A TRADITION SINCE 1888

2014 Annual Report

OUR FACILITIES

1. Head Office and Cane Refinery
VANCOUVER, BC

2. Beet Plant
TABER, AB

3. Distribution Centre and Blending Facility
TORONTO, ON

4. Administrative Office and Cane Refinery
MONTREAL, QC

5. Distribution Centre
MONCTON, NB

TOTAL DISTRIBUTION (thousand of $)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Fiscal 2014	—	—	8,470	—	—	8,463	—	—	8,462	—	—	8,463	33,858
Fiscal 2013	—	—	8,468	—	33,873	8,470	—	—	8,470	—	—	8,470	67,751

PER SHARE DISTRIBUTION ($)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Fiscal 2014	—	—	0.09	—	—	0.09	—	—	0.09	—	—	0.09	0.36
Fiscal 2013	—	—	0.09	—	0.36	0.09	—	—	0.09	—	—	0.09	0.72

Rogers Sugar Inc. (TSX: RSI) a Canadian corporation, holds all of the common shares of Lantic Inc., which operates cane sugar refineries in Montreal, Quebec and Vancouver, British Columbia as well as the only Canadian sugar beet processing facility in Taber, Alberta.

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MESSAGE TO SHAREHOLDERS

To my fellow shareholders:

The past fiscal year has been challenging for Rogers Sugar Inc. (“Rogers” or the “Company”).

Export opportunities remained constrained in the U.S. and in Mexico due to inventory surpluses in both countries. The decrease in export volume was somewhat mitigated by strong volume from our main category, industrial products. The consumer segment also improved compared to last year due to additional volume contracted during the year. Overall, the Company’s total sugar deliveries were slightly lower than last year.

Adjusted gross margin and adjusted gross margin rates were comparable to last year. Adjusted earnings before interest and income taxes (“EBIT”) were $48.8 million compared to $55.8 million in fiscal 2013. A large part of the decrease was due to approximately $2.8 million spent on a productivity improvement project which resulted in a significant manpower reduction at the Montreal refinery. The analysis was performed by a process improvement consulting firm, in collaboration with Lantic Inc’s (“Lantic”) production team, and will help sustain the future of our Montreal refinery. The end result will benefit our employees and our customers over the long term. In addition, the Company recorded a non-cash expense of approximately $2.2 million for the termination of one of its pension plans. This termination, combined with favourable returns on the Company’s pension assets during the year and an increase in the discount rate used in the December 31 2013 actuarial evaluations, should reduce future cash contributions and improve free cash flow.

In fiscal 2014, Rogers paid quarterly dividends of $0.09 per share for a yearly total of $0.36 per share. Rogers’s free cash flow totaled $30.6 million for fiscal 2014 compared to total dividends declared of $33.9 million. The current year’s shortfall will be paid from previously earned but undistributed free cash flow. The Board of Directors will continue to assess the appropriateness of the level of the dividend based on performance and on the outlook for the business. The Board views sustainable returns to shareholders as a priority in its strategy.

During the year, the Company purchased and cancelled 85,400 common shares under a Normal Course Issuer Bid (“NCIB”) put in place at the end of November 2013. The Company will continue to monitor the share price and may purchase and cancel additional shares when the price range of the shares does not fully reflect the Company’s value.

The Company’s wholly-owned subsidiary Lantic exercised in fiscal 2014 its option to extend its revolving credit facility under the same terms and conditions as those entered into June 2013. As a result, the credit facility will now mature on June 28, 2019. In addition, due to the current low interest rate environment, Lantic negotiated an additional five-year $10.0 million interest rate swap agreement at a rate of 2.09%. This new agreement will complement the five-year 2.09% interest rate swap agreement entered into in fiscal 2013 for an initial amount of $50.0 million, declining to $30.0 million by the end of the agreement. Lantic’s financial position remains strong and the extended revolving credit facility as well as the interest rate swap agreements will maintain stability in the Company’s financing costs.

On behalf of the Rogers’ Board of Directors, I announced in August that Edward Makin, President and CEO of Lantic plans to retire on or about March 31, 2015. In accordance with our succession planning, the Board of Directors is actively engaged in the mandate of identifying a candidate to replace Mr. Makin and we expect to make an appointment announcement in the next few months.

Finally, I would like to thank all our shareholders for their ongoing commitment to Rogers and all our employees for their efforts on behalf of the operating company. We continue to be guided by our obligation to both ensure and enhance the value of your investment. We thank you for the trust you have accorded us.

On behalf of the Board of Directors,

A. Stuart Belkin

A. Stuart Belkin
Chairman

November 18, 2014

REPORT FROM THE PRESIDENT AND CEO

We are pleased to report that our adjusted gross margin and adjusted gross margin rate for the year was comparable to last year, despite the many challenges faced in fiscal 2014.

Overall, we are pleased to report our total volume amounted to 646,376 metric tonnes compared to 649,274 in fiscal 2013, a decrease of less than 1% year over year. During the year, our industrial segment improved by 5,400 metric tonnes with volume gained from new and existing customers. With continued changes in the consumer landscape in fiscal 2014, we were able to increase our consumer volume by 2,900 metric tonnes. However, we saw a reduction in export volume of approximately 9,500 metric tonnes as our sugar deliveries to Mexico were minimal compared to approximately 15,000 metric tonnes in the prior year. The decrease in Mexico volume was mitigated somewhat as the Company was able to enter approximately 5,600 metric tonnes against the U.S. global quota that opens and closes on October 1 of each year.

The Company is always looking at ways to improve results and amongst other things, reduce costs. With this in mind, a thorough analysis was performed this year in our largest refinery, the Montreal plant. To that effect, a cost improvement consulting firm was hired to review the cost structure and the manufacturing process. Following their analysis and a review of our operations with the production team, we proceeded, in September 2014, with an hourly workforce reduction of 59 employees through a combination of early retirement, voluntary departures and layoffs. We recognize that it is difficult times for our existing and former employees, however, the Company ensured that all departing employees were treated with respect and given appropriate support. These necessary changes will have no impact on our commitment to supply quality products and to reliably service our customers. As a result of this project, the Company incurred approximately $2.8 million in additional administrative expenses in fiscal 2014.

Adjusted gross margin rate per tonne was comparable to the previous year at $126.76 versus $126.48 per metric tonne last year. Adjusted earnings before interest and income taxes ("EBIT") was $48.8 million as compared to $55.8 million in fiscal 2013, a decrease of $7.0 million. The decrease is due to additional administrative expenses such as the costs incurred with regards to the productivity improvement analysis explained above. In addition, the Company recorded a $2.2 million non-cash expense for the termination of one of its pension plan. Finally, higher legal costs and marketing expenses for the launch of new products also contributed to the variation compared to last year.

Plant improvement and plant reliability are always extremely important. In fiscal 2014, we maximized our efforts on many projects bringing our capital spending for the year to $11.6 million over and above approximately $30.0 million spent in maintenance costs. Of the total capital spending, $2.9 million was dedicated to capital improvement projects geared towards reducing future operating costs. Two major projects were undertaken: the purchase and installation of a palletizing station in Vancouver and the expansion of refined sugar storage capacity at the Montreal refinery. Many other projects are under review and will start over the next several years contributing to reduce operating expenses.

We have also been very active this year on the sales and marketing front with various initiatives implemented or undertaken. In early spring, we launched new graphics for the core retail lines of both Rogers and Lantic brands. This new look enhances our on shelf appearance and provides a more consistent fresh look nationally while supporting our two national brands. As a corporate goal, the Company endeavours to continuously improve its competitive position in the sale of value-added products through the introduction of new packaging and retail products. The Company introduced three new products this year: Stevia, a non-nutritive sweetener, Rogers Pancake Syrup and a private label iced tea mix. Additional products are in the final stage of development and are scheduled to be launched in 2015. In addition on October 1, 2014, we launched our new and improved websites, one being consumer-focused while the other is investor-focused.

Outlook

In Fiscal 2014, the Company secured a multi-year agreement with a major consumer account but did not re-sign an important Eastern consumer account. The impact is expected to increase volume in the consumer segment during fiscal 2015.

We anticipate that the liquid segment will decrease by approximately 10,000 metric tonnes this coming year. In fiscal 2013 and 2014, the Company had recaptured volume from an HFCS substitutable business for a one-year contract. With the decrease in corn prices, sugar was not competitive and as a result, the contract was not renewed.

The Company also expects export volume to be lower in 2015 as compared to 2014 as the Canada-specific quota was reduced from 12,050 to 10,300 metric tonnes. In addition, the Company's share of the volume entered under the U.S. global quota of 7,090 metric tonnes that opened and closed on October 1, 2014 was less than fiscal 2014. The Company will continue to investigate other export opportunities similar to those developed several years ago in Mexico, in order to secure additional export sales.

Overall, total sales volume is expected to be slightly lower in fiscal 2015 as compared to fiscal 2014.

Significant labour and energy costs savings are expected in fiscal 2015. As a result of the analysis of the cost structure and manufacturing process at the Montreal refinery, the Company anticipates approximately $5.0 million in labour savings. With regards to energy, we expect cost savings of approximately $1.8 million. We are pleased to report that the Company received confirmation from its natural gas provider that a firm multi-year gas supply contract was accepted. Therefore, the Company will no longer be subject to interruptions due to cold winter conditions. The above savings are expected to be generally offset by lower selling margins due mainly to market competitiveness.

We would like to take this opportunity to thank all employees and management across Canada for their dedication and hard work. We have faced and surmounted many challenges this year. The effort overall is greatly appreciated and together we will continue to maximize each opportunity as presented to benefit the shareholders of Rogers Sugar Inc.

Edward Makin
President and Chief Executive Officer

November 18, 2014

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers") audited consolidated financial statements for the years ended September 27, 2014 and September 28, 2013 should be read in conjunction with the audited consolidated financial statements and related notes for the years ended September 27, 2014 and September 28, 2013.

All financial information contained in this MD&A and audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars unless otherwise noted, and the term "dollar", as well as the symbol "$", designate Canadian dollars unless otherwise indicated.

Rogers's audited consolidated financial statements have been approved by its Board of Directors upon the recommendation of its audit committee prior to release. This MD&A is dated November 18, 2014.

Additional information relating to Rogers and Lantic Inc., including the annual information form, quarterly and annual reports, management proxy circular and the various press releases issued by Rogers is available on the Rogers's website at www.rogerssugarinc.com or on the SEDAR website at www.sedar.com.

NON-GAAP MEASURES

In analyzing the results, we supplement the use of financial measures that are calculated and presented in accordance with IFRS 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 IFRS. 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 the audited 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 IFRS. These non-GAAP financial measures reflect an additional way of viewing aspects of the operations that, when viewed with the IFRS results and the accompanying reconciliations to corresponding IFRS 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 the 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 IFRS financial measures are also contained in this MD&A.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements which reflect the current expectations of Rogers and Lantic Inc. (together referred to as "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. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although this is not an exhaustive list, the Company cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: future prices of raw sugar, natural gas costs, the opening of special refined sugar quotas in the United States ("U.S."), beet production forecasts, the status of labour contracts and negotiations, the level of future dividends and the status of government regulations and investigations. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. This could cause actual performance or results to differ materially from those reflected in the forward-looking statements, historical results or current expectations.

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with Rule 52-109 respecting certification of disclosure in issuers' annual filings, the Chief Executive Officer and Vice-President Finance have evaluated the effectiveness of the Company's disclosure controls and procedures as of the year ended September 27, 2014. The Chief Executive Officer and the Vice-President Finance have concluded that the Company's disclosure controls and procedures are effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As required by national Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the Chief Executive Officer and the Vice-President Finance, in the capacity of an officer performing the functions of a Chief Financial Officer, have caused to be evaluated under their supervision the effectiveness of such internal controls over financial reporting ("ICFR") as at September 27, 2014 using the framework established in "Internal Control – Integrated Framework (COSO 1992 Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)". Based on that evaluation, they have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at September 27, 2014.

In designing and evaluating such controls, it should be recognized that, due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is obliged to use judgement in evaluating controls and procedures.

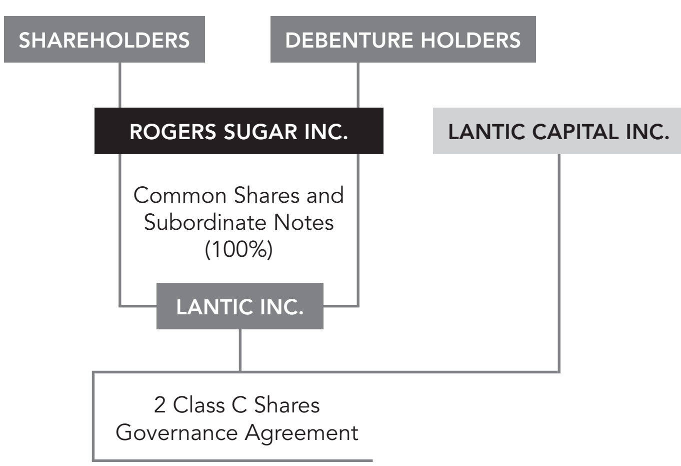
CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting during the year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OVERVIEW

Rogers is a corporation incorporated under the *Canada Business Corporations Act*, which holds all of the common shares and subordinated notes of Lantic Inc. ("Lantic").

The following chart illustrates the structural relations between the shareholders, debenture holders, Rogers, Lantic Capital Inc., and Rogers's operating company, Lantic.



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

The directors are responsible for, among other things: acting for, voting on behalf of and representing Rogers as a shareholder and noteholder of Lantic; maintaining records and providing reports to the shareholders; supervising the activities and managing the investments and affairs of Rogers; and effecting payments of dividends to shareholders.

Communication with the shareholders on matters relating to the Company is primarily the responsibility of the Administrator, Lantic, through its Chief Executive Officer and Vice-President Finance. 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 Rogers exists and is composed of three directors, 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.

With total sales volume of approximately 600,000 to 700,000 metric tonnes per year, Lantic has ample capacity to meet all current volume requirements. None of the production facilities currently operate at full capacity. Lantic 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.

Lantic also operates a blending operation in Toronto with total capacity of approximately 30,000 metric tonnes per year.

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.

The industrial segment is the largest segment accounting for approximately 65% of all shipments. The domestic industrial segment increased slightly in fiscal 2014 as the Company gained volume from existing and new customers.

In the domestic consumer segment, a wide variety of products is offered under the Lantic and Rogers brand names. This segment has remained fairly stable during the last several years. The goal is to continue to enhance the Company's competitive position in the sale of value-added products through the introduction of new packaging and retail products. With this in mind, the Company introduced Stevia, in an individual service format, in late fiscal 2014. Stevia is a natural non-nutritive sweetener product. In addition, Lantic extended its product offering by launching two new products: Rogers pancake syrup and a private label iced tea mix. Furthermore, Lantic launched new graphics for the core products covering the retail lines of both Rogers and Lantic brands. This new look enhances our on shelf appearance and provides a more consistent fresh look nationally while supporting our two national brands.

Part of our production is sold to liquid industrial users, some of whom can substitute liquid sucrose with high fructose corn syrup ("HFCS"). In April 2013, the Company recaptured volume of an HFCS substitutable account in Western Canada for a twelve-month period, which ended at the end of March of the current year. Given the timing of this one-year contract, the domestic liquid segment was stable when compared to fiscal 2013.

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 to the U.S., of 10,300 metric tonnes. In addition, there is a 7,090 metric tonne U.S. global refined sugar quota, which opens and is usually filled on a first-come first-served pro-rata basis every year on October 1. The Montreal and Vancouver cane operations and Taber beet operation can all participate in this global quota. These sales in the U.S. are made at a higher price than comparable sales in Canada, due to the sugar support program in place in the United States. In addition, the Secretary of Agriculture of the United States can increase the refined sugar quota on an ad-hoc basis, for which the Company could benefit. There was no special refined quota in fiscal 2014 or 2013, however the Company made some sales of speciality sugars on a high tier (duty paid) basis. The Company is well positioned to take advantage of these opportunistic sales.

By-products are sold in the form of beet pulp, beet and cane molasses. Beet pulp is sold domestically and 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 the Montreal and Vancouver cane facilities.

Our Supply

The global supply of raw sugar is ample. Over the last several years, Lantic has purchased most of its raw sugar from Central and South America for its Montreal and Vancouver cane refineries. All raw cane sugar purchases are hedged on the Intercontinental Exchange ("ICE") #11 world raw sugar market. This hedging eliminates gains or losses from raw sugar price fluctuations, and thus helps Lantic avoid the effects of volatility in the world raw sugar market.

The Company has a three-year agreement in place with the Alberta Sugar Beet Growers (the "Growers") for the supply of sugar beets to the Taber beet plant. The 2014 crop, which will be harvested in the fall and processed in fiscal 2015, is the last one under the current contract. Negotiations for a new contract will start over the next few months for spring 2015. Any shortfall in beet sugar production as a result of related crop problems 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 beet sugar derived from the beets processed in addition to a scale incentive as the price of raw sugar increases. As a consequence, the Company is exposed to fluctuations in the #11 world raw sugar price for all domestic beet sugar volume sold against the #11 world raw sugar prices, which is approximately 60,000 metric tonnes.

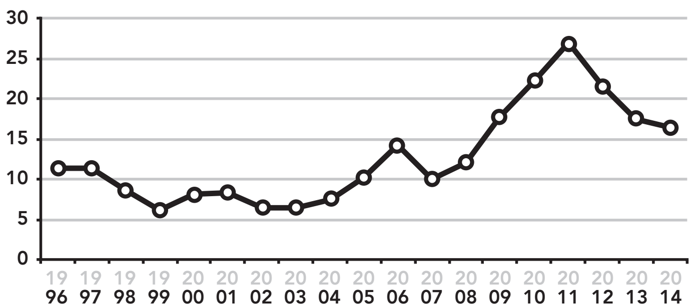
Pricing

In fiscal 2014, the price of raw sugar fluctuated between U.S. 13.32 cents per pound and U.S. 20.16 cents per pound, and closed at U.S. 15.41 cents per pound at the end of the fiscal year, which was approximately 1.5 cents lower than the closing value of fiscal 2013. The price variation during the year was more than in fiscal 2013 when raw sugar prices fluctuated between U.S. 15.93 and U.S. 21.77 cents per pound. The world raw sugar prices continued to trend downwards following a succession of surplus years triggered by well stocked producing countries and a slight increase in world demand.

The price of refined sugar deliveries from the Montreal and Vancouver raw cane facilities is directly linked to the price of the #11 world raw sugar market on the ICE. All sugar transactions are economically hedged, thus eliminating the impact of volatility in world raw sugar prices. This applies to all refined sugar sales made by these plants. Liquid sales to HFCS substitutable customers are normally priced against competing HFCS prices and are historically the lowest margin sales for the Company. A higher price of raw sugar and/or low price of corn may render the Company uncompetitive on certain of these liquid sales.

Higher raw sugar prices have the most significant impact on our Western operations. In Taber, the raw material used to produce sugar is sugar beets, for which a fixed price, plus an incentive on higher raw sugar values, is paid by Lantic to the Growers. As a result, Lantic benefits from or alternatively absorbs some of the results associated with fluctuations in world raw sugar prices for all volume sold, excluding non U.S. export volume.

World raw sugar cane prices
Cents per pound — yearly averages
(September 1996 to September 2014)



Source: #11 ICE

Operations

Employees are key to our success and employee safety is continuously at the forefront of our priorities. Each of the Company's manufacturing operations incorporates occupational health and safety components in its annual planning which are reviewed monthly by senior management and quarterly by the Board of Directors.

