Legumex Walker Inc.
Consolidated Financial Statements
December 31, 2011

	December 31, 2011	April 20, 2011
Assets		
Current		
Cash	**35,374,747**	3
Accounts receivable *(Note 15)*	**36,003,259**	-
Derivative Instruments *(Note 15)*	**199,197**	-
Income taxes recoverable	**164,695**	-
Inventory *(Note 7)*	**37,771,774**	-
Prepaid expenses and other assets	**4,021,602**	-
	113,535,274	3
Non-current		
Property, plant and equipment *(Note 8)*	**59,927,203**	-
Goodwill and intangible assets *(Note 9)*	**21,989,302**	-
Investments *(Note 10)*	**2,555,994**	-
Other non-current assets *(Note 9)*	**4,366,737**	-
Deferred income taxes *(Note 17)*	**2,063,169**	-
Total Assets	**204,437,679**	3
Liabilities		
Current		
Bank indebtedness *(Note 11)*	**21,662,205**	-
Accounts payable and accrued liabilities	**25,966,574**	-
Income taxes payable	**1,361,459**	-
Current portion of long-term debt *(Note 12)*	**3,495,094**	-
Notes payable to related parties *(Note 6)*	**7,040,782**	-
	59,526,114	-
Non-current		
Long-term debt *(Note 12)*	**15,882,509**	-
Deferred income taxes *(Note 17)*	**10,879,482**	-
Total Liabilities	**86,288,105**	-
Equity		
Equity attributable to shareholders of the Company		
Share capital *(Note 13)*	**109,563,064**	3
Accumulated other comprehensive income	**2,565,024**	-
Contributed surplus	**710,884**	-
Deficit	**(2,521,432)**	-
	110,317,540	3
Non-controlling interests *(Note 6[d])*	**7,832,034**	-
Total equity	**118,149,574**	3
Total liabilities and equity	**204,437,679**	3

Approved on behalf of the Board

/s/ Joel Horn
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Director

/s/ Chris Schnarr
____
Director

The accompanying notes are an integral part of these financial statements

	2011
Sales *(Note 2)*	**103,787,751**
Cost of Sales	**92,966,433**
Gross Margin	**10,821,318**
Selling, general and administrative expenses *(Note 14)*	**6,258,142**
Earnings before other items and income taxes	**4,563,176**
Other expense (income) items	
Depreciation and amortization	**2,906,071**
Loss on disposal of property, plant and equipment	**500**
Write-down of investment *(Note 6)*	**1,000,000**
Earnings from investments (*Note 10*)	**(34,407)**
Foreign exchange	**(522,959)**
Finance cost	**1,089,630**
Finance income	**(45,878)**
	4,392,957
Earnings before income taxes	**170,219**
Recovery of (provision for) income taxes (*Note 17*)	
Current	**(1,707,822)**
Future	**1,185,190**
	(522,632)
Net loss	**(352,413)**
Attributable to:	
Non-controlling interests	**(17,574)**
Shareholders of the Company	**(334,839)**
Total net loss	**(352,413)**
Other comprehensive income	
Unrealized gains (losses) on translation of financial statements of foreign operations *(Note 6[d])*	**3,016,971**
Other comprehensive income for the period, net of tax	**3,016,971**
Total comprehensive income for the period, net of tax	**2,664,558**
Attributable to:	
Non-controlling interests	**434,373**
Shareholders of the Company	**2,230,185**
	2,664,558
Basic and diluted loss per share (Note 19)	**$0.04**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the period from the date of incorporation, April 20 to December 31, 2011

	2011
Deficit, beginning of period	-
Costs of share issuance in subsidiary	(2,186,593)
Net loss attributable to shareholders of the Company	(334,839)
Deficit, end of period	(2,521,432)
Share capital, beginning of period	-
Issue shares upon incorporation	3
Issue shares through initial public offering, net of costs	59,368,393
Issue shares through private placement	5,000,004
Issue shares through exercise of over-allotment option	1,494,450
Issue shares in connection with RLI acquisition	21,563,478
Issue shares in connection with WSL acquisition	17,648,478
Issue shares in connection with Silverock acquisition	750,000
Issue shares in connection with HGO/PCC asset purchase	3,738,258
Share capital, end of period	109,563,064
Accumulated other comprehensive income, beginning of period	-
Change in unrealized gains (losses) on translation of financial statements of foreign operations attributable to shareholders of the Company *(Note 6[d])*	2,565,024
Accumulated other comprehensive income, end of period	2,565,024
Contributed surplus, beginning of period	-
Issuance of stock options *(Note 18)*	710,884
Contributed surplus, end of period	710,884
Non-controlling interest, beginning of period	-
Assumed during the period	7,397,661
Net loss attributable to non-controlling interests	(15,574)
Other comprehensive income attributable to non-controlling interests	451,947
Non-controlling interest, end of period	7,832,034
Total Equity	118,149,574

The accompanying notes are an integral part of these financial statements

Legumex Walker Inc.
Consolidated Statement of Cash Flows
For the period from the date of incorporation, April 20 to December 31, 2011

	2011
Cash provided by (used for) the following activities	
Operating activities	
Net loss attributable to shareholders of the Company	(334,839)
Depreciation and amortization	2,906,071
Deferred income taxes	(1,185,190)
Loss on disposal of property, plant and equipment	500
Earnings from investment in associate	(34,407)
Non-cash loss on derivative financial instruments *(Note 15)*	306,875
Stock options expensed	189,728
Investment write down	1,000,000
Minority interest	(17,574)
	2,831,164
Net changes in working capital accounts	(10,092,607)
Cash flow used in operating activities	(7,261,443)
Financing activities	
Repayments of long-term debt	(6,104,106)
Repayments of subordinated debentures	(452,546)
Proceeds on issuance of shares *(Note 13)*	71,519,454
Costs of share issuance	(7,227,615)
Costs of share issuance in subsidiary	(2,930,339)
Funds contributed by non-controlling interests *(Note 6[d])*	8,146,444
Cash flow provided by financing activities	62,951,292
Investing activities	
Business combinations, net of bank indebtedness assumed *(Note 6)*	(10,250,000)
Purchases of property, plant and equipment *(Note 8)*	(15,392,644)
Purchases of intangibles	(153,621)
Proceeds on disposal of property, plant and equipment	15,500
Repayment of advances to associates	17,161
Purchase of other assets *(Note 9[b])*	(4,496,720)
Cash flow used in investing activities	(30,260,324)
Net increase in cash resources	25,429,525
Cash, beginning of year	-
Effect of foreign exchange rate changes on cash	3,512,683
Bank indebtedness assumed as part of business combination	(15,229,666)
Cash, end of period	13,712,542
Cash resources are composed of:	
Cash	35,374,747
Bank indebtedness	(21,662,205)
	13,712,542
Supplementary cash flow information	
Interest paid	1,103,791
Interest received	45,878
Income taxes paid	795,559

1. Corporate information

Legumex Walker Inc. (“LWI”) was incorporated under the laws of Canada on April 20, 2011. LWI’s shares became listed on the Toronto Stock Exchange on July 14, 2011. Its registered office is located at 1345 Kenaston Boulevard, Winnipeg, Manitoba, Canada.

