Legumex Walker

We are stronger together.

Interim Condensed Consolidated Financial Statements

March 31, 2015

Legumex Walker Inc.
Interim Condensed Consolidated Statements of Financial Position
(unaudited, thousands of Canadian dollars)

As at	**March 31, 2015**	March 31, 2014	December 31, 2014
Assets			(audited)
Current			
Cash	**1,048**	2,028	3,051
Restricted cash (Note 5)	**340**	768	351
Accounts receivable (Note 14)	**55,882**	51,529	51,624
Inventories (Note 6)	**69,460**	86,160	73,106
Prepaid expenses and other assets	**2,510**	2,734	2,900
	129,240	143,219	131,032
Non-current			
Property, plant and equipment (Note 7)	**170,201**	163,306	162,153
Intangible assets (Note 8a)	**20,471**	24,938	21,422
Investment in joint venture	**2,068**	1,977	2,023
Other non-current assets (Note 8b)	**3,185**	2,995	2,856
Deferred tax assets	**2,152**	3,293	2,208
Total assets	**327,317**	339,728	321,694
Liabilities			
Current			
Short-term borrowings (Note 9)	**76,874**	62,393	54,725
Demand Loan (Note 10)	**14,118**	12,604	13,004
Accounts payable and accrued liabilities	**25,678**	44,379	42,834
Derivative liabilities (Note 14)	**5,969**	5,911	3,541
Income taxes payable	**246**	682	246
Borrowings due within one year (Note 11)	**32,324**	34,056	10,088
	155,209	160,025	124,438
Non-current			
Non-current borrowings (Note 11)	**66,765**	62,630	83,486
Convertible debenture (Note 12)	**12,630**	—	12,454
Deferred tax liabilities	**10,712**	13,196	12,140
Total Liabilities	**245,316**	235,851	232,518
Equity			
Equity attributable to shareholders of the Company			
Share capital	**135,707**	135,707	135,707
Accumulated other comprehensive income	**9,426**	6,356	7,522
Convertible debenture - equity component (Note 12)	**2,814**	—	2,814
Contributed surplus	**3,883**	3,823	3,773
Deficit	**(71,495)**	(45,926)	(62,824)
	80,335	99,960	86,992
Non-controlling interests (Note 13)	**1,666**	3,917	2,184
Total equity	**82,001**	103,877	89,176
Total liabilities and equity	**327,317**	339,728	321,694

Approved on behalf of the Board

/s/ Joel Horn — Director

/s/ Chris Schnarr — Director

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

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

For the three months ended March 31,	**2015**	2014
Revenues	**85,785**	128,535
Cost of Sales		
Inputs and other processing costs	**(77,269)**	(119,531)
Depreciation and amortization (Note 7 and Note 8a)	**(2,762)**	(2,618)
	(80,031)	(122,149)
Gross Profit	**5,754**	6,386
Selling, general and administrative expenses (Note 15)		
Selling and administrative	**(5,068)**	(5,209)
Depreciation and amortization (Note 7 and Note 8a)	**(1,572)**	(1,414)
	(6,640)	(6,623)
Loss before other items and income taxes	**(886)**	(237)
Other income (expense) items		
Earnings from investment in joint venture	**46**	46
Gain (loss) on disposal of property, plant and equipment and other assets	**6**	(5)
Foreign exchange (losses) and gains (Note 14)	**(6,731)**	(4,335)
Finance costs (Note 14)	**(3,179)**	(2,615)
Total other income (expense) items	**(9,858)**	(6,909)
Loss before income taxes	**(10,744)**	(7,146)
Recovery of (provision for) income taxes		
Current	**—**	(220)
Deferred	**1,373**	564
	1,373	344
Net Loss	**(9,371)**	(6,802)
Attributable to:		
Non-controlling interests	**(700)**	(699)
Shareholders of the Company	**(8,671)**	(6,103)
Net Loss	**(9,371)**	(6,802)
Other comprehensive income (loss)		
Items that may be reclassified into profit or loss		
Unrealized gains on translation of financial statements of foreign operations, net of tax	**2,086**	1,669
Other comprehensive income, net of tax	**2,086**	1,669
Comprehensive loss, net of tax	**(7,285)**	(5,133)
Attributable to:		
Non-controlling interests	**(518)**	(523)
Shareholders of the Company	**(6,767)**	(4,610)
Comprehensive loss, net of tax	**(7,285)**	**(5,133)**
Basic and diluted loss per share (Note 16)	**(0.53)**	(0.37)

