TEN PEAKS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(unaudited)

For the Three and Nine Months Ended September 30, 2015

TEN PEAKS COFFEE COMPANY INC.

Condensed Consolidated Interim Statements of Financial Position
(Tabular amounts in thousands of Canadian dollars)
(Unaudited)
as at

	Note	September 30, 2015	December 31, 2014
Assets			
Current assets			
Inventories	5	$ 19,524	$ 13,986
Accounts receivable	6	8,041	7,514
Prepaid expenses and other receivables		469	315
Derivative assets	7	534	911
Cash		9,256	898
Total current assets		37,824	23,624
Non-current assets			
Plant and equipment	8	11,641	11,839
Intangible assets	9	2,012	2,206
Deferred tax assets		914	424
Total non-current assets		14,567	14,469
Total assets		$ 52,391	$ 38,093
Liabilities and shareholders' equity			
Current liabilities			
Bank indebtedness	12	$ -	$ 7,773
Accounts payable		2,203	2,764
Accrued liabilities		1,337	1,339
Dividend payable		562	421
Derivative liabilities	7	1,671	493
Current Portion of Other Liabilities	10	764	250
Total current liabilities		6,537	13,040
Non-current liabilities			
Derivative liabilities	7	1,306	313
Deferred tax liabilities		680	-
Other liabilities	10	35	33
Asset retirement obligation		697	745
Total non-current liabilities		2,718	1,091
Total liabilities		9,255	14,131
Shareholders' equity			
Share capital	11	43,426	24,770
Share-based compensation reserve		111	75
Deficit		(401)	(883)
Total equity		43,136	23,962
Total liabilities and shareholders' equity		$ 52,391	$ 38,093

Commitments (note 19)

Approved on behalf of the Board
(signed) *David Rowntree* , Director (signed) *Frank Dennis* , Director

See accompanying notes to these Condensed Consolidated Interim Financial Statements

TEN PEAKS COFFEE COMPANY INC.

Condensed Consolidated Interim Statements of Income and Comprehensive Income
(Tabular amounts in thousands of Canadian dollars)
(Unaudited)
for the

	Note	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Revenue		$ 20,454	$ 17,245	$ 62,241	$ 46,724
Cost of sales		(16,891)	(14,656)	(54,093)	(38,584)
Gross profit		3,563	2,589	8,148	8,140
Sales and marketing expenses		(534)	(274)	(1,567)	(981)
Occupancy expenses		(34)	(36)	(103)	(79)
Administration expenses		(885)	(973)	(3,357)	(2,704)
Finance income		39	25	104	61
Finance expenses		(24)	(59)	(128)	(149)
Realized gain (loss) on derivative financial instruments		(36)	(200)	1,987	(2,488)
Unrealized (loss) gain on derivative financial instruments		(797)	(642)	(1,932)	278
(Loss) gain on foreign exchange		(231)	(181)	(678)	(214)
Income before tax		1,061	249	2,474	1,864
Income tax expense		(243)	(48)	(590)	(518)
Net income and comprehensive income for the period		$ 818	$ 201	$ 1,884	$ 1,346
Earnings per share					
Basic and Diluted (per share)	17	$ 0.10	$ 0.03	$ 0.26	$ 0.20

TEN PEAKS COFFEE COMPANY INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Tabular amounts in thousands of Canadian dollars)
(Unaudited)

