Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and six months ended April 2, 2016 and March 28, 2015

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of earnings and comprehensive income

(In thousands of dollars except per share amounts)

Condensed consolidated interim statements of earnings	For the three months ended **April 2, 2016**	 March 28, 2015	For the six months ended **April 2, 2016**	 March 28, 2015
Revenues (note 15)	**$ 133,988**	$ 127,120	**$ 264,078**	$ 255,846
Cost of sales (note 4)	**113,468**	108,718	**204,994**	214,080
Gross margin	**20,520**	18,402	**59,084**	41,766
Administration and selling expenses (note 4)	**4,988**	5,087	**8,554**	10,575
Distribution expenses	**2,632**	2,106	**5,040**	4,222
	7,620	7,193	**13,594**	14,797
Results from operating activities	**12,900**	11,209	**45,490**	26,969
Net finance costs (note 5)	**2,595**	3,401	**4,992**	6,361
Earnings before income taxes	**10,305**	7,808	**40,498**	20,608
Income tax expense (recovery):				
Current	**2,941**	2,429	**5,910**	4,896
Deferred	**(308)**	(388)	**4,845**	530
	2,633	2,041	**10,755**	5,426
Net earnings	**$ 7,672**	5,767	**29,743**	15,182
Net earnings per share (note 10)				
Basic	**$ 0.08**	0.06	**0.32**	0.16
Diluted	**$ 0.08**	0.06	**0.29**	0.16

Condensed consolidated interim statements of comprehensive income	For the three months ended **April 2, 2016**	 March 28, 2015	For the six months ended **April 2, 2016**	 March 28, 2015
Net earnings	**$ 7,672**	$ 5,767	**$ 29,743**	$ 15,182
Other comprehensive income	**-**	-	**-**	-
Net earnings and comprehensive income for the period	**7,672**	5,767	**29,743**	15,182

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)

	April 2, 2016	October 3, 2015	March 28, 2015
Assets			
Current assets:			
Cash and cash equivalents	**$ 97**	$ 1,359	$ 1,511
Trade and other receivables	**47,305**	48,202	49,925
Income taxes recoverable	**2**	147	3
Inventories	**95,306**	67,273	90,150
Prepaid expenses	**2,099**	2,229	1,672
Derivative financial instruments (note 6)	**2,978**	5,976	9,221
Total current assets	**147,787**	125,186	152,482
Non-current assets:			
Property, plant and equipment	**175,779**	176,410	176,681
Intangible assets	**1,609**	1,703	1,801
Other assets	**459**	511	573
Deferred tax assets	**19,640**	18,077	17,299
Derivative financial instruments (note 6)	**2,782**	90	1,100
Goodwill	**229,952**	229,952	229,952
Total non-current assets	**430,221**	426,743	427,406
Total assets	**$ 578,008**	$ 551,929	$ 579,888
Liabilities and Shareholder's Equity			
Current liabilities:			
Bank overdraft (note 7)	**$ 744**	$ -	$ -
Revolving credit facility (note 7)	**9,000**	7,000	26,000
Trade and other payables	**41,952**	39,384	41,175
Income taxes payable	**810**	-	501
Provisions	**372**	1,356	893
Finance lease obligations	**49**	46	-
Derivative financial instruments (note 6)	**7,890**	3,890	4,655
Total current liabilities	**60,817**	51,676	73,224
Non-current liabilities:			
Revolving credit facility (note 7)	**70,000**	70,000	70,000
Employee benefits	**43,173**	45,135	44,118
Provisions	**2,218**	2,350	2,417
Derivative financial instruments (note 6)	**7,767**	7,701	6,084
Finance lease obligations	**201**	223	-
Convertible unsecured subordinated debentures (note 8)	**108,070**	107,622	107,178
Deferred tax liabilities	**33,573**	27,165	28,420
Total non-current liabilities	**265,002**	260,196	258,217
Total liabilities	**$ 325,819**	$ 311,872	$ 331,441
Shareholder's equity:			
Share capital	**133,528**	133,782	133,825
Contributed surplus	**200,190**	200,167	200,148
Equity portion of convertible unsecured subordinated debentures (note 8)	**1,188**	1,188	1,188
Deficit	**(82,717)**	(95,080)	(86,714)
Total shareholder's equity (note 9)	**252,189**	240,057	248,447
Total liabilities and shareholder's equity	**578,008**	551,929	579,888