2. Operations

LWI is a growth-oriented processor and merchandiser of pulses (lentils, peas, beans and chickpeas), other special crops and canola products with Canadian facilities in Manitoba and Saskatchewan and a canola oilseed processing facility under construction in Washington State, 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 did not conduct any commercial operations and had no employees during the period from its inception on April 20, 2011 to July 13, 2011. As a result, the consolidated financial statements for the period ended December 31, 2011 reflect the Company’s commercial operations from July 14, 2011 to December 31, 2011, rather than a full year.

3. Basis of presentation

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"). As 2011 is the first year of operations for the Company, these consolidated financial statements include only the results of operations for the period from the date of incorporation, April 20 to December 31, 2011 rather than a full year as would otherwise be presented. The consolidated financial statements of the Company were recommended for approval on March 26, 2012 by the Audit Committee and were approved and authorized for issue by the Board of Directors on March 28, 2012.

Basis of measurement

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company LWI. The financial statements are prepared under the historical cost convention with the exception of derivative financial instruments, equity investments and debt securities which are recorded at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of LWI and its subsidiaries, Walker Seeds Ltd., Shamrock Seeds (2006) Ltd., Legumex Walker China Ltd., Legumex Walker Tianjin Ltd., RECO Holdings Inc., Roy Legumex Inc., Duncan Seeds Ltd., Sabourin Seed Service Ltd., Regina Seed Processors Ltd., 5530777 Manitoba Ltd., Silverock Holdings Inc., LWI US Inc., LWI Seattle Inc., and Pacific Coast Canola LLC.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues 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 intra-company balances, income and expenses and unrealized gains and losses from intra-company transactions are eliminated in full.

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 consolidated 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 Company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Impairment of non-financial assets are recognized when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use based on internal technical evaluation and experience with similar assets.

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instrument which is estimated based on assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value at the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as of the date of acquisition.

4. 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.

Subsidiaries

Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies. A controlling position is assumed to exist where the Company holds, directly or indirectly, a voting interest exceeding 50% and where no other group or shareholder exercise substantive participating rights which would enable it to veto or to block ordinary decisions taken by the Company. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

Associates

Associates are those companies, in which the Company has significant influence by virtue of owning more than 20% of the outstanding voting shares, but holds less than 50% of the voting stock and thus cannot arbitrarily control the entity. Investments in associates are accounted for using the equity method. Accordingly, the investments are recorded at acquisition cost and are increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

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 and goodwill

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 date of exchange. 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.

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the statement of comprehensive income. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company’s cash-generating units ["CGU"] that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those CGUs. Where goodwill forms part of a CGU and part of the operating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. If the Company reorganizes its reporting structure in a way that changes

the composition of one or more CGUs to which goodwill has been allocated, the goodwill is reallocated to the units affected. Goodwill disposed of or reallocated in these cases is measured based on the relative values of the operation disposed of and the portion of the CGU retained or the relative fair value of the part of a CGU allocated to a new CGU compared to the part remaining in the old organizational structure.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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.

Inventory

Inventory is 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 selling 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 property, 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. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

4. Significant accounting policies *(continued from previous page)*

Depreciation is calculated over 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	15-45 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 placed in 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, which include brand names, 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.

4. Significant accounting policies *(continued from previous page)*

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

Rights	3-10 years
Customer and producer relationships	3-6 years
Software	4-8 years
Other intangibles	10 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 cash-generating unit ("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.

4. Significant accounting policies *(continued from previous page)*

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. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the statement of financial position.

All financial instruments are recognized initially at fair value plus, in the case of investments and liabilities not at fair value through profit or loss, directly attributable transaction costs. 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 at 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 income or 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.

The Company has designated derivative financial instruments as FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include receivables and cash and cash equivalents. 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 income 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.

4. Significant accounting policies *(continued from previous page)*

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 income.

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. The Company has not designated any financial liabilities upon initial recognition as FVTPL.

4. Significant accounting policies *(continued from previous page)*

Other financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include bank indebtedness, accounts payable and accrued liabilities, notes payable to related parties, subordinated debenture and long-term debt. All financial liabilities are initially measured at fair value. For long-term debt and subordinated debenture, this represents the consideration received, net of transaction costs incurred. Transaction costs related to the long-term debt and subordinated debenture 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.

Derecognition

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

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 is included in finance income.

Derivative instruments

The Company uses derivative financial instruments such as forward currency contracts to manage its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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.

Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the statement of comprehensive income, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

Fair value of financial instruments

Fair value is the estimated amount that the Company would pay or receive to dispose of these contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

4. Significant accounting policies *(continued from previous page)*

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 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, if dilutive.

Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the customer. Revenue is recognized, net of trade discounts and allowances, when a price is agreed, goods are shipped to customers, the significant contractual obligations have been satisfied, and collectability is reasonably assured. Management assesses the business environment, the customer's financial condition, historical collection experience, accounts receivable aging and customer disputes to determine whether collectability is reasonably assured.

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.

4. Significant accounting policies *(continued from previous page)*

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current 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 plans

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. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date and are capitalized or expensed as appropriate.

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves, 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 in the respective function line.

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.

4. Significant accounting policies *(continued from previous page)*

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

Special Crops Division
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 nine processing facilities strategically located in key growing regions throughout Saskatchewan and Manitoba and through an established network of third party custom processing facilities in Canada, the United States and China.

Oilseed Processing Division
LWI's Oilseed Processing Division consists of an 85% interest in PCC acquired on July 14, 2011. PCC is a company which is constructing and intends to operate a 1,100 metric tonne per day canola oilseed processing facility in Washington State (the "PCC Plant") that is expected to commence operations early in 2013.

Corporate
LWI's corporate segment consists of costs related to the integration of the Company's operations, compliance and 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.

5. Accounting standards issued but not yet effective

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

Income taxes ["IAS 12"]

IAS 12 removes subjectivity in determining which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012.

