Court File No. CV-16-11242-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE LIQUIDATION OF LWP CAPITAL INC. PURSUANT TO SECTION 211 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED

and

KSV ADVISORY INC. IN ITS CAPACITY AS LIQUIDATOR OF LWP CAPITAL INC.

APPLICANT

SUPPLEMENTARY APPLICATION RECORD

(Application Returnable January 11, 2016)

January 6, 2016

BORDEN LADNER GERVAIS LLP
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Toronto, Ontario
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and

KSV ADVISORY INC. IN ITS CAPACITY AS LIQUIDATOR OF LWP CAPITAL INC.

Applicant

AFFIDAVIT OF JOEL HORN
(sworn January 6, 2016)

I, **JOEL HORN**, of the City of Seattle, in the State of Washington, **MAKE OATH AND SAY AS FOLLOWS:**

1. I have been the President of Legumex Walker Inc., now known as LWP Capital Inc. (the "**Company**"), since April 20, 2011. As such, I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true. I also own, directly and indirectly, 385,032 common shares of the Company ("**Common Shares**"), which represent approximately 2.4% of the total issued and outstanding Common Shares.

2. On November 9, 2015, the holders of the Common Shares approved by way of special resolution the voluntary liquidation and dissolution of the Company pursuant to the *Canada Business Corporations Act* (the "**CBCA**") and in accordance with the Plan of Liquidation and Distribution, KSV Advisory Inc. was named as the liquidator of the Company (the "**Liquidator**').

3. Pursuant to the Plan of Liquidation and Distribution I am acting as an Inspector, effective as of December 31, 2015 (the "**Effective Date**").

4. Attached as Exhibit "A" to this Affidavit is a copy of the Company's audited financial statements for the fiscal year ending December 31, 2014 and its most recent unaudited quarterly financial statements for the period ended September 30, 2015.

5. As of December 31, 2015, the Company does not have any known outstanding liabilities other than: (i) those arising in the ordinary course from time to time, including, but not limited to, telephone, internet, utilities, current wages and associated withholding taxes, and sundry services which continue to be provided to the Company; (ii) certain amounts owing to former employees; (iii) certain environmental remediation costs, which total is expected to be less than CAD$700,000; plus (iv) the professional fees and disbursements associated with these liquidation proceedings. I have been bringing (and intend to continue to bring) to the Liquidator's attention these known payables as they arise in order for them to be paid from the Liquidator's account.

6. Pursuant to an asset purchase agreement (the "**APA**") with The Scoular Company dated September 14, 2015, the Company sold or caused the sale of substantially all of the assets of its wholly-owned subsidiaries, Legumex Walker Canada Inc., St. Hilaire Seed Company, Inc. and Legumex Walker Sunflower LLC (individually, a "**Vendor**" and collectively, the "**Vendors**"), as well as the Company's equity interest in Legumex Walker China Ltd. and Legumex Walker (Tianjing) International Trading Ltd., for gross proceeds of CAD$94 million, less closing and post-closing adjustments, plus CAD$71.5 million, being the net working capital (subject to adjustment) at the time of the closing of the transaction (the "**Transaction**"). The Transaction excluded the Company's cash, the tax instalments paid by an applicable Vendor and the right to receive any refund of and/or credit in respect of taxes paid by an applicable Vendor, all indebtedness owing to an applicable Vendor by an affiliate or a shareholder, director, or officer of the affiliate, employee plans, except for those of Legumex Walker China Limited and Legumex Walker (Tianjin) International Trading Ltd., assets that do not relate to, are not used in and are not necessary for use in the business of an applicable Vendor, and certain

accounts receivable and contracts. The Transaction did not include the divestiture of the Company's indirect 84% interest in Pacific Coast Canola LLC ("**PCC**"). On January 5, 2016, the Company's wholly owned subsidiary, LWI US Inc. (a Washington State corporation) transferred its 84% interest in PCC to third parties for nominal consideration, as disclosed in a press release of the Company dated January 5, 2016, a copy of which is attached hereto as Exhibit "B".

7. Following such divestiture, the Company and its subsidiaries, namely Legumex Walker USA Inc. (a Minnesota corporation), Legumex Walker Finance, Inc. (a Minnesota corporation), St. Hilaire Seed Company, Inc. (a Minnesota corporation), Legumex Walker Sunflower LLC (a Minnesota limited liability company), LWI Seattle, Inc. (a Washington State corporation) and LWI US Inc. (a Washington State corporation) ceased to carry on business.

8. A portion of the proceeds from the Transaction was disbursed to pay the Company's insurance premiums, certain Transaction related costs, certain liabilities incurred before closing of the Transaction, and certain costs incurred between closing of the Transaction and the Effective Date of the liquidation, as well as to repay the Company's secured debt obligations, including the Company's operating line and convertible debenture. After making the aforementioned payments and disbursements, the Company held CAD$23.6 million and USD$7.1 million, including an amount of CAD$11.4 million that the Company expects HSBC Bank of Canada to transfer to the Company. These cash balances are in the process of being transferred to the Liquidator. To the best of my knowledge and belief, this amount of cash, plus the anticipated realizations on accounts receivable and certain other assets excluded from the Transaction, substantially exceeds all of the Company's known outstanding obligations.

9. While the amount of the actual distribution to shareholders will depend on the results of the claims process being recommended by the Liquidator in this Application and Transaction related adjustments (if any), it is currently expected that the distribution to holders of Common Shares will be in the range of CAD$1.69 to $1.98 per Common Share per the Company's public disclosure of this estimated final distribution in press

releases dated October 26, 2015 and November 23, 2015, copies of which are attached as Exhibits "C" and "D", respectively.

10. This Affidavit is made in support of the application by the Liquidator for relief under section 211 of the *Canada Business Corporation Act,* and for no other improper purpose.

AFFIRMED BEFORE ME at the City of Toronto, in the Province of Ontario, this 6th day of January, 2016.)	
Laura Cosen A Commissioner, etc.)	Joel Horn **JOEL HORN**

This is Exhibit A referred to in the affidavit of Joel Horn sworn before me, this 6th day of January 20 16

Laura Costen
A COMMISSIONER FOR TAKING AFFIDAVITS

Legumex Walker
We are stronger together.

Consolidated Financial Statements

December 31, 2014

Independent Auditors' Report

To the Shareholders of Legumex Walker Inc.:

We have audited the consolidated financial statements of Legumex Walker Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Legumex Walker Inc. and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP
Chartered Accountants

Winnipeg, Manitoba
March 26, 2015

2500-201 Portage Avenue, Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

MNP LLP

Legumex Walker Inc.
Consolidated Statements of Financial Position
(thousands of Canadian dollars)

As at	December 31, 2014	December 31, 2013
Assets		
Current		
Cash	**3,051**	2,081
Restricted cash (Note 5)	**351**	698
Accounts receivable (Note 17)	**51,624**	55,835
Inventories (Note 6)	**73,106**	89,664
Prepaid expenses and other assets	**2,900**	3,936
	131,032	152,214
Non-current		
Property, plant and equipment (Note 7)	**162,153**	160,660
Intangible assets (Note 8a)	**21,422**	25,995
Investment in joint venture (Note 9)	**2,023**	1,931
Other non-current assets (Note 8b)	**2,856**	2,652
Deferred tax assets (Note 24)	**2,208**	3,147
Total assets	**321,694**	346,599
Liabilities		
Current		
Short-term borrowings (Note 10)	**54,725**	58,229
Demand Loan (Note 11)	**13,004**	12,239
Accounts payable and accrued liabilities	**42,834**	56,877
Derivative liabilities (Note 17)	**3,541**	3,214
Income taxes payable	**246**	459
Borrowings due within one year (Note 12)	**10,088**	10,098
	124,438	141,116
Non-current		
Non-current borrowings (Note 12)	**83,486**	84,096
Convertible debenture (Note 13)	**12,454**	—
Deferred tax liabilities (Note 24)	**12,140**	13,614
Total Liabilities	**232,518**	**238,826**
Equity		
Equity attributable to shareholders of the Company		
Share capital (Note 14)	**135,707**	135,707
Accumulated other comprehensive income	**7,522**	4,884
Convertible debenture - equity component (Note 13)	**2,814**	—
Contributed surplus	**3,773**	3,667
Deficit	**(62,824)**	(40,648)
	86,992	103,610
Non-controlling interests (Note 15)	**2,184**	4,163
Total equity	**89,176**	107,773
Total liabilities and equity	**321,694**	346,599

Approved on behalf of the Board

/s/ Joel Horn

Director

/s/ Chris Schnarr

Director

The accompanying notes are an integral part of the consolidated financial statements

Legumex Walker Inc.
Consolidated Statements of Comprehensive Loss
(thousands of Canadian dollars, except per share amounts)

For the years ended December 31,	**2014**	2013
Revenues	**467,947**	433,567
Cost of Sales		
Inputs and other processing costs	**(437,659)**	(413,053)
Depreciation and amortization (Note 7 and Note 8a)	**(11,042)**	(9,549)
	(448,701)	(422,602)
Gross Profit	**19,246**	10,965
Selling, general and administrative expenses (Note 18)		
Selling and administrative	**(21,472)**	(22,308)
Depreciation and amortization (Note 7 and Note 8a)	**(6,172)**	(5,621)
	(27,644)	(27,929)
Loss before other items and income taxes	**(8,398)**	(16,964)
Other income (expense) items		
Earnings from investments in associate and joint venture	**91**	121
(Loss) gain on disposal of property, plant and equipment and other assets	**(85)**	599
Legal settlement recovery (Note 6)	**508**	—
Foreign exchange (losses) and gains (Note 17)	**(7,046)**	(4,633)
Finance costs (Note 17)	**(11,416)**	(8,843)
Total other income (expense) items	**(17,948)**	(12,756)
Loss before income taxes	**(26,346)**	(29,720)
Recovery of (provision for) income taxes		
Current (Note 24)	**(74)**	(271)
Deferred (Note 24)	**1,376**	1,371
	1,302	1,100
Net Loss	**(25,044)**	(28,620)
Attributable to:		
Non-controlling interests	**(2,545)**	(3,240)
Shareholders of the Company	**(22,499)**	(25,380)
Net Loss	**(25,044)**	(28,620)
Other comprehensive income (loss)		
Items that may be reclassified into profit or loss		
Unrealized gains (losses) on translation of financial statements of foreign operations, net of tax	**2,948**	3,161
Other comprehensive income (loss), net of tax	**2,948**	3,161
Comprehensive loss, net of tax	**(22,096)**	(25,459)
Attributable to:		
Non-controlling interests	**(2,256)**	(2,885)
Shareholders of the Company	**(19,840)**	(22,574)
Comprehensive loss, net of tax	**(22,096)**	**(25,459)**
Basic and diluted loss per share (Note 20)	**(1.38)**	(1.56)

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Changes in Equity

(thousands of Canadian dollars)

