Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and six months ended March 29, 2014 and March 30, 2013

ROGERS SUGAR INC.

(Unaudited)
Condensed consolidated statements of earnings and comprehensive income
(In thousands of dollars except per share amounts)

Condensed consolidated statements of earnings	**For the three months ended** **March 29, 2014**	March 30, 2013	**For the six months ended** **March 29, 2014**	March 30, 2013 (note 3a))
Revenues (note 16)	**$ 127,299**	$ 131,819	**$ 264,175**	$ 274,195
Cost of sales (note 4)	**94,093**	109,183	**204,666**	221,136
Gross margin	**33,206**	22,636	**59,509**	53,059
Administration and selling expenses (note 4)	**5,482**	5,263	**10,214**	9,920
Distribution expenses	**2,498**	1,613	**4,644**	3,942
	7,980	6,876	**14,858**	13,862
Results from operating activities	**25,226**	15,760	**44,651**	39,197
Net finance costs (note 5)	**2,843**	1,841	**5,389**	4,043
Earnings before income taxes	**22,383**	13,919	**39,262**	35,154
Income tax expense:				
Current	**1,450**	3,615	**5,831**	6,628
Deferred	**4,208**	63	**4,190**	2,345
	5,658	3,678	**10,021**	8,973
Net earnings	**$ 16,725**	$ 10,241	**$ 29,241**	$ 26,181
Net earnings per share (note 11):				
Basic	**$ 0.18**	$ 0.11	**$ 0.31**	$ 0.28
Diluted	**$ 0.16**	$ 0.11	**$ 0.29**	$ 0.26

Condensed consolidated statements of comprehensive income	**For the three months ended** **March 29, 2014**	March 30, 2013	**For the six months ended** **March 29, 2014**	March 30, 2013 (note 3a))
Net earnings	**$ 16,725**	$ 10,241	**$ 29,241**	$ 26,181
Other comprehensive income	**–**	–	**–**	–
Net earnings and comprehensive income for the period	**$ 16,725**	$ 10,241	**$ 29,241**	$ 26,181

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

ROGERS SUGAR INC.

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

		March 29 2014		September 28 2013		March 30 2013 (note 3a))
Assets						
Current assets:						
Cash and cash equivalents	**$**	**–**	$	3,204	$	3,584
Trade and other receivables		**50,067**		50,126		42,679
Income taxes recoverable		**605**		663		–
Inventories		**103,703**		72,374		122,703
Prepaid expenses		**1,571**		2,047		1,227
Derivative financial instruments (note 7)		**4,196**		129		901
Total current assets		**160,142**		128,543		171,094
Non-current assets:						
Property, plant and equipment		**173,441**		177,382		178,486
Intangible assets		**2,004**		2,117		2,231
Other assets (note 6)		**578**		544		50
Deferred tax assets		**13,346**		14,629		17,678
Derivative financial instruments (note 7)		**545**		432		13
Goodwill		**229,952**		229,952		229,952
Total non-current assets		**419,866**		425,056		428,410
Total assets	**$**	**580,008**	$	553,599	$	599,504
Liabilities and Shareholders' Equity						
Current liabilities:						
Bank overdraft (note 8)	**$**	**1,045**	$	–	$	–
Revolving credit facility (note 8)		**40,000**		25,000		105,000
Trade and other payables		**40,876**		37,659		42,365
Income taxes payable		**68**		1,304		665
Provisions		**1,064**		1,150		1,321
Finance lease obligations		**24**		39		63
Derivative financial instruments (note 7)		**308**		3,670		3,384
Total current liabilities		**83,385**		68,822		152,798
Non-current liabilities:						
Revolving credit facility (note 8)		**50,000**		50,000		–
Employee benefits		**41,329**		44,345		56,929
Provisions		**2,273**		2,273		2,899
Derivative financial instruments (note 7)		**204**		623		751
Finance lease obligations		**–**		7		10
Convertible unsecured subordinated debentures (note 9)		**106,294**		105,857		105,421
Deferred tax liabilities		**29,706**		26,799		27,921
Total non-current liabilities		**229,806**		229,904		193,931
Total liabilities		**313,191**		298,726		346,729
Shareholders' equity:						
Share capital		**133,712**		133,833		133,812
Contributed surplus		**200,143**		200,135		200,128
Equity portion of convertible unsecured subordinated debentures (note 9)		**1,188**		1,188		1,188
Deficit		**(68,226)**		(80,283)		(82,353)
Total shareholders' equity (note 10)		**266,817**		254,873		252,775
Total liabilities and shareholders' equity	**$**	**580,008**	$	553,599	$	599,504

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

ROGERS SUGAR INC.