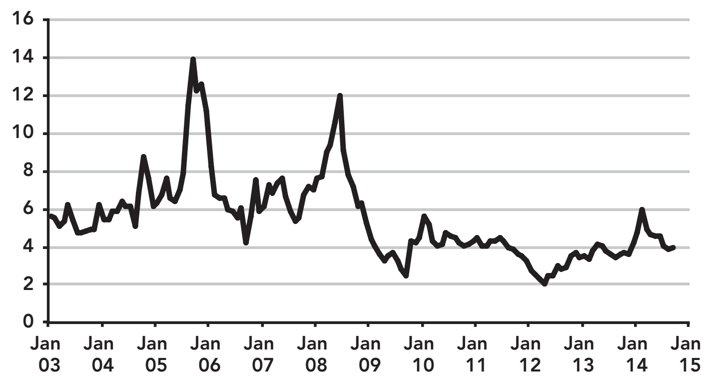
For our refinery operations, labour remains the largest cost item. In fiscal 2014, the Company finalized a labour agreement with the last remaining unit of the unionized employees of the Montreal refinery. As a result, the Company has in place labour agreements with all 3 plants with expiry dates ranging from fiscal 2016 to 2018.

During the year, Lantic hired a process improvement consulting firm to review the Montreal refinery cost structure and its manufacturing process. Following the analysis and a thorough review of the Montreal operations with its production team, the Company announced in September 2014 the reduction of the hourly workforce by 59 employees through a combination of layoffs, early retirements and voluntary departures. This reorganization will have no impact on our commitment to supply quality products and to reliably service our customers.

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. In fiscal 2014, approximately half of the open positions were purchased at spot values as value of the commodity remained low. With the flattening of the forward curve, Lantic added some hedged positions for fiscal 2015 through 2018 at prices equal to or lower than fiscal 2014's average price. We will continue to closely monitor the natural gas market in order to add hedged positions at competitive prices. 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 higher than the comparable price of low sulphur oil.

In September, the Montreal refinery received confirmation from its natural gas provider that its request to convert its interruptible gas contract to a firm gas contract has been accepted by *La Régie de l'énergie du Québec*. This will eliminate incremental energy costs relating to service interruptions as a result of cold winter conditions.

Natural gas price continuation chart
(January 2003 to September 2014)



Source: NYMEX

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 efficient working order and competitiveness.

Lantic invested $8.7 million in capital projects for plant reliability, product security, information systems, environmental requirements and cost improvements. In fiscal 2014, the Company committed $4.2 million for the purchase and installation of new specialty packaging equipment at the Vancouver refinery of which $1.8 million was spent in the current year.

In addition, over the course of any given fiscal year, the Company will normally undertake capital investment projects. These investment projects are not necessary for the operation of the plants, but are undertaken because of the substantial operational savings to be realized when such projects are completed. In fiscal 2014, a total of $2.9 million was spent on these types of projects. Over two fiscal years, the Company spent $2.3 million for the acquisition and installation of a new palletizing station at the Vancouver refinery, of which, $1.7 million was spent in fiscal 2014. The palletizing project was completed at the end September and will start generating labour savings in the second quarter of fiscal 2015. In addition, Lantic spent $0.9 million in fiscal 2014 to expand its refined sugar storage capacity at the Montreal refinery. The project will be completed in fiscal 2015 at an estimated total cost of $1.1 million and will generate some external storage cost savings. A number of other investment projects are under analysis which may start in fiscal 2015.

The Company is fully committed to continuous quality improvement and to the competitive supply of quality and safe products that meet or surpass customer and legislative requirements. Customer satisfaction is achieved and maintained by a qualified and motivated workforce that is accountable and responsible for all aspects of food safety and quality assurance. By understanding and responding to evolving needs and expectations, we are well positioned with respect to ever changing requirements such as the Global Food Safety Initiative, currently the universal benchmark for food safety and consumer protection. We are pleased to report that the Food Safety System Certification 22000 ("FSSC 22000") has been implemented in each of our production facilities being the two cane refineries and the beet factory.

We have made substantial progress in the blending operations. In fiscal 2013, we obtained the FSSC 22000 certification for our retail packaging line. The FSSC 22000 certification is a positive step in continuous improvement and highlights our commitment to provide quality products for our customers. The plant also secured the Canadian Food Inspection Agency ("CFIA") dairy certification, which will allow blending to pursue dry dairy blends for both the domestic and export markets. During the year, blending was able to ship incremental volume over its yearly quota allocation. Furthermore, a new private label iced tea mix was launched in the current fiscal year. In fiscal 2015, we expect to launch branded iced tea mix and branded and private label hot chocolate mix in our domestic market. We are committed to increase blending volume in both the industrial and retail sector, including non-sugar containing blends.

USE OF FINANCIAL DERIVATIVES FOR HEDGING

Accounting Measurement

The following description of how financial derivatives are used to provide the Company's adjusted earnings, is inconsistent with the Company's IFRS financial information. The following reflects the determination of adjusted results of the Company.

Sugar

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

The #11 world raw sugar market 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.

The selling of refined sugar by the Company is also done under the #11 world raw sugar market. 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.

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. As an example, 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 as a result.

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 also prepares 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 immediately correct 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.

The Board of Directors authorized the Company to have a trading book to trade outright sugar futures, options, 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 were accumulated in any given year. 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 earnings.

Beet Sugar

As noted, the Company purchases sugar beets from the Growers under a fixed price formula plus a scale incentive when raw sugar values exceed a certain price level. 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 using the same formula as cane sugar, following the world raw sugar price.

The Board of Directors authorized the Company to hedge forward up to 70% 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 the period when that quantity of beet sugar is delivered. This is referred to as the Taber pre-hedge.

The Company has no volume under the pre-hedge program for fiscal 2015 as the world raw sugar market currently offers few opportunities.

Natural Gas

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 3.0 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 the prior 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 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, based on the trading values at closing of the day. These daily requirements are called "margin calls."

When sugar prices are on the rise, the Company's sugar suppliers will normally 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 costs for 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 versus the U.S. dollar, the Company, on a daily basis, reconciles all of its exposure to the U.S. dollar and will hedge the net position against various forward months, estimated from the date of the various transactions.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' consolidated results for the 2014, 2013 and 2012 fiscal years. The Company's fiscal year ends on the Saturday closest to the end of September. All references to 2014, 2013 and 2012 represent the fiscal years ended September 27, 2014, September 28, 2013 and September 29, 2012. The Company's audited consolidated financial statements were prepared under IFRS and the Company's functional and reporting currency is the Canadian dollar.

(In thousands of dollars, except volume and per share information)	**2014**	2013 (1)	2012 (2)
	$	$	$
Total volume (metric tonnes)	**646,376**	649,274	641,573
Total revenues	**532,295**	558,438	618,093
Gross margin	**82,939**	84,791	77,861
Results from operating activities	**49,834**	58,494	50,604
Net earnings	**29,229**	36,492	30,261
Net earnings per share:			
Basic	**0.31**	0.39	0.33
Diluted	**0.31**	0.38	0.32
Dividends per share (3)	**0.3600**	0.3600	0.3500

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

(2) The financial information presented for fiscal 2012 does not reflect the impact of the adoption of IAS 19 (2011), *Employee benefits*.

(3) Excludes additional dividend of $0.36 in fiscal 2013.

RECONCILIATION OF NON-GAAP MEASURES

In the normal course of business, the Company uses derivative financial instruments consisting of sugar futures, foreign exchange forward contracts, natural gas futures and interest rate swaps. Lantic sells refined sugar to some clients in U.S. dollars. These sales contracts are viewed as having an embedded derivative if the functional currency of the customer is not U.S. dollars, the embedded derivative being the source currency of the transaction, U.S. dollars. Derivative financial instruments and embedded derivatives are marked-to-market at each reporting date, with the unrealized gains/losses charged to the consolidated statement of operations with a corresponding offsetting amount charged to the statement of financial position. These mark-to-market adjustments create non-cash volatility to the gross margin, all the way to the net income.

Management believes that the Company'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 and from embedded derivatives. These adjusted financial results provide a more complete understanding of factors and trends affecting the business. This measurement is a non-GAAP measurement.

Management uses the non-GAAP adjusted results of the Company to measure and to evaluate the performance of the business through its adjusted gross margin, adjusted EBIT and adjusted net earnings. In addition, management believes that these measures are important to our investors and parties evaluating our performance and comparing such performances to our past results. Management also uses adjusted gross margin, adjusted EBIT and adjusted net earnings when discussing results with the Board of Directors, analysts, investors, banks and other interested parties.

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

Gain / (Loss) (In thousands of dollars)	**2014**	2013	2012
	$	$	$
Mark-to-market adjustment	**(1,432)**	(7,972)	(14,243)
Cumulative timing differences	**2,436**	10,646	(10,088)
Total adjustment to cost of sales	**1,004**	2,674	(24,331)

The mark-to-market adjustment represents the variation between all derivative contracts at the end of each reporting quarter as compared to the mark-to-market value of the contracts that were present in the previous measured quarter and to the initial value of all new contracts entered during that time period. The year-end mark-to-market adjustment is the total of all these quarterly results.

A mark-to-market loss of $5.3 million was recorded in fiscal 2014 compared to a loss of $7.2 million in fiscal 2013 related to sugar futures contracts. The Company recorded a mark-to-mark gain of $0.5 million on natural gas contracts compared to a loss of $1.2 million in fiscal 2013. Foreign exchange forward contracts and embedded derivatives, on which foreign exchange movements have an impact, had a combined mark-to-market gain of approximately $3.4 million for the year compared to a mark-to-market gain of $0.4 million in fiscal 2013.

The cumulative timing differences are as a result of the fact that mark-to-market gains or losses are recognized by the Company only when sugar is sold to a customer and when natural gas is used. In addition, the gains or losses on the sugar and related foreign exchange paper transactions are largely offset by corresponding gains or losses from the physical transactions being the sale and purchase contracts with customers and suppliers. The year-end adjustment is the total of all quarterly results. This adjustment is added to the mark-to-market results to arrive at the total adjustment to cost of sales. For fiscal 2014, the total cost of sales adjustment is a gain of $1.0 million to be deducted from the consolidated operating results compared to a total cost of sales gain of $2.7 million to be deducted from the consolidated operating results in fiscal 2013 to arrive at the adjusted operating results of these two years.

The Company also recorded a mark-to-market loss of $0.4 million in fiscal 2014 for the mark-to-market of interest rate swaps under finance costs, as compared to a mark-to-market gain of $1.8 million in fiscal 2013, as recorded mark-to-market losses from the previous years were reversed from the passage of time of the previous interest rate swap.

Therefore, the total adjustment to earnings before income taxes for fiscal 2014 was a gain of $0.6 million compared to a gain of $4.5 million in fiscal 2013.

Adjusted consolidated financial information (non-GAAP reconciliation):

Consolidated Results (In thousands of dollars, except per share information)	**2014**	2013 (1)	2012 (2)
	$	$	$
Gross margin as per financial statements	**82,939**	84,791	77,861
Adjustment as per above	**(1,004)**	(2,674)	24,331
Adjusted gross margin	**81,935**	82,117	102,192
Results from operating activities as per financial statements	**49,834**	58,494	50,604
Adjustment as per above	**(1,004)**	(2,674)	24,331
Adjusted results from operating activities	**48,830**	55,820	74,935
Net earnings as per financial statements	**29,229**	36,492	30,261
Adjustment to cost of sales as per above	**(1,004)**	(2,674)	24,331
Adjustment for mark-to-market of finance costs	**433**	(1,787)	(2,119)
Deferred taxes on above adjustments	**113**	1,018	(5,448)
Adjusted net earnings	**28,771**	33,049	47,025
Net earnings per share basic, as per financial statements	**0.31**	0.39	0.33
Adjustment for the above	**—**	(0.04)	0.17
Adjusted net earnings, per share basic	**0.31**	0.35	0.50

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

(2) The financial information presented for fiscal 2012 does not reflect the impact of the adoption of IAS 19 (2011), *Employee benefits*.

RESULTS OF OPERATIONS

Revenues

	2014	2013
	$	$
Volume (MT)	**646,376**	649,274
Revenues ($000's)	**532,295**	558,438

The total Canadian nutritive sweetener market, which includes both refined sugar and HFCS, is estimated to have increased very slightly, approximately 0.2%, in fiscal 2014 compared to an increase of approximately 1.0% in fiscal 2013. We estimate that per capita sugar consumption remained fairly stable during the year.

The Company's total sugar deliveries were lower than the previous year. For the year, total sales volume of 646,376 metric tonnes decreased by approximately 2,900 metric tonnes or 0.4% over the previous year.

The industrial segment increased by approximately 5,400 metric tonnes due to volume gained from new and existing customers.

Total consumer volume was higher than last year by approximately 2,900 metric tonnes. The Company entered into a new multi-year national agreement with a major consumer account that took effect in January 2014. The volume gained from this new multi-year agreement was somewhat offset by the fact that we did not re-sign another important Eastern consumer account starting in the second half of the current fiscal year.

The increases in industrial and consumer segments were more than offset by a reduction in export volume of approximately 9,500 metric tonnes. In fiscal 2013, the Company delivered approximately 15,000 metric tonnes to Mexico. In fiscal 2014, the Mexican market had surplus inventories and as a result, export volume to Mexico was minimal. The loss of the Mexican volume was somewhat mitigated by approximately 5,600 metric tonnes entered against the U.S. global quota that opened and closed on October 1, 2013.

Finally, the liquid segment decreased by approximately 1,700 metric tonnes compared to the previous fiscal year due to timing in deliveries of certain accounts.

The decline in total revenues in fiscal 2014 is mostly attributable to the decrease in world raw sugar prices which fluctuated between U.S. 13.32 and U.S. 20.16 cents per pound compared to U.S. 15.93 and U.S. 21.77 cents per pound and U.S. 18.81 and 28.35 cents per pound in fiscal 2013 and 2012, respectively.

Gross Margins

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

	2014	2013 (1)
Gross margin ($000's)	**82,939**	84,791
Adjusted gross margin ($000's)	**81,935**	82,117
Gross margin per metric tonne ($)	**128.31**	130.59
Adjusted gross margin per metric tonne ($)	**126.76**	126.48

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

Consolidated gross margin of $82.9 million in fiscal 2014 and of $84.8 million in fiscal 2013 do not reflect the adjusted gross margin of the Company, as it includes a gain of $1.0 million for fiscal 2014 and a gain of $2.7 million for fiscal 2013 due to the mark-to-market of derivative financial instruments, 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.

Adjusted gross margin was $81.9 million, $0.2 million lower than last year. On a per metric tonne basis, adjusted gross margin was comparable to last year at $126.76 but includes several offsetting items.

In the fourth quarter of the current fiscal year, the Company recorded a $1.9 million one-time profit triggered by the receipt of a raw sugar vessel in advance, when compared to our needs, in order to capitalize from favourable spreads in the #11 world raw sugar futures. In addition, the adjusted gross margin of fiscal 2013 included a $1.9 million charge for committed future pension benefit updates. These two items increased adjusted gross margin by $3.8 million or $5.88 per metric tonnes in fiscal 2014.

This positive variance was offset by higher energy costs in Montreal of $1.4 million compared to fiscal 2013 due to the purchase of expensive auxiliary natural gas and oil when natural gas supply was interrupted, as per the delivery terms of the natural gas provider. The Montreal refinery was interrupted 49 days this fiscal year compared to 27 days in fiscal 2013. Lower by-product revenues of approximately $1.3 million also contributed to the decrease in adjusted gross margin and adjusted gross margin per metric tonne, as a result of lower beet acreage harvested in fiscal 2014 when compared to fiscal 2013. Finally, the unfavourable sales mix had an impact on adjusted gross margin with an increase in industrial volume and a decrease in higher margin rate export sales.

Other Expenses

(In thousands of dollars)	**2014**	2013 (1)
	$	$
Administration and selling expenses	**24,304**	18,187
Distribution	**8,801**	8,110

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

Administration and selling expenses were $6.1 million higher than in fiscal 2013. As previously mentioned, the Company hired a process improvement consulting firm to review the Montreal refinery cost structure and its manufacturing process. Following the analysis and a thorough review of the Montreal operations with its production team, the Company announced in September a reduction in the hourly workforce of 59 employees through a combination of layoffs, early retirements and voluntary departures. As a direct result of this analysis, the Company incurred $2.8 million for consulting fees and severance costs. Furthermore, during the third quarter of the current year, the Company announced its decision to terminate the only remaining salaried defined benefit pension plan ("Salaried Plan"), for which years of service had been frozen since 2008. The termination of this pension plan will reduce cash contributions in future years. Consequently, a non-cash expense of $2.2 million was recorded. Lastly, in addition to the above-mentioned reasons, administration and selling expenses were higher than the previous year due to higher legal costs and marketing expenses associated with the launch of new products.

Distribution expenses for the year were approximately $0.7 million higher than last year due to one-time demurrage costs as well as additional storage costs due to the large carryover of beet sugar inventories at the end of last fiscal year.

Results from operating activities

(in thousands of dollars)	**2014**	2013 (1)	2012 (2)
	$	$	$
Results from operating activities	**49,834**	58,494	50,604
Adjusted results from operating activities	**48,830**	55,820	74,935

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

(2) The financial information presented for fiscal 2012 does not reflect the impact of the adoption of IAS 19 (2011), *Employee benefits.*

Consolidated results from operating activities of $49.8 million, $58.5 million and $50.6 million in fiscal 2014, 2013 and 2012, respectively, do not reflect the adjusted results from operating activities of the Company, as it includes gains and losses from the mark-to-market of derivative financial instruments, 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 results from operating activities.

Adjusted results from operating activities at $48.8 million were $7.0 million lower than the previous year. The decrease is mainly explained by higher energy costs, lower by-product revenues, an unfavourable sales mix and higher administrative and selling expenses, as explained above, somewhat offset by a one-time profit triggered by the early arrival of a raw sugar vessel.

Net finance costs

Finance costs consisted of interest paid under the revolving credit facility, as well as interest expense on the convertible unsecured subordinated debentures, and a mark-to-market gain or loss on the interest swap agreement.

The net finance costs breakdown is as follows:

(In thousands of dollars)	**2014**	2013
	$	$
Interest expense on convertible debentures	**6,456**	6,447
Interest on revolving credit facility, net of interest income	**2,834**	3,579
Amortization of deferred financing costs	**833**	888
Mark-to-market of interest rate swap	**433**	(1,787)
Net finance costs	**10,556**	9,127

Interest on the revolving credit facility decreased by $0.7 million due to a reduction in interest rate on the new interest rate swap agreements. Effective June 30, 2014, the Company entered into a 5-year interest rate swap agreement at a rate of 2.09% for a value of $10.0 million. In addition, effective June 28, 2013, the Company entered into a 5-year interest rate swap agreement also at a rate of 2.09% for an initial value of $50.0 million, decreasing to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The Company's previous 5-year interest rate swap agreement of $70.0 million at a rate of 4.005% expired on June 28, 2013.

The interest rate swaps are marked-to-market at each reporting period. For the year ended September 27, 2014, an unrealized loss of $0.4 million was recorded compared to an unrealized gain of $1.8 million in fiscal 2013. The variation is due mainly to the passage of time as the previous years' mark-to-market losses reversed as the 2008 interest rate swap approached maturity.

Taxation

The income tax expense is as follows:

(In thousands of dollars)	**2014**	2013 (1)
	$	$
Current	**11,697**	11,659
Deferred	**(1,648)**	1,216
Total	**10,049**	12,875

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

Deferred income taxes reflect temporary differences, which result primarily from the difference between depreciation claimed for tax purposes and depreciation amounts recognized for financial reporting purposes, employee future benefits and derivative financial instruments. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates anticipated to apply to income in the years in which temporary differences are expected to be realized or reversed. The effect of a change in income tax rates on future income taxes is recognized in income in the period in which the change occurs.