	Share capital	Accumulated other comprehensive income[1]	Convertible debentures - equity component	Contributed surplus	Deficit	Total shareholders' equity	Non-controlling interests	Total equity
	(Note 14)							
As at December 31, 2012	135,707	2,078		2,583	(15,268)	125,100	7,048	132,148
Net Loss[3]					(25,380)	(25,380)	(3,240)	(28,620)
Other Comprehensive loss, net of tax[2]		2,806				2,806	355	3,161
Comprehensive loss, net of tax		2,806			(25,380)	(22,574)	(2,885)	(25,459)
Share-based compensation (Note 19)				1,084		1,084		1,084
As at December 31, 2013	**135,707**	**4,884**	**–**	**3,667**	**(40,648)**	**103,610**	**4,163**	**107,773**
As at January 1, 2014	**135,707**	**4,884**	**–**	**3,667**	**(40,648)**	**103,610**	**4,163**	**107,773**
Net Loss[3]					(22,499)	(22,499)	(2,545)	(25,044)
Other comprehensive income, net of tax[2]		2,659				2,659	289	2,948
Comprehensive loss, net of tax		2,659			(22,499)	(19,840)	(2,256)	(22,096)
Share-based compensation (Note 19)				106		106		106
Convertible debenture issuance[4] (Note 13)			2,814			2,814		2,814
Transaction with non-controlling interest (Note 15)		(21)			323	302	277	579
As at December 31, 2014	**135,707**	**7,522**	**2,814**	**3,773**	**(62,824)**	**86,992**	**2,184**	**89,176**

[1]Accumulated other comprehensive income consists of unrealized gains (losses) on translation of financial statements of foreign operations.
[2]Other comprehensive income (loss) consists of change in unrealized gains (losses) on translation of financial statements of foreign operations.
[3]Net loss includes share-based compensation and other options issues.
[4]Net of issuance costs

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Cash Flows

(thousands of Canadian dollars)

For the years ended	**December 31, 2014**	December 31, 2013
Cash provided by (used for) the following activities		
Operating Activities		
Net Loss	**(25,044)**	(28,620)
Depreciation and amortization (Note 7 and Note 8a)	**17,214**	15,170
Non-cash finance costs	**1,281**	460
Deferred income taxes	**(1,376)**	(1,371)
Earnings from investments in associate and joint venture	**(91)**	(121)
Loss (gain) on disposal of property, plant and equipment and other assets	**85**	(599)
Non-cash loss on derivative financial instruments (Note 17)	**335**	3,214
Non-cash foreign exchange (gain)	**(1,547)**	(995)
Share-based compensation (Note 19)	**106**	1,084
	(9,037)	(11,778)
Net changes in working capital accounts (Note 25)	**9,384**	1,054
Cash flow provided by (used) in operating activities	**347**	(10,724)
Financing Activities		
(Decrease) increase in short-term borrowings	**(5,242)**	9,732
Advances of non-current borrowings	**4,297**	9,589
Proceeds of debenture issuance, net of issuance costs (Note 13)	**16,193**	–
Repayments of non-current borrowings	**(11,546)**	(4,010)
Debt financing costs	**(222)**	(506)
Proceeds from sale of subsidiary share (Note 15)	**1,103**	–
Cash flow provided by financing activities	**4,583**	14,805
Investing activities		
Purchases of property, plant and equipment (Note 7)	**(3,795)**	(7,882)
Proceeds from disposal of property, plant and equipment	**590**	1,274
Purchases of intangible assets (Note 8a)	**(920)**	(618)
Decrease (increase) in restricted cash	**397**	(442)
Increase in other non-current assets	**(332)**	(281)
Cash flow used in investing activities	**(4,060)**	(7,949)
Increase (decrease) in cash	**870**	(3,868)
Cash position, beginning of year	**2,081**	5,798
Effect of foreign exchange rate changes on cash	**100**	151
Cash position, end of year	**3,051**	2,081
Supplementary cash flow information		
Interest paid	**(9,579)**	(7,229)
Income taxes paid	**(213)**	3,793

The accompanying notes are integral part of the consolidated financial statements

1. Corporate information

Legumex Walker Inc. ("LWI") was incorporated under the laws of Canada on April 20, 2011. Its registered office is located at 1345 Kenaston Boulevard, Winnipeg, Manitoba, Canada. The Company's common shares are listed on the Toronto Stock Exchange under the symbol "LWP".

LWI is a growth-oriented processor and merchandiser of pulses (lentils, peas, beans and chickpeas) and other special crops with processing facilities in the Canadian Prairies, American Midwest and China. In addition, LWI has an 84 percent interest in Pacific Coast Canola LLC ("PCC"), a canola oilseed processing facility in the State of Washington in the USA.

Included in these consolidated financial statements are the accounts of LWI and all of its incorporated subsidiary companies; together LWI and its subsidiaries are referred to as the "Company".

The Company's earnings follow the seasonal pattern of special crops production in each geographic location. In the United States and Canada, the growing season for major agricultural commodities spans from May to October. Pulses and other special crops are typically seeded in May, harvested in late-August to early October and marketed throughout the year. The timing and volume of sales and shipments in a given year may be influenced by factors such as global supply and demand conditions, timing of harvest, crop size and quality, expectations of commodity prices in the near- and long-term, foreign exchange rates and the cost and availability of transportation equipment (railcars, trucks and ocean containers) required to get product to market.

Canola producers in the Pacific Northwest have the option of growing the crop as either a spring or a winter crop. Spring canola is generally seeded in April and harvested in September, whereas winter canola is generally seeded in September and harvested in July. Harvested canola is consolidated in large storage terminals and is stored until needed.

2. Basis of Preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on March 26, 2015.

Basis of presentation and measurement

The consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated. The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

These consolidated financial statements are prepared under the historical cost convention with the exception of derivative financial instruments which are recorded at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of LWI and its subsidiaries Legumex Walker Canada Inc. ("LWC") (including its subsidiary Legumex Walker China Ltd. and its subsidiary Legumex Walker (Tianjin) International Trading Ltd.) and Legumex Walker USA, Inc. (including its subsidiary Legumex Walker Finance, Inc. and its subsidiaries St. Hilaire Seed Company, Inc. ("SHS"), Legumex Walker Sunflower LLC ("LWS"), LWI US Inc. (including its subsidiary PCC) and LWI Seattle, Inc.). Subsidiaries are owned 100 percent except for PCC which is owned 84 percent (2013 - 85 percent). The Company has a 50 percent equity interest in 0729767 BC Ltd. Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities and generally accompanies a shareholding of more than 50%. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as LWI, using consistent accounting policies. All intercompany balances, income and expenses and unrealized gains and losses from intercompany transactions are eliminated in full.

Translation of foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of LWI. For these consolidated financial statements the functional currency of LWC is the Canadian dollar, the functional currency of SHS, LWS and PCC is the US dollar and the functional currency of Legumex Walker China is the Hong Kong dollar.

Changes in accounting policies

The Company adopted the narrow scope amendments for IAS 32, Financial Instruments: Presentation, IAS 36 Impairment of Assets, as well as the guidance in IFRIC 21, Levies effective January 1, 2014. The adoption did not have a significant effect on the Company's financial statements.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments applied in the preparation of the financial statements are reviewed on an ongoing basis and revised when the underlying assumptions change. The effects of revisions to estimates are recognized in the period in which the estimate is revised and any subsequent period affected. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The following is an analysis of the critical accounting estimates that depend most heavily on such management estimates, assumptions and judgments, any changes, which may have a material impact on the Company's financial condition or results of operations.

Cash generating units

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Management determines which groups of assets are capable of generating cash inflows that are largely independent of other operations within the Company. To create these groupings, management makes critical judgments about where active markets exist including an analysis of the degree of autonomy various operations have in negotiating prices with customers.

Allowance for doubtful accounts

Due to the nature of LWI'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 some accounts receivable. LWI maintains an allowance for doubtful accounts to reflect expected credit losses. Judgment is required to assess the ultimate realization of accounts receivable and these judgments must be continuously evaluated and updated. LWI 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. There was no allowance for doubtful accounts included in either the Oilseed Processing segment or the Corporate segment for the years ended December 31, 2014 and December 31, 2013.

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 damaged or if the selling price of the inventory is less than its cost. LWI 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.

Fair value of financial instruments

Where a valuation model is used to determine the fair value of financial assets or financial liabilities, it makes maximum use of observable inputs. Where observable inputs are not available a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation techniques used by the Company are described in further detail in the Significant Accounting Policies note.

Valuation of long-lived assets and asset impairment

Estimated useful lives of property, plant and equipment and intangible assets are based on management's judgment and experience. When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Due to the significance of capital investment to the Company, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset lives, depreciation and amortization methods, and residual values are reviewed periodically.

The Company periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates either the value in use or fair value less costs to sell.

Income taxes

The Company is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and the Company's income tax provisions reflect management's interpretation of country-specific tax law. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and may remain uncertain for several years after their occurrence. The Company recognizes assets and liabilities for taxation when it is probable that the relevant taxation authority will require the Company to receive or pay taxes. Where the final outcome of the determination of tax assets and liabilities is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes provision in the period in which such determination is made. Changes in tax law or changes in the way tax law is interpreted may also impact the Company's effective tax rate as well as its business and operations.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying value of assets and liabilities and their respective income tax bases. Deferred income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and deferred income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying value of assets and liabilities. The current and deferred income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by regulatory agencies. Changes or differences in these estimates or assumptions may result in changes to the current and deferred tax assets and liabilities on the consolidated statements of financial position and a charge to or recovery of income tax expense.

Functional currency

The Company determines the functional currency for each entity and for jointly controlled entities and associates. This requires the assessment of the primary economic environment in which each of these entities operates. The determination of functional currency affects how the Company translates foreign currency balances and transactions. In determining the functional currency in Canada (Canadian dollar), United States (US dollar), Hong Kong (Hong Kong dollar) and People's Republic of China (Renminbi) the Company considered the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labour, material and other costs and the currency whose competitive forces and regulations mainly determine selling prices.

Share-based payments

The Company measures the cost of share-based payments to employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value of share-based payment transactions are disclosed in Note 19.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint ventures are accounted for using the equity method.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the acquisition date. Acquisition costs for business combinations are expensed and included in selling, general and administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

Foreign currency translation

Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Company's entities in their respective functional currency at rates prevailing at the date of the transaction.

Monetary items are translated at the functional currency spot rate as of the reporting date. Exchange differences from monetary items are recognized in profit or loss. Non-monetary items that are not carried at fair value are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at the average monthly rates of exchange. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

Cash

Cash in the statement of financial position consists of cash at banks and on hand.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes the cost of raw materials, freight, and processing charges. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to damage or declining prices. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs. When circumstances that previously required inventories to be written down below cost no longer exist, the amount of the write-down is reversed.

Property, plant and equipment

Property, plant and equipment are stated at cost net of any accumulated depreciation and accumulated impairment losses, if any. Cost includes the cost of replacing parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and site improvements	15-50 years
Machinery and equipment	4-40 years
Motor vehicles	10-15 years
Office furniture and equipment	4-10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income when the asset is derecognized.

The assets' useful lives and methods of depreciation of assets are reviewed at each financial year end, and adjusted prospectively, if appropriate. No depreciation is taken on construction in progress until the asset is available for use. Amounts representing direct costs incurred for major overhauls are capitalized and depreciated over the estimated useful life of the different components replaced.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which the Company considers to be 12 months or more, to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Leases

The determination of whether an arrangement is, or contains, a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Finite life intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

Rights and brands	3-10 years
Customer and producer relationships	3-7 years
Software	3-8 years
Other intangibles	5-10 years
Internally generated software	3-8 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The recoverable amount of assets that do not generate independent cash flows is determined based on the CGU to which the asset belongs.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An impairment loss is recognized in the statement of comprehensive income if an asset's carrying amount or that of the CGU to which it is allocated is higher than its recoverable amount. Impairment losses of CGUs are first charged against the carrying value of the goodwill balance included in the CGU and then against the value of the other assets, in proportion to their carrying amount. In the statement of comprehensive income the impairment losses are recognized in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of comprehensive income.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Financial instruments

Financial assets and liabilities

The Company classifies its financial assets as [i] financial assets at fair value through profit or loss, [ii] loans and receivables or [iii] available-for-sale, and its financial liabilities as either [i] financial liabilities at fair value through profit or loss or [ii] other financial liabilities (Note 17c). Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the statement of financial position.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held-for-trading and financial assets designated upon initial recognition as FVTPL. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at FVTPL are carried in the statement of financial position at fair value with changes in the fair value recognized in finance costs in the statement of comprehensive income. Transaction costs on FVTPL are expensed as incurred.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held-for-trading. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held-for-trading nor designated as FVTPL. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, or determined to be impaired, at which time the cumulative gain or loss is reclassified to the statement of comprehensive income and removed from the available-for-sale reserve.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest method.

Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset, an incurred 'loss event', and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance costs.

Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs.

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income, is removed from other comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognized directly in other comprehensive income. In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held-for-trading are recognized in the statement of comprehensive income.

Other financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. All financial liabilities are initially measured at fair value. For the demand loan and long-term debt, fair value represents the consideration received, net of transaction costs incurred. Transaction costs related to the demand loan and long-term debt instruments are included in the value of the instruments and amortized using the effective interest method. The effective interest expense is included in finance costs.

Convertible debentures

The convertible debentures of the Company are compound instruments that contain a conversion feature to the debentureholder to convert debenture principal into Shares of the Company. The debenture obligation is classified partly as debt and partly as equity. The debt component represents the present value of interest and principal payments over the expected life of the convertible debentures discounted at a rate approximating the rate which would have been applicable to non-convertible debentures at the time the convertible debentures were issued. The residual between the principal amount of the convertible debentures and the present value of interest and principal payments over the expected life of the convertible debentures (the equity component) is accreted over the term of the convertible debentures through periodic charges to the debt component, such that, on maturity, the debt component equals the principal amount of the convertible debentures outstanding. Transaction costs incurred are proportionately allocated to the debt and equity components. For tax purposes a taxable temporary difference will result as the tax base of the convertible debentures is the face value of the notes while the accounting base is described above. This difference is considered temporary resulting in a deferred tax liability.

Financial instrument classification

The Company has designated its cash, restricted cash, derivative assets, short-term borrowings, and derivative liabilities as FVTPL; accounts receivable as loans and receivables; accounts payable and accrued liabilities, demand loan, the debt component of the convertible debenture and non-current borrowings as other financial liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Interest income and expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest method, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income and expense is included in finance cost.

Derivative instruments

The Company uses derivative financial instruments, such as commodity and foreign currency futures contracts, to manage its exposure to fluctuations in commodity prices and foreign currencies. The Company has not accounted for these instruments using hedge accounting. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. The Company has designated its derivatives as financial assets at FVTPL and financial liabilities at FVTPL. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Company analyzes all of its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Embedded derivatives are accounted for separately from the host contract at the inception date when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value.

Fair value of financial instruments

For those financial instruments where fair value is recognized in the statement of financial position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 includes inputs that are observable other than quoted prices included in Level 1.
- Level 3 includes inputs that are not based on observable market data.

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

- Cash, restricted cash, accounts receivable, short-term borrowings and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- The fair value of unquoted instruments, demand loans, long-term debt, obligations under finance leases, convertible debentures and other financial liabilities, as well as non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

- The Company enters into derivative financial instruments with financial institutions. Exchange-traded derivatives, including foreign exchange forward contracts, put options and call options, and commodity future contracts, are valued using valuation techniques with market observable inputs, such as broker quotes for similar contract traded in an active market where the quotes reflect actual transactions for similar instruments. Valuation techniques also incorporate various inputs including foreign exchange spot and forward rates and commodity forward rates.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Earnings per share

The computation of basic earnings per share is based on the weighted average number of shares outstanding during the period. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares assuming the exercise of share options or warrants, if dilutive.

Revenue recognition

The Company recognizes revenue, primarily from the sale of goods, net of trade discounts, rebates and other similar allowances. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership transfer to the customer, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred in respect of the transaction and the amount of revenue can be measured reliably. These conditions are generally satisfied when title passes to the customer in accordance with the contract terms, which in most cases is when the product is picked up by the customer or delivered to a destination specified by the customer, typically a customer's premises, the vessel, railcar or truck on which the product will be shipped or the destination port. Other revenues are recognized as earned.

Where the Company's role in a transaction is that of an agent, the Company recognizes revenue on a net basis with revenue representing the margin earned. On October 27, 2014 the Comany's subsidiary PCC entered into a processing agreement which transferred the significant risks and rewards of ownerhsip of the canola seed inventory processed by PCC to a third party (Note 15). As a result, management determined PCC was acting as an agent under this agreement and all revenues earned by PCC subsequent to October 27, 2014 are recorded on a net basis.

Income taxes

The Company and its subsidiaries are generally taxable under the statutes of their country of incorporation.

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company follows the liability method of accounting for deferred taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the financial statements and their respective tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill if it occurred during the measurement period or in the statement of comprehensive income, when it occurs subsequent to the measurement period.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable and where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Share-based compensation plan

Employees of the Company may receive remuneration in the form of share-based payment transactions, whereby employees render services and receive consideration in the form of equity instruments.

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in contributed surplus, in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and the Company's best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in the statement of comprehensive income.

When options and other share-based compensation awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to shareholders' equity. The amount of cash, if any, received from participants is also credited to shareholders' equity.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Reportable business segments

A reportable business segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other segments. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company is managed as three business segments, Special Crops, Oilseed Processing and Corporate.

Special Crops

LWI's portfolio of special crop products includes various grades of pulses, including, lentils, whole and split peas, beans and chickpeas, as well as other special crops, such as canaryseed, flaxseed and sunflower seed. LWI sources product from a network of growers primarily in Canada and processes these crops at its 14 processing facilities strategically located in key growing regions throughout Saskatchewan, Manitoba and Minnesota and through an established network of third party custom processing facilities in Canada, the United States and China.

Oilseed Processing

LWI's Oilseed Processing segment consists of an 84 percent interest in PCC.

Corporate

LWI's Corporate segment is a non-operating segment consisting of costs related to executive, finance, treasury, human resources, legal, information technology, governance, professional fees and other corporate development costs.

Investment tax credits

Federal and provincial investment tax credits are accounted for as a reduction of the cost of the related assets or expenditures in the year in which the credits are earned and when there is reasonable assurance that the credits can be used to recover taxes.

4. Accounting standards issued but not yet effective

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretations and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The impact on the Company is currently being assessed.

Financial Instruments ["IFRS 9"]

IFRS 9 introduces new requirements for classifying and measuring financial assets and financial liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 also introduced additional changes related to financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.

Revenue ["IFRS 15"]

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, a new standard that specifies the steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, Customer Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and will be effective for the Company beginning on January 1, 2017, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

5. Restricted cash

Under the terms of certain of the Company's derivative instruments agreements relating to commodity and currency futures contracts, the Company is required to maintain a margin account which acts as collateral to settle any potential liability associated with its futures contracts.

6. Inventories

As at *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Raw materials		
Special crops	**51,578**	58,453
Oilseed processing	**—**	7,571
	51,578	66,024
Finished product		
Special crops	**18,349**	19,530
Oilseed processing	**—**	1,219
	18,349	20,749
Supplies and materials	**3,179**	2,891
	73,106	89,664

The cost of inventories recognized as an expense and included in cost of sales for the year ended December 31, 2014 was $415,951,000 (2013 - $388,594,000). For the year ended December 31, 2014, cost of sales included inventory write-downs to net realizable value of $292,000 (2013 - $96,000) and reversals of inventory previously written-down to net realizable value of $nil (2013 - $nil).

On October 27, 2014 LWI's subsidiary PCC entered into a long-term strategic alliance with The Scoular Company. Under this new arrangement The Scoular Company retains legal ownership of inventory processed by PCC, accordingly PCC has not recorded any inventory on its statement of financial position at December 31, 2014.

In the third quarter of 2014 the Company recovered $508,000 related to a claim filed against a supplier for an inventory loss which occurred in the third quarter of 2012.

7. Property, plant and equipment

(thousands of Canadian dollars)	Land	Buildings and site improvements	Machinery and equipment	Motor vehicles	Office furniture and equipment	Construction in progress ("CIP")	Total
Cost							
As at December 31, 2013	**1,717**	**60,298**	**108,540**	**1,206**	**1,644**	**2,739**	**176,144**
Additions (1)	**—**	**6**	**211**	**—**	**39**	**3,335**	**3,591**
Transfers from CIP	**—**	**530**	**4,204**	**57**	**498**	**(5,289)**	**—**
Disposals	**—**	**(130)**	**(461)**	**(192)**	**(73)**	**—**	**(856)**
Effects of changes in exchange rates	**26**	**3,944**	**6,732**	**25**	**45**	**26**	**10,798**
As at December 31, 2014	**1,743**	**64,648**	**119,226**	**1,096**	**2,153**	**811**	**189,677**
Accumulated depreciation							
As at December 31, 2013	**—**	**3,942**	**10,625**	**372**	**545**	**—**	**15,484**
Depreciation	**—**	**3,078**	**7,559**	**215**	**342**	**—**	**11,194**
Disposals	**—**	**(18)**	**(76)**	**(54)**	**(33)**	**—**	**(181)**
Effects of changes in exchange rates	**—**	**314**	**684**	**10**	**19**	**—**	**1,027**
As at December 31, 2014	**—**	**7,316**	**18,792**	**543**	**873**	**—**	**27,524**
Net carrying amount							
As at December 31, 2014	**1,743**	**57,332**	**100,434**	**553**	**1,280**	**811**	**162,153**

(1) Additions of $3,795,000 are presented net of Investment tax credits of $204,000

(thousands of Canadian dollars)	Land	Buildings and site improvements	Machinery and equipment	Motor vehicles	Office furniture and equipment	Construction in progress ("CIP")	Total
Cost							
As at December 31, 2012	1,887	56,401	92,662	1,311	1,344	7,746	161,351
Additions	111	251	1,861	6	249	5,445	7,923
Transfers from CIP	—	1,301	9,388	(124)	20	(10,585)	—
Disposals	(297)	(400)	(29)	(6)	—	—	(732)
Effects of changes in exchange rates	16	2,745	4,658	19	31	133	7,602
As at December 31, 2013	1,717	60,298	108,540	1,206	1,644	2,739	176,144
Accumulated depreciation							
As at December 31, 2012	—	1,152	3,874	182	245	—	5,453
Depreciation	—	2,760	6,410	187	294	—	9,651
Disposals	—	(47)	(7)	(2)	—	—	(56)
Effects of changes in exchange rates	—	77	348	5	6	—	436
As at December 31, 2013	—	3,942	10,625	372	545	—	15,484
Net carrying amount							
As at December 31, 2013	1,717	56,356	97,915	834	1,099	2,739	160,660

The PCC canola crushing plant asset includes construction costs as well as capitalized borrowing costs of $nil incurred during the year ended December 31, 2014 (December 31, 2013 - $41,000).

As of December 31, 2014, the net carrying amount of assets under finance leases included in property, plant and equipment was $4,866,000 (December 31, 2013- $4,167,000).

