

Legumex Walker

We are stronger together.



Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2012

Legumex Walker Inc.
Unaudited Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2012

	March 31, 2012	December 31, 2011
Assets		
Current		
Cash	24,668,299	35,374,747
Accounts receivable	46,991,138	36,003,259
Derivative instruments (Note 13)	596,262	199,197
Income taxes recoverable	-	164,695
Inventory (Note 5)	61,494,835	37,771,774
Prepaid expenses and other assets	1,297,988	4,021,602
	135,048,522	113,535,274
Non-current		
Property, plant and equipment (Note 6)	84,310,686	59,927,203
Goodwill and intangible assets (Note 7a)	31,437,359	21,989,302
Investments (Note 8)	2,506,634	2,555,994
Other non-current assets (Note 7b)	4,365,412	4,366,737
Deferred income taxes	2,063,169	2,063,169
	84,683,260	80,902,405
Total Assets	259,731,782	204,437,679
Liabilities		
Current		
Bank indebtedness (Note 9)	52,923,423	21,662,205
Accounts payable and accrued liabilities (Note 13)	33,239,945	25,966,574
Income taxes payable	1,082,681	1,361,459
Current portion of long-term debt (Note 10)	1,911,386	3,495,094
Current portion of obligations under finance leases (Note 10)	458,469	-
Notes payable to related parties (Note 12)	3,168,037	7,040,782
Demand loan (Note 10)	12,169,500	-
	104,953,441	59,526,114
Non-current		
Long-term debt (Note 10)	18,855,906	15,882,509
Obligations under finance leases (Note 10)	1,988,816	-
Deferred income taxes	10,615,821	10,879,482
	31,460,543	26,761,991
Total Liabilities	136,413,984	86,288,105
Equity		
Equity attributable to shareholders of the Company		
Share capital (Note 11)	116,891,864	109,563,064
Accumulated other comprehensive income	2,263,520	2,565,024
Contributed surplus	812,444	710,884
Deficit	(4,311,234)	(2,521,432)
	115,656,594	110,317,540
Non-controlling interests	7,661,204	7,832,034
Total equity	123,317,798	118,149,574
Total liabilities and equity	259,731,782	204,437,679

Approved on behalf of the Board

/s/ Joel Horn

/s/ Chris Schnarr

Director

Director

The accompanying notes are an integral part of these financial statements

Legumex Walker Inc.
Unaudited Condensed Interim Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2012

Sales	65,792,575
Cost of Sales	60,099,042
Gross Margin	5,693,533
Selling, general and administrative expenses	4,302,304
Earnings before other items and income taxes	1,391,229
Other expense (income) items	
Depreciation and amortization	1,973,734
Earnings from investments (Note 8)	(20,641)
Foreign exchange	249,352
Finance cost (Note 13)	762,635
Finance income	(73,452)
Total other expense (income) items	2,891,628
Loss before income taxes	1,500,399
Provision for (recovery of) income taxes	
Current	565,917
Deferred	(255,861)
	310,056
Net loss	1,810,455
Attributable to:	
Non-controlling interests	20,653
Shareholders of the Company	1,789,802
Total net loss	1,810,455
Other comprehensive income	
Unrealized losses on translation of financial statements of foreign operations	451,681
Other comprehensive loss for the period, net of tax	451,681
Total comprehensive loss for the period, net of tax	2,262,136
Attributable to:	
Non-controlling interests	170,830
Shareholders of the Company	2,091,306
Total comprehensive loss for the period, net of tax	2,262,136
Basic and diluted loss per share (Note 14)	\$0.13

The accompanying notes are an integral part of these financial statements

Legumex Walker Inc.
Unaudited Condensed Interim Consolidated Statement of Changes in Equity
For the three months ended March 31, 2012