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 six months ended April 2, 2016	**Number of shares**	**Common shares**	**Contributed surplus**	**Equity portion of convertible debentures**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, October 3, 2015	**94,028,760**	**133,782**	**200,167**	**1,188**	**(95,080)**	**240,057**
Dividends (note 9)					**(16,907)**	**(16,907)**
Purchase and cancellation of shares (note 9)	**(178,600)**	**(254)**	-	-	**(473)**	**(727)**
Share-based compensation (note 11)	**-**	**-**	**23**	**-**	**-**	**23**
Net earnings and comprehensive income for the period	**-**	**-**	-	-	**29,743**	**29,743**
Balance, April 2, 2016	**93,850,160**	**133,528**	**200,190**	**1,188**	**(82,717)**	**252,189**

For the six months ended March 28, 2015	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, September 27, 2014	94,028,860	133,712	200,148	1,188	(84,968)	250,080
Dividends (note 9)	-	-	-	-	(16,928)	(16,928)
Issuance of shares (note 11)	30,000	113	(5)	-	-	108
Share-based compensation (note 11)	-	-	5	-	-	5
Net earnings and comprehensive income for the period	-	-	-	-	15,182	15,182
Balance, March 28, 2015	94,058,860	133,825	200,148	1,188	(86,714)	248,447

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 six months ended	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
Cash flows from operating activities:				
Net earnings	**$ 7,672**	$ 5,767	**$ 29,743**	$ 15,182
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	**2,948**	2,940	**6,129**	5,961
Amortization of intangible assets (note 4)	**47**	50	**94**	101
Changes in fair value of derivative financial instruments included in cost of sales	**2,548**	(2,465)	**4,362**	265
Income tax expense	**2,633**	2,041	**10,755**	5,426
Pension contributions	**(2,270)**	(2,156)	**(5,103)**	(3,851)
Pension expense	**2,415**	2,483	**3,141**	4,377
Net finance costs (note 5)	**2,595**	3,401	**4,992**	6,361
Gain on disposal of property, plant and equipment	**-**	-	**-**	(26)
Share-based compensation	**11**	2	**23**	5
Other	**-**	(105)	**-**	(105)
	18,599	11,958	**54,136**	33,696
Changes in:				
Trade and other receivables	**(6,028)**	(9,096)	**897**	2,270
Inventories	**2,130**	29,721	**(28,033)**	(3,799)
Prepaid expenses	**(646)**	(663)	**130**	460
Trade and other payables	**(5,086)**	(6,137)	**2,525**	(10,500)
Provisions	**(510)**	(26)	**(1,116)**	(26)
	(10,140)	13,799	**(25,597)**	(11,595)
Cash flows from operating activities	**8,459**	25,757	**28,539**	22,101
Interest paid	**(720)**	(2,504)	**(4,509)**	(4,829)
Income taxes paid	**(2,405)**	(2,291)	**(4,955)**	(4,279)
Net cash from operating activities	**5,334**	20,962	**19,075**	12,993
Cash flows used in financing activities:				
Dividends paid	**(8,455)**	(8,462)	**(16,920)**	(16,925)
Increase (decrease) in revolving credit facility	**6,000**	(5,000)	**2,000**	11,000
Increase (decrease) in bank overdraft	**744**	(2,607)	**744**	(833)
(Cancellation) issuance of shares (notes 9 and 11)	**(398)**	108	**(727)**	108
Cash flow used in financing activities	**(2,109)**	(15,961)	**(14,903)**	(6,650)
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	**(4,362)**	(3,572)	**(5,434)**	(4,938)
Cash flow used in investing activities	**(4,362)**	(3,572)	**(5,434)**	(4,938)
Net (decrease) increase in cash and cash equivalents	**(1,137)**	1,429	**(1,262)**	1,405
Cash and cash equivalents, beginning of period	**1,234**	82	**1,359**	106
Cash and cash equivalents, end of period	**$ 97**	$ 1,511	**$ 97**	$ 1,511

Supplemental cash flow information (note 12)

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 six month periods ended April 2, 2016 and March 28, 2015 comprise Rogers and its subsidiary, Lantic Inc., (together referred to as the "Company"). The principal business activity of the Company is the refining, packaging and marketing of sugar products.

2. Basis of presentation and statement of compliance:

(a) Statement of compliance:

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

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 3, 2016.

