company's Canadian taxable income is based on the results of its divisions domiciled in Canada, including the corporate office, and realized gains or losses on foreign exchange. For the six months ended June 30, 2015, the Company offset $3.0 million of Canadian tax otherwise payable (2014 - $4.7 million) through the use of these attributes and since the date of Conversion a cumulative amount of $40.0 million has been utilized. Utilization of these tax attributes is recognized in deferred income tax expense on the Company's income statement. As at June 30, 2015, the balance sheet asset related to these unused attributes was $13.4 million.

Effective tax rate (thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Current tax expense	$1,697	$2,070	$2,567	$2,742
Deferred tax expense	2,082	3,338	2,954	4,911
Total tax	$3,779	$5,408	$5,521	$7,653
Profit before taxes	$11,952	$19,046	$10,285	$22,509
Total tax %	31.6%	28.4%	53.7%	34.0%

The effective tax rate in both periods was significantly impacted by non-cash income statement items that are not deductible for tax purposes.

Effective tax rate (thousands of dollars)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2015	**2014**	**2015**	**2014**
Profit (loss) before taxes	$11,952	$19,046	$10,285	$22,509
Unrealized (gains) losses on foreign exchange	(1,130)	(2,057)	4,767	215
	$10,822	$16,989	$15,052	$22,724
Total tax	$3,779	$5,408	$5,521	$7,653
Total tax %	35%	32%	37%	34%

AGI Conversion – Agreement with CRA

On February 25, 2015, AGI announced that it had entered into an agreement with Canada Revenue Agency (the "CRA") regarding the CRA's objection to the tax consequences of the conversion of AGI from an income trust structure into a business corporation in June 2009. The agreement did not give rise to any cash outlay by AGI and subsequent to the settlement AGI had unused tax attributes remaining of $16.3 million and these are recorded as an asset on the Company's balance sheet. As at June 30, 2015, the balance sheet asset related to these unused attributes was $13.4 million.

Profit and diluted profit per share and adjusted diluted profit per share

For the three months ended June 30, 2015 the Company reported profit of $8.2 million (2014 – $13.6 million), basic profit per share of $0.60 (2014 – $1.04) and fully diluted profit per share of $0.58 (2014 – $0.99). For the six months ended June 30, 2015 the Company reported profit of $4.8 million (2014 – $14.9 million), basic profit per share of $0.35 (2014 – $1.14) and fully diluted profit per share of $0.35 (2014 – $1.12). A reconciliation of adjusted profit per share is below:

(thousands of dollars)	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Profit (loss) as reported Per share as reported	$8,173 $0.58	$13,638 $0.99	$4,764 $0.35	$14,856 $1.12
Loss (gain) on foreign exchange	550	(1,360)	10,416	1,584
M&A Activity	2,437	51	3,514	180
Non-cash loss on available-for-sale investment	0	1,100	0	1,100
Loss (gain) on sale of PP&E	739	(918)	609	(918)
Adjusted profit [(1)] Diluted adjusted profit per share [(1)]	**$11,899** **$0.85**	**$12,511** **$0.84**	**$19,303** **$1.41**	**$16,802** **$1.26**

(1) See "Non-IFRS Measures".

QUARTERLY FINANCIAL INFORMATION (thousands of dollars other than per share data and exchange rate):

2015					
	Average USD/CAD Exchange Rate	**Sales**	**Profit / (Loss)**	**Basic Profit (loss) per Share**	**Diluted Profit (loss) per Share**
Q1	1.23	87,259	(3,409)	(0.26)	(0.26)
Q2	1.24	122,396	8,173	0.60	0.58
YTD	**1.24**	**209,655**	**4,764**	**0.35**	**0.35**

2014					
	Average USD/CAD Exchange Rate	**Sales**	**Profit / (Loss)**	**Basic Profit per Share**	**Diluted Profit per Share**
Q1	$1.09	$84,278	$1,218	$0.09	$0.09
Q2	$1.10	$112,838	$13,638	$1.04	$1.02
Q3	$1.09	$114,915	$8,653	$0.66	$0.65
Q4	$1.13	$88,114	$(19,409)	$(1.48)	($1.45)
YTD	**$1.10**	**$400,145**	**$4,100**	**$0.31**	**$0.31**

2013					
	Average USD/CAD Exchange Rate	**Sales**	**Profit**	**Basic Profit per Share**	**Diluted Profit per Share**
Q1	$1.01	$59,547	$3,399	$0.27	$0.26
Q2	$1.02	$93,320	$5,956	$0.47	$0.46
Q3	$1.04	$116,447	$12,718	$1.01	$0.95
Q4	$1.04	$87,473	$518	$0.04	$0.04
YTD	**$1.03**	**$356,787**	**$22,591**	**$1.80**	**$1.75**

Interim period sales and profit historically reflect seasonality. The second and third quarters are typically the strongest primarily due to the timing of construction of commercial projects and higher in-season demand at the farm level. Due to the seasonality of AGI's working capital movements, cash provided by operations will typically be highest in the fourth quarter. The seasonality of AGI's business may be impacted by a number of factors including weather and the timing and quality of harvest in North America.

The following factors impact the comparison between periods in the table above:

- AGI's acquisition of Westeel on May 20, 2015 significantly impacts comparisons to prior periods of assets, liabilities and operating results.
- The loss and loss per share in the fourth quarter of 2014 was significantly impacted by an expense of $16,889 related to the Company's agreement with the CRA regarding its conversion to a corporation (see "AGI Conversion – Agreement with CRA").
- Sales, gain (loss) on foreign exchange, profit, and profit per share in all periods are impacted by the rate of exchange between the Canadian and U.S. dollars.
- A widespread drought in the U.S. in 2012 impacted sales and profit the first and second quarters of 2013.

CASH FLOW AND LIQUIDITY

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Profit before Income taxes	$11,952	$19,046	$10,285	$22,509
Add charges (deduct credits) to operations not requiring a current cash payment:				
Depreciation/Amortization	3,668	3,001	6,783	5,806
Translation loss (gain) on FX	(5,949)	(4,676)	7,194	149
Non-cash interest expense	653	416	1,237	2,339
Share based compensation	(935)	841	145	1,708
Non-cash investment tax credit	7	0	(69)	0
Non-cash impairment of available-for-sale investment	0	1,100	0	1,100
Defined benefit pension plan	53	0	53	0
Loss (gain) on sale of assets	739	(918)	609	(918)
	$10,188	$18,810	$26,237	$32,693
Net change in non-cash working capital balances related to operations:				
Accounts receivable	(2,461)	(8,692)	(18,457)	(17,379)
Inventory	10,297	(493)	(5,527)	(9,750)
Prepaid expenses	(405)	(130)	(600)	(545)
Accounts payable	(5,986)	(696)	(288)	605
Customer deposits	386	(4,391)	(1,434)	(5,339)
Provisions	167	(98)	503	(44)
	1,998	(14,500)	(25,803)	(32,452)
Income tax paid	(119)	(501)	(159)	(2,565)
Cash (used in) provided by operations	$12,067	$3,809	$275	$(2,324)

Cash provided by operations for the three and six months ended June 30, 2015 increased compared to 2014 largely due to higher cash flow related to collection of accounts receivable and inventory utilization.

Working Capital Requirements

Interim period working capital requirements typically reflect the seasonality of the business. AGI's collections of accounts receivable are weighted towards the third and fourth quarters. This collection pattern, combined with historically high sales in the third quarter that result from seasonality, typically lead to accounts receivable levels increasing throughout the year and peaking in the third quarter. Inventory levels typically increase in the first and second quarters and then begin to decline in the third or fourth quarter as sales levels exceed production. As a result of these working capital movements, historically, AGI begins to draw on its operating lines in the first or second quarter. The operating line balance typically peaks in the second or third quarter and normally begins to decline later in the third quarter as collections of accounts receivable increase. AGI has typically fully repaid its operating line balance by early in the fourth quarter. Requirements for fiscal 2015 are expected to be generally consistent with historical patterns. Growth in international business may result in an increase in the number of days accounts receivable remain outstanding and result in increased usage of working capital in certain quarters. Working capital may also be deployed to secure steel supply and pricing.

Capital Expenditures

Maintenance capital expenditures in the three months ended June 30, 2015 were $1.3 million (1.1% of trade sales) compared to $1.3 million (1.2%) in 2014. Maintenance capital expenditures in the six months ended June 30, 2015 were $1.7 million (0.8% of trade sales) compared to $2.8 million (1.4%) in 2014. Management generally anticipates maintenance capital expenditures in a fiscal year to approximate 1.0% - 1.5% of sales. The acquisition of Westeel is not expected to significantly alter this estimate. Maintenance capital expenditures in 2015 relate primarily to purchases of manufacturing equipment and building repairs and were funded through cash on hand, bank indebtedness and cash from operations.

AGI defines maintenance capital expenditures as cash outlays required to maintain plant and equipment at current operating capacity and efficiency levels. Non-maintenance capital expenditures encompass other investments, including cash outlays required to increase operating capacity or improve operating efficiency. AGI had non-maintenance capital expenditures of $11.4 million and $21.5 million in the three and six months ended June 30, 2015 (2014 - $1.1 million and $1.5 million). In 2015, non-maintenance capital expenditures relate primarily to two new commercial grain handling production facilities in the U.S. and the remaining expenditures related to these projects is estimated at $3.7 million. Maintenance and non-maintenance capital expenditures are expected to be financed through bank indebtedness, cash on hand or through the Company's credit facility (see "Capital Resources").

Cash Balance

The Company's cash balance at June 30, 2015 was $6.1 million (December 31, 2014 - $25.3 million; June 30, 2014 - $5.7 million) and its outstanding long-term debt was $205.7 million (December 31, 2014 - $28.9 million; June 30, 2014 - $51.6 million). The increase in long-term debt relates to the acquisition of Westeel.

CONTRACTUAL OBLIGATIONS (thousands of dollars)

	Total	2015	2016	2017	2018	2019+
2013 Debentures	**86,250**	**0**	**0**	**0**	**86,250**	**0**
2014 Debentures	**51,750**	**0**	**0**	**0**	**0**	**51,750**
Long-term debt	**208,659**	**0**	**31,186**	**0**	**0**	**177,473**
Finance lease	**1,408**	**221**	**0**	**1,187**	**0**	**0**
Operating leases	**6,991**	**992**	**1,699**	**1,312**	**935**	**2,053**
Total obligations	**355,058**	**1,213**	**32,885**	**2,499**	**87,185**	**231,276**

2013 and 2014 Debentures relate to the aggregate principal amount of the Debentures (see "Convertible Debentures" below) and long-term debt is comprised of a revolver facility, term debt and non-amortizing notes (see "Capital Resources").

CAPITAL RESOURCES

Cash

Cash and cash equivalents at June 30, 2015 was $6.1 million (December 31, 2014 - $25.3 million; June 30, 2014 - $5.7 million).

Debt Facilities

	Currency	Maturity	Total Facility	Amount Drawn	Interest Rate	Interest
Series A Notes	USD	2016	31,186	31,186	6.80%	Fixed
Swing Line	CAD	2019	20,000	0	4.10%	Floating
Swing Line	USD	2019	6,237	0	5.00%	Floating
Revolver	CAD	2019	105,000	50,000	4.10%	Floating
Revolver	USD	2019	56,133	12,474	5.00%	Floating
Term Loan A	CAD	2019	50,000	50,000	3.84%	Fixed
Term Loan B	CAD	2022	40,000	40,000	4.32%	Fixed
Series B Notes	CAD	2025	25,000	25,000	4.44%	Fixed
Total Senior Debt			333,556	208,660		

The Company has a credit facility (the "Credit Facility") with a syndicate of Canadian chartered banks that includes committed revolver facilities of $105.0 million and U.S. $45.0 million. The Company's Term Loans A and B are with the same chartered banks with which it has the Credit Facility. Amounts drawn under the facility bear interest BA plus 2.50% per annum based on performance calculations. The Company has also issued US $25.0 million and CAD $25.0 million aggregate principal amount secured notes through a note purchase and private shelf agreement (the

“Series A and Series B Notes”). The Series A and B Notes are non-amortizing. AGI is subject to certain financial covenants, including a maximum leverage ratio and a minimum debt service ratio, and is in compliance with all financial covenants.

Convertible Debentures

Debentures (2009)

In 2009 the Company issued $115 million aggregate principal amount of convertible unsecured subordinated debentures (the "2009 Debentures") at a price of $1,000 per 2009 Debenture. In December 2013 the Company announced its intention to redeem the 2009 Debentures effective January 20, 2014. In January 2014, holders of $19.0 million principal amount of the 2009 Debentures exercised the conversion option and were issued 422,897 common shares. The Company redeemed all remaining outstanding 2009 Debentures on January 20, 2014.

Debentures (2013)

In December 2013 the Company issued $86.2 million aggregate principal amount of convertible unsecured subordinated debentures (the "2013 Debentures") at a price of $1,000 per 2013 Debenture. The 2013 Debentures bear interest at an annual rate of 5.25% payable semi-annually on June 30 and December 31. Each 2013 Debenture is convertible into common shares of the Company at the option of the holder at a conversion price of $55.00 per common share. The maturity date of the 2013 Debentures is December 31, 2018.

On and after December 31, 2016 and prior to December 31, 2017, the 2013 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2017, the 2013 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, subject to regulatory approval and provided that no event of default has occurred, elect to satisfy its obligation to pay the principal amount of the 2013 Debentures, in whole or in part, by issuing and delivering for each $100 due that number of freely tradeable common shares obtained by dividing $100 by 95% of the volume weighted average trading price of the common shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash. The Company may also elect, subject to any required regulatory approval and provided that no event of default has occurred, to satisfy all or part of its obligation to pay interest on the 2013 Debentures by delivering sufficient freely tradeable common shares to satisfy its interest obligation.

The 2013 Debentures trade on the TSX under the symbol AFN.DB.A.

Debentures (2014)

In December 2014 the Company issued $51.8 million aggregate principal amount of extendible convertible unsecured subordinated debentures (the "2014 Debentures") at a price of $1,000 per 2014 Debenture. The 2014 Debentures bear interest at an annual rate of 5.25% payable semi-annually on June 30 and December 31. Each 2014 Debenture is convertible into common shares of the Company at the option of the holder at a conversion price of $65.57 per common share.

On and after December 31, 2017 and prior to December 31, 2018, the 2014 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2018, the 2014 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, subject to regulatory approval and provided that no event of default has occurred, elect to satisfy its obligation to pay the principal amount of the 2014 Debentures, in whole or in part, by issuing and delivering for each $100 due that number of freely tradeable common shares obtained by dividing $100 by 95% of the volume weighted average trading price of the common shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash. The Company may also elect, subject to any required regulatory approval and provided that no event of default has occurred, to satisfy all or part of its obligation to pay interest on the 2014 Debentures by delivering sufficient freely tradeable common shares to satisfy its interest obligation.

The 2014 Debentures trade on the TSX under the symbol AFN.DB.B.

COMMON SHARES

The following number of common shares were issued and outstanding at the dates indicated:

	# Common Shares
December 31, 2013	12,628,291
Shares issued under Dividend Reinvestment Plan (the "DRIP”)	114,439
Shares issued on Conversion of 2009 Debentures	422,897
December 31, 2014	13,165,627
Shares issues to partially finance acquisition of Westeel [(1)]	1,112,050
Shares issued under DRIP	43,604
Shares issued under RSUs	6,429
June 30, 2015	14,327,710
Shares issued under DRIP in July 2015	10,535
August 14, 2015	14,338,245

(1) Subscription receipts issued in November 2014 converted into common shares upon completion of the acquisition of Westeel.

