Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and six months ended March 28, 2015 and March 29, 2014

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 March 28, 2015	For the three months ended March 29, 2014	For the six months ended March 28, 2015	For the six months ended March 29, 2014
Revenues (note 15)	**$ 127,120**	$ 127,299	**$ 255,846**	$ 264,175
Cost of sales (note 4)	**108,718**	94,093	**214,080**	204,666
Gross margin	**18,402**	33,206	**41,766**	59,509
Administration and selling expenses (note 4)	**5,087**	5,482	**10,575**	10,214
Distribution expenses	**2,106**	2,498	**4,222**	4,644
	7,193	7,980	**14,797**	14,858
Results from operating activities	**11,209**	25,226	**26,969**	44,651
Net finance costs (note 5)	**3,401**	2,843	**6,361**	5,389
Earnings before income taxes	**7,808**	22,383	**20,608**	39,262
Income tax expense (recovery):				
Current	**2,429**	1,450	**4,896**	5,831
Deferred	**(388)**	4,208	**530**	4,190
	2,041	5,658	**5,426**	10,021
Net earnings	**$ 5,767**	$ 16,725	**$ 15,182**	$ 29,241
Net earnings per share (note 10):				
Basic	**$ 0.06**	$ 0.18	**$ 0.16**	$ 0.31
Diluted	**$ 0.06**	$ 0.16	**$ 0.16**	$ 0.29

Condensed consolidated interim statements of comprehensive income	For the three months ended March 28, 2015	For the three months ended March 29, 2014	For the six months ended March 28, 2015	For the six months ended March 29, 2014
Net earnings	**$ 5,767**	$ 16,725	**$ 15,182**	$ 29,241
Other comprehensive income	**–**	–	**–**	–
Net earnings and comprehensive income for the period	**$ 5,767**	$ 16,725	**$ 15,182**	$ 29,241

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)

		March 28, 2015		September 27, 2014		March 29, 2014
Assets						
Current assets:						
Cash and cash equivalents	**$**	**1,511**	$	106	$	115
Trade and other receivables		**49,925**		52,195		50,067
Income taxes recoverable		**3**		119		605
Inventories		**90,150**		86,351		103,703
Prepaid expenses		**1,672**		2,132		1,571
Derivative financial instruments (note 6)		**9,221**		2,262		4,196
Total current assets		**152,482**		143,165		160,257
Non-current assets:						
Property, plant and equipment		**176,681**		177,014		173,441
Intangible assets		**1,801**		1,902		2,004
Other assets		**573**		523		578
Deferred tax assets		**17,299**		15,666		13,346
Derivative financial instruments (note 6)		**1,100**		112		545
Goodwill		**229,952**		229,952		229,952
Total non-current assets		**427,406**		425,169		419,866
Total assets	**$**	**579,888**	$	568,334	$	580,123
Liabilities and Shareholders' Equity						
Current liabilities:						
Bank overdraft (note 7)	**$**	**–**	$	833	$	1,160
Revolving credit facility (note 7)		**46,000**		35,000		40,000
Trade and other payables		**41,175**		51,009		40,876
Income taxes payable		**501**		–		68
Provisions		**893**		919		1,064
Finance lease obligations		**–**		7		24
Derivative financial instruments (note 6)		**4,655**		990		308
Total current liabilities		**93,224**		88,758		83,500
Non-current liabilities:						
Revolving credit facility (note 7)		**50,000**		50,000		50,000
Employee benefits		**44,118**		43,592		41,329
Provisions		**2,417**		2,417		2,273
Derivative financial instruments (note 6)		**6,084**		495		204
Convertible unsecured subordinated debentures (note 8)		**107,178**		106,735		106,294
Deferred tax liabilities		**28,420**		26,257		29,706
Total non-current liabilities		**238,217**		229,496		229,806
Total liabilities		**331,441**		318,254		313,306
Shareholders' equity:						
Share capital		**133,825**		133,712		133,712
Contributed surplus		**200,148**		200,148		200,143
Equity portion of convertible unsecured subordinated debentures (note 8)		**1,188**		1,188		1,188
Deficit		**(86,714)**		(84,968)		(68,226)
Total shareholders' equity (note 9)		**248,447**		250,080		266,817
Total liabilities and shareholders' equity	**$**	**579,888**	$	568,334	$	580,123