Net earnings

(in thousands of dollars)	**2014**	2013 (1)	2012 (2)
	$	$	$
Net earnings	**29,229**	36,492	30,261
Adjusted net earnings	**28,771**	33,049	47,025

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

(2) The financial information presented for fiscal 2012 does not reflect the impact of the adoption of IAS 19 (2011), *Employee benefits*.

Consolidated net earnings of $29.2 million, $36.5 million and $30.3 million in fiscal 2014, 2013 and 2012, respectively do not reflect the adjusted net earnings of the Company, as it includes gains and losses from the mark-to-market of derivative financial instruments, 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 net earnings.

Adjusted net earnings at $28.8 million were $4.3 million lower than the previous year due to the above-mentioned variances to adjusted results from operating activities, net of taxes.

Summary of Quarterly Results

The following is a summary of selected financial information of the consolidated financial statements and non-GAAP measures of the Company for each of the quarters of fiscal 2014 and 2013:

	QUARTERS							
(In thousands of dollars, except for volume and per share information)	2014				2013 (1)			
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
Volume (MT)	**162,258**	**154,862**	**158,489**	**170,767**	156,415	150,914	165,304	176,641
	$	**$**	**$**	**$**	$	$	$	$
Total revenues	**136,876**	**127,299**	**128,432**	**139,688**	142,376	131,819	138,403	145,840
Gross margin	**26,303**	**33,206**	**8,353**	**15,077**	30,423	22,636	14,402	17,330
EBIT	**19,425**	**25,226**	**1,477**	**3,706**	23,437	15,760	7,558	11,739
Net earnings (loss)	**12,516**	**16,725**	**(886)**	**874**	15,940	10,241	3,802	6,509
Gross margin rate per MT	**162.11**	**214.42**	**52.70**	**88.29**	194.50	149.99	87.12	98.11
Per share								
Net earnings (loss)								
Basic	**0.13**	**0.18**	**(0.01)**	**0.01**	0.17	0.11	0.04	0.07
Diluted	**0.13**	**0.16**	**(0.01)**	**0.01**	0.16	0.11	0.04	0.07
Non-GAAP Measures								
Adjusted gross margin	**24,779**	**16,382**	**16,786**	**23,988**	29,351	19,684	15,540	17,542
Adjusted EBIT	**17,901**	**8,402**	**9,910**	**12,617**	22,365	12,808	8,696	11,951
Adjusted net earnings	**11,403**	**4,526**	**5,456**	**7,386**	14,694	7,359	4,179	6,817
Adjusted gross margin rate per MT	**152.71**	**105.78**	**105.91**	**140.47**	187.65	130.43	94.01	99.31
Adjusted net earnings per share								
Basic	**0.12**	**0.05**	**0.06**	**0.08**	0.16	0.08	0.04	0.07
Diluted	**0.12**	**0.05**	**0.06**	**0.08**	0.15	0.08	0.04	0.07

(1) Adjusted to reflect the impact relating to the implementation of the amendments to IAS 19 (2011), *Employee benefits*, which can be found in note 3 (q) (i) of the September 27, 2014 consolidated financial statements.

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 explained by increased sales of baked goods during this holiday period of the year. Conversely, the second quarter (January to March) is historically the lowest volume quarter, resulting in lower revenues, adjusted gross margins and adjusted net earnings. In fiscal 2013, the Company recaptured an HFCS substitutable account in Western Canada for a one-year period starting in the third quarter, which resulted in higher sales volume in the first and second quarter of fiscal 2014. The second half of the 2014 fiscal year had the opposite effect on volume when compared to the prior year. Adjusted gross margin rate per metric tonne was lower in the first half of fiscal 2014 while the second half was higher due mainly to sales mix and timing of additional operational expenses.

Fourth Quarter Results

Revenues for the quarter were lower than the previous year due to lower sales volume and lower price of raw sugar.

The fourth quarter volume decreased by approximately 5,900 metric tonnes versus the comparable quarter last year. Liquid volume decreased by approximately 4,800 metric tonnes in the fourth quarter of fiscal 2014 due to an HFCS substitutable contract that ended in March 2014. Industrial and export volumes were also lower by approximately 2,000 metric tonnes and 800 metric tonnes, respectively, due to timing in deliveries. The decrease in volume in these segments was slightly offset by an increase of approximately 1,700 metric tonnes in the consumer market due to timing in customer promotions.

For the quarter, the adjusted gross margin rate was $140.47 per metric tonne as compared to $99.31 per metric tonne in fiscal 2013, an increase of $41.16 per metric tonne As explained above, the one-time profit of $1.9 million, triggered by having received a raw sugar vessel early, added $11.13 per metric tonne to the adjusted gross margin. In addition, the increase was also due to negative events that occurred in the last quarter of fiscal 2013 such as higher cost of raw material in Taber and higher maintenance costs in Vancouver due to an unusual breakdown and poorer overall plant performances. Finally, the sales mix had a positive impact on adjusted gross margin per metric tonne for the fourth quarter with lower industrial and liquid volumes and higher consumer volume when compared to fiscal 2013.

Distribution expenses for the quarter were comparable to the same period last year. Administration and selling expenses were higher by approximately $5.8 million compared to the same quarter of fiscal 2013. Consulting fees and severance costs relating to the process improvement review of the Montreal refinery added $2.5 million in fourth quarter of fiscal 2014. During the current quarter, the Company increased the non-cash expense for the termination of the Salaried Plan from $1.0 million to $2.2 million to reflect the decrease in interest rates that occurred in the quarter. Lastly, in addition to the above-mentioned items, administration and selling expenses were higher than the previous year due to higher employee benefits and marketing expenses for the launch of new products.

Net finance costs for the quarter were comparable to the same quarter of fiscal 2013.

Financial condition

(In thousands of dollars)	**2014**	2013	2012
	$	$	$
Total assets	**568,334**	553,599	594,067
Total non-current liabilities	**229,496**	229,904	197,749

The increase in total assets in the current fiscal year is mostly explained by an increase in inventory levels due to the early arrival of the raw sugar vessel to take advantage of the favourable spreads in the #11 world raw sugar futures as mentioned above. The decrease in total assets from fiscal 2012 to fiscal 2013 is attributable to a reduction in cash balances, lower inventory levels and lower deferred tax assets. In February 2013, the Company declared and paid an additional dividend of $33.9 million, which reduced cash on hand.

Non-current liabilities for the current year were comparable to fiscal 2013. However, the increase in fiscal 2013 compared to 2012 is explained by an amount of $50.0 million drawn under the revolving credit facility that was recorded as non-current in fiscal 2013 following the negotiation of a new five-year credit agreement in June 2013. This was partially offset by a decrease in the employee benefits obligation of $13.5 million due mostly to an actuarial gain of $10.7 million.

On an annual basis, a goodwill impairment calculation is performed with the aim of ensuring that the fair value of the Company is more than its respective carrying value. There was no impairment in the fiscal 2014 analysis or any of the previous two years.

Liquidity

The cash flow generated by Lantic is paid to Rogers 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 Rogers, after having taken a reasonable reserve for capital expenditures, debt reimbursement and working capital. The cash received by Rogers is used to pay administrative expenses, interest on the convertible debentures, income taxes and dividends to its shareholders. Lantic had no restrictions on distributions of cash arising from the compliance of financial covenants for the year.

(In thousands of dollars)	**2014**	2013
	$	$
Cash flow from operating activities	**31,965**	37,653
Cash flow from financing activities	**(23,494)**	(53,227)
Cash flow from investing activities	**(11,569)**	(9,117)
Net decrease in cash and cash equivalents	**(3,098)**	(24,691)

Cash flow from operations was $32.0 million in fiscal 2014, as opposed to $37.7 million in fiscal 2013. The decrease of $5.7 million was mainly due to lower adjusted results from operating activities of $7.0 million, offset by lower interest and income taxes paid of $1.8 million.

The variation in cash flow from financing activities is mostly attributable to an additional dividend of $33.9 million that was declared and paid in fiscal 2013. In fiscal 2014, the Company drew down $10.0 million compared to $15.0 million in fiscal 2013 under its revolving credit facility, resulting in a positive variation.

Capital expenditures in fiscal 2014 were $2.5 million higher than the previous year due to some significant projects that were undertaken in fiscal 2014 compared to the previous year.

The cash flow requirements for the year were funded from available cash reserves. In addition, borrowings under the revolving credit facility increased by $10.0 million to $85.0 million in fiscal 2014.

In order to provide additional information, the Company believes it is appropriate to measure free cash flow that is generated by the operations of the Company. Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, financial instruments' non-cash amount, funds received or paid from the issue or purchase of shares and investment capital expenditures. Free cash flow is a non-GAAP measure.

Free cash flow is as follows:

(In thousands of dollars)	**2014**	2013	2012
	$	$	$
Cash flow from operations	**31,965**	37,653	47,793
Adjustments:			
Changes in non-cash working capital	**2,984**	3,452	(14,417)
Changes in non-cash income taxes payable	**760**	1,423	5,113
Changes in non-cash interest payable	**(33)**	368	315
Mark-to-market and derivative timing adjustments	**(571)**	(4,461)	22,212
Financial instruments non-cash amount	**4,621**	6,458	1,699
Capital expenditures	**(11,569)**	(9,117)	(9,183)
Investment capital expenditures	**2,869**	1,430	694
(Buy back) issue of securities	**(372)**	92	352
Deferred financing charges	**(90)**	(569)	(2,716)
Free cash flow	**30,564**	36,729	51,862
Declared dividends	**33,858**	67,751	32,915

Free cash flow for 2014 was $6.2 million lower than the previous year. The decrease is due mainly to lower adjusted results from operating activities of $7.0 million and higher capital expenditures, net of investment capital expenditures, of $1.0 million. This was partially offset with a decrease in interest and income taxes paid of $1.8 million.

Capital expenditures, net of investment capital expenditures, were higher in fiscal 2014 since the Company committed to spend $4.2 million, of which, $1.8 million was spent in fiscal 2014, to purchase and install a new specialty packaging equipment at the Vancouver refinery. The Company invested, during the current fiscal year, $8.7 million in maintenance capital expenditures.

Investment capital expenditures were $1.4 million higher than fiscal 2013. The Company invested $2.3 million, of which $1.7 million was spent during the current year for the acquisition and installation of a new palletizing station at the Vancouver refinery, which will start generating labour savings in the second quarter of fiscal 2015. In addition, Lantic spent $0.9 million in fiscal 2014 to expand its refined sugar storage capacity at the Montreal refinery. The project will be completed in fiscal 2015 at an estimated total cost of $1.1 million and will generate some external storage cost savings. Free cash flow 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 that are realized once the projects are completed.

In fiscal 2014, Rogers repurchased 85,400 common shares under a normal course issuer bid ("NCIB") for a total cash consideration of $0.4 million. In fiscal 2013, 23,500 shares were issued pursuant to the share option plan for total proceeds of approximately $0.1 million.

Financing charges are paid when a new debt financing is completed and such charges are deferred and amortized over the term of that debt. The cash used in the year to pay for such fees is therefore not available and as a result deducted from free cash flow. In fiscal 2014, Lantic exercised its option to extend its revolving credit facility and as a result, paid $0.1 million in deferred financing costs. In fiscal 2013, Lantic negotiated a five-year Credit Agreement for which deferred financing charges of approximately $0.6 million were paid.

The Company declares a quarterly dividend of 9.0 cents per common share, for a total amount of approximately $8.5 million per quarter. During the second quarter of fiscal 2013, the Company declared and paid an additional dividend of $33.9 million based on previously earned but undistributed free cash flow of approximately $64.7 million generated in the last five fiscal years ended September 29, 2012.

Changes in non-cash operating working capital, income taxes payable and interest payable represent year-over-year movement in current assets, such as accounts receivable 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 free cash flow. Such increases or decreases are financed from available cash or from the Company's available credit facility of $150.0 million. Increases or decreases in bank indebtedness are also due to timing issues from the above, and therefore do not constitute available free cash flow.

The combined impact of the mark-to-market and financial instruments non-cash amount of $4.1 million does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations

The following table identifies the outstanding contractual obligations of the Company as at year-end, and the effects such obligations are expected to have on liquidity and cash flow over the next several years:

(In thousands of dollars)	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Revolving credit facility	85,000	25,000	20,000	40,000	—
Interest on convertible debentures	22,026	6,300	11,413	4,313	—
Interest based on swap agreement	4,181	1,516	1,829	836	—
Finance lease obligations	7	7	—	—	—
Operating leases	3,212	1,344	1,279	414	175
Purchase obligations	39,082	39,082	—	—	—
Derivative financial instruments	43,914	61,937	(20,377)	2,354	—
	197,422	135,186	14,144	47,917	175
Purchase obligations (In metric tonnes)	1,105,000	445,000	396,000	264,000	—

In fiscal 2013, Lantic entered into a new five-year credit agreement of $150.0 million effective June 28, 2013, replacing the $200.0 million credit agreement that expired on the same date. In fiscal 2014, Lantic exercised its option to extend this new credit agreement under the same terms and conditions. The maturity date of the credit facility was therefore extended to June 28, 2019. At September 27, 2014, a total of $85.0 million had been borrowed under that facility.

During the year, the Company entered into a $10.0 million five-year interest rate swap agreement at a rate of 2.09%, effective June 30, 2014. In addition, a five-year interest rate swap agreement was negotiated last year with an effective date as at June 28, 2013, also at a rate of 2.09% for an initial amount of $50.0 million, declining to $40.0 million in 2015 and to $30.0 million in 2016. The interest payments that will be incurred on the future borrowings related to this swap agreement are reflected in the above table.

The fourth and fifth series convertible debentures, in the amount of $50.0 million and $60.0 million respectively, maturing in April 2017 and December 2018, have been excluded from the above table due to the holders' conversion option and the Company's option to satisfy the obligations at redemption or maturity in shares. Interest has been included in the above table to the date of maturity.

Finance and operating lease obligations relate mainly to the leasing of various mobile equipment and the premises of the blending operations in Toronto.

Purchase obligations represent all open purchase orders as at year-end and approximately $28.3 million for sugar beets that will be harvested and processed in fiscal 2015 and exclude any raw sugar priced against futures contracts.

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.

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 March 2016.

At September 27, 2014, the Company had a net long sugar position of $5.6 million in net contract amounts with a current net contract value of negative $0.5 million. This is offset by a larger volume of sugar priced with customers than purchases priced from suppliers.

The Company uses futures contracts and swaps to help manage its natural gas costs. At September 27, 2014, the Company had $23.0 million in natural gas derivatives, with a current contract value of $22.5 million.

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 counterparties 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 mostly to U.S. currency, as well as euro currency. The counterparties to these contracts are major Canadian financial institutions. 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 27, 2014, the Company had a net $22.6 million in U.S. and Euro foreign currency forward contracts with a current contract value of $23.0 million.

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 27, 2014, the Company had commitments to purchase a total of 1,105,000 metric tonnes of raw sugar, of which approximately 147,500 metric tonnes had been priced, for a total dollar commitment of $68.7 million.

The Company has no other off-balance sheet arrangements.

CAPITAL RESOURCES

As mentioned above, Lantic entered into a five-year credit agreement of $150.0 million effective June 28, 2013, replacing the $200.0 million credit agreement that expired on the same date. The total available credit was reduced by $50.0 million to better suit the expected financial needs of the Company. At September 27, 2014, $85.0 million had been drawn from the working capital facility, $0.8 million was taken as a bank overdraft, representing the bank cash balance, net of outstanding cheques, and $0.1 million in cash was also available.

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 due to the Growers is made. Lantic has sufficient cash and availability under its line of credit to meet such requirements.

The operating Company has approved for future commitments approximately $7.3 million for completing capital expenditures presently in progress. With this carry-forward, total maintenance and investment capital expenditures for fiscal 2015 should be approximately $13.0 million, of which $3.0 million will be spent in capital investment projects.

The Company also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at September 27, 2014, all of the Company's registered defined benefit pension plans were in a deficit position. The total accounting deficit was estimated at approximately $43.6 million. The Company performed actuarial evaluations for its four pension plans as of December 31, 2013. As a result of favourable returns on its pension plan assets, combined with an increase in discount rate as of December 31, 2013, deficits in all plans were significantly reduced or eliminated. Consequently, the Company approved the termination of the Pension Plan for Salaried Employees in B.C. and Alberta (the "Salaried Plan") as of December 31, 2014. The Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. Nonetheless, pension fund assets are not immune to market fluctuations and, as a result, the Company may be required to make additional cash contributions in the future. In fiscal 2014, cash contributions to defined benefit pension plans decreased by approximately $1.0 million to $7.5 million. The current year defined benefit pension plan contribution includes a one-time cash contribution of approximately $2.1 million for the settlement of a Senior Executive Retirement Plan ("SERP") of an executive following his retirement last year. The Company contributed $0.8 million and $3.4 million towards the Salaried Plan in fiscal 2014 and 2013, respectively. In total, the Company expects to incur cash contributions of approximately $4.0 million for fiscal 2015 relating to employee defined benefit pension plans. No contributions are expected for the Salaried Plan in fiscal 2015. For more information regarding the Company's employee benefits, please refer to Note 19 of the audited consolidated financial statements.

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 94,028,860 shares were outstanding as at September 27, 2014.

In November 2013, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB program, the Company may purchase up to 5,000,000 common shares. The NCIB program commenced on November 27, 2013 and may continue to November 26, 2014. During the second quarter of 2014, the Company purchased 85,400 common shares, for a total cash consideration of $0.4 million. All shares purchased were cancelled. During fiscal 2013, a total of 23,500 shares were issued under the share option plan for a total proceed of approximately $0.1 million.

As at November 18, 2014, 94,028,860 shares were outstanding.

On December 16, 2011, the Company issued $60.0 million of fifth series 5.75% convertible unsecured subordinated debentures, maturing December 31, 2018, with interest payable semi-annually in arrears on June 30 and December 31 of each year, starting June 29, 2012. The fifth series debentures may be converted at the option of the holder at a conversion price of $7.20 (representing 8,333,333 shares) per share at any time prior to maturity, and cannot be redeemed prior to December 31, 2014. On or after December 31, 2014 and prior to December 31, 2016, the fifth series debentures may be redeemed by the Company only if the weighted average trading price of the share, for 20 consecutive trading days, is at least 125% of the conversion price of $7.20. Subsequent to December 31, 2016, the fifth series debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

On April 8, 2010, the Company issued $50.0 million of fourth series 5.7% convertible unsecured subordinated debentures, maturing April 30, 2017, with interest payable semi-annually in arrears on April 30 and October 31 of each year, starting October 31, 2010. The fourth series debentures may be converted at the option of the holder at a conversion price of $6.50 per share (representing 7,692,308 shares) at any time prior to maturity. On or after April 30, 2013 and prior to April 30, 2015, the fourth series debentures may be redeemed by the Company only if the weighted average trading price of the share, for 20 consecutive trading days, is at least 125% of the conversion price of $6.50. Subsequent to April 30, 2015, the fourth series debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

In 2005, the Company reserved and set aside for issuance a total of 850,000 shares to be allocated to key personnel. At September 30, 2005, a total of 350,000 shares had been allocated to two senior executives. These shares were priced at $4.33 per share, 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 shares were allocated on October 24, 2005 to the new President and CEO of Lantic. These shares were priced at $3.61 per share, representing the average market price for the five business days before the granting of the options to the President and CEO. On December 17, 2009, 100,000 shares were granted to a senior executive. These shares were priced at $4.70 per share representing the average market price for the five business days before the grant of the options. These shares 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. In fiscal 2013, a total of 23,500 shares were exercised while 100,000 shares were exercised in fiscal 2012. Upon termination, resignation, retirement, death or long-term disability, all shares granted under the Share Option Plan not vested are forfeited. Further to the departure of a senior executive in fiscal 2011, a total of 80,000 shares, priced at $4.70, were forfeited while a further 150,000 shares priced at $4.33, were forfeited in fiscal 2008 following the departure of another senior executive. On March 19, 2012, the 230,000 forfeited shares were allocated at a price of $5.61 to certain executives.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's audited consolidated financial statements in conformity with IFRS 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 the 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 market capitalization and discounted cash flow. When the fair value exceeds the carrying amount, goodwill is considered not to be impaired.