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

Legumex Walker Inc.
Interim Condensed Consolidated Statements of Changes in Equity
(unaudited, thousands of Canadian dollars)

	Share capital	Accumulated other comprehensive income[1]	Convertible debentures - equity component	Contributed surplus	Deficit	Total shareholders' equity	Non-controlling interests	Total equity
As at December 31, 2013	135,707	4,884	—	3,667	(40,648)	103,610	4,163	107,773
Net Loss[3]					(6,103)	(6,103)	(699)	(6,802)
Other Comprehensive income, net of tax[2]		1,493				1,493	176	1,669
Comprehensive loss, net of tax		1,493			(6,103)	(4,610)	(523)	(5,133)
Transaction with non-controlling interest (Note 13)		(21)			825	804	277	1,081
Share-based compensation				156		156		156
As at March 31, 2014	**135,707**	**6,356**	**—**	**3,823**	**(45,926)**	**99,960**	**3,917**	**103,877**
As at December 31, 2014	**135,707**	**7,522**	**2,814**	**3,773**	**(62,824)**	**86,992**	**2,184**	**89,176**
Net Loss[3]					(8,671)	(8,671)	(700)	(9,371)
Other comprehensive income, net of tax[2]		1,904				1,904	182	2,086
Comprehensive loss, net of tax		1,904			(8,671)	(6,767)	(518)	(7,285)
Share-based compensation				110		110		110
As at March 31, 2015	**135,707**	**9,426**	**2,814**	**3,883**	**(71,495)**	**80,335**	**1,666**	**82,001**

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

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

Interim Condensed Consolidated Statements of Cash Flows

(unaudited, thousands of Canadian dollars)

For the three months ended	**March 31, 2015**	March 31, 2014
Cash provided by (used for) the following activities		
Operating Activities		
Net Loss	**(9,371)**	(6,802)
Depreciation and amortization (Note 7 and Note 8a)	**4,334**	4,032
Non-cash finance costs	**412**	131
Deferred income taxes	**(1,373)**	(564)
Earnings from investments in associate and joint venture	**(46)**	(46)
(Gain) loss on disposal of property, plant and equipment and other assets	**(6)**	5
Non-cash loss on derivative financial instruments (Note 14)	**2,366**	2,629
Translation and non-cash foreign exchange (gain) loss	**(3,033)**	798
Share-based compensation	**110**	156
	(6,607)	339
Net changes in working capital accounts (Note 19)	**(13,898)**	(3,263)
Cash flow provided by (used) in operating activities	**(20,505)**	(2,924)
Financing Activities		
Increase in short-term borrowings	**20,638**	3,338
Advances of non-current borrowings (Note 11)	**1,606**	475
Repayments of non-current borrowings	**(2,842)**	(711)
Debt financing costs	**—**	(285)
Proceeds (price adjustment) from sale of subsidiary share (Note 13)	**(541)**	1,103
Cash flow provided by financing activities	**18,861**	3,920
Investing activities		
Purchases of property, plant and equipment (Note 7)	**(345)**	(1,056)
Proceeds from disposal of property, plant and equipment	**20**	179
Purchases of intangible assets (Note 8a)	**(46)**	(124)
Increase (decrease) in restricted cash	**40**	(42)
Increase in other non-current assets	**(90)**	(78)
Cash flow used in investing activities	**(421)**	(1,121)
Decrease in cash	**(2,065)**	(125)
Cash position, beginning of period	**3,051**	2,081
Effect of foreign exchange rate changes on cash	**62**	72
Cash position, end of period	**1,048**	2,028
Supplementary cash flow information		
Interest paid	**(2,478)**	(2,335)
Income taxes paid	**—**	—

The accompanying notes are integral part of the interim condensed consolidated financial statements

1. Corporate information

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

LWI is a growth-oriented processor and merchandiser of pulses and other special crops, and with the completion of the PCC canola seed processing facility in Washington State, canola products. The Company derives its revenue from sourcing, processing, marketing and distributing special crops, canola products and associated healthy, specialty food ingredients to a global customer base. The Company operates processing facilities in the Canadian Prairies, American Midwest, the Pacific Northwest, and China. LWI has an 84 percent interest in Pacific Coast Canola LLC ("PCC"), the canola oilseed processing facility in the State of Washington in the USA.

