Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and nine months ended June 29, 2013 and June 30, 2012

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 June 29, 2013		June 30, 2012		For the nine months ended June 29, 2013		June 30, 2012
Revenues (note 16)	**$**	**138,403**	$	147,687	**$**	**412,598**	$	467,624
Cost of sales (note 4)		**123,785**		129,480		**344,490**		407,840
Gross margin		**14,618**		18,207		**68,108**		59,784
Administration and selling expenses (note 4)		**4,797**		5,068		**14,626**		14,298
Distribution expenses		**2,002**		1,959		**5,944**		5,954
		6,799		7,027		**20,570**		20,252
Results from operating activities		**7,819**		11,180		**47,538**		39,532
Net finance costs (note 5)		**2,457**		2,260		**6,500**		7,244
Earnings before income taxes		**5,362**		8,920		**41,038**		32,288
Income tax expense (recovery) :								
Current		**1,937**		2,368		**8,565**		7,822
Deferred		**(570)**		(357)		**1,911**		1,149
		1,367		2,011		**10,476**		8,971
Net earnings	**$**	**3,995**	$	6,909	**$**	**30,562**	$	23,317
Net earnings per share (note 11):								
Basic	**$**	**0.04**	$	0.07	**$**	**0.32**	$	0.25
Diluted	**$**	**0.04**	$	0.07	**$**	**0.31**	$	0.24

Condensed consolidated interim statements of comprehensive income		For the three months ended June 29, 2013		June 30, 2012		For the nine months ended June 29, 2013		June 30, 2012
Net earnings	**$**	**3,995**	$	6,909	**$**	**30,562**	$	23,317
Other comprehensive income		**–**		–		**–**		–
Net earnings and comprehensive income for the period	**$**	**3,995**	$	6,909	**$**	**30,562**	$	23,317

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)

	June 29 2013	September 29 2012	June 30 2012
Assets			
Current assets:			
Cash and cash equivalents	**$ 2,359**	$ 27,895	$ 18,223
Trade and other receivables	**44,153**	51,071	54,460
Income taxes recoverable	**663**	760	–
Inventories	**102,201**	78,286	82,793
Prepaid expenses	**3,036**	1,689	2,574
Derivative financial instruments (note 6)	**1,297**	–	2,320
Total current assets	**153,709**	159,701	160,370
Non-current assets:			
Property, plant and equipment	**176,625**	180,132	179,417
Intangible assets	**2,174**	2,347	1,713
Other assets	**454**	142	188
Deferred tax assets	**18,712**	21,778	20,051
Derivative financial instruments (note 6)	**696**	15	95
Goodwill	**229,952**	229,952	229,952
Total non-current assets	**428,613**	434,366	431,416
Total assets	**$ 582,322**	$ 594,067	$ 591,786
Liabilities and Shareholders' Equity			
Current liabilities:			
Revolving credit facility (note 7)	**$ 42,000**	$ 60,000	$ 60,000
Trade and other payables	**40,215**	46,795	42,659
Income taxes payable	**805**	2,824	1,675
Provisions	**1,292**	1,363	1,500
Finance lease obligations	**45**	69	89
Derivative financial instruments (note 6)	**4,219**	7,922	7,935
Total current liabilities	**88,576**	118,973	113,858
Non-current liabilities:			
Revolving credit facility (note 7)	**50,000**	–	–
Employee benefits (note 8)	**57,335**	57,857	52,943
Provisions	**2,899**	2,899	2,774
Derivative financial instruments (note 6)	**629**	2,283	4,840
Finance lease obligations	**14**	46	57
Convertible unsecured subordinated debentures (note 9)	**105,638**	104,988	104,772
Deferred tax liabilities	**28,521**	29,676	29,926
Total non-current liabilities	**245,036**	197,749	195,312
Total liabilities	**333,612**	316,722	309,170
Shareholders' equity:			
Share capital	**133,833**	133,737	133,643
Contributed surplus	**200,131**	200,143	200,118
Equity portion of convertible unsecured subordinated debentures (note 9)	**1,188**	1,188	1,188
Deficit	**(86,442)**	(57,723)	(52,333)
Total shareholders' equity	**248,710**	277,345	282,616
Total liabilities and shareholders' equity	**$ 582,322**	$ 594,067	$ 591,786

