Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three months ended December 30, 2017 and December 31, 2016

(Unaudited and not reviewed by the Company’s independent auditors)

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		
		December 30 2017		December 31, 2016
Revenues (note 21)	**$**	**204,883**	$	159,604
Cost of sales		**161,770**		131,428
Gross margin		**43,113**		28,176
Administration and selling expenses		**8,187**		5,290
Distribution expenses		**3,241**		2,290
		11,428		7,580
Results from operating activities		**31,685**		20,596
Finance income (note 6)		**(135)**		(115)
Finance costs (note 6)		**4,139**		2,420
Net finance costs (note 6)		**4,004**		2,305
Earnings before income taxes		**27,681**		18,291
Income tax expense:				
Current		**5,761**		3,845
Deferred		**1,704**		894
		7,465		4,739
Net earnings	**$**	**20,216**	$	13,552
Net earnings per share (note 16)				
Basic	**$**	**0.19**	$	0.14
Diluted	**$**	**0.18**	$	0.14

Condensed consolidated interim statements of comprehensive income		For the three months ended		
		December 30, 2017		December 31, 2016
Net earnings	**$**	**20,216**	$	13,552
Other comprehensive (loss) income:				
Items that may or may not be reclassified subsequently to net earnings:				
Cash flow hedges (note 9)		**(367)**		1,394
Income tax on other comprehensive (loss) income (note 9)		**97**		(367)
Foreign currency translation differences		**102**		-
		(168)		1,027
Net earnings and comprehensive income for the period	**$**	**20,048**	$	14,579

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)

	December 30, 2017	September 30, 2017 *	December 31, 2016
Assets			
Current assets:			
Cash	**$ 9,084**	$ 17,033	$ 2,634
Restricted cash (note 7)	**3,348**	4,201	-
Trade and other receivables	**69,316**	80,107	50,669
Income taxes recoverable	**-**	1,174	-
Inventories (note 8)	**182,544**	173,129	134,363
Prepaid expenses	**2,168**	2,892	1,588
Derivative financial instruments (note 9)	**1,447**	93	919
Total current assets	**267,907**	278,629	190,173
Non-current assets:			
Restricted cash (note 7)	**-**	631	-
Property, plant and equipment	**199,850**	190,875	177,780
Intangible assets	**33,324**	25,374	1,830
Other assets (note 10)	**1,037**	982	472
Deferred tax assets	**13,947**	15,048	17,574
Derivative financial instruments (note 9)	**2,432**	2,323	879
Goodwill (note 11)	**337,911**	320,130	229,952
Total non-current assets	**588,501**	555,363	428,487
Total assets	**$ 856,408**	$ 833,992	$ 618,660
Liabilities and Shareholder's Equity			
Current liabilities:			
Revolving credit facility (note 12)	**$ 87,500**	$ 20,000	$ 30,000
Trade and other payables	**80,189**	125,260	48,583
Income taxes payable	**1,153**	-	887
Provisions	**422**	478	913
Finance lease obligations	**50**	48	48
Derivative financial instruments (note 9)	**3,758**	6,665	2,527
Convertible unsecured subordinated debentures (note 14)	**59,434**	-	49,464
Current portion of other long-term liabilities (note 13)	**3,876**	4,703	-
Total current liabilities	**236,382**	157,154	132,422
Non-current liabilities:			
Revolving credit facility (note 12)	**140,000**	150,000	60,000
Employee benefits	**37,698**	39,169	53,642
Provisions	**1,730**	1,753	1,746
Derivative financial instruments (note 9)	**2,231**	2,381	4,186
Finance lease obligations	**100**	114	148
Convertible unsecured subordinated debentures (note 14)	**52,417**	111,544	58,856
Deferred tax liabilities	**41,129**	37,133	*35,124*
Other long-term liabilities	**-**	588	-
Total non-current liabilities	**275,305**	342,682	213,702
Total liabilities	**511,687**	499,836	346,124
Shareholder's equity:			
Share capital (note 15)	**101,335**	101,335	134,404
Contributed surplus	**300,281**	300,247	200,189
Equity portion of convertible unsecured subordinated debentures (note 14)	**3,141**	3,141	1,188
Deficit	**(61,161)**	(71,860)	(53,778)
Accumulated other comprehensive income (loss)	**1,125**	1,293	(9,467)
Total shareholder's equity	**344,721**	334,156	272,536
Total liabilities and shareholder's equity	**$ 856,408**	$ 833,992	$ 618,660

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

*Includes adjustment of prior year purchase price allocation (See Note 4 and Note 11)

ROGERS SUGAR INC.