As of January 1, 2013, the Company will be required to adopt certain standards and amendments issued by the IASB as described below, for which the Company is currently assessing the impact.

Joint Arrangements ["IFRS 11"]

IFRS 11 is the result of the IASB's project to replace IAS 31, "Interest in Joint Ventures." The new standard redefines "joint operations" and "joint ventures" and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted.

Fair Value Measurement ["IFRS 13"]

IFRS 13 provides a common definition of fair value, establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements.

5. Accounting standards issued but not yet effective *(continued from previous page)*

Financial Instruments [“IFRS 9”]

IFRS 9 is the result of the first phase of the IASB’s project to replace IAS 39, "Financial Instruments: Recognition and Measurement." The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company’s financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Consolidated Financial Statements [“IFRS 10”]

IFRS 10 is the result of the IASB’s project to replace Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27, "Consolidated and Separate Financial Statements." The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This principle applies to all investees, including structured entities.

Disclosure of Interests in Other Entities [“IFRS 12”]

IFRS 12 outlines the required disclosures for interests in subsidiaries and joint arrangements. The new standard requires disclosure of information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity’s interests in subsidiaries and joint arrangements. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgments made to determine whether it controls another entity.

Amendments to IAS 1, *Presentation of Financial Statements*

The amendments to IAS 1, *Presentation of Financial Statements*, issued by the IASB in June 2011, requires companies preparing financial statements to group together items within other comprehensive income (“OCI”) on the basis of whether they may be reclassified to the profit or loss section of the statement of comprehensive income. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

6. Business combinations

Acquisitions in 2011

[a] Roy Legumex Group of Companies (“RLI”)

On July 14, 2011, the Company acquired all of the issued and outstanding shares of the Roy Legumex Group of Companies, a diversified special crop processor and merchandiser. RLI derives its revenue from sourcing, processing, marketing and distributing special crops.

The acquisition has been accounted for by the purchase method with the results of RLI’s operations included in the Company's net earnings from the date of acquisition. The assets and liabilities of RLI as at the date of acquisition have been recorded in the consolidated financial statements at their fair values as follows:

	$
Accounts receivable	13,807,642
Derivative financial instruments	268,775
Income taxes recoverable	512,275
Inventory	12,502,561
Prepaid expenses and other asset	82,529
Property, plant and equipment	18,219,222
Intangible assets and goodwill	15,119,561
Bank indebtedness	(8,689,642)
Accounts payable and accrued liabilities	(4,595,184)
Income taxes payable	(257,776)
Deferred income taxes	(6,770,133)
Note payable to related party *(Note 14)*	(3,168,037)
Long term debt	(10,468,315)
Purchase consideration transferred	26,563,478

The fair value of the trade receivables amounts to $13,807,642. The gross amount of trade receivables is $14,387,141.

The goodwill and intangible assets of $15,119,561 include brands, rights, software, customer lists, customer relationships and producer relationships as well as the value of expected synergies arising from the acquisition and the values included in the workforce of the new subsidiary. However, as the transaction was completed on July 14, 2011, the allocation has not been finalized as of the current reporting date. Under IFRS, a one-year window is available subsequent to the acquisition date to finalize the allocation.

Goodwill recognized at the time of the transaction is not deductible for tax purposes.

The aggregate purchase price was $26,563,478 of which $5,000,000 was paid in cash and $21,563,478 was settled by the issuance of 2,395,942 Common Shares of the Company at a price of $9.00 per Common Share. The impact on the cash flow of the Company for the acquisition of RLI is as follows:

	$
Transaction costs of the acquisition	-
Cash purchase consideration transferred	5,000,000
Net cash flow on acquisition	(5,000,000)

[b] Walker Seeds Ltd. ("WSL")

On July 14, 2011, the Company acquired all of the issued and outstanding shares of WSL a diversified special crop processor and merchandiser. Like RLI, WSL sources, processes, markets and distributes special crops.

The acquisition has been accounted for by the purchase method with the results of WSL's operations included in the Company's net earnings from the date of acquisition. The assets and liabilities of WSL as at the date of acquisition have been recorded in the consolidated financial statements at their fair values as follows:

	$
Accounts receivable	9,524,078
Derivative financial instruments	237,297
Income taxes recoverable	65,580
Inventory	17,991,842
Prepaid expenses and other assets	189,093
Property, plant and equipment	24,280,800
Intangible assets and goodwill	8,305,237
Investments	2,538,748
Bank indebtedness	(6,540,024)
Accounts payable and accrued liabilities	(8,666,167)
Income taxes payable	(604,580)
Deferred income taxes	(5,323,538)
Deferred revenue	(11,203)
Notes payable and other debt	(740,456)
Note payable to related party *(Note 14)*	(3,872,745)
Long term debt	(14,725,484)
Purchase consideration transferred	22,648,478

The fair value of the trade receivables amounts to $9,524,078. The gross amount of trade receivables is $9,849,404.

The goodwill and intangible assets of $8,305,237 include brands, rights, software, customer lists, customer relationships and producer relationships as well as the value of expected synergies arising from the acquisition and the values included in the workforce of the new subsidiary. However, as the transaction was completed on July 14, 2011, the allocation has not been finalized as of the current reporting date. Under IFRS, a one-year window is available subsequent to the acquisition date to finalize the allocation.

Goodwill recognized at the time of the transaction is not deductible for tax purposes.

The aggregate purchase price was $22,648,478 of which $5,000,000 was paid in cash and $17,648,478 was settled by the issuance of 1,960,942 Common Shares of the Company at a price of $9.00 per Common Share. The impact on the cash flow of the Company for the acquisition of WSL are as follows:

	$
Transaction costs of the acquisition	-
Cash purchase consideration transferred	5,000,000
Net cash flow on acquisition	(5,000,000)

[c] Silverock Holdings Inc. ("Silverock")

On July 14, 2011, the Company acquired all of the issued and outstanding shares of Silverock Holdings Inc. The former shareholder of Silverock is a Director of the Company. Silverock is an inactive British Columbia corporation whose sole assets and liabilities consist of market data and analysis and rights and obligations with financial, economic and legal advisors relating to capital markets transactions undertaken by RLI and WSL.

The aggregate purchase price was $1,000,000 of which $250,000 was paid in cash and $750,000 was paid by the issuance of 83,332 Common Shares of the Company at a price of $9.00 per Common Share. A valuation allowance of $1,000,000 was taken against the net assets of Silverock Holdings Ltd and recognized in the consolidated statement of comprehensive income during the period.

