

A dark blue background features two spoons at the top, each overflowing with white sugar. The sugar is falling in two parallel streams, creating a dense, shimmering curtain that falls into a large, flat pile of sugar at the bottom. The lighting highlights the individual grains of sugar as they fall.

**TWO
HISTORIC
BRANDS
ONE
STRONG
COMPANY**

ROGERS SUGAR INCOME FUND



01	Message to Unitholders
03	Report from the Chairman and President of Lantic Inc.
05	Management's Discussion and Analysis
30	Responsibility for Financial Reporting
30	Auditor's Report to the Unitholders of Rogers Sugar Income Fund
31	Financial Statements
53	Corporate Information



TOTAL DISTRIBUTION (thousands of \$)	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Total
Fiscal 2008	3,214	3,216	3,358	3,359	3,363	3,365	3,370	3,370	3,370	3,370	3,370	3,356	40,082
Fiscal 2007	3,108	3,108	3,090	3,080	3,080	3,078	3,076	3,226	3,226	3,226	3,218	3,214	37,728

PER UNIT DISTRIBUTION (\$)													
Fiscal 2008	0.0367	0.0367	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383	0.4567
Fiscal 2007	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0367	0.0367	0.0367	0.0367	0.0367	0.4285

*Due to rounding, the total \$ was forced-in to add to \$40,082 for 2008 and \$37,728 for 2007.

I am pleased to report that fiscal 2008 results were in line with the record performance achieved in fiscal 2007. Total cash distributions to unitholders increased by \$2.4 million from 2007, while maintaining a distribution ratio at 80% of distributable cash.

As Trustees of the Fund, we are responsible primarily for supervising the activities and managing the investments of the Fund, as well as effecting payments of distributable cash from the Fund to our unitholders.

In fiscal 2008, the Fund distributed \$40.1 million, or \$0.4567 per unit, compared to \$37.7 million, or \$0.4285 per unit in fiscal 2007. On a consolidated basis, net adjusted distributable cash for fiscal 2008 was \$50.2 million compared to \$52.6 million in fiscal 2007. The Fund distributed 80.0% of its adjusted distributable cash in fiscal 2008 compared to 71.8% in fiscal 2007. In addition, the Fund repurchased and cancelled 374,900 units under its Normal Course Issuer Bid, for a total value of \$1.6 million. This Normal Course Issuer Bid expires on November 27, 2008. Our intent is to continue with a new Normal Course Issuer Bid for next year. The Fund will again purchase units if the price trading range does not reflect what we consider to be the fair value of the units.

During the year, the Fund's wholly-owned subsidiaries, Lantic Sugar Limited and Rogers Sugar Ltd., amalgamated into a new operating entity now known as Lantic Inc. In reality, the two operating subsidiaries have been working together for a number of years. This has allowed the new operating subsidiary to improve its financing capabilities and to conduct more efficient tax planning.

Following the amalgamation, Lantic Inc. entered into a new five-year revolving credit facility with a syndicate of Canadian banks for a total of \$200.0 million. Funds from this new facility plus available cash were used to fully repay all existing long-term debt facilities in Lantic Inc. and also allows the Company to better use available cash. This new credit facility, in combination with the new five-year swap agreement of \$70.0 million, at a rate of 4%, will stabilize interest costs for the next number of years at very competitive rates. This puts the Fund on an extremely solid financial footing, particularly in light of the current global credit crisis.

On October 31, 2006, Canada's Minister of Finance made an announcement concerning the imposition of a distribution tax on distributions from publicly traded income trusts. This legislation was enacted in June 2007, and if no further changes are brought forward in legislation over the next two years, a distribution tax on distributions from traded income trusts will be imposed in calendar 2011. We will continue to monitor the situation, and through tax planning we will endeavour to mitigate the impact of this distribution tax on our unitholders.

In light of this announced distribution tax taking effect in slightly more than 24 months, the Trustees have to assess the merit of increasing monthly distributions versus maintaining adequate cash reserves. In addition, before raising monthly distributions, we carefully assess a variety of factors that include the overall competitive landscape, volume and selling margin sustainability, and the operating performance of our plants.

As part of our mandate, the Fund's Trustees are resolutely committed to maintaining good corporate governance practices. As a measure of this commitment, we have documented and adopted rigorous guidelines to assist in our governance responsibilities. These guidelines are reviewed yearly to ensure they meet the latest governance practices. The Fund's Nominating and Governance Committee, as well as the Audit Committee, are each composed of three Trustees, all of whom are independent and unrelated. Terms of reference for the Board Chair, Audit Committee Chair and Nominating and Governance Chair have also been documented and approved. The Fund has a Code of Business Conduct, which has been distributed to all personnel. We regularly review and update these corporate governance guidelines to reflect the most current best-practices in the industry.

MESSAGE TO UNITHOLDERS

(continued)

Due to the adoption of new accounting policies for derivative financial instruments, effective October 1, 2006, the Fund's operating results may now have large fluctuations. These fluctuations are due to the mark-to-market of all derivative financial instruments, to embedded derivatives in non-financial instruments and to the reversal of transitional balances at the end of the reporting period. However, this new accounting policy does not provide a complete understanding of factors and trends affecting the business of the Fund. We have therefore prepared adjusted gross margin and earnings results to reflect the performance of the Fund during the reporting period. This adjusted performance is comparable to the earnings reported in previous interim reports. All these non-GAAP adjustments are explained in detail in the Management's Discussion and Analysis, further in this annual report. In this Message to Unitholders and future press releases, we will discuss adjusted gross margins, adjusted earnings before interest, income taxes and depreciation and amortization, which reflect the operating income without the impact of the mark-to-market of derivative financial instruments and embedded derivatives in non-financial instruments.

Finally, I would like to thank all our unitholders for their ongoing commitment to the Fund. We continue to be guided by our obligation to bring ever greater value to your investment.

On behalf of the Trustees,

(Signed by)
Edward Y. Baker,
Chairman
November 20, 2008

The year just completed has been marked by a number of most noteworthy accomplishments that we are pleased to share with our fellow unitholders. On June 30, 2008, Lantic Sugar Limited and Rogers Sugar Ltd. amalgamated into a new operating entity, Lantic Inc. ("Lantic"). In practice, the two operating companies had been managed as one for a number of years. This merger has improved the Company's financing capacities and allows for more efficient tax planning at Lantic. The established and widely recognized trademarks of both Lantic and Rogers will continue to be used as we leverage the historical brand awareness enjoyed in Eastern Canada with the Lantic name, and in Western Canada with the Rogers name which has been a staple since 1891.

By almost every measure, fiscal 2008 was an exceptionally successful year in our history.

Financial results were strong coming in slightly lower than the record results achieved in 2007. Adjusted earnings before interest, income taxes, depreciation and amortization ("EBITDA") were \$76.5 million, \$1.7 million below fiscal 2007's record performance. The adjusted gross margin rate of \$155.71 per metric tonne was only 0.4% lower than fiscal 2007's adjusted gross margin rate of \$156.34 per metric tonne. Interest expense (excluding the mark-to-market of interest swap), was \$1.1 million lower than fiscal 2007, offsetting a significant portion of the lower EBITDA realized during the year. We are very pleased with this performance.

In August 2008, the United States Department of Agriculture (the "USDA") announced an increase of 272,155 metric tonnes to its refined sugar quota. Of that amount, 40,000 metric tonnes was allocated specifically to Canada, 68,278 metric tonnes to Mexico, and the remaining 163,877 metric tonnes to a global quota to be filled on a first come first served basis. These quotas opened August 14, 2008, and were to close at the latest December 31, 2008. As the only producer of Canadian origin sugar through its Taber beet sugar plant, the Company is the sole Canadian refiner able to enter any refined sugar against the additional Canada specific quota. In addition, through its cane refining operations in Montreal and Vancouver, the Company was able to participate in the additional global quota. By the end of fiscal 2008, Lantic had sold and entered 9,700 metric tonnes against the above-mentioned quotas.

Sales volume for fiscal 2008 increased by 0.5% from fiscal 2007. We were able to recapture some of the liquid HFCS substitutable business that had been lost in fiscal 2006. This, combined with higher export sales on the additional U.S. quota, and an increase of 4,000 metric tonnes to Mexico from fiscal 2007, offset an anticipated shortfall in the industrial and consumer segments.

The adjusted gross margin rate per metric tonne was in line with the previous year even though Taber's pre-hedge income was \$2.2 million in fiscal 2008 as opposed to \$6.6 million in fiscal 2007, a decrease of over \$6.0 per metric tonne. This shortfall was mainly offset by improved selling margins and better operating cost controls.

Further to the June 30th amalgamation, the Company renewed its financing and entered into a five-year term revolving credit facility with a syndicate of Canadian banks for an amount of \$200.0 million. Funds from this new credit facility, combined with available cash, were used to repay the outstanding term debt and reduce overall borrowings. As a result, available cash balances are now used immediately to reduce Lantic's cash borrowings and therefore reduce overall interest expenses. This, combined with lower interest rates, resulted in lower interest expense of \$1.1 million in fiscal 2008.

With the expiration of the 10-year Montreal labour agreement in February 2008, a new five-year labour contract was recently agreed to with the main unit of the Montreal unionized employees, at competitive market rates. This is an important step in the stable continuity of our operations.

Negotiations with the Alberta Sugar Beet Growers were more difficult this past year due to record high prices in a number of competing crops in the early part of the year. As a result, a one-year agreement was signed and total acreage planted was approximately 25% less than anticipated. However, reductions in the beet crop will be compensated by increased production at the Vancouver cane refinery.

In October 2007, Lantic acquired a dry blending operation in Toronto, Ontario. Its contribution was negative in fiscal 2008 by approximately \$0.7 million to our operating results. We are still in the early stages of developing this business. We have met with numerous potential customers, and discussed many blending opportunities for the current year. We are confident that we will soon be able to improve the throughput of that operation and make it a viable business.

REPORT FROM THE CHAIRMAN AND PRESIDENT OF LANTIC INC.

(continued)

OUTLOOK

Sales volume should improve in fiscal 2009, especially with the remaining export opportunities to the U.S. for the Canada specific quota of 40,000 metric tonnes, which will close December 31, 2008 and with the reallocation to a global quota of the initial allocation to Mexico of 68,278 metric tonnes. The initial global quota was filled by October 14, 2008, and as such left little opportunity for Lantic's cane operations to benefit significantly from this quota in fiscal 2009. On October 27, 2008, the USDA announced that the Government of Mexico had informed the USDA that Mexico would continue to export sugar to the U.S. under the duty-free access provided by NAFTA and therefore the portion allocated to Mexico will not be used and was available for re-allocation by the USDA. As a result, the 68,278 metric tonnes which were initially allocated to Mexico were re-allocated by the USDA to a global refined sugar quota to be supplied on a first-come-first-served basis. The USDA reallocated this global quota under five tranches, the first being of 28,278 metric tonnes opening October 30, 2008 and four other tranches of 10,000 metric tonnes opening every two weeks thereafter.

As a result of the higher shipments of Taber beet sugar to the U.S., sales to Mexico will be reduced by approximately 10,000 metric tonnes in fiscal 2009. In addition, the Montreal and Vancouver cane refineries will be shipping refined sugar to the prairie markets to replace the shortfall of Taber's beet sugar availability and therefore increasing distribution costs.

The recent decline in natural gas prices has allowed the Company to hedge most of its winter gas requirements and almost 80% of its summer 2009 requirements at average prices lower than the previous year. In addition, owing again to the recent decline in prices, between 30% and 60% of our expected natural gas usage has been hedged for the years 2010 to 2013 at prices at or better than fiscal 2008. On the other hand the lower Canadian dollar value, combined with the new carbon tax imposition in the provinces of Quebec and British Columbia, will mitigate some of the benefits of the lower natural gas prices.

The latest decline in the Canadian dollar will help improve the results of our Taber operation. Taber's sugar beet growers are paid a fixed price per metric tonne in Canadian dollars, but Taber's domestic sales are based on the #11 world raw sugar market which is denominated in U.S. dollars. This, combined with U.S. export sales, benefits Lantic when the Canadian dollar is lower.

The #11 raw sugar market experienced significant volatility this past year. As such, Lantic pre-sold some of its beet sugar against the #11 market for fiscal 2009. In total, approximately 35,000 metric tonnes have been sold, at an average price of approximately 14.00 cents under the pre-hedge program.

We anticipate the conclusion of a new contract with the Alberta Sugar Beet Growers over the next few months. In recent months, the price of other competitive crops has returned to more normal levels, which should help make sugar beets relatively more attractive to the growers. Our intent is to secure sufficient acreage to supply the prairie markets and the Canada U.S. specific quota.

As noted above, in July 2008 Lantic secured financing for the next five years with a syndicate of Canadian banks for a total of \$200.0 million. In addition, to protect the Company against interest rate fluctuations, Lantic entered into a five-year interest swap agreement, again with a syndicate of Canadian banks, for an amount of \$70.0 million at a base rate of 4.0%, before any applicable margin fees of the Credit Agreement. This will stabilize interest costs for the next five years at very competitive rates and places the Company on an extremely solid financial footing. This clearly underlines the financial community's confidence in Lantic, particularly in light of the current global credit crisis.

We would like to take this opportunity to thank our employees and management across Canada for their dedication and hard work. We have faced and surmounted many challenges this year. Together we have taken concrete actions that ensure the stability and ongoing progress of our Company. We look forward to the coming year and the opportunity to once again deliver meaningful results to our shareholder, Rogers Sugar Income Fund.

(Signed by)
A. Stuart Belkin,
Chairman

(Signed by)
Edward Makin,
President and Chief Executive Officer

This Management's Discussion and Analysis of the Rogers Sugar Income Fund ("the Fund") consolidated financial statements for the year ended September 30, 2008 should be read in conjunction with the consolidated financial statements and related notes for the year ended September 30, 2008, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

In analyzing our results, we supplement our use of financial measures that are calculated and presented in accordance with GAAP with a number of non-GAAP financial measures. A non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that excludes (includes) amounts, or is subject to adjustments that have the effect of excluding (including) amounts, that are included (excluded) in most directly comparable measures calculated and presented in accordance with GAAP. Non-GAAP financial measures are not standardized; therefore, it may not be possible to compare these financial measures with the non-GAAP financial measures of other companies having the same or similar businesses. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety, and not to rely on any single financial measure.

We use these non-GAAP financial measures in addition to, and in conjunction with, results presented in accordance with GAAP. These non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting our business.

In the MD&A, we discuss the non-GAAP financial measures, including the reasons why we believe these measures provide useful information regarding our financial condition, results of operations, cash flows and financial position, as applicable. We also discuss, to the extent material, the additional purposes, if any, for which these measures are used. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are contained in the MD&A.

This report contains certain forward-looking statements, which reflect the current expectations of the Fund and Lantic Inc. ("the Fund" or "the Company") with respect to future events and performance. Wherever used, the words "may," "will," "anticipate," "intend," "expect," "plan," "believe," and similar expressions identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at which, such performance or results will be achieved. Forward-looking statements are based on information available at the time they are made, assumptions made by management, and management's good faith belief with respect to future events, and are subject to the risks and uncertainties outlined in this report that could cause actual performance or results to differ materially from those reflected in the forward-looking statements, historical results or current expectations.

Additional information relating to the Fund and Lantic Inc. ("Lantic"), including the Annual Information Form, Quarterly and Annual Reports and supplementary information, is available on SEDAR at www.sedar.com.

This Management's Discussion and Analysis is dated November 20, 2008.

EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

In accordance with Rule 52-109 respecting certification of disclosure in issuers' annual filings, the Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of the year ended September 30, 2008. The Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that (i) information required to be disclosed by the Company in its annual filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information regarding the Company is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer in a timely manner.

In addition, the Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. There have been no material changes to the Company's internal controls during the year that have had a material effect on the Company's internal controls.

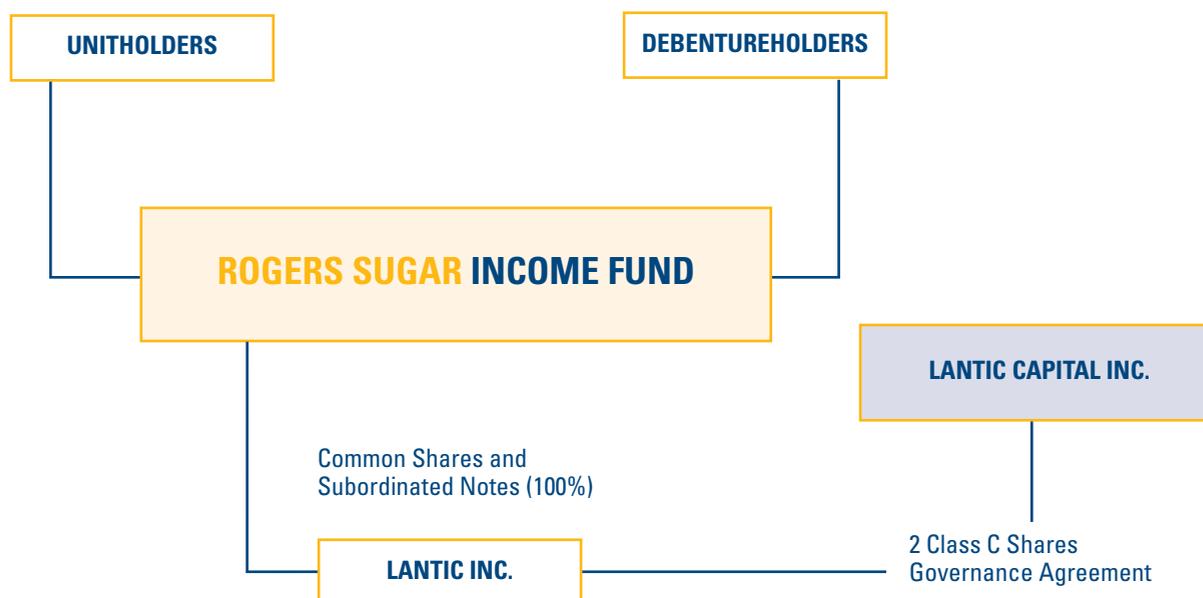
MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

OVERVIEW

The Fund, an open ended, limited purpose trust established under the laws of the Province of Ontario, was created in September 1997 to hold all of the common shares and subordinated notes of Rogers Sugar Ltd. ("Rogers"). In fiscal 2002, the Fund acquired Lantic Sugar Limited in exchange for 35.5 million trust units. On June 30, 2008, Rogers and Lantic Sugar Limited amalgamated to form Lantic Inc. ("Lantic").

The following chart illustrates the structural relations between the unitholders, debentureholders, the Fund, Lantic Capital Inc., and the Fund's operating company, Lantic.



The Declaration of Trust of the Fund provides that the trustees may, in respect of the assets, activities and affairs of the Fund, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner.

The Fund is governed by not less than three, nor more than seven, trustees who are appointed annually at the annual general meeting of the unitholders of the Fund. As of the date of this MD&A, there were five trustees.

The trustees are responsible for, among other things: acting for, voting on behalf of and representing the Fund as a shareholder and noteholder of Lantic; maintaining records and providing reports to the unitholders; supervising the activities and managing the investments and affairs of the Fund; and effecting payments of distributable cash from the Fund to unitholders.

Communication with the unitholders on matters relating to the Fund is primarily the responsibility of the Administrator, Lantic, through its Chief Executive Officer and Chief Financial Officer. Regular meetings and discussions are held between these individuals and industry analysts, brokers, institutional investors, as well as other interested parties.

An Audit Committee of the Fund exists and is composed of three trustees, all of whom are independent and unrelated.

Production Facilities

Lantic operates cane refineries in Montreal, Quebec and in Vancouver, British Columbia, and a sugar beet factory in Taber, Alberta. Lantic is the largest refined sugar producer in Canada, with annual nominal production capacity of approximately 1,000,000 metric tonnes. It is also the only sugar producer with operating refineries across Canada. The strategic location of these facilities allows Lantic to service all customers across the country efficiently and on a timely basis.

Our Products

All Lantic operations supply high quality white sugar as well as value-added specialty products. We are also committed to responding to the evolving needs of our customers through innovative packaging and delivery scheduling, as well as by addressing specific production requirements.

Sales are focused in three specific segments: industrial, consumer, and liquid products. Between 2002 and 2004, the industrial segment in Eastern Canada grew at a faster pace than in previous years, as additional manufacturers introduced sugar-containing products for the export market. Since then, the market has been more stable with limited growth.

In the consumer segment, a wide variety of products are offered under the Lantic and Rogers brand names. The goal is to continue to improve the Company's competitive position in the sale of value-added products through the introduction of new packaging and retail products. This segment has remained fairly stable during the last two years. Previously, it had been in decline for several years as consumers began using more ready-to-eat products.

