CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

March 20, 2018

Independent Auditor's Report

To the Shareholders of
Ten Peaks Coffee Company Inc.

We have audited the accompanying consolidated financial statements of Ten Peaks Coffee Company Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ten Peaks Coffee Company Inc. and its subsidiaries as at December 31, 2017 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter
The financial statements of the Company for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on April 21, 2017.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

TEN PEAKS COFFEE COMPANY INC.

Consolidated Statements of Financial Position as at

(Tabular amounts in thousands of Canadian dollars)

	Note	December 31, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents	25	$ 9,486	$ 12,497
Accounts receivable	7	12,127	11,707
Inventories	6	14,671	11,574
Short-term investments	8	7,067	12,700
Prepaid expenses and other receivables		1,031	524
Derivative assets and hedged firm commitments	9, 23	1,244	95
Total current assets		45,626	49,097
Non-current assets			
Receivables	7	230	-
Plant and equipment	10	23,341	16,278
Intangible assets	11	1,427	1,687
Deferred tax assets	12	1,484	837
Derivative assets	9, 23	740	-
Total non-current assets		27,222	18,802
Total assets		$ 72,848	$ 67,899
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		$ 2,639	$ 2,392
Accrued liabilities		1,844	1,166
Income tax payable	12	105	405
Other liabilities	15	591	488
Dividend payable	20	565	565
Derivative liabilities	9, 23	229	815
Total current liabilities		5,973	5,831
Non-current liabilities			
Convertible debenture	14	11,658	11,283
Other liabilities	15	45	81
Asset retirement obligation	16	802	797
Deferred tax liabilities	12	3,426	1,676
Construction loan	24	844	-
Derivative liabilities	9,14,23	2,722	3,896
Total non-current liabilities		19,497	17,733
Total liabilities		25,470	23,564
Shareholders' equity			
Share capital	17	43,496	43,496
Retained earnings		2,257	357
Accumulated other comprehensive income		1,485	419
Share-based compensation reserve		140	63
Total equity		47,378	44,335
Total liabilities and shareholders' equity		$ 72,848	$ 67,899

Commitments (Note 24)

Subsequent Events (Note 27)

Approved on behalf of the Board

(signed) ***"David Rowntree"***, Director (signed) ***"Frank Dennis"***, Director

– The accompanying notes form an integral part of these consolidated financial statements. –

TEN PEAKS COFFEE COMPANY INC.

Consolidated Statements of Income
(Tabular amounts in thousands of Canadian dollars except per share amounts)

for the	**Note**	**12 months ended December 31, 2017**	**12 months ended December 31, 2016**
Revenue		$ 83,755	$ 81,927
Cost of sales		(71,165)	(69,877)
Gross profit		12,590	12,050
Operating expenses			
Administration expenses		(5,077)	(4,499)
Sales and marketing expenses		(2,586)	(2,398)
Occupancy expenses		(115)	(136)
Total operating expenses		(7,778)	(7,033)
Operating income		4,812	5,017
Non-operating or other			
Gain on risk management activities	23	1,190	632
Fair value gain on embedded option	14	604	6
Finance income		580	342
Finance expense		(1,414)	(346)
(Loss) gain on foreign exchange		(6)	91
Total non-operating or other		954	725
Income before tax		5,766	5,742
Income tax expense	12	(1,606)	(1,593)
Net income		$ 4,160	$ 4,149
Basic earnings per share	22	$ 0.46	$ 0.46
Diluted earnings per share	22	$ 0.42	$ 0.46

Consolidated Statements of Comprehensive Income and Consolidated Statements of Changes in Equity
(Tabular amounts in thousands of Canadian dollars)

Consolidated Statements of Comprehensive Income for the

	12 months ended December 31, 2017	12 months ended December 31, 2016
Net income	$ 4,160	$ 4,149
Other comprehensive income, net of tax		
Items that may be subsequently reclassified to income:		
Unrealized gains		
Derivatives designated as cash flow hedges - currency risk hedges on US$ future revenue	2,333	566
Items reclassified to income:		
Realized gains		
Derivatives designated as cash flow hedges - currency risk hedges on US$ future revenue, recognized in revenue	(931)	-
Other comprehensive income related to hedging activities	1,402	566
Tax on other comprehensive income relating to hedging activities	(384)	(147)
Cumulative translation adjustment	48	-
Other comprehensive income, net of tax	1,066	419
Net income and other comprehensive income	$ 5,226	$ 4,568

Consolidated Statements of Changes in Equity

	Note	Share capital Shares	Amount	Share-based compensation reserve	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at December 31, 2015		**9,011,566**	**$ 43,448**	**$ 72**	**$ -**	**$ (1,536)**	**$ 41,984**
							-
Shares issued for restricted share units		27,296	48	(48)	-	-	-
Share-based compensation		-	-	39	-	-	39
Dividends	20	-	-	-	-	(2,256)	(2,256)
Net income and other comprehensive income		-	-	-	419	4,149	4,568
Balance at December 31, 2016		**9,038,862**	**$ 43,496**	**$ 63**	**$ 419**	**$ 357**	**$ 44,335**
Share-based compensation		-	-	77	-	-	77
Dividends	20	-	-	-	-	(2,260)	(2,260)
Net income and other comprehensive income		-	-	-	1,066	4,160	5,226
Balance at December 31, 2017		**9,038,862**	**$ 43,496**	**$ 140**	**$ 1,485**	**$ 2,257**	**$ 47,378**

TEN PEAKS COFFEE COMPANY INC.

Consolidated Statements of Cash Flows
(Tabular amounts in thousands of Canadian dollars)

for the	Note	12 months ended December 31, 2017	12 months ended December 31, 2016
			Restated Note 26
Operating activities			
Net income		$ 4,160	$ 4,149
Items not affecting cash:			
Depreciation and amortization		2,172	2,053
Share-based compensation expense (recovery)		211	(180)
Unrealized gain on risk management activities	26	(1,463)	(1,755)
Unrealized gain on fair value adjustment of embedded option		(604)	(6)
Payment of restricted and deferred share units settled in cash		(60)	(147)
Finance income		(580)	(342)
Finance expense		1,414	346
Income taxes expense		1,606	1,593
		6,856	5,711
Change in non-cash working capital relating to operating activities	25, 26	(3,661)	3,357
Net cash generated from operations		**3,195**	**9,068**
Interest received		500	337
Interest paid		(1,033)	(251)
Income taxes paid		(915)	-
Net cash generated from operating activities		**1,747**	**9,154**
Investing activities			
Proceeds from (purchase of) short-term investments		5,633	(12,700)
Additions to plant and equipment		(8,131)	(5,293)
Net cash used in investing activities		**(2,498)**	**(17,993)**
Financing activities			
Dividends paid		(2,260)	(2,256)
Proceeds from convertible debenture, net of financing costs		-	14,527
Net cash (used in) generated from financing activities		**(2,260)**	**12,271**
(Decrease) increase in cash and cash equivalents		(3,011)	3,432
Cash and cash equivalents, beginning of the year		12,497	9,065
Cash and cash equivalents, end of the year		$ 9,486	$ 12,497

1. NATURE OF BUSINESS

Ten Peaks Coffee Company Inc. ("Ten Peaks" or the "Company") is a company incorporated under the Canada Business Corporations Act. The common shares of the Company are listed on the Toronto Stock Exchange under the symbol 'TPK'. The Company's registered office is located at 3131 Lake City Way, Burnaby, British Columbia, V5A 3A3.

Ten Peaks is a leading specialty coffee company that owns all of the interests of Swiss Water Decaffeinated Coffee Company Inc. ("SWDCC"), a British Columbia company, and Seaforth Supply Chain Solutions Inc. ("Seaforth"), a company incorporated under the Canada Business Corporations Act.

