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ROGERS

Lantic

2015 Annual Report

TOTAL DISTRIBUTION (thousand of $)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Fiscal 2015	—	—	8,463	—	—	8,465	—	—	8,465	—	—	8,463	33,856
Fiscal 2014	—	—	8,470	—	—	8,463	—	—	8,462	—	—	8,463	33,858

PER SHARE DISTRIBUTION ($)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Fiscal 2015	—	—	0.09	—	—	0.09	—	—	0.09	—	—	0.09	0.36
Fiscal 2014	—	—	0.09	—	—	0.09	—	—	0.09	—	—	0.09	0.36

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

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:

I am pleased to report an improved performance in fiscal 2015 for Rogers Sugar Inc. ("Rogers" or the "Company").

Year-over-year volume was comparable to fiscal 2014. The industrial and liquid segments were strong, particularly in the last quarter. Adding to this positive momentum, the Company was able to capitalize on opportunistic sales to the United States and Mexico and as a result, increase its volume in this segment. These positive trends were moderated by underperformance in the consumer volume, which despite a stronger last quarter was unable to fully recover from a weak start.

The overall financial performance of Rogers improved in fiscal 2015. Adjusted gross margin was $85.9 million, an increase of $3.9 million compared to 2014. Adjusted gross margin rate, at $130.86 per metric tonne, was $3.60 above last year. Furthermore, adjusted EBIT was $54.1 million compared to $48.8 million in fiscal 2014, an increase of $5.3 million. Finally, Rogers's free cash flow also improved significantly in fiscal 2015 and totaled $37.8 million; an increase of $7.2 million compared to last year.

Total dividends declared for the current year amounted to $33.9 million. In fiscal 2015, Rogers paid quarterly dividends of $0.09 per share for a yearly total of $0.36 per share. 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 30,100 common shares under a Normal Course Issuer Bid ("NCIB") put in place at the end of November 2014. In addition, an additional 80,800 common shares were purchased and cancelled subsequent to year end. 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.

For the second year in a row, the Company's wholly-owned subsidiary, Lantic, exercised 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 29, 2020. In addition, Lantic negotiated a two-year $30.0 million interest rate swap agreement with a start date of June 28, 2018 at a rate of 1.959%. 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.

As part of our mandate, the Board of Directors is committed to maintaining good corporate governance practices. As a measure of this commitment, we have documented and adopted specific guidelines to assist in our governance responsibilities. During the year, we have reviewed and amended our Code of Conduct to better align with our Mission and our Values as well as reflect today's overall business realities.

After almost ten years at the helm of Lantic, Mr. Ed Makin retired during this fiscal year. On behalf of the Rogers' Board of Directors, I would like to thank Ed for doing a wonderful job successfully leading the Company throughout his tenure with important milestones achieved in the area of sales and marketing, trade advocacy and cost containment. We are pleased that Mr. John Holliday joined the management team of Lantic as President and Chief Executive Officer, on May 1st with a successful track record in positions of increasing seniority in the food industry. We are confident Mr. Holliday will provide strong leadership to our management team and will contribute significantly to the team's achieving superior results in the coming years!

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 19, 2015

REPORT FROM THE PRESIDENT AND CEO

Fiscal 2015 has overall been a positive year and we are pleased to report that our adjusted gross margin, adjusted gross margin rate and adjusted EBIT have improved compared to the prior year.

Fiscal 2015 included an additional shipping week. We are nonetheless satisfied by the fact that the Company's total sugar deliveries exceeded the previous year's shipments by approximately 12,400 metric tonnes. Eliminating the impact of the fifty-third week of fiscal 2015, total volume would have been comparable to the previous year, a result that, in light of known business losses and customer plant closures, exceeded our expectations. Evidence of stronger market momentum was particularly apparent in our fourth quarter. Looking at the results by segment we have seen the industrial segment continue to strengthen throughout the year. The liquid segment also showed solid demand, especially in the second half of the year. Considering the loss of a High Fructose Corn Syrup substitutable account in April 2014, we are satisfied to report that liquid volume, excluding the impact of the fifty-third week, was only slightly below last year. The export segment also ended the year with positive momentum as the Company was able to leverage well developed customer relationships and market pricing opportunities, facilitated by favourable commodity price spreads between United States ("U.S.") values and world raw sugar values which, combined with a weaker Canadian dollar, increased sales to the U.S. and Mexico. Consequently, export volume finished the year approximately 6,400 metric tonnes above last year. Lastly, despite improved promotional support in the last quarter, which included our largest ever consumer retail trade promotion support, the consumer segment was unable to recover from a very slow start of the year and ended the year slightly below last year's level.