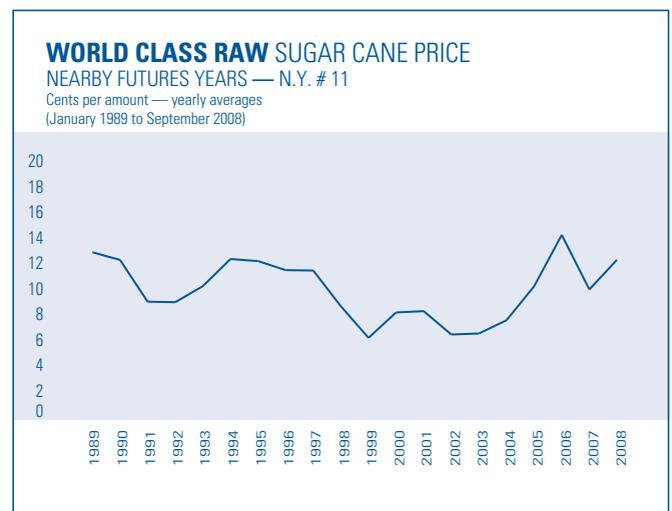
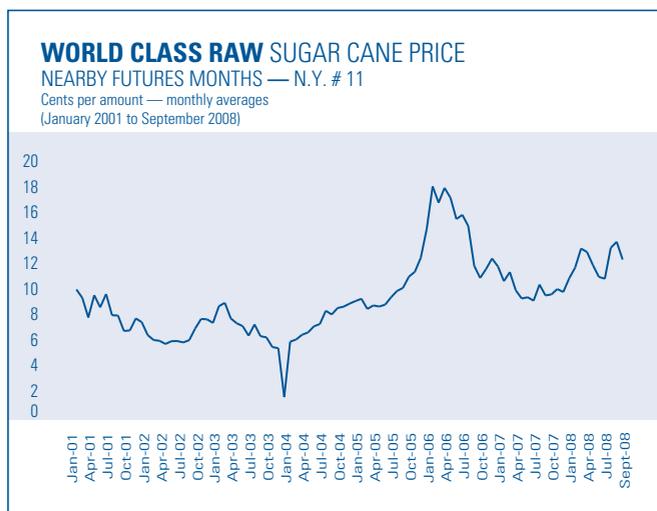
A substantial part of the production of our western operations is sold to liquid industrial users. Some liquid users can substitute liquid sucrose with high fructose corn syrup ("HFCS"). These accounts have historically been our lowest margin accounts due to the lower prices of HFCS. If world raw sugar prices are attractive, our western operations can better compete in this business due to the freight cost advantage, as no HFCS suppliers are located in Western Canada.

Lantic's Taber plant is the only beet sugar factory in Canada, and is therefore the only producer of Canadian origin sugar. As such, this plant is the sole participant in a Canadian-specific quota of approximately 10,000 metric tonnes for shipments to the United States. In addition, there is a 7,000 metric tonne U.S. global refined sugar quota which opens and usually gets filled every year on October 1. These sales are made at a higher sales price than comparable sales in Canada, due to the sugar support program in place in the United States. Exceptionally, in August 2008, due to a potential shortage of refined sugar following severe damages to a major U.S. cane refinery, the United States Department of Agriculture ("USDA") announced an increase of 272,155 metric tonnes in its refined sugar quota. Of that amount, 40,000 metric tonnes was allocated specifically to Canada, 68,278 metric tonnes to Mexico, and the remaining 163,877 metric tonnes to a global quota to be filled on a first come first served basis. This initial quota was opened August 14, 2008 and will close at the latest, December 31, 2008. All Canadian refiners can participate in the shipments of refined sugar against the global quota, but the increase of 40,000 tonnes to the Canada-specific quota can only be supplied by beet sugar from Taber.

On October 27, 2008, the USDA announced that the Government of Mexico had informed the USDA that Mexico would continue to export sugar to the U.S. under the duty-free access provided by the North American Free Trade Agreement ("NAFTA") and therefore the portion allocated to Mexico will not be used and was available for re-allocation by the USDA. As a result, the 68,278 metric tonnes which were initially allocated to Mexico were re-allocated by the USDA to a global refined sugar quota to be supplied on a first-come-first-served basis.

The USDA reallocated this global quota under five tranches, the first being 28,278 metric tonnes opening October 30, 2008 and four other tranches of 10,000 metric tonnes opening every two weeks thereafter.

By-products are also sold in the form of beet pulp, beet and cane molasses. Beet pulp is sold mainly to export customers for livestock feed. The production of beet molasses and cane molasses is largely dependent on the volume of sugar processed through the Taber beet plant and cane facilities in Montreal and Vancouver.



MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

Our Supply

The supply of raw sugar is ample. Over the last few years, Lantic has been purchasing most of its raw sugar from Central and South America. All raw cane sugar purchases for both the Montreal and Vancouver refineries are hedged under the Intercontinental Exchange ("ICE") as #11 world raw sugar. This hedging eliminates gains or losses from raw sugar price movement, and thus helps us avoid the effects of volatility of the world raw sugar market.

We also have an agreement with the Alberta Sugar Beet Growers (the "Growers") for the supply of the Taber beet plant. Last year, a one-year agreement was signed with the Growers for the crop to be harvested in the fall of 2008 for fiscal 2009 processing. Any shortfall in beet sugar is replaced by refined cane sugar from the Vancouver refinery, which acts as a swing capacity refinery.

The contract with the Growers stipulates a fixed price for all sugar derived from the beets processed. As a consequence of this fixed price formula, the Company is exposed to fluctuations in the #11 world raw sugar price for approximately 60,000 metric tonnes of beet sugar sold in the Prairie market. Negotiations for a new agreement with the Growers will start after the completion of the harvest in the fall of 2008.

Pricing

In fiscal 2008, the price of raw sugar fluctuated between 9.44 and 15.07 cents per pound, and closed at 14.72 cents per pound at the end of the year, almost 4.0 cents higher than last year. There were wider fluctuations in the price of raw sugar when compared to the previous year. The fluctuations were due mainly to strong demand for all agricultural and ethanol based commodities.

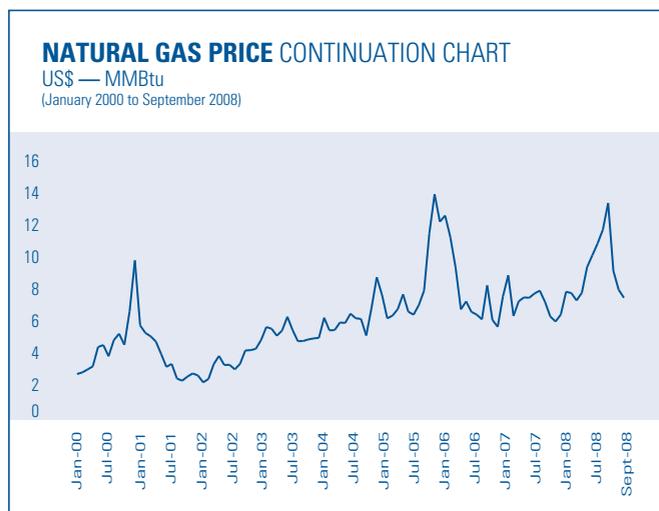
Higher raw sugar prices have the most significant impact on our western operations. The price of sugar deliveries from the Montreal and Vancouver raw cane facilities are directly linked to the price of the #11 world raw sugar market on the ICE. All sugar transactions are hedged, thus eliminating the impact of the volatility in world raw sugar prices. This applies to any sales made by these plants, except for certain liquid sales to HFCS substitutable customers, which are mostly in Western Canada. These sales are normally priced against competing HFCS prices, and a higher price for raw sugar renders the Company uncompetitive on certain of these liquid sales. Also, these sales are historically the lowest margin sales for the Company.

In Taber, the raw material is sugar beets, for which a fixed price is paid by Lantic to the Growers, therefore absorbing all of the risks associated with fluctuations in world raw sugar prices for all volume not sold as exports to the U.S. and Mexico or HFCS liquid substitutable business. Based on a normal crop size, this could represent between 60,000 and 70,000 metric tonnes per year, or about 10% of Lantic's total volume.

Operations

For our refinery operations, labour remains the largest cost item. The Montreal 10-year labour contract expired in February 2008 and a new five-year labour contract was recently agreed to with the main unit representing approximately 85% of the unionized employees, at competitive market rates. It is anticipated that an agreement will be reached before the end of the calendar year with the remaining bargaining units. The Vancouver labour agreement is in place until March 2010, while the contract covering Taber employees expires in March 2009. Employees are key to our success and employee safety is continuously at the forefront of our priorities.

Energy is our second largest operating expense, as we use large amounts of natural gas in our refineries. We have a hedging strategy in place with futures contracts to mitigate the effects of sudden rises in the price of natural gas. Even with this forward hedging policy, Lantic remains exposed to year-to-year trends in natural gas prices. In Montreal, we have the ability to switch to low sulphur oil when natural gas prices are high.



Production reliability is also critical to the success of our operations. Every year, each plant makes considerable investments in preventive maintenance and repairs, thus maintaining their good working order and competitiveness.

Lantic invested almost \$6.7 million in capital projects for plant reliability, product security, information systems, environmental requirements and cost improvements in fiscal 2008. In addition, over the course of the fiscal year \$0.6 million was invested in investment capital projects.

USE OF FINANCIAL DERIVATIVES FOR HEDGING

Sugar

In order to protect itself against fluctuations of the world raw sugar market, the Company follows a rigorous hedging program for all purchases of raw cane sugar and sales of sugar.

The world raw sugar market (#11) is only traded on the ICE which trades in U.S. dollars. One can trade sugar futures forward for a period of three years against four specific terminals per year (March, May, July and October). The terminal values are used to determine the price settlement upon the receipt of a raw sugar vessel or the delivery of sugar to the Company's customers. The ICE rules are strict and are governed by the New York Board of Trade. Any amount owed, due to the movement of the commodity being traded, has to be settled by cash the following day (margin call payments/receipts).

For the purchasing of raw sugar, the Company enters into long-term supply contracts with reputable raw sugar suppliers (the "Seller"). These long-term agreements will, amongst other things, specify the yearly volume (in metric tonnes) to be purchased, the delivery period of each vessel, the terminal against which the sugar will be priced, and the freight rate to be charged for each delivery. The price of raw sugar will be determined later by the Seller, based upon the delivery period. The delivery period will correspond to the terminal against which the sugar will be priced. As an example, a vessel to be shipped in January would be priced against the next terminal being March of that year (each terminal expires on the last day of the previous month). Therefore, the Seller has the ability to price throughout the duration of the contract any volume to be shipped against a specific terminal. When the Seller wants to price a certain quantity he must immediately secure a futures position for Lantic on the ICE (selling a future in this case) for the same volume and price. The futures contract value taken will become the price the Company will pay the Seller for the raw sugar upon delivery. As an example, the Seller may want to price on October 1, 2008, 1,000 metric tonnes for delivery in January 2009 against the March 2009 terminal. The price as at October 1, 2008 for the March 2009 terminal is 11.50 cents per pound, or US\$253.53 per metric tonne. This is called "firming" the price of raw sugar. A vessel of 40,000 metric tonnes may have been priced on many different dates, but for each transaction, Lantic would have sold a futures position for the same price and volume on the ICE.

The selling of refined sugar by the Company is also done under the world raw sugar market (#11). When a sales contract is negotiated with a customer, the sales contract will determine the period of the contract, the expected delivery period against specific terminals and the refining margin and freight rate to be charged over and above the value of the sugar. The price of the sugar is not yet determined but needs to be fixed by the customer prior to delivery. The customer will make the decision to fix the price of the sugar when he feels the sugar market is favourable against the sugar terminal, as per the anticipated delivery period.

As an example, customer "A" negotiates a contract with Lantic from July 2008 to June 2009, for delivery of 1,000 metric tonnes of sugar per month, for a total of 12,000 metric tonnes. In August 2008, customer "A" decides to firm the price of the sugar to be delivered in January 2009 (against the March terminal). That day in August, the price of sugar for March 2009 terminal is 9.75 cents per pound or US\$214.95 per metric tonne. As customer "A" prices this sugar with the Lantic trading desk, Lantic will, at the same time, buy a futures position for the same volume and price on the futures market (ICE) to hedge Lantic and protect the Company from any fluctuations in the sugar market.

From the above examples, we will now demonstrate how the Company protected itself against fluctuations in the market. The Company sold 1,000 metric tonnes to customer "A" for January 2009, which had been priced at 9.75 cents per pound or US\$214.95 per metric tonne. The Company had also purchased 1,000 metric tonnes of sugar, which had been priced at 11.50 cents per pound or US\$253.53 per metric tonne. Both of these transactions were hedged against the March 2009 terminal. Upon receipt and delivery of the sugar, these transactions would be recorded at their cost.

On the physical transaction, the Company sold 1,000 metric tonnes of sugar at 9.75 cents per pound (before refining margin), which we had bought from the Seller at 11.50 cents per pound. In effect, the Company, on the physical transaction, would incur a loss of 1.75 cents per pound or US\$38.58 per metric tonne for 1,000 metric tonnes, for a total loss of US\$38,580.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

On the futures side (paper transaction), the Company will liquidate its entire position prior to March 1, 2009. For the above transactions, the Company sold a future position of 1,000 metric tonnes for 11.50 cents per pound and bought a future position of 1,000 metric tonnes for 9.75 cents per pound. On the liquidation date, the March terminal trades at 10.25 cents per pound. Therefore the Company will buy back the 11.50 cents (original sell position) for 10.25 cents, making 1.25 cents per pound. On the other hand, the Company will sell the original buy position of 9.75 cents for 10.25 cents, making 0.50 cents per pound on this transaction. In total, the Company will make 1.75 cents per pound or US\$38.58 per metric tonne for a total, on 1,000 metric tonnes, of US\$38,580 on the liquidation of the futures transaction. The loss incurred on the physical transaction is therefore totally offset by the gain earned on the liquidation of the futures position, due to the hedging of the transaction.

Inefficiencies could occur and small gains or losses could be incurred on hedged transactions. Every year, the Company estimates sales patterns against the receipt of sugar deliveries. Any discrepancies in these estimates may result in small gains or losses on hedged transactions. A customer may be taking more or less sugar than determined under its contract, and small gains or losses may be incurred on the hedged transactions.

The Company mitigates the impact of the above by reviewing on a daily basis the total hedged position to determine that, in total, all sugar transactions are hedged. The Company will also prepare a hedged transaction report by terminal periods to determine that there is no straddle within each terminal period. In the event that a straddle position exists due to circumstances discussed above, the Company will both immediately convert the straddle and record any gain or loss incurred in correcting the straddled position. In addition, if a customer is late in taking delivery of its "priced" sugar, and if the Company needs to roll forward the un-drawn quantity to the following terminal period, the Company can invoice the customer for all costs incurred in rolling forward the un-drawn volume.

During the year, the Board of Directors authorized the Company to have a trading book to trade outright sugar futures, spreads and white-raw differentials to a limit of 25,000 metric tonnes. It was also agreed that a report on all activities would be reviewed quarterly at each Board meeting and that all trading book activities would be discontinued if trading losses of \$250,000 would be accumulated. Any mark-to-market gains or losses on any open positions of the trading book at year end, as well as gains or losses on any liquidated positions of the trading book are recognized in the Company's adjusted income results.

Beet Sugar

As previously discussed, the Company purchases sugar beets from the Growers under a fixed price formula, which does not fluctuate with the price of raw sugar. Except for sales to the U.S. under the export quota, to HFCS substitutable accounts and for other export opportunities, all other sales are made under the same formula as cane sugar, following the world raw sugar price. This represents approximately 60,000 to 70,000 metric tonnes per year, based on a normal size of the beet crop.

During fiscal 2006, the Board of Directors authorized the Company to hedge forward up to 80% of the Taber sales to be made under the raw sugar formula as long as a beet sugar contract was signed with the Growers for those years. This was done to allow the Company to benefit from a sudden rise in the raw sugar market. Any gains earned (if a sales contract is entered at a lower raw value) or losses incurred (if a sales contract is entered at a higher raw value) when those positions are unwound, are recognized in distributable cash in the period when that quantity of beet sugar is delivered. This is referred to as the Taber pre-hedge.

Natural Gas

In 2001, the Board of Directors of Lantic approved an energy hedging policy to mitigate the overall price risks in the purchase of natural gas.

On average, the Company will purchase approximately 3.5 million gigajoules of natural gas per year to be used in its refining operations. To protect against large and unforeseen fluctuations, the Company can hedge forward up to 80% of its estimated usage over the next 24 months, and lower percentages of its estimated usage on a longer term basis. The Company will hedge close to its maximum level allowed if natural gas prices are below a certain percentage of last year's average price and therefore lock in year-over-year savings.

These gas hedges are unwound in the months that the commodity is used in the operations, at which time any gains or losses incurred are then recognized for the determination of adjusted gross margins and earnings.

Variation Margins (Margin Calls)

For all hedged sugar and natural gas positions on the futures market, the Company must settle with the commodity broker on the following day any gains or losses incurred on the net hedged position of these commodities, based on the trading values at closing of the day. These daily requirements are called "margin calls".

When sugar prices are on the rise, as they were in fiscal 2008, the Company's sugar suppliers will price, in advance, large quantities of sugar to benefit from these higher prices. On the other hand, the Company's customers will only price forward small quantities, hoping for a downward correction in the marketplace. This will result in the Company having a "short" paper position. As the price of sugar continues to rise, the Company has to pay margin calls on a regular basis. These margin calls are paid back to the Company when the price of sugar declines or upon receipt or delivery of sugar.

Foreign Exchange

Raw sugar cost in all sales contracts are based on the U.S. dollar. The Company also buys natural gas in U.S. dollars. In addition, export sales and some Canadian sales are denominated in U.S. dollars.

In order to protect itself against the movement of the Canadian dollar against the U.S. dollar, the Company, on a daily basis, reconciles all of its exposure to the U.S. dollar and will hedge (against various forward months estimated from the date of the various transactions) the net position.

Accounting Measurement

The above description on how financial derivatives are used to provide the Company's adjusted income is inconsistent with the Company's GAAP financial information. The above reflects the determination of adjusted results of the Company.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of the Fund's consolidated results for the years ended September 30, 2008, 2007 and 2006.

(In thousands, except volume and per trust unit information)

	2008	2007	2006
Total volume (metric tonnes)	693,130	689,742	759,689
Total revenues	\$ 463,108	\$ 485,897	\$ 532,739
Gross margin	107,110	107,064	110,837
Earnings before interest, provision for income taxes, depreciation and amortization ("EBITDA")	75,690	77,471	73,777
Net earnings	47,815	45,127	40,922
Standardized distributable cash	15,748	81,662	21,829
Total assets	577,107	592,096	593,215
Total long-term financial liabilities	178,748	176,505	277,007
Net earnings per trust unit:			
Basic	0.54	0.51	0.43
Diluted	0.50	0.47	0.41
Cash distribution per trust unit	\$ 0.4567	\$ 0.4285	\$ 0.4040

On an annual basis, a goodwill impairment calculation is performed to ensure that the fair value of the operating entity is more than its respective carrying value. There was no impairment in the fiscal 2008 analysis.

In fiscal 2007, Lantic Sugar Limited's private debentures and Rogers' term debt, totalling \$115.0 million, were classified as short term, as they were due in the coming year, thus explaining the decrease in long-term financial liabilities from fiscal 2006. Following the amalgamation of the two operating companies in June 2008 as Lantic, the Company entered into a five-year term revolving credit facility with a syndicate of lenders for an amount of \$200.0 million. All borrowings under that revolving facility are classified as short-term borrowings.

Due to the adoption of new accounting policies for the periods beginning on October 1, 2006, certain derivative financial instruments and embedded derivatives, which the Fund's operating company utilizes in its normal course of business, are no longer designated as accounting hedges due to new definitions and requirements for hedge accounting.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

The impact related to the adoption of these new accounting policies was twofold. Firstly, it gave rise to the initial recognition of unrealized gains/losses for derivative financial instruments and embedded derivatives, which used to qualify for hedge accounting, as of October 1, 2006. These amounts were calculated and labeled as transitional balances and were fully amortized by the end of fiscal 2007. Secondly, on a going forward basis, these derivative financial instruments and embedded derivatives are marked to market at each reporting date with the unrealized gain/loss charged to the consolidated statement of operations with a corresponding offsetting amount recorded to the balance sheet.

The Fund's derivative financial instruments consist of sugar futures, foreign exchange forward contracts, natural gas futures, swaps and options and interest swaps, all of which the Fund's operating company enters into during the regular course of business. The Fund's operating company sells refined sugar to some clients in U.S. dollars. These sales contracts are viewed as having an embedded derivative when the functional currency of the customer is not U.S. dollars, the embedded derivative being the source currency of the transaction, i.e. U.S. dollars.

Management believes that the Fund's financial results are more meaningful to management, investors, analysts and any other interested parties when financial results are adjusted by the gains/losses from financial derivative instruments, from embedded derivatives and from the amortization of transitional balances, for which adjusted results provide a more complete understanding of factors and trends affecting our business except for any unrealized gains or losses on open positions of the trading book which are recognized in adjusted income results. This measurement is a non-GAAP measurement. Management uses the non-GAAP adjusted results of the operating company to measure and evaluate the performance of the business through its adjusted gross margin and adjusted EBITDA. In addition, management believes that these measures are important to our investors and parties evaluating our performance and comparing such performance to our past results. Management also uses adjusted gross margin and adjusted EBITDA when discussing results with the operating Board of Directors, the Fund's Board of Trustees, analysts, investors, banks and other interested parties.