Deficit, beginning of period	(2,521,432)
Net loss attributable to shareholders of the Company	(1,789,802)
Deficit, end of period	(4,311,234)
Share capital, beginning of period	109,563,064
Issuance of shares in connection with business combination, net of costs (Note 4)	7,328,800
Share capital, end of period	116,891,864
Accumulated other comprehensive income, beginning of period	2,565,024
Change in unrealized gains (losses) on translation of financial statements of foreign operations attributable to shareholders of the Company	(301,504)
Accumulated other comprehensive income, end of period	2,263,520
Contributed surplus, beginning of period	710,884
Share based compensation	101,560
Contributed surplus, end of period	812,444
Non-controlling interest, beginning of period	7,832,034
Net loss attributable to non-controlling interests	(20,653)
Other comprehensive income attributable to non-controlling interests	(150,177)
Non-controlling interest, end of period	7,661,204
Total Equity	123,317,798

The accompanying notes are an integral part of these financial statements

Legumex Walker Inc.
Unaudited Condensed Interim Consolidated Statement of Cash Flows
For the three months ended March 31, 2012

Cash provided by (used for) the following activities

Operating activities	
Net loss	(1,810,455)
Depreciation and amortization	1,973,734
Deferred income taxes	(255,861)
Earnings from investment in associate	(20,641)
Non-cash loss on derivative financial instruments (Note 13)	(397,065)
Share based compensation	101,560
	(408,728)
Net changes in working capital accounts (Note 17)	(23,364,143)
Cash flow used in operating activities	(23,772,871)
Financing activities	
Advances of long-term debt	32,644,725
Repayments of long-term debt	(21,619,627)
Repayments of note payable (Note 12)	(3,872,745)
Costs of share issuance	(29,000)
Cash flow provided by financing activities	7,123,353
Investing activities	
Net cash paid out as part of business combination (Note 4)	(4,995,500)
Purchases of property, plant and equipment (Note 6)	(16,014,564)
Purchases of intangibles (Note 7)	(175,757)
Repayment of advances to associates	70,000
Cash flow used in investing activities	(21,115,821)
Net decrease in cash resources	(37,765,339)
Cash, beginning of year	13,712,542
Effect of foreign exchange rate changes on cash	(150,728)
Bank indebtedness assumed as part of business combination (Note 4)	(4,051,599)
Cash, end of period	(28,255,124)
Cash resources are composed of:	
Cash	24,668,299
Bank indebtedness	(52,923,423)
	(28,255,124)
Supplementary cash flow information	
Interest paid	813,864
Income taxes paid	680,000

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

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 processing facilities in the Canadian prairies, American Midwest, China and a canola oilseed processing facility under construction in Washington State, USA.

Included in these interim 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.

3. Basis of presentation

Statement of compliance

The interim consolidated financial statements are condensed and have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as disclosed in the Company's consolidated financial statements for the period ended December 31, 2011. The Company's 2011 annual consolidated financial statements include incremental annual IFRS disclosures that may be helpful to readers of the interim results and therefore should be read in conjunction with these interim consolidated financial statements.

As the Company was incorporated on April 20, 2011 and it began operations on July 14, 2011, these interim consolidated financial statements are presented without comparative amounts for the same period in the prior year. The interim consolidated financial statements of the Company were recommended for approval on May 10, 2012 by the Audit Committee and were approved and authorized for issue by the Board of Directors on May 11, 2012.

Basis of measurement

These interim 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

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.

The interim consolidated financial statements include the accounts of LWI and its subsidiaries, LWC, Legumex Walker China Ltd., Legumex Walker Tianjin Ltd., Legumex Walker Finance Inc., Legumex Walker USA Inc., St. Hilaire Seed Company Inc. (SHS), Legumex Walker Sunflower Inc., Silverrock 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.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

3. Basis of presentation *(continued from previous page)*

Use of estimates and judgments

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

The 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. Business combinations

St Hilaire Seed Company

On February 15, 2012, the Company acquired all of the issued and outstanding shares of SHS, a dry bean processor. SHS derives its revenue from sourcing, processing, marketing and distributing special crops.