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

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

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

2. Basis of Preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on May 14, 2015.

Basis of presentation and measurement

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

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

On March 16, 2015, the Company announced that the Board of Directors had initiated a process to identify and consider strategic and financial alternatives available to the Company with the ultimate goal of maximizing shareholder value. The Company believes that the share price has not been reflective of the fundamental value inherent in the Company. Strategic and financial alternatives may include, but are not limited to a strategic financing, merger or other business combination, sale of the Company or a portion of the Company's business or assets or any combination thereof, as well as the continued execution of its business plan. For the period ended and as at March 31, 2015, the Company experienced net losses, was in a net deficit position, and was in violation of certain of its lending covenants. The continued operation of the Company in its current form for the foreseeable future and the realization of its assets and discharging its liabilities in its historical normal course of operations is dependent upon the impact of the resolution of the above items and is subject to material uncertainty. These consolidated financial statements do not reflect adjustments that may be necessary dependent upon the strategic or financial alternative that is chosen. Adjustments may be necessary to the carrying amounts of the assets and liabilities and the consolidated statement of financial position classifications. Such adjustments could be material.

Principles of consolidation

The consolidated financial statements include the accounts of LWI and its subsidiaries Legumex Walker Canada Inc. ("LWC") (including its subsidiary Legumex Walker China Ltd. and its subsidiary Legumex Walker (Tianjin) International Trading Ltd.) and Legumex Walker USA, Inc. (including its subsidiary Legumex Walker Finance, Inc. and its subsidiaries St. Hilaire Seed Company, Inc. ("SHS"), Legumex Walker Sunflower LLC ("LWS"), LWI US Inc. (including its subsidiary PCC) and LWI Seattle, Inc.). Subsidiaries are owned 100 percent except for PCC which is owned 84 percent. The Company has a 50 percent equity interest in 0729767 BC Ltd. Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control exists

when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities and generally accompanies a shareholding of more than 50%. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as LWI, using consistent accounting policies. All intercompany balances, income and expenses and unrealized gains and losses from intercompany transactions are eliminated in full.

Translation of foreign currencies

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

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The critical accounting estimates and judgments have been set out in the notes to LWI's consolidated financial statements for the year ended December 31, 2014.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2014.

4. Accounting standards issued but not yet effective

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

Financial Instruments [“IFRS 9”]

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

Revenue ["IFRS 15"]

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, a new standard that specifies the steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, Customer Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and is expected to be effective for the Company beginning on January 1, 2018, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

5. Restricted cash

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

6. Inventories

As at *(thousands of Canadian dollars)*	**March 31, 2015**	December 31, 2014
Raw materials		
Special crops	**44,296**	51,578
Finished product		
Special crops	**21,880**	18,349
Supplies and materials	**3,284**	3,179
	69,460	73,106

The cost of inventories recognized as an expense and included in cost of sales for the three months ended March 31, 2015

was $69,424,000 (2014 - $113,664,000). For the three months ended March 31, 2015, cost of sales included inventory write-downs to net realizable value of $nil (2014 - $nil) and reversals of inventory previously written-down to net realizable value of $188,000 (2014 - $nil). The reversal resulted primarily from increases in the market price of yellow beans and pink beans.

On October 27, 2014 LWI's subsidiary PCC entered into a long-term strategic alliance with The Scoular Company. Under this new arrangement The Scoular Company retains legal ownership of inventory processed by PCC, accordingly no PCC inventory is recorded on the Company's consolidated statements of financial position as at March 31, 2015 and December 31, 2014.

7. Property, plant and equipment

(thousands of Canadian dollars)	Land	Buildings and site improvements	Machinery and equipment	Motor vehicles	Office furniture and equipment	Construction in progress ("CIP")	Total
Cost							
As at December 31, 2014	**1,743**	**64,648**	**119,226**	**1,096**	**2,153**	**811**	**189,677**
Additions (1)	**—**	**15**	**192**	**—**	**53**	**139**	**399**
Transfers from CIP	**—**	**—**	**568**	**121**	**32**	**(721)**	**—**
Disposals	**—**	**—**	**—**	**(15)**	**—**	**—**	**(15)**
Effects of changes in exchange rates	**28**	**4,352**	**7,488**	**25**	**56**	**17**	**11,966**
As at March 31, 2015	**1,771**	**69,015**	**127,474**	**1,227**	**2,294**	**246**	**202,027**
Accumulated depreciation							
As at December 31, 2014	**—**	**7,316**	**18,792**	**543**	**873**	**—**	**27,524**
Depreciation	**—**	**775**	**1,906**	**45**	**91**	**—**	**2,817**
Disposals	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Effects of changes in exchange rates	**—**	**458**	**986**	**14**	**27**	**—**	**1,485**
As at March 31, 2015	**—**	**8,549**	**21,684**	**602**	**991**	**—**	**31,826**
Net carrying amount							
As at March 31, 2015	**1,771**	**60,466**	**105,790**	**625**	**1,303**	**246**	**170,201**