There was no impairment in goodwill in fiscal 2014.

Deferred Income Taxes

We regularly assess the likelihood that the deferred tax assets will be realized from recoverable income taxes or recovered from deferred taxable income, and we record the deferred income tax assets to the amount that we believe to be probable.

Defined Benefit Pension Plans and Employees' Future Benefits

The plan obligations and related assets of the defined benefit and medical retirement plans are presented in Note 19 to the audited 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 compensation increases, the long-term health care trend rate and mortality rates.

The next actuarial valuations are scheduled for December 31, 2014 for two of the four defined benefit pension plans. The actuarial valuations for the other two plans are scheduled for December 31, 2016. However, we anticipate the settlement of the Salaried Plan to occur before the next actuarial evaluation which is due in 2016.

The discount rate used in assessing plan assets and liabilities may significantly increase pension plan expenses in future years.

Depreciation

Estimated useful lives of property, plant and equipment is based on management's judgements and assumptions about the physical useful lives of the assets and the economic life, the maintenance of the asset and the method by which the asset depreciates.

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

A number of new standards, and amendments to standards and interpretations, are not yet effective for fiscal 2014 and have not been applied in preparing the consolidated financial statements. The Company will continue evaluating the impact that these standards will have on its results of operations and financial position.

- IAS 36, *Impairment of assets*: The IASB has issued amendments to IAS 36, *Impairment of assets*, to reverse the unintended requirements in IFRS 13, *Fair value measurements*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Company intends to adopt the amendment in its consolidated financial statements for the annual period beginning September 28, 2014. The adoption of IAS 36, *Impairment of assets*, does not have an impact on the consolidated financial statements.

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

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

  IFRS 9 (2013) includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness. However, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

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

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

  The Company does not intend to early adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) and/or IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on September 28, 2014. The extent of the impact of adoption of IFRS 9 *Financial instruments* on the consolidated financial statements of the Company has not yet been determined.

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

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

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

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

  The Company intends to adopt IFRIC 21 in its annual consolidated financial statements starting September 28, 2014. The extent of the impact of the amendment on the consolidated financial statements of the Company has not yet been determined.

- IFRS 15 *Revenue from contracts with customers*: The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

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

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on October 1, 2017. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

ENVIRONMENT

The Company'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.

The 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.

The Montreal 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. In fiscal 2013, the Company spent $0.7 million to remove an unused oil tank. In fiscal 2015, the Company will remove any soil determined as contaminated under the tank. The Company recorded a provision under asset retirement obligations for this purpose, which is expected to be sufficient.

Although the Company 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.

RISK FACTORS

The Company's business and operations are substantially affected by many factors, including prevailing margins on refined sugar and its ability to market sugar competitively, sourcing of raw material supplies, weather conditions, operating costs and government programs and regulations.

Dependence Upon Lantic

Rogers is entirely dependent upon the operations and assets of Lantic through its ownership of securities of this company. Accordingly, interest payments to debenture holders and dividends to shareholders will be dependent upon the ability of Lantic to pay its interest obligations under the subordinated 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 Rogers, in certain circumstances. In addition, Lantic may defer payment of interest on the subordinated notes at any given time for a period of up to 18 months.

Fluctuations in Margins and Foreign Exchange

The Company'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. The Company, through the U.S. specific quota, normally sells approximately 10,300 metric tonnes of refined sugar per year in the U.S. 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 for in Canadian dollars to the Growers. Fluctuations in the value of the Canadian dollar will impact the profitability of these sales. Except for these sales, which currently can only be supplied by the Company's Taber beet plant, and sales to the U.S. under other announced specific quotas, 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 the Company'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. In a market where world raw sugar is tight due to lower production, significant premiums may be charged on nearby deliveries which would have a negative impact on the adjusted gross margins of the cane operations. The world raw sugar price can, however, impact the profitability of the Company's beet operations. Sugar derived from beets is purchased at a fixed price, plus a scale incentive when sugar prices rise over a certain level, and the selling price of domestic refined sugar rises or falls in relation to the world raw sugar prices.

A relatively high world raw sugar price and/or low price of corn will also reduce the competitive position of liquid sugar in Canada as compared to HFCS which could result in the loss of HFCS substitutable business for Lantic.

Security of Raw Sugar Supply

There are over 180 million metric tonnes of sugar produced worldwide. Of this, approximately 50 million metric tonnes of raw cane sugar is traded on the world market. The Company, through its cane refining plants, buys approximately 0.6 million metric tonnes of raw sugar per year. Even though worldwide raw supply is much larger than the Company's yearly requirements, concentration of supply in certain countries like Brazil, combined with an increase in cane refining operations in certain countries, may create tightness in raw sugar availability at certain times of the year. To prevent any raw sugar supply shortage, the Company normally enters into long-term supply contracts with reputable suppliers. For raw sugar supply not under contract, significant premiums may be paid on the purchase of raw sugar on a nearby basis, which may negatively impact adjusted gross margins.

The availability of sugar beets to be processed in Taber, Alberta is dependent on a supply contract with the Growers, and on the Growers planting the necessary acreage every year. In the event that sufficient acreage is not planted in a certain year, or that the Company and the Growers cannot agree on a supply contract, sugar beets might not be available for processing, thus requiring transfer of products from the Company's cane refineries to the Prairie market, normally supplied by Taber. This would increase the Company's distribution costs and may have an impact on the adjusted gross margin rate per metric tonne sold.

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 the Company's sugar extraction 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

The Company faces domestic competition from Redpath Sugar Ltd. 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, sucralose and stevia. 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 the Company.

Operating Costs

Lantic uses large quantities of energy, principally natural gas, in its operations. Moreover, the Company'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 cossettes (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 the Company'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 a portion of its natural gas price exposure through the use of natural gas contracts 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 ("EU"). The Canadian International Trade Tribunal ("CITT") conducted an enquiry and on November 6, 1995 ruled that the dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom and the Netherlands as well as the subsidizing from the EU was 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, on November 2, 2005, and on November 1, 2010, the CITT continued for a further five years the anti-dumping duties imposed on imports of refined sugar from the United States but, in November 2010, removed the anti-dumping and countervailing duties on refined sugar imports from the EU.

As a result of this decision, on December 1, 2010, the Canadian Sugar Institute ("CSI") filed an application with the Federal Court of Appeal for judicial review of the EU decision requesting that the matter be referred back to the CITT to reconsider the evidence. On May 30, 2012, the Federal Court of Appeal allowed the application for judicial review, set aside the November 1, 2010 order with respect to the EU and returned the matter to the CITT for reconsideration. On June 18, 2012, the CITT recommenced the expiry review and after a reconsideration of the evidence, issued a new order on September 28, 2012, reinstating the antidumping and countervailing duties on imports of EU refined sugar.

The duties on imports of U.S. and EU refined sugar are important to Lantic and to the Canadian refined sugar industry in general because they protect the market from the adverse effect of unfairly traded imports from these sources. The price support and trade distorting attributes of the U.S. and EU sugar regimes have not materially changed the factors that originally led to the original CITT decision and the importance of continuing these duties. However, there is no assurance that in 2015 these duties will be continued for a further five years.

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 CSI in informing government officials and politicians of the threat to Canada's sugar industry of such trade agreements. Of particular concern is the threat of imports from surplus sugar producers such as in South and Central America where there is no commercial export opportunity for Canadian refined sugar.

On August 15, 2011, Canada and Colombia implemented an FTA. Since Colombia is a large surplus sugar producer, this FTA includes a gradual phase-out of sugar tariffs (17 years), avoiding the immediate negative effects of a duty-free quota on the Canadian sugar industry. The refining of sugar does not confer origin in this FTA so Canadian refiners do not expect to realize any exports to Colombia. FTAs have also been concluded with smaller sugar producing countries in Latin America, including Honduras, Peru and Panama. These agreements include transitional tariff phase-outs or small, reciprocal quotas with annual growth. Negotiations with other Central American countries are expected to resume in the future.

The Government of Canada has made the Canada-European Union Comprehensive Economic and Trade Agreement ("CETA") negotiations a priority. On October 18, 2013 Prime Minister Stephen Harper and European Commission President José Manuel Barossa announced, in Brussels, that they had reached an agreement in principle on CETA. On August 5, 2014, Canada and the European Union announced that their officials have agreed to the full text of the agreement, and that the translation and legal final exam will commence. On September 26, 2014, Prime Minister Stephen Harper and European Commission President José Manuel Barossa announced, in Ottawa, that they have signed a declaration marking the end of negotiations. Under the agreement, Canada is expected to have significant financial benefits from exports of sugar-containing products ("SCP") which should contribute to the long term prosperity of Canada's sugar industry. The initial SCP volume is set at 30,000 metric tonnes growing in 5 year increments to 51,840 metric tonnes over 15 years. The CETA is a positive development for the Canadian sugar market that is otherwise distorted by widespread government intervention in the EU. It is expected that it may take up to two years for the CETA to be ratified by all parties. It is too early to determine how the quota allocation will be administered within the Canadian refined sugar industry. Regardless, the Company is committed to ensure maximum utilization of this new export opportunity in a premium market which will be beneficial to the Company in the future. With this in mind, the Company started discussions with potential customers in Europe to be able to react quickly should the CETA ratification process happen earlier.

Other significant FTA negotiations include the Trans Pacific Partnership ("TPP"), Canada-Japan and Canada-India. On October 9, 2012, Canada joined the TPP negotiations which include 10 other countries, being Australia, Brunei, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. The Canadian sugar industry welcomes Canada's participation in the TPP which has the potential to address market access barriers for sugar and sugar-containing products among TPP members. The TPP countries are diverse in terms of sugar policies and trade but collectively represent an important opportunity to advance trade in refined sugar and sugar-containing products.

The Company continues to remain concerned that the inclusion of refined sugar in Canada's various regional and bilateral negotiations may result in substantial new duty-free imports from these countries, while not providing offsetting export market opportunities. The only real potential for significant, long-term export gains is via a global agreement through the World Trade Organization (WTO). However, the WTO Doha round negotiations have been on hold since July 2008 with no specific date for conclusion. The CETA and TPP negotiations provide the best medium term prospect of improved export opportunity for the Canadian sugar industry. All of these agreements involve significant input from the CSI and the Canadian sugar refiners to ensure the long-term stability of the Canadian refined sugar industry.

Employee Relations

The majority of the Company's operations are unionized.

A three-year labour agreement was reached with the main unit and three of the smaller units of the unionized employees of the Montreal refinery in fiscal 2013. During the current year, the Company finalized an agreement with the fourth smaller unit. In addition, a five-year labour agreement was reached in fiscal 2013 with the unionized employees of the Vancouver refinery. All agreements were signed at competitive rates. The labour agreements for the Taber factory and the Toronto distribution centre will expire in March 2017 and June 2018, respectively. There can be no assurance that new agreements will be reached at each location, or that the terms of such future agreements will be similar to the terms of the current agreements.

Strikes or lock-outs in future years could restrict the ability of Lantic to service its customers in the affected regions, consequently affecting the Company's revenues.

Food Safety and Consumer Health

The Company 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. The Company also performs its own audits designed 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 circumstances can include clean-up costs. As well, liability to characterize and clean up or otherwise deal with contamination on or from properties owned, used or controlled by the Company currently or in the past can be imposed by environmental regulators or other third parties. No assurance can be given that any such liabilities will not be material.

Income Tax Matters

The income of the Company 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 dividends. There can be no assurance that taxation authorities will accept the tax positions adopted by the Company including the determination of the amounts of federal and provincial income which could materially adversely affect dividends.

The current corporate structure involves a significant amount of inter-company or similar debt, generating substantial interest expense, which reduces earnings and therefore income tax payable at Lantic's level. 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 transferred to Rogers for dividend payment. Management believes that the interest expense inherent in the structure is supportable and reasonable in light of the terms of the debt owed by Lantic to Rogers.

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 shares 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 Company.

OUTLOOK

In fiscal 2014, the Company secured a multi-year national agreement with a major consumer account but did not re-sign an important Eastern consumer account. The net impact is expected to increase volume in this segment for the next fiscal year.

In fiscal 2013 and 2014, the Company had recaptured volume from an HFCS substitutable business for a one-year contract. With the decrease in corn prices, the Company was unable to provide competitive pricing and as a result, the contract was not renewed. As such, liquid volume is anticipated to decrease by approximately 10,000 metric tonnes in fiscal 2015.

Large crops in Mexico and the U.S. in fiscal 2013 resulted in significant surplus inventories and put downward pressure on selling prices in the U.S. in fiscal 2014. In March 2014, the U.S. launched a dumping case against Mexico which may have an impact on sugar marketing and margins in the U.S. and Mexico if successful. Export opportunities will remain constrained until the dispute between the two countries is fully resolved. Total export volume is expected to decrease in fiscal 2015 as the Canada-specific quota was reduced from 12,050 to 10,300 metric tonnes, due to the U.S. / Mexico dispute. In addition, the Company's share of the volume entered under the U.S. global quota of 7,090 metric tonnes that opened and closed on October 1, 2014 was less than fiscal 2014. As a result it is estimated that export volume will decrease by approximately 5,000 metric tonnes in fiscal 2015. The Company will continue to investigate other export opportunities similar to those developed several years ago in Mexico, in order to secure additional export sales.

The industrial segment is expected to be comparable to fiscal 2014.

Overall, total sales volume is expected to be slightly lower in fiscal 2015 as compared to fiscal 2014 because of the above mentioned reasons.

The Montreal workforce was reduced by 59 employees in September 2014 following an analysis of the refinery cost structure and manufacturing process. As such, the Company expects to achieve labour savings of approximately $5.0 million in fiscal 2015 compared to fiscal 2014.

The Company has been reviewing various alternatives in order to mitigate the risk of high auxiliary energy costs as a result of interruptions from its natural gas provider. In September 2014, the Company obtained confirmation from its natural gas provider that a firm gas supply contract was accepted by *La Régie de l'énergie du Québec*. Therefore, the Company will no longer be subject to interruptions due to cold winter conditions and expects to generate net savings of approximately $1.8 million by not having to purchase interruptible gas.

The above savings are expected to be generally offset by a combination of lower sales volume and lower selling margins as negotiated contracts are expected to be lower in fiscal 2015 than fiscal 2014 due to market competitiveness. In addition, the Company benefitted in fiscal 2014 from a $1.9 million profit triggered by the early arrival of a raw sugar vessel which is not expected to re-occur in fiscal 2015.

Approximately 75% of fiscal 2015's natural gas requirements have been hedged at average prices comparable to those realized in fiscal 2014. Any un-hedged volume should benefit from the current low prices of nearby natural gas. In addition, limited futures positions for fiscal 2016 to 2018 have also been taken. Some of these positions are at prices higher than current market value, but are at the same or better levels than those achieved in fiscal 2014. We will continue to monitor natural gas market dynamics with the objective of minimizing natural gas costs.

Administration and selling expenses for fiscal 2015 are anticipated to decrease due to one-time events that occurred in fiscal 2014.

The termination of the Salaried Plan will help reduce the defined benefit pension plan cash contributions in the future. In fiscal 2015, defined benefit cash contributions are expected to amount to $4.0 million, which is approximately $3.5 million lower than fiscal 2014.

Significant capital projects are currently underway. Total maintenance and investment capital expenditures for fiscal 2015 should be approximately $13.0 million, of which $3.0 million will be invested in capital investment projects. The Company will continue to aggressively pursue investment capital in order to reduce costs and improve manufacturing efficiencies.

The harvest and beet slicing campaign in Taber started at the beginning of October. Early indications are favourable as the yield per acre harvested and the extraction rate achieved to date are better than forecast. Taber's beet crop, currently being harvested, is approximately 22,000 acres and if current harvesting conditions continue, we expect to produce approximately 85,000 tonnes of beet sugar in fiscal 2015.

As mentioned previously, the Government of Canada has reached an agreement in principle on CETA. Under the agreement, Canada is expected to have significant financial benefits from exports of sugar-containing products. It is expected that it may take up to two years for the CETA to be ratified by all parties. In addition, the Canadian Government continues its negotiations under the TPP which has the potential to address market access barriers for sugar and sugar-containing products amongst TPP members. The CETA and the potential TPP trade agreement are not expected to have any impact on the Company for another two years. However, the Company will be able to react quickly should the CETA ratification process happen earlier as discussions have already begun with potential customers in Europe.

RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by the Administrator in accordance with International Financial Reporting Standards by applying the detailed accounting policies set out in the notes to the consolidated financial statements. The Administrator is of the opinion that the consolidated financial statements were prepared based on reasonable and material criteria and using justifiable and reasonable estimates. The Administrator has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the consolidated financial statements of the Corporation.

The Administrator 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 Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that the Administrator fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements of the Corporation. 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 directors. 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 Shareholders. The committee also considers, for review by the Board and approval by the Shareholders, the engagement or re-appointment of the external auditors.

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

Edward Makin
President and Chief Executive Officer
Lantic Inc., Administrator

Manon Lacroix
Vice-President Finance and Secretary
Lantic Inc., Administrator

November 18, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Rogers Sugar Inc.

We have audited the accompanying consolidated financial statements of Rogers Sugar Inc., which comprise the consolidated statements of financial position as at September 27, 2014 and September 28, 2013, the consolidated statements of earnings and comprehensive income, changes in shareholders' equity and cash flows for the years ended September 27, 2014 and September 28, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rogers Sugar Inc. as at September 27, 2014 and September 28, 2013, and of its consolidated financial performance and its consolidated cash flows for the years ended September 27, 2014 and September 28, 2013 in accordance with International Financial Reporting Standards.