[d] Pacific Coast Canola ("PCC")

On July 14, 2011, the Company acquired an 85% interest in PCC. Concurrently, Glencore Grain Investment LLC ("Glencore") invested US$8,500,000 ($8,146,444) for a 15% interest in PCC, the non-controlling interest. The aggregate purchase price was consideration of US$48,100,000 of which approximately US$42,100,000 was paid in cash and the remaining $6,000,000 was settled by contributing specified construction assets net of liabilities assumed by PCC.

Upon consolidation and translation of LWI's investment in PCC, unrealized gains (losses) on translation of foreign operations are included in the consolidated statement of comprehensive income and reflect the impact of foreign exchange differences on the US dollar denominated net assets of PCC.

7. Inventories

	December 31, 2011	**April 20, 2011**
Raw materials	**28,298,484**	-
Work in process	**1,354,290**	-
Finished product	**6,760,950**	-
Supplies and materials	**1,358,050**	-
	37,771,774	-

The cost of inventories recognized as an expense and included in cost of sales amounted to $87,468,796. Included in cost of sales are inventory write-downs totaling $122,823.

8. Property, plant and equipment

	Land	*Buildings and site improvements*	*Machinery and equipment*	*Motor vehicles*	*Office furniture and equipment*	*Construction in progress*	*Total*
COST							
Balance, beginning of period	-	-	-	-	-	-	-
Acquired through business combination	**952,546**	**13,970,029**	**26,180,352**	**771,690**	**625,404**	**-**	**42,500,021**
Additions		**214,966**	**598,706**	**50,221**	**289,517**	**17,977,493**	**19,130,903**
Disposals	-	-	-	**(16,000)**	-	-	**(16,000)**
Effects of movement in exchange rates	-	-	-	-	-	**(371,690)**	**(371,690)**
	952,546	**14,184,995**	**26,779,058**	**805,911**	**914,921**	**17,605,803**	**61,243,234**
DEPRECIATION							
Balance, beginning of period	-	-	-	-	-	-	-
Depreciation charge for the period	-	**319,828**	**890,542**	**51,565**	**55,019**	-	**1,316,954**
Disposals	-	-	-	-	-	-	-
Effects of movement in exchange rates	-	-	-	-	**(923)**	-	**(923)**
	-	**319,828**	**890,542**	**51,565**	**54,096**	**-**	**1,316,031**
Net book value, December 31, 2011	**952,546**	**13,865,167**	**25,888,516**	**754,346**	**860,825**	**17,605,803**	**59,927,203**

Construction in progress is related to the canola crushing plant under development by PCC, the cost of which has not been depreciated as the assets were not placed in use in the reporting period. No borrowing costs were capitalized during the period.

9. Non-current Assets

[a] Goodwill and intangible assets

COST	*Goodwill & Intangible assets acquired*	*Software under development*	*Total*
Balance, beginning of period	-	-	-
Acquired through business combination	23,424,798	-	23,424,798
Additions	10,905	142,716	153,621
	23,435,703	142,716	23,578,419
AMORTIZATION			
Balance, beginning of period	-	-	-
Amortization charge for the period	1,589,117	-	1,589,117
	1,589,117	-	-
Net carrying amount, December 31, 2011	21,846,586	142,716	21,989,302

The goodwill and intangible assets acquired include brands, rights, software, customer lists, customer relationships and producer relationships as well as the value of expected synergies arising from the acquisitions of RLI and WSL and the values included in the workforce of the new subsidiaries.

As the acquisition transactions were completed on July 14, 2011, the allocation has not been finalized as of the current reporting date. Under IFRS, a one-year window is available subsequent to the acquisition date to finalize the allocation.

The Company has recorded amortization expense of $1,588,767 related to intangible assets acquired through the business combinations. The amortization charge was determined based on a five year useful life to the preliminary estimated value of definite life intangible assets of $17 million.

Software under development relates to an ongoing information system project which has not been placed in use during the reporting period and therefore is not being amortized.

[b] Other non-current assets

Other non-current assets include prepaid financing fees related to the PCC Senior Credit Facility as well as deferred rent related to the land lease on which the PCC plant is being constructed. 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.

10. Investment in associate and joint venture

The Company holds the following investments in associate and joint venture:

	Investment in Associate: Blue Hills Processors (2003) Ltd.	Investment in Joint Venture: 0729767 B.C. Ltd.	Total
Investment cost	440,075	100	440,175
Advances/(distributions)	70,000	1,532,027	1,602,027
Share of undistributed earnings	325,889	187,903	513,792
Total investment	**835,964**	**1,720,030**	**2,555,994**

Summary of financial information of associates and joint ventures as at and for the period ended December 31, 2011:

	Investment in Associate: Blue Hills Processors (2003) Ltd.	Investment in Joint Venture: 0729767 B.C. Ltd.
Current assets	2,436,627	75,093
Total assets	6,948,516	8,627,752
Current liabilities	1,174,885	444,608
Total liabilities	1,884,276	7,807,082
Revenues	2,308,072	274,931
Profit/(loss)	(77,970)	100,061
% ownership	20%	50%

Included in cost of sales for the period are processing costs of $320,000 paid or payable to Blue Hills Processors (2003) Ltd. of which, $40,000 are included in accounts payable at the reporting date. Processing costs are recorded at the exchange amount which is the amount agreed to by the related parties. Both Blue Hills Processors (2003) Ltd. and 0729767 B.C. Ltd are Canadian resident companies.

11. Bank indebtedness

At December 31, 2011 the Company had total authorized operating lines of credit available to a maximum of $49,788,250 (April 20, 2011 – nil), a portion of which is secured by general security agreements over the assets of the Company's wholly owned subsidiaries to which the operating lines are made available. Additional collateral is provided through a first fixed charge in the amount of $15,000,000 over specific land and building, second charge debenture on specific land, building and equipment and a priority agreement over certain accounts receivable and inventory. Bank indebtedness of $21,662,205 includes $20,083,158 drawn against the Company's operating lines of credit and the balance relates to outstanding cheques and deposits

Interest rates on Canadian dollar advances bear interest between the bank's prime lending rate plus 0.5% and the bank's prime lending rate plus 0.75%. US dollar advances bear interest between the bank's US base rate plus 0.5% and the bank's US base rate plus 0.75%, Euro advances bear interest at the bank's London interbank offer rate plus 1.75% and HKD advances bear interest at the HKD bank lending rate plus 0.25%.

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, 2011 the Company was in compliance with its debt covenants.

In January 2012, the Company made changes to certain of its credit facilities. The nature and impact of these changes is described in note 22.