SWDCC is a premium green coffee decaffeinator located in Burnaby, BC. SWDCC employs the proprietary SWISS WATER® Process to decaffeinate green coffee without the use of chemicals, leveraging science-based systems and controls to produce coffee that is 99.9% caffeine free. The SWISS WATER® Process is certified organic by the Organic Crop Improvement Association and is the world's only branded decaffeination process. SWDCC purchases premium grade green coffee, which it decaffeinates and offers for sale to coffee importers, coffee roasters and other customers (classified as its "regular" or "non-toll" business). In addition, SWDCC decaffeinates green coffee that belongs to its customers (classified as "toll" business). Coffee decaffeinated under toll arrangements is not included in inventory, as SWDCC does not take title to these coffees. SWDCC is the primary operating entity of the Company, and Ten Peaks results of operations are dependent upon those of this subsidiary.

SWDCC has a subsidiary, Swiss Water Decaffeinated Coffee Company USA, Inc., a Washington State corporation that acts as a marketing and sales company. It does not have significant assets. At the end of 2017, another subsidiary, Swiss Water Process Marketing Services Inc., a British Columbia company, was dissolved and its assets and liabilities were assumed by SWDCC.

Seaforth provides a complete range of green coffee handling and storage services, including devanning coffee received from origin; inspecting, weighing and sampling coffees; and storing, handling and preparing green coffee for outbound shipments. Seaforth, which is certified organic by Ecocert Canada, serves SWDCC and other coffee importers and brokers.

2. BASIS OF PREPARATION

The Company's consolidated financial statements for the years ended December 31, 2017 and December 31, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

These consolidated financial statements are presented in Canadian dollars, the Company's functional currency.

The following standards became effective for annual periods beginning on or after January 1, 2017. The adoption of the new and revised standards by the Company in 2017 did not have a material impact on its consolidated financial statements apart from the adoption of IFRS 9 (2014) Financial Instruments, which is discussed in Note 3.9.

- *IFRS 9 Financial Instruments*: The Company has early adopted all of the requirements of IFRS 9 as of January 1, 2016.
- *IAS 7 Statement of Cash Flows:* requires additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- *IAS 12 Income Taxes*: implements a 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. IAS 12 clarifies the requirements for recognizing deferred tax assets on unrealized loss, deferred tax where an asset is measured at fair value below the assets tax base and certain other aspects of accounting for deferred tax assets.
- *Investment Entities* (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12: Disclosures of Interest in other entities, and IAS 28: Investments in Associates and joint Ventures): to address issues that have arisen in the context of applying the consolidation exception for investment entities.
- *IFRSs (Amendment):* The Annual Improvements to IFRSs 2012-2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

3.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

These accounting policies have been used throughout all periods presented in these consolidated financial statements.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, all of which are wholly owned. Subsidiaries are all entities over which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

3.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment reflects the provision of products or services within a particular economic environment that is subject to risks and returns that are different from those of other economic environments.

The Company's sales are primarily generated in a single business segment of decaffeination of green coffee beans. As such, management reports operating activities for geographical information only.

3.4 Foreign currency translation

Functional and presentation currency:

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). These consolidated financial statements are presented in Canadian dollars, which has been determined to be the Ten Peaks Coffee Company Inc. functional and presentation currency.

Transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the reporting date.

Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Resulting foreign exchange gains or losses are recognized in income.

Foreign currency transactions are translated into functional currency of the entity at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses are recognized in profit or loss in the period in which they occur. Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
b) Income and expenses for each statement of loss are translated at a quarterly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
c) Share capital for each statement of financial position presented are translated at historical rate; and
d) All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income.

3.5 Inventories

Raw materials are stated at the lower of cost, determined on a specific identification basis, and net realizable value, being the estimated selling price of finished goods less the estimated cost of completion of the finished goods.

Finished goods are stated at the lower of cost and net realizable value. Cost of finished goods includes all expenses directly attributable to the manufacturing process like direct labour and direct materials, as well as suitable portions of related fixed and variable production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.6 Plant and equipment

The Company leases three facilities which house its production facility, offices and warehouse facilities. All plant and equipment is carried at acquisition cost or manufacturing cost less depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are recognized in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are recognized in the statement of income and comprehensive income during the financial period in which they are incurred.

Borrowing costs directly attributed to the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The costs related to the plant and equipment in the course of construction are classified as construction-in-progress. Such items are transferred to the appropriate category of plant and equipment when it is completed and ready for intended use. Depreciation of these assets commences when the asset is available for use.

Depreciation is recognized on a straight-line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life commencing when the asset is ready for its intended use. The estimated useful lives of plant and equipment are as follows:

Leasehold improvements	to expiry of the lease renewal option or lease term
Production machinery	to expiry of the lease renewal option or lease term
Assets under financial lease	to expiry of the lease renewal option or lease term
Warehouse and office equipment	10 years
Computer hardware and software	5 years
Furniture and fixtures	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

3.7 Intangible assets

(a) Proprietary process technology ("PPT")

PPT represents intangible assets of SWDCC with a finite life and is carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis to allocate the cost of PPT to its residual value over its estimated useful life of 14 years.

(b) Brand

SWDCC's brand has a finite useful life and is carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over its estimated useful life of 14 years.

3.8 Impairment of assets

Plant and equipment and intangible assets with finite lives and that are subject to depreciation or amortization are tested for impairment indicators at the end of each reporting period. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognized for the amount by which the carrying amount of an asset or cash generating unit ("CGU") exceeds its recoverable amount. The Company has determined that it has only one CGU and that all assets relate to that CGU. To determine the recoverable amount, management estimates either the fair value less costs to sell, or the value-in-use based on the present value of expected future cash flows from the CGU. In estimating the value-in-use, management must determine the appropriate discount rate in order to calculate the present value of those cash flows, as well as make certain assumptions about future profits which relate to future events and circumstances. Discount factors are determined individually for each asset or CGU and reflect their respective risk profiles as assessed by management. There were no indicators of impairment during the year.

3.9 Financial instruments

The Company has early adopted IFRS 9 as issued in July 2014 with a date of initial application of January 1, 2016. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected credit loss impairment model.

All financial assets, other than accounts receivable, are included in the measurement category of fair value through profit and loss. There was no change to the measurement category for financial liabilities at amortized cost.

Recognition

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification

From January 1, 2016, the Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition).

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications for financial instruments, other than derivatives:

- Cash and cash equivalents and short-term investments are classified as assets at fair value and any period change in fair value is recorded through interest income in the consolidated statement of income, as applicable.
- Accounts receivable and other receivables are classified as assets at amortized cost using the effective interest rate method. Interest income is recorded in the consolidated statement of income, as applicable.
- Accounts payable, credit facilities, the debt portion of the convertible debenture, the construction loan and other liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest expense is recorded in the consolidated statement of income, as applicable.

With the adoption of hedge accounting, “gains/losses on risk management activities” reflects the change in fair value of undesignated revenue hedges and gains or losses on designated hedging instruments that are not otherwise recorded in the income statement with the hedged item (revenue or cost of sales).

Also, with the adoption of hedge accounting, “fair value gains/losses on embedded option” are gains or losses on embedded derivative in the convertible debenture debt instrument.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets are measured at their fair values at the end of the subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. The requirements for classification and measurement of financial liabilities largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would, under IFRS 9, generally be recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company's only financial asset at amortized cost are accounts receivable and other receivables, for these the Company applies the simplified approach as permitted by IFRS 9 which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

Derivatives and Hedge Accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

The Company designates derivatives as hedges for the risk of changes in fair value of the purchase commitment due to changes in benchmark coffee commodity prices and foreign exchange as fair value hedges.

The Company also designates derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions as cash flow hedges.

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedging relationship.

