Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and nine months ended July 2, 2016 and June 27, 2015

ROGERS SUGAR INC.

(Unaudited)
Condensed consolidated interim statements of earnings and comprehensive income
(In thousands of dollars except per share amounts)

Condensed consolidated interim statements of earnings	For the three months ended July 2, 2016	June 27, 2015	For the nine months ended July 2, 2016	June 27, 2015
Revenues (note 17)	**$ 138,600**	$ 130,592	**$ 402,678**	$ 386,438
Cost of sales (note 4)	**101,879**	119,738	**306,873**	333,818
Gross margin	**36,721**	10,854	**95,805**	52,620
Administration and selling expenses (note 4)	**5,423**	4,873	**13,977**	15,448
Distribution expenses	**2,662**	2,233	**7,702**	6,455
	8,085	7,106	**21,679**	21,903
Results from operating activities	**28,636**	3,748	**74,126**	30,717
Net finance costs (note 5)	**2,393**	2,272	**7,385**	8,633
Earnings before income taxes	**26,243**	1,476	**66,741**	22,084
Income tax expense (recovery):				
Current	**2,906**	2,165	**8,816**	7,061
Deferred	**3,954**	(1,739)	**8,799**	(1,209)
	6,860	426	**17,615**	5,852
Net earnings	**$ 19,383**	$ 1,050	**$ 49,126**	$ 16,232
Net earnings per share (note 12):				
Basic	**$ 0.21**	$ 0.01	**$ 0.52**	$ 0.17
Diluted	**$ 0.19**	$ 0.01	**$ 0.48**	$ 0.17

Condensed consolidated interim statements of comprehensive income	For the three months ended July 2, 2016	June 27, 2015	For the nine months ended July 2, 2016	June 27, 2015
Net earnings	**$ 19,383**	$ 1,050	**$ 49,126**	$ 16,232
Other comprehensive (loss) income:				
Items that will not be reclassified to net earnings:				
Defined benefit actuarial losses (note 9)	**(2,924)**	-	**(2,924)**	-
Income tax on other comprehensive loss	**763**	-	**763**	-
	(2,161)	-	**(2,161)**	-
Net earnings and comprehensive income for the period	**17,222**	$ 1,050	**$ 46,965**	$ 16,232

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ROGERS SUGAR INC.

(Unaudited)
Condensed consolidated interim statements of financial position
(In thousands of dollars)

		July 2, 2016		October 3, 2015		June 27, 2015
Assets						
Current assets:						
Cash and cash equivalents	**$**	**6,309**	$	1,359	$	10,450
Trade and other receivables		**49,254**		48,202		42,017
Income taxes recoverable		**2**		147		2
Inventories (note 6)		**89,202**		67,273		102,898
Prepaid expenses		**3,120**		2,229		2,893
Derivative financial instruments (note 7)		**-**		5,976		3,156
Total current assets		**147,887**		125,186		161,416
Non-current assets:						
Property, plant and equipment		**175,926**		176,410		174,644
Intangible assets		**1,562**		1,703		1,754
Other assets (note 8)		**523**		511		637
Deferred tax assets		**18,082**		18,077		19,201
Derivative financial instruments (note 7)		**2,309**		90		-
Goodwill		**229,952**		229,952		229,952
Total non-current assets		**428,354**		426,743		426,188
Total assets	**$**	**576,241**	$	551,929	$	587,604
Liabilities and Shareholder's Equity						
Current liabilities:						
Revolving credit facility (note 8)	**$**	**-**	$	7,000	$	45,000
Trade and other payables		**38,723**		39,384		39,323
Income taxes payable		**1,165**		-		531
Provisions		**808**		1,356		760
Finance lease obligations		**49**		46		-
Derivative financial instruments (note 7)		**4,532**		3,890		3,192
Convertible unsecured subordinated debentures (note 10)		**49,722**		-		-
Total current liabilities		**94,999**		51,676		88,806
Non-current liabilities:						
Revolving credit facility (note 8)		**70,000**		70,000		70,000
Employee benefits (note 9)		**48,316**		45,135		43,877
Provisions		**1,799**		2,350		2,417
Derivative financial instruments (note 7)		**6,185**		7,701		5,488
Finance lease obligations		**191**		223		-
Convertible unsecured subordinated debentures (note 10)		**58,572**		107,622		107,399
Deferred tax liabilities		**35,206**		27,165		28,583
Total non-current liabilities		**220,269**		260,196		257,764
Total liabilities	**$**	**315,268**	$	311,872	$	346,570
Shareholder's equity:						
Share capital		**133,528**		133,782		133,825
Contributed surplus		**200,196**		200,167		200,150
Equity portion of convertible unsecured subordinated debentures (note 10)		**1,188**		1,188		1,188
Deficit		**(73,939)**		(95,080)		(94,129)
Total shareholder's equity (note 11)		**260,973**		240,057		241,034
Total liabilities and shareholder's equity	**$**	**576,241**	$	551,929	$	587,604

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ROGERS SUGAR INC.