The results of operations would therefore need to be adjusted by the following:

(In thousands of dollars)

Income / (Loss)	2008	2007	2006
Mark-to-market adjustment, including transitional amortization	\$ (2,041)	\$ 2,824	\$ 6,367
Timing in recognition of liquidation (gain) or loss for sugar inventory, sales & purchase contracts, natural gas futures, swaps and options, and foreign exchange futures	1,225	(3,600)	—
Total	\$ (816)	\$ (776)	\$ 6,367

As explained under "Use of Financial Derivatives for Hedging", gains or losses on these instruments are only recognized by the Company when sugar contracts are delivered to the end user or when the natural gas has been used in the operations.

In addition, the Fund recorded at year end an unrealized loss of \$1.4 million on the mark-to-market of an interest swap, shown under interest expense. For fiscal 2008, the total adjustment to net earnings before income taxes and to distributable cash is therefore an increase of \$2.2 million.

Adjusted financial information (non-GAAP reconciliation):

(In thousands of dollars, except per trust unit information)

Consolidated Results	2008	2007	2006
Gross margin as per financial statements	\$ 107,110	\$ 107,064	\$ 110,837
Adjustment as per above	816	776	(6,367)
Adjusted gross margin	107,926	107,840	104,470
EBITDA as per financial statements	75,690	77,471	73,777
Adjustment as per above	816	776	(6,367)
Adjusted EBITDA	76,506	78,247	67,410
Net earnings as per financial statements	47,815	45,127	40,922
Adjustment to cost of sales as per above	816	776	(6,367)
Adjustment for mark-to-market of interest swap	1,394	—	—
Future income taxes on above adjustments	(563)	(296)	2,075
Adjusted net earnings	\$ 49,462	\$ 45,607	\$ 36,630
Net earnings, per trust unit basic, as per financial statements	0.54	0.51	0.43
Adjustment for the above adjustments	0.02	—	(0.05)
Adjusted net earnings, per trust unit basic	\$ 0.56	\$ 0.51	\$ 0.38

RESULTS OF OPERATIONS
Revenues

The total Canadian nutritive sweetener market decreased by approximately 1.0% in fiscal 2008. Per capita consumption has decreased slightly over the last four years. In addition, the timing in deliveries of sugar-containing products can impact these numbers on a year-over-year basis.

	EASTERN OPERATIONS		WESTERN OPERATIONS		TOTAL	
	2008	2007	2008	2007	2008	2007
Revenues (\$000's)	286,624	313,612	176,484	172,285	463,108	485,897
Volume (MT)	473,130	492,031	220,000	197,711	693,130	689,742

Total revenues decreased due mainly to a decrease in the average world raw sugar values and a stronger Canadian dollar for the year. Also, the increased volume in the western operations was mostly for HFCS liquid substitutable business, which has the lowest margin and therefore lowest revenue.

Lantic's fiscal 2008 volume increased by 3,400 metric tonnes or 0.5%. Liquid volume for the year was up by 23,100 metric tonnes due in large part to the recovery of HFCS substitutable business, mainly in the western operations. This offset a similar decrease of 23,200 metric tonnes in industrial volume due to loss of a large industrial account in eastern Canada. Export volume increased by 11,400 metric tonnes. In August 2008, the USDA exceptionally opened a global quota of 163,877 metric tonnes to be filled on a first come first served basis. In addition, Canada was allocated an additional 40,000 metric tonnes quota for the period of August 14, 2008 to December 31, 2008. To the end of September 2008, Lantic was able to sell approximately 9,700 metric tonnes against both these quotas. In addition, during the year, approximately 16,000 metric tonnes of refined sugar was shipped to Mexico, an increase of 4,000 metric tonnes over the previous year. Consumer volume decreased by approximately 8,000 metric tonnes during the year, after two years of stability in that segment. The major reason for that decrease is due mainly to the increase in competitive activity from other Canadian refiners and refined sugar importers.

Gross Margins

Two major factors impact gross margins: the selling margin of the products and operating costs.

	EASTERN OPERATIONS		WESTERN OPERATIONS		TOTAL	
	2008	2007	2008	2007	2008	2007
Gross margin (\$000's)	77,428	63,719	29,682	43,345	107,110	107,064
Adjusted gross margin (\$000's)	68,345	67,419	39,581	40,421	107,926	107,840
Gross margin per metric tonne (\$)	163.65	129.50	134.92	219.23	154.53	155.22
Adjusted gross margin per metric tonne (\$)	144.45	137.02	179.91	204.44	155.71	156.34

As previously mentioned, the consolidated gross margin of \$107.1 in both fiscal 2008 and 2007, does not reflect the adjusted income of the Fund, as it includes a loss of \$0.8 million for both fiscal 2008 and 2007 for the mark-to-market of derivative financial instruments, the reversal of transitional balances, as well as timing differences in the recognition of any gains and losses on the liquidation of the derivative instruments. We will therefore comment on adjusted gross margin results.

Total adjusted gross margin rate per metric tonne was consistent with the previous year. Included in the gross margin rate of fiscal 2008, is an income of approximately \$0.8 million from trading book activities (nil in 2007), which represents approximately \$1.16 per metric tonne on the total results.

Eastern operations adjusted gross margin rate was \$7.43 higher in fiscal 2008 than in fiscal 2007 due mainly to improved selling margins. Operational costs were in line with the previous year, except for maintenance costs, which were substantially higher due to major repairs carried out in various areas of the refinery during the year. These major repairs were done to continue improving plant reliability.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

Western operations adjusted gross margin was \$24.53 lower than the previous year, due mainly to the sales mix achieved in fiscal 2008, and lower Taber pre-hedge income. Taber's pre-hedge program contributed approximately \$2.2 million or \$10.00 per metric tonne to the Western operations adjusted gross margin as opposed to \$6.6 million and \$32.62 per metric tonne in fiscal 2007. In addition, volume of the lower selling margin segment, liquid, was substantially higher from the previous year, thus reducing the overall selling margin rate. This was partially reduced by lower operating costs due mainly to good operating results at the Taber factory which had a good slicing and processing beet campaign.

In fiscal 2006, Lantic initiated a pre-hedge program for some of its beet sugar sold in Canada. As the beet sugar price is fixed with the Growers, this pre-hedge program allowed Lantic to benefit from higher raw sugar values present in the Winter/Spring of 2006. In total, approximately 62,000 metric tonnes were pre-hedged for fiscal 2007 and 2008. In fiscal 2007, 48,400 metric tonnes were liquidated, for a profit of approximately \$6.6 million. The remaining 13,600 metric tonnes was liquidated in fiscal 2008 for a profit of \$2.2 million.

During fiscal 2008, the Company was able to put a pre-hedge program in place for fiscal 2009 beet sugar sales for approximately 35,000 metric tonnes at an average price of 14.10 cents per pound.

Other Expenses

(In thousands of dollars)

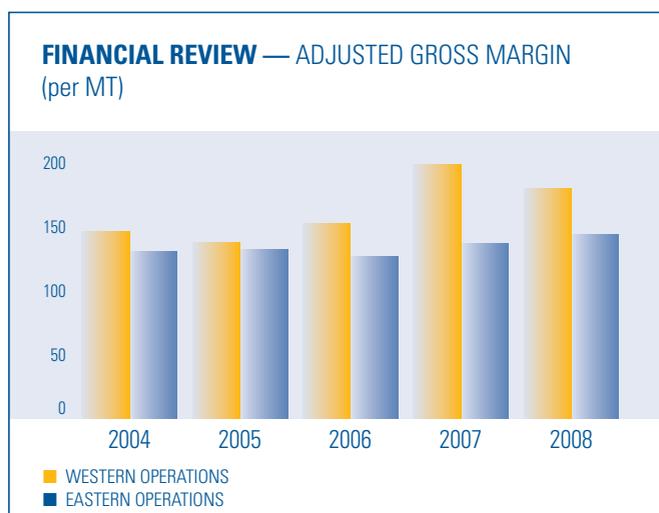
	2008	2007
Administration and selling	\$ 20,107	\$ 19,355
Distribution	11,613	10,838
Product withdrawal / recall (reversal) provision	(300)	(600)
Depreciation and amortization	12,929	12,606
Interest	15,673	15,402

Administration costs were approximately \$0.7 million higher in fiscal 2008 due in large part to a one-time gain of approximately \$1.4 million, realized on the sale of a Seat on the Commodity Exchange in fiscal 2007, partially offset with lower pension expense and post-retirement benefits of approximately \$0.9 million in fiscal 2008.

Distribution expenses in fiscal 2008 were \$0.8 million higher than in fiscal 2007 due mainly to a carry-over of approximately 18,000 metric tonnes of beet sugar from fiscal 2007, compounded by a larger than expected beet crop in fiscal 2008. This resulted in a higher level of inventories warehoused at outside locations during the year.

On March 22, 2006, Lantic announced a product withdrawal/recall due to metallic strands inadvertently entering the distribution system for certain products shipped to the Ontario and Maritime markets. After reviewing the incident with the Canadian Food Inspection Agency ("CFIA"), it was decided to recall all sugar, and all products manufactured with such sugar, during the period concerned.

While Lantic has insurance coverage in relation to the withdrawal of products produced with the sugar that was recalled, significant costs related to the withdrawal, shipping and re-processing of all sugar thought to contain the metallic strands had to be absorbed by Lantic.



An initial provision of \$2.0 million was recorded in fiscal 2006, as an estimate for the costs to be incurred by Lantic. To date, all claims have been settled except for one. Based on previous settlements achieved, and the level and complexity of the remaining claim, the provision has been reduced to approximately \$0.3 million at September 2008. As a result, an amount of \$0.3 million has been reversed to income in fiscal 2008, while \$0.6 million had been reversed in fiscal 2007.

There were no significant changes in depreciation expense for the year.

Interest expense consisted of interest paid to the banks, debentureholders, as well as the Fund's interest expense on the convertible unsecured subordinated debentures, and a mark-to-market loss on the interest swap agreement.

The interest expense breakdown is as follows:

(In thousands of dollars)

	2008	2007
Convertible debentures	\$ 8,010	\$ 8,015
Term loan and private debentures	4,929	7,060
Short term interest expense (income) expense on working capital	137	(1,157)
Amortization of deferred financing costs	1,203	1,484
Mark to market of interest swap	1,394	—
	\$ 15,673	\$ 15,402

Interest on convertible debentures was slightly lower during the year due to the conversion of \$740,000 of debentures into trust units during the year.

Interest expense on term loan and private debentures was lower in fiscal 2008 as these debts were fully repaid in June 2008 and replaced by a new working capital debt.

Following the amalgamation of Lantic Sugar Limited and Rogers in June 2008 to form Lantic, the Company entered into a new five year term revolving credit facility with a syndicate of lenders for an amount of \$200.0 million. The funds from this new revolving facility plus available cash were used to repay the term debt then outstanding. As a result, all interest expenses are now charged to short-term interest working capital. In fiscal 2007, the Company had large cash balances which could not be applied to the other term debt and on which minimal interest income was earned.

As a result of the above, total term loan and short-term interest expenses are lower as total borrowings were reduced during the year, and borrowing rates were also lower than the previous year.

A five-year interest swap of \$70.0 million was taken, effective July 7, 2008, to protect the Company against interest rate fluctuations on borrowings from the revolving credit agreement. At year end, a mark-to-market unrealized loss on the swap of \$1.4 million was recorded. This loss will not be realized unless the swap is terminated.

Taxation

The provision for income tax is as follows:

(In thousands of dollars)

	2008	2007
Current	\$ 1,582	\$ (481)
Future	(2,309)	4,817
Total	\$ (727)	\$ 4,336

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

The Fund is a taxable trust under the *Income Tax Act* (Canada) and is subject to taxation on its income for the year, less the portion paid or payable to the unitholders. Consequently, the objective of the Fund is to pay all income to the unitholders in the year the income is received, and as such the Fund should have no taxable income.

The Company's current income taxes relate to income taxes incurred by Lantic Sugar Limited prior to the amalgamation of Lantic Sugar Limited and Rogers to form Lantic Inc. on June 30, 2008. Future income taxes reflect temporary differences, which result primarily from the difference between capital cost allowance claimed for tax purposes and depreciation amounts recognized for financial reporting purposes, as well as losses carried forward and inventory costing. The reduction in Federal tax rates, the combination of tax attributes of Lantic Sugar Limited and Rogers as of the June 30, 2008 amalgamation, and the inherent effect on ensuing expected provincial business allocation had a \$2.9 million impact on future taxes.

Amounts paid or payable by the Fund in a calendar year are, in part, a return of capital, or taxable in the hands of the unitholders as interest and dividend income.

On October 31, 2006, Canada's Minister of Finance made an announcement concerning the imposition of a distribution tax on distributions from publicly traded income trusts. This legislation was enacted in June 2007, and if no further changes are brought forward in legislation over the next three years, a distribution tax on distributions made from income trusts will be imposed in calendar 2011. When this distribution tax comes into effect, it may have a negative impact on the level of cash distributions.

Summary of Quarterly Results

The following is a summary of selected financial information of the consolidated financial statements and non-GAAP measures of the Fund for each of the three-month periods ended December 31, March 31, June 30 and September 30, for each of fiscal 2008 and 2007:

QUARTERS

(In thousands except for volume, and per trust unit information)

	2008				2007			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Volume (MT)	173,045	153,507	176,062	190,516	178,680	160,733	172,947	177,382
Total revenues	\$ 115,116	\$ 101,834	\$ 115,686	\$ 130,472	\$ 134,880	\$ 115,448	\$ 117,900	\$ 117,669
Gross margin	34,395	23,039	25,693	23,983	40,214	27,296	20,012	19,542
EBITDA	27,353	14,846	17,595	15,896	32,770	20,796	12,596	11,309
Net earnings	\$ 17,120	\$ 8,968	\$ 10,291	\$ 11,436	\$ 19,677	\$ 11,337	\$ 6,545	\$ 7,568
Gross margin rate per MT	\$ 198.76	\$ 150.09	\$ 145.93	\$ 125.88	\$ 225.06	\$ 169.82	\$ 115.71	\$ 110.17
Per trust unit Net earnings								
Basic	\$ 0.20	\$ 0.10	\$ 0.12	\$ 0.13	\$ 0.22	\$ 0.13	\$ 0.07	\$ 0.09
Diluted	\$ 0.17	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.19	\$ 0.12	\$ 0.07	\$ 0.09
Non-GAAP Measures								
Adjusted gross margin	\$ 31,013	\$ 21,816	\$ 25,038	\$ 30,059	\$ 29,803	\$ 22,177	\$ 27,452	\$ 28,408
Adjusted EBITDA	23,971	13,623	16,940	21,972	22,359	15,677	20,036	20,175
Adjusted net earnings	\$ 14,842	\$ 8,157	\$ 9,913	\$ 16,550	\$ 12,330	\$ 8,515	\$ 11,171	\$ 13,591
Adjusted gross margin rate per MT	\$ 179.22	\$ 142.13	\$ 142.19	\$ 157.78	\$ 166.80	\$ 137.97	\$ 158.73	\$ 160.15
Adjusted net earnings per trust unit								
Basic	\$ 0.17	\$ 0.09	\$ 0.11	\$ 0.18	\$ 0.14	\$ 0.10	\$ 0.13	\$ 0.15
Diluted	\$ 0.15	\$ 0.09	\$ 0.11	\$ 0.16	\$ 0.13	\$ 0.09	\$ 0.12	\$ 0.14

Historically, the first quarter (October to December) of the fiscal year is the best quarter for adjusted gross margins and adjusted net earnings due to the favourable mix of products sold. This is due to the increased sales of baked goods during this period of the year. At the same time, the second quarter (January to March) is historically the lowest volume quarter, resulting in lower revenues, adjusted gross margins and adjusted net earnings.

Fourth Quarter Results

Revenues for the quarter were higher than the previous year due mainly to the higher sales volume and higher revenues generated from U.S. export sales.

Fourth quarter volume increased by 13,100 metric tonnes from the comparable quarter in fiscal 2007. This was due mainly to higher liquid and export volume of approximately 12,000 and 8,000 metric tonnes respectively. The increase in liquid volume was due to the recapture of an HFCS liquid substitutable account earlier in the year. The increase in export volume was due to a special increase, by the USDA, in the refined global sugar quota of 163,877 metric tonnes and of 40,000 metric tonnes in the Canada specific quota, effective August 14, 2008. The global quota is to be filled on a first come first served basis, while the Canada specific quota can only be filled by Taber beet sugar, the only source of Canadian refined sugar. Both quotas will close at the latest December 31, 2008. As a result, Lantic was able to deliver approximately 9,700 metric tonnes against these quotas in the last quarter of the fiscal year, while export sales to Mexico were approximately 1,700 metric tonnes lower during the quarter. Industrial volume was lower by approximately 3,800 from the comparable quarter, due to the loss of a large account earlier in the year, while consumer volume was also lower by approximately 3,100 metric tonnes from the comparable quarter in fiscal 2007, due mainly to increased competition from Canadian refiners and refined sugar importers.

For the quarter, adjusted gross margin rate was \$157.78 as compared to \$160.15 in fiscal 2007. The decrease of \$2.37 was due mainly to a less favourable sales mix with higher HFCS liquid substitutable business, and to a higher energy rate as compared with fiscal 2007's fourth quarter.

Distribution costs were slightly lower than the previous year as additional warehoused Taber products were delivered. Administration costs were in line with last year's comparable quarter.

Total interest expense before the charge of \$1.4 million for the mark-to-market of the interest swap, decreased by \$0.6 million due to the refinancing following the amalgamation of Lantic Sugar Limited and Rogers on June 30, 2008. The term debt facilities were fully repaid and replaced by a new working capital revolver of \$200.0 million. The combination of better use of available cash and lower interest rates resulted in lower interest costs incurred in the fourth quarter of fiscal 2008, prior to the mark-to-market charge of \$1.4 million on the interest swap.

Liquidity

The distributable cash generated by the operating company, Lantic, is paid to the Fund by way of dividends and return of capital on the common shares and by the payment of interest on the subordinated notes of Lantic held by the Fund, after having taken reasonable reserve for capital expenditures and working capital. The cash received by the Fund is used to pay distributions to its unitholders.

The *Canadian Securities Administrators* ("CSA") issued National Policy 41-201, to address the disclosure of distributable cash. This was also supported by an Interpretive Release issued in July 2007 by the *Canadian Institute of Chartered Accountants* ("CICA"). This Interpretive Release is to provide a transparent measure of cash available for distribution to unitholders that would be comparable between entities and consistent over time. This will now be labeled as Standardized Distributable Cash.

Standardized Distributable Cash is defined as the GAAP measure of cash from operating activities after adjusting for capital expenditures, restrictions on distributions arising from compliance with financial covenants, restrictive at the time of reporting, and minority interests.

Standardized Distributable Cash is as follows:

(In thousands of dollars)

	2008	2007	2006	2005	2004
Cash flow from operating activities	\$ 23,002	\$ 88,607	\$ 30,833	\$ 35,491	\$ 83,673
Capital expenditures	(7,254)	(6,945)	(9,004)	(7,508)	(7,710)
Standardized distributable cash	\$ 15,748	\$ 81,662	\$ 21,829	\$ 27,983	\$ 75,963

There were no restrictions on distributions arising from the compliance of financial covenants for the five fiscal years shown above.

Cash flow from operations was \$23.0 million in fiscal 2008, as opposed to \$88.6 million in fiscal 2007. This was due in large part to higher levels of inventories and accounts receivable in fiscal 2008 versus 2007, while accounts receivable and inventories had declined in fiscal 2007 versus fiscal 2006. Timing in the receipt of a raw sugar vessel increased total inventory, and higher sales volume in the last quarter increased overall accounts receivables.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

Capital expenditures were higher than the previous year, due mainly to timing in project completion when compared to fiscal 2007. Additional funds were spent on maintenance expenses as investment capital expenditures were \$0.6 million in fiscal 2008 compared to \$0.9 million in fiscal 2007.

Standardized Distributable Cash does not constitute available cash for distribution due mainly to timing factors in the movement of non-cash working capital items, to mark-to-market derivative timing adjustment, to non-cash financial instruments, and to other financing items.

In order to provide additional information that the Fund's administrators believe is appropriate for the determination of levels of cash distribution, the Interpretive Release also allows a measure that includes additional items beyond those included in Standardized Distributable Cash. These additional measures may affect the Fund's distributions and therefore form a basis for the actual amount of cash available for distribution. All of these additional measures are separately identified and explained, and result in Adjusted Distributable Cash.