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 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**

						For the six months ended March 29, 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 9)	–	–	–	–	(16,933)	(16,933)
Purchase and cancellation of shares (note 9)	(85,400)	(121)	–	–	(251)	(372)
Share-based compensation (note 11)	–	–	8	–	–	8
Net earnings and comprehensive income for the period	–	–	–	–	29,241	29,241
Balance, March 29, 2014	94,028,860	133,712	200,143	1,188	(68,226)	266,817

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	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
Cash flows from operating activities:				
Net earnings	**$ 5,767**	$ 16,725	**$ 15,182**	$ 29,241
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	**2,940**	3,006	**5,961**	5,999
Amortization of intangible assets (note 4)	**50**	56	**101**	113
Changes in fair value of derivative financial instruments included in cost of sales	**(2,465)**	(4,177)	**265**	(8,365)
Income tax expense	**2,041**	5,658	**5,426**	10,021
Pension contributions	**(2,156)**	(5,460)	**(3,851)**	(7,465)
Pension expense	**2,483**	2,454	**4,377**	4,449
Net finance costs (note 5)	**3,401**	2,843	**6,361**	5,389
Gain on disposal of property, plant and equipment	**–**	–	**(26)**	(18)
Share-based compensation	**2**	3	**5**	8
Other	**(105)**	(1)	**(105)**	(1)
	11,958	21,107	**33,696**	39,371
Changes in:				
Trade and other receivables	**(9,096)**	(6,950)	**2,270**	59
Inventories	**29,721**	(6,972)	**(3,799)**	(31,329)
Prepaid expenses	**(663)**	(122)	**460**	476
Trade and other payables	**(6,137)**	(4,400)	**(10,500)**	3,655
Provisions	**(26)**	(40)	**(26)**	(86)
	13,799	(18,484)	**(11,595)**	(27,225)
Cash flows from operating activities	**25,757**	2,623	**22,101**	12,146
Interest paid	**(2,504)**	(2,517)	**(4,829)**	(4,566)
Income taxes paid	**(2,291)**	(2,989)	**(4,279)**	(7,009)
Net cash from (used in) operating activities	**20,962**	(2,883)	**12,993**	571
Cash flows (used in) from financing activities:				
Dividends paid	**(8,462)**	(8,471)	**(16,925)**	(16,941)
(Decrease) increase in revolving credit facility	**(5,000)**	7,000	**11,000**	15,000
(Decrease) increase in bank overdraft	**(2,607)**	1,160	**(833)**	1,160
Issuance (cancellation) of shares (note 9 and 11)	**108**	(372)	**108**	(372)
Payment of financing fees	**–**	(90)	**–**	(90)
Cash flow used in financing activities	**(15,961)**	(773)	**(6,650)**	(1,243)
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	**(3,572)**	(1,469)	**(4,938)**	(2,417)
Cash flow used in investing activities	**(3,572)**	(1,469)	**(4,938)**	(2,417)
Net increase (decrease) in cash and cash equivalents	**1,429**	(5,125)	**1,405**	(3,089)
Cash and cash equivalents, beginning of period	**82**	5,240	**106**	3,204
Cash and cash equivalents, end of period	**$ 1,511**	$ 115	**$ 1,511**	$ 115

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 March 28, 2015 and March 29, 2014 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 36 and IFRIC 21 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 27, 2014.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 30, 2015.

(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 September 27, 2014.

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 27, 2014 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 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 years beginning on or after January 1, 2014. The Company adopted the amendment in the first quarter of the year ending October 3, 2015. The adoption of IAS 36, *Impairment of assets*, did not have an impact on the unaudited condensed consolidated interim financial statements.

(ii) IFRIC 21, *Levies*:

In May 2013, the IASB issued IFRIC 21, *Levies*. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, contingent liabilities and contingent assets*.

The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements.

The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

3. Significant accounting policies (continued):

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

(ii) IFRIC 21, *Levies (continued)*:

The Company adopted the amendment in the first quarter of the year ending October 3, 2015. The adoption of IFRIC 21, *Levies*, 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 March 28, 2015 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*:

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

IFRS 9 (2010) introduces additional changes relating to financial liabilities.