The Company applied hedge accounting prospectively to economic hedges entered into in accordance with its Foreign Exchange Risk Management Policy (FX Policy) and the Commodity Price Risk Management Policy (Commodity Policy). Economically, the specific hedging activities carried out under these policies by the Company are as follows:

Currency risk hedges on US$ purchases ("customer-specific hedges"):

The Company enters into forward contracts to buy US dollars (US$) for significant purchase commitments, such as green coffee inventory which, once decaffeinated, is sold at a fixed Canadian dollar (C$) price. To mitigate the exposure to changing margin on these transactions arising from fluctuations in the US$/C$ exchange rate, the Company enters into US$ forward purchase contracts which economically lock in the US$/C$ exchange rate, and effectively locks in the C$ cost of inventory to be sold at the fixed C$ amount.

At each period end, currency risk hedges on US$ purchases are re-measured to their fair value. Under hedge accounting, the effective portion of the gains (losses) will be held on the consolidated statement of financial position until the inventory is received and subsequently sold, at which time the gains (losses) will flow to cost of sales on the consolidated statement of income.

Commodity price risk hedges on purchase commitments and inventory ("commodity hedges"):

When the Company enters into a purchase commitment to purchase green coffee and fixes the New York 'C' ("NY'C") price component (which it will later sell at a to-be-determined price based on the NY'C'), the Company enters into an offsetting short position on the IntercontinentalExchange. The Company monitors, on a macro basis, the amount of purchase commitments and amount of inventory on hand for which the ultimate sale price is variable and has not yet been fixed based on the NY'C' and compares this to the amount of coffee covered by future net short positions to determine whether the net short position requires adjustment.

At each period end, commodity price risk hedges are re-measured to their fair value. Under hedge accounting, the effective portion of the gains (losses) for price fixed hedged coffee contracts and coffee inventory will be held on the consolidated statement of financial position until inventory for such contracts is received and subsequently sold, at which time the gains (losses) will flow to cost of sales on the consolidated statement of income.

Currency risk hedges on US$ future revenue ("revenue hedges"):

The Company enters into forward contracts to sell US$ at future dates to hedge the foreign exchange cash flow variability of expected US$ processing fee revenue. The hedged processing revenue includes both processing fee revenue from tolling arrangements (processing of customer owned coffee) as well as the US$ processing fee layer of inventory sales agreements.

At each period end, currency risk hedges on US$ future revenues are re-measured to their fair value. Under hedge accounting, unrealized gains (losses) for US$ forward contracts are reclassified so that the impact on the consolidated statement of income is deferred through other comprehensive income, until the hedge instrument matures, at which time the realized gain (loss) is reflected in revenue on the consolidated statement of income.

On all hedges entered into, if the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedged instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Fair Value Hierarchy

The Company classifies and discloses the fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The Company classifies a financial instrument to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

3.10 Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income and comprehensive income except to the extent that it relates to items recognized either in other comprehensive income or directly in equity.

The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustments to taxes payable in respect of previous years. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related asset is realized or the liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which temporary differences and non-capital loss carry forwards can be utilized.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that it will lead to an outflow of economic resources from the Company and amounts can be estimated reliably, although timing or amount of the outflow may still be uncertain.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date, including the risks and uncertainties associated with the present obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at the end of each reporting period and adjusted or reversed to reflect management’s current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized.

Where discounting has been used, the carrying amount of a provision is accreted during the period to reflect the passage of time.

3.12 Leases as the lessee

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognized when all the following conditions are satisfied:

- persuasive evidence of an arrangement exists;
- the goods are shipped;
- title has passed to the customer;
- the price has been substantively determined; and
- collection is reasonably assured.

3.14 Employee benefits

The Company provides benefits to employees through a registered retirement savings plan (“RRSP”). The Company contributes a percentage of earnings into an RRSP administered by an independent entity. Ultimately, each employee manages his or her own RRSP within the scope of the plan provided by the third-party administrator. The RRSP has no assurance of defined benefits to employees, and as such the Company has no legal or constructive obligations to make further contributions.

The Company also pays contributions to government pension insurance plans. The contributions are recognized as employee benefit expenses when they are due.

3.15 Share-based compensation

The Company has a restricted share unit (“RSU”) plan for certain officers and employees and a deferred share unit (“DSU”) plan for non-employee directors (collectively, “participants”).

The RSUs granted are compound financial instruments as they are expected to be settled using a combination of cash and equity.

The equity-settled share-based compensation is measured at the fair value of the Company’s common shares as at the grant date using a volume weighted average share price in accordance with the terms of the RSU Plan. The fair value determined at the grant date is charged to income on a straight-line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be converted to common shares, with a corresponding increase in equity (share-based compensation reserve). As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of equity instruments that ultimately vested. The impact of the revision of estimates, if any, is recognized in income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

For cash-settled share-based compensation, a long-term liability is recognized, measured initially at the fair value of the long-term liability using a volume weighted average share price. The amount of the liability is charged to income on a straight-line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be settled in cash. As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal to the number of RSUs that ultimately vested and are settled in cash. The impact of the revision of estimates, if any, is recognized in income or expenses such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the long-term liability or current liability depends on the timing when the liability become due. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured using a volume weighted average share price, with any change in fair value recognized in income or expense for the year.

DSUs are issued to participants who elect to defer a portion of their current compensation in exchange for DSUs. DSUs are classified as cash-settled share-based payment transactions as participants receive cash following a Redemption Event. The DSUs do not contain any vesting conditions or forfeiture provisions, as they are issued in exchange for deferred compensation. The Company recognizes the expense and the liability to pay for the eventual redemption when the DSUs are issued. Thereafter, the Company re-measures the liability at the end of each reporting date and the date of settlement, with the difference recognized in income or expense for the period. The fair value of DSUs is determined in accordance with the DSU Plan, which uses the average closing price for Ten Peaks shares for the five trading days immediately preceding the relevant date.

3.16 Earning per share ("EPS")

The Company presents basic and diluted EPS for its common shares. Basic EPS is calculated by dividing income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated by dividing income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares.

3.17 Application of revised IFRSs

The following new standards, amendments to accounting standards and interpretations have been issued and will be effective in future periods, with earlier adoption permitted:

- *IFRS 2: Share based payment:* contains amendments to classification and measurement of share-based payment transactions. It is effective for annual periods beginning on or after January 1, 2018.
- *IFRS 15: Revenue from Contracts with Customers:* replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that revenue related to the transfer of promised goods or services should be recognized when the control of the goods or services passes to customers. The

Company has evaluated the impact of applying IFRS 15, analyzing its toll revenue, regular decaffeinated coffee sales and coffee handling agreements. The Company concluded there is no material change in the timing of revenue recognized under the new standard as the point of transfer of risk and reward for goods and services and transfer of control occurs at the same time. In addition, IFRS 15 requires entities to apportion revenue earned from contracts to distinct performance obligations on a relative standalone selling price basis. The impact of this change on the amount of revenue recognized in a year is insignificant. IFRS 15 contains additional presentation and disclosure requirements which are more detailed than the current standards. Upon the adoption of IFRS 15, the Company will provide disclosures for each of the Company's revenue streams to supplement the revenue data that is currently presented in the segmented information disclosure. It is effective for annual periods beginning on or after January 1, 2018.

- *IFRS 16: Leases:* requires an application of control model to the identification of leases, distinguishing between a lease and a service contract. Also, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. A leasee can choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach. The Company plans to apply IFRS 16 as at the date it becomes effective but has not yet selected a transition approach. It is effective for annual periods beginning on or after January 1, 2019.
- *IFRIC 22: Foreign Currency Transactions and Advance Consideration*: clarifies the appropriate exchange rate to use on initial recognition of an asset, expense or income when advance consideration is paid or received in a foreign currency. Management expects this IFRIC may change the exchange rate used to translate advances received for revenue in a foreign currency. The impact on the initial measurement of revenue would depend on the movements in exchange rates. It is effective for annual periods beginning on or after January 1, 2018.
- *IAS 40 Investment Property*: contains amendments to transfers of investment property. It is effective for annual periods beginning on or after January 1, 2018.
- *IFRIC 23 Uncertainty over Income Tax Treatments*: clarifies the application of recognition and measurement requirements in IAS 12, Income taxes, where there is uncertainty over income taxes. It is effective for annual periods beginning on or after January 1, 2019.