KPMG LLP*

November 18, 2014
Montréal, Canada

* CPA auditor, CA, public accountancy permit No. A109612

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(In thousands of dollars except per share amounts)

Consolidated statements of earnings	For the years ended **September 27, 2014**	 September 28, 2013 (Note 3(q) (i))
	$	$
Revenues (note 31)	**532,295**	558,438
Cost of sales	**449,356**	473,647
Gross margin	**82,939**	84,791
Administration and selling expenses	**24,304**	18,187
Distribution expenses	**8,801**	8,110
	33,105	26,297
Results from operating activities	**49,834**	58,494
Net finance costs (note 5)	**10,556**	9,127
Earnings before income taxes	**39,278**	49,367
Income tax expense (note 6):		
Current	**11,697**	11,659
Deferred	**(1,648)**	1,216
	10,049	12,875
Net earnings	**29,229**	36,492
Net earnings per share (note 26):		
Basic	**0.31**	0.39
Diluted	**0.31**	0.38

Consolidated statements of comprehensive income	For the years ended **September 27, 2014**	 September 28, 2013 (Note 3(q) (i))
	$	$
Net earnings	**29,229**	36,492
Other comprehensive income (loss):		
Items that will not be reclassified to net earnings:		
Defined benefit actuarial gains (note 19)	**264**	11,755
Income tax on other comprehensive income (loss) (note 6)	**(69)**	(3,056)
	195	8,699
Net earnings and comprehensive income for the year	**29,424**	45,191

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

(In thousands of dollars)

	September 27, 2014	September 28, 2013 (Note 3(q) (i))
	$	$
ASSETS		
Current assets:		
Cash and cash equivalents	**106**	3,204
Trade and other receivables (note 7)	**52,195**	50,126
Income taxes recoverable	**119**	663
Inventories (note 8)	**86,351**	72,374
Prepaid expenses	**2,132**	2,047
Derivative financial instruments (note 9)	**2,262**	129
Total current assets	**143,165**	128,543
Non-current assets:		
Property, plant and equipment (note 10)	**177,014**	177,382
Intangible assets (note 11)	**1,902**	2,117
Other assets (note 12)	**523**	544
Deferred tax assets (note 13)	**15,666**	14,629
Derivative financial instruments (note 9)	**112**	432
Goodwill (note 14)	**229,952**	229,952
Total non-current assets	**425,169**	425,056
Total assets	**568,334**	553,599
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft (note 15)	**833**	—
Revolving credit facility (note 15)	**35,000**	25,000
Trade and other payables (note 16)	**51,009**	37,659
Income taxes payable	**—**	1,304
Provisions (note 17)	**919**	1,150
Finance lease obligations (note 18)	**7**	39
Derivative financial instruments (note 9)	**990**	3,670
Total current liabilities	**88,758**	68,822
Non-current liabilities:		
Revolving credit facility (note 15)	**50,000**	50,000
Employee benefits (note 19)	**43,592**	44,345
Provisions (note 17)	**2,417**	2,273
Derivative financial instruments (note 9)	**495**	623
Finance lease obligations (note 18)	**—**	7
Convertible unsecured subordinated debentures (note 20)	**106,735**	105,857
Deferred tax liabilities (note 13)	**26,257**	26,799
Total non-current liabilities	**229,496**	229,904
Total liabilities	**318,254**	298,726
Shareholders' equity:		
Share capital (note 21)	**133,712**	133,833
Contributed surplus	**200,148**	200,135
Equity portion of convertible unsecured subordinated debentures (note 20)	**1,188**	1,188
Deficit	**(84,968)**	(80,283)
Total shareholders' equity	**250,080**	254,873
Commitments (notes 23 and 24)		
Contingencies (note 25)		
Total liabilities and shareholders' equity	**568,334**	553,599

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of dollars except number of shares)

	For the year ended September 27, 2014					
	Number of shares	**Common shares**	**Contributed surplus**	**Equity portion of convertible debentures**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, September 28, 2013	**94,114,260**	**133,833**	**200,135**	**1,188**	**(80,283)**	**254,873**
Dividends (note 21)	**—**	**—**	**—**	**—**	**(33,858)**	**(33,858)**
Share-based compensation (note 22)	**—**	**—**	**13**	**—**	**—**	**13**
Purchase and cancellation of shares (note 21)	**(85,400)**	**(121)**	**—**	**—**	**(251)**	**(372)**
Net earnings and comprehensive income for the year	**—**	**—**	**—**	**—**	**29,424**	**29,424**
Balance, September 27, 2014	**94,028,860**	**133,712**	**200,148**	**1,188**	**(84,968)**	**250,080**

	For the year ended September 28, 2013					
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, September 29, 2012	94,090,760	133,737	200,143	1,188	(57,723)	277,345
Dividends (note 21)	—	—	—	—	(67,751)	(67,751)
Share-based compensation (note 22)	—	—	(4)	—	—	(4)
Issuance of shares (note 22)	23,500	96	(4)	—	—	92
Net earnings and comprehensive income for the year	—	—	—	—	45,191	45,191
Balance, September 28, 2013	94,114,260	133,833	200,135	1,188	(80,283)	254,873

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

(In thousands of dollars)

	For the years ended September 27, 2014	September 28, 2013 (Note 3(q) (i))
	$	$
Cash flows from operating activities:		
Net earnings	**29,229**	36,492
Adjustments for:		
Depreciation of property, plant and equipment (note 4)	**12,010**	12,357
Amortization of intangible assets (note 4)	**215**	230
Changes in fair value of derivative financial instruments included in cost of sales	**(5,054)**	(4,672)
Income tax expense (note 6)	**10,049**	12,875
Pension contributions	**(11,504)**	(12,503)
Pension expense	**11,015**	10,746
Net finance costs (note 5)	**10,556**	9,127
Gain on disposal of property, plant and equipment	**(22)**	(216)
Share-based compensation (note 22)	**13**	(4)
Other	**—**	1
	56,507	64,433
Changes in:		
Trade and other receivables	**(2,069)**	945
Inventories	**(13,977)**	5,912
Prepaid expenses	**(85)**	(358)
Trade and other payables	**13,234**	(9,112)
Provisions	**(87)**	(839)
	(2,984)	(3,452)
Cash generated from operating activities:	**53,523**	60,981
Interest paid	**(9,101)**	(10,246)
Income taxes paid	**(12,457)**	(13,082)
Net cash from operating activities	**31,965**	37,653
Cash flows (used in) from financing activities:		
Dividends paid (note 21)	**(33,865)**	(67,750)
Increase of revolving credit facility	**10,000**	15,000
Increase in bank overdraft	**833**	—
(Purchase) issuance of shares (note 21)	**(372)**	92
Payment of financing fees	**(90)**	(569)
Net cash used in financing activities	**(23,494)**	(53,227)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(11,569)**	(9,117)
Net cash used in investing activities	**(11,569)**	(9,117)
Net decrease in cash and cash equivalents	**(3,098)**	(24,691)
Cash and cash equivalents, beginning of period	**3,204**	27,895
Cash and cash equivalents, end of period	**106**	3,204

Supplemental cash flow information (note 27)

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

1. REPORTING ENTITY

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The consolidated financial statements of Rogers as at September 27, 2014 and September 28, 2013 comprise Rogers and its subsidiary, Lantic Inc. (together referred to as the "Company"). The principal business activity of the Company is the refining, packaging and marketing of sugar products.

The Company's fiscal quarters end on the Saturday closest to the end of December, March, June and September. All references to 2014 and 2013 represent the years ended September 27, 2014 and September 28, 2013.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on November 18, 2014.

(b) Basis of measurement:

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

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

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

The following is a summary of areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements:

(i) Fair value of derivative financial instruments:

Derivative financial instruments are carried in the consolidated statements of financial position at fair value, with changes in fair value reflected in the consolidated statements of earnings. Fair values are estimated by reference to published price quotations or by using other valuation techniques. Financial instruments for which observable quoted prices are not available are subject to a high degree of uncertainty.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (CONTINUED)

(d) Use of estimates and judgements (continued):

(ii) Useful lives of property, plant and equipment:
The Company reviews estimates of the useful lives of property, plant and equipment on an annual basis and adjusts depreciation on a prospective basis, if necessary.

(iii) Goodwill impairment:
The Company makes a number of estimates when calculating the recoverable amount of a cash-generating unit containing goodwill using discounted future cash flows or other valuation methods. These estimates take into account the control premium in determining the fair value less cost to sell.

(iv) Asset impairment:
The Company must assess the possibility that the carrying amounts of tangible and intangible assets may not be recoverable. Management is required to make subjective assessments, linking the possible loss of value of assets to future economic performance, to determine the amount of asset impairment that should be recognized, if any.

(v) Income taxes:
The calculation of income taxes requires judgement in interpreting tax rules and regulations. Deferred income tax assets are recorded to the extent that it is probable that there will be adequate income in the future against which they can be utilized.

(vi) Pension plans:
The cost of defined benefit pension plans is determined by means of actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and the future increases in pensions. Because of the long-term nature of the plans, such estimates are subject to a high degree of uncertainty.

(vii) Consolidation:
See note 3 (a).
Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates. The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future years affected.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation:

The consolidated financial statements include the Company and Lantic Inc. ("Lantic"), the subsidiary it controls. Control exists where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company owns 100% of the common shares of Lantic. Lantic Capital Inc., a wholly-owned subsidiary of Belkorp Industries Inc., owns the two outstanding Class C shares of Lantic. These Class C shares are non-voting, have no rights to return or risk of loss and are redeemable for a nominal value of one dollar each. The Class C shares entitle the holder to elect five of the seven directors of Lantic but have no other voting rights at any meetings of Lantic shareholders except as may be required by law.

Notwithstanding Lantic Capital Inc.'s ability to elect five of the seven directors of Lantic, Lantic Capital Inc. receives no benefits or exposure to losses from its ownership of the Class C shares. As the Class C shares are non-dividend paying and redeemable for a nominal value of one dollar, there is no participation in future dividends or changes in value of Lantic resulting from the ownership of the Class C shares. There is also no management fee or other form of consideration attributable to the Class C shares. The determi nation of control involves a high degree of judgement. Based on all the facts and available information, management has concluded that the Company has control of Lantic.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date that the fair value was determined. Foreign denominated non-monetary assets and liabilities that are measured at the historical costs are translated at the rate prevailing at the transaction date. Revenues and expenses denominated in foreign currencies are translated into the functional currency at the rate in effect on the dates they occur. Gains or losses resulting from these translations are recorded in net earnings of the period.

(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 Company's cash management.

(d) Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined substantially on a first-in first-out basis and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment:

Property, plant and equipment, with the exception of land, are recorded at cost less accumulated depreciation and any accumulated impairment losses. Land is carried at cost and is not depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Construction-in-progress assets are capitalized during construction and depreciation commences when the asset is available for use.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in cost of sales for assets used in production and in administration and selling expenses for all other assets.

Depreciation related to assets used in production is recorded in cost of sales while the depreciation of all other assets is recorded in administration and selling expenses. Depreciation is calculated on a straight-line basis, after taking into account residual values, over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Significant components of individual assets are assessed and, if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately. The estimated useful lives are as follows:

Buildings and improvements	20 to 60 years
Machinery and equipment	10 to 40 years
Furniture and fixtures	5 to 10 years

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and depreciation is adjusted on a prospective basis, if necessary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets:

(i) Goodwill:

Goodwill is measured at the acquisition date as the fair value of the consideration transferred less the fair value of the net identifiable assets of the acquired company or business activities. Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

(ii) Other intangible assets:

Intangible assets that are acquired by the Company and have finite useful lives are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Amortization is calculated over the cost of the asset, less its residual value. Amortization is recognized in administrative expenses on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization of intangible assets not in service begins when they are ready for their intended use. The estimated useful lives are as follows:

Software	5 to 15 years
Other	10 years

(g) Leased assets:

Leases for which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Company's statement of financial position.

(h) Impairment:

(i) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated yearly at the same time and whenever there is an indication that the asset might be impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Company's corporate assets do not generate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued):

(i) Non-financial assets (continued):

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(ii) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for trade and other receivables at both a specific asset and at the collective level. All individually significant trade and other receivables are assessed for specific impairment. All individually significant trade and other receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Trade and other receivables that are not individually significant are collectively assessed for impairment by grouping together trade and other receivables.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against trade and other receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Employee benefits:

(i) Pension benefit plans:

The Company provides post-employment benefits through defined benefit and defined contribution plans. The Company also sponsors Supplemental Executive Retirement Plans ("SERP"), which are neither registered nor pre-funded. Finally, the Company sponsors defined benefit life insurance, disability plans and medical benefits for some retirees and employees.

Defined contribution plans

The Company's obligations for contributions to employee defined contribution pension plans are recognized as employee benefit expense in profit or loss in the years during which services are rendered by employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee benefits (continued):

(i) Pension benefit plans (continued):

Defined benefit plans

The Company maintains some contributory defined benefit plans that provide for pensions to employees based on years of service and the employee's compensation. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. Costs related to plan settlements are recorded at the time the Company is committed to a settlement as a separate constructive obligation. Subsequent to the Company being committed to a settlement the plan liability is measured at the expected settlement amount using settlement interest rates.

(ii) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under cash incentive if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based compensation:

The Company has a Share Option Plan. Share-based payment awards are measured at fair value at the grant date which is recognized as a personnel expense, with a corresponding increase in contributed surplus over the vesting period, which is normally 5 years. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met. Any consideration paid by employees on exercise of share options is credited to share capital.

(iv) Termination benefits:

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be fully settled within 12 months of the end of the reporting period, they are discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(i) Asset retirement obligation:

The Company recognizes the estimated liability for future costs to be incurred in the remediation of site restoration in regards to asbestos removal and disposal of such asbestos to a landfill for waste environment, and for oil, chemical and other hazardous materials storage tanks, only when a present legal or constructive obligation has been determined and that such obligation can be estimated reliably. Upon initial recognition of the obligation, the corresponding costs are added to the carrying amount of the related items of property, plant and equipment and amortized as an expense over the economic life of the asset or earlier, if a specific plan of removal exists. This obligation is reduced every year by payments incurred during the year in relation to these items. The obligation might be increased by any required remediation to the owned assets that would be required through enacted legislation.

(ii) Contingent liability:

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company, or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services, or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(k) Financial instruments:

All financial instruments are classified into one of the following categories: held to maturity financial assets, available-for-sale financial assets, loans and receivables, other financial liabilities, and financial assets and liabilities at fair value through profit or loss. Initial measurement of financial instruments is at fair value and subsequent measurement and recognition in changes in value of financial instruments depends on their classification. Held to maturity financial assets are initially measured at fair value and subsequently re-measured at amortized cost, using the effective interest method, less impairment. 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, other than impairment losses, are recorded in other comprehensive income until such time as the asset is removed from the statement of financial position at which time the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company's trade and other receivables are initially measured at fair value and subsequently re-measured at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost, less impairment. The Company's trade and other payables have been classified as other financial liabilities and are, therefore, initially measured at fair value and subsequently at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost. Other financial liabilities also include short-term borrowings. Financial assets and liabilities classified at fair value through profit or loss are measured at fair value at each reporting period with changes in fair value in subsequent years included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued):

Financial assets and liabilities measured at fair value use a fair value hierarchy to prioritize the inputs used in measuring fair value as follows:

(i) Level 1 - valuation based on observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

(iii) Level 3 - valuation techniques with observable market inputs (involves assumptions and estimates by management of how market participants would price the asset or liability).

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(i) Cash and cash equivalents:
The Company classifies its cash and cash equivalents as loans and receivables. Cash and cash equivalents include cash on hand and bank balances and bank overdraft when the latter forms an integral part of the Company's cash management.

(ii) Derivative financial instruments and embedded derivatives:
The Company classifies derivative financial instruments, which have not been designated as hedges for accounting purposes, and embedded derivatives as financial assets and liabilities at fair value through profit or loss (marked-to-market), and values them at fair value each period with changes recorded in cost of sales or net finance costs. The derivative financial instruments consist of sugar futures and at times options ("sugar contracts"), foreign exchange forward contracts, natural gas futures and embedded derivatives, which relate to the foreign exchange component of certain sales contracts denominated in U.S. currency, all of which the Company enters into during the regular course of business, which is recorded at fair value each reporting period with changes recorded in cost of sales. In addition, the Company entered into interest rate swap agreements to protect itself against interest rate fluctuations, which is recorded at fair value each reporting period with changes recorded in net finance costs.

(iii) Compound financial instruments:
The Company's convertible unsecured subordinated debentures are accounted for as compound financial instruments. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, dividends, gains and losses relating to the financial liability are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued):

(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 in finance costs using the effective interest method. Financing charges for the revolving credit facility are recorded with other assets.

(v) Trade date:
The Company recognizes and derecognizes purchases and sales of derivative contracts on the trade date.

(vi) Share capital:
Common shares
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Dividends to the equity holders are recorded in equity.

Repurchase of share capital
When share capital recognized as equity is repurchased for cancellation, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. The excess of the purchase price over the carrying amount of the shares is charged to deficit.

(l) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable and recognized at the time sugar products are shipped to customers, at which time significant risks and rewards of ownership are transferred to the customers. Revenue is recorded net of all returns and allowances, and excludes sales taxes.

Sales incentives, including volume rebates provided to customers, are estimated based on contractual agreements and historical trends and are recognized at the time of sale as a reduction in revenue. Such rebates are primarily based on a combination of volume purchased and achievement of specified volume levels.

(m) Lease payments:

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liabilities. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Finance income and finance costs:

Finance income comprises interest income on funds invested and finance costs comprise interest expense on borrowings. Changes in the fair value of interest rate swaps are recorded either to finance income or finance costs based on its outcome. Interest expense is recorded using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income taxes:

Income tax expense comprises current and deferred taxes. Current tax and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. In addition, the effect on deferred tax assets or liabilities of a change in tax rates is recognized in profit or loss in the period in which the enactment or substantive enactment takes place, except to the extent that it relates to an item recognized either in other comprehensive income or directly in equity in the current or in a previous period. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares from the conversion of the convertible debentures.

(q) New standards and interpretations adopted:

(i) IAS 19 (2011), *Employee benefits*:

Amendments to IAS 19 (2011), *Employee benefits* require the recognition of actuarial gains and losses immediately in other comprehensive income, the full recognition of past service costs immediately in profit or loss, the recognition of expected returns on plan assets in profit or loss to be calculated based on the rate used to discount the defined benefit obligation, and additional disclosures. The amendments also impact the recognition of termination benefits. The Company implemented this standard retrospectively for the year ended September 28, 2013. The impact arising from the adoption of the amendments to IAS 19 (2011) is summarized as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) IAS 19 (2011), *Employee benefits* (continued):

Consolidated statement of earnings and statement of comprehensive income for the year ended September 28, 2013:

	As presented	Restatements	As restated
	$	$	$
Cost of sales	472,785	862	473,647
Administration and selling expenses	18,005	182	18,187
Deferred income tax expense	1,487	(271)	1,216
Net earnings	37,265	(773)	36,492
Net earnings per share:			
Basic	0.40	(0.01)	0.39
Diluted	0.39	(0.01)	0.38
Net earnings	37,265	(773)	36,492
Other comprehensive income (loss):			
Defined benefit actuarial gains	10,711	1,044	11,755
Income tax on other comprehensive income (loss)	(2,785)	(271)	(3,056)
	7,926	773	8,699
Net earnings and other comprehensive income	45,191	—	45,191

This new accounting policy did not have a material impact on the consolidated statement of financial position and on the consolidated statement of cash flows for the year ended September 28, 2013.

The amendments also require enhanced annual disclosure for defined benefit plans, including additional information on the characteristics and risks of those plans, which are included in note 19, *Employee benefits*.

(ii) IFRS 10, *Consolidated financial statements*:

This standard provides additional guidance to determine whether an entity should be included within the consolidated financial statements of the Company. IFRS 10 replaces SIC 12, *Consolidation - special purpose entities*, and parts of IAS 27, *Consolidated and separate financial statements*. The adoption of this standard had no impact on the consolidated financial statements.

(iii) IFRS 13, *Fair value measurement*:

IFRS 13, *Fair value measurement*, replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The application of IFRS 13 had no impact on the consolidated financial statements other than added disclosure requirements which have been presented in notes 9, 15 and 20 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 27, 2014 and have not been applied in preparing these consolidated financial statements. New standards and amendments to standards and interpretations that are currently under review include:

(i) IAS 36, *Impairment of assets*:

The IASB has issued amendments to IAS 36, *Impairment of assets*, to reverse the unintended requirements in IFRS 13, *Fair value measurements*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual years beginning on or after January 1, 2014. The Company intends to adopt the amendment in its consolidated financial statements for the annual period beginning September 28, 2014. The adoption of IAS 36, *Impairment of assets*, does not have an impact on the consolidated financial statements.