	Share capital		Share-based compensation reserve	Deficit	Total equity
	Shares	Amount			
Balance at December 31, 2013	**6,675,254**	**$ 24,631**	**$ 106**	**$ (2,228)**	**$ 22,509**
Share-based compensation	-	-	96	-	96
Dividends (Note 15)	-	-	-	(1,251)	(1,251)
Net income and comprehensive income	-	-	-	1,346	1,346
Balance at September 30, 2014	**6,735,099**	**$ 24,770**	**$ 63**	**$ (2,133)**	**$ 22,700**
Share-based compensation	-	-	12	-	12
Dividends (Note 15)	-	-	-	(420)	(420)
Net income and comprehensive income	-	-	-	1,670	1,670
Balance at December 31, 2014	**6,735,099**	**$ 24,770**	**$ 75**	**$ (883)**	**$ 23,962**
Issue of share capital, net of share issuance costs	2,250,000	18,656	-	-	18,656
Share-based compensation	-	-	36	-	36
Dividends (Note 15)	-	-	-	(1,402)	(1,402)
Net income and comprehensive income	-	-	-	1,884	1,884
Balance at September 30, 2015	**8,985,099**	**$ 43,426**	**$ 111**	**$ (401)**	**$ 43,136**

TEN PEAKS COFFEE COMPANY INC.
Condensed Consolidated Interim Statements of Cash Flows
(Tabular amounts in thousands of Canadian dollars)
(Unaudited)
for the

	9 months ended September 30, 2015	9 months ended September 30, 2014
Cash flows from operating activities		
Net income for the period	$ 1,884	$ 1,346
Items not affecting cash		
Depreciation and amortization	1,161	1,125
Unrealized loss (gain) on derivative financial instruments	1,932	(278)
Share-based compensation	542	378
Foreign exchange gain on cash held	(40)	(45)
Foreign exchange loss on debt	980	290
Income taxes recognized in profit and loss	590	518
Interest income recognized in profit and loss	(104)	(61)
Interest expense recognized in profit and loss	128	149
	7,073	3,422
Movements in working capital:		
Accounts receivable	(527)	(1,873)
Inventory	(5,538)	(3,457)
Prepaid expenses	(156)	(162)
Accounts payable and accrued liabilities	(531)	373
Derivative assets at fair value through profit or loss	377	(194)
Derivative liabilities at fair value through profit or loss	239	573
Change in non-cash working capital relating to operating activities	(6,136)	(4,740)
Cash generated (used in) from operations	**937**	**(1,572)**
Interest received	105	61
Interest paid	(138)	(134)
Income taxes paid	-	(20)
Net cash (used in) generated from operating activities	**904**	**(1,665)**
Cash flows from investing activities		
Additions to plant and equipment	(824)	(428)
Net cash used in investing activities	**(824)**	**(428)**
Cash flows from financing activities		
Dividends paid	(1,263)	(1,251)
Proceeds from share issuance, net of share issuance costs	18,253	-
Proceeds from bank indebtedness	-	3,474
Repayments of bank indebtedness	(8,753)	-
Net cash generated from financing activities	**8,237**	**2,223**
Effects of foreign exchange rate changes on cash held	40	45
Net increase in cash	8,357	175
Cash, beginning of period	899	2,594
Cash, end of period	$ 9,256	$ 2,769

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 Co. 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 two subsidiaries, Swiss Water Decaffeinated Coffee Co. USA, Inc., a Washington State corporation, and Swiss Water Process Marketing Services Inc., a British Columbia company. These companies act as SWDCC's marketing and sales subsidiaries and do not have significant assets.

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 condensed consolidated interim financial statements for the three and nine months ended September 30, 2015 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRSs") and in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting.*

These notes to the condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014 and the condensed consolidated interim financial statements for the period ended June 30, 2015.

These condensed consolidated interim 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, 2015, with earlier application permitted. The adoption of these standards by the Company in 2015 did not have a material impact on its consolidated financial statements.

- *IFRS 7 (Amendment):* Outlines the disclosures when applying IFRS 9, the new financial instruments standard, which will become effective for annual periods beginning on or after January 1, 2015.

- *IFRSs (Amendment):* The Annual Improvements to IFRSs 2010-2012 and 2011-2013 become effective for annual periods beginning on or after July 1, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than as noted below, the principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with the consolidated financial statements for the year ended December 31, 2014.