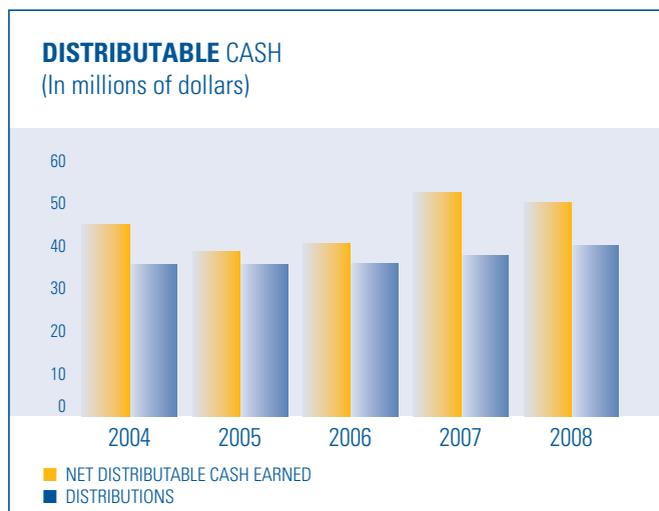
Adjusted distributable cash is as follows:

(In thousands of dollars)

	2008	2007	2006	2005	2004
Standardized distributable cash as per above	\$ 15,748	\$ 81,662	\$ 21,829	\$ 27,983	\$ 75,963
<i>Adjustments:</i>					
Changes in non-cash working capital	31,669	(24,669)	29,062	17,277	(24,947)
Mark-to-market and derivative timing adjustment	2,210	776	(6,367)	—	—
Financial instruments non-cash amount	1,725	(1,460)	—	—	—
Investment capital expenditures	597	929	2,839	3,272	—
Net (buy back) issuance of trust units	(806)	(4,665)	41	—	—
Interest expense on equity portion of convertible unsecured debentures	—	—	(2,983)	(6,407)	(5,896)
Deferred financing charges	(921)	—	(3,902)	(3,368)	—
Adjusted distributable cash	\$ 50,222	\$ 52,573	\$ 40,519	\$ 38,757	\$ 45,120
Declared distributions	\$ 40,082	\$ 37,728	\$ 35,869	\$ 35,583	\$ 35,583

Adjusted distributable cash was \$2.4 million lower than in fiscal 2007 due mainly to a lower adjusted EBITDA of \$1.7 million and deferred financing charges incurred on the debt refinancing.

Changes in non-cash operating working capital represents year-over-year movement in current assets such as accounts receivables and inventories, and current liabilities such as accounts payable. Movements in these accounts are due mainly to timing in the collection of receivables, receipts of raw sugar and payment of liabilities. Increases or decreases in such accounts are due to timing issues and therefore do not constitute available cash for distribution. Such increases or decreases are financed from available cash or from the Company's available credit facilities of \$200.0 million. Increases or decreases in short-term bank indebtedness are also due to timing issues from the above, and therefore do not constitute available cash for distribution.



Mark-to-market income statement and balance sheet impact of \$3.9 million do not represent cash items as these contracts will be settled upon the physical transactions occurring, thus the reason to adjust distributable cash.

Investment capital expenditures were lower in fiscal 2008 as only one project, a packaging machine at the Montreal refinery was undertaken in fiscal 2008. Lantic spent \$2.8 million in fiscal 2006 and \$3.3 million in fiscal 2005 on two investment capital projects. In fiscal 2006, Lantic completed its ion exchange process project to replace the bone char decolourization process. This project was completed in May 2006 at a total cost of \$5.2 million, spent over fiscal 2006 and 2005. Taber also completed an investment project in fiscal 2006, consisting of a new beet pulp press. The project, which cost \$1.2 million, was commissioned in September 2006 before the start of the new slicing campaign. Distributable cash is not reduced by investment capital expenditures, as these projects are not necessary for the operation of the plants, but are undertaken because of the substantial operational savings to be realized once these projects are completed.

In fiscal 2008, the Fund repurchased and cancelled a total of 374,900 units for a total value of \$1.6 million under its Normal Course Issuer Bid as compared to a purchase of 1,205,600 units for a total value of \$4.7 million in fiscal 2007. During fiscal 2008, 200,000 units were issued, for a total cash inflow of \$0.8 million as two executives exercised some options under the Stock Option Plan. The cash used for the buy-back of trust units or received from the issuance of trust units does not constitute a source of cash that is available for distribution, and therefore is adjusted from standardized distributable cash.

A portion of the interest expense of the Fund's 9.5% initial series convertible debentures, which was fully repaid on March 7, 2006, was credited to equity on the balance sheet. As the interest payments were made, they drew down the value of the debt and increased the value of the equity. This cash was therefore not available for distribution, and is adjusted from standardized distributable cash in previous years.

Deferred financial charges of \$0.9 million relate to the bank debt refinancing done in June 2008. The deferred revolving financing charges of \$3.9 million in fiscal 2006 and \$3.4 million in fiscal 2005 relate to cash fees paid for debt refinancing. This cash is therefore not available for distribution, and is adjusted from standardized distributable cash.

Excess Cash Flow and Net Income on Distributions Paid

The following table presents excess cash flows from operating activities and net income on distributions paid for the last three years ended September 30:

(\$000's)

	2008	2007	2006
Cash flow from operating activities	\$ 23,002	\$ 88,607	\$ 30,833
Net earnings	47,815	45,127	40,922
Distributions paid	40,082	37,728	35,869
(Shortfall) excess of cash flows from operating activities over cash distributions paid	(17,080)	50,879	(5,036)
Excess of net earnings over cash distributions paid	\$ 7,733	\$ 7,399	\$ 5,053

Cash flow from operating activities includes year-over-year movement in current assets such as inventories and accounts receivables, and current liabilities such as accounts payable. Movements in these accounts are due to, in large part, timing and therefore do not constitute available cash for distribution. Cash distributions are raised after the Board of Trustees has carefully assessed a variety of factors that include the overall competitive landscape, volume and selling margin sustainability, operating cash performance of the plants, and future sustainability of distribution increases.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

Contractual Obligations

The following table identifies the outstanding contractual obligations of the Fund and its operating company as at September 30, 2008, and the effects such obligations are expected to have on liquidity and cash flow over the next few years:

(In thousands)

	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Short-term borrowing	\$ 93,000	\$ 93,000	\$ —	\$ —	\$ —
Interest on convertible debentures	34,863	7,971	15,942	10,950	—
Interest on swap agreement	13,319	2,804	5,608	4,907	—
Operating leases	1,848	839	824	185	—
Purchase obligations	19,474	19,474	—	—	—
	\$ 162,504	\$ 124,088	\$ 22,374	\$ 16,042	\$ —
(In metric tonnes)					
Purchase obligations	1,467,000	607,000	463,000	397,000	—

As of July 2008, Lantic has a five-year revolving credit facility with a syndicate of Canadian banks for \$200.0 million. As at September 30, 2008, a total of \$93.0 million had been borrowed under short-term bankers' acceptances, and prime rate loan under that facility. These short-term borrowings will be rolled under the available credit facility.

The second and third series convertible unsecured subordinated debentures, in the amount of \$50.0 and \$85.0 million and maturing in June 2012 and 2013 respectively, have been excluded from the above table due to the holders' conversion option and the Fund's option to satisfy the obligations at redemption on maturity in trust units. Interest has been included in the above table to the date of maturity.

The Company entered into a five-year swap agreement at a rate of 4.005% for \$70.0 million with a syndicate of Canadian banks. The interest payments that will be incurred on the future borrowings related to this swap agreement are reflected in the above table.

Operating lease obligations relate mainly to the leasing of moveable equipment.

Purchase obligations represent all open purchase orders as at September 30, 2008, and approximately \$17.0 million for sugar beets that will be harvested and processed in fiscal 2009.

As part of its normal business practice, the Company also enters into multi-year supply agreements with raw sugar processors for raw cane sugar. Contract terms will state the quantity and estimated delivery schedule of raw sugar. The price is determined at specified periods of time before such raw sugar is delivered based upon the value of raw sugar as traded on ICE #11 world raw sugar. At September 30, 2008, the operating company had commitments to purchase a total of 1,467,000 metric tonnes of raw sugar, of which only 81,400 metric tonnes had been priced, for a total dollar commitment of \$29.4 million.

The Company has no other off balance sheet arrangements, except for unfunded pension benefit plans.

CAPITAL RESOURCES

Lantic has \$200.0 million as an authorized line of credit available to finance its operation. At year-end, \$93.0 million had been drawn from the working capital facility.

The Taber beet operation requires seasonal working capital in the first half of the fiscal year, when inventory levels are high and a substantial portion of the payments to the Growers is made. Lantic has sufficient cash and availability under its line of credit to meet such requirements.

The operating company has committed approximately \$2.8 million for completing capital expenditures presently in progress. With this carry-forward, total maintenance and investment capital expenditures for fiscal 2009 should be approximately \$10.0 million.

Cash requirements for working capital and other capital expenditures are expected to be paid from available cash resources and funds generated from operations. Management believes that the unused credit under the revolving facility is adequate to meet any future cash requirements.

OUTSTANDING SECURITIES

A total of 87,552,987 units were outstanding as at September 30, 2008. During the year, the Fund repurchased and cancelled 374,900 units under its Normal Course Issuer Bid. The total consideration paid for these units was \$1.6 million at September 30, 2008. Also, during the year, a total of 200,000 units were exercised under the Stock Option Plan. Lastly, a total of 145,096 units were issued following the conversion of \$740,000 of the Third Series 5.9% convertible unsecured subordinated debentures. As at November 20, 2008, 87,527,887 units were outstanding as a further 25,100 units were purchased and cancelled under the Normal Course Issuer Bid.

On March 6, 2006, the Fund issued \$85.0 million of third series 5.9% convertible unsecured subordinated debentures, maturing June 29, 2013, with interest payable semi-annually in arrears on June 29 and December 29 of each year, starting June 29, 2006. The third series debentures may be converted at the option of the holder at a conversion price of \$5.10 per trust unit at any time prior to maturity, and cannot be redeemed prior to June 29, 2009. On or after June 29, 2009 and prior to June 29, 2011, the third series debentures may be redeemed by the Fund only if the weighted average trading price of the trust unit, for 20 consecutive trading days, is at least 125% of the conversion price of \$5.10. Subsequent to June 29, 2011, the third series debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest. A total of \$740,000 was converted into 145,096 units during the year.

On March 31, 2005, the Fund issued \$50.0 million of second series 6.0% convertible unsecured subordinated debentures, maturing June 29, 2012, with interest payable semi-annually in arrears on June 29 and December 29 of each year, starting June 29, 2005. The second series debentures may be converted at the option of the holder at a conversion price of \$5.30 per trust unit at any time prior to maturity, and cannot be redeemed prior to June 29, 2008. On or after June 29, 2008 and prior to June 29, 2010, the second series debentures may be redeemed by the Fund only if the weighted average trading price of the trust unit, for 20 consecutive trading days, is at least 125% of the conversion price of \$5.30. Subsequent to June 29, 2010, the second series debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

In fiscal 2005, the Fund established a Unit Option Plan. The Fund reserved and set aside for issuance a total of 850,000 units to be allocated to key personnel. At September 30, 2005, a total of 350,000 units had been allocated to two senior executives. These units were priced at \$4.33 per unit, representing the average market price for the five business days before the granting of the options to the two senior executives. A further 400,000 units were allocated on October 24, 2005 to the new President and CEO of Lantic. These units were priced at \$3.61 per unit, representing the average market price for the five business days before the granting of the options to the President and CEO. These units are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. During the year, a total of 200,000 units were exercised by the CEO and one of the Senior Executives. Upon termination, resignation, retirement, death or long-term disability, all units granted under the Option Plan not vested are forfeited. Further to the departure of a senior executive during the year, a total of 150,000 units, priced at \$4.33 were forfeited.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Fund's consolidated financial statements in conformity with GAAP requires us to make estimates and judgements that affect the reported amounts of assets and liabilities, net revenue and expenses, and the related disclosures. We base our estimates on historical experience, knowledge of economics and market factors, and various other assumptions that we believe to be reasonable under the circumstances.

Goodwill Valuation

We test goodwill for possible impairment on an annual basis, and at any other time if events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable.

The impairment test consists of comparing the carrying amount of each reporting unit to its fair value, which is calculated using the reporting unit's discounted cash flow. When the fair value exceeds the carrying amount, goodwill is considered not to be impaired.

In conducting this test, the Fund reduced goodwill by \$95.0 million on September 30, 2005. There was no impairment in goodwill in the last three fiscal years.

Future Income Taxes

We regularly assess the likelihood that our future tax assets will be realized from recoverable income taxes or recovered from future taxable income, and we record a valuation allowance to reduce our future income tax assets to the amount that we believe to be more likely than not realizable.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

Metal Contamination Claim

On March 22, 2006, Lantic announced a product withdrawal/recall due to metallic strands inadvertently entering the distribution system for certain products shipped to some Ontario and Maritime customers.

An initial estimate of \$2.0 million to cover any potential claims was recorded in fiscal 2006. To date, only one claim has not been settled. Based on these previous settlements, and on the complexity of the remaining claim outstanding, an amount of \$0.3 million was reversed from the initial estimate in fiscal 2008 (reversal of \$0.6 million in fiscal 2007), leaving an amount of approximately \$0.3 million as a provision for the remaining outstanding claim.

Defined Benefit Pension Plans and Employees' Future Benefits

The plan obligations and related assets of defined benefits and medical retirement plans are presented in Note 9 to the consolidated financial statements. Plan assets, equity and debt investments are valued using market quotations. Plan obligations and annual pension expenses are determined by independent actuaries and are based in part on a number of assumptions we provide. Key assumptions in measuring the plan obligations include the discount rate, the rate of salary increases, the long-term health care trend rate, mortality rates and the estimated future return on plan assets.

The next actuarial valuation for one of the pension plan is scheduled for December 31, 2009, and December 31, 2010 for the other three pension plans. As such, the current cash contributions for pension plans will not change until the actuarial valuations are complete in fiscal 2010 and 2011.

In the current financial volatile environment, return on plan assets may vary from historical plan performance. This, combined with the discount rate used in assessing the plan liabilities, may impact the pension plan expenses in future years.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION Inventories

In May 2007, the CICA issued Handbook Section 3031 which supersedes Section 3030, *Inventories*.

The standard introduces significant changes to the measurement and disclosure of inventory. For the Fund, the measurement changes include:

- the allocation of additional factory overhead to inventory, based on normal capacity;
- the allocation of depreciation of factory buildings and equipment to inventory, which results in the related depreciation expense forming part of cost of sales; and
- the recognition of certain spare parts and stand-by equipment as capital assets rather than inventories.

This standard will take effect October 1, 2008 for fiscal 2009. Total depreciation expense in fiscal 2008 and fiscal 2007 was \$12.9 million and \$12.6 million respectively. Upon adoption of the standard on October 1, 2008, it is anticipated that most of the Fund's depreciation expense will be inventoried as it relates to factory buildings and equipment. As inventories are sold, the related depreciation expense will then be classified in cost of sales, which will result in a significant decrease in total gross margin and gross margin rate per tonne of sugar sold. This decrease will only reflect a reclassification of the depreciation expense on the statement of operations.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets" which replaced existing Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development". The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for the Fund beginning October 1, 2008. The Company does not expect that the adoption of this new standard to have any impact on its financial statements disclosures or results of operations.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board announced its decision requiring all publicly accountable entities to report under International Financial Reporting Standards. This decision establishes standards for financial reporting with increased clarity and consistency in the global marketplace. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of these new standards and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

DERIVATIVE FINANCIAL INSTRUMENTS

A significant portion of the Company's sales is made under fixed price, forward sales contracts, which extend up to two years. The Company also contracts to purchase raw cane sugar substantially in advance of the time it delivers the refined sugar produced from the purchase. To mitigate its exposure to future price changes, the Company attempts to manage the volume of refined sugar sales contracted for future delivery in relation to the volume of raw cane sugar contracted for future delivery, when feasible.

The Company uses derivative instruments to manage exposures to changes in raw sugar prices, natural gas prices and foreign exchange. The Company's objective for holding derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of these exposures.

Raw Sugar

To reduce price risk, the Company's risk management policy is to manage the forward pricing of purchases of raw sugar in relation to its forward refined sugar sales. The Company attempts to meet this objective by entering into futures contracts to reduce its exposure. Such financial instruments are used to manage the Company's exposure to variability in fair value attributable to the firm commitment purchase price of raw sugar.

The Company has hedged all of its exposure to raw sugar price risk movement through July 2010.

At September 30, 2008, the Company had a net long position of \$4.0 million in net contract amounts with a current net contract value of \$1.0 million. This is offset by a short position of sugar priced with customers over and above contracted purchases from suppliers.

Natural Gas

The Company uses futures contracts, swaps and options to help manage its natural gas costs. At September 30, 2008, the Company had US\$52.1 million in natural gas derivatives, with a current contract value of \$54.8 million.

Foreign Exchange Contracts

The Company's activities, which result in exposure to fluctuations in foreign exchange rates, consist of the purchasing of raw sugar, the selling of refined sugar and the purchasing of natural gas. The Company manages this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to buy or sell at a future date, and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract in which the Company has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than two years and relate exclusively to U.S. currency. The counterparty to these contracts is a major Canadian financial institution. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties.

At September 30, 2008, the Company had a net US\$6.8 million in foreign currency forward contracts with a current contract value of \$7.1 million.

ENVIRONMENT

Lantic's policy is to meet all applicable government requirements with respect to environmental matters. Management believes that the Company is in compliance in all material respects with environmental laws and regulations.

Lantic's Vancouver facility has a lengthy history of industrial use, and fill materials have been used on the property in the normal course of business. No assurance can be given that material expenditures will not be required in connection with contamination from such industrial use or fill materials.

Lantic's Montréal facility has a lengthy history of industrial use. Contamination has been identified on a vacant property acquired in 2001, and Lantic has been advised that additional soil and ground water contamination is likely to be present. Given the industrial use of the property, and the fact that Lantic does not intend to change the use of that property in the future, Lantic does not anticipate any material expenditures being required in the short-term to deal with this contamination, unless off-property impacts are discovered or parking lot expansion requires containment or disposal of contamination.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

Although Lantic is not aware of any specific problems at its Toronto distribution centre, no assurance can be given that expenditures will not be required to deal with known or unknown contamination at the property or other facilities or offices currently or formerly owned, used or controlled by Lantic.

Lantic's currently inactive subsidiary, Chatterton Petrochemical Corporation ("Chatterton") previously managed the production and sale of specialty chemicals in Canada. Kalama Chemical, Inc. ("Kalama"), a former subsidiary of Rogers (which is one of Lantic's predecessors) previously managed the production and sale of specialty chemicals in the United States. Chatterton ceased operations in June 1992 and Chatterton's property was transferred to Lantic Real Property Limited Partnership ("Lantic Realco") in 1998. Kalama was sold in May 1994.

On October 8, 1997, OMI Lantic Holdings and BAI Lantic Holdings (collectively "Lantic Holdings Companies") and Lantic Realco provided a joint and several indemnity in favour of Rogers against any claim imposing liability under environmental law resulting from the presence, discharge, release or threatened release of any hazardous substance at three Kalama properties, at four U.S. "superfund" sites involving Kalama, or at a British Columbia property formerly owned by Chatterton, and any claims relating to environmental matters arising under the Kalama sale agreement. In arrangements entered into in fiscal 2000, Lantic Realco agreed that, prior to the completion of the cleanup of the Chatterton property and the termination or defeasance of the obligations of Rogers with respect to environmental matters under the Kalama sale agreement, (i) it would not use its assets except for specified purposes, including remediation of the properties related to Kalama and Chatterton, and (ii) upon the sale of the Chatterton property, it would deposit \$11.3 million in a trust fund to be used solely to satisfy Lantic Realco's obligations to pay amounts to Rogers under the indemnity. After the said cleanup and termination or defeasance, Lantic Realco may reduce the said trust to \$4.0 million to be held for the same purposes unless released by the Lantic Board of Directors. The completion of the cleanup of the Chatterton property has not occurred.

Rogers' liability for environmental matters under the Kalama sale agreement was terminated as a result of a settlement completed on June 30, 2008. The settlement involved Rogers, the purchaser under the 1994 Kalama sale agreement, Goodrich Corporation ("Goodrich"), Lantic Realco and certain related parties. As part of this settlement, a trust fund established in 1994 in connection with the sale of Kalama was disbursed to Goodrich as reimbursement for incurred and estimated future cleanup costs at the Kalama properties. Also, Goodrich indemnified Rogers for any liability under environmental law relating to the three Kalama properties and the U.S. "superfund" sites involving Kalama. The indemnity from Goodrich applies until February 28, 2011.

Management continues to monitor estimates of the cost to clean up the Chatterton property. Under a settlement reached with a former owner of the Chatterton property, the former owner released its claim to recover the 50% of cleanup costs it had paid, and paid \$1.5 million in escrow to be available to Lantic Realco upon the conclusion of the cleanup of the Chatterton property. In that settlement, the former owner was released by Rogers, Chatterton, the Lantic Holdings Companies, Lantic Realco and its affiliates from substantially all further environmental liability relating to the Chatterton property and was indemnified by Lantic Realco and an affiliate of Lantic Realco from such liability.

The Lantic Holdings Companies also obtained for Rogers in 1997 a \$50.0 million insurance policy to cover 90% of the cleanup costs in excess of the cleanup cost estimated in 1997 for each of the three Kalama properties, the four Kalama "superfund" sites and the Chatterton property. The insurance policy continues to apply for the Chatterton property. No claim has been made for the Chatterton property, as cleanup costs for this site have not exceeded the cleanup cost estimated at the time the insurance was acquired.