(1) Additions of $399 include non-cash finance lease additions of $54

(thousands of Canadian dollars)	Land	Buildings and site improvements	Machinery and equipment	Motor vehicles	Office furniture and equipment	Construction in progress ("CIP")	Total
Cost							
As at December 31, 2013	1,717	60,298	108,540	1,206	1,644	2,739	176,144
Additions	—	6	31	—	29	990	1,056
Transfers from CIP	—	168	2,574	9	—	(2,751)	—
Disposals	—	(131)	(101)	—	—	—	(232)
Effects of changes in exchange rates	11	1,710	2,905	10	20	11	4,667
As at March 31, 2014	1,728	62,051	113,949	1,225	1,693	989	181,635
Accumulated depreciation							
As at December 31, 2013	—	3,942	10,625	372	545	—	15,484
Depreciation	—	718	1,734	60	81	—	2,593
Disposals	—	(17)	(30)	—	—	—	(47)
Effects of changes in exchange rates	—	90	200	3	6	—	299
As at March 31, 2014	—	4,733	12,529	435	632	—	18,329
Net carrying amount							
As at March 31, 2014	1,728	57,318	101,420	790	1,061	989	163,306

As of March 31, 2015, the net carrying amount of assets under finance leases included in property, plant and equipment was $5,197,000 (December 31, 2014 - $4,866,000).

8. Non-current assets

[a] Intangible assets

(thousands of Canadian dollars)	Internally generated	Other intangible assets	Total
Cost			
As at December 31, 2014	**2,198**	**39,277**	**41,475**
Additions	**2**	**44**	**46**
Effect of changes in exchange rates	**75**	**902**	**977**
As at March 31, 2015	**2,275**	**40,223**	**42,498**
Accumulated amortization			
As at December 31, 2014	**1,320**	**18,733**	**20,053**
Amortization	**126**	**1,391**	**1,517**
Effect of changes in exchange rates	**47**	**410**	**457**
As at March 31, 2015	**1,493**	**20,534**	**22,027**
Net carrying amount			
As at March 31, 2015	**782**	**19,689**	**20,471**

(thousands of Canadian dollars)	Internally generated	Other intangible assets	Total
Cost			
As at December 31, 2013	2,130	37,541	39,671
Additions	—	124	124
Effect of changes in exchange rates	29	353	382
As at March 31, 2014	2,159	38,018	40,177
Accumulated amortization			
As at December 31, 2013	534	13,142	13,676
Amortization	139	1,300	1,439
Effect of changes in exchange rates	10	114	124
As at March 31, 2014	683	14,556	15,239
Net carrying amount			
As at March 31, 2014	1,476	23,462	24,938

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

[b] Other non-current assets

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

9. Short-term borrowings

As at *(thousands of Canadian dollars)*	**March 31, 2015**	December 31, 2014
Operating credit facilities		
Legumex Walker Canada Inc. (a) (c)	**68,434**	46,300
Legumex Walker China Ltd. (b)	**8,440**	8,425
Short-term borrowings	**76,874**	54,725

(a) Operating credit facilities comprise a CDN $54,000,000 operating line as well as a USD $10,000,000 credit facility. On March 12,

2015, the CDN $54,000,000 facility was provisionally increased to $64,000,000. This provisional increase expires May 31, 2015. The facilities bear interest at the bank’s prime lending rate plus 1.0 percent on Canadian dollar advances and at the bank’s US base rate plus 1.0 percent on US dollar advances. The line is secured by a general security agreement subject to a prior charge from the holder of the term debt (Note 11).

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

(c) The Company is subject to a number of financial and business covenants imposed under the terms of the credit facilities with its financial institutions and other debt holders. As at March 31, 2015 LWI exceeded its total liabilities to tangible net worth covenant and as a result of cross default provisions contained within the Company's banking agreements was not in compliance with covenants attached to its operating credit facilities as at March 31, 2015. Subsequent to March 31, 2015 the Company received a forbearance of the covenant from its lenders with regard to these facilities, the demand loan (Note 10) and the Company's term debt (Note 11 (a)).