12. Long term debt

	December 31, 2011 $	April 20, 2011 $
[a] Loan payable, bearing interest at the Credit Union prime rate plus 0.5%, with monthly payments of $2,134 including interest, due January 2012	**201,149**	-
[b] Note payable, bearing interest at 6%, with annual payments of $2,063 including interest, due August 2015	**7,134**	-
[c] Loan payable, bearing interest at the bank's variable mortgage rate plus 0.5%, with monthly interest only payments, due November 2015	**4,662,863**	-
[d] Loan payable, bearing interest at the bank's variable mortgage rate less 0.05%, with monthly payments of $24,544 including interest, due January 2015	**854,037**	-
[e] Loan payable, bearing interest at the bank's variable mortgage rate less 0.05%, with monthly payments of $24,645 including interest, due January 2015	**857,570**	-
[f] Loan payable, bearing interest at the bank's variable mortgage rate plus 0.25%, with monthly payments of $20,361 including interest, due February 2012	**1,213,845**	-
[g] Loan payable, bearing interest at the bank's variable mortgage rate less 0.25%, with monthly payments of $6,425 including interest, due April 2012	**434,488**	-
[h] Loan payable, bearing interest at the bank's variable mortgage rate, with monthly payments of $7,099 including interest, due June 2015	**613,874**	-
[i] Loan payable, bearing interest at the bank's variable mortgage rate plus 0.2%, with monthly interest only payments, due May 2015	**500,000**	-
[j] Loan payable, bearing interest at the bank's prime lending rate plus 1.0%, with monthly payments of $87,500 plus interest, due July 2016	**10,062,500**	-
Total loans and borrowings	**19,407,460**	-
Total current portion of loans and borrowings	**(3,495,094)**	-
Total non-current loans and borrowings	**15,912,366**	-
Less deferred financing costs	**(29,857)**	-
Total loans and borrowings	**15,882,509**	-

The estimated principal repayments for the term loans over the next five years are as follows:

	$
2012	**3,495,094**
2013	**1,669,635**
2014	**1,694,627**
2015	**2,022,742**
2016 and thereafter	**10,525,362**
	19,407,460

Loans are secured by specific buildings, equipment and real property. Subsequent to December 31, 2011 loans *[c] - [j]* were repaid with proceeds from the new secured credit facility described in note 22.

In addition to the term loans noted above, PCC has a senior credit facility (the "Senior Credit Facility") with US$59.8 million in funding available from a syndicate of lenders against which no amounts have been drawn upon as of the reporting date. The Senior Credit Facility consists of a construction loan available in multiple advances over an eighteen month period to January 2013. Following completion of construction in 2013, the Senior Credit Facility will convert into a term loan and a revolving loan.

Quarterly principal and interest payments are required to be made on amounts drawn down on the construction loan beginning six months following completion of the project. Repayment of the loan will be made over eight years in 32 equal quarterly payments. Interest is calculated based on alternative formulas ranging from a variable rate of LIBOR plus 6% for the construction loan and revolving loan to a variable rate of LIBOR (or other base rate) plus 5.5% for the term loan.

PCC also has a US$10 million payment and performance bond from an approved lender which is to be drawn down to fund construction costs, contingencies and certain financial obligations, if necessary.

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 amounts of dividends that can be declared in the first two years of operations.
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, no later than three months before commencement of production, a US$2 million replenishing debt service reserve fund to be pledged as security for the Senior Credit Facility.

13. Equity

Share capital

On July 14, 2011, the Company completed an initial public offering of 7,225,000 common shares and a concurrent private placement of 555,556 common shares at a price of $9.00 per share for gross proceeds of $70,025,004 (the "Offering"). The net proceeds received by the Company were approximately $63 million after deducting underwriters' fees and other fees and expenses associated with the Offering.

In connection with the Offering, the Company granted its syndicate of underwriters (the "Underwriters"):

i. an option ("Over-Allotment Option") exercisable in whole or in part and for a period of 30 days after the completion of the Offering to purchase up to an additional 1,083,750 common shares at a price of $9.00 per share; and
ii. options (the "Compensation Options") to acquire such aggregate number of common shares as is equal to 6% of the total number of common shares sold under the Offering (including any common shares sold upon exercise of the Over-Allotment Option) at a price per common share of $9.00 exercisable for a period of eighteen months from the date of closing of the Offering.

Effective August 11, 2011, the underwriters exercised their over-allotment option to purchase an additional 166,050 common shares at the Offering price of $9.00 per common share. Net proceeds received by the Company were $1,379,783 after deducting underwriters' fees and other fees and expenses.

Common shares	**Number**	**$**
Opening balance, beginning of period	**-**	-
Issue shares upon incorporation	**3**	3
Issue shares through initial public offering, net of costs	**7,225,000**	59,368,393
Issue shares through private placement	**555,556**	5,000,004
Issue shares through exercise of over-allotment option	**166,050**	1,494,450
Issue shares in connection with RLI acquisition	**2,395,942**	21,563,478
Issue shares in connection with WSL acquisition	**1,960,942**	17,648,478
Issue shares in connection with Silverock acquisition	**83,332**	750,000
Cancellation of initial shares	**(3)**	-
Shares reserved for issue in connection with HGO/PCC asset purchase *(Note 14)*	**415,362**	3,738,258
Closing balance, end of period	**12,802,184**	109,563,064

Authorized, issued and outstanding shares:

	December 31, 2011	**April 20, 2011**
Authorized		
Common shares		
Unlimited voting shares without par value		
Preferred shares		
Unlimited		
Issued and outstanding		
Common shares		
12,386,822 Voting shares	**105,824,806**	**3**
Reserved for issue		
Common shares		
415,362 Voting shares	**3,738,258**	**-**
	109,563,064	**3**

14. Related Party Transactions

Relationship between parent and subsidiaries

The main transactions between LWI and its subsidiaries is the provision of cash funding to its subsidiary entities. Further, the parent company is providing management services to the Company entities. Between the subsidiaries included in the Special Crops Division, there are limited intercompany sales of inventories. Because all subsidiaries in the Special Crops Division are currently 100% owned by LWI, these inter-company transactions are 100% 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;

	$
Salaries and short term benefits	**1,270,570**
Share-based payments	**437,920**
Contributions to defined contribution plans	**9,600**
Total compensation paid to key management personnel	**1,718,090**

Other relationships

In addition to the business acquisition transactions undertaken as part of the offering on July 14, 2011, the Company purchased specified assets and assumed certain liabilities of Home Grown Oil, LLC, a company controlled by the CEO of LWI in exchange for 415,362 Common Shares of the Company which were reserved for issue from July 14, 2011 and subsequent to period end the shares were issued.