A total of 465,000 common shares are available for issuance under the Company's Share Award Incentive Plan (the "2012 SAIP"). As at June 30, 2015, a total of 242,000 restricted Share Awards ("RSUs") and 110,000 performance Share Awards ("PSUs") have been granted.

A total of 49,526 deferred grants of common shares have been granted under the Company's Director's Deferred Compensation Plan and 7,502 common shares have been issued.

A total of 2,357,415 common shares are issuable on conversion of the outstanding 2013 and 2014 Debentures.

AGI's common shares trade on the TSX under the symbol AFN.

DIVIDENDS

In the three and six months ended June 30, 2015 AGI declared dividends to shareholders of $8.4 million and $16.3 million, respectively (2014 - $7.9 million and $15.7 million). AGI's policy is to pay monthly dividends. The Company's Board of Directors reviews financial performance and other factors when assessing dividend levels. An adjustment to dividend levels may be made at such time as the Board determines an adjustment to be appropriate. Dividends in a fiscal year are typically funded entirely through cash from operations, although due to seasonality dividends may be funded on a short-term basis by the Company's operating lines, and through the DRIP. Dividends in the three and six months ended June 30, 2015 were financed $1.0 million and $2.2 million, respectively, by the DRIP (2014 – $1.3 million and $2.6 million) and the remainder was financed from cash on hand and cash from operations or bank indebtedness.

FUNDS FROM OPERATIONS AND PAYOUT RATIO

Funds from operations ("FFO"), defined under "Non-IFRS Measures", is cash flow from operating activities before the net change in non-cash working capital balances related to operations and stock-based compensation, less maintenance capital expenditures and adjusted for gains or losses on the sale of property, plant & equipment. The objective of presenting this measure is to provide a measure of free cash flow. The definition excludes changes in working capital as they are necessary to drive organic growth and have historically been financed by the Company's operating facility (See "Capital Resources"). Funds from operations should not be construed as an alternative to cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows.

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
EBITDA	$19,596	$25,434	$24,144	$35,958
Share based compensation	(935)	841	145	1,708
Non-cash interest expense	653	416	1,237	2,339
Non-cash investment tax credits	7	0	(69)	0
Translation loss (gain) on foreign exchange	(5,949)	(4,676)	7,194	149
Interest expense	(3,976)	(2,287)	(7,076)	(6,543)
Income taxes paid	(119)	(501)	(159)	(2,565)
Maintenance CAPEX	(1,326)	(1,340)	(1,700)	(2,765)
Defined benefit pension plan	53	0	53	0
Funds from operations (1)	$8,004	$17,887	$23,769	$28,281

Funds from operations can be reconciled to cash provided by operating activities as follows:

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Cash provided by operating activities	$12,067	$3,809	$275	$(2,324)
Change in non-cash working capital	(1,998)	14,500	25,803	32,452
Maintenance CAPEX	(1,326)	(1,340)	(1,700)	(2,765)
Gain (loss) on sale of assets	(739)	918	(609)	918
Funds from operations (1)	8,004	17,887	23,769	28,281
Payout ratio				
Dividends to shareholders	9,255	7,861	17,158	15,704
Payout ratio (1)	116%	44%	72%	56%

Adjusted payout ratio				
Dividends to shareholders	9,255	7,861	17,158	15,704
Dividends paid under DRIP	(954)	(1,250)	(2,201)	(2,639)
Dividends paid in cash	$8,300	$6,611	$14,957	$13,065
Adjusted payout ratio (3)	104%	37%	63%	46%
Rolling four quarter payout ratio			72%	54%

(1) See "Non-IFRS Measures".

The Company's payout ratio in the three and six month periods ended June 30, 2015 was negatively impacted by transaction costs related to the acquisition of Westeel. Excluding these expenses, the payout ratio for the three and six month periods ended June 30, 2015 was 92% and 64%, respectively.

FINANCIAL INSTRUMENTS

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI has entered into foreign exchange contracts with three Canadian chartered banks to partially hedge its foreign currency exposure and as at June 30, 2015, had outstanding the following foreign exchange contracts:

Forward Foreign Exchange Contracts			
Settlement Dates	**Face Amount USD (000's)**	**Average Rate CAD**	**CAD Amount (000's)**
2015 (July – Dec)	62,000	1.12	69,690
2016 (Jan – Dec)	100,500	1.18	118,294
2017 (Jan – Feb)	9,000	1.25	11,216

Forward Foreign Exchange Contracts			
Settlement Dates	**Face Amount Euros (000's)**	**Average Rate CAD**	**CAD Amount (000's)**
August 2015	541	1.49	807

The fair value of the outstanding forward foreign exchange contracts in place as at June 30, 2015 was a loss of $15.2 million. Consistent with prior periods, the Company has elected to apply hedge accounting for these contracts and the unrealized loss has been recognized in other comprehensive income for the period ended June 30, 2015.

Interest Rate Swaps

The Company has entered into interest rate swap contracts to manage its exposure to fluctuations in interest rates.

	Currency	Maturity	Total Facility (000's)	Amount of Swap (000's)	Fixed Rate
Term Loan A	CAD	2019	50,000	50,000	3.84%
Term Loan B	CAD	2022	40,000	40,000	4.32%

The fair value of the interest rate swap contracts in place as at June 30, 2015 was a loss of $1.1 million. The Company has elected to apply hedge accounting for these contracts and the unrealized loss has been recognized in other comprehensive income for the period ended June 30, 2015.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. By their nature, these estimates are subject to a degree of uncertainty and are based on historical experience and trends in the industry. Management reviews these estimates on an ongoing basis. While management has applied judgment based on assumptions believed to be reasonable in the circumstances, actual results can vary from these assumptions. It is possible that materially different results would be reported using different assumptions.

AGI believes the accounting policies that are critical to its business relate to the use of estimates regarding the recoverability of accounts receivable and the valuation of inventory, intangibles, goodwill, convertible debentures and deferred income taxes. AGI's accounting policies are described in the notes to its December 31, 2014 audited financial statements.

Allowance for Doubtful Accounts

Due to the nature of AGI's business and the credit terms it provides to its customers, estimates and judgments are inherent in the on-going assessment of the recoverability of accounts receivable. AGI maintains an allowance for doubtful accounts to reflect expected credit losses. A considerable amount of judgment is required to assess the ultimate realization of accounts receivable and these judgments must be continuously evaluated and updated. AGI is not able to predict changes in the financial conditions of its customers, and the Company's judgment related to the recoverability of accounts receivable may be materially impacted if the financial condition of the Company's customers deteriorates.

Valuation of Inventory

Assessments and judgments are inherent in the determination of the net realizable value of inventories. The cost of inventories may not be fully recoverable if they are slow moving, damaged, obsolete, or if the selling price of the inventory is less than its cost. AGI regularly reviews its inventory quantities and reduces the cost attributed to inventory no longer deemed to be fully recoverable. Judgment related to the determination of net realizable value may be impacted by a number of factors including market conditions.

Goodwill and Intangible Assets

Assessments and judgments are inherent in the determination of the fair value of goodwill and intangible assets. Goodwill and indefinite life intangible assets are recorded at cost and finite life intangibles are recorded at cost less accumulated amortization. Goodwill and intangible assets are tested for impairment at least annually. Assessing goodwill and intangible assets for impairment requires considerable judgment and is based in part on current expectations regarding future performance. The classification of assets into cash generating units requires significant judgment and interpretations with respect to the integration between assets, the nature of products, the way in which management allocates resources and other relevant factors. Changes in circumstances including market conditions may materially impact the assessment of the fair value of goodwill and intangible assets.

Deferred Income Taxes

Deferred income taxes are calculated based on assumptions related to the future interpretation of tax legislation, future income tax rates, and future operating results, acquisitions and dispositions of assets and liabilities. AGI periodically reviews and adjusts its estimates and assumptions of income tax assets and liabilities as circumstances warrant. A significant change in any of the Company's assumptions could materially affect AGI's estimate of deferred tax assets and liabilities. See "Risks and Uncertainties – Income Tax Matters".

Future Benefit of Tax-loss Carryforwards

AGI should only recognize the future benefit of tax-loss carryforwards where it is probable that sufficient future taxable income can be generated in order to fully utilize such losses and deductions. We are required to make significant estimates and assumptions regarding future revenues and profit, and our ability to implement certain tax planning strategies, in order to assess the likelihood of utilizing such losses and deductions. These estimates and assumptions are subject to significant uncertainty and if changed could materially affect our assessment of the ability to fully realize the benefit of the deferred income tax assets. Deferred tax asset balances would be reduced and additional income tax expense recorded in the applicable accounting period in the event that circumstances change and we, based on revised estimates and assumptions, determined that it was no longer probable that those deferred tax assets would be fully realized. See "Risks and Uncertainties – Income Tax Matters".

Retirement Benefits

Provisions for defined benefit post-employment obligations are calculated by independent actuaries and reviewed by management. The principal actuarial assumptions and estimates are based on independent actuarial advice and include the discount rate and other factors

RISKS AND UNCERTAINTIES

The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of the following risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected. See also “Risks and Uncertainties” in AGI’s most recent Annual Information Form, which is available on SEDAR (www.sedar.com).

Industry Cyclicality and General Economic Conditions

Our success depends substantially on the health of the agricultural industry. The performance of the agricultural industry, including the grain handling, storage and conditioning business, is cyclical. Sales of agricultural equipment generally are related to the health of the agricultural industry, which is affected by farm income, farm input costs, debt levels and land values, all of which reflect levels of agricultural commodity prices, acreage planted, crop yields, agricultural product demand, including crops used as renewable energy sources such as ethanol, government policies and government subsidies. Sales also are influenced by economic conditions, interest rate and exchange rate levels, and the availability of distributor and customer financing. Trends in the agricultural industry, such as farm consolidations, may affect the agricultural equipment market. In addition, weather conditions, such as floods, heat waves or droughts, can affect farmers’ buying decisions. Downturns in the agricultural industry due to these or other factors could vary by market and are likely to result in decreases in demand for agricultural equipment, which would adversely affect our sales, growth, results of operations and financial condition.

To the extent that the agricultural industry declines or experiences a downturn, this is likely to have a negative impact on the grain handling, storage and conditioning business, and the business of AGI. Among other things, the agricultural sector has in recent years benefited from an increase in crop production and investment in agricultural infrastructure including outside of North America. To the extent crop production declines or economic conditions result in a decrease in agricultural investment including in offshore markets, this is likely to have a negative impact on the agricultural industry in those markets and the business of AGI. In addition, if the ethanol industry declines or experiences a downturn, due to changes in governmental policies or otherwise, this is may have a negative impact on the demand for and prices of certain crops which may have a negative impact on the grain handling, storage and conditioning industry, and the business of AGI.

Future developments in the North American and global economies may negatively impact the demand for our products. Management cannot estimate the level of growth or contraction of the economy as a whole or of the economy of any particular region or market that we serve. Adverse changes in our financial condition and results of operations may occur as a result of negative economic conditions, declines in stock markets, contraction of credit availability, political instability or other factors affecting economic conditions generally.

Risk of Decreased Crop Yields

Decreased crop yields due to poor or unusual weather conditions, natural disasters or other factors are a significant risk affecting AGI. Both reduced crop volumes and the accompanying decline in farm incomes can negatively affect demand for grain handling, storage and conditioning equipment.

Potential Volatility of Production Costs

Our products include various materials and components purchased from others, some or all of which may be subject to wide price variation. Consistent with industry practice, AGI seeks to manage its exposure to material and component price volatility by planning and negotiating significant purchases on an annual basis, and through the alignment of material input pricing with the terms of contractual sales commitments. AGI endeavours to pass through to customers, most, if not all, material and component price volatility. There can be no assurance, however, that industry conditions will allow AGI to continue to reduce its exposure to volatility of production costs by passing through price increases to its customers. A significant increase in the price of any component or material, such as steel, could adversely affect our profitability.

Foreign Exchange Risk
AGI's consolidated financial statements are presented in Canadian dollars. AGI generates the majority of its sales in U.S. dollars and the remainder in Canadian dollars and other currencies including Euros, but a materially smaller proportion of its expenses are denominated in U.S. dollars and currencies other than the Canadian dollar. In addition, AGI denominates a portion of its long term borrowings in U.S. dollars as part of its foreign currency hedging strategy. Accordingly, fluctuations in the rate of exchange between the Canadian dollar and principally the U.S. dollar may significantly impact the Company's financial results. If the Canadian dollar strengthens relative to the U.S. dollar, profit and EBITDA would decline whereas a weakening of the Canadian dollar relative to the U.S. dollar would increase profit and EBITDA. The Company regularly enters hedging arrangements as part of its foreign currency hedging strategy to partially mitigate the potential effect of fluctuating exchange rates. To the extent AGI enters into such hedging arrangements, it potentially foregoes the benefits that might result from a weakening of the Canadian dollar relative to the U.S. dollar or other currencies in which it generate sales and in addition may realize a loss on its forward foreign exchange contracts to the extent that the relevant exchange rates are above the contract rates at the date of maturity of the contracts. Conversely, to the extent that AGI does not fully hedge its foreign exchange exposure, it remains subject to the risk that a strengthening Canadian dollar relative to the U.S. dollar or other currencies in which it generate sales will adversely affect its financial results, which effects could be material to its business, prospects and financial condition. See "Impact of Foreign Exchange" and "Financial Instruments – Foreign exchange contracts".

Acquisition and Expansion Risk
AGI may expand its operations by increasing the scope or changing the nature of operations at existing facilities or by acquiring or developing additional businesses, products or technologies in existing or new markets. There can be no assurance that the Company will be able to identify, acquire, develop or profitably manage additional businesses, or successfully integrate any acquired business, products, or technologies into the business, or increase the scope or change the nature of operations at existing facilities without substantial expenses, delays or other operational or financial difficulties. The Company's ability to increase the scope or change the nature of its operations or acquire or develop additional businesses may be impacted by its cost of capital and access to credit.

Acquisitions and expansions, including the acquisition of businesses or the development of manufacturing capabilities outside of North America, may involve a number of special risks including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, unanticipated market dynamics in new agricultural markets, added political and economic risk in other jurisdictions, risks associated with new market development outside of North America, and legal liabilities, some or all of which could have a material adverse effect on AGI's performance. In emerging markets some of these (and other) risks can be greater than they might be elsewhere. In addition, there can be no assurance that an increase in the scope or a change in the nature of operations at existing facilities or that acquired or newly developed businesses, products, or technologies will achieve anticipated revenues and income. The failure of the

Company to manage its acquisition or expansion strategy successfully could have a material adverse effect on AGI's results of operations and financial condition.