10. Demand loan

The Company has a demand loan of $14,118,000 (December 31, 2014 - $13,004,000). The loan bears interest at the U.S. bank rate, with monthly payments of USD $67,000 including interest and matures August 2027. It is secured by specific buildings, equipment and real property. The increase in the demand loan during the three months ended March 31, 2015 resulted from the strengthening of the $USD. The loan is EDC CDIA guaranteed at a cost of approximately $200,000 annually. The loan is net of deferred financing costs of $18,800 (December 31, 2014 - $21,500).

11. Non-current borrowings

As at *(thousands of Canadian dollars)*	**March 31, 2015**	December 31, 2014
Term debt		
Loans payable [(a)] [(e)]	**24,546**	25,257
Notes payable [(b)]	**6,160**	3,863
Senior Credit Facility [(c)]	**66,103**	62,143
	96,809	91,263
Obligations under finance leases [(d)]	**2,280**	2,311
Total borrowings	**99,089**	93,574
Less: Borrowings due within one year		
Term debt	**(31,589)**	(9,338)
Obligations under finance leases	**(735)**	(750)
	(32,324)	(10,088)
Total non-current borrowings	**66,765**	83,486
Total non-current borrowings consist of the following:		
Term debt	**65,220**	81,925
Obligations under finance leases	**1,545**	1,561
	66,765	83,486

[(a)] Two $7,469,000 loans payable (each net of deferred financing costs of $10,500) bearing interest at a variable mortgage rate with monthly payments of $101,000 including interest due April 2017; a $4,996,000 loan payable (net of deferred financing costs of $4,000) bearing interest at a variable mortgage rate plus 0.25 percent, with monthly interest only payments, due April 2017; a $1,538,000 loan payable bearing interest at fixed rate of 6.94 percent with monthly payments of $44,000, due July 2016; a $2,622,000 loan payable bearing interest at a variable rate plus 5 percent with monthly payments of $63,000 including interest, due May 2019; three loans payable ($280,000, $79,000, $37,000) bearing interest at a variable mortgage rate plus 0.20 percent with monthly payments ($4,000, $3,000, $1,000) beginning January 2013, due December 2016 and 2017; a $57,000 loan bearing interest at a variable mortgage rate plus 0.35 percent with monthly payments of $2,000 beginning January 2013, due December 2017. The loans are subject to a number of financial and business covenants.

[(b)] Notes payable for USD $2,820,000, USD $480,000, USD $1,285,000 all bearing interest at a fixed rate of 5 percent, due March 2018; a USD $15,000 note payable by PCC bearing interest at a variable rate (bank's prime lending rate plus 0.55 percent) with monthly payments of USD $1,000 due August 2016. Notes payable includes USD $264,000 of non-current accrued interest on the notes payable due March 2018

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

[(c)] Senior secured credit facility ("Senior Credit Facility") consisting of a term loan (USD $40,189,000 net of deferred financing costs of USD $1,636,000) and a working capital loan (USD $12,000,000), both maturing in 2021, with quarterly principal payments on the term loan of USD $1,494,000. The term loan bears interest at a variable rate (LIBOR or other base rate) plus 5.5 percent. The working capital loan bears interest at a variable rate (LIBOR) plus 6 percent. On April 28, 2015 the Company's lender amended the Senior Credit facility to defer the April 1, 2015 principal payment of USD $1,494,000 to July 1, 2015.

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

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

[(d)] Leases payable bear interest between 2.14 percent to 8.3 percent and are due in 2015 to 2019.

(e) The Company is subject to a number of financial and business covenants imposed under the terms of the loans payable. As at March 31, 2015 the Company was in violation of certain lending covenants for which the Company received a forbearance subsequent to March 31, 2015. Notwithstanding the forbearance, the Company has reclassified $21,607,000 of long-term loans as current at March 31, 2015.

On February 5, 2015, PCC borrowed an additional $USD $1,285,194 from its other equity partner.

For the three months ended March 31, 2015, finance costs include interest calculated under the effective interest rate method of $2,216,000 (2014 - $1,615,000).