Adjusted gross margin for the year was $85.9 million or $130.36 per metric tonne, an improvement compared to $81.9 million in fiscal 2014 or $126.76 per metric tonne. Labour savings at the Montreal refinery contributed to this improvement. It goes without saying that the first few months of this change management process were difficult. Despite these challenges, the team remained focused on our commitment to supply our customers, with quality products and reliable service, at competitive prices. The second noteworthy favourable impact to adjusted gross margins relates to energy costs which benefited from lower natural gas pricing and the conversion from an interruptible gas contract to a firm gas contract at the Montreal refinery.

Continuous plant improvement and plant reliability are corner stones for our operational goals. During the year, the Company continued to make planned investments in projects to upgrade critical processing equipment, improve infrastructure and on a risk adjusted basis continue the path of continuous improvement to plant safety. Fiscal 2015 saw the completion of some projects which will lower our operating costs in Vancouver and Montreal and a large number of infrastructure and systems upgrades typical of largely depreciated assets. Unplanned, however, was the failure in the last quarter of the year of a critical piece of refining equipment at the Montreal plant which led to lower throughput and additional capital funds being invested in fiscal 2015 that will continue through part of fiscal 2016.

The last quarter of 2015 was characterized by significant amount of International Trade and Tariff reviews. Noteworthy during the quarter was Lantic's presence and active participation at two ministerial Trans Pacific Partnership ("TPP") negotiations. Our articulation of the importance of access to the U.S. market provided strong support for Canada's negotiating team. The yet to be ratified agreement will provide more certainty for Canadian exports, which, although being below our desired outcome, will nonetheless provide some benefits to our Western Canadian asset base. In addition, industry representations were made at the Canadian International Trade Tribunal ("CITT") in September in support of the continuance of antidumping and countervailing duties against the U.S. and European Union ("EU"). The CITT issued its decision on October 30, 2015 to continue its 1995 finding against dumped and subsidized sugar from the U.S. and EU. Duties on imports of U.S. and EU refined sugar are important to Lantic and to the Canadian refined sugar industry because they protect the market from the adverse effects of unfairly traded imports from these sources.

Outlook

Overall, total sales volume is expected to be comparable to fiscal 2015, without considering 2015's additional week of operations.

We have seen a positive trend in the liquid segment but the Company remains cautious and expects a slight decrease in volume in fiscal 2016.

As it is typical for the export segment at this time of the year, contracted volume in fiscal 2016 is yet to be fully booked. With the weaker Canadian dollar, the business remains focused on opportunities in Mexico and the U.S.

We expect to see continued positive momentum with our industrial business and anticipate the consumer volume to be flat when compared to fiscal 2015, once adjusted for a 52 week year.

With generally positive market conditions, Lantic will invest time and effort in fiscal 2016 to focus on three strategic priorities:

- Operational Excellence
- Access for existing products to new geographies and/or new distribution channels
- Targeted acquisition of businesses and/or investments in our existing assets

Our commitment to Operational Excellence will target improvements in refining throughput, packaging efficiencies, energy consumption and water usage. Improvements will be driven by both capital investments and leveraging best practices across our various locations.

Operating in a mature category and having limited access to largely protected export markets, the business will look for bolt-on acquisitions or investments in existing assets that will bring new growth and synergies to our core sweetener products and potential expansion and extension of our brand portfolio.

Our future success will be driven by engaged employees, guided in their efforts by our Values which are: Safety, Our Employees, Customers, Excellence, Integrity, Sustainability and Our Community.

I would like to take this opportunity to thank all employees and management across Canada for their dedication and hard work. The overall effort is greatly appreciated and together we will continue to optimize each opportunity as presented to benefit the shareholders of Rogers Sugar Inc.