3.1 Application of new and revised IFRSs

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

- *Investment Entities (Amendments to IFRS 10: Consolidated Financial Instruments, IFRS 12: Disclosures of Interests 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, which will become effective for annual periods beginning on or after January 1, 2016.
- *IFRS 9:* New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and liabilities, and provides new standards for hedge accounting. This standard will become effective for annual periods beginning on or after January 1, 2018.
- *IFRS 11 (Amendment):* Amends the standard to require an acquirer of an interest in a joint operation in which the activity constitutes a business. The amendment will be effective for annual periods beginning on or after January 1, 2016.
- *IFRS 15:* Revenue from Contracts with Customers provides a single, principles based five-step model to be applied to all contracts with customers. New disclosures about revenue are also introduced. This standard’s effective date has been deferred to an entity’s first annual IFRS financial statements for a period beginning on or after January 1, 2018.
- *IAS 16 and 28 (Amendments):* Clarification of Acceptable Methods of Depreciation and Amortization, applicable to annual periods beginning on or after January 1, 2016.
- *IAS 18 and IFRS 10 (Amendment):* Clarification the treatment of the sale or contribution of assets from an investor to its associate or joint venture. Applicable to annual periods beginning on or after January 1, 2016.
- *IFRSs (Amendment):* The Annual Improvements to IFRSs 2012-2014 become effective for annual periods beginning on or after July 1, 2016.

The Company has not yet adopted any of these new and amended standards or interpretations, and is currently assessing the impact of adoption. Furthermore, the Company is preparing to early adopt *IFRS 9 Financial Instruments*, including the hedge accounting provisions thereof, with a planned implementation date of January 1, 2016. The presentation and disclosure impact with respect to *IFRS 9* on the Company's financial statements is currently being assessed by management.

(Tabular amounts in thousands of Canadian dollars)

4. 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 bank indebtedness. In order to maintain or adjust the capital structure, the Company may from time to time issue common shares, 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.

5. INVENTORIES

	September 30, 2015	December 31, 2014
Raw materials	$ 12,945	$ 8,518
Finished goods	6,131	5,195
Carbon	287	271
Packaging	161	44
Inventory provision	-	(42)
	$ 19,524	$ 13,986

For the three and nine months ended September 30, 2015, the cost of inventories recognized as an expense was $15.6 million (2014: $13.2 million) and $50.8 million (2014: $35.4 million) respectively. The inventory provision decreased to nil during the quarter (2014: decreased by $17,000), reflecting the sale of inventories previously written down.

6. ACCOUNTS RECEIVABLE

	September 30, 2015	December 31, 2014
Accounts receivable	$ 8,041	$ 7,514

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 September 30, 2015 (December 31, 2014: nil).

(Tabular amounts in thousands of Canadian dollars)

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

	September 30, 2015	December 31, 2014
Coffee futures contracts, net	$ 534	$ 911
US Dollar forward contracts, current	(1,671)	(493)
US Dollar forward contracts, long-term	(1,306)	(313)
Net fair value of derivatives	$ (2,443)	$ 105