(Unaudited)
Condensed consolidated interim statements of changes in shareholders' equity
(In thousands of dollars except number of shares)

						For the nine months ended July 2, 2016
	Number of shares	**Common shares**	**Contributed surplus**	**Equity portion of convertible debentures**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, October 3, 2015	**94,028,760**	**133,782**	**200,167**	**1,188**	**(95,080)**	**240,057**
Dividends (note 11)	**-**	**-**	**-**	**-**	**(25,351)**	**(25,351)**
Purchase and cancellation of shares (note 11)	**(178,600)**	**(254)**	**-**	**-**	**(473)**	**(727)**
Share-based compensation (note 13)	**-**	**-**	**29**	**-**	**-**	**29**
Net earnings and comprehensive income for the period	**-**	**-**	**-**	**-**	**46,965**	**46,965**
Balance, July 2, 2016	**93,850,160**	**133,528**	**200,196**	**1,188**	**(73,939)**	**260,973**

						For the nine months ended June 27, 2015
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, September 27, 2014	94,028,860	133,712	200,148	1,188	(84,968)	250,080
Dividends (note 11)	-	-	-	-	(25,393)	(25,393)
Issuance of shares (note 13)	30,000	113	(5)	-	-	108
Share-based compensation (note 13)	-	-	7	-	-	7
Net earnings and comprehensive income for the period	-	-	-	-	16,232	16,232
Balance, June 27, 2015	94,058,860	133,825	200,150	1,188	(94,129)	241,034

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ROGERS SUGAR INC.

(Unaudited)
Condensed consolidated interim statements of cash flows
(In thousands of dollars)

	For the three months ended		For the nine months ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Cash flows from operating activities:				
Net earnings	**$ 19,383**	$ 1,050	**$ 49,126**	$ 16,232
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	**2,995**	3,489	**9,124**	9,450
Amortization of intangible assets (note 4)	**47**	47	**141**	148
Changes in fair value of derivative financial instruments included in cost of sales	**(1,455)**	5,562	**2,907**	5,827
Income tax expense	**6,860**	426	**17,615**	5,852
Pension contributions	**(2,591)**	(2,435)	**(7,694)**	(6,286)
Pension expense	**4,810**	2,194	**7,951**	6,571
Net finance costs (note 5)	**2,393**	2,272	**7,385**	8,633
Loss (gain) on disposal of property, plant and equipment	**-**	17	**-**	(9)
Share-based compensation	**6**	2	**29**	7
Other	**-**	-	**-**	(105)
	32,448	12,624	**86,584**	46,320
Changes in:				
Trade and other receivables	**(1,949)**	7,908	**(1,052)**	10,178
Inventories	**6,104**	(12,748)	**(21,929)**	(16,547)
Prepaid expenses	**(1,021)**	(1,221)	**(891)**	(761)
Trade and other payables	**(2,168)**	(1,355)	**357**	(11,855)
Provisions	**(23)**	(133)	**(1,139)**	(159)
	943	(7,549)	**(24,654)**	(19,144)
Cash flows from operating activities	**33,391**	5,075	**61,930**	27,176
Interest paid	**(3,741)**	(2,327)	**(8,250)**	(7,156)
Income taxes paid	**(2,551)**	(2,134)	**(7,506)**	(6,413)
Net cash from operating activities	**27,099**	614	**46,174**	13,607
Cash flows used in financing activities:				
Dividends paid	**(8,447)**	(8,466)	**(25,367)**	(25,391)
(Decrease) increase in revolving credit facility	**(9,000)**	19,000	**(7,000)**	30,000
Payment of financing fees (note 8)	**(90)**	(90)	**(90)**	(90)
(Decrease) increase in bank overdraft	**(744)**	-	**-**	(833)
(Cancellation) issuance of shares (note 11 and 13)	**-**	-	**(727)**	108
Cash flow (used in) from financing activities	**(18,281)**	10,444	**(33,184)**	3,794
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	**(2,606)**	(2,119)	**(8,040)**	(7,057)
Cash flow used in investing activities	**(2,606)**	(2,119)	**(8,040)**	(7,057)
Net increase in cash and cash equivalents	**6,212**	8,939	**4,950**	10,344
Cash and cash equivalents, beginning of period	**97**	1,511	**1,359**	106
Cash and cash equivalents, end of period	**$ 6,309**	$ 10,450	**$ 6,309**	$ 10,450

