Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and nine months ended June 28, 2014 and June 29, 2013

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 28, 2014	June 29, 2013 (note 3a))	For the nine months ended June 28, 2014	June 29, 2013 (note 3a))
Revenues (note 17)	**$ 128,432**	$ 138,403	**$ 392,607**	$ 412,598
Cost of sales (note 4)	**120,079**	124,001	**324,745**	345,137
Gross margin	**8,353**	14,402	**67,862**	67,461
Administration and selling expenses (note 4)	**4,852**	4,842	**15,066**	14,762
Distribution expenses	**2,024**	2,002	**6,668**	5,944
	6,876	6,844	**21,734**	20,706
Results from operating activities	**1,477**	7,558	**46,128**	46,755
Net finance costs (note 5)	**2,675**	2,457	**8,064**	6,500
(Loss) earnings before income taxes	**(1,198)**	5,101	**38,064**	40,255
Income tax (recovery) expense:				
Current	**2,939**	1,937	**8,770**	8,565
Deferred	**(3,251)**	(638)	**939**	1,707
	(312)	1,299	**9,709**	10,272
Net (loss) earnings	**$ (886)**	$ 3,802	**$ 28,355**	$ 29,983
Net (loss) earnings per share (note 12):				
Basic	**$ (0.01)**	$ 0.04	**$ 0.30**	$ 0.32
Diluted	**$ (0.01)**	$ 0.04	**$ 0.29**	$ 0.31

Condensed consolidated interim statements of comprehensive income	For the three months ended June 28, 2014	June 29, 2013 (note 3a))	For the nine months ended June 28, 2014	June 29, 2013 (note 3a))
Net (loss) earnings	**$ (886)**	$ 3,802	**$ 28,355**	$ 29,983
Other comprehensive income (note 9)	**1,464**	–	**1,464**	–
Net (loss) earnings and comprehensive income for the period	**$ 578**	$ 3,802	**$ 29,819**	$ 29,983

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

ROGERS SUGAR INC.

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

	June 28 2014	September 28 2013	June 29 2013 (note 3a))
Assets			
Current assets:			
Cash and cash equivalents	**$ 1,005**	$ 3,204	$ 2,359
Trade and other receivables	**43,617**	50,126	44,153
Income taxes recoverable	**582**	663	663
Inventories	**90,618**	72,374	102,201
Prepaid expenses	**2,986**	2,047	3,036
Derivative financial instruments (note 7)	**143**	129	1,297
Total current assets	**138,951**	128,543	153,709
Non-current assets:			
Property, plant and equipment	**174,564**	177,382	176,625
Intangible assets	**1,953**	2,117	2,174
Other assets (note 6)	**550**	544	454
Deferred tax assets	**14,419**	14,629	18,916
Derivative financial instruments (note 7)	**1,377**	432	696
Goodwill	**229,952**	229,952	229,952
Total non-current assets	**422,815**	425,056	428,817
Total assets	**$ 561,766**	$ 553,599	$ 582,526
Liabilities and Shareholders' Equity			
Current liabilities:			
Revolving credit facility (note 8)	**$ 34,000**	$ 25,000	$ 42,000
Trade and other payables	**38,346**	37,659	40,215
Income taxes payable	**30**	1,304	805
Provisions	**1,063**	1,150	1,292
Finance lease obligations	**15**	39	45
Derivative financial instruments (note 7)	**2,138**	3,670	4,219
Total current liabilities	**75,592**	68,822	88,576
Non-current liabilities:			
Revolving credit facility (note 8)	**50,000**	50,000	50,000
Employee benefits (note 9)	**39,999**	44,345	58,118
Provisions	**2,273**	2,273	2,899
Derivative financial instruments (note 7)	**409**	623	629
Finance lease obligations	**–**	7	14
Convertible unsecured subordinated debentures (note 10)	**106,514**	105,857	105,638
Deferred tax liabilities	**28,043**	26,799	28,521
Total non-current liabilities	**227,238**	229,904	245,819
Total liabilities	**302,830**	298,726	334,395
Shareholders' equity:			
Share capital	**133,712**	133,833	133,833
Contributed surplus	**200,146**	200,135	200,131
Equity portion of convertible unsecured subordinated debentures (note 10)	**1,188**	1,188	1,188
Deficit	**(76,110)**	(80,283)	(87,021)
Total shareholders' equity (note 11)	**258,936**	254,873	248,131
Total liabilities and shareholders' equity	**$ 561,766**	$ 553,599	$ 582,526