John Holliday
President and Chief Executive Officer

November 19, 2015

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers") audited consolidated financial statements for the years ended October 3, 2015 and September 27, 2014 should be read in conjunction with the audited consolidated financial statements and related notes for the years ended October 3, 2015 and September 27, 2014. The Company's MD&A and consolidated financial statements are prepared using a fiscal year which consists of 53 and 52 weeks, respectively. The fiscal year ended October 3, 2015 includes 53 weeks and the fiscal year ended September 27, 2014 includes 52 weeks.

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 19, 2015.

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 October 3, 2015. 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 October 3, 2015 using the framework established in "Internal Control – Integrated Framework (COSO 2013 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 October 3, 2015.

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.

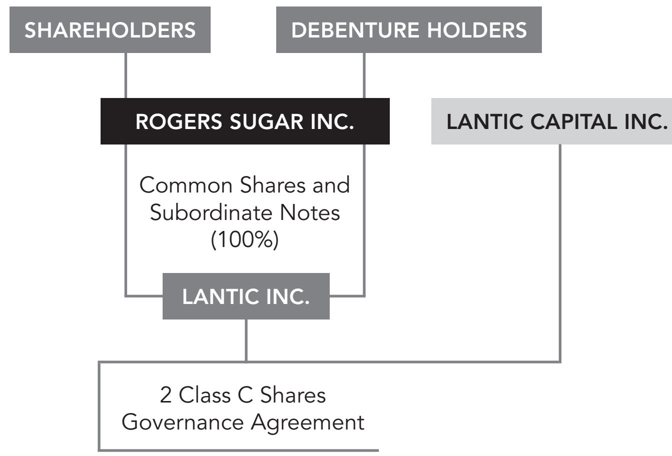
CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 is the largest refined sugar producer in Canada, with annual nominal production capacity of approximately 1,000,000 metric tonnes. Lantic operates cane refineries in Montreal, Quebec and Vancouver, British Columbia, and a sugar beet factory in Taber, Alberta.

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 the only sugar producer with operating facilities across Canada. The strategic location of these facilities allows Lantic operating contingencies and the ability to service all customers across the country efficiently and on a timely basis.

Lantic also operates a custom blending operation in Toronto which blends high sugar containing products, as well as non-sugar products, for manufacturing and food processing companies. Blends can be sold in retail format, aimed directly at consumers, as well as totes, geared to the industrial market. The total capacity of this plant is approximately 30,000 metric tonnes per year.

Our Products

All Lantic operations supply high quality white sugar as well as a broad portfolio of specialty products which are differentiated by colour, granulation, and raw material source. We are also committed to responding to the evolving needs of our customers through innovative packaging and supply chain solutions, as well as customized product specifications.

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. In fiscal 2015, the market suffered from the closure and relocation of two manufacturing operations outside of Canada. Notwithstanding, this segment has seen positive growth from existing customers, which has materially helped to mitigate and reduce the loss of volume from these closures.

In the domestic consumer segment, a wide variety of products is offered under the Lantic and Rogers brand names. This segment has remained stable during the last several years. In our marketing efforts, we continue to target consumers to drive more trials and volume of specialty products and also leverage our Brand and market strength to offer alternate sweetener solutions. Our website continues to evolve and focuses on consumer awareness, education and product promotion.

The liquid segment is comprised of core users whose process or products require liquid sucrose and another customer group who can substitute liquid sucrose with high fructose corn syrup ("HFCS"). In the course of the year, we have experienced strong growth in the west with traditional customers, new inquiries with HFCS users looking for cleaner labeling, new competition in the east as well as some plant closures. On balance, adjusted for the 53 week year, the domestic liquid segment was stable when compared to the last fiscal year. The Company did not benefit from additional volume, in fiscal 2015, from an HFCS substitutable account lost in April 2014.