8. Non-current assets

[a] Intangible assets

(thousands of Canadian dollars)	Internally generated	Other intangible assets	Total
Cost			
As at December 31, 2013	**2,130**	**37,541**	**39,671**
Additions	**—**	**920**	**920**
Effect of changes in exchange rates	**68**	**816**	**884**
As at December 31, 2014	**2,198**	**39,277**	**41,475**
Accumulated amortization			
As at December 31, 2013	**534**	**13,142**	**13,676**
Amortization	**752**	**5,268**	**6,020**
Effect of changes in exchange rates	**34**	**323**	**357**
As at December 31, 2014	**1,320**	**18,733**	**20,053**
Net carrying amount			
As at December 31, 2014	**878**	**20,544**	**21,422**

(thousands of Canadian dollars)	Internally generated	Other intangible assets	Total
Cost			
As at December 31, 2012	1,392	36,963	38,355
Additions	695	—	695
Effect of changes in exchange rates	43	578	621
As at December 31, 2013	2,130	37,541	39,671
Accumulated amortization			
As at December 31, 2012	55	7,985	8,040
Amortization	480	5,038	5,518
Transfer from CIP	46	(46)	—
Effect of changes in exchange rates	(47)	165	118
As at December 31, 2013	534	13,142	13,676
Net carrying amount			
As at December 31, 2013	1,596	24,399	25,995

The other intangible assets include brands, rights, software, customer lists, customer relationships and producer relationships from business acquisitions in 2011 and 2012.

[b] Other non-current assets

Other non-current assets include deferred financing costs related to the Macquarie credit facility described in Note 10 and deferred rent related to the lease of land for the PCC Plant site. The deferred rent asset results from land lease payments that decrease over time but must be expensed on a straight-line basis over the term of the lease.

In connection with The Scoular Company's ("Scoular") financing of all PCC seed purchases which took effect October 27, 2014 (Note 15), PCC extinguished the Macqurie credit facilities previously used to finance the purchase of inventory. In connection with the termination of these credit facilities the Company expensed deferred financing costs of $364,000.

[c] Impairment

Intangible assets are assessed for impairment regularly, with detailed impairment testing carried at least annually. For the purposes of impairment testing, intangible assets are allocated at the lowest level of CGU where independent cash flows exist. Management has determined that Company's operating segments (Special Crops and Oilseeds) are its cash generating units. The recoverable amount of the units was based on the value in use of the CGU to which assets had been allocated. The value in use was determined by discounting management's estimate of the expected cash flows to be generated through continuing use of the CGU.

Key assumptions used in the calculation of recoverable amounts are the discount rates and the budgeted earnings before interest, taxes, depreciation and amortization ("EBITDA"). Discount rates are pre-tax measures that reflect risks specific to the CGU based on the weighted average cost of capital for that CGU. The Company used EBITDA as an approximation for baseline cash flows. Budgeted EBITDA was projected based on the Company's 2015 budget which incorporated management's past experience and best estimates of future performance and conditions including future macro economic events. Possible changes in key assumptions such as the average annual cash-flow growth rate, or the discount rate could cause recoverable amounts to be less than the carrying value.

9. Investment in joint venture

In these financial statements the term joint venture refers to the Company's 50% ownership interest in 0729767 B.C. Ltd. which owns a single rental property in Richmond, British Columbia

The summary financial data for the Company's joint venture is as follows:

As at *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Current assets	**57**	64
Long-term assets	**8,288**	8,563
Total assets	**8,345**	8,627
Current liabilities	**638**	755
Long-term liabilities	**6,726**	7,216
Total liabilities	**7,364**	7,971

For the year ended *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Revenue	**624**	643
Expenses	**(442)**	(401)
Net income	**182**	242

10. Short-term borrowings

As at *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Operating credit facilities		
Legumex Walker Canada Inc. [(a)] [(c)]	**46,300**	46,999
Legumex Walker China Ltd. [(b)] [(c)]	**8,425**	6,543
	54,725	53,542
Inventory repurchase commitments [(c)]	**—**	4,687
Short-term borrowings	**54,725**	58,229

[(a)] The credit facilities authorize two operating lines for a maximum of CDN $54,000,000 and USD $10,000,000 respectively. The facilities bear interest at the bank's prime lending rate plus 1.0 percent on Canadian dollar advances and at the bank's US base rate plus 1.0 percent on US dollar advances. The line is secured by a general security agreement subject to a prior charge from the holder of the term debt (Note 12).

(b) Credit facility authorizes a combined credit limit up to a maximum of USD $7,750,000 plus a USD $2,000,000 Invoice Discounting and Factoring Agreement. The facility bears interest at a variable rate plus 1.5 percent.

(c) The Company is subject to a number of financial and business covenants imposed under the terms of the credit facilities with its financial institutions and other debt holders. As at December 31, 2014, the Company was in compliance with its debt covenants.

On January 8, 2014 the Company's subsidiary PCC entered into agreements with Macquarie Bank Limited ("Macquarie Bank") that provide additional liquidity of up to US$45,000,000. The agreements include: 1) a 3-year US$10,000,000 borrowing facility for working capital purposes, at market interest rates, with annual renewals; 2) a US$15,000,000 hedging line that allows PCC to enter into forward purchase and sales contracts and 3) up to US$20,000,000 for physical grain purchase transactions for canola seed. In connection with the Scoular agreement (Note 15) the Macquarie Bank working capital facility and grain purchase facility were terminated in October of 2014.

11. Demand loan

The Company has a demand loan of $13,004,000 (2013 - $12,239,000). The loan bears interest at the U.S. bank rate, with monthly payments of USD $67,000 including interest and matures August 2027. It is secured by specific buildings, equipment and real property. The loan is EDC CDIA guaranteed at a cost of approximately $200,000 annually. The loan is net of deferred financing costs of $21,500 (2013 - $32,000).

12. Non-current borrowings

As at *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Term debt		
Loans payable [(a)]	**25,257**	24,761
Notes payable [(b)]	**3,863**	3,096
Senior Credit Facility [(c)]	**62,143**	61,218
	91,263	89,075
Obligations under finance leases [(d)]	**2,311**	2,108
Notes payable to related parties	**—**	3,011
Total borrowings	**93,574**	94,194
Less: Borrowings due within one year		
Term debt	**(9,338)**	(6,561)
Obligations under finance leases	**(750)**	(526)
Notes payable to related parties [(e)]	**—**	(3,011)
	(10,088)	(10,098)
Total non-current borrowings	**83,486**	84,096
Total non-current borrowings consist of the following:		
Term debt	**81,925**	82,514
Obligations under finance leases	**1,561**	1,582
	83,486	84,096

[(a)] Two $7,696,000 loans payable (each net of deferred financing costs of $12,000) bearing interest at a variable mortgage rate with monthly payments of $101,000 including interest due April 2017; a $4,996,000 loan payable (net of deferred financing costs of $4,000) bearing interest at a variable mortgage rate plus 0.25 percent, with monthly interest only payments, due April 2017; a $1,643,000 loan payable bearing interest at fixed rate of 6.94 percent with monthly payments of $44,000, due July 2016; a $2,750,000 loan payable bearing interest at a variable rate plus 5 percent with monthly payments of $63,000 including interest, due May 2019; three loans payable ($288,000, $86,000, $41,000) bearing interest at a variable mortgage rate plus 0.20 percent with monthly payments ($4,000, $3,000, $1,000) beginning January 2013, due December 2016 and 2017; a $62,000 loan bearing interest at a variable mortgage rate plus 0.35 percent with monthly payments of $2 beginning January 2013, due December 2017. The loans are subject to a number of financial and business covenants.

[(b)] Notes payable for USD $2,820,000 and USD $480,000, both bearing interest at a fixed rate of 5 percent, due March 2018; a USD $13,000 note payable bearing interest at a variable rate (bank's prime lending rate plus 0.5 percent) with month payments of USD $4,000 due in August 2015; a USD $17,000 note payable by PCC bearing interest at a variable rate (bank's prime lending rate plus 0.55 percent) with monthly payments of USD $1,000 due August 2016.

[(a), (b)] The term debt is secured by specific buildings, equipment and real property.

[(c)] Senior secured credit facility ("Senior Credit Facility") consisting of a term loan (USD $41,568,000 net of deferred financing costs of USD $1,751,000) and a working capital loan (USD $12,000,000), both maturing in 2021, with quarterly principal payments on the term loan of USD $1,494,000. The term loan bears interest at a variable rate (LIBOR or other base rate) plus 5.5 percent. The working capital loan bears interest at a variable rate (LIBOR) plus 6 percent.

The Senior Credit Facility is subject to a number of financial and business covenants, including: (i) PCC maintaining minimum working capital requirements and debt-to-equity levels and (ii) PCC complying with fixed-charge coverage ratios and limitations on capital expenditures and the amounts of dividends that can be declared in the first two years of operations. The financial covenants come into effect on December 31, 2014, and remain in effect as long as any balance is outstanding on the loan.

The Senior Credit Facility is secured by a first-security interest in the PCC Plant and assets, including the equipment and buildings, lease-hold mortgage on the land, all non-seed inventories and receivables, and an assignment of all contracts and permits. PCC is required to fund a USD $2,000,000 replenishing debt-service reserve fund to be pledged as security for the Senior Credit Facility. The Company provided, and the syndicate of lenders accepted, a USD $2,000,000 letter of credit on behalf of the PCC Plant in lieu of funding the debt-service reserve fund.

[(d)] Leases payable bear interest between 2.14 percent to 7.9 percent and are due in 2015 to 2019.

[e] As part of business combinations undertaken in 2012 and 2011, the Company issued notes payable to related parties. The notes payable matured March 31, 2014 and were settled during the second quarter using funds obtained from the Company's credit facilities.

For the twelve months ended December 31, 2014, finance costs include interest calculated under the effective interest rate method of $7,443,000 (2013 - $5,740,000).

13. Convertible debentures

On October 31, 2014, LWI issued to Scoular $16,500,000 face value subordinated convertible debentures ("the Debentures"). The Debentures mature December 31, 2019 and bear interest at the rate of 7.75% per annum payable semi-annually in arrears in cash on June 30, and December 31 of each year, with the first payment occurring on December 31, 2014. Each debenture is convertible, at the holder's option, into common shares of LWI at any time prior to the close of business the day prior to the maturity date at a conversion price of $6.75 per common share. On and after December 31, 2017 and prior to December 31, 2018, the Debentures may be redeemed in whole or in part from time to time at LWI's option, at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of LWI's shares on the TSX for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. After December 31, 2018, and prior to maturity, LWI's redemption option is not subject to share price restrictions.

On the date of issuance, the gross proceeds in the amount of $16,500,000 were allocated firstly to the liability component of the Debentures based on the fair value of a similar instrument without a conversion option and the residual value being allocated to the Conversion Option. The fair value of the Debentures was estimated by calculating the discounted cash flows of the Debentures using prevailing market rates for similar non-convertible debt instruments. The fair value of the Debentures is classified as a liability, while the residual value of the Debenture, net of taxes, is classified as a separate component of shareholders' equity. The liability component will accrete to its final redemption amount of $16,500,000 at Maturity Date at an effective interest rate of 13.4% over the five-year term of the Debentures.

(thousands of Canadian dollars)	**Debenture liability component**	**Debenture equity component**	**Total**
Proceeds from October 31, 2014 debenture issuance	12,571	3,929	16,500
Debenture issuance costs	(233)	(74)	(307)
Net proceeds	12,338	3,855	16,193
Accretion in carrying value of debenture liability	116	—	116
Deferred taxes	—	(1,041)	(1,041)
Carrying value as at December 31, 2014	12,454	2,814	15,268

14. Share capital

The Company's common shares have no par value and the authorized share capital is comprised of an unlimited number of common shares and an unlimited number of preferred shares issuable in series with rights set by the directors.