The Company has not yet adopted any of these new and amended standards or interpretations and is currently assessing the impact of adoption.

4. MANAGEMENT JUDGMENTS AND ESTIMATION UNCERTAINTY

Judgment is used by management in selecting accounting policies, the determination of functional currency, the identification of CGUs, and the identification of revenue streams. In addition, judgment is often required in applying accounting policies, and in respect of items where the choice of a specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and accordingly, provides an explanation of each below. Actual results could differ from those estimates and assumptions.

4.1 Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At December 31, 2017 management determined that the useful lives represent the expected utility of the assets to the Company.

4.2 Provision for asset retirement obligations

Analysis and estimates are performed by the Company in order to determine the amount of restoration costs to be recognized as a provision in the Company's consolidated financial statements. The estimates consider the contract language in the lease, the expected useful lives of the Company's equipment, and the expected costs that would be paid to a third party to remove equipment.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the final determination of such obligation amounts differs from the recognized provisions, the Company's financial statements will be impacted.

4.3 Income taxes

The Company computes income taxes using the liability method, under which deferred income taxes are provided for the temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using the enacted and substantively enacted income tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets also reflect estimates of the recoverability of non-capital loss carry forwards. The Company has recognized the benefit of loss carry forwards to the extent that it is probable that taxable income will be available in the future against which the non-capital loss carry forwards can be utilized.

The financial reporting bases of the Company's assets reflect the useful lives of depreciable assets, as well as the carrying amounts of assets with indefinite useful lives. Accordingly, management estimates that impact the carrying amounts of depreciable and non-depreciable assets also have an impact on deferred income tax assets and liabilities.

4.4 Convertible Debenture

Management estimates the interest rate on a similar instrument of comparable credit status and providing for substantially the same cash flows, on the same terms, but without the equity conversion option in the calculation of the fair value of the liability portion of the convertible debenture upon initial recognition. Management also estimates the fair values of the derivative liability related to the convertible debenture at initial recognition and at the end of each reporting period using the Black-Scholes option pricing model which requires management estimates. Details of these can be found in Note 14.

(Tabular amounts in thousands of Canadian dollars)

5. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include shareholders' equity and indebtedness. In order to maintain or adjust the capital structure, the Company may from time to time issue common shares, issue additional debt, adjust its capital spending, modify its dividend policy, and/or dispose of certain assets to manage current and projected debt levels.

The Company manages its capital in order to meet its growth objectives while continuing to pay quarterly dividends to its shareholders. The dividend policy of Ten Peaks is subject to the discretion of the Board of Directors, which reviews the level of dividends periodically on the basis of a number of factors including Ten Peaks' financial performance, future prospects, and the capital requirements of the business. Quarterly dividends are paid on a level basis in order to smooth out normal seasonal fluctuations that occur over the course of a year.

6. INVENTORIES

	December 31, 2017	December 31, 2016
Raw materials	$ 8,147	$ 5,863
Finished goods	6,072	5,836
Carbon	397	315
Packaging	32	147
Hedge accounting component	23	(587)
	$ 14,671	$ 11,574

During the year ended December 31, 2017, the cost of inventories recognized in cost of sales was $68 million (2016: $65 million). The inventory provision was $0.08 million during the year (2016: $0.07 million).

7. ACCOUNTS RECEIVABLE

	December 31, 2017	December 31, 2016
Accounts receivable	$ 12,127	$ 11,707
Receivables, non-current	230	-

The Company's accounts receivable has been reviewed for indicators of impairment. No accounts were found to be impaired and therefore no allowance for credit losses was provided as at December 31, 2017 and December 31, 2016. Non-current accounts receivable includes a $0.1 million balance due from a related party, refer to Note 19.

(Tabular amounts in thousands of Canadian dollars)

8. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates with maturities greater than three months and less than nine months from the day of their acquisition, with a fixed interest rate of 1.4% (2016: 1.2% to 1.5%).

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's derivative financial instruments were carried at fair value through profit or loss as follows:

		December 31, 2017		December 31, 2016
Coffee futures contracts, net	$	247	$	95
US Dollar forward contracts, current		(3)		(815)
US Dollar forward contracts, long term		(13)		(582)
Derivative financial liability, convertible debenture		(2,709)		(3,314)
	$	(2,478)	$	(4,616)

10. PLANT AND EQUIPMENT

		Machinery and equipment		Leasehold improvements		Computer equipment		Furniture and fixtures		Construction in progress		Total
Cost												
Balance January 1, 2017	$	33,557	$	5,052	$	1,062	$	181	$	2,083	$	41,935
Additions		187		61		142		8		8,577		8,975
Balance December 31, 2017	$	33,744	$	5,113	$	1,204	$	189	$	10,660	$	50,910
Accumulated depreciation												
Balance January 1, 2017	$	(21,546)	$	(3,227)	$	(750)	$	(134)	$	-	$	(25,657)
Depreciation		(1,515)		(274)		(112)		(11)		-		(1,912)
Balance December 31, 2017	$	(23,061)	$	(3,501)	$	(862)	$	(145)	$	-	$	(27,569)
Balance, December 31, 2017	$	10,683		1,612		342		44		10,660		23,341
Cost												
Balance January 1, 2016	$	28,284	$	4,952	$	998	$	304	$	2,127	$	36,665
Additions		-		63		-		-		5,230		5,293
Disposals		(23)		-		-		-		-		(23)
Transfers		5,296		37		64		(123)		(5,274)		-
Balance December 31, 2016	$	33,557	$	5,052	$	1,062	$	181	$	2,083	$	41,935
Accumulated depreciation												
Balance January 1, 2016	$	(20,229)	$	(2,882)	$	(641)	$	(157)	$	-	$	(23,909)
Depreciation		(1,285)		(345)		(109)		(9)		-		(1,748)
Transfers		(32)		-		-		32		-		-
Balance December 31, 2016	$	(21,546)	$	(3,227)	$	(750)	$	(134)	$	-	$	(25,657)
Balance, December 31, 2016	$	12,011	$	1,825	$	312	$	47	$	2,083	$	16,278

(Tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2017, depreciation expense of $1.8 million (2016: $1.7 million) has been charged to cost of sales and $0.1 million (2016: $0.1 million) was included in administrative expenses. There was no impairment loss recognized for the years ended December 31, 2017 and 2016.

11. INTANGIBLE ASSETS

		PPT		Brand		Total
Cost						
Balance January 1, 2017	$	3,246	$	1,000	$	4,246
Balance December 31, 2017	$	3,246	$	1,000	$	4,246
Amortization						
Balance January 1, 2017	$	(1,680)	$	(879)	$	(2,559)
Amortization		(240)		(20)		(260)
Balance December 31, 2017	$	(1,920)	$	(899)	$	(2,819)
Carrying amount December 31, 2017	$	1,326	$	101	$	1,427
Cost						
Balance January 1, 2016	$	3,246	$	1,000	$	4,246
Balance December 31, 2016		3,246		1,000		4,246
Amortization						
Balance January 1, 2016	$	(1,440)	$	(859)	$	(2,299)
Amortization		(240)		(20)		(260)
Balance December 31, 2016	$	(1,680)	$	(879)	$	(2,559)
Carrying amount December 31, 2016	$	1,566	$	121	$	1,687

For the year ended December 31, 2017, amortization expense of $0.2 million (2016: $0.2 million) relating to proprietary process technology ("PPT") has been charged to cost of sales and $0.02 million (2016: $0.02 million) relating to Brand was included in administrative expenses. There was no impairment loss recognized for the years ended December 31, 2017 and 2016.