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 an annual 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 factory can all participate in this global quota. Sales to the U.S. under both the Canadian-specific and the U.S. global quotas were made at above average margins, due in part, to the beneficial spread in values between the U.S. #16 market and the #11 world raw sugar price and the weaker Canadian dollar. In fiscal 2015, these favourable market conditions also allowed the Company to complete sales of specialty sugars over and above these two quotas, on a high tier (duty paid) basis. These favorable conditions occur when the spread between #11 world raw sugar prices and #16 refined sugar prices widen combined with the devaluation of the Canadian dollar, therefore, fully offsetting the U.S. import duties. It is also worth pointing out that the Secretary of Agriculture of the United States can increase the refined sugar quota on an as needed basis. In recent years, such as fiscal 2006, 2009 and 2012, these special quotas have been triggered by specific events, for example, natural disasters, such as Hurricane Katrina or the sudden lack of production capacity due to severe damages to a major U.S. cane refinery or even weather related, due to material losses in cane or beet crops. There was no special refined sugar quota in fiscal 2015 or 2014. With its broad and diversified production platform, Lantic is well positioned to take advantage of such 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, Montreal and Vancouver plants.

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 fluctuation, and thus helps Lantic avoid the effects of volatility in the world raw sugar market.

In fiscal 2015, the Company entered into a new four-year agreement with the Alberta Sugar Beet Growers (the "Growers") for the supply of sugar beets to the Taber beet plant. The 2015 crop, which will be harvested in the fall and processed in fiscal 2016, is the first one under the new contract. 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 scaled 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 70,000 metric tonnes.

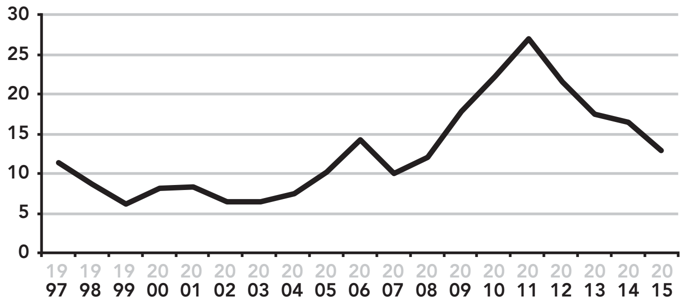
Pricing

In fiscal 2015, the price of raw sugar fluctuated between U.S. 10.13 cents per pound and U.S. 16.94 cents per pound and closed at U.S. 13.53 cents per pound at the end of the fiscal year, which was 1.88 cents lower than the closing value at September 27, 2014. The price variation during the year was less than in fiscal 2014 when raw sugar prices fluctuated between U.S. 13.32 and U.S. 20.16 cents per pound. The world sugar market continued to trend downwards following a succession of surplus years triggered by well stocked producing countries.

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.

Whereas higher #11 world raw sugar values may have the effect of reducing the competitiveness of the liquid business versus HFCS, the opposite holds true for our beet operation. In Taber, the raw material used to produce sugar is sugar beets, for which a fixed price, plus a scaled incentive on higher raw sugar values, which 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 1997 to September 2015)



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.

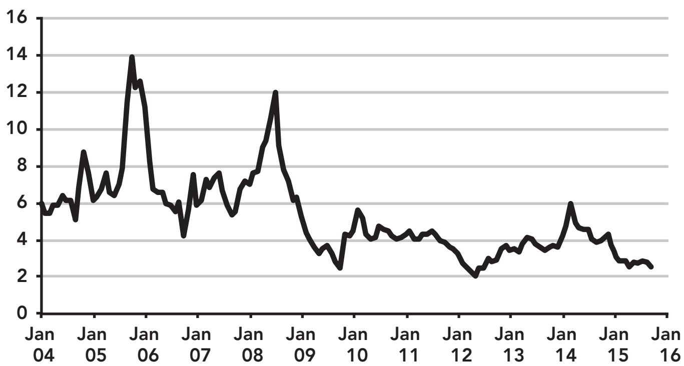
For our refinery operations, labour remains the largest cost item. Our operating plants' labour agreements have staggered expiry dates. Montreal's, three-year agreement will expire in February 2016.

In fiscal 2014, 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.

Energy is our second largest operating expense. We use large amounts of natural gas in our refineries. We have a hedging strategy in place with futures contracts to mitigate the impact of large fluctuations in natural gas prices. With a continued weakness in natural gas prices, Lantic added some hedged positions for fiscal 2016 through 2019 at prices equal to or lower than fiscal 2015's average price. We will continue to closely monitor the natural gas market in order to reduce volatility and maintain an overall market competitiveness. However due to the significant spend in this area, Lantic's forward hedging policy does not fully eliminate the impact of year-over-year trends in natural gas prices.

