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).