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 28, 2014	**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 11)	–	–	**–**	**–**	**(25,395)**	**(25,395)**
Cancellation of shares (note 11)	**(85,400)**	**(121)**	**–**	**–**	**(251)**	**(372)**
Share-based compensation (note 13)	**–**	**–**	**11**	**–**	**–**	**11**
Net earnings and comprehensive income for the period	**–**	**–**	**–**	**–**	**29,819**	**29,819**
Balance, June 28, 2014	**94,028,860**	**133,712**	**200,146**	**1,188**	**(76,110)**	**258,936**

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 11)	–	–	–	–	(59,281)	(59,281)
Issuance of shares (note 13)	23,500	96	(4)	–	–	92
Share-based compensation (note 13)	–	–	(8)	–	–	(8)
Net earnings and comprehensive income for the period (note 3 a))	–	–	–	–	29,983	29,983
Balance, June 29, 2013	94,114,260	133,833	200,131	1,188	(87,021)	248,131

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 28, 2014	June 29, 2013 (note 3a))	**June 28, 2014**	June 29, 2013 (note 3a))
Cash flows from operating activities:				
Net (loss) earnings	**$ (886)**	$ 3,802	**$ 28,355**	$ 29,983
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	**2,979**	3,081	**8,978**	9,262
Amortization of intangible assets (note 4)	**51**	57	**164**	173
Changes in fair value of derivative financial instruments included in cost of sales	**5,119**	72	**(3,246)**	(5,468)
Income tax (recovery) expense	**(312)**	1,299	**9,709**	10,272
Pension contributions	**(2,482)**	(2,990)	**(9,947)**	(8,385)
Pension expense	**3,131**	4,179	**7,580**	8,646
Net finance costs (note 5)	**2,675**	2,457	**8,064**	6,500
Gain on disposal of property, plant and equipment	**(1)**	3	**(19)**	(216)
Share-based compensation	**3**	4	**11**	(8)
Other	**1**	–	**–**	–
	10,278	11,964	**49,649**	50,759
Changes in:				
Trade and other receivables	**6,450**	(1,474)	**6,509**	6,918
Inventories	**13,085**	20,502	**(18,244)**	(23,915)
Prepaid expenses	**(1,415)**	(1,809)	**(939)**	(1,347)
Trade and other payables	**(1,703)**	(5)	**1,952**	(5,224)
Provisions	**(1)**	(29)	**(87)**	(71)
	16,416	17,185	**(10,809)**	(23,639)
Cash flows from operating activities	**26,694**	29,149	**38,840**	27,120
Interest paid	**(3,765)**	(4,706)	**(8,331)**	(9,615)
Income taxes paid	**(2,954)**	(2,460)	**(9,963)**	(10,487)
Net cash from operating activities	**19,975**	21,983	**20,546**	7,018
Cash flows (used in) from financing activities:				
Dividends paid	**(8,461)**	(8,471)	**(25,402)**	(59,280)
(Decrease) increase in revolving credit facility (note 8)	**(6,000)**	(13,000)	**9,000**	32,000
(Cancellation) issuance of shares (note 11)	**–**	20	**(372)**	92
Payment of financing fees (note 6)	**–**	(450)	**(90)**	(450)
Cash flow used in financing activities	**(14,461)**	(21,901)	**(16,864)**	(27,638)
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	**(3,464)**	(1,307)	**(5,881)**	(4,916)
Cash flow used in investing activities	**(3,464)**	(1,307)	**(5,881)**	(4,916)
Net increase (decrease) in cash and cash equivalents	**2,050**	(1,225)	**(2,199)**	(25,536)
Cash and cash equivalents, beginning of period	**(1,045)**	3,584	**3,204**	27,895
Cash and cash equivalents, end of period	**$ 1,005**	$ 2,359	**$ 1,005**	$ 2,359

Supplemental cash flow information (note 14)

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

1. Reporting entity:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three and nine month periods ended June 28, 2014 and June 29, 2013 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 July 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 interim statement of financial position:

	As at June 29, 2013		
	As presented	Restatements	As restated
	$	$	$
Deferred tax assets	18,712	204	18,916
Employee benefits	57,335	783	58,118
Deficit	(86,442)	(579)	(87,021)

(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 interim statement of earnings and statement of comprehensive income:

	For the three months ended June 29, 2013		
	As presented	Restatements	As restated
	$	$	$
Cost of sales	123,785	216	124,001
Administration and selling expenses	4,797	45	4,842
Deferred income tax expense	(570)	(68)	(638)
Net earnings	3,995	(193)	3,802

Net earnings per share:			
Basic	0.04	–	0.04
Diluted	0.04	–	0.04

	For the nine months ended June 29, 2013		
	As presented	Restatements	As restated
	$	$	$
Cost of sales	344,490	647	345,137
Administration and selling expenses	14,626	136	14,762
Deferred income tax expense	1,911	(204)	1,707
Net earnings	30,562	(579)	29,983

Net earnings per share:			
Basic	0.32	–	0.32
Diluted	0.31	–	0.31

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

(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 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 tax expense	1,487	(271)	1,216
Net earnings	37,265	(773)	36,492
Other comprehensive income (loss):			
Defined benefit actuarial gains	10,711	1,044	11,755
Income tax on other comprehensive income (loss)	(2,785)	(271)	(3,056)
Net earnings and other comprehensive income	45,191	–	45,191

	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.

3. Significant accounting policies (continued):

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

(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 10 to the 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 28, 2014 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.

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

3. Significant accounting policies (continued):

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

(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 and proposes additional changes relating to financial liabilities. In addition, it includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. 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.

(iii) IAS 19, *Employee benefits*:

In November 2013, the IASB issued amendments to pension accounting under IAS 19, *Employee Benefits*. The amendments introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The Company intends to adopt these amendments in its financial statements for the annual period beginning on October 4, 2015. The extent of the impact of adoption of IAS 19 *Employee Benefits* on the consolidated financial statements of the Company has not yet been determined.

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 28, 2014	June 29, 2013	**June 28, 2014**	June 29, 2013
	$	$	**$**	$
Depreciation of property, plant and equipment:				
Cost of sales	**2,901**	2,969	**8,684**	8,912
Administration and selling expenses	**78**	112	**294**	350
	2,979	3,081	**8,978**	9,262
Amortization of intangible assets:				
Administration and selling expenses	**51**	57	**164**	173
Total depreciation and amortization expense	**3,030**	3,138	**9,142**	9,435

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

5. Finance income and finance costs:

Recognized in net (loss) earnings:

	For the three months ended		For the nine months ended	
	June 28, 2014	June 29, 2013	**June 28, 2014**	June 29, 2013
	$	$	**$**	$
Net change in fair value of interest rate swap	**–**	438	**–**	1,867
Finance income	**–**	438	**–**	1,867
Interest expense on convertible unsecured subordinated debentures	**1,614**	1,612	**4,841**	4,834
Interest on revolving credit facility	**717**	1,057	**2,057**	2,854
Amortization of deferred financing fees	**207**	226	**625**	679
Net change in fair value of interest rate swap	**137**	–	**541**	–
Finance costs	**2,675**	2,895	**8,064**	8,367
Net finance costs recognized in net (loss) earnings	**2,675**	2,457	**8,064**	6,500

6. Other assets:

	June 28, 2014	September 28, 2013	June 29, 2013
	$	$	$
Deferred financing charges, net	**547**	541	450
Other	**3**	3	4
	550	544	454

Deferred financing charges represent the fees and costs related to the negotiation of the 5-year revolving credit facility. 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.

During the second quarter, the Company paid $90 in deferred financing fees to extend the maturity date of the revolving credit facility (see note 8). These fees along with the outstanding balance of the deferred financing charges are amortized over the extended life of the revolving credit facility, which now matures on June 29, 2019.

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 and nine months ended June 28, 2014.

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 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.

In order to fix the interest rate on a substantial portion of the expected drawdown of the revolving credit facility, the Company entered into a new 5-year interest rate swap agreement effective June 30, 2014 at a rate of 2.09% for a value of $10.0 million. In the third quarter of fiscal 2013, the Company entered into a 5-year interest rate swap agreement effective June 28, 2013 at a rate of 2.09% for a value of $50.0 million, decreasing to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The aggregate notional amount of the two interest rate swap agreements is as follows:

Date	Total Value
	$
June 28, 2013 to June 29, 2014	50,000
June 30, 2014 to June 28, 2015	60,000
June 29, 2015 to June 27, 2016	50,000
June 28, 2016 to June 27, 2018	40,000
June 28, 2018 to June 27, 2019	10,000