In August 2015, the Montreal refinery received confirmation from its natural gas provider that its request to convert its interruptible gas contract to a firm gas contract on a long-term basis had been accepted by the Régie de l'énergie du Québec. As such, fiscal 2015's firm gas contract was the first of a five-year contract, terminating in November 2019. This firm gas contract will eliminate incremental energy costs relating to service interruptions as a result of cold winter conditions.

Natural gas price continuation chart
(January 2004 to September 2015)



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 $10.6 million in "Stay in Business and Safety" capital projects for plant reliability, product security, information systems and environmental requirements. Under a special provision, the Company also committed $5.0 million for the purchase and installation of new specialty packaging equipment at the Vancouver refinery of which $1.4 million and $1.8 million were spent in fiscal 2015 and 2014, respectively. The final installation is expected to be completed in the third quarter of fiscal 2016.

"Operational Excellence", or return on investment capital projects, forms the balance of the fiscal year spend. In fiscal 2015, operational excellence capital investments amounted to $0.8 million and comprised of multiple projects. These investments are undertaken because of operational savings to be realized when such projects are completed.

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 quality and food safety. 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.

As a result of this commitment and focus, 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. In addition, in fiscal 2015, the Vancouver refinery successfully passed its audit for the FSSC 22000 re-certification. The Montreal plant and Taber factory will go through their respective re-certification process in early fiscal 2016 and we expect a successful conclusion at both location.

We have also 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 Lantic to pursue dry dairy blends for both the domestic and export markets. In fiscal 2015, the Blending operation renewed and/or maintained all of its quality assurance certifications and successfully completed audits undertaken by major multinational companies. In fiscal 2015, we launched branded iced tea mix and hot chocolate mix and private label hot chocolate mix in our domestic market. We are committed to increase blending volume in both the industrial and retail sectors, 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 in 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 2016 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 2.8 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 90% of its estimated usage over the next 12 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 2015, 2014 and 2013 fiscal years. The Company's fiscal year ends on the Saturday closest to the end of September. All references to 2015, 2014 and 2013 represent the fiscal years ended October 3, 2015, September 27, 2014 and September 28, 2013. It should be noted that fiscal 2015 had 53 weeks of operations, compared to 52 weeks in fiscal 2014 and 2013. The additional week had a positive impact of approximately 2% of total sales volume, revenues, adjusted gross margin and adjusted net earnings. 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)	**2015**	2014	2013 (1)
Total volume (metric tonnes)	**658,812**	646,376	649,274
	$	$	$
Total revenues	**541,545**	532,295	558,438
Gross margin	**76,295**	82,939	84,791
Results from operating activities	**44,470**	49,834	58,494
Net earnings	**24,033**	29,229	36,492
Net earnings per share:			
Basic	**0.26**	0.31	0.39
Diluted	**0.26**	0.31	0.38
Dividends per share (2)	**0.3600**	0.3600	0.3600

(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) Exclude 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)	**2015**	2014	2013
	$	$	$
Mark-to-market adjustment	**(7,350)**	(1,432)	(7,972)
Cumulative timing differences	**(2,237)**	2,436	10,646
Total adjustment to cost of sales	**(9,587)**	1,004	2,674

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 $2.3 million was recorded in fiscal 2015 compared to a loss of $5.3 million in fiscal 2014 related to sugar futures contracts. The Company recorded a mark-to-mark loss of $11.9 million on natural gas futures contracts compared to a gain of $0.5 million in fiscal 2014 as a result of declining natural gas future values. Foreign exchange forward contracts and embedded derivatives, on which foreign exchange movements have an impact, had a combined mark-to-market gain of approximately $6.8 million for the year compared to a mark-to-market gain of $3.4 million in fiscal 2014.

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 2015, the total cost of sales adjustment is a loss of $9.6 million to be added to the consolidated operating results compared to a total cost of sales gain of $1.0 million to be deducted from the consolidated operating results in fiscal 2014 to arrive at the adjusted operating results of these two years.