8. PLANT AND EQUIPMENT

	Machinery and equipment	Leasehold improvements	Computer	Furniture and fixtures	Construction in progress	Total
Cost						
Balance January 1, 2015	$ 28,208	$ 5,007	$ 873	$ 270	$ 175	$ 34,533
Additions	-	-	-	4	820	824
Write-downs	-	(55)	-	-	-	(55)
Transfers	-	-	-	-		-
Balance September 30, 2015	$ 28,208	$ 4,952	$ 873	$ 274	$ 995	$ 35,302
Depreciation						
Balance January 1, 2015	$ (19,372)	$ (2,611)	$ (563)	$ (148)	$ -	$ (22,694)
Depreciation	(683)	(216)	(60)	(8)	-	(967)
Balance September 30, 2015	$ (20,055)	$ (2,827)	$ (623)	$ (156)	$ -	$ (23,661)
Carrying amount September 30, 2015	$ 8,153	$ 2,125	$ 250	$ 118	$ 995	$ 11,641
Cost						
Balance January 1, 2014	$ 27,967	$ 4,868	$ 576	$ 261	$ 259	$ 33,931
Additions	139	35	7	9	412	602
Transfers	102	105	290	-	(496)	-
Balance December 31, 2014	$ 28,208	$ 5,007	$ 873	$ 270	$ 175	$ 34,533
Depreciation						
Balance January 1, 2014	$ (18,477)	$ (2,316)	$ (503)	$ (127)	$ -	$ (21,423)
Depreciation	(895)	(295)	(60)	(21)	-	(1,271)
Balance December 31, 2014	$ (19,372)	$ (2,611)	$ (563)	$ (148)	$ -	$ (22,694)
Carrying amount December 31, 2014	$ 8,836	$ 2,396	$ 310	$ 122	$ 175	$ 11,839

For the three months ended September 30, 2015, depreciation expense of $284,000 (2014: $301,000) has been charged to cost of sales and $32,000 (2014: $30,000) was included in administrative expenses.

For the nine months ended September 30, 2015, depreciation expense of $903,000 (2014: $867,000) has been charged to cost of sales and $64,000 (2014: $64,000) was included in administrative expenses.

There was no impairment loss recognized for the three or nine months ended September 30, 2015 or September 30, 2014.

(Tabular amounts in thousands of Canadian dollars)

9. INTANGIBLE ASSETS

	PPT	Brand	Total
Cost			
Balance January 1, 2015	$ 3,246	$ 1,000	$ 4,246
Balance September 30, 2015	$ 3,246	$ 1,000	$ 4,246
Amortization			
Balance January 1, 2015	$ (1,200)	$ (840)	$ (2,040)
Amortization	(180)	(14)	(194)
Balance September 30, 2015	$ (1,380)	$ (854)	$ (2,234)
Carrying amount September 30, 2015	$ 1,866	$ 146	$ 2,012
Cost			
Balance January 1, 2014	$ 3,246	$ 1,000	$ 4,246
Balance December 31, 2014	$ 3,246	$ 1,000	$ 4,246
Amortization			
Balance January 1, 2014	$ (960)	$ (821)	$ (1,781)
Amortization	(240)	(19)	(259)
Balance December 31, 2014	$ (1,200)	$ (840)	$ (2,040)
Carrying amount December 31, 2014	$ 2,046	$ 160	$ 2,206

For the three months ended September 30, 2015, amortization expense of $60,000 (2014: $60,000) relating to the proprietary process technology ("PPT") has been charged to cost of sales and amortization expense of $4,000 (2014: $5,000) relating to the Brand was included in administrative expenses.

For the nine months ended September 30, 2015, amortization expense of $180,000 (2014: $180,000) relating to the proprietary process technology ("PPT") has been charged to cost of sales and amortization expense of $14,000 (2014: $14,000) relating to the Brand was included in administrative expenses.

There was no impairment loss recognized for the three or nine months ended September 30, 2015 or September 30, 2014.

10. 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 follow:

	September 30, 2015	December 31, 2014
Current portion	$ 764	$ 250
Long term	35	33
Total other liabilities	$ 799	$ 283

(Tabular amounts in thousands of Canadian dollars)

11. SHARE CAPITAL

On July 28, 2015 the Company closed a bought deal equity financing, raising gross proceeds of $17.6 million through the issuance of 2,000,000 common shares at $8.80 per share.

On August 19, 2015 the Company issued a further 250,000 common shares through the over-allotment option pertaining to the July 28, 2015 bought deal equity financing, raising additional gross proceeds of $2.2 million.

Share issuance costs of $1.5 million are netted with a corresponding deferred tax asset of $0.4 million. Net share issuance costs are reflected as a reduction of share capital.

As of September 30, 2015, there were 8,985,099 common shares, and 146,418 restricted share units outstanding, respectively.