(ii) IFRS 9, *Financial instruments*:

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

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

IFRS 9 (2013) includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness. However, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

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

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

The Company does not intend to early adopt IFRS 9 (2009), IFRS 9 (2010), IFRS 9 (2013) and/or IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on September 28, 2014. The extent of the impact of adoption of IFRS 9 Financial instruments on the consolidated financial statements of the Company has not yet been determined.

(iii) IAS 19, *Employee benefits*:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Company intends to adopt IFRIC 21 in its annual consolidated financial statements starting September 28, 2014. The extent of the impact of the amendment on the consolidated financial statements of the Company has not yet been determined.

(v) IFRS 15, *Revenue from contracts with customers*:
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

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

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on October 1, 2017. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

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

4. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization expenses were charged to the consolidated statements of earnings as follows:

	For the years ended September 27, 2014	September 28, 2013
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**11,565**	11,895
Administration and selling expenses	**445**	462
	12,010	12,357
Amortization of intangible assets:		
Administration and selling expenses	**215**	230
Total depreciation and amortization expenses	**12,225**	12,587

5. FINANCE INCOME AND FINANCE COSTS

Recognized in net earnings:

	For the years ended September 27, 2014	September 28, 2013
	$	$
Net change in fair value of interest rate swap (note 9)	**—**	1,787
Finance income	**—**	1,787
Interest expense on convertible unsecured subordinated debentures, including accretion of $156 (2013 - $147) (note 20)	**6,456**	6,447
Interest on revolving credit facility	**2,834**	3,579
Amortization of deferred financing fees	**833**	888
Net change in fair value of interest rate swap (note 9)	**433**	—
Finance costs	**10,556**	10,914
Net finance costs recognized in net earnings	**10,556**	9,127

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

6. INCOME TAX EXPENSE

	For the years ended September 27, 2014	September 28, 2013 (Note 3(q) (i))
	$	$
Current tax expense (recovery):		
Current period	**11,639**	11,670
Adjustment for prior years	**58**	(11)
Current tax expense	**11,697**	11,659
Deferred tax (recovery) expense:		
Recognition and reversal of temporary differences	**(1,655)**	1,066
Changes in tax rates	**7**	150
Deferred tax (recovery) expense	**(1,648)**	1,216
Total income tax expense	**10,049**	12,875

Income tax recognized in other comprehensive income:

	For the years ended September 27, 2014			September 28, 2013		
	Before tax	**Tax benefit**	**Net of tax**	Before tax	Tax benefit	Net of tax (Note 3(q) (i))
	$	**$**	**$**	$	$	$
Defined benefit actuarial gains	**264**	**(69)**	**195**	11,755	(3,056)	8,699

Reconciliation of effective tax rate:

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

	For the years ended September 27, 2014		September 28, 2013 (Note 3(q) (i))	
	%	**$**	%	$
Earnings before income taxes		**39,278**		49,367
Income taxes using the Company's statutory tax rate	**26.00**	**10,212**	25.50	12,589
Changes due to the following items:				
Changes in tax rate	**0.02**	**7**	0.30	148
Other	**(0.44)**	**(170)**	0.28	138
	25.58	**10,049**	26.08	12,875

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

7. TRADE AND OTHER RECEIVABLES

	September 27, 2014	September 28, 2013
	$	$
Trade receivables	**48,053**	45,180
Initial margin deposits with commodity brokers	**4,142**	4,946
	52,195	50,126

All trade and other receivables are current and are classified as loans and receivables.

The Company grants credit to its customers in the ordinary course of business.

Management believes that the Company's exposure to credit risk and impairment losses related to trade and other receivables is limited due to the following reasons:

– There is a broad base of customers with dispersion across different market segments.

– Bad debt write-offs to total revenue have been less than 0.05% for each of the last five years (averaging less than $138 per year). Write-offs for fiscal 2014 were $5 ($82 for fiscal 2013). The allowance for doubtful accounts as at September 27, 2014 was $300 (September 28, 2013 - $300). All bad debt write-offs are charged to administration and selling expenses.

– Less than 1% of trade receivables are outstanding for more than 90 days, while over 84% are current (less than 30 days) as at September 27, 2014, which is comparable to September 28, 2013.

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

8. INVENTORIES

	September 27, 2014	September 28, 2013
	$	$
Raw sugar	**43,004**	30,536
Work in progress	**8,984**	5,323
Refined sugar	**18,797**	20,297
Sugar inventories	**70,785**	56,156
Packaging and operating supplies	**4,650**	5,125
Spare parts and other	**10,916**	11,093
	86,351	72,374

Costs of sales expensed during the year were all inventorial items, except for fixed costs incurred in Taber after the beet slicing campaign, and mark-to-market adjustments of derivative financial instruments.

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

9. FINANCIAL INSTRUMENTS

Derivative financial instruments

Fair value estimates are made as of a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and may not be determined with precision. A three-tier fair value hierarchy prioritizes the inputs used in measuring the fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value of derivative instruments is the estimated amount that the Company would receive or pay to terminate the instruments at the reporting date. The fair values have been determined by reference to prices available from the markets on which the instruments trade, subject to credit adjustments as applicable. The fair values of the sugar future contracts and options are measured using Level 1 inputs, using published quoted values for these commodities. The fair values for the natural gas futures contracts, foreign exchange forward contracts and interest rate swap contract are measured using Level 2 inputs. The fair values for these derivative assets or liabilities are estimated using industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.

The fair values of the interest rate swap have been determined by using rates published on financial capital markets.

The fair values of all derivative instruments approximate their carrying value and are recorded as separate line items on the consolidated statement of financial position.

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

The Company has embedded derivatives in certain sales contracts denominated in U.S. currency, which are accounted for separately at fair value from the base contract.

As at September 27, 2014 and September 28, 2013, financial derivatives outstanding and their mark-to-market impact on the consolidated statements of earnings were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	September 27, 2014		September 27, 2014	
	$	$	$	$
Sugar futures contracts	**1,171**	**—**	**—**	**319**
Natural gas futures contracts	**—**	**—**	**519**	**11**
Foreign exchange forward contracts	**409**	**58**	**—**	**—**
Embedded derivatives	**682**	**54**	**—**	**—**
Interest rate swap	**—**	**—**	**471**	**165**
	2,262	**112**	**990**	**495**

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	September 28, 2013		September 28, 2013	
	$	$	$	$
Sugar futures contracts	—	289	1,385	—
Natural gas futures contracts	—	—	1,716	494
Foreign exchange forward contracts	—	—	241	87
Embedded derivatives	129	—	—	42
Interest rate swap	—	143	328	—
	129	432	3,670	623

	Unrealized gain (loss) For the years ended	
	September 27, 2014	September 28, 2013
	$	$
Sugar futures contracts	**(5,325)**	(7,222)
Natural gas futures contracts	**470**	(1,193)
Foreign exchange forward contracts	**2,774**	(483)
Embedded derivatives	**649**	926
Charged to cost of sales	**(1,432)**	(7,972)

For its financial assets and liabilities measured at amortized cost as at September 27, 2014 and September 28, 2013, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

The Company uses derivative financial instruments to manage its exposure to changes in raw sugar, foreign exchange, and natural gas prices. In addition, the Company entered into interest rate swap contracts to fix a portion of the Company's exposure to floating interest rate debt on its short-term borrowings. 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.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(a) **Raw sugar:**

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 to reduce price risk. 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 committed purchase price of raw sugar. The pricing mechanisms of futures contracts and the respective forecasted raw sugar purchase transactions are the same.

The Company's raw sugar futures contracts as well as the fair value of these contracts relating to purchases or sales of raw sugar at September 27, 2014 and September 28, 2013 are as follows:

	September 27, 2014			September 28, 2013		
	Original futures contracts value	**Current contract value**	**Fair value gain/(loss)**	Original futures contracts value	Current contract value	Fair value gain/(loss)
	(US$)	**(US$)**	**(US$)**	(US$)	(US$)	(US$)
Purchases						
0 - 6 months	**90,101**	**82,461**	**(7,640)**	30,442	29,088	(1,354)
6 - 12 months	**109,281**	**101,868**	**(7,413)**	124,122	116,248	(7,874)
12 - 24 months	**42,986**	**41,054**	**(1,932)**	27,555	27,688	133
Over 24 months	**—**	**—**	**—**	—	—	—
	242,368	**225,383**	**(16,985)**	182,119	173,024	(9,095)
Sales						
0 - 6 months	**(36,106)**	**(35,833)**	**273**	(7,067)	(7,292)	(225)
6 -12 months	**(127,139)**	**(117,856)**	**9,283**	(93,268)	(82,629)	10,639
12 - 24 months	**(74,132)**	**(72,159)**	**1,973**	(44,591)	(44,021)	570
Over 24 months	**—**	**—**	**—**	—	—	—
	(237,377)	**(225,848)**	**11,529**	(144,926)	(133,942)	10,984
Net position	**4,991**	**(465)**	**(5,456)**	37,193	39,082	1,889
F/X rate at end of period			**1.1155**			1.0310
Net value (CA$)			**(6,086)**			1,948
Less margin call payment (receipt) at year-end			**6,938**			(3,044)
Net asset (liabilities) (CA$)			**852**			(1,096)

All sugar futures contracts are traded through a large exchange clearing house on the New York Intercontinental 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 Company does not anticipate a credit risk from the raw sugar futures derivative instruments.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(b) Natural gas:

The Company uses natural gas contracts to help manage its costs of natural gas. The Company monitors its positions and the credit ratings of its counterparties and does not anticipate losses due to counterparty non-performance. The Company's natural gas contracts as well as the fair value of these contracts relating to purchases of natural gas are as follows:

	September 27, 2014			September 28, 2013		
	Original futures contracts value	**Current contract value**	**Fair value gain/(loss)**	Original futures contracts value	Current contract value	Fair value gain/(loss)
	(US$)	**(US$)**	**(US$)**	(US$)	(US$)	(US$)
Purchases						
Less than 1 year	**8,279**	**7,814**	**(465)**	5,317	3,652	(1,665)
1 to 2 years	**5,234**	**5,090**	**(144)**	3,514	3,306	(208)
2 to 3 years	**5,008**	**5,086**	**78**	2,740	2,520	(220)
3 years and over	**2,110**	**2,166**	**56**	3,168	3,117	(51)
	20,631	**20,156**	**(475)**	14,739	12,595	(2,144)
F/X rate at end of period			**1.1155**			1.0310
Net liability (CA$)			**(530)**			(2,210)

(c) Foreign exchange contracts:

The Company'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, the purchase of natural gas and purchases of property, plant and equipment. 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 U.S. dollars or Euro 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 mostly to U.S. currency, as well as Euro currency. The counterparties to these contracts are major Canadian financial institutions. 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.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(c) Foreign exchange contracts (continued):

The Company's foreign currency forward contracts relating to the purchase of raw sugar, the sale of refined sugar, the purchase of natural gas and purchases of property, plant and equipment are as follows:

	September 27, 2014			
	Original contract value	**Original contract value**	**Current contract value**	**Fair value gain/(loss)**
	(US$)	**(CA$)**	**(CA$)**	**(CA$)**
Purchases U.S. dollars				
Less than 1 year	**92,375**	**100,919**	**103,320**	**2,401**
1 to 2 years	**5,853**	**6,464**	**6,585**	**121**
	98,228	**107,383**	**109,905**	**2,522**
Sales U.S. dollars				
Less than 1 year	**(75,516)**	**(82,396)**	**(84,337)**	**(1,941)**
1 to 2 years	**(3,225)**	**(3,568)**	**(3,632)**	**(64)**
	(78,741)	**(85,964)**	**(87,969)**	**(2,005)**
Total U.S. dollars	**19,487**	**21,419**	**21,936**	**517**

	September 27, 2014			
	Original contract value	**Original contract value**	**Current contract value**	**Fair value gain/(loss)**
	(EUR)	**(CA$)**	**(CA$)**	**(CA$)**
Purchases euro				
Less than 1 year	**763**	**1,138**	**1,088**	**(50)**
1 to 2 years	**—**	**—**	**—**	**—**
Total Euro	**763**	**1,138**	**1,088**	**(50)**
Net foreign currency	**n/a**	**22,557**	**23,024**	**467**

	September 28, 2013			
	Original contract value	Original contract value	Current contract value	Fair value gain/(loss)
	(US$)	(CA$)	(CA$)	(CA$)
Purchases U.S. dollars				
Less than 1 year	87,477	90,321	90,433	112
1 to 2 years	4,614	4,912	4,813	(99)
	92,091	95,233	95,246	13
Sales U.S. dollars				
Less than 1 year	(71,888)	(73,875)	(74,228)	(353)
1 to 2 years	(860)	(911)	(899)	12
	(72,748)	(74,786)	(75,127)	(341)
Net foreign currency	19,343	20,447	20,119	(328)

There was no foreign exchange contract in euro for the year ended September 28, 2013.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(d) Interest rate swap agreements:

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

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

The Company's previous 5-year interest rate swap agreement of $70.0 million at a rate of 4.005% expired on June 28, 2013. The counterparties to this swap arrangement are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in this type of swap arrangement, nor does it anticipate non-performance by the counterparties. As at September 27, 2014, the fair value of the swap was a liability of $0.6 million (September 28, 2013 – liability of $0.2 million).

Risks

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks at year-end.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company believes it has limited credit risk other than those explained in note 7, *Trade and other receivables* and note 9, *Financial instruments*.

(b) Currency 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 Company'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;
- ocean freight; and
- purchases of property, plant and equipment.

The Company mitigates its exposure to foreign currency by entering into forward exchange contracts (see note 9, *Derivative financial instruments* (c) Foreign exchange contracts).

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(b) Currency risk (continued):

The Company had the following foreign currency exposures at year-end:

	September 27, 2014	September 28, 2013
	(US$)	(US$)
U.S. financial instruments measured at amortized cost:		
Cash	**1,001**	1,503
Trade and other receivables, including initial margin deposits	**11,406**	14,349
Trade and other payables	**(15,653)**	(2,197)
	(3,246)	13,655
Financial instruments at fair value through profit or loss:		
Raw sugar futures sales contracts	**237,377**	144,926
Raw sugar futures purchases contracts	**(242,368)**	(182,119)
Natural gas contracts	**(20,631)**	(14,739)
Variation margins received on futures contracts	**5,456**	(1,889)
	(20,166)	(53,821)
Total exposure from above	**(23,412)**	(40,166)
Forward exchange contracts	**19,487**	19,343
Gross exposure	**(3,925)**	(20,823)

As at September 27, 2014, the U.S./Can. exchange rate was $1.1155 (September 28, 2013 - $1.0310).

Based on the above gross exposure at year-end, 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 $0.1 million, (September 28, 2013 - increase of $0.8 million) while a 5-cent decrease would have an equal but opposite effect on net earnings.

Management believes that the impact on the gross exposure is not representative as it needs to be adjusted for the following transactions, which are not recorded on the consolidated statement of financial position as at year end but were committed during the fiscal year, and will be accounted for as the physical transactions occur:

	September 27, 2014	September 28, 2013
	(US$)	(US$)
Gross exposure as per above	**(3,925)**	(20,823)
Sugar purchases priced not received	**(61,558)**	(38,979)
Committed future sales in U.S. dollars	**55,250**	48,376
Ocean freight	**(423)**	(3,590)
Other	**620**	(407)
Net exposure	**(10,036)**	(15,423)

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(b) Currency risk (continued):

The net exposure is due mainly to the Company's policy not to hedge its foreign exchange exposure on natural gas futures contracts with maturities exceeding 12 months. The impact of a 5-cent increase in the Canadian dollar would result in an increase of net earnings by $0.4 million in 2014 (September 28, 2013 - increase of $0.6 million) while a decrease would have an equal but opposite effect on net earnings.

Raw sugar futures 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 priced not received.

Included in other is the Taber sales formula for refined sugar which 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 exposure.

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. dollar refined sugar 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 Company has short-term and long-term cash borrowings as at September 27, 2014 of $35.0 million and $50.0 million, respectively, as opposed to short-term and long-term cash borrowings of $25.0 million and $50.0 million as at September 28, 2013. The Company normally enters into a 30 or 90-day Bankers' Acceptance for an amount varying between $60.0 million to $90.0 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 Company entered into a 5-year interest rate swap agreement effective June 30, 2014 at a rate of 2.09% for a value of $10.0 million. In addition, effective June 28, 2013, the Company entered into a 5-year interest rate swap agreement also at a rate of 2.09% for a value of $50.0 million, decreasing to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The Company's previous 5year interest rate swap agreement of $70.0 million at a rate of 4.005% expired on June 28, 2013. All other borrowings over and above the aggregate notional amount of the two interest rate swap agreements are therefore exposed to interest rate fluctuations.

For the year ended September 27, 2014, if interest rates had been 50 basis points higher considering all borrowings not covered by the interest rate swap agreements, net earnings would have been $0.2 million lower (September 28, 2013 - $0.1 million lower). If interest rates would have been 50 basis points lower, net earnings would have been $0.2 million higher (September 28, 2013 - $0.1 million higher).

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(d) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities, including estimated interest payments:

					September 27, 2014	
	Carrying amount	**Contractual cash flows**	**0 to 6 months**	**6 to 12 months**	**12 to 24 months**	**After 24 months**
	$	**$**	**$**	**$**	**$**	**$**
Non-derivative financial liabilities:						
Bank overdraft	**833**	**833**	**833**	**—**	**—**	**—**
Revolving credit facility	**85,000**	**85,000**	**25,000**	**10,000**	**10,000**	**40,000**
Trade and other payables	**51,009**	**51,009**	**51,009**	**—**	**—**	**—**
Finance lease obligations	**7**	**7**	**7**	**—**	**—**	**—**
	136,849	**136,849**	**76,849**	**10,000**	**10,000**	**40,000**
Derivative financial instruments:						
Sugar futures contracts (net) (i)	**(852)**	**(519)**	**52,014**	**(17,835)**	**(34,698)**	**—**
Natural gas contracts (i)	**530**	**23,014**	**5,956**	**3,279**	**5,839**	**7,940**
Forward exchange contracts (net) (i)	**(467)**	**22,557**	**4,502**	**15,159**	**3,430**	**(534)**
Interest on swap agreement	**636**	**4,181**	**941**	**575**	**993**	**1,672**
	(153)	**49,233**	**63,413**	**1,178**	**(24,436)**	**9,078**
	136,696	**186,082**	**140,262**	**11,178**	**(14,436)**	**49,078**

					September 28, 2013	
	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$	$
Non-derivative financial liabilities:						
Revolving credit facility	75,000	75,000	25,000	—	—	50,000
Trade and other payables	37,659	37,659	37,659	—	—	—
Income taxes payable	1,304	1,304	1,304	—	—	—
Finance lease obligations	46	48	23	18	7	—
	114,009	114,011	63,986	18	7	50,000
Derivative financial instruments:						
Sugar futures contracts (net) (i)	1,096	40,294	22,472	34,661	(16,839)	—
Natural gas contracts (i)	2,210	15,195	2,616	2,865	3,623	6,091
Forward exchange contracts (net) (i)	328	20,447	2,068	14,378	4,001	—
Interest on swap agreement	(185)	4,184	782	269	1,251	1,882
	3,449	80,120	27,938	52,173	(7,964)	7,973
	117,458	194,131	91,924	52,191	(7,957)	57,973

(i) Based on notional amounts as presented above.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(d) Liquidity risk (continued):

The convertible unsecured subordinated debentures of $110.0 million have been excluded from the above due to the Company's option to satisfy the obligations at redemption or maturity in shares.