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

	\$
Accounts receivable	6,263,612
Inventory	27,752,587
Prepaid expenses and other asset	136,148
Property, plant and equipment	9,582,640
Intangible assets and goodwill	10,397,440
Bank indebtedness	(4,051,599)
Accounts payable and accrued liabilities	(32,688,452)
Long term debt	(2,611,492)
Obligations under finance leases	(2,435,384)
Purchase consideration transferred	12,345,500

The fair value of the trade receivables amounts to \$6,263,612. The gross amount of trade receivables is \$6,788,038.

The goodwill and intangible assets of \$10,397,440 include brands, rights, software, customer lists, customer relationships and producer relationships as well as the value of expected synergies arising from the acquisition. However, as the transaction was completed on February 15, 2012, 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.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

4. Business combinations *(continued from previous page)*

Goodwill recognized at the time of the transaction is deductible for tax purposes.

The aggregate purchase price was \$12,345,500 of which \$4,995,500 was paid in cash and \$7,350,000 was settled by the issuance of 1,000,000 Common Shares of the Company at the trading price on February 15, 2012 of \$7.35 per Common Share. The purchase price of SHS is subject to adjustments related to certain working capital and funded debt levels, which, once finalized will be reflected in the total value of the consideration paid and to the fair value of the assets and liabilities assumed upon acquisition.

Revenue and loss before amortization, finance costs, other items and income taxes contributed by SHS since the acquisition were \$3,855,000 and \$535,000 respectively. Revenue and net profit since the beginning of the year have not been disclosed as it is impracticable to do so due to the short time period between acquisition date and reporting period and the use of U.S. GAAP for SHS. The impact on the cash flow of the Company for the acquisition of SHS is as follows:

	\$
Transaction costs of the acquisition	464,155
Cash purchase consideration transferred	4,995,500
Net cash out flow on acquisition	5,459,655

5. Inventories

	March 31, 2012	December 31, 2011
Raw materials	38,743,120	29,652,774
Finished product	19,418,083	6,760,950
Supplies and materials	3,333,632	1,358,050
	61,494,835	37,771,774

The cost of inventories recognized as an expense and included in cost of sales amounted to \$55,883,394. Included in cost of sales are net reversals of inventory previously written-down totaling \$13,000.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

6. Property, plant and equipment

	<i>Land</i>	<i>Buildings and site improvements</i>	<i>Machinery and equipment</i>	<i>Motor vehicles</i>	<i>Office furniture and equipment</i>	<i>Construction in progress</i>	<i>Total</i>
COST							
Balance, beginning of period	952,546	14,184,995	26,779,058	805,911	914,921	17,605,803	61,243,234
Acquired through business combination	54,951	2,240,328	7,103,281	155,160	14,487	14,433	9,582,640
Additions	-	1,749,600	3,617,841	2,241	213,153	10,431,729	16,014,564
Disposals	-	-	-	-	-	-	-
Effects of movement in exchange rates	(88)	(3,588)	(15,481)	(669)	(875)	(327,881)	(348,582)
	1,007,409	18,171,335	37,484,699	962,643	1,141,686	27,724,084	86,491,856
DEPRECIATION							
Balance, beginning of period	-	319,828	890,542	51,565	54,096	-	1,316,031
Depreciation charge for the period	-	197,202	586,482	33,352	48,215	-	865,251
Disposals	-	-	-	-	-	-	-
Effects of movement in exchange rates	-	-	(3)	(8)	(101)	-	(112)
	-	517,030	1,477,021	84,909	102,210	-	2,181,170
Net book value, March 31, 2012	1,007,409	17,654,305	36,007,678	877,734	1,039,476	27,724,084	84,310,686

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 available for use in the reporting period. No borrowing costs were capitalized during the period.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

