Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three months ended December 28, 2013 and December 29, 2012

ROGERS SUGAR INC.

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

Condensed consolidated statements of earnings	For the three months ended **December 28 2013**	December 29 2012 (note 3a))
Revenues	**$ 136,876**	$ 142,376
Cost of sales (note 4)	**110,573**	111,953
Gross margin	**26,303**	30,423
Administration and selling expenses (note 4)	**4,732**	4,657
Distribution expenses	**2,146**	2,329
	6,878	6,986
Results from operating activities	**19,425**	23,437
Net finance costs (note 5)	**2,546**	2,202
Earnings before income taxes	**16,879**	21,235
Income tax expense (recovery):		
Current	**4,381**	3,013
Deferred	**(18)**	2,282
	4,363	5,295
Net earnings	**$ 12,516**	$ 15,940
Net earnings per share (note 11):		
Basic	**$ 0.13**	$ 0.17
Diluted	**$ 0.13**	$ 0.16

Condensed consolidated statements of comprehensive income	For the three months ended **December 28 2013**	December 29 2012 (note 3a))
Net earnings	**$ 12,516**	$ 15,940
Other comprehensive income	–	–
Net earnings and comprehensive income for the period	**$ 12,516**	$ 15,940

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

ROGERS SUGAR INC.

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

		December 28 2013		September 28 2013		December 29 2012 (note 3a))
Assets						
Current assets:						
Cash and cash equivalents	**$**	**5,240**	$	3,204	$	12,791
Trade and other receivables		**43,117**		50,126		39,564
Income taxes recoverable		**–**		663		363
Inventories (note 6)		**96,731**		72,374		110,612
Prepaid expenses		**1,449**		2,047		887
Derivative financial instruments (note 7)		**2,512**		129		125
Total current assets		**149,049**		128,543		164,342
Non-current assets:						
Property, plant and equipment		**175,491**		177,382		178,924
Intangible assets		**2,060**		2,117		2,289
Other assets		**516**		544		96
Deferred tax assets		**15,371**		14,629		18,568
Derivative financial instruments (note 7)		**111**		432		10
Goodwill		**229,952**		229,952		229,952
Total non-current assets		**423,501**		425,056		429,839
Total assets	**$**	**572,550**	$	553,599	$	594,181
Liabilities and Shareholders' Equity						
Current liabilities:						
Revolving credit facility (note 8)	**$**	**33,000**	$	25,000		60,000
Trade and other payables		**46,046**		37,659		47,077
Income taxes payable		**1,002**		1,304		7
Provisions		**1,104**		1,150		1,350
Finance lease obligations		**35**		39		63
Derivative financial instruments (note 7)		**1,382**		3,670		5,738
Total current liabilities		**82,569**		68,822		114,235
Non-current liabilities:						
Revolving credit facility (note 8)		**50,000**		50,000		–
Employee benefits		**44,335**		44,345		57,073
Provisions		**2,273**		2,273		2,899
Derivative financial instruments (note 7)		**851**		623		1,188
Finance lease obligations		**–**		7		30
Convertible unsecured subordinated debentures (note 9)		**106,075**		105,857		105,204
Deferred tax liabilities		**27,523**		26,799		28,748
Total non-current liabilities		**231,057**		229,904		195,142
Total liabilities		**313,626**		298,726		309,377
Shareholders' equity:						
Share capital		**133,833**		133,833		133,737
Contributed surplus		**200,140**		200,135		200,130
Equity portion of convertible unsecured subordinated debentures (note 9)		**1,188**		1,188		1,188
Deficit		**(76,237)**		(80,283)		(50,251)
Total shareholders' equity (note 10)		**258,924**		254,873		284,804
Total liabilities and shareholders' equity	**$**	**572,550**	$	553,599	$	594,181

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

ROGERS SUGAR INC.