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 June 29, 2013	
	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)	**–**	**–**	**–**	**–**	**(59,281)**	**(59,281)**
Share-based compensation (note 12)	**–**	**–**	**(8)**	**–**	**–**	**(8)**
Issuance of shares (note 12)	**23,500**	**96**	**(4)**	**–**	**–**	**92**
Net earnings and comprehensive income for the period	**–**	**–**	**–**	**–**	**30,562**	**30,562**
Balance, June 29, 2013	**94,114,260**	**133,833**	**200,131**	**1,188**	**(86,442)**	**248,710**

					For the nine months ended June 30, 2012	
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, October 1, 2011	88,842,333	105,542	203,910	–	(53,232)	256,220
Dividends (note 10)	–	–	–	–	(24,446)	(24,446)
Share-based compensation (note 12)	–	–	11	–	–	11
Conversion of convertible debentures into shares	5,148,427	27,819	(1,562)	–	–	26,257
Redemption of convertible debentures	–	–	(2,230)	–	2,028	(202)
Issuance of convertible debentures	–	–	–	1,188	–	1,188
Issuance of shares (note 12)	75,000	282	(11)	–	–	271
Net earnings and comprehensive income for the period	–	–	–	–	23,317	23,317
Balance, June 30, 2012	94,065,760	133,643	200,118	1,188	(52,333)	282,616

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	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
Cash flows from operating activities:				
Net earnings	**$ 3,995**	$ 6,909	**$ 30,562**	$ 23,317
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	**3,081**	2,951	**9,262**	8,675
Amortization of intangible assets (note 4)	**57**	42	**173**	126
Changes in fair value of derivative financial instruments included in cost of sales	**72**	(3,989)	**(5,468)**	379
Income tax expense	**1,367**	2,011	**10,476**	8,971
Pension contributions	**(2,990)**	(3,026)	**(8,385)**	(9,117)
Pension expense	**3,918**	2,023	**7,863**	5,397
Net finance costs (note 5)	**2,457**	2,260	**6,500**	7,244
Loss /(gain) on disposal of property, plant and equipment	**3**	4	**(216)**	25
Share-based compensation	**4**	9	**(8)**	11
Other	**–**	–	**–**	146
	11,964	9,194	**50,759**	45,174
Changes in:				
Trade and other receivables	**(1,474)**	(5,914)	**6,918**	3,388
Inventories	**20,502**	15,327	**(23,915)**	8,240
Prepaid expenses	**(1,809)**	(965)	**(1,347)**	(370)
Trade and other payables	**(5)**	(1,677)	**(5,224)**	(8,367)
Provisions	**(29)**	7	**(71)**	(70)
Cash from operating activities	**29,149**	15,972	**27,120**	47,995
Interest paid	**(4,706)**	(4,122)	**(9,615)**	(9,625)
Income taxes paid	**(2,460)**	(1,739)	**(10,487)**	(13,324)
Net cash from operating activities	**21,983**	10,111	**7,018**	25,046
Cash flows (used in) from financing activities:				
Dividends paid (note 10)	**(8,471)**	(7,990)	**(59,280)**	(23,532)
Revolving credit facility (repayments) borrowings	**(13,000)**	(10,000)	**32,000**	(10,000)
Issuance of shares (note 12)	**20**	181	**92**	271
Payment of financing fees	**(450)**	–	**(450)**	(2,716)
Issuance of convertible unsecured subordinated debentures	**–**	–	**–**	60,000
Redemption of convertible unsecured subordinated debentures	**–**	–	**–**	(51,679)
Repurchase of convertible debentures	**–**	–	**–**	(9)
Cash flow from (used in) financing activities	**(21,901)**	(17,809)	**(27,638)**	(27,665)
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	**(1,307)**	(1,179)	**(4,916)**	(4,440)
Additions to intangible assets	**–**	(44)	**–**	(44)
Cash flow used in investing activities	**(1,307)**	(1,223)	**(4,916)**	(4,484)
Net decrease in cash and cash equivalents	**(1,225)**	(8,921)	**(25,536)**	(7,103)
Cash and cash equivalents, beginning of period	**3,584**	27,144	**27,895**	25,326
Cash and cash equivalents, end of period	**$ 2,359**	$ 18,223	**$ 2,359**	$ 18,223

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 and nine month periods ended June 29, 2013 and June 30, 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. 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 financial statements and the notes thereto for the year ended September 29, 2012.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 31, 2013.