Supplemental cash flow information (note 14)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

1. Reporting entity:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three and nine month periods ended July 2, 2016 and June 27, 2015 comprise Rogers and its subsidiary, Lantic Inc., (together referred to as the "Company"). The principal business activity of the Company is the refining, packaging and marketing of sugar products.

2. Basis of presentation and statement of compliance:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* on a basis consistent with those accounting policies followed by the Company in the most recent audited consolidated annual financial statements other than the adoption of the amendments of IAS 19 as described in note 3a). Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended October 3, 2015.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 27, 2016.

(b) Basis of measurement:

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the unaudited condensed consolidated statements of financial position:

(i) financial instruments at fair value through profit or loss are measured at fair value; and

(ii) the defined benefit liability is recognized as the net total of the present value of the defined benefit obligation less the total of the fair value of the plan assets and the unrecognized past service costs.

(c) Functional and presentation currency:

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars since it is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousands, except as noted and per share amounts.

2. Basis of presentation and statement of compliance (continued):

(d) Use of estimates and judgements:

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended October 3, 2015.

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended October 3, 2015 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements, except as noted below.

(a) New standards and interpretations adopted:

(i) IAS 19, *Employee benefits*:

In November 2013, the IASB issued amendments to pension accounting under IAS 19, *Employee benefits*. The amendments introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are effective for years beginning on or after January 1, 2015. The Company adopted the amendments in the first quarter of the year ending October 1, 2016. The adoption of IAS 19, *Employee Benefits*, did not have an impact on the unaudited condensed consolidated interim financial statements.

(b) New standards and interpretations not yet adopted:

A number of new standards and amendments to standards and interpretations are not yet effective for the three and nine months ended July 2, 2016 and have not been applied in preparing these unaudited condensed consolidated interim financial statements. New standards and amendments to standards and interpretations that are currently under review include:

(i) IFRS 9, *Financial instruments*:

On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

3. Significant accounting policies (continued):

(b) New standards and interpretations adopted (continued):

(i) IFRS 9, *Financial instruments (continued)*:

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on September 30, 2018, at the latest. The extent of the impact of adoption of the standard on the financial statements of the Company has not yet been determined.

(ii) IFRS 15, *Revenue from contracts with customers*:

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers.* IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. The new standard is effective for years beginning on or after January 1, 2018. Earlier application is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

3. Significant accounting policies (continued):

(b) New standards and interpretations not yet adopted (continued):

(ii) IFRS 15, *Revenue from contracts with customers (continued)*:

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS.

The Company intends to adopt IFRS 15 in its financial statements for the year beginning on September 30, 2018. The extent of the impact of adoption of the standard on the financial statements of the Company has not yet been determined.

(iii) IAS 1, *Presentation of Financial Statements*:

On December 18, 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for years beginning on or after January 1, 2016. Early adoption is permitted. The Company intends to adopt these amendments in its consolidated financial statements for the year beginning on October 2, 2016. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

(iv) Annual improvements to IFRS (2012-2014) cycle:

On September 25, 2014, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for years beginning on or after January 1, 2016. Amendments were made to clarify the following in their respective standards:

- Changes in method for disposal under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*;
- "Continuing involvement" for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7, *Financial Instruments: Disclosures*;
- Discount rate in a regional market sharing the same currency under IAS 19, *Employee Benefits*;
- Disclosure of information "elsewhere in the interim financial report" under IAS 34, *Interim Financial Reporting*.