(b) Basis of measurement:

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

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

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

(c) Functional and presentation currency:

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

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

(d) Use of estimates and judgements:

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

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

3. Significant accounting policies:

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

(a) New standards and interpretations adopted:

(i) IAS 19, *Employee benefits*:

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

(b) New standards and interpretations not yet adopted:

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

(i) IFRS 9, *Financial instruments*:

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

3. Significant accounting policies (continued):

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued):

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

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

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

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

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

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

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

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

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

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

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

4. Depreciation and amortization expense:

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

	For the three months ended		For the six months ended	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
	$	$	**$**	$
Depreciation of property, plant and equipment:				
Cost of sales	**2,847**	2,823	**5,928**	5,732
Administration and selling expenses	**101**	117	**201**	229
	2,948	2,940	**6,129**	5,961
Amortization of intangible assets:				
Administration and selling expenses	**47**	50	**94**	101
Total depreciation and amortization expense	**2,995**	2,990	**6,223**	6,062

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		For the six months ended	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
	$	$	**$**	$
Interest expense on convertible unsecured subordinated debentures	**1,620**	1,617	**3,207**	3,232
Interest on revolving credit facility	**671**	740	**1,362**	1,671
Amortization of deferred financing fees	**207**	208	**413**	416
Net change in fair value of interest rate swap	**97**	836	**10**	1,042
Net finance costs recognized in net earnings	**2,595**	3,401	**4,992**	6,361

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

6. Financial instruments:

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

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

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

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	April 2, 2016		April 2, 2016	
	$	$	$	$
Sugar futures contracts	-	382	665	-
Natural gas futures contracts	-	-	4,448	6,047
Foreign exchange forward contracts	2,978	2,400	-	-
Embedded derivatives	-	-	2,345	459
Interest rate swap	-	-	432	1,261
	2,978	2,782	7,890	7,767

	Unrealized gain / (loss)			
	For the three months ended		For the six months ended	
	April 2, 2016	March 28, 2015	April 2, 2016	March 28, 2015
	$	$	$	$
Sugar futures contracts	(1,332)	(1,460)	3,127	(1,197)
Natural gas futures contracts	(1,016)	(4,184)	(3,036)	(8,198)
Foreign exchange forward contracts	4,478	4,369	3,270	5,471
Embedded derivatives	(8,324)	1,355	(4,798)	2,005
Charged to cost of sales	(6,194)	80	(1,437)	(1,919)

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

6. Financial instruments (continued):

As at October 3, 2015 and March 28, 2015, financial derivatives outstanding were as follows:

	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	October 3, 2015				March 28, 2015			
	$	$	$	$	$	$	$	$
Sugar futures contracts	400	-	-	102	-	1,100	893	-
Natural gas futures contracts	-	-	3,312	6,376	-	-	3,101	4,943
Foreign exchange forward contracts	3,672	-	-	118	6,472	-	-	119
Embedded derivatives	1,904	90	-	-	2,749	-	-	8
Interest rate swap	-	-	578	1,105	-	-	661	1,014
	5,976	90	3,890	7,701	9,221	1,100	4,655	6,084

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

7. 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:

	April 2, 2016	October 3, 2015	March 28, 2015
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**9,000**	7,000	26,000
Non-current	**70,000**	70,000	70,000
	79,000	77,000	96,000

The revolving credit facility expires on June 29, 2020. As at April 2, 2016, an amount of $70.0 million is shown as non-current.

The comparative figures of October 3, 2015 and March 28, 2015 have been reclassified to reflect the expected non-current portion of the revolving credit facility.

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

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

8. Convertible unsecured subordinated debentures:

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

	April 2, 2016	October 3, 2015	March 28, 2015
	$	$	$
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	**(1,412)**	(1,773)	(2,134)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**670**	583	500
Total carrying value	**108,070**	107,622	107,178

The fair value of the Fourth and Fifth series debentures as at April 2, 2016 were approximately $112.4 million based on market quotes.

9. Share capital and other components of equity:

In November 2015, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB, the Company may purchase up to 500,000 common shares. The NCIB commenced on December 1, 2015 and may continue to November 30, 2016. During the six months ending April 2, 2016, the Company purchased 178,600 common shares (October 3, 2015 – 30,100; March 28, 2015 – nil), having a book value of $254 for a total cash consideration of $727. The excess of the purchase price over the book value of the shares in the amount of $473 was charged to deficit. All shares purchased were cancelled.