Restricted share units ("RSUs")

The movement in RSUs as at September 30, 2015 is as follows:

	Number of RSUs at	Volume based weighted average share price	Remaining vesting period (years)	Performance based
Balance at January 1, 2014	**195,340**	**$ 3.34**	**2.16**	
RSUs issued for dividends	10,942	$ 4.02	1.21	No
RSUs forfeited	(1,725)	$ 4.98	-	No
RSUs cash-settled	(50,670)	$ 5.02	-	No
RSUs exercised	(59,845)	$ 5.02	-	No
Balance at December 31, 2014	**94,042**	**$ 4.39**	**1.29**	
RSUs granted	48,800	$ 4.67	2.39	No
RSUs issued for dividends	3,577	$ 6.70	1.43	No
Balance at September 30, 2015	**146,418**	**$ 8.77**	**1.17**	

(Tabular amounts in thousands of Canadian dollars)

Deferred share units ("DSUs")

The issuance of DSUs as at September 30, 2015 is as follows:

	Number of DSUs at	Weighted average share price	Performance based
Balance at January 1, 2014	29,763	$ 3.40	No
DSUs issued	13,809	$ 4.09	No
Balance at December 31, 2014	43,572	$ 4.68	No
DSUs issued	11,200	$ 5.94	No
Balance at September 30, 2015	**54,772**	**$ 8.78**	

12. BANK INDEBTEDNESS

	September 30, 2015	December 31, 2014
Revolving operating line of credit	$ -	$ 7,541
Swing line	-	232
	$ -	$ 7,773

The Company had the following credit facilities as at September 30, 2015 and December 31, 2014:

a. a $14.5 million revolving operating line of credit which bears interest at the bank's prime lending rate plus 75 basis points; and

b. a $1.5 million swing operating line of credit which bears interest at the bank's prime lending rate plus 75 basis points.

Any US dollar ("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$6.0 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 36 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 September 30, 2015, the Company was in compliance with its debt covenants.

(Tabular amounts in thousands of Canadian dollars)

13. EMPLOYEE BENEFITS EXPENSES

Expenses recognized for employee benefits are detailed below:

	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Short-term benefits	$ 1,657	$ 1,333	$ 4,805	$ 4,043
Long-term benefits	28	174	542	378
Post-employment benefits	119	95	471	435
Total employee benefits expenses	$ 1,804	$ 1,602	$ 5,818	4,856

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. For the three and nine months ended September 30, 2015, the total expense recognized in the statement of income and comprehensive income of $0.1 million (2014: $0.1 million) and $0.5 million (2014: $0.4 million) respectively, represented contributions paid to RRSPs, IRAs, CPP and EI by the Company at rates specified in the rules of the plans.

14. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, key management personnel and companies related to directors.

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.

Compensation of Key Management Personnel

The remuneration of directors and key management personnel for the periods was as follows:

	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Short-term benefits	$ 307	$ 296	$ 1,020	$ 920
Long-term benefits	23	168	511	355
Post-employment benefits	23	19	82	69
Total	$ 353	$ 483	$ 1,613	$ 1,344

(Tabular amounts in thousands of Canadian dollars)

Trading transactions

During the periods, the Company entered into the following transactions with companies that are related to directors:

	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Sales	$ 296	$ 219	$ 1,882	$ 1,119
Purchase of raw materials	$ 1,159	$ 612	$ 3,371	$ 1,821

	September 30, 2015	December 31, 2014
Accounts receivable	$ 29	$ 159
Accounts payable	$ 116	$ 207

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 parties.

15. DIVIDENDS

For the nine months ended September 30, 2015, the Company declared quarterly eligible dividends to shareholders totaling $1.4 million or $0.1875 per share (2014: $1.3 million).