The Company intends to adopt these amendments in its consolidated financial statements for the year beginning on October 2, 2016. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

(In thousands of dollars except as noted and amounts per share)

4. Depreciation and amortization expense:

Depreciation and amortization expense were charged to the unaudited condensed consolidated interim statements of earnings as follows:

	For the three months ended		*For the nine months ended*	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Depreciation of property, plant and equipment:				
Cost of sales	**2,896**	3,386	**8,824**	9,118
Administration and selling expenses	**99**	103	**300**	332
	2,995	3,489	**9,124**	9,450
Amortization of intangible assets:				
Administration and selling expenses	**47**	47	**141**	148
Total depreciation and amortization expense	**3,042**	3,536	**9,265**	9,598

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		*For the nine months ended*	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Net change in fair value of interest rate swap	**35**	456	**25**	-
Finance income	**35**	456	**25**	-
Interest expense on convertible unsecured subordinated debentures	**1,618**	1,616	**4,825**	4,848
Interest on revolving credit facility	**603**	905	**1,965**	2,576
Amortization of deferred financing fees	**207**	207	**620**	623
Net change in fair value of interest rate swap	**-**	-	**-**	586
Finance costs	**2,428**	2,728	**7,410**	8,633
Net finance costs recognized in net earnings	**2,393**	2,272	**7,385**	8,633

(In thousands of dollars except as noted and amounts per share)

6. Inventories:

As at July 2, 2016, the Company recorded an amount of $0.8 million (October 3, 2015 – nil; June 27, 2015 - nil) related to onerous contracts as defined in IAS 37 paragraph 66, as a write-down to inventory through cost of sales. In the normal course of business, the Company enters into an economic hedge for all of its raw sugar purchases and refined sugar sales. As the Company does not apply hedge accounting for these contracts, the related derivative instruments, being the futures contracts are marked-to-market. As a result, the Company must record an onerous loss to cost of sales when the net realizable value is lower than the mark-to-market of the raw sugar futures contract and the related refining costs.

7. Financial instruments:

Disclosures relating to risks exposures, in particular credit risk, liquidity risk, foreign currency risk, interest rate risk and equity risk were provided in the October 3, 2015 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three and nine months ended July 2, 2016.

Details of recorded gains (losses) for the year, in marking-to-market all derivative financial instruments and embedded derivatives that are outstanding at quarter end, are noted below. For sugar futures contracts (derivative financial instruments), the amounts noted below are netted with the variation margins paid or received to/from brokers at the end of the reporting period. Natural gas forwards and sugar futures have been marked-to-market using published quoted values for these commodities, while foreign exchange forward contracts have been marked-to-market using rates published by the financial institution which is counter-party to these contracts. The fair value of natural gas contracts, foreign exchange forward contracts and interest rate swap calculations include a credit risk adjustment for the Company's or counterparty's credit, as appropriate.

As at July 2, 2016, financial derivatives outstanding and their mark-to-market impact on the unaudited condensed consolidated interim statements of earnings were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	July 2, 2016		July 2, 2016	
	$	$	$	$
Sugar futures contracts	-	185	500	-
Natural gas futures contracts	-	-	2,537	4,556
Foreign exchange forward contracts	-	2,124	351	-
Embedded derivatives	-	-	747	361
Interest rate swap	-	-	397	1,268
	-	2,309	4,532	6,185

(In thousands of dollars except as noted and amounts per share)

7. Financial instruments (continued):

	Unrealized gain / (loss)			
	For the three months ended		**For the nine months ended**	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Sugar futures contracts	**3,864**	(1,707)	**6,991**	(2,904)
Natural gas futures contracts	**1,958**	(88)	**(1,078)**	(8,287)
Foreign exchange forward contracts	**(336)**	(1,785)	**2,934**	3,686
Embedded derivatives	**1,697**	(2,008)	**(3,101)**	(3)
Charged to cost of sales	**7,183**	(5,588)	**5,746**	(7,508)

As at October 3, 2015 and June 27, 2015, financial derivatives outstanding were as follows:

	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	October 3, 2015				June 27, 2015			
	$	$	$	$	$	$	$	$
Sugar futures contracts	400	-	-	102	18	-	-	325
Natural gas futures contracts	-	-	3,312	6,376	-	-	2,543	4,407
Foreign exchange forward contracts	3,672	-	-	118	2,380	-	-	118
Embedded derivatives	1,904	90	-	-	758	-	-	25
Interest rate swap	-	-	578	1,105	-	-	649	613
	5,976	90	3,890	7,701	3,156	-	3,192	5,488

For its financial assets and liabilities measured at amortized cost as at July 2, 2016, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

8. Bank overdraft and revolving credit facility:

The Company has a revolving credit facility of $150.0 million of available working capital from which it can borrow at prime rate, Libor rate or under Bankers' Acceptances, plus 20 to 200 basis points, based on achieving certain financial ratios. Certain assets of the Company, including trade receivables, inventories and property, plant and equipment have been pledged as security for the credit facility. The following amounts were outstanding as of:

	July 2, 2016	October 3, 2015	June 27, 2015
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**-**	7,000	45,000
Non-current	**70,000**	70,000	70,000
	70,000	77,000	115,000

(In thousands of dollars except as noted and amounts per share)

8. Bank overdraft and revolving credit facility (continued):

During the third quarter, the Company exercised its option to extend the revolving credit facility with the same terms and conditions of the credit agreement entered into on June 28, 2013. As a result, the Company paid $90 in deferred financing fees to extend the maturity date, which has now been extended to expire on June 28, 2021. As at July 2, 2016, an amount of $70.0 million is shown as non-current.