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

For the three months ended December 30, 2017

	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain (loss)	Accumulated foreign currency translation differences	Deficit	Total
		$	$	$	$	$	$	$	$
Balance, September 30, 2017	**105,743,582**	**101,335**	**300,247**	**3,141**	**1,190**	**295**	**(192)**	**(71,860)**	**334,156**
Net earnings for the period	-	-	-	-	-	-	-	**20,216**	**20,216**
Dividends (note 15)	-	-	-	-	-	-		**(9,517)**	**(9,517)**
Share-based compensation (note 17)	-	-	**34**	-	-	-	-	-	**34**
Cash flow hedges, net of tax (note 9)	-	-	-	-	-	**(270)**	-	-	**(270)**
Translation of foreign operations	-	-	-	-	-	-	**102**	-	**102**
Balance, December 30,2017	**105,743,582**	**101,335**	**300,281**	**3,141**	**1,190**	**25**	**(90)**	**(61,161)**	**344,721**

For the three months ended December 31, 2016

	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unreailzed (loss) on employee benefit plans	Accumulated cash flow hedge gain	Deficit	Total
		$	$	$		$	$	$
Balance, October 1, 2016	93,850,160	133,528	200,201	1,188	(10,494)	-	(58,870)	265,553
Net earnings for the period	-	-	-	-	-	-	13,552	13,552
Dividends (note 15)	-	-	-	-	-	-	(8,460)	(8,460)
Share-based compensation (note 17)	-	-	11	-	-	-	-	11
Stock options exercised (note 17)	80,000	451	(23)	-	-	-	-	428
Conversion of convertible debentures into common shares (note 14)	65,384	425	-	-	-	-	-	425
Cash flow hedges (note 9)	-	-	-	-	-	1,027	-	1,027
Balance, December 31, 2016	93,995,544	134,404	200,189	1,188	(10,494)	1,027	(53,778)	272,536

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 December 30, 2017	December 31, 2016
Cash flows from operating activities:		
Net earnings	**$ 20,216**	$ 13,552
Adjustments for:		
Depreciation of property, plant and equipment (note 5)	**3,456**	3,212
Amortization of intangible assets (note 5)	**687**	53
Changes in fair value of derivative financial instruments included in cost of sales	**(4,753)**	(1,256)
Income tax expense	**7,465**	4,739
Pension contributions	**(1,862)**	(1,268)
Pension expense	**391**	1,977
Net finance costs (note 6)	**4,004**	2,305
Share-based compensation (note 17)	**137**	11
Loss on disposal of property, plant and equipment	**-**	1
Other	**7**	-
	29,748	23,326
Changes in:		
Trade and other receivables	**14,635**	18,113
Inventories	**6,129**	(53,242)
Prepaid expenses	**820**	1,043
Trade and other payables	**(53,249)**	1,968
Provisions	**(79)**	(335)
	(31,744)	(32,453)
Cash flows used in operating activities	**(1,996)**	(9,127)
Interest paid	**(5,135)**	(3,738)
Income taxes paid	**(3,631)**	(6,431)
Net cash used in operating activities	**(10,762)**	(19,296)
Cash flows (used in) from financing activities:		
Dividends paid (note 15)	**(9,517)**	(8,447)
Increase in revolving credit facility (note 12)	**57,500**	30,000
Payment of financing fees (note 10)	**(122)**	-
Stock options exercised (note 17)	**-**	428
Cash flow from financing activities	**47,861**	21,981
Cash flows used in investing activities:		
Business combination, net of cash acquired (note 4)	**(42,061)**	-
Additions to property, plant and equipment, net of proceeds on disposal	**(2,955)**	(1,297)
Additions to intangible assets	**(100)**	-
Cash flow used in investing activities	**(45,116)**	(1,297)
Effect of changes in exchange rate on cash	**68**	-
Net (decrease) increase in cash	**(7,949)**	1,388
Cash, beginning of period	**17,033**	1,246
Cash, end of period	**$ 9,084**	$ 2,634

Supplemental cash flow information (note 18)

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 months ended December 30, 2017 and December 31, 2016 comprise Rogers and its subsidiary, Lantic Inc., (together referred to as the "Company"). The principal business activities of the Company are the refining, packaging and marketing of sugar and maple 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 7, IAS 12 and IFRS 12 as described in note 3(c). 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 30, 2017. The quarterly unaudited condensed consolidated interim financial statements were not reviewed nor audited by our external auditors and were authorized for issue by the Board of Directors on February 1, 2018.

(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) derivative financial instruments are measured at fair value;

(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; and

(iii) assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

(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 September 30, 2017.