The Company also recorded a mark-to-market loss of $1.2 million in fiscal 2015 for the mark-to-market of interest rate swaps under finance costs, as compared to a mark-to-market loss of $0.4 million in fiscal 2014, as a result of a decrease in forward interest rates in the past two fiscal years.

Therefore, the total adjustment to earnings before income taxes for fiscal 2015 was a loss of $10.8 million compared to a gain of $0.6 million in fiscal 2014.

Adjusted consolidated financial information
(non-GAAP reconciliation):

Consolidated Results (In thousands of dollars, except per share information)	**2015**	2014	2013 (1)
	$	$	$
Gross margin as per financial statements	**76,295**	82,939	84,791
Adjustment as per above	**9,587**	(1,004)	(2,674)
Adjusted gross margin	**85,882**	81,935	82,117
Results from operating activities as per financial statements	**44,470**	49,834	58,494
Adjustment as per above	**9,587**	(1,004)	(2,674)
Adjusted results from operating activities	**54,057**	48,830	55,820
Net earnings as per financial statements	**24,033**	29,229	36,492
Adjustment to cost of sales as per above	**9,587**	(1,004)	(2,674)
Adjustment for mark-to-market of finance costs	**1,168**	433	(1,787)
Deferred taxes on above adjustments	**(3,030)**	113	1,018
Adjusted net earnings	**31,758**	28,771	33,049
Net earnings per share basic, as per financial statements	**0.26**	0.31	0.39
Adjustment for the above	**0.08**	—	(0.04)
Adjusted net earnings, per share basic	**0.34**	0.31	0.35

(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.

RESULTS OF OPERATIONS

Revenues

	2015	2014
	$	$
Volume (MT)	**658,812**	646,376
Revenues ($000's)	**541,545**	532,295

The total Canadian nutritive sweetener market, which includes both refined sugar and HFCS, is estimated to have decreased very slightly, approximately 1.5%, in fiscal 2015 compared to an increase of approximately 0.2% in fiscal 2014. The decrease is mostly explained by the closure of two manufacturing plants in Ontario during the year, somewhat offset by an increase in industrial demand from existing customers. We estimate that per capita sugar consumption remained fairly stable during the year.

Compared to fiscal 2014, the Company's total sugar deliveries were higher by approximately 12,400 metric tonnes. If we eliminate the impact of the fifty-third week of fiscal 2015, total volume would have been comparable to the previous year.

The industrial segment increased by approximately 8,100 metric tonnes, mostly due to the additional week of shipments in fiscal 2015, as compared to fiscal 2014.

Total consumer volume was lower than last year by approximately 3,600 metric tonnes. The decrease year-over-year is mostly attributable to the timing of agreements with major accounts whereby a new multi-year agreement started on January 1, 2014 and another agreement with a major account ended March 31, 2014, thus resulting in additional volume in the second quarter of fiscal 2014. The decrease was somewhat offset by the additional week of deliveries in fiscal 2015.

The liquid segment increased by approximately 1,500 metric tonnes. The second half of fiscal 2015 resulted in solid liquid demand, which almost totally offset the loss of volume in the first half of the year as a result of the completion of a one-year contract with a HFCS substitutable account in Western Canada which ended in March 2014. On balance, we enjoyed strong growth with our core customers which, when compared to last fiscal year, without the additional week in fiscal 2015, resulted in liquid volume slightly lower than the comparable period last year.

The export segment was higher by approximately 6,400 metric tonnes when compared to fiscal 2014. The increase is due to a combination of additional volume to Mexico as well as U.S. export sales at high tier duties. The spread between #11 raw sugar prices and U.S. refined sugar prices, combined with a weaker Canadian dollar, provided an opportunity for Lantic to export additional volume to the U.S., while paying approximately US$360.00 per metric tonne of duties.

The increase in revenues for fiscal 2015 is explained by higher sales volume, somewhat offset by a decrease in raw sugar values during the year, since the cost of raw sugar for all domestic sales is passed on to Lantic's customers.