12. TAX

12.1 Income tax expense

		December 31, 2017		December 31, 2016
Current expense	$	890	$	403
Deferred tax expense		716		1,190
Total income tax expense	$	1,606	$	1,593

(Tabular amounts in thousands of Canadian dollars)

12.2 Reconciliation

Income tax expense for the year can be reconciled to the accounting profit as follows:

	December 31, 2017	December 31, 2016
Statutory rate	26%	26%
Income before tax	$ 5,766	$ 5,742
Income tax calculated at applicable tax rate	$ 1,503	$ 1,493
Non-deductible expenses	109	88
Foreign tax rate differential	(6)	12
Income tax expenses	$ 1,606	$ 1,593

12.3 Current income tax payable

	December 31, 2017	December 31, 2016
Income tax payable	$ 105	$ 405

12.4 Deferred income tax assets (liabilities)

The movement in deferred income tax assets and liabilities during the year was as follows:

	Goodwill and intangibles	Share and debt issue costs and other	Property plant and equipment	ARO	Share based compensation	Derivative liability and convertible debenture	Other comprehensive income	Tax Losses	Total
Balance January 1, 2016	$ 698	$ 392	(2,819) $	182	$ 360	-	-	$ 1,515	$ 328
Expense (recovery)	(19)	41	193	25	16	(123)	(147)	(1,153)	(1,167)
Balance, December 31, 2016	**$ 679**	**$ 433**	**(2,626) $**	**207**	**$ 376**	**(123)**	**(147) $**	**362**	**(839)**
Balance, January 1, 2017	679	433	(2,626)	207	376	(123)	(147)	362	**(839)**
Expense (recovery)	13	(208)	(97)	10	(204)	(48)	(385)	(184)	**(1,103)**
Balance, December 31, 2017	**$ 692**	**$ 225**	**(2,723) $**	**217**	**$ 172**	**(171)**	**(532) $**	**178**	**(1,942)**

SWDCC has no non-capital tax losses carry forwards as the end of December 31, 2017. Ten Peaks has non-capital tax loss carry forwards of $0.2 million which begin to expire in 2036. Seaforth has non-capital tax loss carry forwards of $0.4 million that begin to expire in 2033.

13. CREDIT FACILITIES

The Company had no outstanding debt as at December 31, 2017 or December 31, 2016. As at December 31, 2017, the company had the following credit facilities:

(Tabular amounts in thousands of Canadian dollars)

a. a $14.5 million revolving operating line of credit which bears interest at the bank's prime lending rate plus 0.75% per annum; and

b. a $1.5 million swing operating line of credit which bears interest at the bank's prime lending rate plus 0.75% per annum.

Any US$ denominated debt under the revolving operating line of credit or swing line can be financed using LIBOR loans at the LIBOR rate plus 2.35% per annum.

In addition, the Company has a US$8.0 million foreign exchange and commodity futures contract facility, which allows the Company to enter into spot, forward and other foreign exchange rate transactions and commodity futures transactions with the bank with a maximum term of up to 60 months.

These facilities are collateralized by a general security agreement over all of the assets of the Company and a floating hypothecation agreement over cash balances.

As at December 31, 2017, the Company was in compliance with its debt covenants and had not made use of any of its credit facilities.

14. CONVERTIBLE DEBENTURE

	December 31, 2017	December 31, 2016
Balance, open	$ 11,283	$ -
Proceeds from issuance	-	15,000
Debt issuance costs	-	(473)
Fair value of derivative	-	(3,319)
Interest charged	1,403	306
Interest paid	(1,028)	(231)
Balance, end	$ 11,658	$ 11,283

On October 11, 2016, the Company issued an unsecured subordinated convertible debenture for gross proceeds of $15,000,000. The Convertible Debenture bears interest at a rate of 6.85% per annum to be paid quarterly in arrears and is due on October 11, 2023.

The Convertible Debenture is convertible into Common Shares of the Company at a conversion price of $8.25 per Common Share. Under the terms of the agreement, Ten Peaks has the option to pay interest-in-kind for the first two years. If elected, this option will increase the principal sum by the interest owing.

The Convertible Debenture also includes a net share settlement feature that allows Ten Peaks, upon conversion, to elect to pay cash equal to the face value of the Convertible Debenture and to issue Common Shares equal to the excess value of the underlying equity above the face value of the Convertible Debenture. If the Net Share Settlement option is elected, it will result in fewer Common

(Tabular amounts in thousands of Canadian dollars)

Shares being issued. In 2016, the Company paid financing costs of $0.5 million in respect of issuing the convertible debenture.

The liability component was initially measured at a fair value of $11.2 million, which represents the present value of the contractually determined stream of cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without derivative components, of 12.15% per annum.

	December 31, 2017	December 31, 2016
Balance, open	$ 3,313	$ -
Fair value of derivative liability	-	3,319
Change in fair valuation of derivative embedded option	(604)	(6)
Balance, end	$ 2,709	$ 3,313

The Company uses the residual value method to allocate the fair value of the convertible debentures between the liability component and the derivative liability. Under this method, as at balance sheet date, the derivative liabilities include fair value of the derivative liability related to convertible debenture in the amount of $2.7 million (2016: $3.3 million at inception). The fair value of the derivative liability was determined using the Black-Scholes Option Pricing Model. The variables and assumptions used in computing the fair value are based on management's best estimate. The value varies with different variables of certain subjective assumptions.

Inputs into the Black-Scholes Option Pricing Model to determine the fair value of the conversion option:

	December 31, 2017	December 31, 2016
Share price	$ 6.70	$ 7.37
Exercise price	$ 8.25	$ 8.25
Option life	5.79 years	7 years
Volatility	40%	39%
Risk-free interest rate	1.90%	0.92%
Dividend yield	3.73%	3.39%

15. OTHER LIABILITIES

The balance represents the fair value of the deferred share units ("DSUs") and of the cash-settled portion of the restricted share units ("RSUs") outstanding as follows:

	December 31, 2017	December 31, 2016
Other liabilities, current	$ 591	$ 488
Other liabilities, non-current	45	81
	636	569

16. ASSET RETIREMENT OBLIGATION

The Company estimates the total undiscounted amount of any cash flows required to settle its ARO is approximately $0.9 million, which will be incurred on or about the expiry of the third lease renewal term in 2023. As at December 31, 2017, the Company has a long-term liability ARO of $0.8 million (2016: $0.8 million), reflecting the present value of the ARO using a credit adjusted risk free rate of 1.90%.

17. SHARE CAPITAL

Ten Peaks is authorized to issue an unlimited number of common shares. Each share is equally eligible to receive dividends when declared and represents one vote at meetings of shareholders.

As of December 31, 2017, there were 9,038,862 (2016: 9,038,862), common shares, and 100,783 (2016: 48,285), restricted share units outstanding, respectively.

Restricted share units

The Company has a restricted share unit plan ("RSU Plan") which allows it to grant RSUs to officers, employees and consultants of Ten Peaks or its subsidiaries. The RSU Plan is administered by the Board of Directors, which sets the terms of incentive awards under the RSU Plan. The maximum number of common shares available for issue under the RSU Plan is 333,760, being 5% of the issued and outstanding common shares of the Company as at the date it was approved by shareholders. These grants vest on the third anniversary of issuance (with certain exceptions) provided the grant recipient is still employed by Ten Peaks or one of its subsidiaries as at the date of vesting. Grants are forfeited (with certain exceptions) if a recipient is no longer employed by Ten Peaks or one of its subsidiaries. Upon vesting, each RSU converts to one common share. These grants allow participants to receive up to 50% of the market value of the award in cash (instead of shares) upon vesting, in order to facilitate payment of taxes owing on the awards. Any RSUs paid in cash are returned to the pool and may be re-issued, subject to the maximum number of common shares available under RSU.