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2017 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements, except as noted below:

(a) Basis of consolidation:

(i) Subsidiaries:

The consolidated financial statements include the Company and the subsidiaries it controls, Lantic Inc. ("Lantic") and L.B. Maple Treat Corporation ("LBMT"). LBMT is a combination of five businesses: LBMT, Highland Sugarworks Inc. ("Highland"), Great Northern Maple Products Inc. ("Great Northern" amalgamated with LBMT on December 1, 2016), 9020-2292 Québec Inc. ("Decacer"), and the assets of Sucro-Bec L. Fortier Inc. ("Sucro-Bec"). Control exists where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (continued):

(b) Employee benefits:

(i) Cash-settled Performance Share Units:

During the quarter, the Company implemented a Performance Share Units plan ("PSU") entitling executives to a cash payment. A liability is recognized for the services acquired and is recorded at fair value based on the share price of the Company's Common Shares in payables with a corresponding expense recognized in administration and selling expenses. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that do meet the related service and non-market performance conditions at the vesting date. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the consolidated statement of earnings of the period.

(c) New standards and interpretations adopted:

(i) IAS 7, *Disclosure Initiative*

On January 7, 2016 the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments apply prospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, includes both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities.

The Company adopted the amendments to IAS 7 in its consolidated financial statements for the annual period beginning on October 1, 2017. The adoption of the standard did not have an impact on the consolidated interim financial statements.

(ii) IAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*:

On January 19, 2016 the IASB issued *Recognition of Deferred Tax Assets for Unrealized Losses* (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences.

3. Significant accounting policies (continued):

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

(ii) IAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses* (continued):

The Company adopted the amendments to IAS 12 in its consolidated interim financial statements for the annual period beginning on October 1, 2017. The adoption of the amendments did not have an impact on the consolidated interim financial statements.

(iii) Annual Improvements to IFRS Standards (2014-2016) Cycle:

On December 8, 2016 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. Each of the amendments has its own specific transition requirements and effective date.

Amendments were made to the following standard:

- Clarification that IFRS 12, *Disclosures of Interests in Other Entities* also applies to interests that are classified as held for sale, held for distribution, or discontinued operations, effective retrospectively for annual periods beginning on or after January 1, 2017.

The Company adopted the amendment in its consolidated interim financial statements for the annual period beginning October 1, 2017. The adoption of the amendments did not have an impact on the consolidated interim financial statements.

(d) 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 30, 2017 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 2, *Classification and Measurement of Share-based Payment Transactions*:

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments:
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

3. Significant accounting policies (continued):

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

(i) IFRS 2, *Classification and Measurement of Share-based Payment Transactions* (continued):

The Company intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on September 30, 2018. The extent of the impact of adoption of the standard on the consolidated 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.

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 IFRSs.

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

(iii) IFRS 16, *Leases*:

On January 13, 2016 the IASB issued IFRS 16, *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

3. Significant accounting policies (continued):

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

(iii) IFRS 16, *Leases* (continued):

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by the lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on September 29, 2019. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration*:

On December 8, 2016, the IASB issued IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*.

The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on September 30, 2018, as applicable. The extent of the impact of adoption of the Interpretation has not yet been determined.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments*:

On June 7, 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*.

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

The Interpretation requires an entity to:

- Contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and

3. Significant accounting policies (continued):

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

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (continued):

- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on September 29, 2019. The extent of the impact of the adoption of the Interpretation has not yet been determined.

(vi) Annual Improvements to IFRS Standards (2015-2017) Cycle:

On December 12, 2017 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process.

The amendments are effective on or after January 1, 2019, with early application permitted. Each of the amendments has its own specific transition requirements.

Amendments were made to the following standards:

- IFRS 3, *Business Combinations* and IFRS 11, *Joint Arrangements* – to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12, *Income Taxes* – to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI, or equity; and
- IAS 23, *Borrowing Costs* – to clarify that specific borrowings – i.e. funds borrowed specifically to finance the construction of a qualifying asset – should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed.

The Company intends to adopt these amendments in its financial statements for the annual period beginning on September 29, 2019. The extent of the impact of adoption of the amendments has not yet been determined.

4. Business combinations:

On November 18, 2017, the Company acquired all of the issued and outstanding shares of Decacer for a total consideration of $43.0 million ($42.1 million net of cash acquired) (the "Decacer Transaction"). The Company financed the acquisition, including transaction costs, with a draw-down on the Company's $315.0 million amended credit facility.

Decacer is a major bottler and distributor of branded and private label maple syrup and maple sugar based in Dégelis, Québec.

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

4. Business combinations (continued):

The Company has determined the fair value of the assets acquired and liabilities assumed based on management's preliminary best estimate of their fair values and taking into account all relevant information available at that time. As of the reporting date, the Company had not yet completed the purchase price allocation over the identifiable net assets and goodwill. Information to confirm the fair value of certain assets and liabilities is still to be obtained. As the Company obtains more information, the allocation will be completed.