Authorized, issued and outstanding shares:

	December 31, 2014	December 31, 2013
Issued and outstanding		
Common Shares		
16,294,635 voting shares (2013 - 16,294,635)	**135,707**	135,707
	135,707	135,707

15. Non-controlling interests

PCC is owned 84 percent (2013 - 85 percent) by the Company and 16 percent (2013 - 15 percent) by non-controlling interests. It operates in the State of Washington in the USA.

The summary financial data for PCC is as follows. Intercompany amounts have not been eliminated.

(thousands of Canadian dollars)	**December 31, 2014**	December 31, 2013
Current assets	**3,316**	17,293
Long-term assets	**102,557**	99,053
Total assets	**105,873**	116,346
Current liabilities	**(5,566)**	(16,393)
Long-term liabilities	**(86,655)**	(72,200)
Total liabilities	**(92,221)**	(88,593)

(thousands of Canadian dollars)	**For the years ended December 31, 2014**	2013
Revenues	**120,628**	80,970
Expenses	**(136,534)**	(102,580)
Net Loss	**(15,906)**	**(21,610)**
Other comprehensive income (loss), net of tax	**1,805**	2,367
Comprehensive loss, net of tax	**(14,101)**	**(19,243)**

PCC has paid no distributions to its shareholders.
The accumulated non-controlling interest for PCC is as follows:

(thousands of Canadian dollars)	**December 31, 2014**	December 31, 2013
As at beginning of year	**4,163**	7,048
Net loss	**(2,545)**	(3,240)
Increase in non-controlling interest ownership	**277**	—
Other comprehensive income (loss), net of tax	**289**	355
As at end of year	**2,184**	4,163

On January 8, 2014 PCC's other equity partner acquired from the Company one additional PCC membership unit for USD $1,000,000 subject to a price reduction if one additional PCC membership unit was not sold by January 8, 2015 (Note 26). As no additional unit was sold by the required date the price for the sale of the membership unit was reduced by USD $433,000 in the fourth quarter of 2014. The transaction reduced the Company's ownership interest in PCC from 85% to 84%. As the sale of membership unit represents a transaction with owners in their capacity as owners, the difference between the proceeds received and the book value of 1% of PCC was recognized directly in equity and resulted in a $323,000 reduction of the Company's deficit.

On October 27, 2014 PCC and The Scoular Company ("Scoular") entered into a long-term processing agreement. Under the terms of the agreement, PCC will manage the processing of canola seed and production of canola oil and meal on Scoular's behalf, including retaining crush margin risks and opportunities and making all type, grade and pricing decisions and Scoular will execute the physical contracts that support the continuous flow of inbound canola seed and the sale of the meal produced by PCC. The marketing of oil produced by the PCC Plant is led by PCC in coordination with Scoular. All inventories will be owned by Scoular and Scoular will pay PCC a variable processing fee based on seed crushed and meal and oil produced. Under this agreement PCC recognizes revenue on a net basis, which equates to the contracted prices for meal and oil crushed net of seed costs and administrative fees charged by Scoular. The agreement terminates on June 30, 2020, but automatically renews for consecutive five year periods unless either party provides written notice of non-renewal.

During the year ended December 31, 2014, LWI advanced USD $8,452,000 (2013- USD $5,472,000) to PCC for general corporate purposes and to fund working capital requirements.

16. Related party transactions

Relationship between parent and subsidiaries

The main transactions between LWI and its subsidiaries include the provision of loans and advances as well as the provision of management services. The Special Crops segment includes intercompany sales of inventories between the wholly-owned subsidiaries of LWI which are fully eliminated on consolidation.

Compensation of key management personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including executive directors. The total compensation is as follows:

	For the years ended December 31,	
(thousands of Canadian dollars)	**2014**	2013
Salaries and short-term benefits	**(1,481)**	(1,516)
Share-based payments	**(86)**	(573)
Contributions to defined contribution plans	**(29)**	(38)
	(1,596)	(2,127)

Business combinations

As part of business combinations undertaken during 2012 and 2011, the Company issued notes payable to related parties. As of December 31, 2014, notes payable to related parties were $nil (December 31, 2013 - $3,011,000). The notes payable matured March 31, 2014 and were settled during the second quarter of 2014 using funds obtained from the Company's credit facilities.

17. Financial risk management and financial instruments

[a] Financial risk management

The Company had the following derivative contracts outstanding at December 31, 2014:

		Notional Canadian dollar equivalents (000s)		
Settlement dates	**Units**	**Contract amount**	**Fair value**	**Unrealized gain (loss)**
Foreign currency risk				
January 2015 - November 2015	USD 98,200,000	113,922	110,830	(3,092)
March 2015 - June 2015	CAD 9,300,000	(9,383)	(9,275)	108
Commodity price risk				
February 2015 - December 2015	22,108 tonnes	15,088	14,550	(538)
January 2015 - April 2015	23,367 tonnes	(11,024)	(11,043)	(19)
				(3,541)

The Company had the following derivative contracts outstanding at December 31, 2013:

		Notional Canadian dollar equivalents (000s)		
Settlement dates	**Units**	**Contract amount**	**Fair value**	**Unrealized gain (loss)**
Foreign currency risk				
January 2014 - December 2014	USD 142,509,000	150,039	148,464	(1,575)
February 2014 - March 2014	EUR 252,050	(362)	(369)	(7)
March 2014 - June 2014	CAD 22,600,000	(22,615)	(22,575)	40
March 2014 - June 2014	CAD 12,900,000	13,001	12,886	(115)
Commodity price risk				
January 2014 - July 2014	71,395 tonnes	45,249	44,464	(785)
January 2014 - November 2014	111,301 tonnes	(48,634)	(49,406)	(772)
				(3,214)

As at *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Derivative assets	—	—
Derivative liabilities	(3,541)	(3,214)
	(3,541)	(3,214)

The net loss on commodity derivatives, both realized and unrealized, included in cost of sales for the year ended December 31, 2014 was $1,032,000. The net loss on foreign exchange forward contracts, both realized and unrealized, included in foreign exchange gains (losses) for the year ended December 31, 2014 was $10,281,000.

[b] Foreign currency risk

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

A significant part of the Company's sales are transacted in U.S. dollars and as a result, fluctuations in the rate of exchange between the U.S. dollar and Canadian dollar can have a significant effect on the Company's cash flows and reported results. Sales in the Company's Chinese operations transacted through its subsidiary, Legumex Walker China Ltd. are primarily in U.S. dollars as well. The Company enters into foreign exchange forward contracts, put options and call options to manage its foreign exchange risk (see table above).

At December 31, 2014, the Company had U.S. dollar denominated accounts receivable of $41,871,000 (USD $36,093,000) and U.S. dollar denominated accounts payable of $11,273,000 (USD $9,717,000).

The Company's revenues denominated in U.S. dollars for the year ended December 31, 2014 were USD $386,693,000 and the total of its cost of sales - inputs and other processing costs and its selling and administrative expenses denominated in that currency were USD $286,791,000. Accordingly, a 10 percent increase or decrease in the value of the U.S. dollar relative to its Canadian counterpart would result in a $9,990,000 increase or decrease in revenues net of cost of sales - inputs and other processing costs and selling and administrative expenses. When the Company sources product in Canada in Canadian dollars for U.S. dollar sales, the Company's objective is to minimize transaction exposure with foreign exchange derivative contracts and accordingly believes the increase or decrease in net income will be substantially lower than the above figures.

[c] Fair value

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

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

Level 2 - values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. In determining the inputs for calculating fair values, the Company looks to readily observable market inputs, primarily currency rates and current futures contract prices based on the nature of the Company's derivative instruments.

Level 3 - values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. There were no items measured at fair value using level 3 in 2013 or 2014.

The fair value hierarchy of financial instruments measured at fair value on the consolidated statements of financial position is as follows:

			December 31, 2014		December 31, 2013	
(thousands of Canadian dollars)	Classification	Fair value hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash	FVTPL	1	**3,051**	**3,051**	2,081	2,081
Restricted cash	FVTPL	1	**351**	**351**	698	698
Financial liabilities						
Short-term borrowings	FVTPL	1	**54,725**	**54,725**	58,229	58,229
Derivative liabilities	FVTPL	2	**3,541**	**3,541**	3,214	3,214

The fair values of accounts receivable, the demand loan and accounts payable and accrued liabilities approximate their carrying values given their short-term maturities. Management has determined that the fair value of non-current borrowings does not materially differ from its carrying value as the majority of such debt is subject to floating interest rates and current market conditions.

[d] Commodity price risk

The Company is exposed to commodity price movements in the market as part of its normal operations. The Company attempts to match commodity purchase contracts directly with producers with sales contracts entered into with approved buyers to minimize the effect of changes in the price of agricultural commodities between the original contract dates and delivery dates. The Company also enters into commodity futures contracts and derivative swaps in order to manage its commodity price risk related to canola and corn purchases, canola meal and oil sales and board crush margins (see table above).

[e] Credit risk

Credit risk is the potential that customers or a counterparty to a financial instrument fail to meet their obligation to the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable as the Company's sales are concentrated in the agriculture sector. The Company had many customers during the course of the year and believes that there is minimal risk associated with collection of these amounts. The Company manages its credit risk by entering into EDC insurance contracts where available, requesting Documentary Credits and customer deposits, and performing regular credit assessments of its customers.

The Company has historically experienced minimal credit losses, thus it considers the credit quality of trade accounts receivable at December 31, 2013 that are neither impaired nor past due to be high. The distribution of credit quality is as follows:

Aging of trade accounts receivable *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Neither impaired nor past due	**37,510**	44,676
Past due:		
31-60 days	**2,860**	5,890
61-90 days	**3,853**	3,404
Greater than 90 days	**9,003**	3,193
	53,226	57,163
Allowance for doubtful accounts	**(1,602)**	(1,328)
Balance, end period	**51,624**	55,835

As at December 31, 2014, no one customer represented more than 10 percent of outstanding accounts receivable.

All provisions for doubtful accounts are charged to selling, general and administrative expenses. Changes in allowance for losses against accounts receivable are as follows:

Allowance for doubtful accounts *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Balance, beginning of period	**1,328**	1,066
New provisions recognized during the period	**835**	948
Amounts written off during the period as uncollectible	**(561)**	(686)
Balance, end period	**1,602**	1,328

The carrying value of trade accounts receivable considered by the Company to be impaired is reduced by specific provisions to the value estimated to be realizable in the normal course of operations. A trade accounts receivable is considered to be impaired if, as a result of a deterioration in credit quality, there is no longer reasonable assurance of timely collection of the full amount. When an asset is classified as impaired, an allowance for loss is established to adjust the carrying value of the asset to its net recoverable amount. To determine this amount, several factors are taken into account, including market conditions, evaluations obtained from third parties and/or the discounted value of expected cash flows.

[f] Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company manages its liquidity risk through cash and debt management. In managing liquidity risk, the Company maintains access to committed short and long-term debt facilities as well as to equity markets, the availability of which is dependent on market conditions. The Company monitors its requirements through the use of rolling future net cash flow projections and budgets and believes it has sufficient funding through the use of credit facilities in place at December 31, 2014 to meet foreseeable borrowing requirements and their underlying covenants.