With the environmental indemnity from Lantic Realco and recourse to the other funding sources referenced above, Lantic's management believes Lantic has no significant risk of material loss or expense as a result of historic environmental issues relating to the Kalama or Chatterton properties.

RISK FACTORS

Lantic's business and operations are substantially affected by many factors, including prevailing margins on refined sugar, weather conditions, its ability to market sugar competitively, operating costs and government programs and regulations.

Dependence Upon Lantic

The Fund is an open-ended limited purpose trust which is entirely dependent upon the operations and assets of Lantic through its ownership of securities of this company. Accordingly, interest payments to debentureholders and cash distributions to unitholders will be dependent upon the ability of Lantic to pay its interest obligations under the Notes and to declare and pay dividends on or return capital in respect of the Common Shares. The terms of Lantic's bank and other indebtedness may restrict its ability to pay dividends and make other distributions on its shares or make payments of principal or interest on subordinated debt, including debt which may be held, directly or indirectly, by the Fund, in certain circumstances. In addition, Lantic may defer payment of interest on the Notes at any given time for a period of up to 18 months.

Fluctuations in Margins and Foreign Exchange

Lantic's profitability is principally affected by the margins on domestic refined sugar. In turn, this price is affected by a variety of market factors such as competition, government regulations and foreign trade policies. Lantic, through the United States specific quota, sells approximately 10,000 metric tonnes of refined sugar per year in the United States and also sells beet pulp to export customers in U.S. dollars. The Company's Taber sugar sales in Canada are priced against the #11 world raw sugar market, which trades in U.S. dollars, while the sugar derived from the sugar beets is paid to the Growers in Canadian dollars. Fluctuations in the Canadian dollar will impact the profitability of these sales. Except for these sales, which currently can only be supplied by Lantic's Taber beet plant, most sales are in Canada and have little exposure to foreign exchange movements.

Fluctuations in Raw Sugar Prices

Raw sugar prices are not a major determinant of the profitability of Lantic's cane sugar operations, as the price at which sugar is both purchased and sold is related to the world raw sugar price and all transactions are hedged. The world raw sugar price can, however, impact the profitability of Lantic's beet operations, as sugar derived from beets is purchased at a fixed price from the Growers, and the selling price of refined sugar rises or falls, for any volume not sold under the United States specific quota, as beet thick juice or as HFCS substitutable products, in relation to the world raw sugar prices.

A relatively high world raw sugar price will also reduce the competitive position of refined cane sugar in Canada as compared to HFCS that could result in the loss of HFCS substitutable business for Lantic.

Weather and Other Factors Related to Production

Sugar beets, as is the case with most other crops, are affected by weather conditions during the growing season. Additionally, weather conditions during the processing season could affect Lantic's sugar yield of beets stored for processing. A significant reduction in the quantity or quality of sugar beets harvested due to adverse weather conditions, disease or other factors could result in decreased production, with negative financial consequences to Lantic.

Competition

Lantic faces domestic competition from Redpath Sugar Ltd. and Sucor, and smaller regional distributors of both foreign and domestic refined sugar. Differences in proximity to various geographic areas within Canada and elsewhere result in differences in freight and shipping costs, which in turn affect pricing and competitiveness in general.

In addition to sugar, the overall sweetener market also includes: corn-based sweeteners, such as HFCS, an alternative liquid sweetener, which can be substituted for liquid sugar in soft drinks and certain other applications; and non-nutritive, high-intensity sweeteners such as Aspartame. Differences in functional properties and prices have tended to define the use of these various sweeteners. For example, HFCS is limited to certain applications where a liquid sweetener can be used. Non-nutritive sweeteners are not interchangeable in all applications. The substitution of other sweeteners for sugar has occurred in certain products, such as soft drinks. We are not able to predict the availability, development or potential use of these sweeteners and their possible impact on the operations of Lantic.

Operating Costs

Lantic uses large quantities of energy, principally natural gas, in its operations. Moreover, Lantic's beet plant in Taber, Alberta uses larger quantities of energy in its operations than the cane facilities in Vancouver and Montreal, principally as a result of the need to heat the cassettes (slices of sugar beets) to evaporate water from juices containing sugar, and to dry the wet beet pulp. Changes in the costs and sources of energy may affect the financial results of Lantic's operations. In addition, all natural gas purchased is priced in U.S. dollars. Therefore, fluctuations in the Canadian/U.S. dollar exchange rate will also impact the cost of energy. Lantic hedges natural gas prices through the use of natural gas futures to lessen the impact of fluctuations in the price of natural gas.

Government Regulations and Foreign Trade Policies

In July 1995, Revenue Canada made a preliminary determination that there was dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom, the Netherlands and the Republic of Korea, into Canada, and that subsidized refined sugar was being imported into Canada from the United States and European Union countries.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

The Canadian International Trade Tribunal ("CITT") reviewed the case and ruled that: (a) sugar was being dumped from the United States, Denmark, Germany, the United Kingdom and the Netherlands; (b) sugar was being subsidized from the European Union; and (c) the actions were threatening material injury to the Canadian sugar industry. The ruling resulted in the imposition of duties by Revenue Canada. Under Canadian laws, these duties must be reviewed every five years. On November 3, 2000 and on November 2, 2005, the CITT continued for a further five years the anti-dumping and countervailing duties imposed on imports of refined sugar from the United States and the European Union.

The duties are important to Lantic and to the Canadian sugar refinery industry in general because they protect the market from the adverse effect of unfairly traded imports from these sources. Although some changes have occurred in the United States and European Union sugar programs since 1995, they have not materially affected the factors that originally led to the decisions on dumping and subsidization. There is no assurance that in 2010, these duties will be continued for a further five years.

In April 2001, the Canadian government signed a bilateral free trade agreement with Costa Rica, which includes the phase-out of the present 8% (approximately \$30 per tonne) duty on imports of refined sugar to Canada. In 2003, Costa Rica gained duty free access for 20,000 tonnes of refined sugar to Canada, gradually increasing to 40,000 tonnes in 2010. This poses a potential threat to Lantic and the other major Canadian refiner which did not receive meaningful access to the Costa Rican market and will be left with no protection against such imports. Given the impacts of this agreement and strong objection of Canada's sugar industry, the Government of Canada continues to take the specific concerns of the industry into account to ensure that this agreement does not serve as a model for future negotiations.

In 2008, as part of its new "Global Commerce Strategy", the Canadian Government announced a strengthened focus on regional and bilateral trade negotiations, including the expansion of Canada's bilateral trade network with countries in South and Central America. Lantic has been actively supporting the work of the Canadian Sugar Institute in informing government officials and politicians of the threat to Canada's sugar industry of such trade agreements, particularly with surplus sugar producers in Colombia and Central America.

On June 7, 2008 Canada concluded free trade (FTA) negotiations with Colombia including distinct sugar provisions reflecting significant input from the Canadian Sugar Institute. The FTA avoided providing any immediate duty-free access and will instead result in the reciprocal, long term (17 years) phase out of sugar tariffs in the two countries. Formal trade negotiations with Central America (CA-4) have been suspended since 2004; however, the Government of Canada was active in exploratory discussions in 2008 in an attempt to re-engage formal negotiations. Lantic continues to remain concerned that the inclusion of refined sugar in the negotiations may result in substantial new duty-free imports from these countries while not providing any offsetting export market opportunities.

Employee Relations

The majority of Lantic's operations are unionized.

The Taber collective agreement with respect to the unionized employees of the Taber beet factory expires on March 31, 2009. There can be no assurance that a new agreement will be reached with the union, or that the terms of such agreement will be similar to the terms of the current agreement.

Strikes or lockouts could restrict the ability of Lantic to service its customers in the affected regions, consequently affecting Company revenues.

Food Safety and Consumer Health

The Fund is subject to risks that affect the food industry in general, including risks posed by accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. Lantic actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance.

The Company's facilities are subject to audit by federal health agencies in Canada and similar institutions outside of Canada, and performs its own audits to ensure compliance with its internal standards, which are generally at, or higher than, regulatory agency standards in order to mitigate the risks related to food safety.

Environmental Matters

The operations of Lantic are subject to environmental regulations imposed by federal, provincial and municipal governments in Canada, including those relating to the treatment and disposal of waste water and cooling water, air emissions, contamination and spills of substances. Management believes that the Company is in compliance in all-material respects with environmental laws and regulations. However, these regulations have become progressively more stringent and Lantic anticipates this trend will continue, potentially resulting in the incurrence of material costs to achieve and maintain compliance. Violation of these regulations can result in fines or other penalties, which in certain circumstance can include cleanup. As well, liability to characterize and clean up or otherwise deal with contamination on or from properties owned, used or controlled by Lantic currently or in the past or produced by the operations of either of them can be imposed by environmental regulators or third parties. No assurance can be given that any such liabilities will not be material.

Income Tax Matters

The income of the Fund must be computed and is taxed in accordance with Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of cash distributions. There can be no assurance that taxation authorities will accept the tax positions adopted by the Fund or its subsidiaries, including their determinations of the amounts of federal and provincial income and capital taxes and the reasonableness of inter-company transfer prices, which could materially adversely affect cash distributions.

Income fund structures generally involve a significant amount of inter-company or similar debt, generating substantial interest expense, which reduces earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against Lantic, it could materially adversely affect the amount of cash distributions available. Management believes that the interest expense inherent in the structure of the Fund is supportable and reasonable in light of the terms of the debt owed by Lantic to the Fund.

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the holders of trust units. It is assumed that the Fund currently qualifies as a "mutual fund trust" under the Tax Act. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations could be materially and adversely different in certain respects.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada (within the meaning of the Tax Act) unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act. The Declaration of Trust contains mechanisms to ensure that the Fund is not maintained primarily for the benefit of non-residents of Canada. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act providing that a trust will lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-residents of Canada or partnerships that are not "Canadian partnerships" (as defined in the Tax Act) is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is "taxable Canadian property" or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of units of the Fund were held by non-residents of Canada and non-Canadian partnerships, the Fund may thereafter cease to be a mutual fund trust. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion to implement certain measures proposed in the September 16, 2004 draft amendments. However, such Notice did not include the above-mentioned proposal concerning mutual fund trusts maintained primarily for the benefit of non-residents of Canada. In addition, the Minister of Finance (Canada) announced on December 6, 2004 as well as in the 2005 federal budget proposals that further discussions would be pursued with the private sector in this respect.

MANAGEMENT'S DISCUSSION & ANALYSIS

(continued)

On October 31, 2006, the Minister of Finance (Canada) announced new tax proposals concerning the taxation of income trusts and other flow-through entities (the "SIFT Rules"). Bill C-52, *Budget Implementation Act, 2007*, which received Royal Assent on June 22, 2007, contained the SIFT Rules. On July 14, 2008 the Minister of Finance (Canada) announced proposal amendments to the Tax Act which included technical amendments to clarify certain aspects of the SIFT rules. These amendments also provide rules to facilitate the conversion of existing income trusts into corporations on a tax deferred basis. Under the SIFT Rules, the Fund, as a publicly traded income trust, is considered a specified investment flow-through ("SIFT") trust and will be subject to trust level taxation as of January 1, 2011 at a rate comparable to the combined federal and provincial corporate tax rate on certain types of income. In addition, the taxable distributions received by unitholders will be treated as dividends from a taxable Canadian corporation.

There can be no assurance that the Fund will be able to retain the benefit of the deferred application of the new tax regime until 2011. If the Fund is deemed to have exceeded normal growth during the period from November 1, 2006 to December 31, 2010, as described in a press release issued by the Department of Finance (Canada) on December 15, 2006 that provides guidance on what the Department of Finance means by normal growth, the 2006 Proposed Amendments would become effective on a date earlier than January 1, 2011.

On June 26, 2007, the Ministère des Finances (Québec) ("Ministère") published Information Bulletin 2007-5 confirming that Québec's tax legislation will be harmonized with the SIFT Rules but that a separate Québec tax regime relating to SIFT entities will be implemented. More specifically, the Ministère announced that a SIFT with an establishment in Québec at any time in a taxation year will be subject to a Québec tax at a rate generally equal to the Québec tax rate relating to corporations. The Ministère also announced that a business allocation formula based on the gross income of a SIFT and the wages and salaries it pays, similar to the one used for the purposes of determining the tax payable by a corporation that has activities in Québec and outside Québec, will apply to determine the tax payable to Québec by a SIFT that has, in a taxation year, an establishment both in Québec and outside Québec. In the March 13, 2008 Quebec budget, the Ministère indicated that the Quebec rules would apply as of the 2007 taxation year. The Minister of Finance (Canada) has indicated, in the July 14 proposed amendment, how the SIFT Rules will be amended to take into account the proposed Québec tax regime.

The SIFT Rules may adversely affect the marketability of the Trust Units and the ability of the Fund to undertake financings and acquisitions, and, at such time as the SIFT Rules apply to the Fund, the distributable cash of the Fund may be materially reduced.

The Fund is monitoring legislative developments regarding mutual fund trusts and SIFT trusts in order to minimize, to the extent possible, any material adverse effects on the Fund.

Nature of Trust Units

Securities such as trust units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The trust units do not represent a direct investment in Lantic's business, and should not be viewed by investors as shares in Lantic. As holders of trust units, unitholders will not have the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring "oppression" or "derivative" actions. Each trust unit represents a fractional interest in the Fund. The price per trust unit is expected to be a function of anticipated distributable income.

Management and Operation of Lantic

The Board of Directors of Lantic is currently controlled by Lantic Capital, an affiliate of Belkin Enterprises. As a result, holders of trust units have limited say in matters affecting the operations of Lantic; if such holders are in disagreement with the decisions of the Board of Directors of Lantic, they have limited recourse. The control exercised by Lantic Capital over the Board of Directors of Lantic may make it more difficult for others to attempt to gain control of or influence the activities of Lantic and the Fund.

OUTLOOK

With the remaining export opportunities to the U.S. for the Canada specific quota of 40,000 metric tonnes, and the reallocation to a global quota of Mexico's 68,278 metric tonnes, sales volume should improve in fiscal 2009. The initial global quota was filled by October 14, 2008, and as such left little opportunity for Lantic to benefit significantly from this quota in fiscal 2009. On October 27, 2008, the USDA announced that the Government of Mexico had informed the USDA that Mexico would continue to export sugar to the U.S. under the duty-free access provided by NAFTA and therefore the portion allocated to Mexico will not be used and was available for re-allocation by the USDA. As a result, the 68,278 metric tonnes which were initially allocated to Mexico were re-allocated by the USDA to a global refined sugar quota to be supplied on a first-come-first-served basis.

The USDA reallocated this global quota under five tranches, the first being of 28,278 metric tonnes opening October 30, 2008 and four other subsequent tranches of 10,000 metric tonnes opening every two weeks thereafter.

As a result of the higher shipments of Taber beet sugar to the more lucrative U.S. market, sales to Mexico will be reduced by approximately 10,000 metric tonnes in fiscal 2009. In addition, the Montreal and Vancouver cane refineries will ship refined sugar to the prairie markets to replace the shortfall of Taber's beet sugar and as a consequence, distribution costs will increase accordingly.

The recent decline in natural gas prices has allowed the Company to hedge most of its winter gas requirements and almost 80% of its 2009 summer requirements at average prices lower than the previous year. In addition, owing to the recent decline in prices, between 30% and 60% of our expected natural gas usage has been hedged for the years 2010 through 2013 at prices at or better than fiscal 2008. On the other hand, the lower Canadian dollar value, combined with the new carbon tax imposition in the provinces of Quebec and British Columbia, will mitigate some of the benefits of the lower natural gas prices.

The recent decline in the Canadian dollar will help improve the results of our Taber operation. Taber's sugar beet growers are paid a fixed price per metric tonne in Canadian dollars, but Taber's domestic sales are based on the #11 world raw sugar market price which is denominated in U.S. dollars. This, combined with U.S. export sales, benefits Lantic when the Canadian dollar is lower.

The #11 raw sugar market experienced significant volatility this past year. As such, Lantic pre-sold some of its beet sugar against the #11 market for fiscal 2009. In total, approximately 35,000 metric tonnes have been sold, at an average price of approximately 14.0 cents under the pre-hedge program.

We anticipate agreeing on a multi-year contract with the Alberta Sugar Beet Growers over the next few months. In recent months, the price of other competitive crops has declined to more normal levels, which should help make sugar beets attractive again to the Alberta sugar beet growers. Our intent is to secure enough acreage to supply the prairie markets and the Canada U.S. specific quota.

In July 2008, Lantic secured financing for the next five years with a syndicate of Canadian banks for a total of \$200.0 million. In addition, to protect the Company against interest rate fluctuations, Lantic entered into a five-year interest swap agreement, again with a syndicate of Canadian banks, for an amount of \$70.0 million at a base rate of 4.0%, before any applicable margin fees of the Credit Agreement. This will stabilize interest costs for the next five years at very competitive rates and places the Company on a solid financial footing.

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Rogers Sugar Income Fund and all the information in this annual report pertaining to Rogers Sugar Income Fund are the responsibility of the Administrator and have been approved by the Board of Trustees.

The consolidated financial statements have been prepared by the Administrator in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, the Administrator has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. The Administrator has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. The Administrator has prepared the financial information of Rogers Sugar Income Fund presented elsewhere in the annual report and has ensured that it is consistent with the financial statements of the Fund.

Rogers Sugar Income Fund maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Fund's assets are appropriately accounted for and adequately safeguarded.

The Board of Trustees is responsible for ensuring that the Administrator fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements of the Fund. The Board carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board and all of its members are outside and unrelated trustees. The committee meets with the Administrator, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The committee reports its findings to the Board for consideration when approving the financial statements for issuance to the unitholders. The committee also considers, for review by the Board and approval by the unitholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements of the Fund have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the unitholders. KPMG LLP has full and free access to the Audit Committee.

(Signed by)
Edward Makin,
President and Chief Executive Officer
Lantic Inc., Administrator

(Signed by)
Daniel L. Lafrance
Senior Vice-President Finance and Procurement,
Chief Financial Officer and Secretary
Lantic Inc., Administrator

AUDITORS' REPORT TO THE UNITHOLDERS OF ROGERS SUGAR INCOME FUND

We have audited the consolidated balance sheets of Rogers Sugar Income Fund as at September 30, 2008 and 2007 and the consolidated statements of operations and comprehensive income, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at September 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed by)
KPMG LLP
Chartered Accountants
Montréal, Canada
November 5, 2008

CONSOLIDATED BALANCE SHEETS

September 30, 2008 and 2007

(in thousands of dollars)

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,757	\$ 53,818
Accounts receivable (note 3)	54,783	41,342
Inventories	68,679	48,868
Prepaid expenses	2,074	2,483
Future income taxes (note 12)	1,574	—
Derivative financial instruments (note 5)	1,433	1,626
	134,300	148,137
Capital assets (note 4)	194,332	200,328
Defined benefits pension plan assets (note 9)	16,204	12,461
Derivative financial instruments (note 5)	1,068	668
Other assets (note 6)	1,251	550
Goodwill	229,952	229,952
	\$ 577,107	\$ 592,096
Liabilities and Unitholders' Equity		
Current liabilities:		
Short-term borrowings (note 7)	\$ 93,000	\$ —
Accounts payable and accrued liabilities (note 8)	41,517	40,665
Future income taxes (note 12)	—	867
Derivative financial instruments (note 5)	497	3,647
Current portion of long-term debt (note 10)	—	114,727
	135,014	159,906
Employee future benefits (note 9)	28,250	27,914
Derivative financial instruments (note 5)	1,739	107
Convertible unsecured subordinated debentures (note 11)	130,503	130,360
Future income taxes (note 12)	18,256	18,124
	313,762	336,411
Unitholders' equity:		
Trust units (note 13)	561,105	561,966
Contributed surplus	3,950	3,162
Deficit	(301,710)	(309,443)
	263,345	255,685
Commitments (note 20)		
Contingencies (note 21)		
	\$ 577,107	\$ 592,096

See accompanying notes to consolidated financial statements.