7. Non-current Assets

[a] Goodwill and intangible assets

	<i>Goodwill & Other intangible assets</i>	<i>Software under development</i>	<i>Total</i>
COST			
Balance, beginning of period	23,435,703	142,716	23,578,419
Acquired through business combination	10,397,440	-	10,397,440
Additions	2,415	173,342	175,757
Effect of changes in exchange rates	(16,657)	-	(16,657)
	33,818,901	316,058	34,134,959
AMORTIZATION			
Balance, beginning of period	1,589,117	-	1,589,117
Amortization charge for the period	1,108,483	-	1,108,483
	2,697,600	-	2,697,600
Net carrying amount, March 31, 2012	31,121,301	316,058	31,437,359

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 in 2011 and SHS in 2012.

The purchase price allocations related to the acquisitions noted above have 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 \$1,107,977 related to intangible assets acquired through the business combinations for which the purchase price allocation has not been finalized. The amortization charge was determined based on a five year useful life to the preliminary estimated value of definite life intangible assets of \$27,000,000.

Software under development relates to an ongoing information system project which has not been available for 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.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

8. Investment in associate and joint venture

The Company holds the following investments in associate and joint venture at March 31, 2012:

	Investment in Associate: Blue Hills Processors (2003) Ltd. ("BHPL")	Investment in Joint Venture: 0729767 B.C. Ltd.	Total
Investment cost	440,075	100	440,175
Advances/(distributions)	-	1,532,027	1,532,027
Share of undistributed earnings	316,052	218,380	534,432
Total investment	756,127	1,750,507	2,506,634

Summary of financial information of associates and joint ventures as at and for the period ended March 31, 2012:

	Investment in Associate: BHPL	Investment in Joint Venture: 0729767 B.C. Ltd.
Current assets	1,959,086	109,008
Total assets	6,353,236	8,636,293
Current liabilities	797,903	144,261
Total liabilities	2,513,068	8,199,335
Revenues	1,514,574	147,000
Profit/(loss)	(49,035)	60,896
% ownership	20%	50%

During the period sales and cost of sales included \$106,000 and \$108,000 for sale of inventory and for processing and freight charges respectively. Transactions with BHPL are recorded at the exchange amount which is the amount agreed to by the related parties. Both BHPL and 0729767 B.C. Ltd. are Canadian resident companies.

On May 1, 2012 the Company sold its investment in BHPL for gross proceeds of \$1,800,000.

9. Bank indebtedness

During the period LWC replaced existing operating credit facilities of \$46,000,000 with new agreements providing authorized operating lines available to a maximum of \$56,000,000. As of March 31, 2012 \$45,810,944 was drawn against the Company's available debt facilities. The lines are secured by a general security agreement subject to a prior charge from the holder of the term debts [b] and [c] disclosed in note 10. 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%.

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, 2012 the Company was in compliance with its debt covenants.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