Gross Margins

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

	2015	2014
Gross margin ($000's)	**76,295**	82,939
Adjusted gross margin ($000's)	**85,882**	81,935
Gross margin per metric tonne ($)	**115.81**	128.31
Adjusted gross margin per metric tonne ($)	**130.36**	126.76

Consolidated gross margin of $76.3 million in fiscal 2015 and of $82.9 million in fiscal 2014 does not reflect the adjusted gross margin of the Company, as it includes a loss of $9.6 million for fiscal 2015 and a gain of $1.0 million for fiscal 2014 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 derivative instruments. We will therefore comment on adjusted gross margin results.

Adjusted gross margin was $85.9 million, $3.9 million higher than last year. On a per metric tonne basis, adjusted gross margin, at $130.36 per metric tonne, was $3.60 per metric tonne higher than the comparable period last year.

The favourable variance in adjusted gross margin and adjusted gross margin per metric tonne versus last year is mainly explained by a reduction in labour and energy costs. Following the 2014 workforce reduction at the Montreal refinery, Lantic was able to reduce its labour costs by approximately $4.5 million. In addition, the Company benefitted from energy cost savings of approximately $2.6 million as a result of a decline in natural gas prices as well as the conversion from an interruptible gas contract in fiscal 2014 to a firm gas contract in the current year at the Montreal refinery.

Somewhat offsetting the above positive variances was an increase in operating costs at the Taber beet factory as a result of severe beet deterioration at the end of the slicing campaign as well as operating inefficiencies at the Montreal refinery in the last quarter of the current year, following a refining equipment breakdown. Finally, in the fourth quarter of last year, the Company recorded a $1.9 million one-time profit triggered by the receipt of a raw sugar vessel in advance of our needs, in order to capitalize from favourable spreads in the #11 world raw sugar futures. This profit did not re-occur in fiscal 2015 and therefore reduced the above positive variances.

Other Expenses

(In thousands of dollars)	**2015**	2014
	$	$
Administration and selling expenses	**22,430**	24,304
Distribution	**9,395**	8,801

Administration and selling expenses were $1.9 million lower than in fiscal 2014. In fiscal 2014, the Company incurred $2.8 million in consulting fees and severance costs following the process improvement review of the Montreal refinery. In addition, in fiscal 2014, a decision was made to terminate the only remaining salaried defined benefit pension plan ("Salaried Plan"), for which years of service had been frozen since 2008. The termination occurred as at December 31, 2014 and the Company is currently in the last stages of the settlement process. As a direct result of the decision to terminate, the Company recorded a non-cash expense of $0.8 million in fiscal 2015 compared to an expense of $2.2 million last year, a reduction of $1.4 million. These above reductions in administrative and selling expenses were somewhat offset by an increase in consulting fees, marketing expenses, allowance for doubtful accounts and employee benefit costs.

Distribution expenses for the year were approximately $0.6 million higher than last year due to incremental transfer costs between our various locations as a result of low inventory levels at the Taber factory at the end of the current fiscal year and production inefficiencies at the Montreal refinery, compounded by strong sales demand in the last quarter of the year.

Results from operating activities

(in thousands of dollars)	**2015**	2014	2013 (1)
	$	$	$
Results from operating activities	**44,470**	49,834	58,494
Adjusted results from operating activities	**54,057**	48,830	55,820

(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 results from operating activities of $44.5 million, $49.8 million and $58.5 million in fiscal 2015, 2014 and 2013, 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 derivative instruments. We will therefore comment on adjusted results from operating activities.

Adjusted results from operating activities at $54.1 million were $5.2 million higher than the previous year. The increase is mainly explained by higher sales volume, lower labour and energy costs, lower administrative and selling costs, as explained above, somewhat offset by a one-time profit triggered by the early arrival of a raw sugar vessel in fiscal 2014, higher distribution costs and operating inefficiencies at the Taber factory and Montreal refinery.

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)	**2015**	2014
	$	$
Interest expense on convertible unsecured subordinated debentures	**6,503**	6,456
Interest on revolving credit facility	**3,428**	2,834
Amortization of deferred financing costs	**832**	833
Net change in fair value of interest rate swap	**1,168**	433
Net finance costs	**11,931**	10,556

Interest on the revolving credit facility increased by $0.6 million due to a higher level of borrowings throughout the year mainly as a result of higher level of raw sugar inventories during the year.