On June 28, 2013, the Company entered into a new revolving credit facility of $150.0 million of available working capital from which it can borrow at prime rate, Libor rate or under Bankers' Acceptances. The Company's previous revolving credit facility of $200.0 million expired on June 30, 2013.

It is the Company's intention to keep a debt level under its revolving credit facility between $60.0 million to $90.0 million. All other non-derivative financial liabilities are expected to be financed through the collection of trade and other receivables and cash flow generated from operations.

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

As at September 27, 2014, the Company had an unused available line of credit of $65.0 million (September 28, 2013 - $75.0 million) and a net bank overdraft balance of $0.7 million (September 28, 2013 - cash and cash equivalent balance of $3.2 million).

(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 Company:

(i) 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 refined sugar. Anytime raw sugar is priced by a sugar supplier, 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 Company's policy is to cover all raw cane purchases and refined sugar sales as they are priced by the Company's suppliers and customers. On a daily basis, the Company monitors all net sugar futures contract positions against the physical priced purchases and sales commitments to ensure that appropriate hedge positions are in place.

For the Company's beet operation, the Board of Directors approved an economic pre-hedge, using sugar futures contract, 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 of Directors 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 achieved.

(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 futures 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.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(e) Commodity price risk (continued):

As at September 27, 2014, the Company had the following commodity contracts:

	Sugar futures contracts			Natural gas contracts		
	Volume	**Current average value**	**Current contract value**	**Contracts**	**Current average value**	**Current contract value**
	M.T.	**(US$)**	**(US$)**	**(10,000 MM BTU)**	**(US$)**	**(US$)**
Purchases	**597,189**	**377.41**	**225,383**	**569**	**3.542**	**20,156**
Sales	**(585,149)**	**385.97**	**(225,848)**	**–**	**–**	**–**
	12,040	**n/a**	**(465)**	**569**	**3.542**	**20,156**
F/X rate at end of period			**1.1155**			**1.1155**
Net value CA$			**(519)**			**22,484**

As at September 28, 2013, the Company had the following commodity contracts:

	Sugar futures contracts			Natural gas contracts		
	Volume	Current average value	Current contract value	Contracts	Current average value	Current contract value
	M.T.	(US$)	(US$)	(10,000 MM BTU)	(US$)	(US$)
Purchases	440,818	392.51	173,024	359	3.508	12,595
Sales	(337,840)	396.46	(133,942)	–	–	–
	102,978	n/a	39,082	359	3.508	12,595
F/X rate at end of period			1.0310			1.0310
Net value CA$			40,294			12,985

If, on September 27, 2014, the raw sugar value would have increased by US$0.05 per pound (being approximately US$110.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been an increase of approximately $1.1 million (calculated only on the point-in-time exposure on September 27, 2014) (September 28, 2013 - increase of $8.6 million for US$0.05 increase). If the raw sugar value would have decreased by US$0.03 per pound (being approximately US$66.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been a decrease of approximately $0.7 million (September 28, 2013 - decrease of $5.2 million for US$0.03 decrease).

If, on September 27, 2014, the natural gas market price would have increased by US$1.00, and all other variables remained constant, net earnings would have decreased by $4.7 million (September 28, 2013 - decrease of $2.7 million). If the natural gas value would have decreased by US $1.00, and all other variables remained constant, net earnings would have increased by $4.7 million (September 28, 2013 - increase of $2.7 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.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial instruments

The fair values of derivative instruments are the estimated amount that the Company would receive or pay to terminate the instruments at the reporting date. The fair values have been determined by reference to prices available from the markets on which the instruments trade, subject to credit adjustments as applicable. The fair values of all derivative instruments approximate their carrying value and are recorded as separate line items on the consolidated statement of financial position.

The following describes the fair value determinations of financial instruments:

(i) Cash and cash equivalents: Due to the short-term maturity of these instruments, the carrying amount approximates fair value.

(ii) Trade and other receivables and trade and other payables: The carrying amount approximates fair value due to the short-term maturity of these instruments.

(iii) Borrowings under the revolving credit facility: The carrying amount approximates fair value as the borrowings bear interest at variable rates.

(iv) The fair values for the derivative assets and liabilities are estimated using industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.

(v) The fair value of convertible unsecured subordinated debentures was based upon market quotes for the identical instruments. The fair value of the conversion option has been marked-to-market using a model with various inputs.

(vi) Refer to note 18, Finance lease obligations.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial instruments (continued)

The following tables provide a comparison of carrying and fair values for each classification of financial instruments at year-end, and show a level within the fair values hierarchy in which they have been classified.

		September 27, 2014		September 28, 2013	
	Fair values hierarchy level	**Carrying values**	**Fair values**	Carrying values	Fair values
		$	**$**	$	$
Financial assets:					
At fair value through profit or loss:					
Derivatives	(See below)	**2,374**	**2,374**	561	561
Loans and receivables:					
Cash and cash equivalents	Level 1	**106**	**106**	3,204	3,204
Trade and other receivables	n/a	**52,195**	**52,195**	50,126	50,126
Income taxes recoverable	n/a	**119**	**119**	663	663
Total financial assets		**54,794**	**54,794**	54,554	54,554
Financial liabilities:					
At fair value through profit or loss:					
Derivatives	(See below)	**1,485**	**1,485**	4,293	4,293
Other financial liabilities:					
Bank overdraft	Level 1	**833**	**833**	–	–
Revolving credit facility	n/a	**85,000**	**85,000**	75,000	75,000
Trade and other payables	n/a	**51,009**	**51,009**	37,659	37,659
Income taxes payable	n/a	**—**	**—**	1,304	1,304
Finance lease obligations	n/a	**7**	**7**	46	48
Convertible unsecured subordinated debentures	Level 1	**106,735**	**113,871**	105,857	114,500
Total financial liabilities		**245,069**	**252,205**	224,159	232,804

The fair values hierarchy for derivative financial instruments is as follows:

		September 27, 2014		September 28, 2013	
	Fair values hierarchy level	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
		$	**$**	$	$
Sugar futures contracts	Level 1	**1,171**	**319**	289	1,385
Natural gas contracts	Level 2	**—**	**530**	—	2,210
Foreign exchange forward contracts	Level 2	**467**	**—**	—	328
Embedded derivatives	Level 2	**736**	**—**	129	42
Interest rate swap	Level 2	**—**	**636**	143	328
Total as at year end		**2,374**	**1,485**	561	4,293

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

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Furniture and Fixtures	Finance Leases	Construction in progress	Total
	$	$	$	$	$	$	$
Cost or deemed cost							
Balance at September 29, 2012	17,748	57,832	225,514	3,496	312	4,185	309,087
Additions	—	435	9,661	506	—	(757)	9,845
Disposals	—	—	(787)	(245)	—	—	(1,032)
Balance at September 28, 2013	**17,748**	**58,267**	**234,388**	**3,757**	**312**	**3,428**	**317,900**
Additions	**—**	**154**	**7,290**	**248**	**—**	**3,974**	**11,666**
Disposals	**—**	**—**	**(48)**	**—**	**—**	**—**	**(48)**
Balance at September 27, 2014	**17,748**	**58,421**	**241,630**	**4,005**	**312**	**7,402**	**329,518**
Depreciation							
Balance at September 29, 2012	—	15,993	110,501	2,262	199	—	128,955
Depreciation for the year	—	1,272	10,648	369	68	—	12,357
Disposals	—	—	(549)	(245)	—	—	(794)
Balance at September 28, 2013	**—**	**17,265**	**120,600**	**2,386**	**267**	**—**	**140,518**
Depreciation for the year	**—**	**1,245**	**10,344**	**384**	**37**	**—**	**12,010**
Disposals	**—**	**—**	**(24)**	**—**	**—**	**—**	**(24)**
Balance at September 27, 2014	**—**	**18,510**	**130,920**	**2,770**	**304**	**—**	**152,504**
Net carrying amounts							
At September 28, 2013	17,748	41,002	113,788	1,371	45	3,428	177,382
At September 27, 2014	**17,748**	**39,911**	**110,710**	**1,235**	**8**	**7,402**	**177,014**

There were no impairment losses during fiscal 2014 and 2013.

All property, plant and equipment have been pledged as security for the revolving credit facility (see note 15, Bank overdraft and revolving credit facility).

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

11. INTANGIBLE ASSETS

	Software	Other	Total
	$	$	$
Cost			
Balance at September 29, 2012	2,997	284	3,281
Additions	—	—	—
Balance at September 28, 2013	**2,997**	**284**	**3,281**
Additions	**—**	**—**	**—**
Balance at September 27, 2014	**2,997**	**284**	**3,281**
Amortization			
Balance at September 29, 2012	930	4	934
Amortization for the year	197	33	230
Balance at September 28, 2013	**1,127**	**37**	**1,164**
Amortization for the year	**187**	**28**	**215**
Balance at September 27, 2014	**1,314**	**65**	**1,379**
Net carrying amounts			
At September 28, 2013	1,870	247	2,117
At September 27, 2014	**1,683**	**219**	**1,902**

12. OTHER ASSETS

	September 27, 2014	September 28, 2013
	$	$
Deferred financing charges, net	**520**	541
Other	**3**	3
	523	544

Deferred financing charges represent the fees and costs related to the negotiation of the 5-year Credit Agreement. Borrowings under the revolving credit facility are short-term in nature and can be repaid at any time. Therefore, deferred financing charges are presented separately and not applied against the debt (see note 15, Bank overdraft and revolving credit facility).

During the fiscal year, the Company paid $90 in deferred financing fees to extend the maturity date of the revolving credit facility (see note 15, Bank overdraft and revolving credit facility). These fees, along with the outstanding balance of the previously deferred financing charges, are amortized over the extended life of the revolving credit facility, which now matures on June 28, 2019.

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

13. DEFERRED TAX ASSETS AND LIABILITIES

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

	September 27, 2014	September 28, 2013
	$	$
Assets:		
Employee benefits	**11,335**	11,530
Derivative financial instruments	**1,886**	717
Losses carried forward	**142**	509
Provisions	**867**	890
Other	**1,436**	983
	15,666	14,629
Liabilities:		
Property, plant and equipment	**(23,019)**	(23,463)
Derivative financial instruments	**(313)**	(529)
Goodwill	**(2,184)**	(2,142)
Deferred financing charges	**(388)**	(290)
Other	**(353)**	(375)
	(26,257)	(26,799)
Net assets (liabilities):		
Property, plant and equipment	**(23,019)**	(23,463)
Employee benefits	**11,335**	11,530
Derivative financial instruments	**1,573**	188
Losses carried forward	**142**	509
Goodwill	**(2,184)**	(2,142)
Provisions	**867**	890
Deferred financing charges	**(388)**	(290)
Other	**1,083**	608
	(10,591)	(12,170)

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

13. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The movement in temporary differences during the year and the previous year is as follows:

	Balance September 28, 2013	**Recognized in profit (loss)**	**Recognized in other comprehensive income**	**Balance September 27, 2014**
	$	**$**	**$**	**$**
Property, plant and equipment	**(23,463)**	**444**	**—**	**(23,019)**
Employee benefits	**11,530**	**(126)**	**(69)**	**11,335**
Derivative financial instruments	**188**	**1,385**	**—**	**1,573**
Losses carried forward	**509**	**(367)**	**—**	**142**
Goodwill	**(2,142)**	**(42)**	**—**	**(2,184)**
Provisions	**890**	**(23)**	**—**	**867**
Deferred financing charges	**(290)**	**(98)**	**—**	**(388)**
Other	**608**	**475**	**—**	**1,083**
	(12,170)	**1,648**	**(69)**	**(10,591)**

	Balance September 29, 2012	Recognized in profit (loss)	Recognized in other comprehensive income	Balance September 28, 2013
	$	$	$	$
Property, plant and equipment	(26,494)	3,031	—	(23,463)
Employee benefits	14,918	(332)	(3,056)	11,530
Derivative financial instruments	2,053	(1,865)	—	188
Losses carried forward	2,222	(1,713)	—	509
Goodwill	(2,061)	(81)	—	(2,142)
Provisions	1,099	(209)	—	890
Deferred financing charges	(205)	(85)	—	(290)
Other	570	38	—	608
	(7,898)	(1,216)	(3,056)	(12,170)

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

14. GOODWILL

For the purpose of impairment testing, goodwill is allocated to the Company, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating segment.

The Company's cash-generating unit's impairment test was applied to the CGU, being the Company as a whole, based on its fair values less cost to sell ("FVLCTS").

The methodology used to determine the FVLCTS is based on the market capitalization of the Company, determined using the September 27, 2014 closing quoted market price of the Company's shares multiplied by the outstanding shares, adjusted to include a control premium. The quoted market price reflects the price to obtain a non-controlling interest in the Company whereas the FVLCTS reflects what a market participant would pay to obtain control of the Company. Therefore, a control premium has been taken into account which reflects the synergies that a market participant could realize in obtaining control of the Company. The control premium used for calculating the FVLCTS at September 27, 2014 was 20% (September 28, 2013 - 20%).

15. BANK OVERDRAFT AND REVOLVING CREDIT FACILITY

On June 28, 2013, the Company entered into a new revolving credit facility agreement for $150.0 million of available working capital from which it can borrow at prime rate, Libor rate or under Bankers' Acceptances, plus 20 to 200 basis points, based on achieving certain financial ratios. Certain assets of the Company, including trade receivables, inventories and property, plant and equipment have been pledged as security for the credit facility. The Company's previous revolving credit facility of $200.0 million expired on June 28, 2013. The following amounts were outstanding as at:

	September 27, 2014	September 28, 2013
	$	$
Outstanding amount on revolving credit facility:		
Current	**35,000**	25,000
Non-current	**50,000**	50,000
	85,000	75,000

During the fiscal year, the Company exercised its option to extend the revolving credit facility with the same terms and conditions of the credit agreement entered into on June 28, 2013. The maturity date of the revolving credit facility was therefore extended to expire on June 28, 2019. As at September 27, 2014, an amount of $35.0 million is shown as current.

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

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

16. TRADE AND OTHER PAYABLES

	September 27, 2014	September 28, 2013
	$	$
Trade payables	**30,748**	17,810
Other non-trade payables	**3,182**	3,669
Personnel-related liabilities	**8,616**	7,710
Dividends payable to shareholders	**8,463**	8,470
	51,009	37,659

Personnel-related liabilities represents the Company's obligation to its current and former employees that are expected to be settled one year from the reporting period, as salary and accrued vacation.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 9, Financial instruments.

17. PROVISIONS

	September 27, 2014	September 28, 2013
	$	$
Opening balance	**3,423**	4,262
Provisions used during the period	**(87)**	(839)
Closing balance	**3,336**	3,423
Presented as:		
Current	**919**	1,150
Non-current	**2,417**	2,273
	3,336	3,423

Provisions are comprised of asset retirement obligations which represent the future cost the Company estimates to incur for the removal of asbestos in the operating facilities and for oil, chemical and other hazardous materials storage tanks for which the Company has been able to identify the costs.

The asset retirement obligations have not been discounted as the provision is expected to be used within the next five years.

The estimate of the total liability for future asset retirement obligations is subject to change, based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions would be recognized prospectively as a change in estimate, when applicable.

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

18. FINANCE LEASE OBLIGATIONS

The Company leases moveable equipment. The leases substantially transfer all the usage benefits of such equipment to the Company. These leases have interest rates varying from 5.0% to 8.625% with maturity dates in fiscal 2015.

The outstanding liabilities are as follows:

	September 27, 2014		September 28, 2013	
	Carrying values	**Fair values**	Carrying values	Fair values
	$	**$**	$	$
Finance lease obligations	**7**	**7**	46	48

The finance lease obligations are payable as follows:

	September 27, 2014			September 28, 2013		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments
	$	**$**	**$**	$	$	$
Less than one year	**7**	**—**	**7**	41	2	39
Between one and five years	**—**	**—**	**—**	7	—	7
More than five years	**—**	**—**	**—**	—	—	—
	7	**—**	**7**	48	2	46

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

19. EMPLOYEE BENEFITS

The Company sponsors defined benefit pension plans for its employees ("Pension benefit plans"), as well as health care benefits, medical plans and life insurance coverage ("Other benefit plans").

The following table presents a reconciliation of the pension obligations, the plan assets and the funded status of the benefit plans:

	September 27, 2014	September 28, 2013
	$	$
Fair value of plan assets:		
Pension benefit plans	**132,952**	118,028
Other benefit plans	**—**	—
	132,952	118,028
Defined benefit obligation:		
Pension benefit plans	**155,272**	142,244
Other benefit plans	**21,272**	20,129
	176,544	162,373
Funded status:		
Pension benefit plans	**(22,320)**	(24,216)
Other benefit plans	**(21,272)**	(20,129)
	(43,592)	(44,345)
Experience adjustment arising on plan liabilities	**(267)**	410
Experience adjustment arising on plan assets	**12,029**	9,668

The Company has determined that, in accordance with the terms and conditions of the defined benefit pension plans, and in accordance with statutory requirements (such as minimum funding requirements) of the plans of the respective jurisdictions, the present value of refunds or reductions in the future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of the obligations. As such, no decrease in the defined benefit asset is necessary at September 27, 2014 (September 28, 2013 - no decrease in defined benefit asset).

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

19. EMPLOYEE BENEFITS (CONTINUED)

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes at year-end. The most recent actuarial valuations of the pension plans for funding purposes were as of December 31, 2013, and the next required valuations will be as of December 31, 2014 and 2016.

The asset allocation of the major categories in the Plan was as follows:

	September 27, 2014		September 28, 2013	
	%	**$**	%	$
Equity instruments	**40.7**	**54,111**	58.0	68,457
Government bonds	**58.3**	**77,511**	36.9	43,552
Cash and short-term securities	**1.0**	**1,330**	5.1	6,019
	100.0	**132,952**	100.0	118,028

The pension committee prepares the documentation relating to the management of asset allocation, reviews the investment policy and recommends it to the Board for approval in the event of material changes to the policy. Semi-annually monitoring of the asset allocation of the pension benefit plans allows the pension committee to ensure that the limits of asset allocation of the pension benefit plans are respected.

Based on historical data, contributions to the defined benefit pension plans in 2015 are expected to approximate $4.0 million.

The pension plan exposes the Company to the following risks:

(i) Investment risk:
The defined benefit obligation is calculated using a discount rate. If the fund returns are lower than the discount rate, a deficit is created.

(ii) Interest rate risk:
Variation in bond rates will affect the value of the defined benefit obligation.

(iii) Longevity risk:
A greater improvement in life expectancy than projected in the mortality tables used will increase the value of the defined benefit obligation.

(iv) Inflation risk:
The defined benefit obligation is calculated assuming a certain level of inflation. An actual inflation higher than expected will have the effect of increasing the value of the defined benefit obligation.