International Sales and Operations

A portion of AGI's sales are generated in overseas markets (approximately $78 million or 19% in 2014) the majority of which are in emerging markets such as countries in Eastern Europe, including most significantly Ukraine and also Russia and Romania, as well as countries in Central and South America, the Middle East and Southeast Asia. An important component of AGI's strategy is to increase its offshore sales and operations in the future. Sales and operations outside of North America, particularly in emerging markets, are subject to various additional risks, including: currency exchange rate fluctuations; foreign economic conditions; trade barriers; competition with North American and international manufacturers and suppliers; exchange controls; restrictions on dividends and the repatriation of funds; national and regional labour strikes; political risks; limitations on foreign investment; sociopolitical instability; fraud; risk of trade embargoes and sanctions prohibiting sales to specific persons or countries; risks of increases in duties; taxes and changes in tax laws; expropriation of property, cancellation or modification of contract rights, unfavourable legal climate for the collection of unpaid accounts; unfavourable political or economic climate limiting or eliminating support from export credit agencies; changes in laws and policies governing operations of foreign-based companies; as well as risks of loss due to civil strife and acts of war.

There is no guarantee that one or more of these factors will not materially adversely affect AGI's offshore sales and operations in the future, which could have a material adverse effect on AGI's results of operations and financial condition.

There have also been instances of political turmoil and other instability in some of the countries in which AGI operates, including most recently in Ukraine, which has and is currently experiencing political changes, civil unrest and military action, which are contributing to significant economic uncertainty and volatility. AGI continues to closely monitor the political, economic and military situation in Ukraine, and will seek to take actions to mitigate its exposure to potential risk events. However, the situation in Ukraine is rapidly developing and AGI has no way to predict outcome of the situation. Continued unrest, military activities, or broader-based trade sanctions or embargoes, should they be implemented, could have a material adverse effect on our sales in Ukraine and Russia and other countries in the region, and a material adverse effect on our sales, growth, results of operations and financial condition.

Anti-Corruption Laws

The Company's business practices must comply with the Corruption of Public Foreign Officials Act (Canada) and other applicable similar laws. These anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage regardless of whether those practices are legal or culturally expected in a particular jurisdiction. These risks can be more acute in emerging markets. Recently, there has been a substantial increase in the global enforcement of anti-corruption laws. If violations of these laws were to occur, they could subject us to fines and other penalties as well as increased compliance costs and could have an adverse effect on AGI's reputation, business and results of operations and financial condition.

Agricultural Commodity Prices, International Trade and Political Uncertainty
Prices of agricultural commodities are influenced by a variety of unpredictable factors that are beyond the control of AGI, including weather, government (Canadian, United States and other) farm programs and policies, and changes in global demand or other economic factors. A decrease in agricultural commodity prices could negatively impact the agricultural sector, and the business of AGI. New legislation or amendments to existing legislation, including the *Energy Independence and Security Act in the U.S. of 2007* or the 2014 Farm Bill, may ultimately impact demand for the Company's products. The world grain market is subject to numerous risks and uncertainties, including risks and uncertainties related to international trade and global political conditions.

Competition
AGI experiences competition in the markets in which it operates. Certain of AGI's competitors have greater financial and capital resources than AGI. AGI could face increased competition from newly formed or emerging entities, as well as from established entities that choose to focus (or increase their existing focus) on AGI's primary markets. As the grain handling, storage and conditioning equipment sector is fragmented, there is also a risk that a larger, formidable competitor may be created through a combination of one or more smaller competitors. AGI may also face potential competition from the emergence of new products or technology.

Seasonality of Business
The agricultural equipment business is highly seasonal, which causes our quarterly results and our cash flow to fluctuate during the year. Our sales historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and our cash flow has been lower in the first three quarters of each calendar year, which may impact the ability of the Company to make cash dividends to shareholders, or the quantum of such dividends, if any. No assurance can be given that AGI's credit facility will be sufficient to offset the seasonal variations in AGI's cash flow.

Business Interruption
The operation of AGI's manufacturing facilities are subject to a number of business interruption risks, including delays in obtaining production materials, plant shutdowns, labour disruptions and weather conditions/natural disasters. AGI may suffer damages associated with such events that it cannot insure against or which it may elect not to insure against because of high premium costs or other reasons. For instance, AGI's Rosenort facility is located in an area that is often subject to widespread flooding, and insurance coverage for this type of business interruption is limited. AGI is not able to predict the occurrence of business interruptions.

Litigation
In the ordinary course of its business, AGI may be party to various legal actions, the outcome of which cannot be predicted with certainty. One category of potential legal actions is product liability claims. Farming is an inherently dangerous occupation. Grain handling, storage and conditioning equipment used on farms or in commercial applications may result in product liability claims that require insuring of risk and management of the legal process.

Dependence on Key Personnel
AGI's future business, financial condition, and operating results depend on the continued contributions of certain of AGI's executive officers and other key management and personnel, certain of whom would be difficult to replace.

Labour Costs and Shortages and Labour Relations
The success of AGI's business depends on a large number of both hourly and salaried employees. Changes in the general conditions of the employment market could affect the ability of AGI to hire or retain staff at current wage levels. The occurrence of either of these events could have an adverse effect on the Company's results of operations. There is no assurance that some or all of the employees of AGI will not unionize in the future. If successful, such an occurrence could increase labour costs and thereby have an adverse impact on AGI's results of operations.

Distribution, Sales Representative and Supply Contracts
AGI typically does not enter into written agreements with its dealers, distributors or suppliers in North America. As a result, such parties may, without notice or penalty, terminate their relationship with AGI at any time. In addition, even if such parties should decide to continue their relationship with AGI, there can be no guarantee that the consideration or other terms of such contracts will continue on the same basis.

AGI often enters into supply agreements with customers outside of North America. These contracts may include penalties for non-performance including in relation to product quality, late delivery and in some cases project assembly services. In addition, contractual commitments negotiated with foreign customers conducted in languages other than English may increase the likelihood of disputes with respect to agreed upon commitments. In the event AGI fails to perform to the standards of its contractual commitments it could suffer a negative financial impact which in some cases could be material.

Availability of Credit
AGI's credit facility matures on May 19, 2019 and is renewable at the option of the lenders. There can be no guarantee the Company will be able to obtain alternate financing and no guarantee that future credit facilities will have the same terms and conditions as the existing facility. This may have an adverse effect on the Company, its ability to pay dividends and the market value of its Common Shares and other securities. In addition, the business of the Company may be adversely impacted in the event that the Company's customers do not have access to sufficient financing to purchase AGI's products and services. Sales related to the construction of commercial grain handling facilities, sales to developing markets, and sales to North American farmers may be negatively impacted.

Interest Rates
AGI's term and operating credit facilities bear interest at rates that are in part dependent on performance based financial ratios. The Company's cost of borrowing may be impacted to the extent that the ratio calculation results in an increase in the performance based component of the interest rate. To the extent that the Company has term and operating loans where the fluctuations in the cost of borrowing are not mitigated by interest rate swaps, the Company's cost of borrowing may be impacted by fluctuations in market interest rates.

Uninsured and Underinsured Losses
AGI uses its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on its assets and operations at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets or cover the cost of a particular claim.

AGI obtains insurance for certain of its accounts receivables outside of North America while assuming a percentage of the risk, most often 10% of the insured amount. In the event that AGI is unable to collect on its accounts receivables outside of North America, the Company will incur financial losses related to the uninsured portion.

Income Tax Matters; Tax Consequences of Conversion
Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of income tax rules and regulations of the various jurisdictions in which AGI operates and judgments as to their interpretation and application to AGI's specific situation. The amount and timing of reversals of temporary differences also depends on AGI's future operating results, acquisitions and dispositions of assets and liabilities. The business and operations of AGI are complex and AGI has executed a number of significant financings, acquisitions, reorganizations and business combinations over the course of its history including the Conversion. The computation of income taxes payable as a result of these transactions involves many complex factors as well as AGI's interpretation of and compliance with relevant tax legislation and regulations. While AGI believes that its' existing and proposed tax filing positions are probable to be sustained, there are a number of existing and proposed tax filing positions that are or may be the subject of review by taxation authorities. Therefore, it is possible that additional taxes could be payable by AGI and the ultimate value of AGI's income tax assets and liabilities could change in the future and that changes to these amounts could have a material adverse effect on AGI and its financial results.

Leverage, Restrictive Covenants
The degree to which AGI is leveraged could have important consequences to shareholders, including: (i) the ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) a material portion of AGI's cash flow from operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations and to pay dividends; (iii) certain of the borrowings under the Company's credit facility may be at variable rates of interest, which exposes AGI to the risk of increased interest rates; and (iv) AGI may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. AGI's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The ability of AGI to pay dividends or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing its indebtedness, including the Company's credit facility and note purchase agreement. AGI's credit facility and note purchase agreement contain restrictive covenants customary for agreements of this nature, including covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of AGI to incur additional indebtedness, to pay dividends or make certain other payments and to sell or otherwise dispose of material assets. In addition, the credit facility and note purchase agreement contain a number of financial covenants that will require AGI to meet certain financial ratios and financial tests. A failure to comply with these obligations could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness and trigger financial penalties including a make-whole provision in the note purchase agreement. If the indebtedness under the credit facility and note purchase agreement were to be accelerated, there can be no assurance that the assets of AGI would be sufficient to repay in full that indebtedness. There can also be no assurance that the credit facility or any other credit facility will be able to be refinanced.

Information Systems, Privacy and Data Protection

Security breaches and other disruptions to AGI's information technology infrastructure could interfere with AGI's operations and could compromise AGI's and its customers' and suppliers' information, exposing AGI to liability that would cause AGI's business and reputation to suffer.

In the ordinary course of business, AGI relies upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing and collection of payments from dealers or other purchasers of AGI equipment. AGI uses information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements.

Additionally, AGI collects and stores sensitive data, including intellectual property, proprietary business information and the proprietary business information of AGI's customers and suppliers, as well as personally identifiable information of AGI's customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks and the processing and maintenance of this information is critical to AGI's business operations and strategy. Despite security measures and business continuity plans, AGI's information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise AGI's networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage AGI's reputation, which could adversely affect AGI's business.

Labour Relations

The Westeel workforce is comprised of both unionized and non-union employees. With respect to those employees that are covered by collective bargaining agreements, there can be no assurance as to the outcome of any negotiations to renew such agreements on satisfactory terms. Failure to renegotiate collective bargaining agreements could result in strikes, work stoppages or interruptions, and if any of these events were to occur, they could have a material adverse effect on AGI's reputation, operations and financial performance. If non-unionized employees, whether those of Westeel or AGI, become subject to collective agreements, the terms of any new collective agreements would have implications for the affected operations, and those implications could be material.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

Standards issued but not yet effective up to the date of issuance of the Company's unaudited interim condensed consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Amendments to IAS 1, Presentation of Financial Statements
On December 18, 2014 the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statements disclosures. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Amendments to IAS 19, Defined benefit plans, employee contributions
On November 21, 2013, the IASB issued amendments to IAS 19 to clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. The Company is currently evaluating the impact of this new pronouncement and does not anticipate it will have a significant impact on its consolidated financial statements.

IFRS 9 Financial Instruments
In July 2014, on completion of the impairment phase of the project to reform accounting for financial instruments and replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 includes guidance on the classification and measurement of financial assets and financial liabilities, impairment of financial assets (i.e. recognition of credit losses), and a new hedge accounting model. Under the classification and measurement requirements for financial assets, financial assets must be classified and measured at either amortized cost or at fair value through profit or loss or through OCI, depending on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The classification requirements for financial liabilities are unchanged from IAS 39. IFRS 9 requirements address the problem of volatility in net earnings arising from an issuer choosing to measure certain liabilities at fair value and require that the portion of the change in fair value due to changes in the entity's own credit risk be presented in OCI, rather than within net earnings. The new general hedge accounting model is intended to be simpler and more closely focus on how an entity manages its risks, replaces the IAS 39 effectiveness testing requirements with the principle of an economic relationship, and eliminates the requirement for retrospective assessment of hedge effectiveness. The new requirements for impairment of financial assets introduce an expected loss impairment model that requires more timely recognition of expected credit losses. IAS 39 impairment requirements are based on an incurred loss model where credit losses are not recognized until there is evidence of a trigger event. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

IFRS 15 Revenue with Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is currently evaluating the impact of the above standard on its financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including AGI's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of AGI is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

The Company acquired Westeel on May 20, 2015 (see "Acquisitions"). Management has not completed its review of internal controls over financial reporting or disclosure controls and procedures for this newly acquired operation. Since the acquisition occurred within 365 days of the end of the reporting period, management has limited the scope of design, and subsequent evaluation, of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of this acquisition, as permitted under Section 3.3 of National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*. For the period covered by this MD&A, management has undertaken specific procedures to satisfy itself with respect to the accuracy and completeness of Westeel's financial information. The following is the summary financial information pertaining to Westeel that was included in Ag Growth's consolidated financial statements for the six months ended June 30, 2015:

(thousands of dollars)	**Westeel**
Revenue	$18,097
Profit (loss)	$1,634
Current assets[1]	$60,101
Non-current assets[1]	$208,939
Current liabilities[1]	$28,233
Non-current liabilities[1]	$27,502

Note 1 - Balance sheet as at June 30, 2015

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three month period ended June 30, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

NON-IFRS MEASURES

In analyzing our results, we supplement our use of financial measures that are calculated and presented in accordance with IFRS, with a number of non-IFRS financial measures including "EBITDA", "Adjusted EBITDA", "gross margin", "funds from operations", "payout ratio", "adjusted payout ratio", "trade sales", "adjusted profit", and "diluted adjusted profit per share". A non-IFRS financial measure is a numerical measure of a company's historical performance, financial position or cash flow that excludes (includes) amounts, or is subject to adjustments that have the effect of excluding (including) amounts, that are included (excluded) in the most directly comparable measures calculated and presented in accordance with IFRS. Non-IFRS financial measures are not standardized; therefore, it may not be possible to compare these financial measures with other companies' non-IFRS financial measures having the same or similar businesses. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

We use these non-IFRS financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-IFRS financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our IFRS results and the accompanying reconciliations to corresponding IFRS financial measures, may provide a more complete understanding of factors and trends affecting our business.

In this MD&A, we discuss the non-IFRS financial measures, including the reasons that we believe that these measures provide useful information regarding our financial condition, results of operations, cash flows and financial position, as applicable, and, to the extent material, the additional purposes, if any, for which these measures are used. Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures are contained in this MD&A.

Management believes that the Company's financial results may provide a more complete understanding of factors and trends affecting our business and be more meaningful to management, investors, analysts and other interested parties when certain aspects of our financial results are adjusted for the gain (loss) on foreign exchange and other operating expenses and income. These measurements are non-IFRS measurements. Management uses the non-IFRS adjusted financial results and non-IFRS financial measures to measure and evaluate the performance of the business and when discussing results with the Board of Directors, analysts, investors, banks and other interested parties.

References to “EBITDA” are to profit before income taxes, finance costs, depreciation, amortization, impairment charges related to goodwill, intangibles or available for sale assets. References to “adjusted EBITDA” are to EBITDA before the Company’s gain or loss on foreign exchange, gains or losses on the sale of property, plant & equipment, non-cash share based compensation expenses and expenses related to corporate acquisition activity. Management believes that, in addition to profit or loss, EBITDA and adjusted EBITDA are useful supplemental measures in evaluating the Company’s performance. Management cautions investors that EBITDA and adjusted EBITDA should not replace profit or loss as indicators of performance, or cash flows from operating, investing, and financing activities as a measure of the Company’s liquidity and cash flows.

References to “trade sales” are to sales net of the gain or loss on foreign exchange. Management cautions investors that trade sales should not replace sales as an indicator of performance. References to “gross margin” are to trade sales less cost of sales net of the depreciation and amortization included in cost of sales.