Approved by the Trustees:

(Signed by)
Dallas H. Ross
Trustee

(Signed by)
Edward Y. Baker
Trustee

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Years ended September 30, 2008 and 2007

(in thousands of dollars, except amounts per trust unit)

	2008	2007
Revenues	\$ 463,108	\$ 485,897
Cost of sales	355,998	378,833
Gross margin	107,110	107,064
Expenses:		
Administration and selling	20,107	19,355
Distribution	11,613	10,838
Product withdrawal/recall (reversal) provision (note 15)	(300)	(600)
	31,420	29,593
Earnings before interest, provision for income taxes, depreciation and amortization	75,690	77,471
Depreciation and amortization	12,929	12,606
Earnings before interest and provision for income taxes	62,761	64,865
Interest expense (note 16)	15,673	15,402
Earnings before provision for income taxes	47,088	49,463
Provision for (recovery of) income taxes (note 12):		
Current	1,582	(481)
Future	(2,309)	4,817
	(727)	4,336
Net earnings	47,815	45,127
Other comprehensive income	—	3,282
Comprehensive income	\$ 47,815	\$ 48,409
Net earnings per trust unit (note 17):		
Basic	\$ 0.54	\$ 0.51
Diluted	0.50	0.47

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF UNITHOLDERS' EQUITY

Year ended September 30, 2008

(in thousands of dollars)

	Number of trust units	Trust units	Accumulated other compre- hensive income	Contributed surplus	Deficit	Total
Balance at September 30, 2006	88,788,391	\$ 571,034	\$ —	\$ 52	\$ (318,202)	\$ 252,884
Distributions (note 14)	—	(1,324)	—	—	(36,404)	(37,728)
Stock-based compensation (note 18)	—	—	—	31	—	31
Unit repurchase program (note 13)	(1,205,600)	(7,744)	—	3,079	—	(4,665)
Adjustment for change in accounting policies, effective October 1, 2006 (note 5)	—	—	(3,282)	—	36	(3,246)
Other comprehensive income (note 5)	—	—	3,282	—	—	3,282
Net earnings	—	—	—	—	45,127	45,127
Balance at September 30, 2007	87,582,791	561,966	—	3,162	(309,443)	255,685
Distributions (note 14)	—	—	—	—	(40,082)	(40,082)
Stock-based compensation (note 18)	200,000	780	—	(7)	—	773
Unit repurchase program (note 13)	(374,900)	(2,381)	—	795	—	(1,586)
Conversion of convertible debentures into trust units (note 11)	145,096	740	—	—	—	740
Net earnings	—	—	—	—	47,815	47,815
Balance at September 30, 2008	87,552,987	\$ 561,105	\$ —	\$ 3,950	\$ (301,710)	\$ 263,345

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30, 2008 and 2007

(in thousands of dollars)

	2008	2007
Cash flows from operating activities:		
Net earnings	\$ 47,815	\$ 45,127
Adjustments for:		
Depreciation and amortization	12,929	12,606
Changes in derivative financial instruments	(1,725)	1,460
Amortization of deferred financing charges	1,203	1,484
Future income taxes	(2,309)	4,817
Employee future benefits	(3,407)	(1,956)
Other	172	369
Stock-based compensation expense	(7)	31
	54,671	63,938
Changes in non-cash operating working capital:		
Accounts receivable	(13,441)	14,345
Inventories	(19,811)	28,016
Prepaid expenses	409	523
Accounts payable and accrued liabilities	1,174	(18,215)
	(31,669)	24,669
	23,002	88,607
Cash flows from financing activities:		
Short-term borrowings	93,000	—
Distributions to unitholders	(40,082)	(37,728)
Repurchase of trust units	(1,586)	(4,665)
Issuance of trust units under stock option plan	780	—
Repayment of term debt	(115,000)	—
Deferred financing charges	(921)	—
	(63,809)	(42,393)
Cash flows from investing activities:		
Additions to capital assets	(7,254)	(6,945)
Net change in cash and cash equivalents	(48,061)	39,269
Cash and cash equivalents, beginning of year	53,818	14,549
Cash and cash equivalents, end of year	\$ 5,757	\$ 53,818
Supplemental disclosure:		
Interest paid on debt	\$ 12,975	\$ 13,432
Net income taxes (received) paid	(509)	234
Capital assets included in accounts payable and accrued liabilities	279	600

See accompanying notes to consolidated financial statements.

Years ended September 30, 2008 and 2007
(Amounts are expressed in thousands of dollars unless otherwise noted)

Rogers Sugar Income Fund (the "Fund") is an open-ended, limited purpose trust created under the laws of Ontario by a declaration of trust made as of September 15, 1997 as amended and restated on February 3, 2005 (the "Declaration of Trust"). An unlimited number of trust units may be issued pursuant to the Declaration of Trust.

1. Significant accounting policies:

- (a) Consolidation of variable interest entity:
The Fund's consolidated financial statements include the accounts of Lantic Inc. ("Lantic"), the variable interest entity ("VIE"). Lantic was formed on June 30, 2008 from the amalgamation of the previous wholly-owned subsidiaries, Lantic Sugar Limited and Rogers Sugar Ltd. Notwithstanding the fact that Lantic Capital Inc. can designate five of Lantic's seven directors, the Fund, as owner of all the common shares and subordinated debts of the VIE, receives all of the VIE expected residual returns and would absorb all of their potential losses. As a result, the Fund is considered the primary beneficiary and must consolidate the VIE.
- (b) Income taxes:
The Fund is a unit trust for income tax purposes. As such, the Fund is currently only taxable on any taxable income not allocated to the unitholders. As substantially all taxable income will be allocated to the unitholders, no provision for income taxes on current earnings of the Fund has been made in these financial statements. Due to recent changes to tax legislation (see note 12), the Fund is recording future income taxes on temporary differences expected to reverse at the beginning of 2011. Income tax liability relating to distributions from the Fund are the obligations of the unitholders.
Any provision for income taxes relates to Lantic and the Fund which follow the asset and liability method for accounting for income taxes. Under the asset and liability method, the change in the net future tax asset and liability is to be included in income. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.
- (c) Cash and cash equivalents:
Cash and cash equivalents include cash on hand, bank balances and short-term liquid investments with maturities of three months or less, and bank overdraft when the latter forms an integral part of the Fund's cash management.
- (d) Inventories:
Inventories are valued at the lower of cost and net realizable value.
- (e) Capital assets:
Capital assets are carried at cost. Depreciation is provided over the estimated useful life of the related asset. Capital assets are depreciated or amortized on a straight-line basis using the following annual rates:

Asset	Rate
Buildings and improvements	2.5%
Plant and equipment	5%
Furniture and fixtures	20%

Improvements that increase or prolong the service life or capacity of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

- (f) Goodwill:
Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of comparing the carrying amount of the reporting unit to its fair value, which is calculated using its discounted cash flows. When the fair value exceeds the carrying amount, goodwill is considered not to be impaired. The Fund's measurement date is September 30.
- (g) Stock-based compensation:
The Fund has a Unit Option plan, which is described in note 18. Compensation expense is recognized over the vesting period. Any consideration paid by employees on exercise of unit options is credited to trust units.
- (h) Employee future benefits:
The Fund has defined benefit pension plans covering some of its employees. The benefits are based on years of service and the employee's compensation. The Fund also sponsors defined benefit life insurance, disability plans and medical benefits, for substantially all retirees and employees.
The Fund accrues its obligations under employee benefit plans as the employees render the services necessary to earn pension and other employee future benefits.
The Fund has adopted the following policies:
- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages and expected health care costs.
 - For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
 - Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

1. Significant accounting policies (continued):

(h) Employee future benefits (continued):

- Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plans are between 5 and 18 years.

(i) Foreign currency translation:

Foreign currency transactions are translated using the temporal method. Gains or losses resulting from these translations are reflected in net earnings of the period. Foreign denominated monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Foreign denominated non-monetary assets and liabilities are translated at the rate prevailing at the transaction date. Revenues and expenses are translated at the rate in effect on the dates they occur.

(j) Revenue recognition:

Revenue is recognized at the time sugar products are shipped to customers, at which time all risks and rewards of ownership are transferred to the customers. Provision is made for expected sales returns and allowances at the time of shipment and all such returns and allowances are recorded against revenue.

(k) Financial instruments:

All financial instruments are classified into one of the following four categories: available-for-sale financial assets, loans and receivables, other financial liabilities and held-for-trading. Initial measurement of financial instruments is at fair value for all financial instruments and subsequent measurement and recognition in changes in value of financial instruments depend on their classification. Available-for-sale financial assets are measured at fair value at each reporting period and unrealized gains or losses arising from changes in fair value are recorded in other comprehensive income until such time as the asset or liability is removed from the balance sheet. The Fund's short-term liquid investments included in cash and cash equivalents have been classified as held-for-trading and available-for-sale assets, respectively. The Fund does not carry any loans receivable, and its accounts receivable are measured at amortized cost, which approximates cost. The Fund's accounts payable and accrued liabilities have been classified as other financial liabilities and are, therefore, measured at amortized cost. Financial assets and liabilities classified as held-for-trading are measured at fair value at each reporting period with changes in fair value in subsequent periods included in net earnings.

The balance sheet contains derivative financial instruments and certain embedded derivatives, which have been classified as held-for-trading.

(i) Cash and cash equivalents:

The Fund classifies its cash as held-for-trading and cash equivalents as available-for-sale assets and values them at fair value. Cash and cash equivalents include cash on hand, bank balances, and short-term liquid investments with maturities of three months or less, and bank overdraft when the latter forms an integral part of the Fund's cash management. Due to the nature of the elements in cash equivalents, there was no comprehensive income for the year.

(ii) Derivative financial instruments and embedded derivatives:

The Fund classifies derivative financial instruments which have not been designated as hedges for accounting purposes and embedded derivatives as held-for-trading, and values them at fair value each period with changes recorded in cost of sales. The derivative financial instruments consist of sugar futures, foreign exchange forward contracts and natural gas futures, options and swaps ("natural gas contracts"), and the embedded derivatives relate to the foreign exchange component of certain sales contracts, all of which the Fund's operating company enters into during the regular course of business. In addition, the Fund entered into an interest rate swap agreement to protect itself against interest rate fluctuations, which is recorded at fair value each reporting period with changes recorded in interest expense.

(iii) Comprehensive income:

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. The adoption of new accounting policies (see note 5) had given rise to transitional balances as at October 1, 2006 recorded in accumulated other comprehensive income. The reversal of these balances, in their entirety, were charged to cost of sales in 2007.

(iv) Financing charges:

Financing charges, which reflect the cost to obtain new financing, are offset against the debt for which they were incurred and recognized to interest expense using the effective interest method.

(v) Trade date:

The Fund recognizes and derecognizes purchases and sales of derivative contracts on the trade date.

(l) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates are related to the valuation of goodwill, the determination of recoverability of capital assets and the rates for depreciation and amortization, and the provision for income taxes and assumptions used for the employee future benefit obligations. Actual results could differ from those estimates.

2. Future changes in accounting policies:

(a) Inventories:

In May 2007, the CICA issued Handbook ("HB") Section 3031 which supersedes Section 3030, *Inventories*.

The standard introduces significant changes to the measurement and disclosure of inventory.

For the Fund, the measurement changes include:

- the allocation of additional factory overhead to inventory, based on normal capacity;
- the allocation of depreciation of factory buildings and equipment to inventory, which results in the related depreciation expense forming part of cost of sales; and
- the recognition of certain spare parts and stand-by equipment as capital assets rather than inventories.

This standard will take effect on October 1, 2008 for fiscal 2009. The total depreciation expense in fiscal 2008 and fiscal 2007 was \$12.9 million and \$12.6 million, respectively. Upon adoption of the standard on October 1, 2008, it is anticipated that most of the Fund's depreciation expense will be inventoried as it relates to factory buildings and equipment. As inventories are sold, the related depreciation expense will then be classified in cost of sales which will result in a significant decrease in total gross margin and gross margin rate per tonne of sugar sold. This decrease will only reflect a reclassification of the depreciation expense on the statement of operations.

(b) Goodwill and intangible assets:

In February 2008, the CICA issued HB Section 3064, *Goodwill and Intangible Assets*, which replaced existing HB Section 3062, *Goodwill and Other Intangible Assets*, and HB Section 3450, *Research and Development*. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Fund does not expect that the adoption of this new standard will have any impact on its financial statements disclosures or results of operations.

(c) International Financial Reporting Standards:

In January 2006, the Canadian Accounting Standards Board announced its decision requiring all publicly accountable entities to report under International Financial Reporting Standards. This decision establishes standards for financial reporting with increased clarity and consistency in the global marketplace.

These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Fund is currently evaluating the impact of these new standards.

3. Accounts receivable:

	2008	2007
Trade	\$ 50,373	\$ 38,141
Initial margin deposits with commodity brokers	4,410	2,694
Income taxes recoverable	—	507
	\$ 54,783	\$ 41,342

The Fund grants credit to its customers under the ordinary course of business.

Management believes that the credit risk of accounts receivable is limited due to the following reasons:

- There is a broad base of customers with dispersion across different market segments.
- Excluding a special write-off of \$950 in fiscal 2006, which occurred for one account that declared bankruptcy, and for which the Fund is suing due to alleged fraudulent action by this third party, bad debt write-offs to total revenue have been less than 0.03% for each of the last five years (averaging less than \$100 per year). Write-offs for fiscal 2008 were \$39. In light of the above, the allowance for doubtful accounts at September 30, 2008 was \$150 (\$160 at September 30, 2007). All bad debt write-offs are charged to administration and selling expenses.
- A percentage slightly below 1% of trades receivable is outstanding for more than 90 days, while over 85% is current (less than 30 days) as at September 30, 2008 and which is in line with the results of fiscal 2007.

Through General Security Agreements with its lenders, the accounts receivable have been granted as continuing collateral security for all present and future indebtedness to the current lenders.

4. Capital assets:

	2008			2007
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
Land	\$ 17,847	\$ —	\$ 17,847	\$ 17,847
Buildings and improvements	54,177	10,073	44,104	45,418
Plant and equipment	202,065	77,120	124,945	130,224
Furniture and fixtures	7,342	5,467	1,875	2,011
Construction in progress	5,561	—	5,561	4,828
	\$ 286,992	\$ 92,660	\$ 194,332	\$ 200,328

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Financial instruments:

Transition:

On October 1, 2006, the Fund adopted HB-3855 and HB-3865.

HB-3865 provides specific criteria for when and how hedge accounting is to be applied and accounted for in a company's financial statements. Due to a new definition and requirements for hedging as per HB-3865, the Fund concluded that effective as at the transition date its operating company's financial derivatives for sugar, foreign exchange and natural gas, all of which the Fund's operating company enters into during the regular course of business, would no longer be designated as accounting hedges. As a result, all derivative financial instruments at the end of the reporting period are marked-to-market, with changes in fair value recorded to earnings.

Also, in order to comply with HB-3855, the Fund had to review all contracts in place at October 1, 2006 to identify embedded derivatives. The Fund chose to review all contracts in place on October 1, 2006 that were entered into after October 1, 2002 for any embedded derivatives within these contracts to determine if any such embedded derivatives needed to be accounted for separately at fair value from the base contract. The Fund has concluded that embedded derivatives existed in certain sales contracts denominated in U.S. currency, for customers whose functional currency is not the U.S. dollar.

The adoption of these new accounting policies has given rise to the initial recognition of unrealized gains/losses for derivative financial instruments and embedded derivatives, which no longer qualify for hedge accounting as of October 1, 2006. These amounts have been calculated and labelled as transitional balances and have been fully amortized by the end of fiscal 2007.

Transitional balances	Sugar futures contracts	Natural gas contracts	Foreign exchange forward contracts
Opening balance recorded as at October 1, 2006	\$ (2,450)	\$ 3,282	\$ (247)
Amortization of transitional balances	2,450	(3,282)	247
Closing balance at September 30, 2007	\$ —	\$ —	\$ —

Derivative financial instruments:

Details of recorded gains/losses for the year, in marking-to-market all derivative financial instruments and embedded derivatives, as well as the reversal of the transitional balances are noted below.

At September 30, 2008:

Mark-to-market	Assets		Financial instrument Liabilities		Cost of sales gain/(loss)	Interest income (expenses)
	Short-term	Long-term	Short-term	Long-term		
Sugar futures contracts	\$ 89	\$ 1	\$ —	\$ —	\$ (2,342)	\$ —
Natural gas contracts	215	1,067	—	—	898	—
Foreign exchange forward contracts	1,129	—	—	624	420	—
Embedded derivatives	—	—	218	—	(1,017)	—
Interest swap	—	—	279	1,115	—	(1,394)
Total as at September 30, 2008	\$ 1,433	\$ 1,068	\$ 497	\$ 1,739	\$ (2,041)	\$ (1,394)

At September 30, 2007:

Mark-to-market	Assets		Financial instrument Liabilities		Cost of sales gain/(loss)
	Short-term	Long-term	Short-term	Long-term	
Sugar futures contracts	\$ —	\$ —	\$ 36	\$ —	\$ 8,309
Natural gas contracts	827	668	—	—	(726)
Foreign exchange forward contracts	—	—	3,611	107	(4,936)
Embedded derivatives	799	—	—	—	762
Total as at September 30, 2007	\$ 1,626	\$ 668	\$ 3,647	\$ 107	\$ 3,409
Amortization of transitional balance	—	—	—	—	(585)
Total as at September 30, 2007	\$ 1,626	\$ 668	\$ 3,647	\$ 107	\$ 2,824

Each type of derivative instrument mark-to-market gain or loss represents the total mark-to-market value at the end of the year, less the mark-to-market value at the end of the previous year, plus or minus any liquidation gains or losses during the year.

For sugar futures and natural gas contracts, the amounts noted above are netted with the variation margins paid or received to/from these brokers at the end of the reporting period. The fair value of those contracts has been determined using published 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 counterparty to these contracts.

5. Financial instruments (continued):

Derivative financial instruments (continued):

The Fund uses derivative financial instruments to manage exposures to changes in raw sugar, foreign exchange, and natural gas prices. In July 2008, a five-year interest swap contract was entered into to fix a portion of its exposure to floating interest debt on its short-term borrowings. The Fund's objective for holding derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of these exposures.

(a) Raw sugar:

The Fund's risk management policy is to manage the forward pricing of purchases of raw sugar in relation to its forward refined sugar sales to reduce price risk. The Fund attempts to meet this objective by entering into futures contracts to reduce its exposure. Such financial instruments are used to manage the Fund's exposure to variability in fair value attributable to the committed purchase price of raw sugar. The pricing mechanisms of future contracts and the respective forecasted raw sugar purchase transactions are the same.

The Fund's raw sugar futures contracts as well as the fair value of these contracts relating to purchases or sales of raw sugar at September 30, 2008 and 2007 are as follows:

	2008			2007		
	Original futures contracts value (US\$)	Current contract value (US\$)	Fair value (US\$)	Original futures contracts value (US\$)	Current contract value (US\$)	Fair value (US\$)
Purchases:						
0 – 6 months	\$ 49,541	\$ 55,465	\$ 5,924	\$ 22,806	\$ 22,645	\$ (161)
6 – 12 months	9,556	10,968	1,412	10,483	10,219	(264)
12 – 24 months	6,853	7,407	554	12,648	12,678	30
Over 24 months	375	382	7	—	—	—
	\$ 66,325	\$ 74,222	\$ 7,897	\$ 45,937	\$ 45,542	\$ (395)
Sales:						
0 – 6 months	\$ (13,510)	\$ (14,953)	\$ (1,443)	\$ (32,762)	\$ (26,260)	\$ 6,502
6 – 12 months	(10,721)	(12,333)	(1,612)	(12,306)	(8,695)	3,611
12 – 24 months	(38,098)	(45,990)	(7,892)	(22,799)	(20,676)	2,123
Over 24 months	—	—	—	—	—	—
	\$ (62,329)	\$ (73,276)	\$ (10,947)	\$ (67,867)	\$ (55,631)	\$ 12,236
Net position	\$ 3,996	\$ 946	\$ (3,050)	\$ (21,930)	\$ (10,089)	\$ 11,841
F/X rate at end of period			1.0414			0.9936
Net value (CA\$)			(3,176)			11,765
Less margin call payments (receipts) at year-end			3,266			(11,801)
Net assets (liabilities)			\$ 90			\$ (36)

All sugar futures are traded through a large exchange clearing house on the New York Inter-continental Exchange. Regulation of the U.S. futures industry is primarily self-regulation, with the role of the Federal Commodity Futures Trading Commission being principally an oversight role to determine that self-regulation is continuous and effective.

The exchange clearing house used is one of the world's largest capitalized financial institutions with excellent long-term credit ratings. Daily cash settlements are mandatory (margin calls) for resulting gains and/or losses from futures trading for each customer's account. Due to the above, the Fund does not anticipate a credit risk from the raw sugar futures derivative instruments.

(b) Natural gas:

The Fund uses natural gas contracts to help manage its costs of natural gas.

The Fund monitors its positions and the credit ratings of its counterparties and does not anticipate losses due to counterparty non-performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Financial instruments (continued):

Derivative financial instruments (continued):

(b) Natural gas (continued):

The Fund's natural gas contracts as well as the fair value of these contracts relating to purchases of natural gas at September 30, 2008 and 2007 are as follows:

	2008			2007		
	Original contracts value (US\$)	Current contract value (US\$)	Fair value (US\$)	Original contracts value (US\$)	Current contract value (US\$)	Fair value (US\$)
Purchases:						
1 year	\$ 13,278	\$ 12,771	\$ (507)	\$ 10,323	\$ 10,018	\$ (305)
1 to 2 years	13,685	14,371	686	2,950	3,065	115
2 to 3 years	13,524	14,197	673	5,105	5,365	260
3 years and over	11,612	11,280	(332)	4,874	5,171	297
	\$ 52,099	\$ 52,619	\$ 520	\$ 23,252	\$ 23,619	\$ 367
F/X rate at end of period			1.0414			0.9936
Net value (CA\$)			542			365
Less margin call payments at year-end			(1,824)			(1,880)
Net assets			\$ 1,282			\$ 1,515

(c) Foreign exchange contracts:

The Fund's activities which result in exposure to fluctuations in foreign currency exchange rates consist of the purchasing of raw sugar, the selling of refined sugar and the purchase of natural gas. The Fund manages this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to buy or sell at a future date, and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract in which the Fund has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than two years and relate exclusively to U.S. currency. The counterparties to these contracts are major Canadian financial institutions. The Fund does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties.