16. 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:

	Revenue from External Customers			
	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Canada	$ 8,195	$ 8,253	$ 24,390	$ 22,610
United States	9,743	7,510	30,110	19,660
Other	2,516	1,482	7,741	4,453
	$ 20,454	$ 17,245	$ 62,241	$ 46,724

(Tabular amounts in thousands of Canadian dollars)

Non-Current Assets

	September 30, 2015	December 31, 2014
Canada	$ 13,601	$ 13,996
United States	52	49
	$ 13,653	$ 14,045

17. BASIC AND DILUTED EARNINGS PER SHARE

	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Profit attributable to shareholders (basic)	$ 818	$ 201	$ 1,884	$ 1,346
Weighted average number of shares (basic)	8,264,990	6,685,627	7,250,667	6,678,750
Basic and diluted EPS	$ 0.10	$ 0.03	$ 0.26	$ 0.20

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:

	September 30, 2015	September 30, 2014
Weighted average number of RSUs granted	146,418	92,798

18. 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.

18.1 Commodity price risk

Commodity price risk is the risk that the fair value of inventory or future cash flows 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 September 30, 2015, the Company had futures contracts to buy 1.0 million lbs of green coffee with a notional value of US$1.3 million, and contracts to sell 4.9 million lbs of green coffee with a notional value of US$6.0 million (December 31, 2014 – buy 2.0 million lbs with a notional value of US$3.3 million, and sell 4.2 million lbs with a notional value of US$6.9 million), with the furthest contract maturing in March 2016. The net notional value of the contracts outstanding at September 30, 2015 was approximately US$4.6 million.

(Tabular amounts in thousands of Canadian dollars)

The following table describes the realized and unrealized gain and loss on coffee futures contracts recognized in the statement of income and comprehensive income:

	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Realized (gain) loss	$ (219)	$ 123	$ (2,245)	$ 2,404
Unrealized (gain) loss	(549)	334	(239)	(572)
	$ (768)	$ 457	$ (2,484)	$ 1,832

At September 30, 2015, the net derivative assets related to these contracts was $0.5 million (December 31, 2014: $0.9 million) and was comprised of derivatives on account, including margin.

The Company estimated a 1 percent change in the mark-to-market rate applied to the futures contracts as at September 30, 2015 would have resulted in an estimated $60,000 change in income before taxes.

18.2 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 net 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 September 30, 2015, the Company had forward currency contracts to buy US$6.3 million and sell US$38.3 million (December 31, 2014: buy US$4.5 million and sell US$18.3 million) from October 2015 through to September 2018 at various Canadian exchange rates ranging from $1.0547 to $1.3350. The net notional value of the contracts outstanding at September 30, 2015 was approximately US$31.9 million.

The following table describes the realized and unrealized gain and loss on forward foreign exchange contracts recognized in the statement of operations:

	3 months ended September 30, 2015	3 months ended September 30, 2014	9 months ended September 30, 2015	9 months ended September 30, 2014
Realized loss	$ 255	$ 77	$ 258	$ 84
Unrealized loss	1,346	308	2,171	294
	$ 1,601	$ 385	$ 2,429	$ 378

(Tabular amounts in thousands of Canadian dollars)

At September 30, 2015, the net derivative liabilities related to these contracts was $3.0 million (December 31, 2014: liabilities of $0.8 million). The Company estimates a 100 basis point change in the US$ exchange rate relative to the Canadian dollar under forward foreign exchange contracts would have resulted in an estimated $319,000 change in income before taxes.

Although the Company employs economic hedges to manage its currency risk, it is not perfectly hedged on an economic basis. The Company is subject to additional currency risk through the following financial assets and liabilities denominated in US$:

		September 30 2015		December 31 2014
Cash (bank indebtedness)	$	182	$	(6,456)
Accounts receivable		4,538		6,013
Derivative instruments		399		786
Accounts payable and accrued liabilities		(1,798)		(1,985)
Net US dollar exposure	$	3,321	$	(1,642)

At September 30, 2015, the Company estimated a 100 basis point change in the US$ exchange rate relative to the Canadian dollar in the net US$ exposure would have resulted in an estimated $33,000 change in income before taxes.