References to “funds from operations” are to cash flow from operating activities before the net change in non-cash working capital balances related to operations and stock-based compensation, less maintenance capital expenditures and adjusted for the gain or loss on the sale of property, plant & equipment. Management believes that, in addition to cash provided by (used in) operating activities, funds from operations provide a useful supplemental measure in evaluating its performance.

References to “payout ratio” are to dividends declared as a percentage of funds from operations. References to “adjusted payout ratio” are to declared dividends paid in cash as a percentage of funds from operations.

References to “adjusted profit” and “diluted adjusted profit per share” are to profit for the period and diluted profit per share for the period adjusted for the non-cash CRA settlement, losses on foreign exchange, transaction costs, non-cash loss on available-for-sale investment and gain on sale of property, plant and equipment.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. Forward-looking statements may contain such words as “anticipate”, “believe”, “continue”, “could”, “expects”, “intend”, “plans”, “will” or similar expressions suggesting future conditions or events. In particular, the forward looking statements in this MD&A include statements relating to our business and strategy, including our outlook for our financial and operating performance including our expectations for adjusted sales and EBITDA. Such forward-looking statements reflect our current beliefs and are based on information currently available to us, including certain key expectations and assumptions concerning anticipated grain production in our market areas, financial performance, business prospects, strategies, product pricing, regulatory developments, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, currency exchange rates and the cost of materials, labour and services. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking statements, including changes in international, national and local business conditions, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange rates, and competition. These risks and uncertainties are described under “Risks and Uncertainties” in this MD&A and in our most recently filed Annual Information Form. These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. We cannot assure readers that actual results will be consistent with these forward-looking statements and we undertake no obligation to update such statements except as expressly required by law.

ADDITIONAL INFORMATION

Additional information relating to AGI, including AGI’s most recent Annual Information Form, is available on SEDAR (www.sedar.com).

Unaudited Interim Condensed Consolidated
Financial Statements

Ag Growth International Inc.

June 30, 2015

Ag Growth International Inc.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in thousands of Canadian dollars]

	As at June 30, 2015 $	As at December 31, 2014 $
ASSETS *[note 15]*		
Current assets		
Cash and cash equivalents	**6,143**	25,295
Cash held in trust *[note 5]*	**250**	250
Accounts receivable *[note 12]*	**127,502**	86,764
Inventory	**104,113**	71,031
Prepaid expenses and other assets *[note 24]*	**7,745**	6,852
Income taxes recoverable	**337**	3,375
Total current assets	**246,090**	193,567
Non-current assets		
Property, plant and equipment, net *[note 24]*	**156,539**	99,612
Goodwill *[note 8]*	**157,940**	71,356
Intangible assets, net *[note 7]*	**157,380**	75,618
Available-for-sale investment *[note 10]*	**900**	900
Investment in European subsidiary *[notes 5[b] and 24[e]]*	**1,542**	—
Other assets *[note 17]*	**649**	—
Income taxes recoverable	**3,829**	3,812
Deferred tax asset *[note 18]*	**2**	—
	478,781	251,298
Assets held for sale *[note 9]*	**5,250**	2,251
Total assets	**730,121**	447,116
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities *[note 21]*	**57,105**	35,460
Customer deposits	**12,139**	12,864
Dividends payable *[note 13[d]]*	**2,865**	2,633
Acquisition, transaction and financing costs payable *[note 5]*	**2,812**	2,266
Income taxes payable	**3,837**	93
Subscription receipts commission payable	—	1,036
Current portion of obligation under finance leases *[note 15 [e]]*	**221**	—
Current portion of derivative instruments *[note 19]*	**11,012**	6,618
Other liabilities *[note 5[b]]*	**200**	—
Short-term debt *[note 15[d]]*	—	49,176
Provisions	**5,504**	3,829
Total current liabilities	**95,695**	113,975
Non-current liabilities		
Long-term debt *[note 15]*	**205,710**	28,949
Due to vendor	**721**	671
Convertible unsecured subordinated debentures *[note 16]*	**127,696**	79,433
Obligation under finance leases *[note 15 [e]]*	**1,187**	—
Derivative instruments *[note 19]*	**5,301**	2,290
Deferred tax liability *[note 18]*	**34,704**	12,072
Total non-current liabilities	**375,319**	123,415
Total liabilities	**471,014**	237,390
Shareholders' equity *[note 13]*		
Common shares	**236,288**	184,771
Accumulated other comprehensive income	**23,888**	14,838
Equity component of convertible debentures	**4,632**	3,135
Contributed surplus	**13,290**	12,954
Deficit	**(18,991)**	(5,972)
Total shareholders' equity	**259,107**	209,726
Total liabilities and shareholders' equity	**730,121**	447,116

Commitments and contingencies *[note 24]*

See accompanying notes

On behalf of the Board of Directors:

Bill Lambert Director	David A. White, CA, ICD.D Director

Ag Growth International Inc.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

[in thousands of Canadian dollars, except per share amounts]

	Three-month period ended		Six-month period ended	
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
	$	$	$	$
Sales	**122,396**	112,838	**209,655**	197,116
Cost of goods sold *[note 6[d]]*	**85,196**	74,758	**146,875**	132,306
Gross profit	**37,200**	38,080	**62,780**	64,810
Expenses				
Selling, general and administrative *[note 6[e]]*	**21,724**	17,530	**43,750**	35,593
Other operating expense (income) *[note 6[a]]*	**276**	(939)	**(293)**	(988)
Impairment of available-for-sale investment *[note 10]*	**—**	1,100	**—**	1,100
Finance costs *[note 6[c]]*	**3,976**	2,287	**7,076**	6,543
Finance expense (income) *[note 6[b]]*	**(728)**	(944)	**1,962**	53
	25,248	19,034	**52,495**	42,301
Profit before income taxes	**11,952**	19,046	**10,285**	22,509
Income tax expense *[note 18]*				
Current	**1,697**	2,070	**2,567**	2,742
Deferred	**2,082**	3,338	**2,954**	4,911
	3,779	5,408	**5,521**	7,653
Profit for the period	**8,173**	13,638	**4,764**	14,856
Profit per share - basic *[note 22]*	**0.60**	1.04	**0.35**	1.14
Profit per share - diluted *[note 22]*	**0.58**	0.99	**0.35**	1.12

See accompanying notes

Ag Growth International Inc.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[in thousands of Canadian dollars]

	Three-month period ended		Six-month period ended	
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
	$	$	$	$
Profit for the period	**8,173**	13,638	**4,764**	14,856
Other comprehensive income				
Items that may be reclassified subsequently to profit or (loss)				
Change in fair value of derivatives designated as cash flow hedges	**1,955**	4,811	**(11,187)**	286
Loss (gains) on derivatives designated as cash flow hedges recognized in net earnings in the current period	**2,445**	857	**3,782**	1,180
Exchange difference on translating foreign operations	**(3,095)**	(6,009)	**14,420**	469
Income tax relating to items that may be reclassified	**(1,105)**	(1,504)	**2,035**	(388)
Other comprehensive income (loss) for the period	**200**	(1,845)	**9,050**	1,547
Total comprehensive income for the period	**8,373**	11,793	**13,814**	16,403

See accompanying notes

Ag Growth International Inc.

UNAUDITED INTERIM CONDENSED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[in thousands of Canadian dollars]

Six-month period ended June 30, 2015

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Retained earnings (deficit) $	Cash flow hedge reserve $	Foreign currency reserve $	Total equity $
As at January 1, 2015	**184,771**	**3,135**	**12,954**	**(5,972)**	**(6,545)**	**21,383**	**209,726**
Profit for the period	—	—	—	**4,764**	—	—	**4,764**
Other comprehensive income	—	—	—	—	**(5,370)**	**14,420**	**9,050**
Share-based payment transactions *[notes 13 and 14]*	**202**	—	**336**	—	—	—	**538**
Dividend reinvestment plan transactions *[notes 13[d] and 13[e]]*	**2,201**	—	—	—	—	—	**2,201**
Dividends to shareholders *[note 13[d]]*	—	—	—	**(16,278)**	—	—	**(16,278)**
Dividends on subscription receipts	—	—	—	**(1,112)**		—	**(1,112)**
Dividends on share based compensation awards	—	—	—	**(393)**	—	—	**(393)**
Equity component of convertible debentures	—	**1,497**	—	—	—	—	**1,497**
Share issuance related to Westeel Acquisition *[note 5[b]]*	**49,114**	—	—	—	—	—	**49,114**
As at June 30, 2015	**236,288**	**4,632**	**13,290**	**(18,991)**	**(11,915)**	**35,803**	**259,107**

See accompanying notes

Ag Growth International Inc.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[in thousands of Canadian dollars]

Six-month period ended June 30, 2014

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Retained earnings $	Cash flow hedge reserve $	Foreign currency reserve $	Total equity $
As at January 1, 2014	**158,542**	**8,240**	**4,984**	**21,847**	**(3,306)**	**6,671**	**196,978**
Profit for the period	—	—	—	**14,856**	—	—	**14,856**
Other comprehensive income	—	—	—	—	**1,078**	**469**	**1,547**
Share-based payment transactions *[notes 13 and 14]*	**749**	—	**1,284**	—	—	—	**2,033**
Dividend reinvestment plan transactions *[notes 13[d] and 13[e]]*	**2,639**	—	—	—	—	—	**2,639**
Dividends to shareholders *[note 13[d]]*	—	—	—	**(15,704)**	—	—	**(15,704)**
Dividend reinvestment plan costs *[note 13[e]]*	**(16)**	—	—	—	—	—	**(16)**
Dividends on share based compensation awards	—	—	—	**(325)**	—	—	**(325)**
Redemption of 2009 convertible unsecured subordinated debentures *[notes 13 and 16]*	**19,024**	**(3,760)**	**3,760**	—	—	—	**19,024**
As at June 30, 2014	**180,938**	**4,480**	**10,028**	**20,674**	**(2,228)**	**7,140**	**221,032**

See accompanying notes

Ag Growth International Inc.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

[in thousands of Canadian dollars]

	Three-month period ended		Six-month period ended	
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
	$	$	$	$
OPERATING ACTIVITIES				
Profit before income taxes for the period	**11,952**	19,046	**10,285**	22,509
Add (deduct) items not affecting cash				
Depreciation of property, plant and equipment	**1,971**	1,747	**3,737**	3,400
Amortization of intangible assets	**1,697**	1,254	**3,046**	2,406
Non-cash investment tax credit	**7**	—	**(69)**	—
Impairment of available-for-sale investment *[note 10]*	—	1,100	—	1,100
Translation loss (gain) on foreign exchange	**(5,949)**	(4,676)	**7,194**	149
Non-cash component of interest expense	**653**	416	**1,237**	2,339
Share-based compensation	**(935)**	841	**145**	1,708
Loss (gain) on sale of property, plant and equipment	**739**	(918)	**740**	(918)
Gain on sale of asset held for sale	—	—	**(131)**	—
Defined benefit plan expense	**93**	—	**93**	—
Employer contribution to defined benefit plans	**(40)**	—	**(40)**	—
	10,188	18,810	**26,237**	32,693
Net change in non-cash working capital balances related to operations *[note 11]*	**1,998**	(14,500)	**(25,803)**	(32,452)
Income taxes paid	**(119)**	(501)	**(159)**	(2,565)
Cash provided by (used in) operating activities	**12,067**	3,809	**275**	(2,324)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	**(13,097)**	(2,488)	**(23,578)**	(4,284)
Acquisition of product line *[note 5 [a]]*	—	—	—	(13,144)
Acquisition of Westeel, net of cash acquired *[note 5[b]]*	**(208,459)**	—	**(208,459)**	—
Changes to deposits related to property, plant and equipment	**1,219**	125	**(1,359)**	(748)
Transfer to cash held in trust	—	—	—	(250)
Transaction and financing costs paid and payable	**77**	—	**546**	—
Proceeds from sale of property, plant and equipment	**14**	2,277	**21**	2,333
Proceeds from sale of assets held for sale	—	—	**1,147**	—
Development of intangible assets	**(478)**	(340)	**(855)**	(638)
Cash used in investing activities	**(220,724)**	(426)	**(232,537)**	(16,731)
FINANCING ACTIVITIES				
Decrease in bank indebtedness	**(5,095)**	—	—	—
Repayment of long-term debt	—	(2)	—	(3)
Redemption of convertible unsecured unsubordinated debentures, net	—	—	—	(95,861)
Issuance of long-term debt	**177,465**	—	**177,465**	25,000
Subscription receipts financing costs	—	—	**(123)**	—
Subscription receipts commission payable	**(1,036)**	—	**(1,036)**	—
Common share issuance	**51,766**	—	**51,766**	—
Dividends paid in cash	**(8,300)**	(6,611)	**(14,962)**	(13,065)
Dividend reinvestment plan costs incurred	—	(16)	—	(16)
Cash provided by (used in) financing activities	**214,800**	(6,629)	**213,110**	(83,945)
Net increase (decrease) in cash and cash equivalents during the period	**6,143**	(3,246)	**(19,152)**	(103,000)
Cash and cash equivalents, beginning of period	—	8,977	**25,295**	108,731
Cash and cash equivalents, end of period	**6,143**	5,731	**6,143**	5,731
Supplemental cash flow information				
Interest paid	**5,106**	2,663	**6,062**	3,847

See accompanying notes

Ag Growth International Inc.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

[in thousands of Canadian dollars, except where otherwise noted and per share data]

June 30, 2015

1. ORGANIZATION

The unaudited interim condensed consolidated financial statements of Ag Growth International Inc. ["Ag Growth Inc."] for the three-month and six-month periods ended June 30, 2015 were authorized for issuance in accordance with a resolution of the directors on August 13, 2015. Ag Growth International Inc. is a listed company incorporated and domiciled in Canada, whose shares are publicly traded at the Toronto Stock Exchange. The registered office is located at 198 Commerce Drive, Winnipeg, Manitoba, Canada.

2. OPERATIONS

Ag Growth Inc. conducts business in the grain handling, storage and conditioning market.

Included in these unaudited interim condensed consolidated financial statements are the accounts of Ag Growth Inc. and all of its subsidiary partnerships and incorporated companies; together, Ag Growth Inc. and its subsidiaries are referred to as "AGI" or the "Company".

3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

[a] Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ["IAS"] 34 – *Interim Financial Reporting* on a basis consistent with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

These unaudited interim condensed consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements and notes for the Company's fiscal year ended December 31, 2014, which are available on SEDAR at www.sedar.com.

The accounting policies applied by the Company in these unaudited interim condensed consolidated financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended December 31, 2014, except for the following adopted subsequent to the acquisition of Westeel *[note 5[b]]*.

Employee benefits

Certain employees are covered by defined benefit pension plans and certain former employees are also entitled to other post-employment benefits such as medical and life insurance. The Company's defined benefit plan asset (obligation) is actuarially calculated by a qualified actuary at the end of each annual reporting period using the projected unit credit method and management's best estimates of the discount rate, the rate of compensation increase, retirement rates, termination rates, mortality rates and expected growth rate of health care costs. The discount rate used to value the defined benefit obligation for accounting purposes is based on the yield on a portfolio of high quality corporate bonds denominated in the same currency with cash flows that match the terms of the defined benefit plan' obligations. Past service costs (credits) arising from plan amendments are recognized in operating income in the year that they arise. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in interest cost for the defined benefit plan. Actual post-employment benefit costs incurred may differ materially from management estimates.