12. Convertible debentures

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

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

(thousands of Canadian dollars)	**Debenture liability component**	**Debenture equity component**	**Total**
Proceeds from October 31, 2014 debenture issuance	12,571	3,929	16,500
Debenture issuance costs	(233)	(74)	(307)
Net proceeds	12,338	3,855	16,193
Accretion in carrying value of debenture liability	116	—	116
Deferred taxes	—	(1,041)	(1,041)
Carrying value as at December 31, 2014	12,454	2,814	15,268
Accretion in carrying value of debenture liability	176	—	176
Carrying value as at March 31, 2015	12,630	2,814	15,444

13. Non-controlling interests

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

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

(thousands of Canadian dollars)	**March 31, 2015**	December 31, 2014
Current assets	**2,426**	3,316
Long-term assets	**110,485**	102,557
Total assets	**112,911**	105,873
Current liabilities	**(6,823)**	(5,566)
Long-term liabilities	**(95,677)**	(86,655)
Total liabilities	**(102,500)**	(92,221)

	For the three months ended March 31,	
(thousands of Canadian dollars)	**2015**	2014
Revenues	**3,180**	34,155
Expenses	**(7,556)**	(38,526)
Net Loss	**(4,376)**	**(4,371)**
Other comprehensive income (loss), net of tax	**1,135**	1,099
Comprehensive loss, net of tax	**(3,241)**	**(3,272)**

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

(thousands of Canadian dollars)	**March 31, 2015**	December 31, 2014
As at beginning of year	**2,184**	4,163
Net loss	**(700)**	(2,545)
Increase in non-controlling interest ownership	**—**	277
Other comprehensive income (loss), net of tax	**182**	289
As at end of year	**1,666**	2,184

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

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

14. Financial risk management and financial instruments

[a] Financial risk management

The Company had the following derivative contracts outstanding at March 31, 2015:

		Notional Canadian dollar equivalents (000s)		
Settlement dates	**Units**	**Contract amount**	**Fair value**	**Unrealized gain (loss)**
Foreign currency risk				
April 2015 - December 2015	USD 81,500,000	103,228	97,514	(5,714)
June 2015 - September 2015	CAD 6,600,000	(6,616)	(6,598)	18
Commodity price risk				
April 2015 - October 2015	42,936 tonnes	28,851	28,245	(606)
April 2015 - November 2015	55,363 tonnes	(26,792)	(26,459)	333
				(5,969)

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

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

As at *(thousands of Canadian dollars)*	**March 31, 2015**	December 31, 2014
Derivative liabilities	(5,969)	(3,541)
	(5,969)	(3,541)

The net loss on commodity derivatives, both realized and unrealized, included in cost of sales for the three months ended March 31, 2015 was $236,000. The net loss on foreign exchange forward contracts, both realized and unrealized, included in foreign exchange gains (losses) for the three months ended March 31, 2015 was $10,048,000.

[b] Foreign currency risk

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

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

At March 31, 2015, the Company had U.S. dollar denominated accounts receivable of $47,481,000 (USD $37,487,000) and U.S. dollar denominated accounts payable of $5,452,000 (USD $4,305,000).

The Company's revenues denominated in U.S. dollars for the three months ended March 31, 2015 were USD $61,656,000 and the total of its cost of sales - inputs and other processing costs and its selling and administrative expenses denominated in that currency were USD $50,129,000. Accordingly, a 10 percent increase or decrease in the value of the U.S. dollar relative to its Canadian counterpart would result in a $1,153,000 increase or decrease in revenues net of cost of sales - inputs and other processing costs and selling and administrative expenses. When the Company sources product in Canada in Canadian dollars for U.S. dollar sales, the Company's objective is to minimize transaction exposure with foreign exchange derivative contracts and accordingly believes the increase or decrease in net income will be substantially lower than the above figures.

[c] Fair value

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

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

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

Level 3 - values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. There were no items measured at fair value using level 3 in 2014 or 2015.

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

			March 31, 2015		December 31, 2014	
(thousands of Canadian dollars)	Classification	Fair value hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash	FVTPL	1	**1,048**	**1,048**	3,051	3,051
Restricted cash	FVTPL	1	**340**	**340**	351	351
Financial liabilities						
Short-term borrowings	FVTPL	1	**76,874**	**76,874**	54,725	54,725
Derivative liabilities	FVTPL	2	**5,969**	**5,969**	3,541	3,541

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

[d] Commodity price risk

The Company is exposed to commodity price movements in the market as part of its normal operations. The Company attempts to match commodity purchase contracts directly with producers with sales contracts entered into with approved buyers to minimize the effect of changes in the price of agricultural commodities between the original contract dates and delivery dates. The Company also enters into commodity futures contracts and derivative swaps in order to manage its

commodity price risk related to canola and corn purchases, canola meal and oil sales and board crush margins (see table above).