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

						For the three months ended December 28, 2013
	Number of shares	**Common shares**	**Contributed surplus**	**Equity portion of convertible debentures**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, September 28, 2013	**94,114,260**	**133,833**	**200,135**	**1,188**	**(80,283)**	**254,873**
Dividends (note 10)	–	–	**–**	**–**	**(8,470)**	**(8,470)**
Share-based compensation (note 12)	**–**	**–**	**5**	**–**	**–**	**5**
Net earnings and comprehensive income for the period	**–**	**–**	**–**	**–**	**12,516**	**12,516**
Balance, December 28, 2013	**94,114,260**	**133,833**	**200,140**	**1,188**	**(76,237)**	**258,924**

						For the three months ended December 29, 2012
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, September 29, 2012	94,090,760	133,737	200,143	1,188	(57,723)	277,345
Dividends (note 10)	–	–	–	–	(8,468)	(8,468)
Share-based compensation (note 12)	–	–	(13)	–	–	(13)
Net earnings and comprehensive income for the period (note 3 a))	–	–	–	–	15,940	15,940
Balance, December 29, 2012	94,090,760	133,737	200,130	1,188	(50,251)	284,804

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

ROGERS SUGAR INC.

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

	For the three-months ended	
	December 28 2013	December 29 2012 (note 3a))
Cash flows from operating activities:		
Net earnings	**$ 12,516**	$ 15,940
Adjustments for:		
Depreciation of property, plant and equipment (note 4)	**2,993**	3,065
Amortization of intangible assets (note 4)	**57**	58
Changes in fair value of derivative financial instruments included in cost of sales	**(4,188)**	(2,921)
Income tax expense	**4,363**	5,295
Pension contributions	**(2,005)**	(2,701)
Pension expense	**1,995**	1,917
Net finance costs (note 5)	**2,546**	2,202
Gain on disposal of property, plant and equipment	**(18)**	(177)
Share-based compensation	**5**	(13)
	18,264	22,665
Changes in:		
Trade and other receivables	**7,009**	11,507
Inventories	**(24,357)**	(32,326)
Prepaid expenses	**598**	802
Trade and other payables	**8,055**	1,125
Provisions	**(46)**	(13)
	(8,741)	(18,905)
Cash generated from operating activities:	**9,523**	3,760
Interest paid	**(2,049)**	(3,996)
Income taxes paid	**(4,020)**	(5,433)
Net cash from (used in) operating activities	**3,454**	(5,669)
Cash flows (used in) from financing activities:		
Dividends paid	**(8,470)**	(8,468)
Increase in revolving credit facility	**8,000**	–
Net cash used in financing activities	**(470)**	(8,468)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(948)**	(967)
Net cash used in investing activities	**(948)**	(967)
Net increase (decrease) in cash and cash equivalents	**2,036**	(15,104)
Cash and cash equivalents, beginning of period	**3,204**	27,895
Cash and cash equivalents, end of period	**$ 5,240**	$ 12,791

Supplemental cash flow information (note 13)

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-month periods ended December 28, 2013 and December 29, 2012 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 annual financial statements other than the adoption of the amendments of IAS 19, IFRS 10 and IFRS 13 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 September 28, 2013.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 30, 2014.

(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.

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

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 September 28, 2013.

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 28, 2013 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:*

Amendments to IAS 19, *Employee benefits*, include the elimination of the option to defer the recognition of gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013. The Company implemented this standard retrospectively in the first quarter of the year ending September 27, 2014. The impact arising from the adoption of the amendments to IAS 19 is summarized as follows:

Condensed consolidated statement of financial position:

	As at December 29, 2012		
	As presented	Restatements	As restated
	$	$	$
Deferred income tax assets	18,500	68	18,568
Employee benefits	56,812	261	57,073
Deficit	(50,058)	(193)	(50,251)

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

3. Significant accounting policies (continued):

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

(i) IAS 19, *Employee benefits* (continued):

Condensed consolidated statement of earnings and statement of comprehensive income:

	For the three months ended December 29, 2012		
	As presented	Restatements	As restated
	$	$	$
Cost of sales	111,737	216	111,953
Administration and selling expenses	4,612	45	4,657
Deferred income taxes expense	2,350	(68)	2,282
Net earnings	16,133	(193)	15,940

Net earnings per share:			
Basic	0.17	–	0.17
Diluted	0.16	–	0.16

This new accounting policy did not have a material impact on the condensed consolidated interim statement of cash flows.