The fair values of plan assets are deducted from the defined benefit plan obligations to arrive at the net defined benefit plan asset (obligation). When the plan has a net defined benefit asset, the recognized asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan [the "asset ceiling"]. If it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements for future service, the net defined benefit asset is reduced to the amount of the asset ceiling. When the payment in the future of minimum funding requirements related to past service would result in a net defined benefit surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions.

Re-measurements including actuarial gains and losses and the impact of any minimum funding requirements are recognized through other comprehensive income and subsequently reclassified from accumulated other comprehensive income to retained earnings.

Current employee wages and benefits are expensed as incurred.

[b] Basis of preparation

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company, Ag Growth International Inc. All values are rounded to the nearest thousand. They are prepared on the historical cost basis, except for derivative financial instruments and available-for-sale investments, which are measured at fair value.

Accounting measurements at interim dates, rather than at year end, inherently involve a greater reliance on estimates. In the opinion of management, the unaudited interim condensed consolidated financial statements include all adjustments of a normal recurring nature to present fairly the unaudited interim condensed consolidated financial position of the Company as at June 30, 2015.

[c] Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's unaudited interim condensed consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Financial instruments: classification and measurement ["IFRS 9"]

In July 2014, on completion of the impairment phase of the project to reform accounting for financial instruments and replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 includes guidance on the classification and measurement of financial assets and financial liabilities, impairment of financial assets [i.e. recognition of credit losses], and a new hedge accounting model. Under the classification and measurement requirements for financial assets, financial assets must be classified and measured at either amortized cost or at fair value through profit or loss or through Other Comprehensive Income ["OCI"], depending on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The classification requirements for financial liabilities are unchanged from IAS 39. IFRS 9 requirements address the problem of volatility in net earnings arising from an issuer choosing to measure certain liabilities at fair value and require that the portion of the change in fair value due to changes in the entity's own credit risk be presented in OCI, rather than within net earnings. The new general hedge accounting model is intended to be simpler and more closely focus on how an entity manages its risks, replaces the IAS 39 effectiveness testing requirements with the principle of an economic relationship, and eliminates the requirement for retrospective assessment of hedge effectiveness. The new requirements for impairment of financial assets introduce an expected loss impairment model that requires more timely recognition of expected credit losses. IAS 39 impairment requirements are based on an incurred loss model where credit losses are not recognized until there is evidence of a trigger event. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Revenue from Contracts with Customers ["IFRS 15"]

IFRS 15, *Revenue from Contracts with Customers*, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively [for example, service revenue and contract modifications] and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is currently evaluating the impact of the above standard on its consolidated financial statements.

Amendments to IAS 1, *Presentation of Financial Statements*

On December 18, 2014 the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports [the "Disclosure Initiative"]. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statements disclosures. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Amendments to IAS 19, *Defined benefit plans, employee contributions*

On November 21, 2013, the IASB issued amendments to IAS 19 to clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Company is currently evaluating the impact of this new pronouncement and does not anticipate it will have a significant impact on its consolidated financial statements.

4. SEASONALITY OF BUSINESS

Interim period sales and earnings historically reflect some seasonality. The third quarter is typically the strongest primarily due to high in-season demand at the farm level. AGI's collections of accounts receivable are weighted towards the third and fourth quarters. This collection pattern, combined with seasonally high sales in the third quarter, result in accounts receivable levels increasing throughout the year and normally peaking in the third quarter. As a result of these working capital movements, historically, AGI's use of its bank revolver is typically highest in the first and second quarters, begins to decline in the third quarter as collections of accounts receivable increase, and is repaid in the third or fourth quarter of each year.

5. BUSINESS COMBINATION

[a] Rem Grain Vac product line

Effective February 3, 2014, the Company acquired the assets related to the Rem Grain Vac product line ["Grain Vac"]. The acquisition of Grain Vac provides the Company with a complementary product line.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The purchase has been accounted for by the acquisition method with the results of Grain Vac included in the Company's net earnings from the date of acquisition. The assets acquired and liabilities assumed of Grain Vac on the date of acquisition have been recorded in the unaudited interim condensed consolidated financial statements at their estimated fair values as follows:

	$
Accounts receivable	2,257
Inventory	1,650
Property, plant and equipment	120
Intangible assets	
Distribution network	2,566
Brand name	1,838
Intellectual property	1,266
Order backlog	35
Non-compete agreements	114
Goodwill	3,811
Accounts payable and accrued liabilities	(80)
Customer deposits	(319)
Provisions	(110)
Purchase consideration	13,148

The goodwill of $3,811 comprises the value of expected synergies arising from the acquisition. Goodwill is expected to be deductible for income tax purposes.

From the date of acquisition, Grain Vac contributed to the 2014 results $12,540 of revenue and the impacts on the cash flows at December 31, 2014 on the acquisition of Grain Vac were as follows:

	$
Purchase consideration	13,148
Local taxes	246
Cash held in trust	(250)
Purchase consideration transferred	13,144

The acquisition of Grain Vac was an asset purchase and, as such, the Company does not have access to the books and records of Grain Vac for any periods prior to the acquisition date of February 3, 2014. Therefore, the impact on revenue and profit of the Company from the acquisition of Grain Vac at the beginning of 2014 cannot be reported. The Company has also integrated Grain Vac with one of its divisions. Therefore, the operating results of Grain Vac cannot be separately reported from the date of acquisition.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The consideration transferred of $13,144 was paid in cash. The impact on the cash flow on the acquisition of Grain Vac is as follows:

	$
Transaction costs of the acquisition paid in 2013	119
Transaction costs of the acquisition paid in 2014	32
Purchase consideration transferred	13,144
Net cash flow on acquisition	13,295

As at June 30, 2015, the Company had cash held in trust of $250 [2014 – $250] relating to the acquisition of Grain Vac. Transaction costs of nil [2014 – $32] are included in selling, general and administrative costs.

[b] Vicwest's Westeel Division

Effective May 20, 2015, the Company acquired substantially all of the assets of Vicwest's Westeel Division ["Westeel"], Canada's leading provider of grain storage solutions. The acquisition of Westeel provides the Company with an expanded growth platform within North America and around the world.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The purchase has been accounted for by the acquisition method with the results of Westeel included in the Company's net earnings from the date of acquisition. The assets acquired and liabilities assumed of Westeel on the date of acquisition have been recorded in the unaudited interim condensed consolidated financial statements at their estimated fair values as follows:

	$
Cash and cash equivalents	13,183
Accounts receivable	22,281
Inventory	27,555
Prepaid expenses and other assets	868
Investment in European subsidiary	1,542
Property, plant and equipment	39,179
Intangible assets	
Distribution network	37,600
Brand name	43,300
Order backlog	1,700
Goodwill	84,346
Other long term assets	702
Accounts payable and accrued liabilities	(21,932)
Customer deposits	(709)
Provisions	(1,172)
Income taxes payable	(337)
Deferred tax liability	(24,842)
Other liabilities	(200)
Obligations under finance leases	(1,422)
Purchase consideration	221,642

The goodwill of $84,346 comprises the value of the assembled workforce and other expected synergies arising from the acquisition.

The fair value of accounts receivable acquired is $22,281. This consists of the gross contractual value of $23,300, less the estimated amount not expected to be collected of $1,019.

The investment in European subsidiary represents the Company's 51% holding of the common equity of a leading designer, manufacturer and installer of grain storage systems. The put option liability relates to a put option held by the non-controlling shareholders that provides them an option to put the remaining minority interest to the Company. The value of the put option liability is included in other liabilities. Significant judgement was required in determining whether the Company has control over this European subsidiary and as at the acquisition date and as at June 30, 2015 the Company has concluded that for the purposes of financial reporting they do not exercise control over the European subsidiary despite the Company's 51% holding. Factors relevant to this assessment included the lack of Board representation from the Company. The investment in the European subsidiary has therefore been recorded at cost in these interim financial statements. The values assigned to both the investment in this subsidiary and the put option liability are preliminary and may change as the Company obtains additional information to complete the measurement process. Such changes may be material.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

From the date of acquisition, Westeel has contributed to the 2015 results $18,097 of revenue and $1,634 of net income. If the acquisition had taken place as at January 1, 2015, revenue from continuing operations in 2015 would have increased by an additional $60,806 and profit from continuing operations would have increased by an additional $3,171.

The impacts on the cash flows on the acquisition of Westeel are as follows:

	$
Purchase consideration	221,642
Less cash acquired	(13,183)
Purchase consideration transferred	208,459

The allocation of the purchase price to acquired assets and liabilities are preliminary, utilizing information available at the time the unaudited interim condensed consolidated financial statements were prepared. The final allocation of the purchase price and the working capital adjustment may change when more information becomes available.

Costs related to the Westeel acquisition in the three- and six-month periods ended June 30, 2015 were $2,089 and $3,154, respectively [2014 – nil and nil] and are included in selling, general and administrative expenses.

For the purposes of funding the purchase price, AGI issued $51.75 million subscription receipts [the "Subscription Receipts"] and $51.75 million aggregate principal amount extendible convertible unsecured subordinated debentures *[note 16]*. The remainder of the purchase price was funded by the Company through expanded credit facilities *[note 15]*.

Upon the completion of the Westeel acquisition, the Subscription Receipt holders received one common share of AGI per Subscription Receipt *[note 13]*.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

6. OTHER EXPENSES (INCOME)

		Three-month period ended		Six-month period ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
		$	$	$	$
[a]	**Other operating expense (income)**				
	Net loss (gain) on disposal of property, plant and equipment	**739**	(918)	740	(918)
	Net gain on disposal of assets held for sale	**—**	—	(131)	—
	Other	**(463)**	(21)	(902)	(70)
		276	(939)	(293)	(988)
[b]	**Finance expense (income)**				
	Interest income from banks	**(215)**	—	(230)	(44)
	Loss (gain) on foreign exchange	**(513)**	(944)	2,192	97
		(728)	(944)	1,962	53
[c]	**Finance costs**				
	Interest on overdrafts and other finance costs	**35**	126	99	212
	Interest, including non-cash interest, on debts and borrowings	**1,552**	681	2,198	1,398
	Interest, including non-cash interest, on convertible debentures *[note 16]*	**2,389**	1,480	4,779	4,933
		3,976	2,287	7,076	6,543
[d]	**Cost of goods sold**				
	Depreciation	**1,790**	1,605	3,389	3,096
	Amortization of intangible assets	**351**	139	513	260
	Warranty provision	**369**	2	705	66
	Cost of inventory recognized as an expense	**82,686**	73,012	142,268	128,884
		85,196	74,758	146,875	132,306
[e]	**Selling, general and administrative expenses**				
	Depreciation	**181**	142	348	304
	Amortization of intangible assets	**1,346**	1,115	2,533	2,146
	Minimum lease payments recognized as an operating lease expense	**576**	433	993	854
	Corporate acquisition activity	**2,437**	51	3,514	180
	Selling, general and administrative	**17,184**	15,789	36,362	32,109
		21,724	17,530	43,750	35,593
[f]	**Employee benefits expense**				
	Wages and salaries	**31,687**	25,089	57,548	48,098
	Share-based payment transaction expense (recovery) *[note 14[c]]*	**(935)**	841	145	1,708
	Pension costs	**670**	572	1,277	1,191
		31,422	26,502	58,970	50,997
	Included in cost of goods sold	**20,494**	17,784	38,472	33,988
	Included in selling general and administrative expense	**10,928**	8,718	20,498	17,009
		31,422	26,502	58,970	50,997

[in thousands of Canadian dollars, except where otherwise noted and per share data]

7. INTANGIBLE ASSETS

	$
Balance, January 1, 2014	71,487
Internal development	1,338
Acquired	6,206
Amortization	(4,940)
Exchange differences	1,527
Balance, December 31, 2014	75,618
Internal development	855
Acquired *[note 5[b]]*	82,600
Amortization	(3,046)
Exchange differences	1,353
Balance, June 30, 2015	**157,380**

8. GOODWILL

	June 30, 2015 $	**December 31, 2014** $
Balance, beginning of period	**71,356**	65,322
Acquisition *[note 5]*	**84,346**	3,811
Exchange differences	**2,238**	2,223
Balance, end of period	**157,940**	71,356

9. ASSETS HELD FOR SALE

In the six- month period ended June 30, 2015, AGI sold land and buildings in Lethbridge, Alberta and the related carrying amount of $1,101 was removed from assets held for sale. In the three-month period ended June 30, 2015, AGI acquired Westeel, which included land and building in Regina, Saskatchewan that met the definition of assets held for sale and the related carrying amount of $4,100 has been recorded as assets held for sale.

As at June 30, 2015, assets held for sale consist of land and buildings in Winnipeg, Manitoba and Regina, Saskatchewan.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

10. AVAILABLE-FOR-SALE INVESTMENT

In fiscal 2009, AGI invested $2 million in a privately held Canadian farming company ["Investco"]. In conjunction with AGI's investment, Investco made a $2 million deposit to AGI for future purchases of grain handling and storage equipment to support their farming operations and AGI was to become a strategic supplier to Investco. The deposit was fully utilized in 2014. AGI assesses at each reporting period whether there is any objective evidence that its investment is impaired. In 2014, AGI had concluded its investment in Investco was impaired based on external information available and observable conditions and as a result, AGI recorded a $1.1 million charge to reflect management's estimate of the fair value of its investment in Investco.

11. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in the non-cash working capital balances related to operations is calculated as follows:

	Three-month period ended		**Six-month period ended**	
	June 30, 2015 $	**June 30, 2014** $	**June 30, 2015** $	**June 30, 2014** $
Accounts receivable	**(2,461)**	(8,692)	**(18,457)**	(17,379)
Inventory	**10,297**	(493)	**(5,527)**	(9,750)
Prepaid expenses and other assets	**(405)**	(130)	**(600)**	(545)
Accounts payable and accrued liabilities	**(5,986)**	(696)	**(288)**	605
Customer deposits	**386**	(4,391)	**(1,434)**	(5,339)
Provisions	**167**	(98)	**503**	(44)
	1,998	(14,500)	**(25,803)**	(32,452)

[in thousands of Canadian dollars, except where otherwise noted and per share data]

12. ACCOUNTS RECEIVABLE

As is typical in the agriculture sector, AGI may offer extended terms on its accounts receivable to match the cash flow cycle of its customer. The following table sets forth details of the age of trade accounts receivable that are not overdue, as well as an analysis of overdue amounts and the related allowance for doubtful accounts:

	June 30, 2015 $	**December 31, 2014** $
Total accounts receivable	**128,507**	87,825
Less allowance for doubtful accounts	**(1,005)**	(1,061)
Total accounts receivable, net	**127,502**	86,764
Of which		
Neither impaired nor past due	**107,660**	60,564
Not impaired and past the due date as follows		
Within 30 days	**6,369**	10,501
31 to 60 days	**5,050**	5,524
61 to 90 days	**2,269**	3,103
Over 90 days	**7,159**	8,133
Less allowance for doubtful accounts	**(1,005)**	(1,061)
Total accounts receivable, net	**127,502**	86,764

During 2014 accounts receivable owing from one customer in Ukraine that otherwise would have been past due had been renegotiated and extended to September 30, 2015. As at June 30, 2015, amounts owing under these extended and renegotiated terms is $26,598. The Company continues to work on the renegotiated payment terms with this customer and is in the process of finalizing mortgage collateral agreements related to this outstanding receivable. The accounts receivable owing from this customer are 90% insured with Export Development Canada. Assessments about the recoverability of financial assets, including accounts receivable, require significant judgment in determining whether there is objective evidence that a loss event has occurred and estimates of the amount and timing of future cash flows *[note 19]*. The Company is closely monitoring collection of this outstanding receivable, however future collection of the account receivable or realization on collateral that differ from the Company's current estimates would affect the results of the Company's operations in future periods and amounts may be material.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

13. EQUITY

[a] Common shares

Authorized
Unlimited number of voting common shares without par value

Issued
14,327,710 common shares

	Shares \#	Amount $
Balance, January 1, 2014	12,613,060	158,542
Settlement of LTIP – vested shares *[note 14[c]]*	15,231	749
Convertible unsecured subordinated debentures	422,897	20,369
Dividend reinvestment plan costs	—	(16)
Dividend reinvestment shares issued from treasury	114,439	5,127
Balance, December 31, 2014	13,165,627	184,771
Dividend reinvestment shares issued from treasury *[note 13[d]]*	43,604	2,201
Settlement of 2012 SAIP obligation	6,429	202
Share issuance related to Westeel Acquisition *[note 5[b]]*	1,112,050	49,114
Balance, June 30, 2015	**14,327,710**	**236,288**

[b] Contributed surplus

	Six-month period ended June 30, 2015 $	Year ended December 31, 2014 $
Balance, beginning of period	**12,954**	4,984
Equity-settled director compensation *[note 14[b]]*	**103**	308
Obligation under 2012 SAIP *[note 14[a]]*	**42**	4,208
Settlement of LTIP obligation – vested shares	**—**	(749)
Dividends on 2012 SAIP	**393**	443
Settlement of 2012 SAIP obligation	**(202)**	—
Redemption of 2009 convertible unsecured subordinated debentures	**—**	3,760
Balance, end of period	**13,290**	12,954

[c] Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) is comprised of the following:

Cash flow hedge reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

[d] Dividends paid and proposed

In the three-month period ended June 30, 2015, the Company declared dividends of $8,370 or $0.60 per common share [2014 – $7,861 or $0.60 per common share] and dividends on share compensation awards of $188 [2014 – $251] and dividends on subscription receipts held in trust of $445 [2014 – nil]. In the six-month period ended June 30, 2015, the Company declared dividends to shareholders of $16,278 or $1.20 per common share [2014 – $15,704 or $1.20 per common share] and dividends on share-based compensation awards of $393 [2014 – $325] and dividends on subscription receipts held in trust of $1,112 [2014 – nil]. For the three- and six- month periods ended June 30, 2015, 19,851 and 43,604 common shares were issued to shareholders from treasury under the dividend reinvestment plan [the “DRIP”]. In the three-month period ended June 30, 2015, dividends paid to shareholders were financed $8,300 [2014 – $6,611] from cash on hand and bank indebtedness and $955 [2014 – $1,250] by the DRIP. In the six-month period ended June 30, 2015, dividends paid to shareholders were financed $14,962 [2014 – $13,065] from cash on hand and bank indebtedness and $2,201 [2014 – $2,639] by the DRIP.

AGI’s dividend policy is to pay cash dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Company’s current monthly dividend rate is $0.20 per common share. Subsequent to June 30, 2015, the Company declared dividends of $0.20 per common share on July 31, 2015.

[e] Dividend reinvestment plan

On March 5, 2013, the Company announced the adoption of the DRIP. Eligible shareholders who elect to reinvest dividends under the DRIP will initially receive common shares issued from treasury at a discount of 4% from the market price of the common shares, with the market price being equal to the volume-weighted average trading price of the common shares on the Toronto Stock Exchange for the five trading days preceding the applicable dividend payment date. The Company incurred costs of nil [2014 – $16] with respect to administration of the DRIP.

[f] Shareholder protection rights plan

On December 20, 2010, the Company's Board of Directors adopted a Shareholders' Protection Rights Plan [the "Rights Plan"]. Specifically, the Board of Directors has implemented the Rights Plan by authorizing the issuance of one right [a "Right"] in respect of each common share [the "Common Shares"] of the Company. If a person or a Company, acting jointly or in concert, acquires [other than pursuant to an exemption available under the Rights Plan] beneficial ownership of 20 percent or more of the Common Shares, Rights [other than those held by such acquiring person which will become void] will separate from the Common Shares and permit the holder thereof to purchase that number of Common Shares having an aggregate market price [as determined in accordance with the Rights Plan] on the date of consummation or occurrence of such acquisition of Common Shares equal to four times the exercise price of the Rights for an amount in cash equal to the exercise price. The exercise price of the Rights pursuant to the Rights Plan is $150 per Right.

[g] Preferred shares

On May 14, 2014, the shareholders of AGI approved the creation of two new classes of preferred shares, each issuable in one or more series without par value and each with such rights, restrictions, designations and provisions as the Company's Board of Directors may, at any time from time to time determine, subject to an aggregate maximum number of authorized preferred shares. In particular, no preferred shares of either class may be issued if:

[i] The aggregate number of preferred shares that would then be outstanding would exceed 50% of the aggregate number of common shares then outstanding;
[ii] The maximum aggregate number of common shares into which all of the preferred shares then outstanding could be converted in accordance with their terms would exceed 20% of the aggregate number of common shares then outstanding; or
[iii] The aggregate number of votes which the holders of all preferred shares then outstanding would be entitled to cast at any meeting of the shareholders of the Company [other than meetings at which only holders of preferred shares are entitled to vote] would exceed 20% of the aggregate number of votes which the holders of all common shares then outstanding would be entitled to cast at any such meeting.

As at June 30, 2015 and December 31, 2014, no preferred shares were issued or outstanding.

14. SHARE-BASED COMPENSATION PLANS

[a] Share award incentive plan [“SAIP”]

The 2012 SAlP

On May 11, 2012, the shareholders of AGI approved a Share Award Incentive Plan [the “2012 SAIP”] which authorizes the Board to grant Restricted Share Awards [“Restricted Awards”] and Performance Share Awards [“Performance Awards”] [collectively the “Share Awards”] to persons who are officers, employees or consultants of the Company and its affiliates. Share Awards may not be granted to Non-Management Directors.

A total of 465,000 common shares are available for issuance under the 2012 SAIP. At the discretion of the Board, the 2012 SAIP provides for cumulative adjustments to the number of common shares to be issued pursuant to Share Awards on each date that dividends are paid on the common shares. The 2012 SAIP provides for accelerated vesting in the event of a change in control, retirement, death or termination without cause.

Each Restricted Award will entitle the holder to be issued the number of common shares designated in the Restricted Award with such common shares to be issued as to one-third on each of the third, fourth and fifth anniversary dates of the date of grant, subject to earlier vesting in certain events. The Company has an obligation to settle any amount payable in respect of a Restricted Award by common shares issued from treasury of the Company.

Each Performance Award requires the Company to deliver to the holder at the Company’s discretion either the number of common shares designated in the Performance Award multiplied by a Payout Multiplier or the equivalent amount in cash after the third and prior to the fourth anniversary date of the grant. The Payout Multiplier is determined based on an assessment of the achievement of pre-defined measures in respect of the applicable period. The Payout Multiplier may not exceed 200%.

The Company intends to settle the Share Award by common shares.

As at June 30, 2015, 242,000 Restricted Awards and 110,000 Performance Awards have been granted. The Company has accounted for the Share Awards as equity-settled plans. The fair values of the Restricted Awards and the Performance Awards were based on the share price as at the grant date and the assumption that there will be no forfeitures. In addition, the expense of the Performance Awards is based on the probability of achieving 75% of the Payout Multiplier. During the three- and six-month period ended June 30, 2015, AGI recovered $981 and expensed

$42 for the 2012 SAIP [2014 – expensed $771 and $1,556] as the Company revised downwards its estimate of the payout multiplier achievement.

[b] Directors' deferred compensation plan ["DDCP"]

Under the DDCP, every Director receives a fixed base retainer fee, an attendance fee for meetings and a committee chair fee, if applicable, and a minimum of 20% of the total compensation must be taken in common shares. A Director will not be entitled to receive the common shares he or she has been granted until a period of three years has passed since the date of grant or until the Director ceases to be a Director, whichever is earlier. The Directors' common shares are fixed based on the fees eligible to him or her for the respective period and his decision to elect for cash payments for dividends related to the common shares; therefore, the Director's remuneration under the DDCP vests directly in the respective service period. The three-year period [or any shorter period until a Director ceases to be a Director] qualifies only as a waiting period to receive the vested common shares.

For the three- and six-month period ended June 30, 2015, an expense of $46 and $103 [2014 – $70 and $152] was recorded for the share grants, and a corresponding amount has been recorded to contributed surplus. The share grants were measured with the contractual agreed amount of service fees for the respective period.

The total number of common shares issuable pursuant to the DDCP shall not exceed 70,000, subject to adjustment in lieu of dividends, if applicable. For the three- and six-month period ended June 30, 2015, 912 and 1,991 common shares were granted under the DDCP and as at June 30, 2015, a total of 49,526 common shares had been granted under the DDCP and 7,502 common shares had been issued.

[c] Summary of expenses recognized under share-based payment plans

For the three- and six-month period ended June 30, 2015, a recovery of $935 and expense of $145 [2014 – expense of $841 and $1,708] was recognized for employee and Director services rendered.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

A summary of the status of the options under the 2012 SAIP is presented below:

	2012 SAIP	
	Restricted awards #	Performance awards #
Outstanding, January 1, 2014	214,000	110,000
Granted	28,000	—
Forfeited	(3,000)	—
Balance, December 31, 2014	239,000	110,000
Granted	13,000	—
Vested	(6,429)	—
Forfeited	(3,571)	—
Balance, June 30, 2015	**242,000**	**110,000**

There is no exercise price on the 2012 SAIP awards.

During the three- and six-month period ended June 30, 2015, nil and 6,429 shares of Restricted Awards vested and nil and 3,571 shares of Restricted Awards were forfeited.

A summary of the status of the rights to shares to be issued under the LTIP is presented below:

	Six-month period ended June 30, 2015	Year ended December 31, 2014
	Shares #	Shares #
Outstanding, beginning of period	—	15,231
Vested	—	(15,231)
Forfeited	—	—
Outstanding, end of period	—	—

[in thousands of Canadian dollars, except where otherwise noted and per share data]

15. LONG-TERM DEBT AND OBLIGATIONS UNDER FINANCE LEASES

	Interest rate %	Maturity	June 30, 2015 $	December 31, 2014 $
Current portion of interest-bearing loans and borrowings				
Short-term debt			**—**	49,176
Current portion of obligations under finance leases	Euribor +2	2017	**221**	—
Total current interest-bearing loans and borrowings			**221**	49,176
Non-current interest-bearing loans and borrowings				
Series A secured notes [U.S. dollar denominated]	6.8	2016	**31,186**	29,003
Series B secured notes	4.4	2025	**25,000**	—
Term A secured loan	3.5	2019	**50,000**	—
Term B secured loan	3.5	2022	**40,000**	—
Canadian Revolver Line	4.1	2019	**50,000**	—
U.S. Dollar Revolver Line [U.S. dollar denominated]	5.0	2019	**12,474**	—
Total non-current long-term debt			**208,660**	29,003
Less deferred financing costs			**2,950**	54
Long-term debt			**205,710**	28,949
Long-term portion of obligations under finance leases	Euribor +2	2017	**1,187**	—
Total interest-bearing loans and borrowings			**207,118**	78,125

[a] Bank indebtedness

AGI has operating facilities of $20.0 million and U.S. $5.0 million. The facilities bear interest at prime plus 0.2% to prime plus 1.75% per annum based on performance calculations. The effective interest rate during the six-month period ended June 30, 2015 on AGI's Canadian dollar operating facility was 3.2% [2014 – 3.0%], and on its U.S. dollar operating facility was 3.5% [2014 – 3.3%]. As at June 30, 2015, there was nil outstanding under these facilities [December 31, 2014 – nil]. The facilities mature May 19, 2019.

Collateral for the operating facilities rank pari passu with the secured notes and term loans and include a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

[b] Long-term debt

The Series A secured notes were issued on October 29, 2009. The non-amortizing notes bear interest at 6.8% payable quarterly and mature on October 29, 2016. The Series A secured notes are denominated in U.S. dollars. Collateral for the Series A secured notes and term loans rank pari passu and include a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

The Series B secured notes were issued on May 22, 2015. The non-amortizing notes bear interest at 4.4% payable quarterly and mature on May 22, 2025. Collateral for the Series B secured notes and term loans rank pari passu and include a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

The Term A secured loan was issued on May 20, 2015 and matures on May 19, 2019. The facilities bear interest at BA plus 2.50% per annum based on performance calculations. Interest on the non-amortizing loan has been fixed at 3.8% through an interest rate swap contract *[note 19]*. Collateral for the Term A loan and secured notes rank pari passu and include a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

The Term B secured loan was issued on May 20, 2015 and matures on May 19, 2022. The facilities bear interest at BA plus 2.50% per annum based on performance calculations. Interest on the non-amortizing loan has been fixed at 4.3% through an interest rate swap contract *[note 19]*. Collateral for the Term B loan and secured notes rank pari passu and include a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

AGI has revolver facilities of $105.0 million and U.S. $45.0 million. The facilities bear interest at prime plus 0.2% to prime plus 1.75% per annum based on performance calculations. The effective interest rate for the six-month period ended June 30, 2015 on AGI's Canadian dollar revolver facility was 3.2% [2014 – 3.0%] and on its U.S. dollar revolver facility was 3.5% [2014 – 3.3%]. As at June 30, 2015, there was $62 million [December 31, 2014 – nil] outstanding under these facilities. The facilities mature May 19, 2019.

[c] Covenants

AGI is subject to certain financial covenants in its credit facility agreements, which must be maintained to avoid acceleration of the termination of the agreement. The financial covenants require AGI to maintain a debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio of less than 3.25 and to provide debt service coverage of a minimum of 1.0. The covenant calculations exclude the convertible unsecured subordinated debentures from the definition of debt. As at June 30, 2015 and December 31, 2014, AGI was in compliance with all financial covenants.

[d] Short-term debt

The 2014 Debentures were recorded as short-term debt as at December 31, 2014 and March 31, 2015 as the maturity date of the 2014 Debentures was June 29, 2015 unless automatically extended upon completion of AGI's acquisition of Westeel. During the three-month period ended June 30, 2015, the acquisition of Westeel was completed, the maturity date of the 2014 Debentures automatically extended to December 31, 2019 and the 2014 Debentures were reclassified from short-term debt to convertible unsecured subordinated debentures.