Periodically, the Company grants RSU awards. Each award is increased by the value of dividends paid to shareholders during the vesting period, using a formula which uses the higher of the then-current share price or $3.20.

The movement in RSUs for the years ended December 31, 2017 and December 31, 2016 is as follows:

(Tabular amounts in thousands of Canadian dollars)

	Number of RSUs	Volume based weighted average share price	Average remaining vesting period (years)	Performance based
Balance at January 1, 2016	**97,304**	**$ 12.01**	**1.45**	
RSUs issued for dividends	2,477	$ 8.62	1.03	No
RSUs forfeited	(3,136)	$ 6.92	-	No
RSUs cash-settled	(21,064)	$ 6.96	-	No
RSUs exercised	(27,296)	$ 6.96	-	No
Balance at December 31, 2016	**48,285**	**$ 7.86**	**1.14**	
Balance at January 1, 2017	**48,285**	**$ 7.86**	**0.14**	
RSUs granted	52,480	$ 6.15	2.15	No
RSUs issued for dividends	3,522	$ 6.30	1.06	No
RSUs forfeited	(3,504)	$ 6.26	-	No
Balance at December 31, 2017	**100,783**	**$ 6.58**	**1.15**	

Deferred share units

The Company has a deferred share unit plan (the "DSU Plan") in order to issue deferred share units ("DSUs") to non-employee directors (collectively, "participants") of Ten Peaks. The DSU Plan was adopted to allow participants the opportunity to defer compensation and encourage a sense of ownership in Ten Peaks. Under the DSU Plan, participants may elect to defer compensation and receive DSUs equal to the value of the deferred compensation.

The first DSUs were issued in April 2012. The number of DSUs was determined by dividing the amount of deferred compensation by the Fair Market Value. The Fair Market Value of DSUs is defined in the DSU Plan as the weighted average closing price of Ten Peaks shares for the five business days immediately preceding the relevant date.

Upon the occurrence of the Redemption Event, the affected participant will be entitled to receive a lump sum cash payment, net of applicable withholding taxes, equal to the product of number of DSUs held by that participant and the Fair Market Value on the date of the Redemption Event. The DSUs do not contain any vesting conditions or forfeiture provisions, as they are issued in exchange for deferred compensation.

Under the DSU Plan, outstanding DSUs as at the record date are increased by the Dividend Rate whenever dividends are paid to shareholders.

The movement in DSUs for the years ended December 31, 2017 and December 31, 2016 is as follows:

(Tabular amounts in thousands of Canadian dollars)

	Number of DSUs		Weighted average share price	Performance based
Balance at January 1, 2016	57,391	$	12.06	
DSUs issued	11,488	$	8.79	No
Balance at December 31, 2016	68,879	$	7.08	
Balance at January 1, 2017	68,879	$	7.08	
DSUs issued	11,276	$	6.63	No
DSUs exercised	(9,581)	$	6.24	No
Balance at December 31, 2017	**70,574**	**$**	**6.60**	

18. EMPLOYEE BENEFITS EXPENSES

Expenses recognized for employee benefits are detailed below:

		12 months ended December 31, 2017		12 months ended December 31, 2016
Short-term benefits	$	6,965	$	6,794
Long-term benefits		220		(180)
Post-employment benefits		680		607
	$	7,865	$	7,221

Short-term benefits are comprised of salaries, accrued bonuses, benefits and director fees. Long-term benefits comprise share-based compensation under the RSU Plan and the DSU Plan.

Post-employment benefits are contributions to employee retirement accounts, as well as statutory remittances related to post-employment benefits. These are recognized as an expense when employees have rendered service entitling them to the contributions.

19. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, key management personnel and a company related to a director.

Details of transactions between the Company and related parties (other than its subsidiaries) are discussed below. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

<u>Compensation of Key Management Personnel</u>

The remuneration of directors and key management personnel during the year was as follows:

(Tabular amounts in thousands of Canadian dollars)

	12 months ended December 31, 2017	12 months ended December 31, 2016
Short-term benefits	$ 1,395	$ 1,132
Long-term benefits	173	(181)
Post-employment benefits	58	53
	$ 1,626	$ 1,004

Promissory note

On March 16, 2017, a subsidiary of the Company and a member of key management (the "borrower") entered into a promissory note in the amount of US$0.1 million. For as long as the borrower remains an employee, the obligation to repay the principal is forgiven against current and future awards under the RSU Plan, by forfeiture of awards. The loan is interest free other than in the event of default, in which case the promissory note shall bear simple interest at a rate of 10% per annum.

Trading transactions

During the year, the Company entered into the following transactions with a company that is related to a director:

	12 months ended December 31, 2017	12 months ended December 31, 2016
Sales	$ 303	$ 764
Purchases of raw materials	$ 6,934	$ 4,509

As at the balance sheet date, the Company had the following balances receivable from and payable to a company that is related to director:

	December 31, 2017	December 31, 2016
Accounts receivable	$ 15	$ 121
Accounts payable	$ -	$ 94

These transactions were in the normal course of operations and were measured at the fair value of the consideration received or receivable, which was established and agreed to by the related party.

20. DIVIDENDS

For the year ended December 31, 2017, the Company declared quarterly eligible dividends to shareholders totaling $2.3 million or $0.25 per share (2016: $2.3 million or $0.25 per share) of which, $0.6 million was payable at December 31, 2017 (2016: $0.6 million).

(Tabular amounts in thousands of Canadian dollars)

21. SEGMENT REPORTING

The Company's sales are primarily generated in a single segment (decaffeination of green coffee) and in three geographic areas – Canada, United States and other international markets.

The Company's revenue from external customers and its non-current assets by location are detailed below. Revenues:

	December 31, 2017	December 31, 2016
Canada	$ 35,103	$ 31,908
United States	38,808	37,173
Other	9,844	12,846
	$ 83,755	$ 81,927

Non-Current Assets (not including deferred tax assets):

	December 31, 2017	December 31, 2016
Canada	$ 25,663	$ 17,951
United States	75	14
	$ 25,738	$ 17,965

22. BASIC AND DILUTED EARNINGS PER SHARE

	12 months ended December 31, 2017	12 months ended December 31, 2016
Basic EPS:		
Net income attributable to shareholders	$ 4,160	$ 4,149
Weighted average number of shares	9,038,862	9,019,621
Basic EPS	**0.46**	**$ 0.46**
Diluted EPS:		
Net income attributable to shareholders	$ 4,160	$ 4,149
Effect of diluted securities: RSUs	-	19
After tax effect of diluted securities if debenture converted:		
Interest on convertible debenture	1,035	-
Loss (gain) on fair value adjustment of embedded option	(604)	-
Net income after effect of diluted securities	$ 4,591	$ 4,168
Weighted average number of shares - basic	9,038,862	9,019,621
Effect of diluted securities: RSUs		83,932
Effect of diluted securities: convertible debenture	1,818,182	-
Weighted average number of shares - diluted	10,857,044	9,103,553
Diluted EPS	**$ 0.42**	**$ 0.46**

(Tabular amounts in thousands of Canadian dollars)

The following potential common shares are anti-dilutive and are therefore excluded from the weighted average number of common shares outstanding for the purposes of calculating the diluted earnings per share:

	12 months ended December 31, 2017	12 months ended December 31, 2016
Weighted average number of RSUs granted	46,556	-
Share units from the conversion of the convertible debenture	-	407,352

23. FINANCIAL RISK MANAGEMENT

The Company's risk management program focuses on the unpredictability of commodity prices and foreign exchange rates, and seeks to minimize potential adverse effects on the Company's financial performance and cash flows. The Company uses derivative financial instruments to hedge these risk exposures. In addition, the Company monitors other financial risks on a regular basis.