Business combination

As part of the business combinations, as disclosed in Note 6, certain directors, officers and shareholders of the Company have amounts outstanding in the amount of $7,040,782. These amounts represent a current liability. Subsequent to period end payment was made in full related to the outstanding amounts in connection with the WSL acquisition.

15. Financial risk management and financial instruments

[a] Financial risk management

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. To mitigate exposure to the fluctuating rate of exchange, the Company enters into foreign exchange forward contracts. The Company's Chinese operations transacted through its subsidiary, Legumex Walker China, Ltd. are primarily in U.S. dollars. As at December 31, 2011, the Company has entered into the following foreign exchange forward contracts to sell U.S. dollars in order to manage its foreign exchange risk:

		Notional Canadian dollar equivalent		
Settlement dates	**Notional amount of currency sold**	**Contract amount $**	**Fair value $**	**Unrealized gain (loss) $**
January 2012-April 2013	USD 71,950,000	73,704,612	73,903,809	199,197

At December 31, 2011 the Company had U.S. dollar denominated accounts receivable of $31,140,000 and U.S. dollar denominated accounts payable of $4,346,000. The Company enters into foreign exchange forward contracts to mitigate foreign currency risk relating to certain cash flow exposures. The Company's foreign exchange forward contracts attempt to reduce the Company's risk from exchange movements because gains and losses on such contracts are designed to offset losses and gains on transactions being managed. The Company's exposure to foreign currency fluctuations for all other currencies is not material.

The Company's sales denominated in U.S. dollars for period ended December 31, 2011 were US 94,330,000, and the total of its cost of goods sold and its selling, general and administrative expenses denominated in that currency were US $14,790,000. Accordingly, a 10% increase or decrease in the value of the U.S. dollar relative to its Canadian counterpart would result in a $9,433,000 increase or decrease in sales and a total increase or decrease of $1,479,000 in its cost of goods sold and its selling, general and administrative expenses.

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 fiscal 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. At December 31, 2011, no one customer represents more than 10% of outstanding accounts receivable.

The following table sets forth details of the age of trade accounts receivable that are not overdue as well as an analysis of overdue amounts and the related allowance for doubtful accounts:

	December 31, 2011	April 20, 2011
Accounts receivable	**36,511,039**	-
Goods and services tax recoverable	**414,119**	-
	36,925,158	-
Less allowance for doubtful accounts	**(921,899)**	-
Total accounts receivable, net	**36,003,259**	-
Of which		
Neither impaired nor past due	**25,588,470**	-
31 to 60 days	**3,970,495**	-
61 to 90 days	**3,003,273**	-
Greater than 90 days	**3,441,021**	-
Total accounts receivable, net	**36,003,259**	-

Trade accounts receivable in aggregate collected to the effective date of these financial statements were $ 20,656,198 resulting in maximum credit exposure at December 31, 2011 of $15,347,061 (April 20, 2011 - $nil). The Company has no single customer that represents 10% or more of the Company's outstanding accounts receivable or sales as at and for the period ended December 31, 2011.

Trade receivables assessed to be impaired are included in selling and administrative expenses in the period of the assessment. The movement in the Company's allowance for doubtful accounts for the period ended December 31, 2011:

	$
Balance, beginning of period	**-**
Provision recognized through business combinations	**904,825**
Amounts written off during the period as uncollectible	**517,782**
Amounts recovered during the period	**(500,708)**
Balance, end period	**921,899**

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.

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.

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, 2011 to meet foreseeable borrowing requirements.

The table below summarizes the undiscounted contractual payments of the Company's financial liabilities as at December 31, 2011:

	Total $	Within 12 months $	13 to 24 months $	2 to 4 Years $	After 4 Years $
Bank indebtedness	**21,662,205**	**21,662,205**	-	-	-
Accounts payable and accrued liabilities	**25,966,574**	**25,966,574**	-	-	-
Income taxes payable	**1,361,459**	**1,361,459**	-	-	-
Notes payable to related parties	**7,040,782**	**7,040,782**	-	-	-
Long term debt	**19,407,460**	**3,495,094**	**1,669,635**	**3,717,369**	**10,525,362**
Operating leases	**3,656,515**	**911,921**	**843,853**	**810,205**	**1,090,536**
Total	**79,094,995**	**60,438,035**	**2,513,488**	**4,527,574**	**11,615,898**

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 bank indebtedness and long-term debt that bears interest that fluctuates with the prime rate. A 1% change in the prime rate of interest could increase or decrease interest expense by approximately $400,000 per year.

Finance costs for the period include the following:

	$
Interest on overdrafts and other finance costs	**698,110**
Interest, including non-cash interest on term debt	**391,520**
Total finance costs	**1,089,630**

International activities

The Company is subject to risks as a result of its international activities. The Company is dependent, in part, on the economies and regulatory environments of the markets in which the Company has operations and sales. Some of those markets are in countries with economies in varying stages of economic development and changing gross domestic product. As a result, the Company is exposed to market risk from these changes, and is subject to other economic and political risks, which could impact the Company’s results of operations and financial position. The Company actively monitors these risks and employs risk mitigation procedures including the use of insurance of foreign trade receivables as appropriate.

[b] Fair value

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the consolidated financial statements:

	December 31, 2011		April 20, 2011	
	Carrying amount $	Fair Value $	Carrying amount $	Fair Value $
Financial assets				
Loans and receivables				
Cash	**35,374,747**	**35,374,747**	**3**	**3**
Accounts receivable	**36,003,259**	**36,003,259**	**-**	**-**
FVTPL				
Derivative instruments	**199,197**	**199,197**	**-**	**-**
Financial liabilities				
Other financial liabilities				
Bank indebtedness	**21,662,205**	**21,662,205**	**-**	**-**
Accounts payable and accrued liabilities	**25,966,574**	**25,966,574**	**-**	**-**
Notes payable to related parties	**7,040,782**	**7,040,782**	**-**	**-**
Long term debt	**19,377,603**	**19,377,603**	**-**	**-**

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

Cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and notes payable to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of unquoted instruments, loans from banks 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 with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts. The model incorporates various inputs including the credit quality of counterparties and foreign exchange spot and forward rates.

[c] Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of FVTPL financial instruments by valuation technique.

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

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

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

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

	December 31, 2011			April 20, 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	$	$	$	$	$	$
Financial assets						
Derivative instruments	**28,388**	**170,809**	**-**	-	-	-

During the reporting period ended December 31, 2011 there were no transfers between Level 1 and Level 2 fair value measurements.