The following table presents the purchase price allocations based on the best information available to the Company to date:

Identifiable assets and liabilities assumed:	$
Cash	928
Trade and other receivables	3,832
Inventories	15,711
Prepaid expenses	96
Property, plant and equipment	8,131
Intangible assets	8,507
Trade and other payables	(8,310)
Income taxes payable	(197)
Deferred tax liabilities	(3,490)
Total net assets acquired	25,208
Total consideration transferred	42,989
Goodwill (note 11)	**17,781**

	$
Revolving credit facility	42,989
Total consideration transferred	**42,989**

The trade receivables comprise a gross amount of $3.8 million, of which nil million was expected to be uncollectable at the acquisition date.

Goodwill is attributable primarily to expected synergies and assembled workforce, which were not recorded separately since they did not meet the recognition criteria for identifiable intangible assets. Goodwill and intangible assets recorded in connection with this acquisition are not deductible for tax purposes.

The operating results of Decacer are included in the maple products segment. The consolidated results of the Company include net sales of $4.9 million and results from operating activities of $0.5 million related to Decacer since the date of acquisition. If the acquisition had occurred on October 1, 2017, the consolidated results of the Company would have included net sales of approximately $10.6 million and results from operating activities of approximately $1.1 million, based on management's best estimates. In determining these estimated amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on October 1, 2017.

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

4. Business combinations (continued):

Acquisition-related costs of $0.7 million for legal fees, due diligence costs and other fees have been expensed in relation to the above business combination. These costs have been recorded in administration and selling expenses in the consolidated statements of earnings and comprehensive income.

During the first quarter of fiscal 2018, as additional relevant information was obtained for the August 5, 2017 acquisition of all of the issued and outstanding shares of LBMT, the Company adjusted the purchase price allocation resulting in an increase in trade and other receivables of $3.1 million with the offset to goodwill. As at the reporting date, the Company had not yet completed the purchase price allocation over the identifiable net assets and goodwill. As the Company obtains more information, the allocation will be completed.

5. 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	
	December 30, 2017	December 31, 2016
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**3,348**	3,108
Administration and selling expenses	**108**	104
	3,456	3,212
Amortization of intangible assets:		
Administration and selling expenses	**687**	53
Total depreciation and amortization expense	**4,143**	3,265

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

6. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended	
	December 30, 2017	December 31, 2016
	$	$
Net change in fair value of interest rate swap (note 9)	**135**	115
Finance income	**135**	115
Interest expense on convertible unsecured subordinated debentures, including accretion of $119 (2017 - $25) (note 14)	**1,698**	1,586
Interest on revolving credit facility	**1,426**	628
Amortization of deferred financing fees	**249**	206
Other interest expense	**766**	-
Finance costs	**4,139**	2,420
Net finance costs recognized in net earnings	**4,004**	2,305

7. Restricted cash:

Restricted cash represents balances assumed by the Company as a result of having acquired all of the issued and outstanding shares of LBMT. They are as a result of:

(a) On December 1, 2016, LBMT acquired all issued and outstanding Class A shares of Great Northern with $7.0 million cash consideration (which was placed in escrow), conditionally payable in quarterly installments contingent on achieving monthly and annual sales volume targets to a specific client for the twelve-month periods ending November 30, 2017 and November 30, 2018. The fair value of the contingent consideration was determined to be $6.6 million and was calculated using a probability-weighted expectation of the payment of the contingent consideration and a discount rate of 3.45%. As at December 30, 2017, cash held in an escrow account was $2.5 million and the carrying value of the contingent consideration payable was $3.0 million (See Note 13, Other long-term liabilities).

(b) On August 26, 2016, LBMT acquired all issued and outstanding common stock of Highland with $1.7 million (US $1.3 million) as a balance of purchase price payable. Fifty percent of the balance of purchase price payable was paid on August 26, 2017 and the remainder is to be paid on February 26, 2018. The fair value of the balance of purchase price payable, as at the acquisition date, was $1.7 million (US $1.3 million) and was calculated using a discount rate of 3.14%. Under the share purchase agreement, the amount of the balance of purchase price was placed in escrow pursuant to an escrow agreement and, as at December 30, 2017, cash held in an escrow account was $0.8 million, and the carrying value of the balance of the purchase price payable was $0.8 million (See Note 13, Other long-term liabilities).

8. Inventories:

During the three months ended December 30, 2017, the Company recorded an amount of nil (September 30, 2017 - nil, December 31, 2016 - $0.1 million) related to onerous contracts as defined in IAS 37 paragraph 66, as a write-down to inventory through cost of sales.

9. 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 30, 2017 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three months ended December 30, 2017.

For its financial assets and liabilities measured at amortized cost as at December 30, 2017, 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.

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 counterparty 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.