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

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 10)	–	–	–	–	**(16,933)**	**(16,933)**
Cancellation of shares (note 10)	**(85,400)**	**(121)**	–	–	**(251)**	**(372)**
Share-based compensation (note 12)	–	–	**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**

For the six months ended March 30, 2013	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, September 29, 2012	94,090,760	133,737	200,143	1,188	(57,723)	277,345
Dividends (note 10)	–	–	–	–	(50,811)	(50,811)
Issuance of shares (note 12)	20,000	75	(3)	–	–	72
Share-based compensation (note 12)	–	–	(12)	–	–	(12)
Net earnings and comprehensive income for the period (note 3 a))	–	–	–	–	26,181	26,181
Balance, March 30, 2013	94,110,760	133,812	200,128	1,188	(82,353)	252,775

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

ROGERS SUGAR INC.

(Unaudited)
Condensed consolidated statements of cash flows
(In thousands of dollars)

	For the three months ended		For the six months ended	
	March 29, 2014	March 30, 2013 (note 3a))	**March 29, 2014**	March 30, 2013 (note 3a))
Cash flows from operating activities:				
Net earnings	**$ 16,725**	$ 10,241	**$ 29,241**	$ 26,181
Adjustments for:				
Depreciation of property, plant and equipment (note 4)	**3,006**	3,116	**5,999**	6,181
Amortization of intangible assets (note 4)	**56**	58	**113**	116
Changes in fair value of derivative financial instruments included in cost of sales	**(4,177)**	(2,619)	**(8,365)**	(5,540)
Income tax expense	**5,658**	3,678	**10,021**	8,973
Pension contributions	**(5,460)**	(2,694)	**(7,465)**	(5,395)
Pension expense	**2,454**	2,550	**4,449**	4,467
Net finance costs (note 5)	**2,843**	1,841	**5,389**	4,043
Gain on disposal of property, plant and equipment	**–**	(42)	**(18)**	(219)
Share-based compensation	**3**	1	**8**	(12)
Other	**(1)**	–	**(1)**	–
	21,107	16,130	**39,371**	38,795
Changes in:				
Trade and other receivables	**(6,950)**	(3,115)	**59**	8,392
Inventories	**(6,972)**	(12,091)	**(31,329)**	(44,417)
Prepaid expenses	**(122)**	(340)	**476**	462
Trade and other payables	**(4,400)**	(6,344)	**3,655**	(5,219)
Provisions	**(40)**	(29)	**(86)**	(42)
	(18,484)	(21,919)	**(27,225)**	(40,824)
Cash used in operating activities	**2,623**	(5,789)	**12,146**	(2,029)
Interest paid	**(2,517)**	(913)	**(4,566)**	(4,909)
Income taxes paid	**(2,989)**	(2,594)	**(7,009)**	(8,027)
Net cash (used in) from operating activities	**(2,883)**	(9,296)	**571**	(14,965)
Cash flows (used in) from financing activities:				
Dividends paid	**(8,471)**	(42,341)	**(16,941)**	(50,809)
Increase in revolving credit facility (note 8)	**7,000**	45,000	**15,000**	45,000
(Cancellation) Issuance of shares (note 10)	**(372)**	72	**(372)**	72
Payment of financing fees (note 6)	**(90)**	–	**(90)**	–
Cash flow (used in) from financing activities	**(1,933)**	2,731	**(2,403)**	(5,737)
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	**(1,469)**	(2,642)	**(2,417)**	(3,609)
Cash flow used in investing activities	**(1,469)**	(2,642)	**(2,417)**	(3,609)
Net decrease in cash and cash equivalents	**(6,285)**	(9,207)	**(4,249)**	(24,311)
Cash and cash equivalents, beginning of period	**5,240**	12,791	**3,204**	27,895
(Bank overdraft) Cash and cash equivalents, end of period	**$ (1,045)**	$ 3,584	**$ (1,045)**	$ 3,584

Supplemental cash flow information (note 13)

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

1. Reporting entity:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three and six month periods ended March 29, 2014 and March 30, 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 April 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 March 30, 2013
	As presented	Restatements	As restated
	$	$	$
Deferred tax assets	17,542	136	17,678
Employee benefits	56,407	522	56,929
Deficit	(81,967)	(386)	(82,353)

(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 March 30, 2013		
	As presented	Restatements	As restated
	$	$	$
Cost of sales	108,968	215	109,183
Administration and selling expenses	5,217	46	5,263
Deferred income tax expense	131	(68)	63
Net earnings	10,434	(193)	10,241

Net earnings per share:			
Basic	0.11	–	0.11
Diluted	0.11	–	0.11

	For the six months ended March 30, 2013		
	As presented	Restatements	As restated
	$	$	$
Cost of sales	220,705	431	221,136
Administration and selling expenses	9,829	91	9,920
Deferred income tax expense	2,481	(136)	2,345
Net earnings	26,567	(386)	26,181

Net earnings per share:			
Basic	0.28	–	0.28
Diluted	0.27	(0.01)	0.26

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 9 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 six months ended March 29, 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. 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.