[e] Obligations under finance lease

The Company has a real estate lease that matures on December 31, 2017. The lease is denominated in Euros and bears interest at Euribor plus 2%.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

16. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

	June 30, 2015	December 31, 2014
	$	$
Principal amount	**138,000**	**86,250**
Equity component	**(6,645)**	**(4,480)**
Accretion	**1,440**	**814**
Financing fees, net of amortization	**(5,099)**	**(3,151)**
Convertible unsecured subordinated debentures	**127,696**	**79,433**

2009 Debentures

In 2009, the Company issued convertible unsecured subordinated debentures in the aggregate principal amount of $115 million [the "2009 Debentures"]. The maturity date of the 2009 Debentures was December 31, 2014 and, accordingly, as at December 31, 2013, they were classified as current liabilities. In January 2014, holders of $19.0 million principal amount of the 2009 Debentures exercised the conversion option and were issued 422,897 common shares. The Company fully redeemed all remaining outstanding 2009 Debentures on January 20, 2014. In 2014, the Company recorded interest expense on the 7.0% coupon of $440 and expensed all remaining unamortized accretion and finance fee balances in the amounts of $937 and $588, respectively.

2013 Debentures

In December 2013, the Company issued $86.3 million aggregate principal amount of convertible unsecured subordinated debentures [the "2013 Debentures"] at a price of $1,000 per 2013 Debentures. The net proceeds of the offering, after payment of the underwriters' fee of $3.5 million and expenses of the offering of $0.6 million, were approximately $82.2 million. The 2013 Debentures bear interest at an annual rate of 5.25% payable semi-annually on June 30 and December 31. The maturity date of the 2013 Debentures is December 31, 2018.

Each 2013 Debenture is convertible into common shares of the Company at the option of the holder at any time on the earlier of the maturity date and the date of redemption of the 2013 Debenture, at a conversion price of $55.00 per common share being a conversion rate of approximately 18.1818 common shares per $1,000 principal amount of 2013 Debentures. No conversion options were exercised during the six-month period ended June 30, 2015 [year ended December 31, 2014 – nil]. As at June 30, 2015, AGI has reserved 1,568,182 common shares for issuance upon conversion of the 2013 Debentures.

The 2013 Debentures are not redeemable before December 31, 2016. On and after December 31, 2016 and prior to December 31, 2017, the 2013 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2017, the 2013 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the 2013 Debentures by issuing and delivering common shares. The Company may also elect to satisfy its obligations to pay interest on the 2013 Debentures by delivering common shares. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering common shares. The number of any shares issued will be determined based on market prices at the time of issuance.

The Company presents and discloses its financial instruments in accordance with the substance of its contractual arrangement. Accordingly, upon issuance of the 2013 Debentures, the Company recorded a liability of $86,250, less related offering costs of $3,847 and the estimated fair value of the holder's conversion option. The liability component has been accreted using the effective interest rate method, and during the six-month period ended June 30, 2015, the Company recorded accretion of $411 [2014 – $386], non-cash interest expense relating to financing costs of $352 [2014 – $320] and interest expense on the 5.25% coupon of $2,264 [2014 – $2,264]. The estimated fair value of the holder's option to convert the 2013 Debentures to common shares in the total amount of $4,480 has been separated from the fair value of the liability and is included in shareholders' equity, net of income tax of $1,134 and its pro rata share of financing costs of $211.

2014 Debentures

In December 2014, the Company issued $51.8 million aggregate principal amount of extendible convertible unsecured subordinated debentures [the "2014 Debentures"] at a price of $1,000 per 2014 Debenture. The 2014 Debentures bear interest at an annual rate of 5.25% payable semi-annually on June 30 and December 31. The maturity date of the 2014 Debentures is December 31, 2019.

Each 2014 Debenture is convertible into common shares of the Company at the option of the holder at any time on the earlier of the maturity date and the date of redemption of the 2014 Debenture, at a conversion price of $65.57 per common share being a conversion rate of approximately 15.2509 common shares per $1,000 principal amount of 2014 Debentures. No conversion options were exercised during the six-month period ended June 30, 2015 [year ended

December 31, 2014 – nil]. As at June 30, 2015, AGI has reserved 789,233 common shares for issuance upon conversion of the 2014 Debentures.

The 2014 Debentures are not redeemable before December 31, 2017. On and after December 31, 2017 and prior to December 31, 2018, the 2014 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On and after December 31, 2018, the 2014 Debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the 2014 Debentures by issuing and delivering common shares. The Company may also elect to satisfy its obligation to pay interest on the 2014 Debentures by delivering sufficient common shares. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering common shares. The number of shares issued will be determined based on market prices at the time of issuance.

The Company presents and discloses its financial instruments in accordance with the substance of its contractual arrangement. Accordingly, upon issuance of the 2014 Debentures, the Company recorded a liability of $51,750, less related offering costs of $2,663 and the estimated fair value of the holder's conversion option. The liability component has been accreted using the effective interest rate method, and during the three-month period ended June 30, 2015, the Company recorded accretion of $94 [2014 – nil], non-cash interest expense relating to financing costs of $109 [2014 – nil] and interest expense on the 5.25% coupon of $679 [2014 – nil]. The estimated fair value of the holder's option to convert the 2014 Debentures to common shares in the total amount of $2,165 has been separated from the fair value of the liability and is included in shareholders' equity, net of income tax of $557 and its pro rata share of financing costs of $111.

17. RETIREMENT BENEFIT PLANS

On May 20, 2015, AGI acquired Westeel *[note 5[b]]*. Included in the acquisition is a defined benefit plan. For the purposes of the following discussion, beginning of period is defined as May 20, 2015.

The Company has a defined benefit plan providing pension benefits to certain of its union employees and former employees. The Company operates the defined benefit pension plan in Canada. The plan is a flat-dollar defined benefit pension plan, which provides clearly defined benefits to members based on negotiated benefit rates and years of credited service. Responsibility for the governance of the plan and overseeing the plan including investment policy and performance lie with the Pension and Investment Committee. The Company has set up a pension committee to assist in the management of the plan and has also appointed experienced, independent professional experts such as investment managers and actuaries.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The Company's defined benefit pension plan will measure the respective accrued benefit obligation and the fair value of plan assets at December 31 of each year. Actuarial valuations are performed annually or tri-annually as required. The Company's registered defined benefit plan was last valued on December 31, 2013. The present value of the defined obligation, and the related current service cost and past service cost, were measured using the Unit Credit Method.

The liabilities were not revalued at June 30, 2015. We have used the same methods and assumptions used at May 20, 2015 for the purpose of estimating the liabilities at June 30, 2015. The following assumptions were used to determine the periodic pension expense and the net present value of the accrued pension obligations:

	June 30, 2015	**May 20, 2015**
	%	%
Expected long-term rate of return on plan assets	**4.00**	4.00
Discount rate on benefit costs	**4.00**	4.00
Discount rate on accrued pension and post- employment obligations	**4.00**	4.00
Rate of compensation increases	**n/a**	n/a

The weighted average duration of the defined benefit obligation as of May 20, 2015 is 17.55 years. Compensation increases were not included in the valuation of the accrued pension obligation because the accrued benefit is not a function of salary. All members receive a fixed benefit rate monthly for each year of credited service. This same benefit rate is received by all plan members regardless of salary level.

The following table outlines the key assumptions for 2014 and the sensitivity of changes in each of these assumptions on the defined benefit plan obligation. The sensitivity analysis is hypothetical and should be used with caution. The sensitivities of each key assumptions have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another which could amplify or reduce the impact of such assumptions.

	Increase in assumption $	**Decrease in assumption** $
Impact of 1% increase/decrease in discount rate assumption	(1,852)	(2,094)
Impact of 1 year increase/decrease in life expectancy assumption	293	(301)

The net expense of $93 [2014 – nil] for the period is included in cost of sales and an expense of nil [2014 – nil] for the period is included in selling, general and administrative expense in the unaudited interim condensed consolidated statement of income.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

Information about the Company's defined benefit pension plan, in aggregate, is as follows:

	June 30, 2015 $
Plan assets	
Fair value of plan assets, beginning of period	**12,562**
Actual return on plan assets	**54**
Employer contributions	**40**
Benefits paid	**(45)**
Fair value of plan assets, end of period	**12,611**

	June 30, 2015 $
Accrued benefit obligation	
Accrued benefit obligation, beginning of period	**11,860**
Current service cost	**93**
Interest cost	**54**
Benefits paid	**(45)**
Accrued benefit obligation, end of period	**11,962**
Net accrued benefit asset	**649**

The net accrued benefit asset of $649 is included in other assets in non-current assets.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The major categories of plan assets for each category are as follows:

	June 30, 2015		**May 20, 2015**	
	$	%	$	%
Canadian equity securities	**3,783**	**30.0**	3,769	30.0
U.S. equity securities	**2,270**	**18.0**	2,261	18.0
International equity securities	**2,144**	**17.0**	2,135	17.0
Fixed income securities	**4,414**	**35.0**	4,397	35.0
	12,611	**100.0**	12,562	100.0

Management's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation. The actual return on plan assets was $54 [2014 – nil].

All equity and debt securities are valued based on quoted prices in active markets for identical assets or liabilities or based on inputs other than quoted prices in active markets that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices].

The Company's asset allocation reflects a balance of fixed income investments, which are sensitive to interest rates, and equities, which are expected to provide higher returns and inflation sensitive returns over the long term. The Company's targeted asset allocations are actively monitored and adjusted to align the asset mix with the liability profile of the plan.

The Company expects to make contributions of $372 [2014 – nil] to the defined benefit plan in 2015. The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liability is calculated using a discount rate set with reference to corporate bond yields; if plan assets under-perform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while contributing volatility and risk in the short-term.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plan efficiently.

Change in fixed income security yields

A decrease in corporate fixed income security yields will increase plan liabilities although this will be partially offset by an increase in the value of the plan's fixed income security holdings.

Life expectancy

The plan's obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liability.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

18. INCOME TAXES

The major components of income tax expense for the six-month periods ended June 30, 2015 and 2014 are as follows:

Unaudited interim condensed consolidated statements of income

	2015 $	**2014** $
Current tax expense		
Current income tax charge	**2,567**	2,742
Deferred tax expense		
Origination and reversal of temporary differences	**2,954**	4,911
Income tax expense reported in the unaudited interim condensed consolidated statement of income	**5,521**	7,653

Unaudited interim condensed consolidated statement of comprehensive income

	2015 $	**2014** $
Deferred tax related to items charged or credited directly to other comprehensive income during the period		
Unrealized gain (loss) on derivatives	**(2,035)**	388
Exchange differences on translation of foreign operations	**808**	41
Income tax charged directly to other comprehensive income	**(1,227)**	429

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	As at June 30, 2015 $	**As at December 31, 2014** $
Inventories	**(90)**	(88)
Property, plant and equipment and other assets	**(19,096)**	(14,239)
Intangible assets	**(31,791)**	(14,943)
Deferred financing costs	**(403)**	(261)
Accruals and long-term provisions	**2,986**	2,274
Tax loss carryforwards expiring between 2020 to 2035	**603**	483
Investment tax credits	**(627)**	(618)
Canadian exploration expenses	**11,079**	13,952
Capitalized development expenditures	**(948)**	(905)
Convertible debentures	**(1,405)**	(975)
SAIP liability	**585**	878
Other comprehensive income	**4,405**	2,370
Net deferred tax liability	**(34,702)**	(12,072)
Reflected in the statement of unaudited interim condensed consolidated financial position as follows		
Deferred tax assets	**2**	—
Deferred tax liabilities	**(34,704)**	(12,072)
Deferred tax liability, net	**(34,702)**	(12,072)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences and loss carryforwards become deductible. Based on the analysis of taxable temporary differences and future taxable income, management of the Company is of the opinion that there is convincing evidence available for the probable realization of all deductible temporary differences of the Company's tax entities incurred other than losses in its Finnish operations of 3,488 Euros [December 31, 2014 – 2,646 Euros] and its Brazilian operations of 1,277 BRL. Accordingly, the Company has recorded a deferred tax asset for all other deductible temporary differences as at June 30, 2015 and as at December 31, 2014.

As at June 30, 2015, there was no recognized deferred tax liability [December 31, 2014 – nil] for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. The Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. The temporary differences associated with investments in subsidiaries, for which a deferred tax asset has not been recognized, aggregate to $622 [December 31, 2014 – $622].

Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to AGI's specific situation. The amount and timing of reversals of temporary differences will also depend on AGI's future operating results, acquisitions and dispositions of assets and liabilities. The business and operations of AGI are complex and AGI has executed a number of significant financings, acquisitions, reorganizations and business combinations over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors, as well as AGI's interpretation of and compliance with relevant tax legislation and regulations. While AGI believes that its tax filing positions are probable to be sustained, there are a number of tax filing positions that may be the subject of review by taxation authorities. Therefore, it is possible that additional taxes could be payable by AGI and the ultimate value of AGI's income tax assets and liabilities could change in the future and that changes to these amounts could have a material effect on these unaudited interim condensed consolidated financial statements.

There are no income tax consequences to the Company attached to the payment of dividends in either 2015 or 2014 by the Company to its shareholders.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Management of risks arising from financial instruments

AGI's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has deposits, trade and other receivables, and cash and short-term deposits that are derived directly from its operations. The Company also holds an available-for-sale investment and enters into derivative transactions.

The Company's activities expose it to a variety of financial risks: market risk [including foreign exchange and interest rate], credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to mitigate certain risk exposures. The Company does not purchase any derivative financial instruments for speculative purposes. Risk management is the responsibility of the corporate finance function, which has the appropriate skills, experience and supervision. The Company's domestic and foreign operations along with the corporate finance function identify, evaluate and, where appropriate, mitigate financial risks. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors. The Audit Committee reviews and monitors the Company's financial risk-taking activities and the policies and procedures that were implemented to ensure that financial risks are identified, measured and managed in accordance with Company policies.

The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Components of market risk to which AGI is exposed are discussed below. Financial instruments affected by market risk include trade accounts receivable and payable, available-for-sale investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at June 30, 2015 and December 31, 2014.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on the carrying value of provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The unaudited interim condensed consolidated statements of financial position sensitivity relates to derivatives.
- The sensitivity of the relevant unaudited interim condensed consolidated statements of income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at June 30, 2015 and December 31, 2014, including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at June 30, 2015 and December 31, 2014 for the effects of the assumed underlying changes.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

Foreign currency risk

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures and the resulting volatility of the Company's earnings, subject to liquidity restrictions, by entering into foreign exchange forward contracts. Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure.

A significant part of the Company's sales are transacted in U.S. dollars and, as a result, fluctuations in the rate of exchange between the U.S. and Canadian dollar can have a significant effect on the Company's cash flows and reported results. To mitigate exposure to the fluctuating rate of exchange, AGI enters into foreign exchange forward contracts and denominates a portion of its debt in U.S. dollars. As at June 30, 2015, AGI's U.S. dollar denominated debt totalled $43.7 million [December 31, 2014 – $29.0 million] and the Company has entered into the following foreign exchange forward contracts to sell U.S. dollars in order to hedge its foreign exchange risk on revenue:

Settlement dates	Face value U.S. $	Average rate Cdn $
July – December 2015	62,000	1.1240
January – December 2016	100,500	1.1771
January – February 2017	9,000	1.2461

Settlement dates	Face value Euro	Average rate Cdn $
July – December 2015	541	1.4905

The Company enters into foreign exchange forward contracts to mitigate foreign currency risk relating to certain cash flow exposures. The hedged transactions are expected to occur within a maximum 24-month period. The Company's foreign exchange forward contracts reduce the Company's risk from exchange movements because gains and losses on such contracts offset gains and losses on transactions being hedged. The Company's exposure to foreign currency changes for all other currencies is not material.