The table below summarizes the undiscounted contractual payments of the Company's financial liabilities as at December 31, 2014 and includes both interest and principal cash flows:

(thousands of Canadian dollars)	**Total**	**Within 12 months**	**13 to 24 months**	**2 to 4 years**	**After 4 years**
Short-term borrowings	54,725	54,725	—	—	—
Demand loan	18,869	933	933	1,865	15,138
Accounts payable and accrued liabilities	42,834	42,834	—	—	—
Non-current borrowings [1]	115,924	15,520	14,901	36,336	49,167
Convertible debentures [2]	22,898	1,279	1,282	2,558	17,779
Operating leases	10,771	2,354	1,943	2,860	3,614
Total	266,021	117,645	19,059	43,619	85,698

[1] Excludes unamortized balance of deferred finance costs of $2,081,000

[2] Assumes none of the debentures are converted or redeemed prior to maturity and that they are paid out in cash on maturity

[g] Interest rate risk

Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate risk primarily relating to its short-term and non-current borrowings that bears interest that fluctuates with the prime rate. A 1 percent change in the prime rate of interest could increase or decrease interest expense on non-current borrowings by approximately $1,009,000 per year. At December 31, 2014 borrowing levels, a 1 percent change in the prime rate of interest would increase or decrease interest expense on short-term borrowings by $627,000.

Finance costs	**For the years ended December 31,**	
(thousands of Canadian dollars)	**2014**	2013
Interests on overdrafts and other finance costs	**(3,972)**	(3,546)
Interest on non-current borrowings	**(7,444)**	(5,297)
Total finance costs	**(11,416)**	(8,843)

18. Selling, general and administrative expenses

	For the year ended December 31,	
(thousands of Canadian dollars)	**2014**	2013
Employee benefit costs, including share-based compensation	**(12,576)**	(13,217)
Professional fees	**(2,646)**	(2,587)
Information technology	**(603)**	(1,343)
Depreciation and amortization	**(6,172)**	(5,621)
Other	**(5,647)**	(5,161)
Selling, general and administrative expenses	**(27,644)**	(27,929)

19. Employee benefits and share-based compensation

Total employee benefit costs for the year ended December 31, 2014 were $29,150,000 (2013 - $28,319,000) of which share-based compensation was $106,000 (2013 - $1,084,000).

[a] Options under Incentive Plans

The Company has an incentive stock option plan (the "Incentive Plan") whereby the Company may grant to directors, officers, employees and consultants options to purchase Common Shares of the Company. Subject to applicable regulations and shareholder approval, the Plan provides for the issuance of stock options to acquire up to ten percent of the Company's issued and outstanding Common Shares, on a rolling basis. Subject to applicable regulations, the terms and conditions, including pricing, term and vesting of each option granted under the Plan are determined by the Board of Directors.

Summary of Options Outstanding Under Incentive Plan

	Options Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
As at December 31, 2012	1,295,000		7.31		
Options granted	294,000	0.45	6.43		
Forfeited	(99,500)	1.70	7.17		
As at December 31, 2013	1,489,500		7.15	489,167	7.58
Options granted	**745,000**	**1.08**	**2.25**		
Forfeited	**(677,500)**	**2.20**	**7.06**		
As at December 31, 2014	**1,557,000**		**4.84**	**501,833**	**7.51**

The fair value of each option granted was estimated using the Black-Scholes option pricing model and the following inputs:

	2014 Options Granted	2013 Options Granted		2012 Options Granted		2011 Options Granted
	December 22	May 17	October 1	August 24	May 25	July 14
Options issued	745,000	294,000	150,000	82,500	852,000	280,000
Options outstanding	745,000	234,000	50,000	65,000	297,500	165,500
Exercise price	2.25	6.43	8.38	8.32	6.43	9.00
Grant date fair value	1.0829	0.45	2.75	2.72	2.14	2.38
Vesting date	December 22, 2016	Annual equal increments May 17, 2014-2016	Annual equal increments October 1, 2013-2015	Annual equal increments August 24, 2013-2015	Annual equal increments May 25, 2013-2015	Annual equal increments July 14, 2012-2014
Expiration date	December 22, 2019	May 17, 2018	October 1, 2017	August 24, 2017	May 25, 2017	July 14, 2016
Risk-free interest rate	1.36%	1.3407%	1.3725%	1.3000%	1.6099%	2.1922%
Expected life	5 years	5 years	5 years	5 years	5 years	5 years
Expected volatility in market price of shares	57.6%	35%	35%	35%	35%	35%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Expected forfeiture rate	15%	5%	5%	5%	5%	0%

[b] Warrants

On October 1, 2012, the Company issued 660,000 warrants as part of the consideration paid in the purchase of a business. On October 1, 2014 these warrants expired unexercised.

[c] Other Options

On July 14, 2011, the Company granted options to the syndicate of underwriters equal to 6 percent of the total number of Common Shares sold under the initial public offering (including any Common Shares sold upon exercise of the Over-Allotment Options) at a price per Common Share of $9.00 exercisable for a period of 18 months from the date of closing of the offering. The total options of 443,463 expired during the first quarter of 2013.

20. Earnings (loss) per share

Earnings (loss) per share is based on the consolidated earnings (loss) for the year divided by the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share is computed in accordance with the treasury stock method and based on the weighted average number of shares and dilutive share equivalents.

The following reflects the earnings and share data used in the basic and diluted earnings (loss) per share computations:

	For the years ended December 31,	
(thousands of Canadian dollars, except per share amounts)	**2014**	**2013**
Net loss attributable to shareholders	**(22,499)**	(25,380)
Basic weighted average number of shares	**16,295**	16,295
Basic and diluted loss per share	**(1.38)**	(1.56)

The outstanding stock options, warrants and convertible debentures were excluded from the calculation of the above diluted loss per share because their effect is anti-dilutive.

21. Reportable business segments

Year ended December 31, 2014 *(thousands of Canadian dollars)*	**Special Crops**	**Oilseed Processing**	**Corporate & Eliminations**	**Consolidated**
Revenues	352,283	120,628	(4,964)	467,947
Cost of sales - inputs and other processing	(324,054)	(118,569)	4,964	(437,659)
Adjusted gross profit[a]	28,229	2,059	—	30,288
Selling and administrative	(10,466)	(4,303)	(6,703)	(21,472)
Adjusted EBITDA[b]	17,763	(2,244)	(6,703)	8,816
Depreciation and amortization	(11,176)	(5,512)	(526)	(17,214)
Adjusted EBIT[c]	6,587	(7,756)	(7,229)	(8,398)

Year ended December 31, 2013 *(thousands of Canadian dollars)*	**Special Crops**	**Oilseed Processing**	**Corporate**	**Consolidated**
Revenues	352,597	80,970	—	433,567
Cost of sales - inputs and other processing	(325,477)	(87,576)	—	(413,053)
Adjusted gross profit(a)	27,120	(6,606)	—	20,514
Selling and administrative	(11,565)	(3,642)	(7,101)	(22,308)
Adjusted EBITDA(b)	15,555	(10,248)	(7,101)	(1,794)
Depreciation and amortization	(10,097)	(4,888)	(185)	(15,170)
Adjusted EBIT(c)	5,458	(15,136)	(7,286)	(16,964)

[a] Adjusted gross profit excluded depreciation and amortization included in cost of sales
[b] Adjusted EBITDA - Earnings before finance costs, depreciation and amortization, other items and income taxes
[c] Adjusted EBIT - Earnings before finance costs, other items and recovery of or provision for income taxes

Special crops includes inter-segment sale of inventories between wholly owned subsidiaries of LWI and the oilseeds processing segment which are fully eliminated on consolidation. No revenues from transactions with a single external customer amount to 10 percent or more of the Company's revenues.

Sales during the year were derived from customers located in the following geographic areas:

(thousands of Canadian dollars)	For the year ended December 31, 2014	2013
The Americas	**325,561**	314,231
Europe	**42,093**	48,265
Asia	**40,708**	30,345
Africa	**24,354**	18,642
Middle East	**18,268**	14,927
Indian subcontinent	**16,963**	7,157
	467,947	433,567

Property, plant and equipment and intangible assets by geographic area are as follows:

As at (thousands of Canadian dollars)	December 31, 2014	December 31, 2013
Canada	**63,264**	68,958
United States	**119,920**	117,302
China	**391**	395
	183,575	186,655

22. Commitments and contingencies

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

PCC contracted ICG to provide both the design and construction of the PCC Plant for a guaranteed maximum price of USD $80,875,000, subject to additions and deductions. The contract is unconditionally and irrevocably guaranteed by McKinstry Co. LLC, which is affiliated with ICG. As at March 26, 2015 final close out of the contract is pending.

[b] Operating and finance leases

The Company has land, storage facilities, rail line assets and office equipment under both operating leases and finance leases (Note 12). These leases have a life of between one and 50 years. Renewal options are included in the contracts for certain land leases for up to an additional 30 years.

During the year ended December 31, 2014 the Company recognized an expense of $1,972,000 (2013 - $1,494,000) related to operating lease agreements. This amount relates only to minimum lease payments.

Minimum aggregate payments on these leases in the future are as follows:

(thousands of Canadian dollars	Total	Within 12 months	1 to 5 years	After 5 years
Finance leases	2,579	873	1,706	—
Operating leases	10,771	2,354	5,781	2,636
Total	13,350	3,227	7,487	2,636

[c] Legal actions

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

[d] Security

Throughout the year the Company is required by the Canadian Grain Commission to provide security for the outstanding grower liabilities. This amount is secured by letters of guarantee totalling $11,400,000. Pricing of the letters of guarantee are at 0.0503 percent.

The Company's purchasing card program is secured by a $200,000 letter of guarantee.

[e] Guarantee

The Company has provided a guarantee of $1,000,000 in favour of its joint venture 0729767 B.C. Ltd.

23. Capital Management

The Company's objectives in managing capital are to maintain a strong capital base so as to preserve investor, creditor and market confidence; to ensure sufficient liquidity to service its debts, support capital projects and growth-oriented acquisitions; and to provide a return to shareholders.

The Company sets the amount and type of capital required relative to its assessment of risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, and with consideration of externally imposed capital requirements to which it is subject. In order to maintain or modify its capital structure, the Company may adjust or defer the amount of dividends paid to shareholders, issue new shares, seek other forms of financing, or sell assets to reduce debt.

The Company manages net debt and shareholders' equity as components of its capital as calculated below.

(thousands of Canadian dollars)	**December 31, 2014**	December 31, 2013
Short-term borrowings	**54,725**	58,229
Demand loan	**13,004**	12,239
Long-term debt	**93,574**	94,194
Convertible debentures outstanding, face value	**16,500**	—
Less: Cash	**(3,051)**	(2,081)
Less: Restricted cash	**(351)**	(698)
Net debt	**174,401**	161,883
Share capital	**135,707**	135,707
Deficit	**(62,824)**	(40,648)
Total capital	**247,284**	256,942

There have been no changes in the Company's capital management objectives, policies and processes during the year. There are certain capital requirements of the Company resulting from the Company's credit facility that include financial covenants and ratios, including leverage ratios that assess the funded senior debt to adjusted earnings before interest, income tax expense, depreciation, amortization, acquisition costs and other non-cash items ("Adjusted EBITDA") ratio. Management uses these capital requirements in the decisions made in managing the level and make-up of the Company's capital structure. The Company is in compliance with all of the financial covenants as at December 31, 2014.