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 29, 2014	March 30, 2013	**March 29, 2014**	March 30, 2013
	$	$	**$**	$
Depreciation of property, plant and equipment:				
Cost of sales	**2,900**	2,997	**5,783**	5,943
Administration and selling expenses	**106**	119	**216**	238
	3,006	3,116	**5,999**	6,181
Amortization of intangible assets:				
Administration and selling expenses	**56**	58	**113**	116
Total depreciation and amortization expense	**3,062**	3,174	**6,112**	6,297

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		**For the six months ended**	
	March 29, 2014	March 30, 2013	**March 29, 2014**	March 30, 2013
	$	$	**$**	$
Net change in fair value of interest rate swap	**–**	951	**–**	1,429
Finance income	**–**	951	**–**	1,429
Interest expense on convertible unsecured subordinated debentures	**1,613**	1,611	**3,227**	3,222
Interest on revolving credit facility	**683**	954	**1,340**	1,797
Amortization of deferred financing fees	**209**	227	**418**	453
Net change in fair value in interest rate swap	**338**	–	**404**	–
Finance costs	**2,843**	2,792	**5,389**	5,472
Net finance costs recognized in net earnings	**2,843**	1,841	**5,389**	4,043

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

6. Other assets:

	March 29, 2014	September 28, 2013	March 30, 2013
	$	$	$
Deferred financing charges, net	**574**	541	46
Other	**4**	3	4
	578	544	50

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 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 six months ended March 29, 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.

As at March 29, 2014, 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
	March 29, 2014		March 29, 2014	
	$	$	$	$
Sugar futures contracts and options	314	188	–	–
Natural gas futures contracts	394	336	–	–
Foreign exchange forward contracts	2,277	–	–	23
Embedded derivatives	1,211	21	–	–
Interest rate swap	–	–	308	181
	4,196	545	308	204

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

7. Financial instruments (continued):

	Gain / (Loss)			
	For the three months ended		**For the six months ended**	
	March 29, 2014	March 30, 2013	**March 29, 2014**	March 30, 2013
	$	$	**$**	$
Sugar futures contracts and options	**10,781**	(2,310)	**3,012**	(6,259)
Natural gas futures contracts	**2,037**	397	**1,812**	128
Foreign exchange forward contracts	**1,454**	868	**2,734**	1,063
Embedded derivatives	**278**	502	**1,145**	1,263
Charged to cost of sales	**14,550**	(543)	**8,703**	(3,805)

As at September 28, 2013 and March 30, 2013, financial derivatives outstanding were as follows:

	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	September 28, 2013				March 30, 2013			
	$	$	$	$	$	$	$	$
Sugar futures contracts	–	289	1,385	–	–	–	276	63
Natural gas futures contracts	–	–	1,716	494	–	–	2,668	658
Foreign exchange forward contracts	–	–	241	87	490	–	–	30
Embedded derivatives	129	–	–	42	411	13	–	–
Interest rate swap	–	143	328	–	–	–	440	–
	129	432	3,670	623	901	13	3,384	751

For its financial assets and liabilities measured at amortized cost as at March 29, 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.

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

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:

	March 29, 2014	September 28, 2013	March 30, 2013
	$	$	$
Outstanding amount on revolving credit facility:			
Current	**40,000**	25,000	105,000
Non-current	**50,000**	50,000	–
	90,000	75,000	105,000

As at March 29, 2014, the Company had $1.0 million (September 28, 2013 - nil; March 30, 2013 – nil) in bank overdraft.

During the 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. As at March 29, 2014, an amount of $50.0 million is shown as non-current, representing the value of the interest rate swap.

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)

9. Convertible unsecured subordinated debentures:

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

	March 29, 2014	September 28, 2013	March 30, 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	**(2,856)**	(3,217)	(3,578)
Less equity component	**(1,188)**	(1,188)	(1,188)
Accretion expense on equity component	**338**	262	187
Total carrying value	**106,294**	105,857	105,421

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 March 29, 2014 were approximately $113.15 million based on market quotes.