[e] Credit risk

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

The Company has historically experienced minimal credit losses, thus it considers the credit quality of trade accounts receivable at March 31, 2015 that are neither impaired nor past due to be high. The distribution of the aging of accounts receivable is as follows:

Aging of trade accounts receivable *(thousands of Canadian dollars)*	**March 31, 2015**	December 31, 2014
Neither impaired nor past due	**38,320**	37,510
Past due:		
31-60 days	**6,897**	2,860
61-90 days	**3,267**	3,853
Greater than 90 days	**9,065**	9,003
	57,549	53,226
Allowance for doubtful accounts	**(1,667)**	(1,602)
Balance, end period	**55,882**	51,624

As at March 31, 2015, no one customer represented more than 10 percent of outstanding accounts receivable. Between March 31, 2015 and the date of issuance of the financial statements the company recorded cash receipts of approximately $32,000,000 of which approximately $24,400,000 was applied to receivables outstanding as at March 31, 2015.

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

Allowance for doubtful accounts *(thousands of Canadian dollars)*	**March 31, 2015**	December 31, 2014
Balance, beginning of period	**1,602**	1,328
New provisions recognized during the period	**183**	835
Amounts written off during the period as uncollectible	**(118)**	(561)
Balance, end period	**1,667**	1,602

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

[f] Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company manages its liquidity risk through cash and debt management. In managing liquidity risk, the Company maintains access to committed short and long-term debt facilities as well as to equity markets, the availability of which is dependent on market conditions.

On March 16, 2015, the Company announced that the Board of Directors had established a Special Committee composed of independent directors to initiate a process to identify and consider strategic and financial alternatives available to the Company with the ultimate goal of maximizing shareholder value. Strategic and financial alternatives may include, but are not limited to a strategic financing, merger or other business combination, sale of the Company or a portion of the

Company's business or assets or any combination thereof, as well as the continued execution of its business plan. These consolidated financial statements do not reflect adjustments that may be necessary dependent upon the strategic or financial alternative that is chosen by the Special Committee. Such adjustments could be material. For the period ended and as at March 31, 2015, the Company was in violation of certain lending covenants for which the Company received a forbearance subsequent to March 31 ,2015. The successful completion of the Special Committee process is required for the Company to maintain its covenants and to continue its operations in its current form. There are no assurances that the Special Committee will complete its process on any particular schedule or that it will result in a successful transaction. The Company does not intend to disclose developments with respect to the progress of the Special Committee process until such time as the Board of Directors enters into a binding transaction or otherwise determines that further disclosure is appropriate or required.

The table below summarizes the undiscounted contractual payments of the Company's financial liabilities as at March 31, 2015 and includes both interest and principal cash flows:

(thousands of Canadian dollars)	**Total**	**Within 12 months**	**13 to 24 months**	**2 to 4 years**	**After 4 years**
Short-term borrowings	76,874	76,874	—	—	—
Demand loan	20,397	1,018	1,018	2,037	16,324
Accounts payable and accrued liabilities	25,678	25,678	—	—	—
Non-current borrowings [1]	121,539	16,456	15,837	39,665	49,581
Convertible debentures [2]	22,579	1,279	1,279	2,558	17,463
Operating leases	16,596	3,403	2,895	4,518	5,780
Total	283,663	124,708	21,029	48,778	89,148

[1] Excludes unamortized balance of deferred finance costs of $2,116,000 and reflects the forbearance obtained from the Company's lenders subsequent to March 31, 2015 (Note 11)

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

[g] Interest rate risk

Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate risk primarily relating to its short-term and non-current borrowings that bears interest that fluctuates with the prime rate. A 1 percent change in the prime rate of interest could increase or decrease interest expense on non-current borrowings by approximately $1,054,000 per year. At March 31, 2015 borrowing levels, a 1 percent change in the prime rate of interest would increase or decrease interest expense on short-term borrowings by $802,000.