(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 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 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 financial statements for the year ended September 29, 2012.

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual financial statements for the year ended September 29, 2012 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements, except for IAS 1, *Presentation of Financial Statements*.

(a) New standards and interpretations adopted:

(i) IAS 1, *Presentation of financial statements:*

Amendments to IAS 1, *Presentation of Financial Statements* enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements, primarily by requiring the components of OCI to be presented separately for items that may be reclassified to the statement of earnings in the future from those that would never be reclassified to the statement of earnings. The amendments are effective for annual periods beginning on or after July 1, 2012. The adoption of the amendments had no 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 June 29, 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:

3. Significant accounting policies (continued):

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

(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.

(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. This standard becomes mandatory for the years commencing on or after January 1, 2015 with earlier application permitted.

(iii) 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.

(iv) IFRS 13, *Fair Value Measurement*:

This standard provides new guidance on fair value measurement and disclosure requirements, which becomes effective for annual periods commencing on or after January 1, 2013.

The extent of the impact of adoption of the above noted standards and interpretations on the 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	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Depreciation of property, plant and equipment:				
Cost of sales	**2,969**	2,843	**8,912**	8,341
Administration and selling expenses	**112**	108	**350**	334
	3,081	2,951	**9,262**	8,675
Amortization of intangible assets:				
Administration and selling expenses	**57**	42	**173**	126
Total depreciation and amortization expense	**3,138**	2,993	**9,435**	8,801

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		For the nine months ended	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Net change in fair value of interest rate swap	**438**	449	**1,867**	1,908
Finance income	**438**	449	**1,867**	1,908
Interest expense on convertible unsecured subordinated debentures	**1,612**	1,611	**4,834**	5,071
Interest on revolving credit facility	**1,057**	871	**2,854**	2,753
Amortization of deferred financing fees	**226**	227	**679**	732
Loss on early redemption of convertible unsecured subordinated debentures	**–**	–	**–**	596
Finance costs	**2,895**	2,709	**8,367**	9,152
Net finance costs recognized in net earnings	**2,457**	2,260	**6,500**	7,244

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

6. 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 29, 2012 annual financial statements and there have been no significant changes in the Company's risk exposures during the nine months ended June 29, 2013 except for the interest rate risk.

The Company has $92.0 million of borrowings under its credit agreement as at June 29, 2013 (September 29, 2012 – $60.0 million; June 30, 2012 – $60.0 million). The Company normally enters into a 90-day Bankers' Acceptance for an amount varying between $60.0 million to $70.0 million of the borrowings, and will borrow either under prime rate loans or shorter term Bankers' Acceptances for any other borrowings. To mitigate the risk in future cash flows due to interest rate fluctuations, the Company entered into a new 5-year interest rate swap agreement effective June 28, 2013 at a rate of 2.09% for a value of $30.0 million for 5 years, $10.0 million for 3 years and another $10.0 million for 2 years. All other borrowings over and above the total value of the interest rate swap are therefore exposed to interest rate fluctuations. The Company's previous 5-year interest rate swap agreement of $70.0 million at a rate of 4.005% expired on June 28, 2013.