The comparative figures of October 3, 2015 and June 27, 2015 have been reclassified to reflect the expected non-current portion of the revolving credit facility.

The carrying value of the bank overdraft and the revolving credit facility approximates fair value as the borrowings bear interest at variable rates.

9. Employee benefits:

During the third quarter of fiscal 2016, the Company recorded an expense of $2.4 million for contracted future plan amendments to one of the pension benefit plans. In addition, during the quarter, the Company recorded a charge of $2.9 million ($2.2 million net of taxes) to other comprehensive income as a result of the re-measurement of the assets and obligations of this pension benefit plan.

10. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	July 2, 2016	October 3, 2015	June 27, 2015
	$	$	$
Current:			
Fourth series	**50,000**	-	-
Total face value	**50,000**	-	-
Less deferred financing fees	**(278)**	-	-
Total carrying value	**49,722**	-	-

(In thousands of dollars except as noted and amounts per share)

10. Convertible unsecured subordinated debentures (continued):

	July 2, 2016	October 3, 2015	June 27, 2015
Non-current:			
Fourth series	**-**	50,000	50,000
Fifth series	**60,000**	60,000	60,000
Total face value	**60,000**	110,000	110,000
Less deferred financing fees	**(954)**	(1,773)	(1,954)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**714**	583	541
Total carrying value	**58,572**	107,622	107,399

The Fourth series convertible debenture was presented in current liabilities as it matures on April 30, 2017.

The fair value of the Fourth and Fifth series debentures as at July 2, 2016 were approximately $113.0 million based on market quotes.

11. Share capital and other components of equity:

In November 2015, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB, the Company may purchase up to 500,000 common shares. The NCIB commenced on December 1, 2015 and may continue to November 30, 2016. During the nine months ending July 2, 2016, the Company purchased 178,600 common shares (October 3, 2015 – 30,100; June 27, 2015 – nil), having a book value of $254 for a total cash consideration of $727. The excess of the purchase price over the book value of the shares in the amount of $473 was charged to deficit. All shares purchased were cancelled.

As of July 2, 2016, a total of 93,850,160 common shares (October 3, 2015 - 94,028,760; June 27, 2015 – 94,058,860) were outstanding.

The following dividends were declared by the Company:

	July 2, 2016	June 27, 2015
	$	$
Dividends	**25,351**	25,393
	25,351	25,393

(In thousands of dollars except as noted and amounts per share)

12. Earnings per share:

Reconciliation between basic and diluted earnings per share is as follows:

	For the three months ended		For the nine months ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
Basic earnings per share:				
Net earnings	**$ 19,383**	$ 1,050	**$ 49,126**	$ 16,232
Weighted average number of shares outstanding	**93,850,160**	94,058,860	**93,897,499**	94,040,838
Basic earnings per share	**$ 0.21**	$ 0.01	**$ 0.52**	$ 0.17
Diluted earnings per share:				
Net earnings	**$ 19,383**	$ 1,050	**$ 49,126**	$ 16,232
Plus impact of convertible unsecured subordinated debentures and share options	**1,332**	-	**3,969**	-
	$ 20,715	$ 1,050	**$ 53,095**	$ 16,232
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	**93,850,160**	94,058,860	**93,897,499**	94,040,838
Plus impact of convertible unsecured subordinated debentures and share options	**16,025,641**	-	**16,025,641**	-
	109,875,801	94,058,860	**109,923,140**	94,040,838
Diluted earnings per share	**$ 0.19**	$ 0.01	**$ 0.48**	$ 0.17

For the three and nine months ended June 27, 2015, the Fourth and Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

13. Share-based compensation:

The Company has reserved and set aside for issuance an aggregate of 4,000,000 common shares (October 3, 2015 – 4,000,000 common shares; June 27, 2015 – 4,000,000 common shares) at a price equal to the average market price of transactions during the last five trading days prior to the grant date. Options are exercisable to a maximum of 20% of the optioned shares per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested shall be forfeited.