16. 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.

Capital is used by the Company to finance capital expenditures and fund acquisitions that add to its ability to generate returns and meet long-term strategic growth objectives.

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.

	December 31, 2011	April 20, 2011
Bank indebtedness	**21,662,205**	-
Long-term debt	**19,377,603**	-
Less: cash	**(35,374,747)**	(3)
Net debt	**5,665,061**	(3)
Share capital	**109,563,064**	3
Deficit	**(2,521,432)**	-
Total capital	**112,706,693**	-

Subsequent to December 31, 2011, the Company made changes to certain of its credit facilities as part of a divisional amalgamation that took place in January 2012. The nature and impact of these changes is described in note 22.

17. Income taxes

The major components of income tax expense for the period ended December 31, 2011 are as follows:

	$
Current tax	
Current tax charge	**1,707,822**
Deferred tax charge (credit)	
Relating to origination and reversal of temporary differences and unused tax losses	**(1,238,100)**
Relating to changes in tax rates	**52,910**
Total deferred tax charge (credit)	**(1,185,190)**
Total income tax expense	**522,632**

The reconciliation between the income tax expense and the accounting profit multiplied by the combined Canadian federal and provincial income tax rate for the period ended December 31, 2011 is as follows:

	$
Earnings before income taxes	**170,219**
Income tax expense at statutory income tax rate of 27.75%	**47,235**
Effect of profits and losses taxed at different provincial statutory income tax rates	**(47,441)**
Non-deductible expenses	**876,647**
Non-taxable/allowable portion of capital (gains) losses	**(210,898)**
Effect of differences between foreign and Canadian statutory income tax rates	**(109,780)**
Effect of differences between combined statutory income tax rate and deferred tax rates	**52,910**
Other differences	**(86,041)**
Income tax expense	**522,632**

Deferred tax assets and liabilities are attributable to the following temporary differences and unused tax losses:

	As at April 20, 2011	*Acquired in business combinations*	*Recognized in profit and loss*	*Recognized in equity*	*As at December 31, 2011*
Deferred tax assets					
Share issuance costs	-	-	**4,954**	**2,092,168**	**2,097,122**
Unused tax losses	-	**701,411**	**778,871**	-	**1,480,282**
Total deferred tax assets	-	**701,411**	**783,825**	**2,092,168**	**3,577,404**
Deferred tax liabilities					
Derivative instruments	-	**(133,080)**	**82,735**	-	**(50,345)**
Unrealized foreign exchange gains	-	-	**(199,783)**	-	**(199,783)**
Property, plant and equipment	-	**(8,023,801)**	**30,043**	-	**(7,993,758)**
Intangible assets	-	**(4,499,568)**	**430,386**	-	**(4,069,182)**
Other differences	-	**(138,633)**	**57,984**	-	**(80,649)**
Total deferred tax liabilities	-	**(12,795,082)**	**401,365**	-	**(12,393,717)**
Net deferred tax asset (liability)	-	**(12,093,671)**	**1,185,190**	**2,092,168**	**(8,816,313)**

Comprised as follows:

Assets – Deferred income taxes	**2,063,169**
Liabilities – Deferred income taxes	**(10,879,482)**
	(8,816,313)

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 is of the opinion that it is probable that all deductible temporary differences and unused tax losses will be realized. Accordingly, the Company has recorded deferred tax assets for all deductible temporary differences and unused tax losses as of the reporting date.

18. Employee benefits and share-based compensation

During the period, total employee benefit costs were $5,797,603. Share based compensation costs included in employee benefit costs were $189,728.

The Company has an incentive stock option plan (the "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 annual shareholder approval, the Plan provides for the issuance of stock options to acquire up to 10% 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.

The Company granted options to directors, officers, senior management and key employees of LWI to acquire 280,000 common shares at a price of $9.00 per share under its stock incentive plan. These options vest in equal increments over a three year period, beginning on July 14, 2012 and expire on July 14, 2016 (5 years from the date of grant).

Vesting Date	Expiry Date	Options Outstanding	Options Exercisable	Exercise Price
July 14, 2012	July 14, 2016	93,333	-	$9.00
July 14, 2013	July 14, 2016	93,333	-	$9.00
July 14, 2014	July 14, 2016	93,334	-	$9.00
		280,000	-	

The weighted average grant date fair value of options granted to employees during the period amounted to $2.38 per option. The fair value of each option granted was estimated using the Black-Scholes option pricing model and the following inputs:

Risk-free interest rate	2.1922%
Expected life	5 years
Expected volatility in the market price of the shares	25%
Expected dividend yield	0%

The Company granted options to the syndicate of underwriters equal to 6% 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 eighteen months from the date of Closing of the offering.

Vesting Date	Expiry Date	Options Outstanding	Options Exercisable	Exercise Price
July 14, 2011	January 14, 2013	433,500	433,500	$9.00
August 11, 2011	February 11, 2013	9,963	9,963	$9.00

The weighted average grant date fair value of options granted during the period amounted to $1.18 per option. The fair value of each option granted was estimated using the Black-Scholes option pricing model and the following inputs:

Risk-free interest rate	1.32%
Expected life	18 months
Expected volatility in the market price of the shares	25%
Expected dividend yield	0%

The dividend yield was set to 0% for the calculation of the option value as the Company is planning to invest available cash flows in strategic acquisitions and growth capital rather than pay dividends over the expected life of the options. The expected life of the share awards is the period between the reporting date and the vesting date, as the share awards can be exercised by the holders only at the vesting date. The expected volatility reflects the assumption that the Company's share price volatility will be similar to other companies in the same industry with an additional volatility premium given the Company's shares only recently became listed, which may not necessarily be the actual outcome.

A summary of the status of the options issued under the share-based compensation plan is presented below:

Outstanding, beginning of period	**-**
Granted to employees	**280,000**
Granted to the syndicate of underwriters	**453,463**
Outstanding, ending of period	**733,463**

19. Loss per share

Loss per share is based on the consolidated loss for the period divided by the weighted average number of shares outstanding during the period. Diluted 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 loss per share computations:

	$
Net loss attributable to shareholders for basic and diluted earnings per share	**(334,839)**
Basic weighted average number of shares	**8,533,938**
Basic and diluted loss per share	**$0.04**

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

Subsequent to year end 1,000,000 shares were issued as part of a business combination as described in note 22 of the consolidated financial statements. The impact of these additional shares is not reflected in the basic and diluted loss per share calculation presented above.