Condensed consolidated statement of earnings and statement of comprehensive income:

	For the year ended September 28, 2013		
	As presented	Restatements	As restated
	$	$	$
Cost of sales	472,785	862	473,647
Administration and selling expenses	18,005	182	18,187
Deferred income taxes expense	1,487	(271)	1,216
Net earnings	37,265	(773)	36,492
Other comprehensive income (loss):			
Defined benefit actuarial gains (losses)	10,711	1,044	11,755
Income tax on other comprehensive loss	(2,785)	(271)	(3,056)
Net earnings and other comprehensive income	45,191	–	45,191

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

3. Significant accounting policies (continued):

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

(i) IAS 19, *Employee benefits* (continued):

	For the year ended September 28, 2013		
	As presented	Restatements	As restated
	$	$	$
Net earnings per share:			
Basic	0.40	(0.01)	0.39
Diluted	0.39	(0.01)	0.38

This new accounting policy did not have a material impact on the consolidated statement of financial position and on the consolidated statement of cash flows for the year ended September 29, 2013.

The amendments also require enhanced annual disclosure for defined benefit plans, including additional information on the characteristics and risks of those plans, which will be included in the Company's 2014 annual consolidated financial statements.

(ii) IFRS 10, *Consolidated financial statements*:

This standard provides additional guidance to determine whether an entity should be included within the consolidated financial statements of the Company. IFRS 10 replaces SIC 12, *Consolidation - special purpose entities*, and parts of IAS 27, *Consolidated and separate financial statements*. This standard is required to be adopted for annual periods beginning January 1, 2013. The adoption of this standard had no impact on the unaudited condensed consolidated interim financial statements.

(iii) IFRS 13, *Fair value measurement*:

IFRS 13, *Fair value* measurement, replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The application of IFRS 13 did not have a material impact on the condensed consolidated interim financial statements other than added disclosure requirements which have been presented in notes 7, 8 and 9 to the condensed consolidated interim financial statements.

3. Significant accounting policies (continued):

(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 months ended December 28, 2013 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) IAS 36, *Impairment of assets*:

The IASB has issued amendments to IAS 36, *Impairment of assets*, to reverse the unintended requirements in IFRS 13, *Fair Value Measurements*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Company intends to adopt the amendment in its consolidated financial statements for the annual period beginning September 28, 2014. The extent of the impact of adoption of IAS 36, *Impairment of assets*, on the consolidated financial statements of the Company has not yet been determined.

(ii) IFRS 9, *Financial instruments*:

IFRS 9 is a new standard which will ultimately replace IAS 39, *Financial Instruments: Recognition and Measurement*, with a proposed single model for only two classification categories: amortized cost and fair value. The extent of the impact of adoption of IFRS 9, *Financial Instruments* 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 statements of earnings as follows:

	For the three months ended December 28, 2013	December 29, 2012
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**2,883**	2,946
Administration and selling expenses	**110**	119
	2,993	3,065
Amortization of intangible assets:		
Administration and selling expenses	**57**	58
Total depreciation and amortization expenses	**3,050**	3,123

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended December 28, 2013	December 29, 2012
	$	$
Net change in fair value of interest rate swap	**–**	478
Finance income	**–**	478
Interest expense on convertible unsecured subordinated debentures	**1,613**	1,611
Interest on revolving credit facility	**658**	843
Amortization of deferred financing fees	**209**	226
Net change in fair value in interest rate swap	**66**	–
Finance costs	**2,546**	2,680
Net finance costs recognized in net earnings	**2,546**	2,202

6. Inventories:

During the three months ended December 28, 2013, the Company recorded an amount of $0.1 million (September 28, 2013 – nil; December 29, 2012 - $0.2 million) 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 September 28, 2013 annual financial statements and there have been no significant changes in the Company's risk exposures during the three months ended December 28, 2013.