Risk management is carried out under policies approved by the Board of Directors. The Company's exposure to and management of financial risks is discussed in more detail below.

23.1 Commodity price risk

Commodity price risk is the risk that the fair value of inventory will fluctuate as a result of changes in commodity prices. The Company utilizes futures contracts to manage its commodity price exposure. The Company buys and sells futures contracts for coffee on the IntercontinentalExchange in order to offset its inventory position and fix the input cost of green coffee. As at December 31, 2017, the Company had futures contracts to buy 2.2 million lbs of green coffee with a notional value of US$2.7 million, and contracts to sell 4.5 million lbs of green coffee with a notional value of US$5.5 million. The furthest contract matures in in December 2018 (December 31, 2016: buy 2.0 million lbs, with a notional value of US$2.7 million, and sell 6.4 million lbs with a notional value of US$8.8 million). The net notional value of the contracts outstanding at December 31, 2017 was approximately US$2.8 million (2016: US$6.1 million).

The following tables provide a summary of commodity hedges designated as hedging instruments:

(Tabular amounts in thousands of Canadian dollars)

Carrying amount of hedging instruments	**December 31, 2017**	**December 31, 2016**
Fair value hedge	Commodity price risk Coffee futures	Commodity price risk Coffee futures
Nominal amount of hedging instruments (in US$'000)	$ 2,804	$ 6,055
Line item in the statement of financial position where hedging instrument is located	Derivative Assets	Derivative Assets
Assets	$ 247	$ 497
Liabilities	-	-
Changes in fair value used for calculating hedge ineffectiveness	-	-

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	**December 31, 2017**	**December 31, 2016**
Fair value hedge	Purchase commitments and coffee inventory	Purchase commitments and coffee inventory
Nominal amount of hedged item (in '000 lbs)	2,285	4,432
Line items in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	$ 28	$ -
Liabilities	128	565
Changes in fair value used for calculating hedge ineffectiveness	-	-

As at December 31, 2017 the Company has entered into contracts to hedge purchase commitments, coffee inventory as well as sales agreements for net notional volumes of 2.3 million pounds of coffee (2016: 4.4 million).

23.2 Foreign currency risk

The Company realizes a significant portion of its sales in US$, and purchases green coffee in US$ which is, in some cases, sold to customers in Canadian dollars. The Company enters into forward foreign currency contracts to manage its exposure to currency rate fluctuations and to minimize the effect of exchange rate fluctuations on business decisions. These contracts relate to the Company's future cash flows in US$ from sales. In addition, the Company enters into forward contracts to buy US$ for coffee that it resells in Canadian dollars.

At December 31, 2017, the Company had forward currency contracts to buy US$7.2 million and sell US$46.2 million (2016: buy US$9.5 million and sell US$42.7 million) from January 2018 through to December 2021 at various Canadian exchange rates ranging from $1.2147 to $1.3837 from January 2018 through to December 2021. The net notional value of the contracts outstanding at December 31, 2017 was approximately US$39.0 million (2016: US$33.2 million).

The following provides a summary of amounts related to foreign currency forward contracts designated as hedging instruments.

Currency risk hedges on US$ purchases

As at December 31, 2017 the Company has entered into forward contracts, where from the nominal value of US$7.2 million (2016: US$6.8 million), US$7.0 million (2016: US$6.8 million) were designated as hedging instruments.

(Tabular amounts in thousands of Canadian dollars)

Carrying amount of hedging instruments	December 31, 2017	December 31, 2016
Fair value hedge	Foreign currency purchase forwards	Foreign currency purchase forwards
Nominal amount of hedging instruments (in US$'000)	$ 6,962	$ 6,773
Line item in the statement of financial position where hedging instrument is located	Derivative liabilities	Derivative assets
Assets	$ -	$ 128
Liabilities	229	1
Changes in fair value used for calculating hedge ineffectiveness	-	-

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	December 31, 2017	December 31, 2016
Fair value hedge	Firm purchase commitments & inventories	Firm purchase commitments & inventories
Nominal amount of hedged item (in US$'000)	$ 6,962	$ 6,773
Line item in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	380	-
Liabilities	-	23
Changes in fair value used for calculating hedge ineffectiveness	-	-

Currency risk on hedge on US$ future revenue

The Company also entered into forward contracts, where from the nominal value of US$46.2 million, US$34.0 million (2016: US$32.6 million) were designated to hedge future forecasted sales revenue.

(Tabular amounts in thousands of Canadian dollars)

Carrying amount of hedging instruments	December 31, 2017	December 31, 2016
	Currency risk	Currency risk
Cashflow hedge	Foreign currency	Foreign currency
	forwards	forwards
Nominal amount of hedging instruments (in US$'000)	$ 34,015	$ 32,560
Line items in the statement of financial position where	Derivative assets and	Derivative assets and
hedging instrument is located	Derivative liabilities	Derivative liabilities
Assets	1,292	59
Liabilities	13	1,144
Changes in fair value used for calculating hedge ineffectiveness	-	-

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	December 31, 2017	December 31, 2016
	Currency risk	Currency risk
Cashflow hedge	Foreign currency	Foreign currency
	forwards	forwards
Nominal amount of hedged item (in US$'000)	34,015	32,560
Line items in the statement of financial position where	Accumulated other	Accumulated other
hedged item is located	comprehensive income	comprehensive income
Assets	n/a	n/a
Liabilities	n/a	n/a
Changes in fair value used for calculating hedge ineffectiveness	-	-
Cashflow hedge reserve	1,969	567

Not included in tables above are fair value changes for swap contracts, as these are not designated hedge instruments.

23.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company believes that interest rate risk is low as all cash equivalents and short-term investments are made in fixed rate instruments. The Company does have some interest rate risk related to its credit facilities; however, the obligations are small enough that any exposure is not material at this time. There is no interest rate risk on the convertible debenture as the interest rate is fixed.

23.4 Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents, short-term investments, accounts receivable and derivative financial instruments.

The Company does not have significant credit risk related to cash and cash equivalents and short-term investments as amounts are held with major financial institutions.

The Company follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. For the year ended December 31, 2017, revenues from three major customers of $29 million (2016: $31 million) represented 35% (2016: 38%) of total revenues for the year. These customers represented 47% of total accounts receivable as at December 31, 2017 (2016: 34%).

(Tabular amounts in thousands of Canadian dollars)

The Company had 16% of its accounts receivable past due as at December 31, 2017 (December 31, 2016: 13%). Of the accounts receivable past due, 83% are 1-30 days past due (2016: 94%) and 17% are 31-60 days past due (2016: 6%).

The Company manages the credit risk related to its derivative financial instruments by entering into such contracts only with high credit quality institutions.