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

7. Financial instruments (continued):

As at June 28, 2014, financial derivatives outstanding and their mark-to-market impact on the unaudited condensed consolidated interim statements of earnings were as follows:

	Financial Assets Current	Financial Assets Non-Current	Financial Liabilities Current	Financial Liabilities Non-Current
	June 28, 2014		June 28, 2014	
	$	**$**	**$**	**$**
Sugar futures contracts and options	**–**	**1,079**	**1,306**	**–**
Natural gas futures contracts	**143**	**298**	**–**	**–**
Foreign exchange forward contracts	**–**	**–**	**39**	**44**
Embedded derivatives	**–**	**–**	**332**	**100**
Interest rate swap	**–**	**–**	**461**	**265**
	143	**1,377**	**2,138**	**409**

	Gain / (Loss)			
	For the three months ended		For the nine months ended	
	June 28, 2014	June 29, 2013	**June 28, 2014**	June 29, 2013
	$	$	**$**	$
Sugar futures contracts and options	**(863)**	(1,675)	**2,149**	(7,935)
Natural gas futures contracts	**(376)**	(1,338)	**1,436**	(1,210)
Foreign exchange forward contracts	**(1,084)**	(388)	**1,650**	675
Embedded derivatives	**(1,664)**	990	**(519)**	2,254
Charged to cost of sales	**(3,987)**	(2,411)	**4,716**	(6,216)

As at September 28, 2013 and June 29, 2013, financial derivatives outstanding were as follows:

	Financial assets Current	Financial assets Non-current	Financial liabilities Current	Financial liabilities Non-current	Financial assets Current	Financial assets Non-current	Financial liabilities Current	Financial liabilities Non-current
	September 28, 2013				June 29, 2013			
	$	$	$	$	$	$	$	$
Sugar futures contracts	–	289	1,385	–	–	342	671	–
Natural gas futures contracts	–	–	1,716	494	–	–	3,281	590
Foreign exchange forward contracts	–	–	241	87	–	–	28	39
Embedded derivatives	129	–	–	42	1,297	117	–	–
Interest rate swap	–	143	328	–	–	237	239	–
	129	432	3,670	623	1,297	696	4,219	629

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

7. Financial instruments (continued):

For its financial assets and liabilities measured at amortized cost as at June 28, 2014, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

8. Bank overdraft and revolving credit facility:

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

	June 28, 2014	September 28, 2013	June 29, 2013
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**34,000**	25,000	42,000
Non-current	**50,000**	50,000	50,000
	84,000	75,000	92,000

During the second quarter, the Company exercised its option to extend the revolving credit facility with the same terms and conditions of the credit agreement entered into on June 28, 2013. The maturity date of the revolving credit facility was therefore extended to expire on June 28, 2019.

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

9. Employee benefits:

During the quarter, the Company approved the termination of the defined benefit portion of the Lantic Inc. Pension Plan for Salaried Employees in B.C. and Alberta (the "Salaried Plan") as of December 31, 2014. As a result of this decision, the Company recorded a credit of $2.0 million ($1.5 million net of taxes) to Other Comprehensive Income and a non-cash administrative and selling expense of $1.0 million representing the constructive obligation undertaken by the Company resulting from the decision to terminate the Salaried Plan. The termination process is expected to take up to two years.

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

10. Convertible unsecured subordinated debentures:

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

	June 28, 2014	September 28, 2013	June 29, 2013
	$	$	$
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	**(2,676)**	(3,217)	(3,398)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**378**	262	224
Total carrying value	**106,514**	105,857	105,638

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 June 28, 2014 were approximately $115.260 million based on market quotes.

11. Capital and other components of equity:

In November 2013, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB, the Company may purchase up to 5,000,000 common shares. The NCIB commenced on November 27, 2013 and may continue to November 26, 2014. During the second quarter of 2014, the Company purchased 85,400 common shares, having a book value of $121 for a total cash consideration of $372. The excess of the purchase price over the book value of the shares in the amount of $251 was charged to deficit. All shares purchased were cancelled.

During the second and third quarter of 2013, 20,000 common shares and 3,500 common shares, respectively (September 28, 2013 – 23,500) were issued pursuant to the exercise of share options under the Share Option Plan for a total cash proceeds of $92, which was recorded to share capital as well as an ascribed value from contributed surplus of $4.