Fair values of financial instruments:

Fair value estimates are made as of a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and may not be determined with precision. A three-tier fair value hierarchy prioritizes the inputs used in measuring the fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value of derivative instruments is the estimated amount that the Company would receive or pay to terminate the instruments at the reporting date. The fair values have been determined by reference to prices available from the markets on which the instruments trade, subject to credit adjustments as applicable. The fair values of the Sugar future contracts and options are measured using Level 1 inputs, using published quoted values for these commodities. The fair values for the natural gas futures contracts, foreign exchange forward contracts and interest rate swap contract and are measured using Level 2 inputs. The fair values for these derivative assets or liabilities are estimated using industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies. The fair value of natural gas contracts have been determined using quoted values for these commodities, while the fair value of foreign exchange forward contracts have been determined using rates published by the financial institution which is the counterparty to these contracts. The fair values of the interest rate swap have been determined by using rates published on financial capital markets. The fair value of natural gas contracts, foreign exchange forward contracts and interest rate swap includes a credit risk adjustment for the Company's or counterparty's credit, as appropriate.

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

7. Financial instruments (continued):

The fair values of all derivative instruments approximate their carrying value and are recorded as separate line items on the condensed consolidated interim financial statement of financial position.

Details of recorded gains (losses) for the quarter, 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 December 28, 2013, financial derivatives outstanding and their mark-to-market impact on the unaudited condensed consolidated statements of earnings were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	December 28, 2013		December 28, 2013	
	$	$	$	$
Sugar futures contracts and options	609	–	–	115
Natural gas futures contracts	–	–	1,041	736
Foreign exchange forward contracts	960	11	–	–
Embedded derivatives	943	10	–	–
Interest rate swap	–	90	341	–
	2,512	111	1,382	851

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

7. Financial instruments (continued):

	Unrealized gain / (loss) For the three months ended December 28, 2013	Unrealized gain / (loss) For the three months ended December 29, 2012
	$	$
Sugar futures contracts and options	**(7,769)**	(3,949)
Natural gas futures contracts	**(225)**	(269)
Foreign exchange forward contracts	**1,280**	195
Embedded derivatives	**867**	761
Charged to cost of sales	**(5,847)**	(3,262)

As at September 28, 2013 and December 29, 2012, 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
	September 28, 2013				December 29, 2012			
	$	$	$	$	$	$	$	$
Sugar futures contracts	–	289	1,385	–	125	10	–	–
Natural gas futures contracts	–	–	1,716	494	–	–	3,377	1,112
Foreign exchange forward contracts	–	–	241	87	–	–	895	73
Embedded derivatives	129	–	–	42	–	–	75	3
Interest rate swap	–	143	328	–	–	–	1,391	–
	129	432	3,670	623	125	10	5,738	1,188

For its financial assets and liabilities measured at amortized cost as at December 28, 2013, 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.

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

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:

	December 28, 2013	September 28, 2013	December 29, 2012
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**33,000**	25,000	60,000
Non-current	**50,000**	50,000	–
	83,000	75,000	60,000

The revolving credit facility expires on June 28, 2018. As at December 28, 2013, an amount of $50.0 million is shown as non-current.

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

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

9. Convertible unsecured subordinated debentures:

The outstanding convertible debentures, all recorded as non-current liabilities, are as follows:

	December 28, 2013	September 28, 2013	December 29, 2012
	$	$	$
Fourth series	**50,000**	50,000	50,000
Fifth series	**60,000**	60,000	60,000
Total face value	**110,000**	110,000	110,000
Less deferred financing fees	**(3,037)**	(3,217)	(3,759)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**300**	262	151
Total carrying value	**106,075**	105,857	105,204

The fair value of the Company's convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value of the Fourth and Fifth series debentures as at December 28, 2013 were approximately $112.3 million based on market quotes.