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

9. Financial instruments (continued):

As at December 30, 2017, September 30, 2017 and December 31, 2016, the Company's financial derivatives carrying values were as follows:

	Financial Assets		Financial Liabilities	
	Current	**Non-Current**	**Current**	**Non-Current**
	December 30, 2017		**December 30, 2017**	
	$	**$**	**$**	**$**
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	**221**	**44**	**-**	**-**
Foreign exchange forward contracts	**1,191**	**984**	**-**	**-**
Embedded derivatives	**-**	**-**	**23**	**-**
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	**-**	**-**	**3,735**	**2,231**
Interest rate swap	**35**	**1,404**	**-**	**-**
	1,447	**2,432**	**3,758**	**2,231**

	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	September 30, 2017				December 31, 2016			
	$	$	$	$	$	$	$	$
Derivative financial instruments measured at fair value through profit or loss:								
Sugar futures contracts	93	-	-	37	-	60	102	-
Foreign exchange forward contracts	-	1,280	2,712	-	525	819	-	-
Embedded derivatives	-	-	74	-	394	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:								
Natural gas futures contracts	-	-	3,826	2,344	-	-	2,070	3,605
Interest rate swap	-	1,043	53	-	-	-	355	581
	93	2,323	6,665	2,381	919	879	2,527	4,186

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

9. Financial instruments (continued):

	Charged to cost of sales Unrealized gain / (loss)		Charged to finance income (costs)		Other comprehensive gain / (loss)	
	For the three months ended					
	December 30, 2017	December 31, 2016	**December 30, 2017**	December 31, 2016	**December 30, 2017**	December 31, 2016
	$	$	**$**	$	**$**	$
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	**1,231**	(4,594)	**-**	-	**-**	-
Foreign exchange forward contracts	**1,333**	(1,113)	**-**	-	**-**	-
Embedded derivatives	**51**	722	**-**	-	**-**	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	**883**	848	**-**	-	**(680)**	963
Interest rate swap	**-**	-	**135**	115	**313**	431
	3,498	(4,137)	**135**	115	**(367)**	1,394

The following table summarizes the Company's hedging components of other comprehensive income as at December 30, 2017 and December 31, 2016:

	For the three months ended	
	December 30, 2017	December 31, 2016
	$	$
Net (loss) gain on derivative designated as cash flow hedges:		
Natural gas futures contracts	**(680)**	963
Interest rate swap	**313**	431
Income taxes	**97**	(367)
Hedging (loss) gain	**(270)**	1,027

For the three months ended December 30, 2017, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net earnings.

Approximately $0.8 million of net losses presented in accumulated other comprehensive income are expected to be reclassified to net earnings within the next twelve months.

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

10. Other Assets:

	December 30, 2017	September 30, 2017	December 31, 2016
	$		$
Deferred financing charges, net	**1,041**	979	461
Other	**(7)**	3	11
	1,037	982	472

Deferred financing charges represent the fees and costs related to the negotiation of the 5-year credit agreement. Borrowings under the revolving credit facility are short term in nature and can be repaid at any time. Therefore, deferred financing charges are presented separately and not applied against the debt (see Note 12, Revolving credit facility).

During the quarter, the Company paid $0.1 million in financing fees to amend its existing revolving credit facility by drawing additional funds under the accordion feature (see Note 12, Revolving credit facility).

The fees, along with the outstanding balance of the previously deferred financing charges, are amortized over the extended life of the revolving credit facility, which matures on June 28, 2022.

11. Goodwill:

	December 30, 2017	September 30, 2017 *	December 31, 2016
	$	$	$
Balance, beginning of period	**320,130**	229,952	229,952
Adjustment of prior year purchase price allocation	**-**	(3,098)	-
Additions through business combination	**17,781**	93,276	-
Balance, end of period	**337,911**	320,130	229,952

*Includes adjustment of prior year purchase price allocation (See Note 4)

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

11. Goodwill (continued):

Recoverability of cash generating units ("CGU"):

For the purpose of impairment testing, goodwill and intangibles with indefinite useful life are allocated to the Company's operating segments, which represent the lowest level within the Company at which the goodwill and intangibles are monitored for internal management purposes, as follows:

	December 30, 2017	September 30, 2017	December 31, 2016
	$	$	$
Sugar:			
Goodwill	**229,952**	229,952	229,952
Maple products:			
Goodwill	**107,959**	90,178 *	-
Brand names	**3,790**	2,410	-
	341,701	322,540	229,952

*Includes adjustment of prior year purchase price allocation (See Note 4)

In assessing whether goodwill and indefinite life intangible assets are impaired, the carrying amount of the segments (including goodwill and indefinite life intangible assets) are compared to their recoverable amount. The recoverable amounts of segments are based on the higher of the value in use and fair value less costs to sell. The Company performed the annual impairment review for goodwill and indefinite life intangible assets during fiscal 2017, and the estimated recoverable amounts exceeded the carrying amounts of the segments and, as a result, there was no impairment identified.