As of April 2, 2016, a total of 93,850,160 common shares (October 3, 2015 - 94,028,760; March 28, 2015 – 94,058,860) were outstanding.

The following dividends were declared by the Company:

	April 2, 2016	March 28, 2015
	$	$
Dividends	**16,907**	16,928
	16.907	16,928

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

10. Earnings per share:

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

	For the three months ended		**For the six months ended**	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
Basic earnings per share:				
Net earnings	**$ 7,672**	$ 5,767	**$ 29,743**	$ 15,182
Weighted average number of shares outstanding	**93,867,712**	94,034,794	**93,921,299**	94,031,827
Basic earnings per share	**$ 0.08**	$ 0.06	**$ 0.32**	$ 0.16
Diluted earnings per share:				
Net earnings	**$ 7,672**	$ 5,767	**$ 29,743**	$ 15,182
Plus impact of convertible unsecured subordinated debentures and share options	**589**	–	**2,639**	1,177
	$ 8,261	$ 5,767	**$ 32,382**	$ 16,359
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	**93,867,712**	94,034,794	**93,921,299**	94,031,827
Plus impact of convertible unsecured subordinated debentures and share options	**7,692,308**	–	**16,025,641**	7,692,308
	101,560,020	94,034,794	**109,946,940**	101,724,135
Diluted earnings per share	**$ 0.08**	$ 0.06	**$ 0.29**	$ 0.16

For the three months ended April 2, 2016, the Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive. For the three months ended March 28, 2015, the Fourth and Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive. For the six months ended March 28, 2015, the Fifth series debentures were excluded from the calculation of diluted earnings per share for the same reason.

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

11. Share-based compensation:

The Company has reserved and set aside for issuance an aggregate of 4,000,000 common shares (October 3, 2015 – 4,000,000 common shares; March 28, 2015 – 4,000,000 common shares) at a price equal to the average market price of transactions during the last five trading days prior to the grant date. Options are exercisable to a maximum of 20% of the optioned shares per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested shall be forfeited.

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

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 $11 and $23 was recorded for the three and six months ended April 2, 2016 (an expense of $2 and $5 for the three and six months ended March 28, 2015).

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

Exercise price per option	Outstanding number of options at October 3, 2015	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at April 2, 2016	Weighted average remaining life	Number of options exercisable
$4.59	**850,000**	**-**	**-**	**-**	**850,000**	**9.15**	**-**
$5.61	**226,500**	**-**	**-**	**-**	**226,500**	**5.95**	**180,500**

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

As at April 2, 2016 and October 3, 2015, all of the options outstanding are held by key management personnel (see note 13).

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

12. Supplementary cash flow information:

	April 2, 2016	March 28, 2015	October 3, 2015	September 27, 2014
	$	$	$	$
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	**662**	1,380	579	709

13. 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 six months ended**	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
	$	$	**$**	$
Salaries and short-term benefits	**672**	650	**1,170**	1,235
Attendance fees for members of the Board of Directors	**102**	45	**216**	154
Post-retirement benefits	**31**	30	**62**	59
Share-based compensation	**11**	2	**23**	5
	816	727	**1,471**	1,453

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

14. Personnel expenses:

	For the three months ended		**For the six months ended**	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
	$	$	**$**	$
Wages, salaries and employee benefits	**16,435**	15,499	**34,310**	32,842
Expenses related to defined benefit plans	**1,130**	1,202	**1,084**	2,417
Expenses related to defined contributions plans	**1,285**	1,281	**2,057**	1,960
Share-based compensation	**11**	2	**23**	5
	18,861	17,984	**37,474**	37,224

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

14. Personnel expenses (continued):

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

	For the three months ended		For the six months ended	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
	$	$	**$**	$
Cost of sales	**15,362**	14,559	**32,089**	30,663
Administration and selling expenses(i)	**3,080**	2,957	**4,547**	5,732
Distribution expenses	**298**	297	**595**	576
	18,740	17,813	**37,231**	36,971
Property, plant and equipment	**121**	171	**243**	253
	18,861	17,984	**37,474**	37,224

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

15. 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 six months ended	
	April 2, 2016	March 28, 2015	**April 2, 2016**	March 28, 2015
	$	$	**$**	$
Canada	**126,909**	119,451	**250,005**	243,935
United States	**7,079**	7,669	**14,073**	11,911
	133,988	127,120	**264,078**	255,846

16. Comparative figures:

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