20. Reportable business segments

A description of the Company's business segments, Special Crops, Oilseed Processing and Corporate are included in note 4. The accounting policies are consistent between all segments. All segment revenue is derived from external customers therefore inter-segment revenue is zero.

For the period ended December 31, 2011 ($000's)

	Special Crops	*Oilseed Processing*	*Corporate*	*Total*
Revenues	**103,788**	**-**	**-**	**103,788**
Expenses				
Cost of sales	**92,966**	**-**	**-**	**92,966**
Selling, general and administrative	**4,099**	**149**	**2,010**	**6,258**
Depreciation and amortization	**2,900**	**-**	**6**	**2,906**
Finance costs	**899**	**-**	**191**	**1,090**
Other items	**(604)**	**2**	**1,000**	**398**
	100,260	**151**	**3,207**	**103,618**
Segment income, before tax	**3,528**	**(151)**	**(3,207)**	**170**

Special Crops additional financial information

From the date of acquisition, the combined companies of RLI and WSL have contributed to the 2011 results $103,787,751 of revenue and $7,189,775 to earnings before amortization, finance costs, other items and incomes taxes of the Company. If the combination had taken place as at April 1, 2011, revenue contributed by the combined companies of RLI and WSL would have increased to $167,170,809 and the earnings before amortization, finance costs, other items and incomes taxes would have increased to $9,655,770. Revenue and earnings information are disclosed from April 1, 2011 rather than April 20, 2011, the date of incorporation of LWI and beginning of the annual reporting period, because it would be impracticable to do so.

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

	$000's
North America	**27,357**
South America	**30,246**
Middle East	**10,532**
Europe	**16,790**
Asia	**15,432**
Indian subcontinent	**1,149**
Africa	**2,282**
	103,788

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

	$000's
Canada	**64,131**
United States	**17,638**
China	**148**
	81,917

21. Commitments and contingencies

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

PCC entered into a guaranteed maximum price construction contract dated May 27, 2011 with Industrial Construction Group, Inc. ("ICG") (the "PCC Construction Contract"). The PCC Construction Contract is a design-build agreement pursuant to which ICG will provide both the design and construction of the PCC Plant for a guaranteed maximum price of US$80,875,481, subject to additions and deductions. The PCC Construction Contract is unconditionally and irrevocably guaranteed by McKinstry Co. LLC ("McKinstry"), an established full service design-build firm, which is affiliated with ICG. As part of the Offering, McKinstry invested $5,000,004 in the Company by way of a private placement. The PCC Construction Contract provides that the PCC Plant will be substantially completed by early 2013.

[b] Operating leases

The Company leases land, storage facilities, rail line assets and office equipment with minimum aggregate rent payable in the future as follows:

	$
Within one year	**911,921**
After one year but not more than five years	**2,297,888**
More than five years	**446,706**
	3,656,515

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 period, the Company recognized an expense of $116,671 related to operating lease agreements. This amount relates only to minimum lease payments.

Subsequent to December 31, 2011 the company entered into a new lease agreement for rail cars. The lease commits the company to minimum annual lease payments of approximately $650,000 for five years beginning at the end of 2012 and total minimum lease payments of approximately $3.9 million over the seven-year term of the lease.

[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 adverse effect on the Company's financial position, results of operations or cash flows.

[d] Purchase and sale commitments

The Company enters into commodity purchase and sale contracts as part of its normal operations. The terms of these contracts are not longer than one year.

[e] Security

Throughout the period 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 range from 0.250% to 0.705%.

[f] Guarantee

The Company has provided a guarantee in favour of 0729767 B.C. Ltd. in the amount of $1,000,000.

22. Subsequent Events

[a] Canadian Special Crops amalgamation

On January 2, 2012 the Company completed a divisional amalgamation whereby its subsidiaries Walker Seeds Ltd., Shamrock Seeds (2006) Ltd., RECO Holdings Inc., Roy Legumex Inc., Duncan Seeds Ltd., Sabourin Seed Service Ltd., Regina Seed Processors Ltd., and 5530777 Manitoba Ltd were amalgamated and formed Legumex Walker Canada Inc. (“LWC”). The amalgamation was undertaken to further integrate and streamline operations within the Company.

[b] St. Hilaire Seed Company

On February 15, 2012, the Company acquired all of the issued and outstanding shares of Minnesota-based St. Hilaire Seed Company (“SHS”) one of the largest dry bean processors in the United States. SHS derives its revenue from sourcing, processing, marketing and distributing dry beans primarily in the United States. The aggregate purchase price was $12 million of which $5,000,000 USD was paid in cash and $7 million was paid by the issuance of 1,000,000 Common Shares of the Company.

The Company has determined that the SHS acquisition is a business combinations under IFRS 3 and will be accounted for by applying the acquisition method, as described in Note 4. Certain disclosures required under IFRS 3 related to the acquisition of SHS are not made in these consolidated financial statements because gathering the information is impractical given the short period between the completion of the acquisition transaction and the date the financial statements are approved. Disclosures related to the fair value of assets and liabilities acquired, as determined through the purchase price allocation have not been made in these consolidated financial statements. The purchase price allocation between assets and liabilities acquired, including goodwill and deferred taxes, will be finalized in a subsequent period.

[c] Legumex Walker Sunflower

On February 1, 2012, the Company incorporated Legumex Walker Sunflower LLC. (“LWS”) a wholly-owned subsidiary to operate its Minnesota-based sunflower division. On February 15, 2012, LWS acquired certain sunflower seed processing assets, including a processing facility in Mentor, MN and two receiving stations in North Dakota for a total cost of $4,760,000 USD.

[d] Credit facility

Subsequent to year end LWC entered into agreements for new secured credit facilities which replace the bank facilities described in note 11. The new secured credit facility is in addition to the PCC Senior Credit Facility described in note 12.

Under the new agreements, LWC obtained term debt in the amount of $25 million. The new debt has a term of five years and bears interest at the bank’s variable mortgage rate and the bank’s variable mortgage rate plus 0.25%. Term debt is secured by a mortgage registered as a first charge against certain real property and by a general security agreement. Proceeds from the term debt were used to repay existing long term debt as described in note 12.

In addition to the term debt, the Company entered into new agreements providing authorized operating lines available to a maximum of $70 million. The lines are secured by a general security agreement subject to a prior charge from the holder of the term debt described above. Under the new facility, interest rates on Canadian dollar advances bear interest at the bank’s prime lending rate plus 0.5%. US dollar advances bear interest at the bank’s US base rate plus 0.5%.