Changes in the capital of the Company over the year ended December 31, 2014 are mainly attributed to the issuance of the convertible debentures in October 2014.

24. Income Taxes

The major components of recovery of (provisions for) income taxes are as follows:

	For the years ended December 31,	
(thousands of Canadian dollars)	**2014**	2013
Current income taxes recovery (provision)		
Current tax charge and adjustments for prior periods	**(74)**	(271)
Deferred income taxes recovery (provision)		
Originating and reversing of temporary differences	**1,376**	1,371
Changes in tax rate	—	—
	1,376	1,371
Recovery of income taxes	**1,302**	1,100

The reconciliation between the recovery of income taxes and accounting loss multiplied by the combined Canadian federal and provincial statutory income tax rate is as follows:

	For the years ended December 31,	
(thousands of Canadian dollars)	**2014**	2013
Loss before income taxes	**(26,346)**	(29,720)
Combined Canadian statutory income tax rate	**27.00%**	27.00%
Income tax recovery at combined Canadian statutory income tax rate	7,113	8,024
Effect of differences between foreign and combined Canadian statutory income tax rate	1,942	3,023
Effect of differences between deferred tax rates and combined Canadian statutory income tax rate	—	—
Non-deductible expenses	**(183)**	(294)
Non-taxable portion of capital gains	—	4
Effect of non-controlling interests	**(641)**	(1,239)
Deferred tax assets not recognized during the year	**(6,902)**	(9,039)
Other	**(27)**	621
Recovery of income taxes	**1,302**	1,100

The Company's deferred tax positions at the statement of financial position dates are as follows:

As at	As at December 31,	
(thousands of Canadian dollars)	**2014**	2013
Deferred tax assets	**2,208**	3,147
Deferred tax liabilities	**(12,140)**	(13,614)
	(9,932)	(10,467)

For the year ended December 31, 2014 significant components of deferred tax assets and liabilities include:

(thousands of Canadian dollars)	As at December 31, 2013	Recognized in net earnings (net loss)	Recognized in equity or assets	As at December 31, 2014
Deferred tax assets				
Derivative instruments	**425**	**410**	**—**	**835**
Share issuance costs	**1,282**	**(498)**	**—**	**784**
Unused tax losses	**20,489**	**3,358**	**—**	**23,847**
Intangible assets	**135**	**(9)**	**—**	**126**
Unrealized foreign exchange losses	**119**	**27**	**—**	**146**
Other	**2,767**	**(1,017)**	**200**	**1,950**
	25,217	**2,271**	**200**	**27,688**
Deferred tax liabilities				
Convertible debentures	**—**	**14**	**(1,041)**	**(1,027)**
Property, plant and equipment	**(30,712)**	**(2,062)**	**—**	**(32,774)**
Intangible assets	**(4,919)**	**1,166**	**—**	**(3,753)**
Other	**(53)**	**(13)**	**—**	**(66)**
	(35,684)	**(895)**	**(1,041)**	**(37,620)**
Net deferred tax assets (liabilities)	**(10,467)**	**1,376**	**(841)**	**(9,932)**

For the year ended December 31, 2013 significant components of deferred tax assets and liabilities include

(thousands of Canadian dollars)	As at December 31, 2012	Recognized in net earnings (net loss)	As at December 31, 2013
Deferred tax assets			
Derivative instruments	—	425	425
Share issuance costs	1,656	(374)	1,282
Unused tax losses	23,568	(3,079)	20,489
Intangible assets	48	87	135
Unrealized foreign exchange losses	—	119	119
Other	515	2,252	2,767
	25,787	(570)	25,217
Deferred tax liabilities			
Derivative instruments	(25)	25	—
Unrealized foreign exchange losses (gains)	(117)	117	—
Property, plant and equipment	(31,465)	753	(30,712)
Intangible assets	(6,018)	1,099	(4,919)
Other	—	(53)	(53)
	(37,625)	1,941	(35,684)
Net deferred tax assets (liabilities)	(11,838)	1,371	(10,467)

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences and unused tax losses become deductible. Based on the analysis of taxable temporary differences and future taxable income, the management of the Company has not recognized deferred tax assets for the following deductible temporary differences and unused tax losses:

As at *(thousands of Canadian dollars)*	**December 31, 2014**	December 31, 2013
Deductible temporary differences	**4,380**	2,659
Unused tax losses		
Expiring in 2032	**23,573**	15,078
Expiring in 2033	**14,733**	14,733
Expiring in 2034	**11,720**	—

25. Net changes in working capital accounts

(thousands of Canadian dollars)	**December 31, 2014**	December 31, 2013
Accounts receivable	4,918	6,947
Income taxes, net	(195)	416
Inventories	19,331	(5,597)
Prepaid expenses	1,213	(1,844)
Accounts payable and other accrued liabilities	(15,883)	1,132
Net changes to non-cash working capital	9,384	1,054

26. Subsequent events

On January 8, 2015 the Company paid PCC's other equity partner USD $433,000 for a price adjustment to the PCC membership unit previously sold on January 8, 2014 (Note 15).

On February 5, 2015, the Company borrowed an additional $USD $1,285,194 from PCC's other equity partner. The terms and conditions of the note are the same as the $USD 2,820,000 notes payable described in Note 12(b).

On March 12, 2015 HSBC approved a provisional $10 million increase in the LWC credit facility (Note 10), increasing it from $54 million to $64 million, for the period starting March 12, 2015 and ending May 31, 2015.

On March 16, 2015 the Company announced that its Board of Directors had created a Special Commmittee to oversee a strategic review process with the ultimate goal of maximizing shareholder value. Strategic and financial alternatives may include, but are not limited to a strategic financing, merger or other business combination, sale of the Company or a portion of the Company's business or assets or any combination thereof, as well as the continued execution of its business plan.

LWP Capital Completes Divestiture of Pacific Coast Canola Ownership

WINNIPEG, Jan. 5, 2016 /CNW/ - LWP Capital Inc. (TSX:LWP) (formerly "Legumex Walker Inc.") ("LWP Capital" or the "Company") today announced that its wholly owned subsidiary has completed the divestiture of its 84% ownership interest in Pacific Coast Canola LLC ("PCC") to Glencore Grain Investment LLC and McKinstry Holdings, Inc., an affiliate of Industrial Construction Group, Inc. ("ICG"), for no cash consideration.

Under the terms of the transaction, ICG has provided PCC with a release of its lien on the PCC plant and of its claims against PCC and its affiliates. AgCountry Farm Credit Services, FLCA ("AgCountry"), the agent for a syndicate of lenders under PCC's senior credit facility (the "Facility") who had previously made demand for repayment of all amounts due under the Facility, agreed to terms of the repayment of the Facility and the Facility was repaid and terminated. PCC previously terminated its processing agreement with The Scoular Company.

With both the sale of the assets of the Company's Special Crops Division and the divestiture of the Company's indirect 84% interest in PCC completed, LWP Capital no longer carries on an active business. As a result, the Company's Common Shares were delisted from the TSX on December 31, 2015 and, on that date, the Company commenced its voluntary liquidation and dissolution pursuant to the *Canada Business Corporations Act* (the "Liquidation Plan"), as further described in its press release dated November 23, 2015. KSV Advisory Inc. ("KSV") is the Liquidator under the Liquidation Plan.

Further information regarding the Liquidation Plan is contained in the Management Information Circular dated October 12, 2015, as amended, which is available on www.sedar.com and on KSV's website at www.ksvadvisory.com.

Cautionary Note on Forward-looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities laws which may include, but is not limited to, statements relating to the voluntary liquidation and dissolution of the Company. Such forward-looking information reflects the Company's views with respect to future events and is subject to risks, uncertainties and assumptions, including the risk that the net proceeds of the sale of the Special Crops Division will be less than previously disclosed, the risk that notwithstanding the fact that the Company will not realize any proceeds from the divestiture of its interest in PCC, the Company or its subsidiaries may incur costs and obligations in respect of such divestiture, the risk that the expenses of the Company will exceed the amount estimated by the Company, the risk that distributions to shareholders will be delayed, the risk that the plan of liquidation will become effective later than expected, the risk that the closing working capital will not be determined within the time frame expected and the risk that the amount available for distribution to shareholders will be less than expected, as well as those factors referred to in the section entitled "Risk Factors" in the Company's Management Information Circular dated October 12, 2015 as amended by the Addendum dated October 26, 2015, in the Management's Discussion and Analysis for the period ended September 30, 2015 and in the Annual Information Form dated March 31, 2015 which are available on SEDAR at www.sedar.com and should be reviewed in conjunction with this press release. The Company's expectation with respect to the net amount available for distribution to shareholders and timing for such distributions assume that the final working capital is not less than as at September 30, 2015, that the expenses of the Company will not exceed the amount expected and the Company will receive the necessary approvals for such distributions. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Although the Company believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this press release. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of newinformation, future events or otherwise, except in accordance with applicable securities laws.

SOURCE LWP Capital Inc.

%SEDAR: 00031736E

For further information: Joel Horn, President, LWP Capital, Inc., info@lwpci.com; Lawrence Chamberlain, NATIONAL Equicom, lchamberlain@national.ca, (416) 848-1457

CO: LWP Capital Inc.

CNW 15:38e 05-JAN-16

This is Exhibit B referred to in the affidavit of Joel Horn sworn before me, this 6th day of January 20 16

Laura Costen

A COMMISSIONER FOR TAKING AFFIDAVITS

This is Exhibit C referred to in the affidavit of Joel Horn sworn before me, this 6th day of January 20 16

Laura Costa

A COMMISSIONER FOR TAKING AFFIDAVITS

Legumex Walker
We are stronger together.

FOR IMMEDIATE RELEASE

Legumex Walker Provides Update on Expected Distribution to Shareholders

– Company Moving Towards Closing of Divestiture of Pacific Coast Canola –

WINNIPEG, MB (October 26, 2015) – Legumex Walker Inc. (TSX: LWP) ("**LWI**" or the "**Company**") today provided a revised estimate for the net amount available for distribution to shareholders (**"the Distribution"**) following the previously announced proposed sale of substantially all of the assets its Special Crops Division to The Scoular Company (**"Scoular"**) for CAD$94 million plus the amount of net working capital at closing, on a cash free debt free basis, paid in cash (**the "Sale Transaction"**).

The Company has completed an update of the Distribution in advance of the Special Meeting of Shareholders to be held on November 9, 2015. The Distribution has been updated to include Capital Lease Obligations in Secured Debt Repayment, increasing this required repayment by $4.4 million. As a result, the Distribution is now estimated to be $1.69 to $1.98 per share (after deducting estimated taxes, all corporate and Special Crops Division related debt and all wind-up and transaction related expenses as set out under the heading "Use of Proceeds from the Sale Transaction" in the Company's Management Information Circular dated October 12, 2015 (**"the Circular"**). In addition, the Company has also completed an update of its working capital as at October 23, 2015 and continues to be satisfied with the parameters presented in the Circular in this regard.

The revised estimated Distribution represents a 69.8% to 98.9% premium over the 20-day volume-weighted average price of the Company's Common Shares on the TSX as of September 11, 2015, the last trading day prior to the announcement of the Sale Transaction. The net amount available for distribution to shareholders is based on net working capital estimated as at September 30, 2015. The actual amount of the Distribution will be based on working capital at closing, which will be different than working capital as at September 30, 2015

The Company also reported it continues to make progress towards the intended divestiture of its 84% ownership interest in Pacific Coast Canola ("PCC") (the "PCC Transaction"). The Company has been informed that the terms have been agreed to in principle with the prospective acquirers and the parties are moving towards expected closing of the transaction, including termination of the Processing Agreement between PCC and the Scoular Company, although the outcome of any such transaction is uncertain and is subject to compliance with the terms of the forbearance from secured lenders. The Company does not expect to receive any value from the sale of its 84% interest.