Recoverable amount

The methodology used by the Company to determine the recoverable amount of the sugar and maple segments was based on the fair values less cost to sell ("FVLCTS").

The fair values of each segment were based on an earnings multiple applied to forecasted adjusted EBITDA for the next year, which takes into account financial budgets approved by senior management. The earnings multiple used was obtained by using market comparables as a reference.

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

12. Revolving credit facility:

On December 20, 2017, the Company amended its existing revolving credit facility thereby increasing its available credit by $40.0 million by drawing additional funds under the accordion feature embedded in the revolving credit facility ("Additional Accordion Borrowings"). As a result of the amended revolving credit facility and the Additional Accordion Borrowings, the Company has a total of $315.0 million of available working capital from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 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 revolving credit facility, including some of the assets of LBMT. The maturity date of the amended revolving credit facility is June 28, 2022. A total of $0.1 million was paid in financing fees.

The following amounts were outstanding as of:

	December 30, 2017	September 30, 2017	December 31, 2016
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**87,500**	20,000	30,000
Non-current	**140,000**	150,000	60,000
	227,500	170,000	90,000

As at December 30, 2017, an amount of $140.0 million is shown as non-current as we don't expect it to be repaid within the next 12 months.

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

13. Other long-liabilities:

	December 30, 2017		September 30, 2017		December 31, 2016	
	Contingent consideration payable	**Balance of purchase price payable**	Contingent consideration payable	Balance of purchase price payable	Contingent consideration payable	Balance of purchase price payable
	$	**$**	$	$	$	$
Opening balance	**4,469**	**822**	-	-	-	-
Business acquisition	**-**	**-**	5,573	5,735	-	-
Accretion expense	**34**	**6**	22	9	-	-
Foreign exchange adjustment	**-**	**6**	-	(12)	-	-
Payment made	**(1,461)**	**-**	(1,126)	(4,910)	-	-
Closing balance	**3,042**	**834**	4,469	822	**-**	**-**

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

13. Other long-liabilities (continued):

	December 30, 2017		September 30, 2017		December 31, 2016	
	Contingent consideration payable	**Balance of purchase price payable**	Contingent consideration payable	Balance of purchase price payable	Contingent consideration payable	Balance of purchase price payable
	$	**$**	$	$	$	$
Presented as:						
Current	**3,042**	**834**	3,881	822	-	-
Non-current	**-**	**-**	588	-	-	-
	3,042	**834**	4,469	822	-	-

14. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	December 30, 2017	September 30, 2017	December 31, 2016
	$	$	$
Current:			
Fourth series	**-**	-	50,000
Fifth series	**60,000**	-	-
Conversion of convertible debentures	**-**	-	(425)
Total face value	**60,000**	-	49,575
Less deferred financing fees	**(372)**	-	(111)
Less equity component	**(1,188)**	-	-
Accretion expense on equity component	**994**	-	-
Carrying value – current	**59,434**	-	49,464
Non-current:			
Fifth series	**-**	60,000	60,000
Sixth series	**57,500**	57,500	-
Total face value	**57,500**	117,500	60,000
Less deferred financing fees	**(2,561)**	(3,121)	(759)
Less equity component	**(2,638)**	(3,826)	(1,188)
Accretion expense on equity component	**116**	991	803
Carrying value – non current	**52,417**	111,544	58,856
Total carrying value	**111,851**	111,544	108,320

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

14. Convertible unsecured subordinated debentures (continued):

During the first quarter of fiscal 2017, holders of the Fourth series convertible debentures converted a total of $0.4 million into 65,384 common shares.

The fair value of the Fifth and Sixth series debentures as at December 30, 2017 were approximately $124.0 million based on market quotes.

15. Share capital and other components of equity:

As of December 30, 2017, a total of 105,743,582 common shares (September 30, 2017 - 105,743,582; December 31, 2016 – 93,995,544) were outstanding.