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

19. EMPLOYEE BENEFITS (CONTINUED)

Movement in the present value of the defined benefit obligations:

	For the years ended					
	September 27, 2014			September 28, 2013		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total
	$	**$**	**$**	$	$	$
Movement in the present value of the defined benefit obligation:						
Defined benefit obligation, beginning of the year	**142,244**	**20,129**	**162,373**	141,179	20,224	161,403
Current service cost	**1,777**	**345**	**2,122**	1,827	322	2,149
Past service cost	**(4,309)**	**—**	**(4,309)**	1,884	—	1,884
Loss on settlements	**6,595**	**—**	**6,595**	—	—	—
Interest cost	**6,694**	**915**	**7,609**	6,124	838	6,962
Employee contributions	**983**	**—**	**983**	958	—	958
Benefit payments from plan	**(6,686)**	**—**	**(6,686)**	(7,104)	—	(7,104)
Benefit payments from employer	**(3,034)**	**(748)**	**(3,782)**	(947)	(698)	(1,645)
Actuarial (gains) losses arising from changes in demographic assumptions	**140**	**(881)**	**(741)**	5,365	567	5,932
Actuarial (gains) losses arising from changes in financial assumptions	**11,470**	**1,177**	**12,647**	(7,579)	(997)	(8,576)
Actuarial (gains) losses arising from member experience	**(602)**	**335**	**(267)**	537	(127)	410
Defined benefit obligation, end of year	**155,272**	**21,272**	**176,544**	142,244	20,129	162,373
Movement in the fair value of plan assets:						
Fair value of plan assets, beginning of the year	**118,028**	**—**	**118,028**	103,546	—	103,546
Interest income	**5,623**	**—**	**5,623**	4,569	—	4,569
Return on plan assets (excluding interest income)	**12,029**	**—**	**12,029**	9,668	—	9,668
Employer contributions	**6,709**	**748**	**7,457**	7,751	698	8,449
Employee contributions	**983**	**—**	**983**	958	—	958
Benefit payments from plan	**(6,686)**	**—**	**(6,686)**	(7,104)	—	(7,104)
Benefit payments from employer	**(3,034)**	**(748)**	**(3,782)**	(947)	(698)	(1,645)
Plan expenses	**(700)**	**—**	**(700)**	(413)	—	(413)
Fair value of plan assets, end of year	**132,952**	**—**	**132,952**	118,028	—	118,028

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

19. EMPLOYEE BENEFITS (CONTINUED)

The net defined benefit obligation can be allocated to the plans' participants as follows:

	September 27, 2014		September 28, 2013	
	Pension benefits plans	**Other benefits plans**	Pension benefits plans	Other benefits plans
Active plan participants	**40.6**	**44.6**	41.9	46.4
Retired plan members	**55.1**	**55.4**	54.3	53.6
Deferred plan participants	**1.5**	**—**	1.7	—
Other	**2.8**	**—**	2.1	—
	100.0	**100.0**	100.0	100.0

During the fiscal year, the Company approved the termination of the defined benefit portion of the Lantic Inc. Pension Plan for Salaried Employees in B.C. and Alberta (the "Salaried Plan") effective as of December 31, 2014 and the estimated settlement costs were accrued as a constructive obligation. As a result of this decision, the Company recorded a credit of $2.0 million ($1.5 million net of taxes) to Other Comprehensive Income and a non-cash administrative and selling expense of $2.2 million representing the constructive obligation undertaken by the Company resulting from the decision to terminate the Salaried Plan. The termination process is expected to take up to two years. During fiscal 2013, the Company recorded a pension plan expense of $1.9 million for contracted future plan amendments to one of the pension benefit plans.

The Company's defined benefit pension expense was as follows:

	For the years ended					
	September 27, 2014			September 28, 2013		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total
	$	**$**	**$**	$	$	$
Pension costs recognized in net earnings:						
Current service cost	**1,777**	**345**	**2,122**	1,827	322	2,149
Expenses related to the pension benefits plans	**700**	**—**	**700**	413	—	413
Interest cost	**965**	**915**	**1,880**	1,466	838	2,304
Interest on current service costs	**106**	**—**	**106**	89	—	89
Past service cost	**(4,309)**	**—**	**(4,309)**	1,884	—	1,884
Loss on settlements	**6,595**	**—**	**6,595**	—	—	—
Re-measurements of other long term benefits	**—**	**(126)**	**(126)**	—	(148)	(148)
Pension expense	**5,834**	**1,134**	**6,968**	5,679	1,012	6,691
Recognized in:						
Cost of sales	**4,113**	**702**	**4,815**	4,775	625	5,400
Administration and selling expenses	**1,721**	**432**	**2,153**	904	387	1,291
	5,834	**1,134**	**6,968**	5,679	1,012	6,691

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

19. EMPLOYEE BENEFITS (CONTINUED)

The following table presents the change in the actuarial gains and losses recognized in other comprehensive income:

	For the years ended					
	September 27, 2014			September 28, 2013		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total (Note 3(q) (i))
	$	**$**	**$**	$	$	$
Cumulative amount in deficit at the beginning of the year	**8,247**	**(2,129)**	**6,118**	19,593	(1,720)	17,873
Recognized during the year	**(1,021)**	**757**	**(264)**	(11,346)	(409)	(11,755)
Cumulative amount in deficit at the end of the year	**7,226**	**(1,372)**	**5,854**	8,247	(2,129)	6,118
Recognized during the year, net of tax	**(755)**	**560**	**(195)**	(8,396)	(303)	(8,699)

Principal actuarial assumptions used were as follows:

	For the years ended			
	September 27, 2014		September 28, 2013	
	Pension benefits plans	**Other benefits plans**	Pension benefits plans	Other benefits plans
	%	**%**	%	%
Company's defined benefit obligation:				
Discount rate	**4.20**	**4.20**	4.80	4.80
Rate of compensation increase	**3.50**	**3.50**	3.50	3.50
Net benefit plan expense:				
Discount rate	**4.80**	**4.80**	4.40	4.40
Rate of compensation increase	**3.50**	**3.50**	3.50	3.50

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

19. EMPLOYEE BENEFITS (CONTINUED)

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the value of the liabilities in the defined benefit plans are as follows:

	September 27, 2014	September 28, 2013
Longevity at age 65 for current pensioners:		
Males	**21.4**	19.8
Females	**23.9**	22.1
Longevity at age 65 for members aged 45:		
Males	**22.5**	21.3
Females	**24.9**	22.9

The assumed health care cost trend rate as at September 27, 2014 was 5.70% (September 28, 2013 - 6.21%), decreasing uniformly to 4.43% in 2031 (September 28, 2013 - 4.8% in 2031) and remaining at that level thereafter.

The following table outlines the key assumptions for the year ended September 27, 2014 and the sensitivity of a % change in each of these assumptions on the defined benefit plan obligations and the net defined benefit plan costs.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	For the year ended September 27, 2014		
	Pension benefits plans	**Other benefits plans**	**Total**
	$	**$**	**$**
(Decrease) increase in Company's defined benefit obligation:			
Discount rate			
Impact of increase of 1%	**(18,506)**	**(2,640)**	**(21,146)**
Impact of decrease of 1%	**23,349**	**3,297**	**26,646**
Rate of compensation increase			
Impact of increase in of 0.5%	**1,155**	**4**	**1,159**
Impact of decrease in of 0.5%	**(1,079)**	**(4)**	**(1,083)**
Mortality			
99% of expected rate	**357**	**75**	**432**

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 would have the following effects:

	Increase	**Decrease**
	$	**$**
Effect on the defined benefit obligations	**2,890**	**2,365**

As at September 27, 2014, the weighted average duration of the defined benefit obligation amounts to 14.1 years (September 28, 2013 - 12.5 years)

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

20. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

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

	September 27, 2014	September 28, 2013
	$	$
Fourth series (i)	**50,000**	50,000
Fifth series (ii)	**60,000**	60,000
Total face value	**110,000**	110,000
Less deferred financing fees	**(2,495)**	(3,217)
Less equity component (ii)	**(1,188)**	(1,188)
Accretion expense on equity component	**418**	262
Total carrying value	**106,735**	105,857

(i) Fourth series:

On April 8, 2010, the Company issued 50,000 fourth series, 5.70% convertible unsecured subordinated debentures ("Fourth series debentures"), maturing on April 30, 2017, with interest payable semi-annually in arrears on April 30 and October 31 of each year, starting October 31, 2010 for gross proceeds of $50.0 million. The debentures may be converted at the option of the holder at a conversion price of $6.50 per share (representing 7,692,308 common shares) at any time prior to maturity, and cannot be redeemed prior to April 30, 2013.

On or after April 30, 2013 and prior to April 30, 2015, the debentures may be redeemed by the Company, at a price equal to the principal amount plus accrued and unpaid interest, only if the weighted average trading price of the share, for 20 consecutive trading days, is at least 125% of the conversion price of $6.50. Subsequent to April 30, 2015, the debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

On redemption or at maturity, the Company 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 Company 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 shares to the holders of the convertible debentures. The number of shares 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 shares 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 Company has not allocated any of the Fourth 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 Fourth series convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value as at September 27, 2014 was approximately $51.4 million (September 28, 2013 - $52.3 million).

20. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (CONTINUED)

(ii) Fifth series:
On December 16, 2011, the Company issued $60.0 million fifth series, 5.75% convertible unsecured subordinated debentures ("Fifth series debentures"), maturing on December 31, 2018, with interest payable semi-annually in arrears on June 30 and December 31 of each year, starting June 29, 2012. The debentures may be converted at the option of the holder at a conversion price of $7.20 per share (representing 8,333,333 common shares) at any time prior to maturity, and cannot be redeemed prior to December 31, 2014.

On or after December 31, 2014 and prior to December 31, 2016, the debentures may be redeemed by the Company, at a price equal to the principal amount plus accrued and unpaid interest, only if the weighted average trading price of the common shares, for 20 consecutive trading days, is at least 125% of the conversion price of $7.20. Subsequent to December 31, 2016, the debentures are redeemable at a price equal to the principal amount thereof plus accrued unpaid interest.

On redemption or at maturity, the Company 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 Company 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 shares to the holders of the convertible debentures. The number of shares 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 shares 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 Company allocated $1.2 million of the Fifth series debentures into an equity component. During the year, the Company recorded $156 (September 28, 2013 - $147) in finance costs for the accretion of the Fifth series debentures.

The Company incurred issuance costs of $2.7 million, which are netted against the convertible debenture liability.

The fair value of the Fifth series convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value as at September 27, 2014 was approximately $62.5 million (September 28, 2013 - $62.3 million).

21. CAPITAL AND OTHER COMPONENTS OF EQUITY

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

In fiscal 2013, a total of 23,500 common shares were issued pursuant to the exercise of share options under the Share Option Plan.

As of September 27, 2014, a total of 94,028,860 common shares (September 28, 2013 - 94,114,260) were outstanding.

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

21. CAPITAL AND OTHER COMPONENTS OF EQUITY (CONTINUED)

The Company declared a quarterly dividend of $0.09 per share for the fiscal year 2014. On January 30, 2013, the Company declared an additional dividend of $0.36 per share to shareholders of record on February 8, 2013 and paid on February 28, 2013. The following dividends were declared by the Company:

	For the years ended	
	September 27, 2014	September 28, 2013
	$	$
Dividends	**33,858**	67,751

Capital management:
The Company'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 dividends paid to shareholders.
- To have appropriate cash reserves on hand to protect the level of dividends made to shareholders.
- To maintain an appropriate debt level so that there is no financial constraint on the use of capital.
- To have an appropriate line of credit.
- To repurchase shares or convertible debentures when trading values do not reflect fair values.

The Company typically invests in its operations between $7.0 million and $10.0 million yearly in capital expenditures. Management believes that these investments, combined with approximately $25.0 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 Board of Directors aims to ensure proper cash reserves are in place to maintain the current dividend level. Dividends to shareholders will only be raised after the Directors 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.

The Company has a $150.0 million revolving credit facility. The Company estimates to use between $60.0 million and $90.0 million of its revolving credit facility to finance its normal operations during the year.

The Company 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") of the operating company. Through required lenders' covenants, the debt ratio must be kept below 3.5:1 in order not to have restrictions on interest payments from Lantic to the Company. At year end, the operating company's debt ratio was below 1.50:1 for fiscal 2014 and below 1.00:1 for fiscal 2013.

Having satisfied the above factors, if cash is available, it will be used to repurchase the Company's shares and convertible debentures when the Board of Directors considers that the then current trading range does not reflect the fair trading value of the Company's shares. As such, the Company puts in place a NCIB from time to time.

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

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

22. SHARE-BASED COMPENSATION

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

During fiscal 2014, no common shares were issued pursuant to the exercise of share options under the Share Option Plan. During fiscal 2013, 23,500 common shares were issued pursuant to the exercise of share options under the Share Option Plan for total cash proceeds of $92, which was recorded to share capital as well as an ascribed value from contributed surplus of $4.

Compensation expense is amortized over the vesting period of the corresponding optioned shares and is expensed in the administration and selling expenses with an offsetting credit to contributed surplus. An expense of $13 was incurred for the year ended September 27, 2014 (income of $4 for the year ended 2013).

The following table summarizes information about the Share Option Plan as of September 27, 2014:

Exercise price per option	**Outstanding number of options at September 28, 2013**	**Options granted during the period**	**Options exercised during the period**	**Options forfeited during the period**	**Outstanding number of options at September 27, 2014**	**Weighted average remaining life**	**Number of options exercisable**
$ 3.61	**30,000**	**—**	**—**	**—**	**30,000**	**1.17**	**30,000**
$ 5.61	**226,500**	**—**	**—**	**—**	**226,500**	**7.46**	**88,500**

The following table summarizes information about the Share Option Plan as of September 28, 2013:

Exercise price per option	Outstanding number of options at September 29, 2012	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at September 28, 2013	Weighted average remaining life	Number of options exercisable
$3.61	50,000	—	20,000	—	30,000	2.17	30,000
$5.61	230,000	—	3,500	—	226,500	8.46	42,500

As at September 27, 2014 and September 28, 2013, all of the options outstanding are held by key management personnel (see note 28, Key management personnel).

The grant date fair value was measured based on the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values of the share-based payment plans approved for granting in fiscal 2013 are the following:

Fair value of options at grant date	$ 0.27
Share price at grant date	$ 6.07
Exercise price	$ 5.61
Expected volatility (weighted average volatility)	10.547 to 16.896%
Option life (expected weighted average life)	3.17 to 5.17 years
Expected dividends	6%
Weighted average risk-free interest rate (based on government bonds)	1.274% to 1.521%

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

23. OPERATING LEASES

The Company has financial commitments for minimum lease payments under operating leases for various mobile equipment and the premises of the blending operations in Toronto. Non-cancellable operating lease rentals are payable as follows:

	September 27, 2014	September 28, 2013
	$	$
Less than 1 year	**1,344**	1,761
Between 1 and 5 years	**1,693**	1,644
More than 5 years	**175**	95
	3,212	3,500

For the year ended September 27, 2014, an amount of $1,761 was recognized as an expense in net earnings with respect to operating leases (September 28, 2013 - $1,796).

24. COMMITMENTS

As at September 27, 2014, the Company had commitments to purchase a total of 1,105,000 (September 28, 2013 - 1,567,000) metric tonnes of raw cane sugar, of which 147,541 (September 28, 2013 - 94,360) metric tonnes had been priced, for a total dollar commitment of $68.7 million (September 28, 2013 - $40.2 million). In addition, the Company has a commitment of approximately $28.3 million (September 28, 2013 - $28.9 million) for sugar beets to be harvested and processed in fiscal 2015.

During the year ended September 27, 2014, the Company entered into capital commitments to complete its capital projects for a total value of $7.3 million (September 28, 2013 - $3.8 million).

25. CONTINGENCIES

The Company 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.

The Company, in the normal course of business, becomes involved from time to time in litigation and claims. While the final outcome with respect to claims and legal proceedings pending as at September 27, 2014 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.

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

26. EARNINGS PER SHARE

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

	For the years ended September 27, 2014	September 28, 2013 (Note 3(q) (i))
	$	$
Basic earnings per share:		
Net earnings	**29,229**	36,492
Weighted average number of shares outstanding	**94,059,862**	94,102,742
Basic earnings per share	**0.31**	0.39
Diluted earnings per share:		
Net earnings	**29,229**	36,492
Plus impact of convertible unsecured subordinated debentures and share options	**2,355**	5,302
	31,584	41,794
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**94,059,862**	94,102,742
Plus impact of convertible unsecured subordinated debentures and share options	**7,692,308**	16,025,641
	101,752,170	110,128,383
Diluted earnings per share	**0.31**	0.38

As at September 27, 2014, the Fifth series debentures was excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

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

27. SUPPLEMENTARY CASH FLOW INFORMATION

	September 27, 2014	September 28, 2013	September 29, 2012
	$	$	$
Non-cash transactions:			
Additions of property, plant and equipment and intangible assets included in trade and other payables	**709**	619	276

28. KEY MANAGEMENT PERSONNEL

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

	For the years ended	
	September 27, 2014	September 28, 2013
	$	$
Salaries and short-term benefits	**2,301**	2,359
Attendance fees for members of the Board of Directors	**457**	421
Post-employment benefits	**121**	85
Share-based compensation	**13**	(4)
	2,892	2,861

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

29. PERSONNEL EXPENSES

	For the years ended September 27, 2014	September 28, 2013 (Note 3(q) (i))
	$	$
Wages, salaries and employee benefits	**67,773**	68,342
Expenses related to defined benefit plans	**6,968**	6,691
Expenses related to defined contributions plans	**4,047**	4,055
Share-based compensation	**13**	(4)
	78,801	79,084

The personnel expenses were charged to the consolidated statements of earnings or capitalized in the consolidated statements of financial position as follows:

	For the years ended September 27, 2014	September 28, 2013 (Note 3(q) (i))
	$	$
Cost of sales	**61,450**	65,690
Administration and selling expenses	**15,475**	11,387
Distribution expenses	**1,375**	1,569
	78,300	78,646
Property, plant and equipment	**501**	438
	78,801	79,084

30. RELATED PARTIES

Lantic has outstanding redeemable Class B shares of $44.5 million that are retractable and can be settled at Lantic's option by delivery of a note receivable from the same party, Belkorp Industries Inc., having the same value. The note receivable bears no interest and has no fixed terms of repayment. The Class B shares are entitled to vote, but on a pro rata basis at a meeting of shareholders of Lantic. Under the terms of a voting trust agreement between Belkorp Industries Inc. and Rogers, Rogers is entitled to vote the Class B shares so long as they remain outstanding. 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 consolidated statements of financial position.

Belkorp Industries Inc. also controls, through Lantic Capital, the two Lantic Class C shares issued and outstanding. The Class C shares entitle Lantic Capital to elect five of the seven directors of Lantic, but has no other voting rights at any meetings of shareholders of Lantic, except as may be required by law.

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

31. SEGMENTED INFORMATION

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

Revenues were derived from customers in the following geographic areas:

	For the years ended	
	September 27, 2014	September 28, 2013
	$	$
Canada	**512,470**	528,684
United States and other	**19,825**	29,754
	532,295	558,438

ROGERS SUGAR INC.
CORPORATE INFORMATION

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Belkorp Industries Inc.

Dean Bergmame, (2) (3)
Director

Michel P. Desbiens, (1) (2) (3)
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William S. Maslechko, (3)
Partner
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M. Dallas H. Ross, (1) (2)
Partner
Kinetic Capital Limited Partnership

(1) Nominees to Board of Directors of Lantic Inc.
(2) Audit Committee Members
(3) Nominating and Governance Committee Members

LEGAL COUNSEL
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Montreal, Quebec

TRADING SYMBOL
RSI

STOCK EXCHANGE LISTING
The Toronto Stock Exchange

ANNUAL MEETING
The annual meeting of Shareholders
to be held at 1:00 PM (Pacific Time)
January 29, 2015 at the
Renaissance Vancouver Harbourside Hotel
1133 West Hastings St.
Vancouver, British Columbia
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LANTIC INC.

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Director

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

Donald G. Jewell,
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Daniel Lafrance,
Director

Edward Makin,
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Partner
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(1) Rogers Sugar Inc. Nominees

(2) Audit Committee Members

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President and Chief Executive Officer

Robert Copeland,
Vice-President Operations

Diana R. Discepola,
Director of Finance

Jacques Dussault,
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