Finance costs	**For the three months ended March 31,**	
(thousands of Canadian dollars)	**2015**	2014
Interests on overdrafts and other finance costs	**(963)**	(1,001)
Interest on non-current borrowings	**(2,216)**	(1,614)
Total finance costs	**(3,179)**	(2,615)

15. Selling, general and administrative expenses

	Three months ended March 31,	
(thousands of Canadian dollars)	**2015**	2014
Employee benefit costs, including share-based compensation	**(3,134)**	(3,412)
Professional fees	**(548)**	(514)
Information technology	**(141)**	(143)
Depreciation and amortization	**(1,572)**	(1,414)
Other	**(1,144)**	(1,140)
Selling, general and administrative costs before non-recurring expense	**(6,539)**	(6,623)
Non-recurring expenses	**(101)**	—
Selling, general and administrative expenses	**(6,640)**	(6,623)

16. Earnings (loss) per share

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

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

	For the three months ended March 31,	
(thousands of Canadian dollars, except per share amounts)	**2015**	**2014**
Net loss attributable to shareholders	**(8,671)**	(6,103)
Basic weighted average number of shares	**16,295**	16,295
Basic and diluted loss per share	**(0.53)**	(0.37)

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

17. Reportable business segments

Three months March 31, 2015	**Special**	**Oilseed**	**Corporate &**	
(thousands of Canadian dollars)	**Crops**	**Processing**	**Eliminations**	**Consolidated**
Revenues	82,605	3,180	—	85,785
Cost of sales - inputs and other processing	(74,196)	(3,073)	—	(77,269)
Adjusted gross profit[(a)]	8,409	107	—	8,516
Selling and administrative (before non-recurring costs)	(2,462)	(912)	(1,593)	(4,967)
Adjusted EBITDA[(b)]	5,947	(805)	(1,593)	3,549
Depreciation and amortization	(2,718)	(1,543)	(73)	(4,334)
Adjusted EBIT[(c)]	3,229	(2,348)	(1,666)	(785)

Three months ended March 31, 2014 *(thousands of Canadian dollars)*	**Special Crops**	**Oilseed Processing**	**Corporate**	**Consolidated**
Revenues	94,380	34,155	—	128,535
Cost of sales - inputs and other processing	(85,438)	(34,093)	—	(119,531)
Adjusted gross profit(a)	8,942	62	—	9,004
Selling and administrative	(2,524)	(1,124)	(1,561)	(5,209)
Adjusted EBITDA(b)	6,418	(1,062)	(1,561)	3,795
Depreciation and amortization	(2,583)	(1,368)	(81)	(4,032)
Adjusted EBIT(c)	3,835	(2,430)	(1,642)	(237)

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

No revenues from transactions with a single external customer amount to 10 percent or more of the Company's revenues.

18. Commitments and contingencies

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

PCC contracted ICG to provide both the design and construction of the PCC Plant for a guaranteed maximum price of USD $80,875,000, subject to additions and deductions. The contract is unconditionally and irrevocably guaranteed by McKinstry Co. LLC, which is affiliated with ICG. As at May 14, 2015 final close out of the contract is pending. PCC is in active discussions with McKinstry to close out the contract.

[b] Operating and finance leases

The Company has land, storage facilities, rail line assets and office equipment under both operating leases and finance leases (Note 11). 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 three months ended March 31, 2015 the Company recognized an expense of $600,000 (2014 - $417,000) related to operating lease agreements. This amount relates only to minimum lease payments.

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

(thousands of Canadian dollars	**Total**	**Within 12 months**	**1 to 5 years**	**After 5 years**
Finance leases	2,535	860	1,675	—
Operating leases	16,596	3,403	9,070	4,123
Total	19,131	4,263	10,745	4,123

[c] Legal actions

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

[d] Security

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

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

[e] Guarantee

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

19. Net changes in working capital accounts

(thousands of Canadian dollars)	**March 31, 2015**	March 31, 2014
Accounts receivable	(3,569)	4,306
Income taxes, net	—	223
Inventories	5,952	3,504
Prepaid expenses	481	1,202
Accounts payable and other accrued liabilities	(16,762)	(12,498)
Net changes to non-cash working capital	(13,898)	(3,263)

20. Subsequent events

On April 28, 2015 the Company's lender amended the Senior Credit facility to defer the April 1, 2015 principal payment of USD $1,494,000 to July 1, 2015 (Note 11).

21. Comparative information

The Company has reclassified from the comparative period $343,000 of selling, general and administrative expenses to cost of sales - inputs and other processing costs to conform with presentation in the current period. All these reclassified expenses relate to the Oilseeds processing segment.