The revised estimated Distribution range of $1.69 to $1.98 per share assumes the Company will not be required to pay $1.2 million in respect of severance obligations for PCC nor that the Company will be required to pay to Scoular an amount of US$1.5 million in respect of the sale of the Canola Current Assets by Scoular in connection with the termination of the PCC Processing Agreement.

BOARD RECOMMENDATION

The Board of Directors ("the Board") of LWI has unanimously approved the sale of the Specialty Crops Division. The Board recommends that shareholders vote in favour of the Sale Transaction and other related matters.

ADDENDUM TO MANAGEMENT INFORMATION CIRCULAR

An addendum to Management Information Circular (**"the Addendum"**) in respect to the update described above will be mailed to shareholders as of the record date of October 9, 2015. Copies of the Addendum will be filed with Canadian securities regulators and will be available on the SEDAR profile of the Company at www.sedar.com. In addition, investors and shareholders may obtain free copies of the documents the Company files with Canadian securities regulators by directing a written request to LWI, 1345 Kenaston Boulevard, Winnipeg, MB R3P 2P2 Attention: Corporate Secretary. Investors and shareholders of the Company are urged to read the Circular and the Addendum as such materials contain important information about the transaction.

THE SPECIAL MEETING

The Special Meeting of Shareholders to consider the Resolutions will be held on November 9, 2015 at 10:00 a.m. (Toronto time) at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King St. W., 44th Floor, Toronto, Ontario. All shareholders are encouraged to vote.

HOW TO VOTE

Registered shareholders (shareholders who hold LWI shares in their name and represented by a physical certificate or through the Direct Registration System) may vote by mail, internet, fax or in person at the Meeting. In the interest of time, shareholders are encouraged to vote via the internet or by fax as follows:

Internet: Vote online at www.voteproxyonline.com, using the 12 digit control number located on your proxy.
Facsimile: 416-595-9593

Beneficial shareholders (shareholders who hold LWI shares through a bank, broker or other intermediary) will have different voting instructions provided to them and should follow the instructions found on their voting instruction form to vote online, by telephone or fax.

SHAREHOLDER QUESTIONS

Shareholders who have questions or require assistance with voting may contact LWI's Proxy Solicitation Agent:

Laurel Hill Advisory Group
Toll free: 1-877-452-7184 or 416-304-0211 (collect)
Email: assistance@laurelhill.com

About Legumex Walker Inc.

LWI is a growth-oriented processor and merchandiser of pulses and other special crops, and with the completion of the PCC canola seed processing facility in Washington State, canola products. The Company derives its revenue from sourcing, processing, marketing and distributing special crops, canola products and associated healthy, specialty food ingredients to a global customer base. The Company operates processing facilities in the Canadian Prairies, American Midwest, the Pacific Northwest, and China.

Cautionary Note on Forward-looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities laws which may include, but are not limited to, statements relating to the transaction value to LWI of the sale transaction, the proposed plan of liquidation and the amount of the Company's working capital as at September 30, 2015 and October 23, 2015, the estimated amount of distributions to shareholders and the proposed divestiture of PCC. Such forward-looking information reflects the Company's views with respect to future events and is subject to risks, uncertainties and assumptions, including the risk that the conditions to the completion of the sale of the Special Crops Division, including shareholder and regulatory approvals, will not be satisfied within the contemplated time frames, the risk that the amount of working capital or payment in respect thereof will be less than as at September 30, 2015 and October 23, 2015 or otherwise less than expected, the risk that the amount available for distribution to shareholders will be less than expected as a result of unforeseen liabilities and other factors, as well as those factors referred to in the section entitled "Risk Factors" in the Company's Management's Discussion and Analysis for the period ended December 31, 2014 and in the Circular which are available on SEDAR at www.sedar.com and should be reviewed in conjunction with this document. The statements with respect to the estimated distributions to the shareholders assume that the amount paid for the working capital will not be less than the working capital of LWI as at September 30, 2015 and that other adjustments to the purchase price will not result in a reduction to the purchase price payable in respect of the Special Crops Division or the amount available for distribution to shareholders. The statements relating to the estimated distributions to shareholders also assume that the sale of the Special Crops Division will be completed and that any adjustment to the sale price will not exceed projections, and that taxes, expenses and liabilities of the Company will not exceed internal estimates. Such statements are subject to significant uncertainties. The statements with respect to working capital as at October 23, 2015 assume that no negative material adverse changes have occurred to working capital from the working capital as at September 30, 2015. The statements with respect to the proposed divestiture of PCC assume that parties will enter into binding agreements in respect thereto and complete the proposed divesture and terminate the PCC Processing Agreement on terms which do not result in LWI being responsible for any additional payment to Scoular or for any severance obligations in respect of certain employees of PCC. Although the Company believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this press release. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

For additional information, please contact:

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This is Exhibit D referred to in the affidavit of Joel Horn sworn before me, this 6th day of January 2016.

Laura Costen
A COMMISSIONER FOR TAKING AFFIDAVITS

FOR IMMEDIATE RELEASE

Legumex Walker Completes Sale of Special Crops Assets to Scoular and Changes its Name to "LWP Capital Inc."

WINNIPEG, MB (November 23, 2015) – Legumex Walker Inc. (TSX: LWP) (**"Legumex Walker"** or the "**Company**") today announced that it has completed the previously announced sale of the assets of the Company's Special Crops Division (**"the Special Crops Transaction"**) to The Scoular Company ("**Scoular**") for gross proceeds of CAD$94 million, less closing and post-closing adjustments, plus CAD$71.5 million, which represents a preliminary estimate for the amount of net working capital at closing, paid in cash. Shareholders at a Special Meeting overwhelmingly approved the Special Crops Transaction on November 9, 2015. The final purchase price payable is expected to be determined within 90 days upon determination of the final closing working capital in accordance with the Asset Purchase Agreement dated September 14, 2015.

"This is the culmination of four years of hard work combining several of the premier companies in North America into a formidable Special Crops platform," said Joel Horn, Legumex Walker's President & CEO, "We are proud of what we have accomplished and look forward to seeing that platform continue to grow with Scoular's expertise and leadership."

According to Chuck Elsea, Scoular's Chief Executive Officer, "We've been looking to enter the special crops market for some time, and we're thrilled to finalize the purchase of a business that brings a wealth of special crops experience and expertise to our growing company. We will invest additional resources to expand the business and pursue opportunities that result in more value for growers and a high-quality, reliable supply of specialty products for customers around the globe."

The Company previously estimated that the net amount available for distribution to shareholders to be $1.69 to $1.98 per share (after deducting estimated taxes, all corporate and Special Crops Division related debt and all wind-up and transaction related expenses as set out under the heading "Use of Proceeds from the Sale Transaction" in the Company's Management Information Circular dated October 12, 2015, as amended). The Company will be able to update its estimate of the net amount available for distribution to shareholders once the final purchase price has been determined based on final working capital.

The Company expects the Common Shares to be delisted from the TSX on the date specified by the TSX following an expedited delisting review. The Company expects the effective date of the delisting of Common Shares will be by December 31, 2015 (approximately 30 days following the completion of the expedited delisting review).

The Company expects to file articles of amendment changing its name to "LWP Capital Inc." on November 24, 2015 and its new CUSIP number is 502464100 and its new ISIN is CA5024641006. The Company expects that the plan of liquidation approved by the shareholders on November 9, 2015 will become effective by December 31, 2015 or early in January 2016. Although an interim distribution to shareholders is expected to be made during the second quarter of 2016, its final distribution is not expected prior to the completion of the liquidation period in 2017.

Readers are cautioned that there is risk that the amount of working capital or payment in respect thereof pursuant to the Sale Transaction will be less than as estimated at closing or September 30, 2015 or otherwise less than expected, resulting in the transaction value being less than anticipated, and a risk that the amount available for distribution to shareholders will be less than expected as a result of unforeseen liabilities. The closing and post-closing adjustments, include the payment of fees relating to insurance policies, deductions in respect of accounts receivable of Pacific Coast Canola, LLC ("PCC"), environmental and real estate related costs.

Further information regarding the Special Crops Transaction and its anticipated effects on Legumex Walker are contained in the Management Information Circular dated October 12, 2015, as amended, which is available on www.sedar.com.

Update on the PCC Transaction

The Company is targeting to complete the proposed divestiture of its interest in Pacific Coast Canola LLC by the end of this week. The Company will not realize any proceeds from the divestiture.

About Scoular

A 123-year old company with nearly $6 billion in sales, Scoular operates 130+ independent business units that provide diverse supply chain solutions for end-users and suppliers of grain, feed ingredients, and food ingredients around the globe. From more than 120 offices and facilities, 1200+ employees are engaged in the business of buying, selling, storing, and processing grain and ingredients as well as managing transportation and logistics worldwide. For further information, visit www.scoular.com.

Cautionary Note on Forward-looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities laws which may include, but is not limited to, statements relating to the determination of closing working capital, the final purchase price, the timing of the delisting of the Common Shares, the name change of the Company, the timing and amount of distributions to shareholders, the effectiveness of the plan of liquidation, the divestiture of its interest in PCC, and Scoular's future plans. Such forward-looking information reflects the Company's views with respect to future events and is subject to risks, uncertainties and assumptions, including the risk that the divestiture of its interest in PCC will not be completed within the time frame contemplated or on terms previously announced and the risk that PCC will not be in compliance with the terms of its credit facilities and related forbearances, the risk that the net proceeds of the sale of the Special Crops Division will be less than previously disclosed and expenses of the Company will exceed the amount estimated by the Company, the risk that distributions to shareholders will be delayed, the risk that the plan of liquidation will become effective later than expected, the risk that the closing working capital will not be determined within the time frame expected, and the risk that notwithstanding the fact that the Company will not realize any proceeds from the divestiture of its interest *in PCC, the Company or its subsidiaries may incur costs and obligations in respect of such divestiture, as well as those factors referred to in the section entitled "Risk Factors" in the Company's Management Information Circular dated October 12, 20115 as amended by the Addendum dated October 26, 2015, in the Management's Discussion and Analysis for the period ended September 30, 2015 and in the Annual Information Form dated March 31, 2015 which are available on SEDAR at www.sedar.com and should be reviewed in conjunction with this press release. The Company's expectation with respect to the the net amount available for distribution to shareholders and timing for such distributions assume that the final working capital is not less than as at September 30, 201, expenses of the Company will not exceed the amount expected and the Company will receive the necessary approvals for such distributions. The Company's expectation with respect to the divestiture of its interest in PCC assume that the-divestiture of its interest in PCC will be satisfied or waived by the anticipated closing date and PCC's lenders will continue to forbear in respect of the enforcement of the credit facilities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Although the Company believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this press release. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.*

For additional information, please contact:

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IN THE MATTER OF THE LIQUIDATION OF LWP CAPITAL INC. PURSUANT TO SECTION 211 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED

and

KSV ADVISORY INC. IN ITS CAPACITY AS LIQUIDATOR OF LWP CAPITAL INC.

APPLICANT

Court File No. CV-16-11242-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

SUPPLEMENTARY APPLICATION RECORD

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