IFRS 9 (2013) includes a new general hedge accounting standard which will align 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.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment, and new general hedge accounting requirements.

The Company does not intend to early adopt IFRS 9 (2009), IFRS 9 (2010), IFRS 9 (2013) and/or IFRS 9 (2014) in its consolidated financial statements for the annual period ending on October 3, 2015. The extent of the impact of adoption of IFRS 9 *Financial instruments* on the consolidated financial statements of the Company has not yet been determined.

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

3. Significant accounting policies (continued):

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

(ii) 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 consolidated 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.

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

The standard contains a single model that applies to contracts with customers and two approaches to recognising 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 annual period beginning on October 1, 2017. The extent of the impact of adoption of IFRS 15, *Revenue from contracts with customers* 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 six months ended**	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Depreciation of property, plant and equipment:				
Cost of sales	**2,823**	2,900	**5,732**	5,783
Administration and selling expenses	**117**	106	**229**	216
	2,940	3,006	**5,961**	5,999
Amortization of intangible assets:				
Administration and selling expenses	**50**	56	**101**	113
Total depreciation and amortization expense	**2,990**	3,062	**6,062**	6,112

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

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		For the six months ended	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Interest expense on convertible unsecured subordinated debentures	**1,617**	1,613	**3,232**	3,227
Interest on revolving credit facility	**740**	683	**1,671**	1,340
Amortization of deferred financing fees	**208**	209	**416**	418
Net change in fair value of interest rate swap	**836**	338	**1,042**	404
Net finance costs recognized in net earnings	**3,401**	2,843	**6,361**	5,389

6. Financial instruments:

Disclosures relating to risks exposures, in particular credit risk, liquidity risk, foreign currency risk, interest rate risk and equity risk were provided in the September 27, 2014 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three and six months ended March 28, 2015.

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.

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

6. Financial instruments (continued):

As at March 28, 2015, 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
	March 28, 2015		March 28, 2015	
	$	$	$	$
Sugar futures contracts	**–**	**1,100**	**893**	**–**
Natural gas futures contracts	**–**	**–**	**3,101**	**4,943**
Foreign exchange forward contracts	**6,472**	**–**	**–**	**119**
Embedded derivatives	**2,749**	**–**	**–**	**8**
Interest rate swap	**–**	**–**	**661**	**1,014**
	9,221	**1,100**	**4,655**	**6,084**

	Gain / (Loss)			
	For the three months ended		For the six months ended	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	$	$
Sugar futures contracts	**(1,460)**	10,781	**(1,197)**	3,012
Natural gas futures contracts	**(4,184)**	2,037	**(8,198)**	1,812
Foreign exchange forward contracts	**4,369**	1,454	**5,471**	2,734
Embedded derivatives	**1,355**	278	**2,005**	1,145
Charged to cost of sales	**80**	14,550	**(1,919)**	8,703

As at September 27, 2014 and March 29, 2014, 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 27, 2014				March 29, 2014			
	$	$	$	$	$	$	$	$
Sugar futures contracts	1,171	–	–	319	314	188	–	–
Natural gas futures contracts	–	–	519	11	394	336	–	–
Foreign exchange forward contracts	409	58	–	–	2,277	–	–	23
Embedded derivatives	682	54	–	–	1,211	21	–	–
Interest rate swap	–	–	471	165	–	–	308	181
	2,262	112	990	495	4,196	545	308	204

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

6. Financial instruments (continued):

For its financial assets and liabilities measured at amortized cost as at March 28, 2015, 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:

	March 28, 2015	September 27, 2014	March 29, 2014
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**46,000**	35,000	40,000
Non-current	**50,000**	50,000	50,000
	96,000	85,000	90,000

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

8. Convertible unsecured subordinated debentures:

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

	March 28, 2015	September 27, 2014	March 29, 2014
	$	$	$
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	**(2,134)**	(2,495)	(2,856)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**500**	418	338
Total carrying value	**107,178**	106,735	106,294

The fair value of the Fourth and Fifth series debentures as at March 28, 2015 were approximately $112.7 million based on market quotes.

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

9. Capital and other components of equity:

In November 2014, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("2014 NCIB"). Under the 2014 NCIB, the Company may purchase up to 1,000,000 common shares. The 2014 NCIB commenced on November 27, 2014 and may continue to November 26, 2015.