The Fund's foreign currency forward contracts relating to the purchase of raw sugar, the sale of refined sugar and the purchase of natural gas, at September 30, 2008 and 2007, are as follows:

	2008			
	Original contract value (US\$)	Original contract value (CA\$)	Current contract value (CA\$)	Fair value (CA\$)
Purchases U.S. dollars:				
Less than 1 year	\$ 110,726	\$ 114,688	\$ 115,307	\$ 619
1 year or more	23,043	23,932	24,036	104
	\$ 133,769	\$ 138,620	\$ 139,343	\$ 723
Sales U.S. dollars:				
Less than 1 year	\$ 98,616	\$ 103,203	\$ 102,693	\$ 510
1 year or more	28,333	28,820	29,548	(728)
	\$ 126,949	\$ 132,023	\$ 132,241	\$ (218)
	\$ 6,820	\$ 6,597	\$ 7,102	\$ 505

5. Financial instruments (continued):

Derivative financial instruments (continued):

(c) Foreign exchange contracts (continued):

	Original contract value (US\$)	Original contract value (CA\$)	Current contract value (CA\$)	2007 Fair value (CA\$)
Purchases U.S. dollars:				
Less than 1 year	\$ 173,063	\$ 191,011	\$ 171,882	\$ (19,129)
1 year or more	15,199	16,679	15,091	(1,588)
	\$ 188,262	\$ 207,690	\$ 186,973	\$ (20,717)
Sales U.S. dollars:				
Less than 1 year	\$ 153,393	\$ 167,882	\$ 152,364	\$ 15,518
1 year or more	10,590	11,994	10,513	1,481
	\$ 163,983	\$ 179,876	\$ 162,877	\$ 16,999
	\$ 24,279	\$ 27,814	\$ 24,096	\$ (3,718)

(d) Interest swap agreement:

In order to fix the interest rate on a substantial portion of the expected drawdown of the new credit facility negotiated on June 30, 2008, the Fund, on July 7, 2008, entered into a five-year interest swap agreement for an amount of \$70.0 million, at a base rate of 4.005%. The swap agreement terminates on June 30, 2013. At September 30, 2008, the fair value of the swap was a liability of \$1.4 million as forward long-term interest rates had declined.

Risks:

The Fund, through its financial assets and liabilities, is exposed to various risks. The following analysis will provide a measurement of risks as at the balance sheet date, September 30, 2008 and September 30, 2007.

(a) Credit risk:

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Fund believes it has limited credit risk other than those explained in note 3 - Accounts receivable and note 5 - Financial instruments. The Fund limits its exposure to credit risk related to short-term cash investments (cash and cash equivalents) by only investing in overnight money market securities with a major Canadian financial institution.

(b) Foreign exchange risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate.

The Fund's cash flow exposure to foreign currency is due mainly to the following:

- sales of refined sugar;
- sales of refined sugar in U.S. dollars;
- purchases of natural gas;
- sales of by-products;
- Taber - refined sugar and U.S. by-products sales; and
- ocean freight.

The Company mitigates its exposure to foreign currency by entering into forward exchange contracts (see note 5 - Foreign exchange contracts). The Fund had the following exposure at September 30:

	2008 US\$	2007 US\$
U.S. financial assets and liabilities measured at amortized costs:		
Cash	\$ 1,915	\$ 5,651
Accounts receivable including initial margin deposits	13,416	8,186
Accounts payable and accrued liabilities	(1,727)	(1,297)
	13,604	12,540
Financial instruments held-for-trading:		
Raw sugar future sales contracts	62,329	67,867
Raw sugar future purchases contracts	(66,325)	(45,937)
Natural gas contracts	(52,099)	(23,252)
Variation margins received on future contracts	3,137	(12,515)
	(52,958)	(13,837)
Total exposure from above	(39,354)	(1,297)
Forward exchange contracts	6,820	24,279
Gross exposure	\$ (32,534)	\$ 22,982

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Financial instruments (continued):

Risks (continued):

(b) Foreign exchange risk (continued):

At September 30, 2008, the U.S./Can. rate was 1.0414 (2007 - \$0.9936).

Based on the above gross exposure at September 30, 2008, and assuming that all other variables remain constant, in particular the price of raw sugar and natural gas, a 5-cent increase in the Canadian dollar would result in an increase in net earnings of \$1.1 million, (2007 - decrease of \$0.9 million) while a 5-cent decrease would result in a decrease of \$1.1 million in net earnings (2007 - increase of \$0.9 million).

Management believes that impact on the gross exposure is not representative as it needs to be adjusted for the following transactions, which are not recorded on the balance sheet at September 30 but were committed during the fiscal year, and will be accounted for as the physical transactions occur.

	2008	2007
	US\$	US\$
Gross exposure as per above	\$ (32,534)	\$ 22,982
Sugar purchases priced not received	(28,265)	(62,775)
Taber sales, including beet pulp	11,443	22,209
Sales in U.S. dollars	29,331	11,335
Ocean freight	(7,910)	(1,262)
Net exposure	\$ (27,935)	\$ (7,511)

The net exposure is due mainly to the Fund's policy not to hedge its foreign exchange exposure on natural gas futures contracts with maturities exceeding 24 months and also not to hedge its U.S. cash balances. The impact of a 5-cent increase in the Canadian dollar would increase net earnings by \$1.0 million in 2008 (increase of \$0.3 million in 2007) while a decrease of 5 cents would decrease net earnings by \$1.0 million (decrease of \$0.3 million in 2007).

Raw sugar future sales contracts represent, in large part, futures contracts entered into when sugar is priced by a raw sugar supplier. As both the raw sugar futures sales contracts and the sugar purchases priced not received are in U.S. dollars, there is no need to economically hedge the currency, hence the reason for the adjustment for sugar purchases not received.

The Taber sales formula for refined sugar is based on the raw sugar value which trades in U.S. dollars. As all beet sugar is paid in Canadian dollars, the raw sugar value within the Taber sales contracts is in U.S. dollars and therefore needs to be economically hedged for currency.

Some sales are transacted in U.S. dollars. For these sales, the raw sugar value is not hedged, as the corresponding futures contract is also in U.S. dollars. Only the U.S. refined margin and ocean freight contribution are economically hedged for the currency exposure.

Ocean freight for raw sugar is denominated in U.S. dollars and therefore forward exchange contracts are used to cover the foreign exchange exposure.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund has short-term cash borrowings at September 30, 2008 of \$93.0 million. The Fund normally enters into a 90-day Bankers' Acceptance for \$70.0 million of the borrowings, and will borrow either under prime rate loans or shorter term Bankers' Acceptances for any other borrowings. To mitigate the risk in future cash flows due to interest rate fluctuations, the Fund entered into a 5-year swap agreement effective July 7, 2008 for \$70.0 million at a rate of 4.005%. All other borrowings over and above the \$70.0 million are therefore exposed to interest rate fluctuations.

Prior to June 30, 2008, and for fiscal 2007, the Fund had \$115.0 million under term debt, of which \$65.0 million was under a fixed rate until its maturity, June 4, 2008, and the remaining \$50.0 million was under floating interest rate, and therefore exposed to interest rate fluctuations.

For the year ended September 30, 2008, if interest rates at that date had been 50 basis points higher considering all borrowings not covered by the interest swap agreement and other fixed rate debt, net earnings would have been \$0.3 million lower (2007 - \$0.2 million lower). If interest rates would have been 50 basis points lower, net earnings would have been \$0.3 million higher (2007 - \$0.2 million higher).

5. Financial instruments (continued):

Risks (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due.

The following are the contractual maturities of financial liabilities at:

September 30, 2008:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
Non-derivative financial liabilities:						
Short-term borrowings	\$ 93,000	\$ 93,000	\$ 93,000	\$ —	\$ —	\$ —
Accounts payable and accrued liabilities	41,517	41,517	41,517	—	—	—
	134,517	134,517	134,517	—	—	—
Derivative financial instruments:						
Raw sugar contracts (net)*	(90)	985	42,189	(1,422)	(40,180)	398
Natural gas contracts*	(1,282)	54,797	7,807	5,493	14,965	26,532
Forward exchange contracts (net)*	(505)	7,102	2,846	9,768	(6,293)	781
Interest on swap agreement	1,394	13,319	1,402	1,402	2,804	7,711
	(483)	76,203	54,244	15,241	(28,704)	35,422
	\$ 134,034	\$ 210,720	\$ 188,761	\$ 15,241	\$ (28,704)	\$35,422

* Based on notional amounts as presented above.

September 30, 2007:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
Non-derivative financial liabilities:						
Long-term debt	\$ 114,402	\$ 115,000	\$ —	\$ 115,000	\$ —	\$ —
Accounts payable and accrued liabilities	40,665	40,665	40,665	—	—	—
	155,067	155,665	40,665	115,000	—	—
Derivative financial instruments:						
Raw sugar contracts (net)*	36	(10,023)	(3,592)	1,514	(7,945)	—
Natural gas contracts*	(1,515)	23,468	8,199	1,755	3,046	10,468
Forward exchange contracts (net)*	3,718	24,096	8,800	10,718	4,293	285
	2,239	37,541	13,407	13,987	(606)	10,753
	\$ 157,306	\$ 193,206	\$ 54,072	\$ 128,987	\$ (606)	\$10,753

* Based on notional amounts as presented above.

A new 5-year Credit Agreement providing \$200.0 million of available working capital was negotiated in June 2008 to replace the then existing short-term credit agreements and long-term debt agreements. Borrowings under this Credit Agreement are made under Bankers' Acceptances or prime rate loans. It is the Fund's intention to keep a debt level, through short-term borrowings, of at least \$70.0 million, as reflected by the \$70.0 million 5-year interest swap agreement that was entered into on July 7, 2008. All other non-derivative financial liabilities are expected to be financed through the collection of accounts receivable and cash flow generated from the business.

Derivative financial instruments for raw sugar, natural gas and forward exchange contracts are expected to be financed from the working capital of the Fund.

At September 30, 2008, the Fund has an unused available line of credit of \$107.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

5. Financial instruments (continued):

Risks (continued):

(e) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices.

There are two types of commodity contracts which are entered into by the Fund:

(i) Sugar:

In order to protect itself against fluctuations of the world raw sugar market, the Fund follows a rigorous hedging program for all purchases of raw cane sugar and sales of refined sugar. Anytime raw sugar is priced by the sugar suppliers, a corresponding sugar futures contract is sold for the same quantity, period and underlying value. Anytime refined sugar is priced by a customer, the corresponding volume of raw sugar is purchased for the same quantity, period and underlying value. The Fund's policy is to cover all raw cane purchases and refined sugar sales as they are priced by the Fund's suppliers and customers. On a daily basis, the Fund monitors all net sugar futures contract positions against the physical priced purchases and sales commitments to ensure that appropriate hedge positions are in place.

Beginning in fiscal 2006, for the Fund's beet operation, the Board approved an economic pre-hedge, using sugar futures contracts, of some of the beet sugar sales that will occur in the future, provided there is a contract in place with the Alberta Sugar Beet Growers to grow sugar beets. The Board reviews on a quarterly basis the beet pre-hedge balance.

Beginning in fiscal 2008, the Board also approved a trading book to a maximum of 25,000 metric tonnes of sugar derivative contracts. The Board reviews on a quarterly basis the results and outstanding positions of the Trading Book.

(ii) Natural gas:

In order to mitigate the overall price risks in the purchase of natural gas for use in the manufacturing operations, the Board approved the use of natural gas contracts. Natural gas futures contracts cannot be entered into for speculative reasons. The Board reviews on a quarterly basis the position of the natural gas contracts.

At September 30, 2008, the Fund had the following commodity contracts:

	Raw sugar contracts			Natural gas contracts		
	Volume M.T.	Average value (US\$)	Current contract value (US\$)	Contracts (10,000 MM BTU)	Average value (US\$)	Current contract value (US\$)
Purchases	230,937	\$ 321.38	\$ 74,222	641.878	\$ 8.198	\$ 52,619
Sales	(188,062)	326.98	(61,493)	—	—	—
Beet pre-hedge	(35,560)	331.35	(11,783)	—	—	—
	7,315	\$ n/a	\$ 946	641.878	\$ 8.198	\$ 52,619
Spot FX rate	—	—	1.0414	—	—	1.0414
Net value \$CA	—	—	\$ 985	—	—	\$ 54,798

At September 30, 2007, the Fund had the following commodity contracts:

	Raw sugar contracts			Natural gas contracts		
	Volume M.T.	Average value (US\$)	Current contract value (US\$)	Contracts (10,000 MM BTU)	Average value (US\$)	Current contract value (US\$)
Purchases	202,032	\$ 225.43	\$ 45,542	320.178	\$ 7.377	\$ 23,619
Sales	(220,370)	225.62	(49,719)	—	—	—
Beet pre-hedge	(26,213)	225.56	(5,912)	—	—	—
	(44,551)	\$ n/a	\$ (10,089)	320.178	\$ 7.377	\$ 23,619
Spot FX rate	—	—	0.9936	—	—	0.9936
Net value \$CA	—	—	\$ (10,023)	—	—	\$ 23,468

If, on September 30, 2008, the raw sugar value would increase by 1 cent per pound (being approximately US\$22.00 per metric tonne), and all other variables remain constant, the impact on net earnings would be an increase of approximately \$0.1 million (calculated only on the point-in-time exposure on September 30, 2008) (2007 - decrease of \$0.7 million). If the raw sugar value would decrease by 1 cent per pound (being approximately US\$22.00 per metric tonne), and all other variables remain constant, the impact on net earnings would be a decrease of approximately \$0.1 million (2007 - increase of \$0.7 million)

5. Financial instruments (continued):

Risks (continued):

(e) Commodity price risk (continued):

Except for the beet pre-hedge, management believes that the above is not representative, as the Fund has physical raw sugar purchases and refined sugar selling contracts that would offset most gains or losses realized from such decrease or increase in the commodity value, when such contracts are liquidated. For the beet pre-hedge, if on September 30, 2008, the price of raw sugar would increase by 1 cent per pound, net earnings would decrease by approximately \$0.6 million (2007 - decrease of \$0.4 million). A decrease in raw sugar value of 1 cent per pound would increase net earnings by approximately \$0.6 million (2007 - increase of \$0.4 million).

If, on September 30, 2008, the natural gas market price would increase by \$1.00, and all other variables remain constant, net earnings would decrease by \$4.7 million (2007 - decrease of \$2.2 million). If the natural gas value would decrease by \$1.00, and all other variables remain constant, net earnings would increase by \$4.7 million (2007 - increase of \$2.2 million).

Management believes that this impact for natural gas is not representative, as this variance will mostly offset when the actual natural gas is purchased and used; at such time a gain or loss on the liquidation of the natural gas contracts would mostly offset the same increase or decrease in the actual physical transaction.

6. Other assets:

	2008	2007
Deferred financing charges	\$ 875	\$ —
Other	376	225
Prepaid interest	—	325
	\$ 1,251	\$ 550

Deferred financing charges represent the fees and costs related to the negotiation of the 5-year Credit Agreement. As all borrowings are short-term borrowings from the revolving credit facility, deferred financing charges are presented separately and not applied against debt (see note 7). These fees are amortized over five years, the term of the Credit Agreement.

Included in selling and administration expenses in fiscal 2007 is a \$1.4 million gain related to the sale of a seat that Lantic owned on the New York Commodity Exchange.

7. Bank overdraft and revolving credit facility:

Since June 30, 2008, the Fund has a revolving credit facility of \$200 million from which it can borrow at prime rate, Libor rate or under Bankers' Acceptances, plus 0 to 162.5 basis points based on achieving certain financial ratios. Certain assets of the Fund, including trade receivables, have been pledged as security for the credit facility. The credit facility expires on June 30, 2013. The outstanding amount was \$93 million as at September 30, 2008 and nil as at September 30, 2007. The effective interest rate on short-term borrowings was 4.24% (nil in 2007 - no borrowings).

8. Accounts payable and accrued liabilities:

	2008	2007
Accounts payable and accrued liabilities	\$ 33,222	\$ 36,047
Income taxes payable	1,569	—
Payable to commodity brokers	—	1,402
Distribution payable to unitholders	6,726	3,216
	\$ 41,517	\$ 40,665

9. Employee future benefits:

The Fund sponsors defined pension plans for its employees, as well as health care benefits, medical plans and life insurance coverage.

The significant actuarial assumptions adopted in measuring the Fund's accrued benefit obligations for the years ended September 30, 2008 and 2007 are as follows:

	2008		2007	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Accrued benefit obligation as of September 30:				
Discount rate	6.50%	6.50%	5.50%	5.50%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%
Benefit costs for years ended September 30:				
Discount rate	5.50%	5.50%	5.25%	5.25%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%
Expected long-term rate of return on plan assets	7.00%	n/a	7.00%	n/a

The assumed health care cost trend rate as at September 30, 2008 was 7.9% (2007 - 8.2%), decreasing uniformly to 4.7% in 2019 and remaining at that level thereafter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9. Employee future benefits (continued):

The Fund's net benefit plan expense is as follows:

	2008		2007	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Current service cost (employer portion)	\$ 1,046	\$ 354	\$ 1,801	\$ 383
Interest cost	6,066	1,098	5,836	1,053
Actual return on plan assets	10,653	—	(10,289)	—
Actuarial gain on accrued benefit obligation	(8,645)	(297)	(62)	(266)
Plan amendments	646	—	—	—
Settlement loss	—	108	—	—
Costs arising in the period	9,766	1,263	(2,714)	1,170
Differences between costs arising in the period and costs recognized in the period in respect of:				
Return on plan assets	(18,007)	—	3,475	—
Actuarial loss	8,735	589	356	453
Plan amendments	(474)	—	204	—
Net periodic pension cost recognized	\$ 20	\$ 1,852	\$ 1,321	\$ 1,623

Information about the Fund's defined benefit plans is as follows:

	2008		2007	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Accrued benefit obligations:				
Balance at beginning of year	\$ 115,157	\$ 20,514	\$ 114,224	\$ 20,078
Current service cost	1,046	354	1,801	383
Interest cost	6,066	1,098	5,836	1,053
Benefits paid	(7,602)	(1,071)	(7,486)	(734)
Employee contributions	748	—	844	—
Actuarial gain	(8,648)	(1,072)	(62)	(266)
Plan amendments	646	—	—	—
Decrease in benefit obligations due to curtailment	—	(458)	—	—
Balance at end of year	\$ 107,413	\$ 19,365	\$ 115,157	\$ 20,514

	2008		2007	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Plan assets:				
Fair value at beginning of year	\$ 106,129	\$ —	\$ 98,316	\$ —
Actual return on plan assets	(10,653)	—	10,289	—
Employer contributions	4,206	1,071	4,166	734
Employee contributions	748	—	844	—
Benefits paid	(7,602)	(1,071)	(7,486)	(734)
Balance at end of year	\$ 92,828	\$ —	\$ 106,129	\$ —
Funded status - plan deficit	\$ (14,585)	\$ (19,365)	\$ (9,028)	\$ (20,514)
Unamortized net actuarial losses	17,363	2,856	8,091	4,786
Unamortized past service costs	1,685	—	1,212	—
Accrued benefit asset (liability)	\$ 4,463	\$ (16,509)	\$ 275	\$ (15,728)
Reclassification of accrued benefit liability related to supplemental executive retirement pension plan	11,741	(11,741)	12,186	(12,186)
Total as per balance sheet	\$ 16,204	\$ (28,250)	\$ 12,461	\$ (27,914)

9. Employee future benefits (continued):

The Fund measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at September 30 of each year. The most recent actuarial valuations of the pension plans for funding purposes were as of December 31, 2006 and 2007, and the next required valuations will be as of December 31, 2009 and 2010.

Total cash payments:

Total cash payments for employee future benefits for 2008, consisting of cash contributed by the Fund to its funded pension plan and cash payments directly to beneficiaries for its unfunded other benefit plans, amounted to \$5,277 (2007 - \$4,900).

As of the measurement date of September 30 of each year, plan assets consist of:

	2008	2007
Asset category	Percentage of plan assets	
Equity securities	52.0%	59.0%
Debt securities	41.0%	37.0%
Cash and short-term securities	7.0%	4.0%
	100.0%	100.0%

Sensitivity analysis:

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	Increase	Decrease
Total current service and interest costs	\$ 189	\$ (144)
Accrued benefit obligations	1,710	(1,313)

10. Long-term debt:

	2008	2007
Term loan (i)	\$ —	\$ 50,000
Senior secured debentures (ii)	—	65,000
	—	115,000
Less related financing charges	—	273
	—	114,727
Current portion of long-term debt	—	114,727
	\$ —	\$ —

(i) Term loan:

On August 26, 2005, the Fund entered into a term loan agreement amounting to \$50 million. The term loan bore interest at the Bankers' Acceptance rate or Prime Rate borrowing rate plus a spread and was fully repaid July 4, 2008. The effective interest rate until repayment was 5.45% (2007 - 5.47%).