AGI's sales denominated in U.S. dollars for the six-month period ended June 30, 2015 were U.S. $119 million, and the total of its cost of goods sold and its selling, general and administrative expenses denominated in that currency were U.S. $75 million. Accordingly, a 10% increase or decrease in the value of the U.S. dollar relative to its Canadian counterpart would result in a $11.9 million increase or decrease in sales and a total increase or decrease of $7.5 million in its cost of goods sold and its selling, general and administrative expenses. In relation to AGI's foreign exchange hedging contracts, a 10% increase or decrease in the value of the U.S. dollar relative to its Canadian counterpart would result in an $8 million increase or decrease in the foreign exchange loss and a $21 million increase or decrease to other comprehensive income.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The counterparties to the contracts are three multinational commercial banks and therefore credit risk of counterparty non-performance is remote. Realized gains or losses are included in net earnings, and for the three- and six-month period ended June 30, 2015, the Company realized a loss on its foreign exchange contracts of $1,788 and $3,690 [2014 – $857 and $1,180].

The open foreign exchange forward contracts as at June 30, 2015 are as follows:

		Notional Canadian dollar equivalent		
	Notional amount of currency sold $	Contract amount $	Cdn $ equivalent $	Unrealized gain (loss) $
U.S. dollar contract	**171,500**	**1.16**	**199,199**	**(15,301)**
Euro contract	**541**	**1.49**	**807**	**61**

The terms of the foreign exchange forward contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in the unaudited interim condensed consolidated statements of income.

The cash flow hedges of the expected future sales were assessed to be highly effective and a net unrealized loss of $15,240 [2014 – $2,996], with a deferred tax asset of $4,405 [2014 – $805] relating to the hedging instruments, is included in accumulated other comprehensive income.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Furthermore, as AGI regularly reviews the denomination of its borrowings, the Company is subject to changes in interest rates that are linked to the currency of denomination of the debt. AGI's Series A secured notes, Series B secured notes and convertible unsecured subordinated debentures outstanding as at June 30, 2015 and December 31, 2014 are at a fixed rate of interest. As at June 30, 2015 and December 31, 2014, the Company had U.S. $10.0 million term debt outstanding at a floating rate of interest. Accordingly, a 10% increase or decrease in the floating rate of interest will result in an increase or decrease of interest expense of $24.

Interest rate swap contracts

On May 22, 2015, the Company entered into interest rate swap contracts to manage its exposure to fluctuations in interest rates on its core borrowings. Through these contracts, the Company agreed to receive interest on notional amounts from the counterparty and pay interest on the same notional amounts at rates between 3.84% and 4.32%. The notional amounts are $90,000 in aggregate resetting the last business day of each month. The contracts expire in May 2019 and May 2022.

The interest rate swap contracts are derivative financial instruments designated as a cash flow hedges and changes in the fair value were recognized as a component of other comprehensive income to the extent that it has been assessed to be effective.

The amount of loss recorded in other comprehensive income during the three- and six-month period ended June 30, 2015 was $1,073 [2014 – nil].

Credit risk

Credit risk is the risk that a customer will fail to perform an obligation or fail to pay amounts due, causing a financial loss. A substantial portion of AGI's accounts receivable are with customers in the agriculture industry and are subject to normal industry credit risks. A portion of the Company's sales and related accounts receivable are also generated from transactions with customers in overseas markets, several of which are in emerging markets such as countries in Eastern Europe, including most significantly Ukraine and Russia. It is often common business practice for international customers to pay invoices over an extended period of time. Accounts receivable is subject to credit risk exposure and the carrying values reflect management's assessment of the associated maximum exposure to such credit risk. The Company regularly monitors customers for changes in credit risk. The Company's credit exposure is mitigated through the use of credit practices that limit transactions according to the customer's credit quality and due to the accounts receivable being spread over a large number of customers. Trade receivables from international customers are often insured for events of nonpayment through third-party export insurance. In cases where the credit quality of a customer does not meet the Company's requirements, a cash deposit or letter of credit is received before goods are shipped.

Assessments about the recoverability of financial assets, including accounts receivable, require significant judgment in determining whether there is objective evidence that a loss event has occurred and estimates of the amount and timing of future cash flows. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect on its trade receivables which is netted against the accounts receivable on the unaudited interim condensed consolidated statements of financial position. Emerging markets are subject to various additional risks, including: currency exchange rate fluctuations; foreign economic conditions; foreign business practices; unfavourable legal climate for the collection of unpaid accounts; as well as unfavourable political or economic climate limiting or eliminating support from export credit agencies. One or more of these factors could have a material effect on the future collectability of such receivables. In assessing whether objective evidence of impairment exists at each reporting period the Company considers its past experience of collecting payments, historical loss experience, customer credit ratings and financial data as available, collateral on amounts owing including insurance coverage from export credit agencies, as well as observable changes in national or local economic conditions. As at June 30, 2015, the Company had $47 million in trade receivables owing from customers located in Russia and Ukraine including a significant balance with one customer in Ukraine *[note 12]*. Future collections of accounts receivables that differ from the Company's current estimates would affect the results of the Company's operations in future periods as well as the Company's trade receivables and general and administrative expenses and amounts may be material.

At June 30, 2015, the Company had 2 international customers [2014 – 2 international customers] that accounted for approximately 29% [2014 – 35%] of all receivables owing. The requirement for an impairment provision is analyzed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The Company does not generally hold collateral as security on its accounts receivable but has received collateral from one international customer.

As noted above, the risk of non-collection of trade receivables is currently higher in Russia and Ukraine due to the current political and economic instability. The Company believes that its credit practices and regular monitoring of customer receivables with respect to their collectability reduces the concentration of credit risk.

The Company does not believe that any single customer group represents a significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that AGI will encounter difficulties in meeting its financial liability obligations. AGI manages its liquidity risk through cash and debt management. In managing liquidity risk, AGI has access to committed short- and long-term debt facilities as well as to equity markets, the availability of which is dependent on market conditions. AGI believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

[b] Fair value

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the unaudited interim condensed consolidated financial statements:

	June 30, 2015		December 31, 2014	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets				
Loans and receivables				
Cash and cash equivalents	**6,143**	**6,143**	25,295	25,295
Cash held in trust	**250**	**250**	250	250
Accounts receivable	**127,502**	**127,502**	86,764	86,764
Available-for-sale investment	**900**	**900**	900	900
Financial liabilities				
Other financial liabilities				
Interest-bearing loans and borrowings	**207,118**	**208,275**	78,125	82,119
Trade payables and provisions	**62,609**	**62,609**	39,289	39,289
Dividends payable	**2,865**	**2,865**	2,633	2,633
Acquisition, transaction and financing costs payable	**2,812**	**2,812**	2,266	2,266
Subscription receipts commission payable	**—**	**—**	1,036	1,036
Derivative instruments	**16,313**	**16,313**	8,908	8,908
Convertible unsecured subordinated debentures	**127,696**	**124,473**	79,433	74,900

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, cash held in trust, accounts receivable, dividends payable, acquisition, transaction and financing costs payable, accounts payable and accrued liabilities, due to vendor and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- The fair value of unquoted instruments and loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts and one option embedded in each convertible debt agreement. The most frequently applied valuation technique includes forward pricing, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties and foreign exchange spot and forward rates.

- AGI includes its available-for-sale investment which is in a private company in Level 3 of the fair value hierarchy as it trades infrequently and has little price transparency. AGI reviews the fair value of this investment at each reporting period and when recent arm's-length market transactions are not available, management's estimate of fair value is determined using a market approach based on external information and observable conditions where possible, supplemented by internal analysis as required. In 2014, AGI transferred the available-for-sale investment from Level 2 to Level 3 as direct observable market data was not available.

Fair value ["FV"] hierarchy
AGI uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level l

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, and for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly, are classified as Level 2 in the FV hierarchy.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The FV hierarchy of financial instruments recorded on the unaudited interim condensed consolidated statement of financial position is as follows:

	June 30, 2015			December 31, 2014		
	Level 1 $	Level 2 $	Level 3 $	Level 1 $	Level 2 $	Level 3 $
Financial assets						
Available-for-sale investment	**—**	**—**	**900**	—	—	900
Financial liabilities						
Interest-bearing loans and borrowings	**—**	**207,118**	**—**	—	78,125	—
Derivative instruments	**—**	**16,313**	**—**	—	8,908	—
Convertible unsecured subordinated debentures	**—**	**127,696**	**—**	—	79,433	—

During the reporting periods ended June 30, 2015 and December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

Interest from financial instruments is recognized in finance costs and finance income. Foreign currency and impairment reversal impacts for loans and receivables are reflected in finance expenses (income).

20. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's capital structure is comprised of shareholders' equity and long-term debt. AGI's objectives when managing its capital structure are to maintain and preserve AGI's access to capital markets, continue its ability to meet its financial obligations, including the payment of dividends, and finance future organic growth and acquisitions.

AGI manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to any externally imposed capital requirements other than financial covenants in its credit facilities and as at June 30, 2015 and December 31, 2014, all of these covenants were complied with *[note 15[c]]*.

The Board of Directors does not establish quantitative capital structure targets for management, but rather promotes sustainable and profitable growth. Management monitors capital using non-GAAP financial metrics, primarily total debt to the trailing 12 months EBITDA and net debt to total shareholders' equity. There may be instances where it would be acceptable for total debt to trailing EBITDA to temporarily fall outside of the normal targets set by management such as in financing an acquisition to take advantage of growth opportunities or industry cyclicality. This would be a strategic decision recommended by management and approved by the Board of

Directors with steps taken in the subsequent period to restore the Company's capital structure based on its capital management objectives.

21. RELATED PARTY DISCLOSURES

Relationship between parent and subsidiaries

The main transactions between the corporate entity of the Company and its subsidiaries are the providing of cash fundings based on the equity and convertible debt funds of AGI International Inc. Furthermore, the corporate entity of the Company is responsible for the billing and supervision of major construction contracts with external customers and the allocation of sub-projects to the different subsidiaries of the Company. Finally, the parent company is providing management services to the Company entities. Between the subsidiaries there are limited intercompany sales of inventories and services. Because all subsidiaries are currently 100% owned by Ag Growth International Inc., these intercompany transactions are 100% eliminated on consolidation.

Other relationships

Burnet, Duckworth & Palmer LLP ["BDP"] provides legal services to the Company and a Director of AGI is a partner of BDP. The total cost of these legal services in the six-month period ended June 30, 2015 was $690 [2014 – $50] and $2,035 is included in accounts payable and accrued liabilities as at June 30, 2015. These transactions were incurred during the normal course of business.

22. PROFIT PER SHARE

Profit per share is based on the consolidated profit for the period divided by the weighted average number of shares outstanding during the period. Diluted profit per share is computed in accordance with the treasury stock method and based on the weighted average number of shares and dilutive share equivalents.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The following reflects the income and share data used in the basic and diluted profit per share computations:

	Three-month period ended		Six-month period ended	
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
	$	$	$	$
Net profit attributable to shareholders for basic and diluted profit per share	**8,173**	13,638	**4,764**	14,856
Interest expense on 2013 convertible debentures	**—**	1,092	**—**	—
	8,173	14,730	**4,764**	14,856
Basic weighted average number of shares	**13,718,978**	13,097,752	**13,449,639**	13,044,679
Dilutive effect of DDCP	**41,122**	35,025	**40,586**	34,131
Dilutive effect of RSU *[note 13[d]]*	**242,000**	229,297	**238,055**	226,166
Dilutive effect of 2013 convertible debt *[note 15]*	**—**	1,568,182	**—**	—
Diluted weighted average number of shares	**14,002,100**	14,930,256	**13,728,280**	13,304,976
Profit per share – basic	**0.60**	1.04	**0.35**	1.14
Profit per share – diluted	**0.58**	0.99	**0.35**	1.12

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these unaudited interim condensed consolidated financial statements.

The 2013 and 2014 convertible unsecured subordinated debentures were excluded from the calculation of diluted net profit per share in the three- and six- month periods ended June 30, 2015 because their effect is anti-dilutive.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

23. REPORTABLE BUSINESS SEGMENT

The Company is managed as a single business segment that manufactures and distributes grain handling, storage and conditioning equipment. The Company determines and presents business segments based on the information provided internally to the CEO, who is AGI's Chief Operating Decision Maker ["CODM"]. When making resource allocation decisions, the CODM evaluates the operating results of the consolidated entity.

All segment revenue is derived wholly from external customers and as the Company has a single reportable segment, inter-segment revenue is zero.

	Revenue				**Property, plant and equipment, goodwill, intangible assets and available-for-sale investments**	
	Three-month period ended		**Six-month period ended**			
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**	**As at June 30, 2015**	**As at December 31, 2014**
	$	$	$	$	$	$
Canada	**39,103**	30,659	**60,870**	53,826	**344,628**	148,139
United States	**53,663**	62,077	**96,284**	109,333	**115,334**	90,315
International	**29,630**	20,102	**52,501**	33,957	**12,797**	9,032
	122,396	112,838	**209,655**	197,116	**472,759**	247,486

The revenue information above is based on the location of the customer. The Company has no single customer that represents 10% or more of the Company's revenue.

24. COMMITMENTS AND CONTINGENCIES

[a] Contractual commitment for the purchase of property, plant and equipment

As of the reporting date, the Company has entered into commitments to purchase property, plant and equipment of $18,012 for which deposits of $14,835 were made as at June 30, 2015.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

[b] Letters of credit

As at June 30, 2015, the Company has outstanding letters of credit in the amount of $6,040 [December 31, 2014 – $10,055].

[c] Operating leases

The Company leases office and manufacturing equipment, warehouse facilities and vehicles under operating leases with minimum aggregate rent payable in the future as follows:

	$
Within one year	992
After one year but no more than five years	4,525
	5,517

These leases have a life of between one and nine years with no renewal options included in the contracts.

During the three- and six-month periods ended June 30, 2015, the Company recognized an expense of $576 and $993 [2014 – $433 and $854] for leasing contracts. This amount relates only to minimum lease payments.

[d] Legal actions

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

[e] Interest in European subsidiary

The Company has agreed to loan up to a maximum principal amount of €2,500,000 to its 51% owned European subsidiary *[note 5[b]]*, a related party, with the entire amount of the loan to be repaid as at December 31, 2016. As at June 30, 2015 no amounts have been advanced and terms and conditions of the loan are yet to be finalized.

DIRECTORS

Bill Lambert, Chairman of the Board of Directors
Gary Anderson, Director & Chief Executive Officer of AGI
Janet Giesselman, Director, Compensation & Human Resources Committee Chair
Bill Maslechko, Director
Mac Moore, Director, Governance Committee Chair
David White, CA, ICD.D, Director, Audit Committee Chair

OFFICERS

Gary Anderson, Chief Executive Officer & Director
Tim Close, CFA, President
Steve Sommerfeld, CA, Executive Vice President & Chief Financial Officer
Dan Donner, Senior Vice President, Sales & Marketing
Paul Franzmann, CA, Senior Vice President, Operations
Ron Braun, Vice President, Portable Grain Handling
Paul Brisebois, Vice President, Marketing
Shane Knutson, Vice President, International Sales
Gurcan Kocdag, Vice President, Storage & Conditioning
Craig Nimegeers, Vice President, Engineering
Nicolle Parker, Vice President, Finance & Integration
Eric Lister, Q.C., Counsel

Additional information relating to the Company, including all public filings, is available on SEDAR (www.sedar.com).