The Company declared a quarterly dividend of $0.09 per share for the three month period ending December 30, 2017 and December 31, 2016 amounting to the following:

	December 30, 2017	December 31, 2016
	$	$
Dividends	**9,517**	8,460
	9,517	8,460

16. Earnings per share:

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

		For the three months ended		
		December 30, 2017		December 31, 2016
Basic earnings per share:				
Net earnings	**$**	**20,216**	$	13,552
Weighted average number of shares outstanding		**105,743,582**		93,868,140
Basic earnings per share	**$**	**0.19**	$	0.14
Diluted earnings per share:				
Net earnings	**$**	**20,216**	$	13,552
Plus impact of convertible unsecured subordinated debentures and share options		**1,281**		1,315
	$	**21,497**	$	14,867
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding		**105,743,582**		93,868,140
Plus impact of convertible unsecured subordinated debentures and share options		**15,465,602**		16,195,776
		121,209,184		110,063,916
Diluted earnings per share	**$**	**0.18**	$	0.14

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

17. Share-based compensation:

(a) Equity-Settled Share-Based Compensation:

The Company has reserved and set aside for issuance an aggregate of 4,000,000 common shares (September 30, 2017 – 4,000,000 common shares; December 31, 2016 – 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.

On December 4, 2017, a total of 1,065,322 share options were granted at a price of $6.23 per common share to certain executives and senior managers.

During the first quarter of fiscal 2017, a total of 360,000 shares options were granted at a price of $6.51 per common share to certain executives. In addition, during the first quarter of 2017, a total of 80,000 common shares (December 30, 2017 – nil; September 30, 2017 – 96,500 common shares) were issued pursuant to the exercise of share options under the Share Option Plan for total cash proceeds of $428 (December 30, 2017 – nil; September 30, 2017; $521), which was recorded to share capital as well as an ascribed value from contributed surplus of $23 (December 30, 2017 – nil; September 30, 2017; $28).

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 $34 was recorded for the three months ended December 30, 2017 (an expense of $11 for the three months ended December 31, 2016).

The following tables summarize information about the Share Option Plan as of December 30, 2017:

Exercise price per option	Outstanding number of options at September 30, 2017	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at December 30, 2017	Weighted average remaining life	Number of options exercisable
$4.59	830,000	-	-	-	830,000	7.40	320,000
$5.61	80,000	-	-	-	80,000	4.20	80,000
$6.23	-	1,065,322	-	-	1,065,322	9.92	-
$6.51	360,000	-	-	-	360,000	8.92	72,000
	1,270,000	1,065,322	-	-	2,335,322	n/a	472,000

Options outstanding held by key management personnel amounted to 2,335,322 options as at December 30, 2017 and 1,270,000 options as at September 30, 2017 (see note 19).

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

17. Share-based compensation (continued):

(a) Equity-Settled Share-Based Compensation (continued):

The measurement date fair values were measured based on the Black-Scholes option pricing model. 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 in the first quarter of fiscal 2018 are the following:

Total fair value of options	$373
Share price	$6.31
Exercise price	$6.23
Expected volatility (weighted average volatility)	16.194% to 17.640%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	5.71%
Weighted average risk-free interest rate (based on government bonds)	1.647% to 1.760%

(b) Cash-Settled Share-Based Compensation:

i) Share Appreciation Rights ("SAR"):

During the first quarter of fiscal 2017, a SAR plan was created under the existing Share Option Plan that entitle the grantee to a cash payment based on the increase in the share price of the Company's common shares from the grant date to the settlement date. During the first quarter of fiscal 2017, a total of 125,000 SARs were granted at a price of $6.51 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 liability. An expense of $3 was recorded for the three months ended December 30, 2017 (an expense of $2 for the three months ended December 31, 2016). The liabilities arising from the SARs as at December 30, 2017 were $19 (September 30, 2017 – $15; December 31, 2016 – $2).

The following table summarizes information about the SARs as of December 30, 2017:

Share price per unit	**Outstanding number of units at September 30, 2017**	**Units granted during the period**	**Units exercised during the period**	**Units forfeited during the period**	**Outstanding number of units at December 30, 2017**	**Number of units exercisable**
$6.51	**125,000**	**-**	**-**	**-**	**125,000**	**-**

The measurement date fair values were measured based on the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values of the SARs granted in the first quarter of fiscal 2018 are the following:

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

17. Share-based compensation (continued):

(b) Cash-Settled Share-Based Compensation (continued):

i) Share Appreciation Rights ("SAR") (continued):

Options granted December 5, 2016	Grant date	Measurement date as at December 30, 2017
Total fair value of SARs	$53	$40
Share price	$6.63	$6.32
Exercise price	$6.51	$6.51
Expected volatility (weighted average volatility)	16.520% to 18.670%	15.937% to 17.085%
Option life (expected weighted average life)	2 to 6 years	2 to 6 years
Expected dividends	5.43%	5.70%
Weighted average risk-free interest rate (based on government bonds)	0.740% to 1.160%	1.773% to 1.997%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the SARs is indicative of future trends, which may not necessarily be the actual outcome.

ii) Performance Share Units ("PSU"):

During the quarter, a PSU plan was created for executives with an aggregate of 224,761 PSUs having been granted by the Company and remained outstanding as at December 30, 2017. These PSUs will vest at the end of the 2017-2020 Performance Cycle based on the achievement of total shareholder returns set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. Following the end of a Performance Cycle, the Board of Directors of the Company will determine, and to the extent only that the Vesting Conditions include financial conditions, concurrently with the release of the Company's financial and/or operational results for the fiscal year ended at the end of the Performance Cycle, whether the Vesting Conditions for the PSUs granted to a participant relating to such Performance Cycle have been achieved. Depending on the achievement of the Vesting Conditions, between 0% and 200% of the PSUs will become vested.