(ii) Senior secured debentures:

The Fund had a private placement of \$65 million of 5.89% senior secured debentures which matured on June 4, 2008 with BNY Trust Company of Canada, as trustee. The debt was fully repaid from available cash on June 4, 2008.

11. Convertible unsecured subordinated debentures:

	2008	2007
Second series (i)	\$ 50,000	\$ 50,000
Third series (ii)	84,260	85,000
	134,260	135,000
Less related financing charges	3,757	4,640
	\$ 130,503	\$ 130,360

(i) Second series:

On March 31, 2005, the Fund issued \$50.0 million of second series, 6.0% convertible unsecured subordinated debentures ("Second series debentures"), maturing on June 29, 2012, with interest payable semi-annually in arrears on June 29 and December 29 of each year, starting June 29, 2005. The second series debentures may be converted at the option of the holder at a conversion price of \$5.30 per trust unit at any time prior to maturity, and cannot be redeemed prior to June 29, 2008.

On or after June 29, 2008 and prior to June 29, 2010, the second series debentures may be redeemed by the Fund only if the weighted average trading price of the trust unit, for 20 consecutive trading days, is at least 125% of the conversion price of \$5.30. Subsequent to June 29, 2010, the second series debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. Convertible unsecured subordinated debentures (continued):

(i) Second series (continued):

On redemption or at maturity, the Fund will repay the indebtedness of the convertible debentures by paying an amount equal to the principal amount of the outstanding convertible debentures, together with accrued and unpaid interest thereon. The Fund may, at its option, elect to satisfy its obligation to repay the principal amount of the convertible debentures, which are to be redeemed or which have matured, by issuing trust units to the holders of the convertible debentures. The number of trust units to be issued will be determined by dividing \$1,000 (one thousand) of principal amount of the convertible debentures by 95% of the weighted average trading price of the trust units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date for redemption or the maturity date, as the case may be.

The Fund has not allocated any of the second series debentures into an equity component, as the calculation of the equity component is not significant using an approximate interest rate that would have been applicable to the issuance of similar debt without the conversion features at the time the debentures were issued.

The fair value of the second series debentures as at September 30, 2008 was approximately \$49.5 million (2007 - \$50.0 million) based on market quotes.

(ii) Third series:

On March 6, 2006, the Fund issued \$85.0 million of third series, 5.9% convertible unsecured subordinated debentures ("Third series debentures"), maturing June 29, 2013, with interest payable semi-annually in arrears on June 29 and December 29 of each year, starting June 29, 2006. The debentures may be converted at the option of the holder at a conversion price of \$5.10 per trust unit at any time prior to maturity, and cannot be redeemed prior to June 29, 2009. During fiscal 2008, a total of \$0.74 million was converted into 145,096 trust units (2007 - nil). The conversions are non-cash transactions and therefore are not reflected in the statement of cash flows.

On or after June 29, 2009 and prior to June 29, 2011, the debentures may be redeemed by the Fund only if the weighted average trading price of the trust unit, for 20 consecutive trading days, is at least 125% of the conversion price of \$5.10. Subsequent to June 29, 2011, the debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

On redemption or at maturity, the Fund will repay the indebtedness of the convertible debentures by paying an amount equal to the principal amount of the outstanding convertible debentures, together with accrued and unpaid interest thereon. The Fund may, at its option, elect to satisfy its obligation to repay the principal amount of the convertible debentures, which are to be redeemed or which have matured, by issuing trust units to the holders of the convertible debentures. The number of trust units to be issued will be determined by dividing \$1,000 (one thousand) of principal amount of the convertible debentures by 95% of the weighted average trading price of the trust units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date for redemption or the maturity date, as the case may be.

The Fund has not allocated any of the third series debentures into an equity component, as the calculation of the equity component is not significant using an appropriate interest rate that would have been applicable to the issuance of similar debt, without the conversion features at the time the debentures were issued.

The fair value of the third series debentures as at September 30, 2008 was approximately \$81.7 million (2007 - \$84.7 million) based on market quotes.

12. Income taxes:

The provision for income taxes differs from the amount computed by applying the Canadian federal and provincial rates to earnings before provision for income taxes. The reasons for the difference and the related tax effects are as follows:

	2008	2007
Earnings before provision for income taxes	\$ 47,088	\$ 49,463
Adjustments:		
Income directly taxed into the hands of the unitholders (note 14)	(40,082)	(36,404)
Other	1,297	1,626
	8,303	14,685
Expected rate	31%	31%
Expected expense	2,574	4,552
Adjustments:		
Tax rate adjustment	(2,884)	(226)
Other differences	(417)	491
Large corporation tax	—	(481)
	(3,301)	(216)
Provision for (recovery of) income taxes	\$ (727)	\$ 4,336

12. Income taxes (continued):

On June 22, 2007, the Senate passed the Federal Government's budget implementation bill, which included the taxation of income trusts starting in 2011. As such, the Fund had to review all temporary differences that were previously not recorded as future income tax assets or liabilities at the trust level. Recognition of these future income tax assets or liabilities is recorded only for temporary differences expected to reverse after the date on which the taxation changes take effect, being January 2011. The only such temporary difference relates to financing charges paid on the issue of the Second and Third series convertible unsecured subordinated debentures, which are being amortized for accounting purposes until the debts' maturity dates of June 2012 and June 2013, respectively. At a future income tax rate of 31.0%, an amount of \$0.6 million was recorded during the third quarter of fiscal 2007 to future income tax expenses and future income tax liabilities. In addition, the Fund considered the difference between the accounting and tax basis of the Fund's investments in its operating company ("outside basis difference"). Management concluded that any difference that currently exists is not expected to reverse in the foreseeable future and, therefore, no future income tax asset or liability has been recorded.

The future income tax assets (liabilities) comprise the following temporary differences:

	2008	2007
Current:		
Derivative financial instruments	\$ 960	\$ (1,539)
Other	614	672
	\$ 1,574	\$ (867)
Long term:		
Capital assets	\$ (21,345)	\$ (21,819)
Employee future benefits	3,274	4,699
Deferred financing charges	(509)	(617)
Losses carried forward	1,919	3,310
Derivative financial instruments	193	(1,454)
Other	(1,788)	(2,243)
	\$ (18,256)	\$ (18,124)

No valuation allowance was recorded for the current and long-term future income tax assets.

13. Trust units:

Each trust unit represents an equal undivided beneficial interest in the net assets of the Fund. Each trust unit is transferable, entitles the holder thereof to participate equally in distributions of the Fund and to one vote for each trust unit held at all meetings of unitholders. Unitholders are not subject to future cash calls or assessments.

During the course of the 2008 fiscal year, the Fund purchased and cancelled, under its Normal Course Issuer Bid, a total of 374,900 units at an average price of \$4.23 per trust unit (2007 - 1,205,600 units at an average price of \$3.869). The capital amount of the trust unit was credited at the average value of the units at the start of the year, resulting in a year-to-date reduction of \$2.4 million (2007 - \$7.7 million) to the capital value of the trust units, resulting in a year-to-date contributed surplus increase of \$0.8 million (2007 - \$3.1 million), being the difference between the amount paid and the book value of the units. In addition, during the year, \$0.74 million of the third series 5.9% convertible unsecured subordinated debentures were converted for 145,096 trust units. Lastly, 200,000 trust units were issued under the stock option plan during the year (see note 18). As at September 30, 2008, an aggregate of 87,552,987 (2007 - 87,582,791) trust units of the Fund were issued.

Capital management:

The Fund's objectives when managing capital are:

- To ensure proper capital investment is done in the manufacturing infrastructure to provide stability and competitiveness of the operations.
- To have stability in the distributions made to unitholders.
- To have appropriate cash reserves on hand to protect the level of distributions made to unitholders.
- To maintain an appropriate debt level so that there is no financial constraints on the use of capital.
- To have a proper line of credit.
- To repurchase units when trading values do not reflect fair values.

The Fund typically invests in its operations between \$6.0 and \$9.0 million yearly in capital expenditures. Management believes that these investments, combined with approximately \$20.0 million spent on average annually on maintenance expenses, allow for the stability of the manufacturing operations and improve its cost competitiveness through new technology or process procedures.

The Trustees of the Fund aim to ensure proper cash reserves are in place to ensure the current distribution level is maintained. The Fund's amended and restated Declaration of Trust provides that the Fund shall distribute all or part of its net distributable cash after having taken proper cash reserves. It does not specify a percentage that must be distributed. Distributions to unitholders will only be raised after the Trustees have carefully assessed a variety of factors that include the overall competitive landscape, volume and selling margin sustainability, the operating performance and capital requirements of the manufacturing plants and the sustainability of any increase.

In fiscal 2008, a new 5-year \$200.0 million revolving credit agreement was negotiated. All previous debts outstanding were fully repaid from cash available and funds from this new credit facility will allow the Fund to better use available cash. The Fund estimates to use between \$70.0 and \$110.0 million of its new revolving credit facility to finance its normal operations during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

13. Trust units (continued):

The Fund monitors, on a quarterly basis, the ratio of total debt to earnings before interest, income taxes, depreciation and amortization, adjusted for the impact of all derivative financial instruments ("adjusted EBITDA"). Through required lenders' covenants, the debt ratio must be kept below 3.5:1, in order to have no restrictions on cash distributions from the operating company to the Fund. At September 30, the operating company's ratio was below 1.50:1 for both fiscal 2008 and 2007.

Having satisfied the above factors, if cash is available, it will be used to repurchase the Fund's units when the Board of Trustees considers that the then current trading range does not reflect the fair trading value of the Fund's units. As such the Fund has a Normal Course Issuer Bid in place.

The Fund does not use equity ratios to manage its capital requirements.

14. Distributions to unitholders:

For the year ended September 30, 2008, the Fund declared distributions to unitholders of \$40,082 or \$0.4567 per unit (2007 - \$37,728 or \$0.4285 per unit). As of December 1, 2007, the Fund increased its annualized distribution per unit to \$0.460 from \$0.4404 per unit.

The distributions declared will be allocated as follows for income tax purposes:

	2008		2007	
	Amount	Amount per unit	Amount	Amount per unit
Interest income	\$ 40,082	\$ 0.4567	\$ 36,404	\$ 0.4157
Return of capital	—	—	1,324	0.0128
	\$ 40,082	\$ 0.4567	\$ 37,728	\$ 0.4285

The Fund's amended and restated Declaration of Trust provides that the Fund shall distribute all or part of its net distributable cash in a particular distribution period, but it does not specify a percentage that must be distributed in such period.

15. Product withdrawal/recall:

On March 22, 2006, the Fund announced a product withdrawal/recall due to metallic strands inadvertently entering the distribution system for certain products shipped to some Ontario and Maritime customers. Although some of the costs are covered under its insurance policies, the Fund recorded a provision in fiscal 2006 of \$2.0 million for costs associated with the incident. The estimate was based on the volume of sugar shipped, processed or returned by the customers, initial claims made by certain customers and discussions with the Fund's insurers. As at September 30, 2008, the provision included in accounts payable and accrued liabilities was reduced to approximately \$0.3 million (2007 - \$0.6 million) and, as a result, an amount of \$0.3 million was reversed to earnings in fiscal 2008 (2007 - \$0.6 million). At the end of fiscal 2008, there is still one claim outstanding.

16. Interest expense:

	2008	2007
Interest on convertible unsecured subordinated debentures	\$ 8,010	\$ 8,015
Interest on long-term debt	4,929	7,060
Amortization of deferred financing charges	1,203	1,484
Short-term interest expense (income)	1,531	(1,157)
	\$ 15,673	\$ 15,402

Included in short-term interest for fiscal 2008 is an unrealized loss of \$1.4 million for the mark-to-market of the interest swap at September 30, 2008.

17. Earnings per trust unit:

A reconciliation between basic and diluted earnings per trust unit is as follows:

	2008	2007
Basic earnings per trust unit:		
Net income	\$ 47,815	\$ 45,127
Weighted average number of trust units outstanding	87,769,735	88,138,448
Basic earnings per trust unit	\$ 0.54	\$ 0.51
Diluted earnings per trust unit:		
Basic adjusted net income	\$ 47,815	\$ 45,127
Plus impact of convertible unsecured subordinated debentures	8,901	8,898
	\$ 56,716	\$ 54,025
Weighted average number of trust units outstanding:		
Basic weighted average number of trust units outstanding	87,769,735	88,138,448
Plus impact of convertible unsecured subordinated debentures	26,027,099	26,100,629
	113,796,834	114,239,077
Diluted earnings per trust unit	\$ 0.50	\$ 0.47

Excluded from the above calculation for fiscal 2008 and 2007 are the unit options (see note 18) which were anti-dilutive because the exercise prices were greater than the average market price of the units.

18. Stock-based compensation plan:

On July 1, 2005, the Fund established a unit option plan ("Unit Option Plan"). Following the creation of the Unit Option Plan, the Fund has reserved and set aside for issuance an aggregate of 850,000 unit options 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 units 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 unit options granted under the Unit Option Plan not vested shall be forfeited.

No options were granted in fiscal 2008 and 2007. During the year, a total of 200,000 trust units were exercised under the Unit Option Plan, 60,000 expired without being exercised, and 90,000 were forfeited following the termination of an executive. The compensation expense is amortized over the vesting period of the corresponding optioned units and is expensed in the administration and selling expenses. Due to the above forfeiture, an income of \$7 was realized in 2008 (2007 - \$31 expense).

The following table summarizes information about the Unit Option Plan as of September 30, 2008:

Exercise price per option	Number of options at September 30, 2007	Options exercised during the year	Options forfeited during the year	Outstanding number of options at September 30, 2008	Weighted average remaining life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$ 3.61	400,000	(120,000)	—	280,000	7.17	\$ 3.61	40,000	\$ 3.61
4.33	350,000	(80,000)	(150,000)	120,000	6.75	4.33	40,000	4.33

The following assumptions were used to estimate the fair values of the options at the grant date:

Risk-free interest rate	3.69% to 3.89%
Expected life	4 to 6 years
Expected volatility	15.45% to 22.86%
Dividend yield	10%

19. Related party transactions:

Lantic has outstanding redeemable shares of \$44.5 million that are retractable and can be settled by delivery of a note receivable from the same party, having the same value. Due to the fact that Lantic has the intent and the legal right to settle the note receivable with the redeemable preferred shares, these amounts have been offset and, therefore, are not presented on the balance sheet.

20. Commitments:

The future annual minimum rental payments under existing operating leases are as follows:

2009	\$ 839
2010	514
2011	310
2012	169
2013	16

As at September 30, 2008, the operating company had commitments to purchase a total of 1,467,000 (2007 - 477,000) metric tonnes of raw cane sugar, of which 81,400 (2007 - 215,000) metric tonnes had been priced, for a total dollar commitment of \$29.4 million (2007 - \$62.3 million). In addition, the operating company had a commitment of approximately \$17.0 million for sugar beets to be harvested and processed in fiscal 2009.

21. Contingencies:

The Fund is subject to laws and regulations concerning the environment and to the risk of environmental liability inherent to its activities relating to its past and present operations. In addition, certain inactive subsidiaries and former subsidiaries are or could be named party to certain claims in respect of environmental matters. The Fund has obtained an environmental indemnification for matters existing as at October 8, 1997. The Fund has also insurance to cover costs incurred for environmental matters. Although the effect on operating results and liquidity, if any, cannot be reasonably estimated, management believes, based on current information, that environmental matters will not have a material adverse effect on the Fund's financial condition.

The Fund and its subsidiary, in the normal course of business, become involved from time to time in litigation and claims. While the final outcome with respect to claims and legal proceedings pending at September 30, 2008 cannot be predicted with certainty, management believes that no provision was required and that the financial impact, if any, from claims related to normal business activities will not be material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

22. Segmented information:

The Fund operates in the sugar industry. Management reviews the Fund financial results by operating plants for operating decisions but not to assess performance of the Fund within the sugar industry. The Fund assesses its performance based on earnings before interest, provision for income taxes and depreciation and amortization.

	2008			
	Eastern Canada	Western Canada	Other	Total
Revenues	\$ 286,624	\$ 176,484	\$ —	\$ 463,108
Earnings before interest, provision for income taxes, depreciation and amortization	57,548	18,645	(503)	75,690
Depreciation and amortization	7,600	4,079	1,250	12,929
Additions to capital assets	4,348	2,906	—	7,254
Capital assets	123,707	70,625	—	194,332
Goodwill	149,740	80,212	—	229,952

	2007			
	Eastern Canada	Western Canada	Other	Total
Revenues	\$ 313,612	\$ 172,285	\$ —	\$ 485,897
Earnings before interest, provision for income taxes, depreciation and amortization	45,450	32,576	(555)	77,471
Depreciation and amortization	7,399	3,956	1,251	12,606
Additions to capital assets	4,997	1,948	—	6,945
Capital assets	128,268	72,060	—	200,328
Goodwill	149,740	80,212	—	229,952

Revenues were derived from customers in the following geographic areas:

	2008	2007
Canada	\$ 435,308	\$ 465,046
United States and other	27,800	20,851
	\$ 463,108	\$ 485,897

Since the amalgamation, on June 30, 2008, of the Fund's subsidiaries, Lantic Sugar Limited and Rogers Sugar Ltd., the total assets and net earnings of each region is no longer available.

23. Comparative figures:

Certain of the 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

FUND INFORMATION

TRUSTEES:

Edward Y. Baker ⁽²⁾ ⁽³⁾
Consultant

A. Stuart Belkin
Chairman and CEO
Belcorp Industries Inc.

William S. Maslechko ⁽³⁾
Partner
Burnet, Duckworth & Palmer LLP

Dallas H. Ross ⁽¹⁾ ⁽²⁾
Partner
Kinetic Capital Limited
Partnership

Michel P. Desbiens ⁽¹⁾ ⁽²⁾ ⁽³⁾
Consultant

LEGAL COUNSEL:

**Davies, Ward,
Phillips & Vineberg**
Montréal, Québec

TRADING SYMBOL:

RSI.UN

STOCK EXCHANGE LISTING:

The Toronto Stock Exchange

ANNUAL MEETING:

The annual meeting of Unitholders to be held at 1:30 PM (Pacific Time) January 28, 2009 at the

The Empire Landmark Hotel
1400 Robson Street
Vancouver, British Columbia
V6G 1B9
Tel: (604) 687-0511
Fax: (604) 687-7267

ADMINISTRATIVE OFFICE:

4026 Notre-Dame Street East
Montréal, Québec
H1W 2K3
Tel: (514) 527-8686
Fax: (514) 527-8406

REGISTRAR & TRANSFER AGENT:

Computershare
Investor Services
Toronto, Ontario

AUDITORS:

KPMG LLP
Montréal, Québec

INVESTOR RELATIONS:

Daniel L. Lafrance
Tel: (514) 940-4350
Fax: (514) 527-1610

WEBSITES:

Rogerssugar.com
Lantic.ca

(1) Nominees to Board of Directors of Lantic Inc.

(2) Audit Committee Members

(3) Nominating and Governance Committee Members

LANTIC INC.

MANAGEMENT

OFFICERS:

Edward Makin
President and Chief Executive Officer

Jacques Dussault
Senior Vice-President
Human Resources

Daniel L. Lafrance
Senior Vice-President Finance and Procurement,
Chief Financial Officer and Secretary

Mauro Ferrara
Director of Accounting Services and Corporate Comptroller

Douglas Emek
General Manager – Vancouver and Taber Operations and Assistant Secretary

MANAGEMENT OFFICE:

4026 Notre-Dame Street East
Montréal, Québec
H1W 2K3
Tel: (514) 527-8686
Fax-General: (514) 527-8406
Fax-Administration: (514) 527-1610

PLANT ADDRESSES:

123 Rogers Street,
Vancouver, British Columbia
V6B 3N2
General Manager: Doug Emek
Tel: (604) 253-1131
Fax: (604) 253-2517

5405 – 64th Street
Taber, Alberta
T1G 2C4
General Manager: Doug Emek
Tel: (403) 223-3535
Fax: (403) 223-9699

4026 Notre-Dame St. East
Montréal, Québec
H1W 2K3
General Manager:
Mario Théberge
Tel: (514) 527-8686
Fax-Gen.: (514) 527-8406
Fax-Admin.: (514) 527-1610

CORPORATE INFORMATION

DIRECTORS OF LANTIC INC.:

A. Stuart Belkin
Chairman & CEO
Belcorp Industries Inc.

Edward Makin
President and Chief Executive Officer,
Lantic Inc.

Michel P. Desbiens ⁽¹⁾ ⁽²⁾
Consultant

Michael Heskin ⁽²⁾
Vice-President Finance and CFO
Belcorp Industries Inc.

Donald G. Jewell
Managing Partner
RIO Industrial

Gary M. Collins
Senior Vice-President of
Corporate Development
Belcorp Industries Inc.

Dallas H. Ross, ⁽¹⁾ ⁽²⁾
Partner
Kinetic Capital Limited
Partnership

AUDITORS:

KPMG LLP
Montréal, Québec

(1) Rogers Sugar Income Fund Nominees

(2) Audit Committee Members

ROGERS SUGAR INCOME FUND

ROGERSUGAR.COM

LANTIC.CA

MANAGEMENT OFFICE
4026 NOTRE-DAME STREET EAST
MONTRÉAL, QUÉBEC
H1W 2K3