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 June 29, 2013, financial derivatives outstanding and their mark-to-market impact on the unaudited condensed consolidated interim statements of earnings were as follows:

	Financial Assets June 29, 2013		Financial Liabilities June 29, 2013	
	Current	Non-Current	Current	Non-Current
	$	$	$	$
Sugar futures contracts	–	342	671	–
Natural gas futures contracts	–	–	3,281	590
Foreign exchange forward contracts	–	–	28	39
Embedded derivatives	1,297	117	–	–
Interest rate swap	–	237	239	–
	1,297	696	4,219	629

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

6. Financial instruments (continued):

	Gain / (Loss)			
	For the three months ended		**For the nine months ended**	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30,2012
	$	$	**$**	$
Sugar futures contracts	**(1,675)**	(1,475)	**(7,935)**	(3,789)
Natural gas futures contracts	**(1,338)**	(4)	**(1,210)**	(4,568)
Foreign exchange forward contracts	**(388)**	162	**675**	(763)
Embedded derivatives	**990**	806	**2,254**	(1,346)
Interest swap	**438**	449	**1,867**	1,908
	(1,973)	(62)	**(4,349)**	(8,558)
Charged to:				
Cost of sales	**(2,411)**	(511)	**(6,216)**	(10,466)
Net finance costs	**438**	449	**1,867**	1,908
	(1,973)	(62)	**(4,349)**	(8,558)

As at September 29, 2012 and June 30, 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 29, 2012				June 30, 2012			
	$	$	$	$	$	$	$	$
Sugar futures contracts	–	15	263	–	2,027	–	–	1,273
Natural gas futures contracts	–	–	3,754	1,974	–	–	5,832	3,501
Foreign exchange forward contracts	–	–	1,261	243	–	–	23	66
Embedded derivatives	–	–	775	66	293	95	–	–
Interest rate swap	–	–	1,869	–	–	–	2,080	–
	–	15	7,922	2,283	2,320	95	7,935	4,840

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

7. Bank overdraft and revolving credit facility:

The Company's revolving credit facility of $200.0 million expired at the end of the quarter. On June 28, 2013, the Company entered into a new revolving credit facility of $150.0 million 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:

	June 29, 2013	September 29, 2012	June 30, 2012
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**42,000**	60,000	60,000
Non-current	**50,000**	–	–
	92,000	60,000	60,000

The new credit facility expires on June 28, 2018. An amount of $50.0 million is shown as non-current, representing the value of the interest rate swap agreement.

The fair value of the outstanding amount on the revolving credit facility was equal to the carrying amount for all above-mentioned periods.

8. Employee benefits:

During the third quarter of fiscal 2013, the Company recorded a pension plan expense of $1.9 million for contracted future plan amendments to one of the pension benefit plans.

9. Convertible unsecured subordinated debentures:

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

	June 29, 2013	September 29, 2012	June 30, 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	**(3,398)**	(3,939)	(4,120)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**224**	115	80
Total carrying value	**105,638**	104,988	104,772

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

10. Capital and other components of equity:

During the second and third quarter, 20,000 common shares and 3,500 common shares, respectively, (September 29, 2012 – 100,000; June 30, 2012 – 75,000) were issued pursuant to the exercise of share options under the Share Option Plan.

As of June 29, 2013, a total of 94,114,260 common shares (September 29, 2012 - 94,090,760; June 30, 2012 – 94,065,760) were outstanding.

On January 30, 2013, the Company declared an additional dividend of $0.36 per share to Shareholders of record on February 8, 2013 and paid on February 28, 2013. The following dividends were declared by the Company:

	June 29, 2013	June 30, 2012
Dividends	**59,281**	24,446
	59,281	24,446

On May 2, 2012, the Company announced an increase in its quarterly dividend from $0.085 to $0.09 per share effective immediately.

(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:

	For the three months ended		For the nine months ended	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Basic earnings per share:				
Net earnings	**3,995**	6,909	**30,562**	23,317
Weighted average number of shares outstanding	**94,111,106**	94,027,573	**94,098,861**	92,595,037
Basic earnings per share	**0.04**	0.07	**0.32**	0.25
Diluted earnings per share:				
Net earnings	**3,995**	6,909	**30,562**	23,317
Plus impact of convertible unsecured subordinated debentures	**–**	–	**4,003**	1,206
	3,995	6,909	**34,565**	24,523
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	**94,111,106**	94,027,573	**94,098,861**	92,595,037
Plus impact of convertible unsecured subordinated debentures	**–**	–	**16,025,641**	7,692,308
	94,111,106	94,027,573	**110,124,502**	100,287,345
Diluted earnings per share	**0.04**	**0.07**	**0.31**	**0.24**

For the three months ended June 29, 2013 and June 30, 2012, the Fourth and Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive. For the nine months ended June 30, 2012, the Third and Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

(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.