During the second quarter of fiscal 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 quarter of fiscal 2015, 30,000 common shares (September 27, 2014 – nil; March 29, 2014 – nil) were issued pursuant to the exercise of share options under the Share Option Plan.

As of March 28, 2015, a total of 94,058,860 common shares (September 27, 2014 - 94,028,860; March 29, 2014 – 94,028,860) were outstanding.

The following dividends were declared by the Company:

	March 28, 2015	March 29, 2014
	$	$
Dividends	**16,928**	16,933
	16,928	16,933

(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	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Basic earnings per share:				
Net earnings	**5,767**	16,725	**15,182**	29,241
Weighted average number of shares outstanding	**94,034,794**	94,067,467	**94,031,827**	94,090,863
Basic earnings per share	**0.06**	0.18	**0.16**	0.31
Diluted earnings per share:				
Net earnings	**5,767**	16,725	**15,182**	29,241
Plus impact of convertible unsecured subordinated debentures and share options	**–**	1,327	**1,177**	2,653
	5,767	18,052	**16,359**	31,894
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	**94,034,794**	94,067,467	**94,031,827**	94,090,863
Plus impact of convertible unsecured subordinated debentures and share options	**–**	17,025,641	**7,692,308**	16,025,641
	94,034,794	110,093,108	**101,724,135**	110,116,504
Diluted earnings per share	**0.06**	0.16	**0.16**	0.29

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.

11. Share-based compensation:

The Company has reserved and set aside for issuance an aggregate of 4,000,000 common shares (September 27, 2014 – 850,000 common shares; March 29, 2014 – 850,000 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.

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

11. Share-based compensation (continued):

During the second quarter, 30,000 common shares (September 27, 2014 – nil; March 29, 2014 – nil) 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 $2 and $5 was recorded for the three and six months ended March 28, 2015 (an expense of $3 and $8 for the three and six months ended March 29, 2014).

The following tables summarize information about the Share Option Plan as of March 28, 2015 and September 27, 2014:

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 March 28, 2015**	**Weighted average remaining life**	**Number of options exercisable**
$ 3.61	**30,000**	**–**	**30,000**	**–**	**–**	**–**	**–**
$ 5.61	**226,500**	**–**	**–**	**–**	**226,500**	**6.96**	**134,500**

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 September 27, 2014	Weighted average remaining life	Number of options exercisable
$ 3.61	30,000	–	–	–	30,000	1.17	30,000
$ 5.61	226,500	–	–	–	226,500	7.46	88,500

As at March 28, 2015 and September 27, 2014, all of the options outstanding are held by key management personnel (see note 13).

12. Supplementary cash flow information:

	March 28, 2015	March 29, 2014	September 27, 2014	September 28, 2013
	$	$	$	$
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	**1,380**	264	709	619

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

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	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Salaries and short-term benefits	**650**	695	**1,235**	1,364
Attendance fees for members of the Board of Directors	**45**	109	**154**	200
Post-retirement benefits	**30**	31	**59**	63
Share-based compensation	**2**	3	**5**	8
	727	838	**1,453**	1,635

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	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Wages, salaries and employee benefits	**15,499**	16,955	**32,842**	35,671
Expenses related to defined benefit plans	**1,202**	1,171	**2,417**	2,492
Expenses related to defined contributions plans	**1,281**	1,283	**1,960**	1,957
Share-based compensation	**2**	3	**5**	8
	17,984	19,412	**37,224**	40,128

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	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Cost of sales	**14,559**	15,977	**30,663**	33,466
Administration and selling expenses	**2,957**	3,057	**5,732**	5,915
Distribution expenses	**297**	339	**576**	662
	17,813	19,373	**36,971**	40,043
Property, plant and equipment	**171**	39	**253**	85
	17,984	19,412	**37,224**	40,128

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

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	
	March 28, 2015	March 29, 2014	**March 28, 2015**	March 29, 2014
	$	$	**$**	$
Canada	**119,451**	121,388	**243,935**	253,738
United States	**7,669**	5,911	**11,911**	10,437
	127,120	127,299	**255,846**	264,175

16. Comparative figures:

Certain of the 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.