The Board of Directors of the Company has the discretion to determine that all or a portion of the PSUs granted to a participant for which the Vesting Conditions have not been achieved shall vest to such participant.

The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU Plan, and such date will in no event occur after December 31 of the third calendar year following the calendar year in which the PSUs are granted.

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

17. Share-based compensation (continued):

(b) Cash-Settled Share-Based Compensation (continued):

i) Performance Share Units ("PSU") (continued):

An expense of $100 was recorded for the three months ended December 30, 2017 (September 30, 2017 – nil; December 31, 2016 – nil) in administration and selling expenses with an offsetting credit to liability. The liabilities arising from the PSUs as at December 30, 2017 were $100 (September 30, 2017 – nil; December 31, 2016 – nil).

18. Supplementary cash flow information:

	December 30, 2017	December 31, 2016	September 30, 2017	October 1, 2016
	$	$	$	$
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	**1,598**	1,211	247	135
Investment tax credit included in income taxes payable	**-**	-	-	220

19. 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 30, 2017	December 31, 2016
	$	$
Salaries and short-term benefits	**656**	981
Attendance fees for members of the Board of Directors	**230**	131
Post-retirement benefits	**35**	35
Share-based compensation	**34**	11
	955	1,158

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)

20. Personnel expenses:

	For the three months ended	
	December 30, 2017	December 31, 2016
	$	$
Wages, salaries and employee benefits	**22,112**	18,970
(Income) expenses related to defined benefit plans [(1)]	**(368)**	1,224
Expenses related to defined contributions plans	**759**	753
Share-based compensation	**34**	11
	22,537	20,958

(1) On October 16, 2017, the Alberta Treasury Board and Finance approved an amendment to the Alberta Hourly Plan which led to the elimination of the reserve for future supplements, and investment earnings accumulated thereon, effective January 1, 2017. As a result, during the quarter, a $1.5 million pension income was recorded.

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	
	December 30, 2017	December 31, 2016
	$	$
Cost of sales	**17,423**	17,505
Administration and selling expenses	**4,644**	3,055
Distribution expenses	**357**	346
	22,424	20,906
Property, plant and equipment	**113**	52
	22,537	20,958

21. Segmented information:

The Company has two operating and reportable segments, sugar and maple products. The principal business activity of the sugar segment is the refining, packaging and marketing of sugar products. The Maple products segment processes pure maple syrup and related maple products. The reportable segments are managed independently as they require different technology and capital resources. Performance is measured based on the segments' gross margins and results from operating activities. These measures are included in the internal management reports that are reviewed by the Company's President and CEO, and management believes that such information is the most relevant in the evaluation of the results of the segments.

Transactions between reportable segments are interest receivable (payable), which are eliminated upon consolidation.

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

21. Segmented information (continued):

	For the three months ended December 30, 2017			
	Sugar	Maple products	Corporate and eliminations	Total
	$	**$**	**$**	**$**
Revenues	**155,764**	**49,119**	**-**	**204,883**
Cost of sales	**119,737**	**42,033**	**-**	**161,770**
Gross margin	**36,027**	**7,086**	**-**	**43,113**
Depreciation and amortization	**3,220**	**923**	**-**	**4,143**
Results from operating activities	**28,972**	**3,041**	**(328)**	**31,685**
Total assets	**756,225**	**264,728**	**(164,545)**	**856,408**
Total liabilities	**(919,450)**	**(221,871)**	**629,634**	**(511,687)**
Additions to property, plant and equipment and intangible assets	**4,242**	**164**	**-**	**4,406**

	For the three months ended December 31, 2016			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Revenues	159,604	-	-	159,604
Cost of sales	131,428	-	-	131,428
Gross margin	28,176	-	-	28,176
Depreciation and amortization	3,265	-	-	3,265
Results from operating activities	20,793	-	(197)	20,596
Total assets	618,145	-	515	618,660
Total liabilities	(787,268)	-	441,144	(346,124)
Additions to property, plant and equipment and intangible assets	2,373	-	-	2,373

Revenues were derived from customers in the following geographic areas:

	For the three months ended	
	December 30, 2017	December 31, 2016
	$	$
Canada	**156,795**	149,907
United States	**29,712**	5,571
Other	**18,376**	4,126
	204,883	159,604