10. Demand loan, term debt and obligations under finance leases

	March 31, 2012 \$	December 31, 2011 \$
Demand loan		
<i>[a]</i> Loan payable, bearing interest at the bank's U.S. prime rate, with monthly payments of \$95,000 including interest, beginning September 2012, due August 2027	12,169,500	-
Term debt		
<i>[b]</i> Loan payable, bearing interest at the bank's variable mortgage rate, with monthly payments of \$101,089 including interest, beginning April 1, 2012, due April 2017	10,000,000	-
<i>[c]</i> Loan payable, bearing interest at the bank's variable mortgage rate, with monthly payments of \$101,089 including interest, beginning April 1, 2012, due April 2017	10,000,000	-
<i>[d]</i> Loan payable, bearing interest at the bank's variable mortgage rate plus 0.25%, with monthly interest only payments beginning April 1, 2012, due April 2017	444,725	-
<i>[e]</i> Note payable, bearing interest at the bank's prime lending rate plus 0.5%, with monthly payments of \$4,332 including interest, due August 2015	146,140	-
<i>[f]</i> Note payable, bearing interest at the bank's prime rate plus 1.25%, with monthly payments of \$2,684 including interest, due June 2012	7,823	-
<i>[g]</i> Loan payable, bearing interest at the Credit Union prime rate plus 0.5%, with monthly payments of \$2,134 including interest, due November 2015	196,470	201,149
<i>[h]</i> Note payable, bearing interest at 6%, with scheduled annual payments including interest, due December 2015	7,134	7,134
Term loans repaid during the period	-	19,199,177
Obligations under finance leases		
<i>[i]</i> Lease payable, bearing interest at 6.455%, with monthly payments of \$2,114 including interest, plus final payment of \$15,030 due May 2012	17,048	-
<i>[j]</i> Lease payable, bearing interest at 12.96% with monthly payments of \$3,821 including interest, plus final payment of \$20,789 due July 2012	32,448	-
<i>[k]</i> Lease payable, bearing interest at 2.48% with monthly payments of \$11,246 including interest, due November 2015	471,386	-
<i>[l]</i> Lease payable, bearing interest at 2.48% with monthly payments of \$4,569 including interest, due November 2016	240,803	-
<i>[m]</i> Lease payable, bearing interest at 2.48% with monthly payments of \$23,000 including interest, due December 2017	1,685,600	-
Total loans and borrowings	35,419,077	19,407,460
Total current portion of long term debt	(1,911,386)	(3,495,094)
Demand loan	(12,169,500)	
Total current portion of obligations under finance leases	(458,469)	
Total non-current loans and borrowings	20,879,722	15,912,366
Less deferred financing costs	(35,000)	(29,857)
Loans and borrowings – amortized cost	20,844,722	15,882,509

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

The estimated principal repayments for the demand loan, term debt and obligations under finance lease over the next five years are as follows assuming the scheduled payments for the demand loan:

	\$
2012	2,825,498
2013	3,126,066
2014	3,223,723
2015	3,230,944
2016 and thereafter	23,012,846
	35,419,077

The term debt and demand loan are secured by specific buildings, equipment and real property.

11. Equity

Share capital

During the period the Company issued 1,000,000 common shares from treasury in connection with the acquisition of SHS as described in Note 4.

Changes to common shares during the period:

	Number	\$
Opening balance, beginning of period	12,802,184	109,563,064
Issue shares in connection with SHS acquisition, net of costs	1,000,000	7,328,800
Closing balance, end of period	13,802,184	116,891,864

Authorized, issued and outstanding shares:

	March 31, 2012	December 31, 2011
Authorized	\$	\$
Common shares		
Unlimited voting shares without par value		
Preferred shares		
Unlimited		
Issued and outstanding		
Common shares		
13,802,184 Voting shares	116,891,864	105,824,806
Reserved for issue		
Common shares		
Nil (2011 - 415,362 Voting shares)	-	3,738,258
	116,891,864	109,563,064

12. Related Party Transactions

Relationship between parent and subsidiaries

The main transactions between LWI and its subsidiaries is the provision of cash funding. Further, LWI is providing management services to the subsidiaries. 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.

Other relationships

During the period shares previously reserved for issue were issued to Home Grown Oil, LLC a company controlled by the CEO of LWI to settle the remaining consideration payable for specified assets and liabilities acquired during 2011.

Business combinations

As part of business combinations undertaken during 2011, certain directors, officers and shareholders of the Company had amounts receivable of \$7,040,782 at the end of 2011. During the three-months ended March 31, 2012 total payments of \$3,872,745 were made towards settling this obligation. At the period end \$3,168,037 is outstanding and classified as a current liability.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

13. Financial risk management and financial instruments

Financial risk management

Foreign currency risk

As at March 31, 2012, the Company has entered into the following foreign exchange forward contracts to sell U.S. dollars in order to manage its foreign exchange risk:

Settlement dates	Notional amount of currency sold	Notional Canadian dollar equivalent		
		Contract amount \$	Fair value \$	Unrealized gain (loss) \$
March 2012-April 2013	USD 75,005,000	75,790,202	75,193,940	596,262

At March 31, 2012 the Company had U.S. dollar denominated accounts receivable of \$43,616,556 and U.S. dollar denominated accounts payable of \$18,113,632.