10. 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 quarter of 2013, 20,000 common shares (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 $72, which was recorded to share capital as well as an ascribed value from contributed surplus of $3.

As of March 29, 2014, a total of 94,028,860 common shares (September 28, 2013 - 94,114,260; March 30, 2013 – 94,110,760) were outstanding.

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

10. 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:

	March 29, 2014	March 30, 2013
	$	$
Dividends	**16,933**	50,811
	16,933	50,811

11. 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 29, 2014	March 30, 2013 (note 3))	**March 29, 2014**	March 30, 2013 (note 3))
	$	$	**$**	$
Basic earnings per share:				
Net earnings	**16,725**	10,241	**29,241**	26,181
Weighted average number of shares outstanding	**94,067,467**	94,094,716	**94,090,863**	94,092,738
Basic earnings per share	**0.18**	0.11	**0.31**	0.28
Diluted earnings per share:				
Net earnings	**16,725**	10,241	**29,241**	26,181
Plus impact of convertible unsecured subordinated debentures and share options	**1,327**	1,344	**2,653**	2,686
	18,052	11,585	**31,894**	28,867
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	**94,067,467**	94,094,716	**94,090,863**	94,092,738
Plus impact of convertible unsecured subordinated debentures and share options	**17,025,641**	16,025,641	**16,025,641**	16,025,641
	110,093,108	110,120,357	**110,116,504**	110,118,379
Diluted earnings per share	**0.16**	0.11	**0.29**	0.26

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

12. Share-based compensation:

The Company has reserved and set aside for issuance an aggregate of 850,000 shares at a price equal to the average market price of transactions during the last five trading days prior to the grant date. Options are exercisable to a maximum of 20% of the optioned shares per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested shall be forfeited.

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 $8 was recorded for the three and six months ended March 29, 2014 (an expense of $1 and an income of $12 for the three and six months ended March 30, 2013).

The following tables summarize information about the Share Option Plan as of March 29, 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 March 29, 2014**	**Weighted average remaining life**	**Number of options exercisable**
$ 3.61	**30,000**	**-**	**-**	**-**	**30,000**	**1.67**	**30,000**
$ 5.61	**226,500**	**-**	**-**	**-**	**226,500**	**7.96**	**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 March 29, 2014 and September 28, 2013, all of the options outstanding are held by key management personnel (see note 14).

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

13. Supplementary cash flow information:

	March 29, 2014	March 30, 2013	September 28, 2013	September 29, 2012
	$	$	$	$
(Bank overdraft) Cash and cash equivalents	**(1,045)**	3,584	3,204	27,895
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	**264**	1,025	619	276

14. Key management personnel:

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

	For the three months ended		**For the six months ended**	
	March 29, 2014	March 30, 2013	**March 29, 2014**	March 30, 2013
	$	$	**$**	$
Salaries and short-term benefits	**695**	668	**1,364**	1,379
Attendance fees for members of the Board of Directors	**109**	101	**200**	207
Post-retirement benefits	**31**	21	**63**	42
Share-based compensation	**3**	1	**8**	(12)
	838	791	**1,635**	1,616

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)

15. Personnel expenses:

	For the three months ended		For the six months ended	
	March 29, 2014	March 30, 2013 (note 3a))	**March 29, 2014**	March 30, 2013 (note 3a))
	$	$	**$**	$
Wages, salaries and employee benefits	**16,805**	17,117	**35,447**	35,954
Expenses related to defined benefit plans	**1,171**	1,256	**2,492**	2,513
Expenses related to defined contributions plans	**1,283**	1,294	**1,957**	1,954
Share-based compensation	**3**	1	**8**	(12)
	19,262	19,668	**39,904**	40,409

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 29, 2014	March 30, 2013 (note 3a))	**March 29, 2014**	March 30, 2013 (note 3a))
	$	$	**$**	$
Cost of sales	**15,827**	16,159	**33,242**	33,062
Administration and selling expenses	**3,057**	3,064	**5,915**	6,198
Distribution expenses	**339**	319	**662**	898
	19,223	19,542	**39,819**	40,158
Property, plant and equipment	**39**	126	**85**	251
	19,262	19,668	**39,904**	40,409

16. Segmented information:

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

Revenues were derived from customers in the following geographic areas:

	For the three months ended		For the six months ended	
	March 29, 2014	March 30, 2013	**March 29, 2014**	March 30, 2013
	$	$	**$**	$
Canada	**121,388**	119,531	**253,738**	254,399
United States	**5,911**	12,288	**10,437**	19,796
	127,299	131,819	**264,175**	274,195