As of June 28, 2014, a total of 94,028,860 common shares (September 28, 2013 - 94,114,260; June 29, 2013 – 94,114,260) were outstanding.

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

11. Capital and other components of equity (continued):

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 28, 2014	June 29, 2013
	$	$
Dividends	**25,395**	59,281
	25,395	59,281

12. Earnings per share:

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

	For the three months ended		**For the nine months ended**	
	June 28, 2014	June 29, 2013 (note 3))	**June 28, 2014**	June 29, 2013 (note 3))
	$	$	**$**	$
Basic earnings per share:				
Net (loss) earnings	**(886)**	3,802	**28,355**	29,983
Weighted average number of shares outstanding	**94,028,860**	94,111,106	**94,070,196**	94,098,861
Basic (loss) earnings per share	**(0.01)**	0.04	**0.30**	0.32
Diluted earnings per share:				
Net (loss) earnings	**(886)**	3,802	**28,355**	29,983
Plus impact of convertible unsecured subordinated debentures and share options	**–**	–	**3,982**	4,003
	(886)	3,802	**32,337**	33,986
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	**94,028,860**	94,111,106	**94,070,196**	94,098,861
Plus impact of convertible unsecured subordinated debentures and share options	**–**	–	**16,025,641**	16,025,641
	94,028,860	94,111,106	**110,095,837**	110,124,502
Diluted (loss) earnings per share	**(0.01)**	0.04	**0.29**	0.31

For the three months ended June 28, 2014 and June 29, 2013, the Fourth 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)

13. 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 $3 and $11 was recorded for the three and nine months ended June 28, 2014 (an expense of $4 and an income of $8 for the three and nine months ended June 29, 2013).

The following tables summarize information about the Share Option Plan as of June 28, 2014 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 June 28, 2014**	**Weighted average remaining life**	**Number of options exercisable**
$ 3.61	**30,000**	**-**	**-**	**-**	**30,000**	**1.42**	**30,000**
$ 5.61	**226,500**	**-**	**-**	**-**	**226,500**	**7.71**	**88,500**

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 June 28, 2014 and September 28, 2013, all of the options outstanding are held by key management personnel (see note 15).

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

14. Supplementary cash flow information:

	June 28, 2014	June 29, 2013	September 28, 2013	September 29, 2012
	$	$	$	$
Cash and cash equivalents	**1,005**	2,359	3,204	27,895
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	**910**	955	619	276

15. Key management personnel:

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

	For the three months ended		**For the nine months ended**	
	June 28, 2014	June 29, 2013	**June 28, 2014**	June 29, 2013
	$	$	**$**	$
Salaries and short-term benefits	**157**	629	**1,521**	2,007
Attendance fees for members of the Board of Directors	**114**	100	**314**	307
Post-retirement benefits	**29**	21	**92**	64
Share-based compensation	**3**	4	**11**	(8)
	303	754	**1,938**	2,370

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)

16. Personnel expenses:

	For the three months ended		For the nine months ended	
	June 28, 2014	June 29, 2013 (note 3a))	**June 28, 2014**	June 29, 2013 (note 3a))
	$	$	**$**	$
Wages, salaries and employee benefits	**14,994**	16,858	**50,441**	52,812
Expenses related to defined benefit plans	**1,890**	2,944	**4,382**	5,457
Expenses related to defined contributions plans	**1,241**	1,235	**3,198**	3,189
Share-based compensation	**3**	4	**11**	(8)
	18,128	21,041	**58,032**	61,450

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 28, 2014	June 29, 2013 (note 3a))	**June 28, 2014**	June 29, 2013 (note 3a))
	$	$	**$**	$
Cost of sales	**14,718**	17,616	**47,960**	50,680
Administration and selling expenses	**2,865**	3,029	**8,780**	9,226
Distribution expenses	**357**	330	**1,019**	1,227
	17,940	20,975	**57,759**	61,133
Property, plant and equipment	**188**	66	**273**	317
	18,128	21,041	**58,032**	61,450

17. Segmented information:

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

Revenues were derived from customers in the following geographic areas:

	For the three months ended		For the nine months ended	
	June 28, 2014	June 29, 2013	**June 28, 2014**	June 29, 2013
	$	$	**$**	$
Canada	**122,815**	133,307	**376,553**	387,706
United States	**5,617**	5,096	**16,054**	24,892
	128,432	138,403	**392,607**	412,598