10. Capital and other components of equity:

As of December 28, 2013, a total of 94,114,260 common shares (September 28, 2013 - 94,114,260; December 29, 2012 – 94,090,760) were outstanding.

The following dividends were declared by the Company:

	December 28, 2013	December 29, 2012
	$	$
Dividends	**8,470**	8,468
	8,470	8,468

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

11. Earnings per share:

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

		December 28, 2013		December 29, 2012 (note 3a))
Basic earnings per share:				
Net earnings	**$**	**12,516**	$	15,940
Weighted average number of shares outstanding		**94,114,260**		94,090,760
Basic earnings per share	**$**	**0.13**	$	0.17
Diluted earnings per share:				
Net earnings	**$**	**12,516**	$	15,940
Plus impact of convertible unsecured subordinated debentures and share options		**1,327**		1,344
	$	**13,843**	$	17,284
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding		**94,114,260**		94,090,760
Plus impact of convertible unsecured subordinated debentures and share options		**16,025,641**		16,025,641
		110,139,901		110,116,401
Diluted earnings per share	**$**	**0.13**	$	0.16

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

12. Share-based compensation:

The Company has reserved and set aside for issuance an aggregate of 850,000 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.

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 $5 was recorded for the three months ended December 28, 2013 (an income of $13 for the three months ended December 29, 2012).

The following tables summarize information about the Share Option Plan as of December 28, 2013 and September 28, 2013:

Exercise price per option	**Outstanding number of options at September 28, 2013**	**Options granted during the period**	**Options exercised during the period**	**Options forfeited during the period**	**Outstanding number of options at December 28, 2013**	**Weighted average remaining life**	**Number of options exercisable**
$ 3.61	**30,000**	**-**	**-**	**-**	**30,000**	**1.92**	**30,000**
$ 5.61	**226,500**	**-**	**-**	**-**	**226,500**	**8.21**	**42,500**

Exercise price per option	Outstanding number of options at September 29, 2012	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at September 28, 2013	Weighted average remaining life	Number of options exercisable
$ 3.61	50,000	-	20,000	-	30,000	2.17	30,000
$ 5.61	230,000	-	3,500	-	226,500	8.46	42,500

As at December 28, 2013 and September 28, 2013, all of the options outstanding are held by key management personnel (see note 14).

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

13. Supplementary cash flow information:

	December 28, 2013	September 28, 2013	December 29, 2012
	$	$	$
Cash and cash equivalents	**5,240**	3,204	12,791
Non-cash transactions:			
Additions of property, plant and equipment included in trade and other payables	**766**	619	1,011

14. 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	
	December 28, 2013	December 29, 2012
	$	$
Salaries and short-term benefits	**669**	711
Attendance fees for members of the Board of Directors	**91**	106
Post-retirement benefits	**32**	21
Share-based compensation	**5**	(13)
	797	825

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

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

15. Personnel expenses:

	For the three months ended	
	December 28, 2013	December 29, 2012
	$	$
Wages, salaries and employee benefits	**18,642**	18,837
Expenses related to defined benefit plans	**1,321**	996
Expenses related to defined contributions plans	**674**	660
Share-based compensation	**5**	(13)
	20,642	20,480

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

	For the three months ended	
	December 28, 2013	December 29, 2012
	$	$
Cost of sales	**17,415**	16,687
Administration and selling expenses	**2,858**	3,089
Distribution expenses	**323**	579
	20,596	20,355
Property, plant and equipment	**46**	125
	20,642	20,480

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

16. 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	
	December 28, 2013	December 29, 2012
	$	$
Canada	**132,350**	134,868
United States	**4,526**	7,508
	136,876	142,376