During the third quarter of fiscal 2016, 70,000 share options were forfeited at a price of $5.61 following the retirement of an executive.

(In thousands of dollars except as noted and amounts per share)

13. Share-based compensation (continued):

During the second quarter of fiscal 2015, 30,000 common shares were issued pursuant to the exercise of share options under the Share Option Plan for a total cash proceeds of $108, which was recorded to share capital as well as an ascribed value from contributed surplus of $5.

On May 21, 2015 a total of 850,000 options were granted at a price of $4.59 to an executive.

Compensation expense is amortized over the vesting period of the corresponding optioned shares and is expensed in the administration and selling expenses with an offsetting credit to contributed surplus. An expense of $6 and $29 was recorded for the three and nine months ended July 2, 2016 (an expense of $2 and $7 for the three and nine months ended June 27, 2015).

The following tables summarize information about the Share Option Plan as of July 2, 2016 and October 3, 2015:

Exercise price per option	Outstanding number of options at October 3, 2015	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at July 2, 2016	Weighted average remaining life	Number of options exercisable
$4.59	**850,000**	**-**	**-**	**-**	**850,000**	**8.90**	**170,000**
$5.61	**226,500**	**-**	**-**	**(70,000)**	**156,500**	**5.70**	**124,500**

Exercise price per option	Outstanding number of options at September 27, 2014	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at October 3, 2015	Weighted average remaining life	Number of options exercisable
$3.61	30,000	-	30,000	-	-	-	-
$4.59	-	850,000	-	-	850,000	9.65	-
$5.61	226,500	-	-	-	226,500	6.45	134,500

As at July 2, 2016 and October 3, 2015, all of the options outstanding are held by key management personnel (see note 15).

(In thousands of dollars except as noted and amounts per share)

14. Supplementary cash flow information:

	July 2, 2016	June 27, 2015	October 3, 2015	September 27, 2014
	$	$	$	$
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	**1,168**	730	579	709

15. Key management personnel:

The Board of Directors as well as the President and all the Vice-Presidents are deemed to be key management personnel of the Company. The following is the compensation expense for key management personnel:

	For the three months ended		**For the nine months ended**	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Salaries and short-term benefits	**632**	582	**1,802**	1,817
Attendance fees for members of the Board of Directors	**105**	145	**321**	354
Post-retirement benefits	**48**	30	**110**	89
Share-based compensation	**6**	2	**29**	7
	791	759	**2,262**	2,267

Further information about the remuneration of individual directors is provided in the annual Management Proxy Circular.

16. Personnel expenses:

	For the three months ended		**For the nine months ended**	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Wages, salaries and employee benefits	**16,160**	15,157	**50,470**	48,118
Expenses related to defined benefit plans	**3,464**	891	**4,548**	3,308
Expenses related to defined contributions plans	**1,346**	1,303	**3,403**	3,263
Share-based compensation	**6**	2	**29**	7
	20,976	17,353	**58,450**	54,696

(In thousands of dollars except as noted and amounts per share)

16. Personnel expenses (continued):

The personnel expenses were charged and capitalized to the unaudited condensed consolidated interim statements of earnings and statements of financial position, respectively, as follows:

	For the three months ended		For the nine months ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Cost of sales	**17,361**	14,164	**49,450**	44,813
Administration and selling expenses(i)	**3,151**	2,809	**7,698**	8,674
Distribution expenses	**343**	321	**938**	897
	20,855	17,294	**58,086**	54,384
Property, plant and equipment	**121**	59	**364**	312
	20,976	17,353	**58,450**	54,696

(i) In fiscal 2014, the Company approved the termination of the defined benefit portion of the Lantic Inc. Pension Plan for Salaried Employees in B.C. and Alberta (the "Salaried Plan") effective as of December 31, 2014. During the first quarter, the Company completed the settlement of the Salaried Plan and as a result, recorded a $1.2 million profit in administration and selling expenses.

17. Segmented information:

The Company has one operating segment and therefore one reportable segment.

Revenues were derived from customers in the following geographic areas:

	For the three months ended		For the nine months ended	
	July 2, 2016	June 27, 2015	**July 2, 2016**	June 27, 2015
	$	$	**$**	$
Canada	**131,885**	125,725	**381,890**	369,660
United States	**6,715**	4,867	**20,788**	16,778
	138,600	130,592	**402,678**	386,438

18. Comparative figures:

Certain of the 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.