18.3 Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its credit facilities as rates vary with prime and LIBOR. The Company monitors its exposure to interest rates and has not entered into any derivatives contracts to manage this risk. The weighted average interest rate paid by the Company during the period ended September 30, 2015 on its outstanding borrowings was 2.56% (2014: 2.51%). The Company estimated that a 100 basis point fluctuation in interest rates would have resulted in an estimated $43,000 change in the interest expense.

18.4 Credit risk

The Company is exposed to credit risk with respect to its cash, accounts receivable and derivative financial instruments.

The Company does not have significant credit risk related to cash as amounts are held with a major Canadian bank.

The Company follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. For the period ended September 30, 2015, revenues from three major customers of $21.5 million (2014: $17.9 million) represented 35% (2014: 39%) of total revenues for the period. These customers represented 28% of total accounts receivable as at September 30, 2015 (September 30, 2014: 17%; December 31, 2014: 28%).

The Company had 11% of its accounts receivable past due as at September 30, 2015 (December 31, 2014: 37%). Of the accounts receivable past due, 88% are 1-30 days past due, 6% are 31-60 days past due, and 6% are 61-90 days past due.

(Tabular amounts in thousands of Canadian dollars)

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

18.5 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.

18.6 Fair value of financial instruments

Financial instruments that are measured at FVTPL are categorized as follows:

	September 30 2015	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative assets	$ 534	$ 534	$ -	$ -
	$ 534	$ 534	$ -	$ -
Financial liabilities at FVTPL				
Derivative liabilities	$ 2,977	$ -	$ 2,977	$ -
Other liabilities	$ 799	$ -	$ 799	$ -
	$ 3,776	$ -	$ 3,776	$ -

	December 31 2014	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative assets	$ 911	$ 911	$ -	$ -
	$ 911	$ 911	$ -	$ -
Financial liabilities at FVTPL				
Derivative iabilities	$ 806	$ -	$ 806	$ -
Other liabilities	$ 283	$ -	$ 283	$ -
	$ 1,089	$ -	$ 1,089	$ -

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

19. COMMITMENTS

19.1 Operating lease commitments

SWDCC leases a facility which houses its decaffeination plant and offices. The current lease term expires in 2018. After 2018, the lease on the decaffeination facility can be renewed at SWDCC's option for one additional 5-year term.

(Tabular amounts in thousands of Canadian dollars)

In Q1 2015, Seaforth consolidated its operations into a single warehouse facility, the lease for which expires on June 30, 2019. In Q2, a lease for a separate facility was terminated effective May 31, 2015.

Seaforth has, subsequent to quarter-end, entered into a short term lease for a small facility to hold excess inventory; this lease expires October 31, 2016 at which time a month-to-month arrangement can be entered into.

Swiss Water Decaffeinated Coffee Company USA, Inc. holds a lease for its Seattle sales office, which expires on March 31, 2017.

A summary of future minimum payments under these operating leases as at September 30, 2015 is as follows:

Minimum lease payments due:	
No later than 1 year	$ 1,018
Later than 1 year and no later than 5 years	2,432
Later than 5 years	-
	$ 3,450

19.2 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 September 30, 2015, these contracts related to the purchase of green coffee in the amount of $34.8 million, and natural gas purchase commitments in the amount of $0.4 million. $33.7 million of these contracts will become payable within 12 months from the financial statements date.

20. SUBSEQUENT EVENTS

The condensed consolidated interim financial statements for the three and nine months ended September 30, 2015 were approved for issuance on November 4, 2015. There were no significant non-adjusting events that occurred between the reporting date and the date of authorization other than as noted below.

On October 15, 2015, the Company paid an eligible dividend in the amount of $0.6 million ($0.0625 per share) to shareholders of record on September 30, 2015.