23.5 Liquidity risk

The Company has in place a planning and budgeting process to assist in determining the funds required to support the Company's normal operating requirements on an ongoing basis and its future plans. The Company ensures that there are sufficient committed financing facilities to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its existing bank indebtedness and additional borrowing capacity. The Company has maintained compliance with its banking covenants and remains able to satisfy its liabilities as they become due. Non-derivative financial liabilities are as follows:

	Carrying Amount	Contractual Cash Flows			
	December 31, 2017	**2018**	**2019 to 2020**	**2021 to 2022**	**Thereafter**
Accounts payable	$ 2,639	$ 2,639	$ -	$ -	$ -
Other liabilities	636	591	45	-	-
Construction loan	844	28	113	113	590
Convertible debenture	11,658	-	-	-	15,000
Total	$ 15,777	$ 3,258	$ 158	$ 113	$ 15,590

23.6 Fair value of financial instruments

Financial instruments that are measured at fair value are categorized as follows:

(Tabular amounts in thousands of Canadian dollars)

	December 31, 2017	Level 1	Level 2	Level 3
Financial assets				
Cash, cash equivalents and short-term investments	$ 16,553	$ 16,553	$ -	$ -
Derivative assets	1,984	275	1,709	-
	$ 18,537	$ 16,828	$ 1,709	$ -
Financial liabilities				
Derivative liabilities	$ 2,951	$ -	$ 2,951	$ -
Other liabilities	636	-	636	-
	$ 3,587	$ -	$ 3,587	$ -

	December 31, 2016	Level 1	Level 2	Level 3
Financial assets				
Cash, cash equivalents and short-term investments	$ 25,197	$ 25,197	$ -	$ -
Derivative assets	95	95	-	-
	$ 25,292	$ 25,292	$ -	$ -
Financial liabilities				
Derivative liabilities	$ 4,711	$ -	$ 4,711	$ -
	$ 4,711	$ -	$ 4,711	$ -

During the year, there were no transfers between level 1 and 2 instruments.

24. COMMITMENTS AND CONSTRUCTION LOAN

24.1 Operating lease commitments

SWDCC leases a facility which houses its decaffeination plant and offices. SWDCC has exercised a renewal option such that the lease will expire in 2023. Beyond 2023, the landlord has to approve any subsequent renewal of the lease.

Seaforth leases a warehouse facility for its primary operations; the lease expires on June 30, 2019. In November of 2017 Seaforth entered into an agreement to sub-lease a warehouse facility for a two-year period to allow Seaforth's meet significant growth in demand for third-party coffee storage.

Swiss Water Decaffeinated Coffee Company USA, Inc. holds a lease for its Seattle, Washington, sales office, which expires on March 31, 2020.

A summary of future minimum payments under these operating leases as at December 31, 2017 is as follows:

Minimum lease payments due:	
No later than 1 year	$ 1,691
Later than 1 year and no later than 5 years	1,412
Later than 5 years	-
	$ 3,103

(Tabular amounts in thousands of Canadian dollars)

24.2 Other lease commitments and Construction loan

On August 26, 2016, SWDCC signed a lease agreement for a build-to-suit production facility. The lease has an initial term of five years, and can be renewed at SWDCC's option in five-year increments up to a total of 30 years. The lease will commence the earlier of the date of opening of the SWDCC business in any part of the premises, and the date of expiry of the fixturing period, which is estimated to be May 2018. Under the lease, SWDCC has multiple options to buy-out the lease starting at the end of the second five-year term. The buy-out value will be equal to the fair market value of the property as determined by an appraisal process, subject to specified maximum and minimum values.

A summary of future minimum payments under this lease as at December 31, 2017 is as follows:

Minimum lease payments due:		
No later than 1 year	$	786
Later than 1 year and no later than 5 years		4,419
Later than 5 years		491
	$	5,696

<u>Construction loan</u>

The lease on the build-to-suit production facility also includes a construction management agreement for the construction of the highly specialized building to house the production plant. The landlord will finance a portion of the building, with loan payments commencing on the earlier of substantial completion of construction and January 1, 2019.

The loan is repayable in equal monthly installments over fifteen years, and can be repaid without penalty at any time. Interest is calculated monthly on the total expended cost, at an annual rate of RBC's prime commercial lending rate for commercial loans in Canada plus 1.5%, compounded semi-annually, up to the date of substantial completion of construction or up to December 31, 2018, whichever is earlier. Subsequently, the interest rate will be 8% per annum, compounded semi-annually. As at December 31, 2017 the Company accrued $0.8 million for the construction loan related to work done to date plus two months of interest (2016: nil). That interest is accrued in construction in progress.

24.3 Other commitments

The Company has provided a standby letter of credit in the amount of $0.3 million as security to the landlord.

The Company has, in the normal course of business, entered into various contracts. As at December 31, 2017, these contracts related to the purchase of green coffee in the amount of $33.0 million (2016: $34.0 million), and natural gas purchase commitments in the amount of $0.2 million (2016: $0.3 million). $32.9 million (2016: $34.2 million) of these contracts will become payable within twelve months from December 31, 2017. As at December 31, 2017 the Company's capital commitments for the new facility's plant and equipment were $16 million.

(Tabular amounts in thousands of Canadian dollars)

25. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents comprise cash on hand together with short-term investments. These investments consist of highly rated and liquid money market instruments with original maturities of three months or less.

	December 31, 2017	December 31, 2016
Cash	$ 619	$ 6,490
Cash equivalents	7,685	6,007
	$ 9,486	$ 12,497

Changes in non-cash working capital.

	12 months ended December 31, 2017	12 months ended December 31, 2016
		Restated Note 26
Inventories	$ (3,097)	$ 7,387
Accounts receivable	(420)	(4,506)
Other assets and liabilities	(238)	-
Accounts payable and accrued liabilities	927	276
Prepaid expenses and other receivables	(653)	(64)
Derivative assets at fair value through profit or loss	(180)	259
Derivative liabilities at fair value through profit or loss	-	5
	$ (3,661)	$ 3,357

Construction loan was used to fund a $0.8 million addition to Construction in progress. These are financing and investing transactions which did not require the use of the Company’s cash or cash equivalents.

26. RESTATEMENT OF CONSOLIDATED STATEMENT OF CASH FLOWS

Subsequent to the issuance of the previously filed consolidated financial statements, for the year ended December 31, 2016, (filed on SEDAR on March 15, 2017), management discovered an error relating to the amount of unrealized gain on derivative financial instruments presented within cash from operating activities before changes in non-cash working capital accounts. The correction of such error resulted in a decrease in unrealized loss (gain) on derivative financial instruments and the corresponding subtotal before change in non-cash working capital relating to operating activities of $3.5 million, and a corresponding increase of $3.5 million in change in non-cash working capital relating to operating activities. The following identifies the error that was corrected by management for the year ended December 31, 2016.

Line Item on Cash Flow Statement ('000s)		As Reported	Adjustment		Adjusted
Net income for the year	$	4,149		$	4,149
Items not affecting cash					
Depreciation and amortization		2,053			2,053
Unrealized loss (gain) on derivative financial instruments		1,761	(3,522)		(1,761)
Share-based compensation recovery		(180)			(180)
Payment of restricted share units settled in cash		(147)			(147)
Foreign exchange loss on cash held and on debt		2			2
Income taxes recognized in profit and loss		1,593			1,593
Finance expense recognized in profit and loss		4			4
		9,235	(3,522)		5,713
Change in non-cash working capital relating to operating activities		(165)	3,522		3,357
Cash generated from operations		**9,070**	**-**		**9,070**
Interest received		337	-		337
Interest paid		(251)	-		(251)
Net cash generated from operating activities	**$**	**9,156**	**-**	**$**	**9,156**

The restatement did not impact net cash generated from operating activities, or any other cash flows for the years presented. The restatement only affected the consolidated statement of cash flows. There was no change to the consolidated statements of financial position, income, comprehensive income or the changes in equity for the years presented, and there was no impact to basic and diluted earnings per share.

27. SUBSEQUENT EVENTS

These consolidated financial statements for the year ended December 31, 2017 were approved for issuance on March 19, 2018. There were no significant non-adjusting events that occurred between the reporting date and the date of authorization other than as noted below.

On January 15, 2018, the Company paid an eligible dividend in the amount of $0.6 million ($0.0625 per share) to shareholders of record on December 29, 2017.

On February 21, 2018 the Company issued 22,348 of shares pursuant to its Restricted Share Unit Plan.

On March 19, 2018, the Company declared an eligible dividend of $0.0625 per share, to be paid on April 16, 2018 to shareholders of record on March 29, 2018.