Credit risk

Trade accounts receivable in aggregate collected to the effective date of these financial statements were \$ 18,344,266 resulting in maximum credit exposure at March 31, 2012 of \$28,646,872 (December 31, 2011 - \$15,347,061). At March 31, 2012, no one customer represents more than 10% of outstanding accounts receivable.

The movement in the Company's allowance for doubtful accounts for the three-month period ended March 31, 2012 is as follows:

	\$

Balance, beginning of period	921,899
Provision recognized through business combinations	524,426
New provisions recognized during the period	275,910
Amounts written off during the period as uncollectible	(458,955)
Balance, end period	<u>1,263,280</u>

Liquidity risk

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

	Total \$	Within 12 months \$	13 to 24 months \$	2 to 4 Years \$	After 4 Years \$
Bank indebtedness	52,923,423	52,923,423	-	-	-
Accounts payable and accrued liabilities	33,239,945	33,239,945	-	-	-
Income taxes payable	1,082,681	1,082,681	-	-	-
Notes payable to related parties	3,168,037	3,168,037	-	-	-
Demand loan, long term debt and obligations under finance leases	35,419,077	14,539,355	2,195,394	2,275,693	16,408,635
Operating leases	8,472,061	1,074,032	1,492,233	2,542,280	3,363,516
Total	134,305,224	106,027,472	3,687,627	4,817,973	19,772,151

The table discloses the demand loan as a current liability. The estimated principal repayments of the demand loan, long-term debt and obligations under finance leases are disclosed in note 10.

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

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 \$860,000 per year.

Finance costs for the period include the following:

	\$
Interest on overdrafts and other finance costs	<u>535,809</u>
Interest, including non-cash interest on term debt	<u>226,826</u>
Total finance costs	<u>762,635</u>

14. 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	<u>1,789,802</u>
Basic weighted average number of shares	<u>13,296,689</u>
Basic and diluted loss per share	<u>\$0.13</u>

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

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

15. Reportable business segments

	(\$000's)			
	<i>Special Crops</i>	<i>Oilseed Processing</i>	<i>Corporate</i>	<i>Total</i>
Revenues	65,793	-	-	65,793
Expenses				
Cost of sales	60,099	-	-	60,099
Selling, general and administrative	2,464	140	1,698	4,302
Depreciation and amortization	1,961	-	13	1,974
Finance costs	717	-	46	763
Other items	(388)	-	543	155
	64,853	140	2,300	67,293
Segment income (loss), before tax	940	(140)	(2,300)	(1,500)

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

	\$000's
North and South America	42,495
Middle East	5,768
Europe	9,729
Asia	6,741
Indian subcontinent	354
Africa	706
	65,793

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

	\$000's
Canada	64,156
United States	51,395
China	197
	115,748

Legumex Walker Inc.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2012

16. Commitments and contingencies

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

PCC has contracted Industrial Construction Group, Inc. (ICG) to 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 construction contract is unconditionally and irrevocably guaranteed by McKinstry Co. LLC., which is affiliated with ICG. As of March 31, 2012 US\$18,630,000 was incurred towards fulfillment of the construction contract. The 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	1,074,032
After one year but not more than five years	5,209,698
More than five years	2,188,331
	8,472,061

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 \$119,429 related to operating lease agreements. This amount relates only to minimum lease payments.

[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 financial position, results of operations or cash flows.

[d] 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%.

[e] Guarantee

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

17. Net changes to working capital accounts

	\$
Accounts receivable	(4,724,267)
Inventory	4,029,526
Income taxes receivable	164,695
Prepaid expenses	2,859,762
Accounts payable and accrued liabilities	(25,415,081)
Income taxes payable	(278,778)
Deferred revenue	-
Total net changes in working capital	(23,364,143)