On March 19, 2012, a total of 230,000 share options were granted at a price of $5.61 to certain executives.

During fiscal 2013, a total of 23,500 common shares (September 29, 2012 – 100,000; June 30, 2012 – 75,000) were issued pursuant to the exercise of share options under the Share Option Plan for total cash proceeds of $92 (September 29, 2012 - $361; June 30, 2012 - $271), which was recorded to share capital as well as an ascribed value from contributed surplus of $4 (September 29, 2012 – $15; June 30, 2012 – $11).

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 $4 and an income of $8 was recorded for the three and nine months ended June 29, 2013, respectively (an expense of $9 and $11 for the three and nine months ended June 30, 2012, respectively).

The following tables summarize information about the Share Option Plan:

As at June 29, 2013

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 June 29, 2013**	**Weighted average remaining life**	**Number of options exercisable**
$ 3.61	**50,000**	**-**	**(20,000)**	**-**	**30,000**	**2.42**	**30,000**
$ 5.61	**230,000**	**-**	**(3,500)**	**-**	**226,500**	**8.71**	**42,500**

As at September 29, 2012

Exercise price per option	Outstanding number of options at October 1, 2011	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at September 29, 2012	Weighted average remaining life	Number of options exercisable
$ 3.61	150,000	-	100,000	-	50,000	3.17	50,000
$ 5.61	-	230,000	-	-	230,000	9.46	-

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

12. Share-based compensation (continued):

As at June 29, 2013 and September 29, 2012, all of the options outstanding are held by key management personnel (see note 14).

The grant date fair value was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values of the share-based payment plans granted this year are the following:

Fair value at grant date	$ 63
Share price at grant date	$ 6.07
Exercise price	$ 5.61
Expected volatility (weighted average volatility)	10.547 to 16.896
Option life (expected weighted average life)	3.17 to 5.17 years
Expected dividends	6%
Risk-free interest rate (based on government bonds)	1.274% to 1.521%

The fair values were calculated as of January 30, 2013.

13. Supplementary cash flow information:

	June 29, 2013	June 30, 2012	September 29, 2012	October 1, 2011
	$	$	$	$
Cash and cash equivalents	**2,359**	18,223	27,895	25,326
Non-cash transactions:				
Additions of property, plant and equipment and intangibles assets included in trade and other payables	**955**	535	276	590

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

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		For the nine months ended	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Salaries and short-term benefits	**629**	929	**2,007**	2,366
Attendance fees for members of the Board of Directors	**100**	73	**307**	297
Post-retirement benefits	**21**	15	**64**	46
Share-based compensation	**4**	9	**(8)**	11
	754	1,026	**2,370**	2,720

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

15. Personnel expenses:

	For the three months ended		For the nine months ended	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Wages, salaries and employee benefits	**16,858**	17,298	**52,812**	51,513
Expenses related to defined benefit plans	**2,683**	773	**4,674**	2,592
Expenses related to defined contributions plans	**1,235**	1,250	**3,189**	2,805
Share-based compensation	**4**	9	**(8)**	11
	20,780	19,330	**60,667**	56,921

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	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Cost of sales	**17,401**	15,231	**50,033**	45,625
Administration and selling expenses	**2,983**	3,415	**9,090**	9,217
Distribution expenses	**330**	631	**1,227**	1,846
	20,714	19,277	**60,350**	56,688
Property, plant and equipment	**66**	53	**317**	233
	20,780	19,330	**60,667**	56,921

(In thousands of dollars except as noted and amounts per share) 13

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		For the nine months ended	
	June 29, 2013	June 30, 2012	**June 29, 2013**	June 30, 2012
	$	$	**$**	$
Canada	**133,307**	136,184	**387,706**	410,478
United States	**5,096**	11,503	**24,892**	57,146
	138,403	147,687	**412,598**	467,624

17. Comparative figures:

Certain of the 2012 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.