The interest rate swaps are marked-to-market at each reporting period. For the year ended October 3, 2015, an unrealized loss of $1.2 million was recorded compared to an unrealized loss of $0.4 million in fiscal 2014. The variation is due to a decrease in forward interest rates in fiscal 2015.

Taxation

The income tax expense is as follows:

(In thousands of dollars)	**2015**	2014
	$	$
Current	**9,935**	11,697
Deferred	**(1,429)**	(1,648)
Total income tax expense	**8,506**	10,049

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)	**2015**	2014	2013 (1)
	$	$	$
Net earnings	**24,033**	29,229	36,492
Adjusted net earnings	**31,758**	28,771	33,049

(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 net earnings of $24.0 million, $29.2 million and $36.5 million in fiscal 2015, 2014 and 2013, 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 derivative instruments. We will therefore comment on adjusted net earnings.

Adjusted net earnings at $31.8 million were $3.0 million higher 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 2015 and 2014:

	QUARTERS							
(In thousands of dollars, except for volume and per share information)	**2015**				2014			
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
Volume (MT)	**152,608**	**152,579**	**160,713**	**192,912**	162,258	154,862	158,489	170,767
	$	**$**	**$**	**$**	$	$	$	$
Total revenues	**128,726**	**127,120**	**130,592**	**155,107**	136,876	127,299	128,432	139,688
Gross margin	**23,364**	**18,402**	**10,854**	**23,675**	26,303	33,206	8,353	15,077
EBIT	**15,760**	**11,209**	**3,748**	**13,753**	19,425	25,226	1,477	3,706
Net earnings (loss)	**9,415**	**5,767**	**1,050**	**7,801**	12,516	16,725	(886)	874
Gross margin rate per MT	**153.10**	**120.61**	**67.54**	**122.72**	162.11	214.42	52.70	88.29
Per share								
Net earnings (loss)								
Basic	**0.10**	**0.06**	**0.01**	**0.08**	0.13	0.18	(0.01)	0.01
Diluted	**0.10**	**0.06**	**0.01**	**0.08**	0.13	0.16	(0.01)	0.01
Non-GAAP Measures								
Adjusted gross margin	**25,325**	**17,071**	**19,432**	**24,054**	24,779	16,382	16,786	23,988
Adjusted EBIT	**17,721**	**9,878**	**12,326**	**14,132**	17,901	8,402	9,910	12,617
Adjusted net earnings	**10,804**	**5,400**	**7,060**	**8,494**	11,403	4,526	5,456	7,386
Adjusted gross margin rate per MT	**165.95**	**111.88**	**120.91**	**124.69**	152.71	105.78	105.91	140.47
Adjusted net earnings per share								
Basic	**0.11**	**0.06**	**0.08**	**0.09**	0.12	0.05	0.06	0.08
Diluted	**0.11**	**0.06**	**0.08**	**0.09**	0.12	0.05	0.06	0.08

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. It should be noted that the fourth quarter of fiscal 2015 represents 14 weeks of operation as opposed 13 weeks in the comparable period last year, which partly explains the increase in volume in the last quarter of the current year. Except for the last quarter, adjusted gross margin rate per metric tonne was higher throughout the current year due mainly to labour and energy cost savings.

Fourth Quarter Results

Revenues for the quarter were higher than the previous year due to an increase in sales volume, slightly offset by a reduction in #11 world raw sugar prices.

Fourth quarter volume increased by approximately 22,100 metric tonnes versus last year's comparable quarter. Industrial volume was approximately 9,800 metric tonnes higher than the fourth quarter last year, of which, approximately 8,700 metric tonnes is explained by the additional week. The remainder of the increase is explained by timing of deliveries. Consumer volume was approximately 2,300 metric tonnes higher due to the additional week in fiscal 2015 and timing in customer promotions. Liquid volume was approximately 3,900 metric tonnes higher than the comparable period last year, of which, approximately 2,100 metric tonnes represents the impact of the additional week. The remainder of the increase is explained by solid demand from existing customers in the last quarter of the current year. Finally, the export segment was approximately 6,100 metric tonnes higher than last year due to a combination of additional volume to Mexico as well as U.S. export sales. The spread between #11 raw sugar prices and U.S. refined sugar prices, combined with a weaker Canadian dollar, provided an opportunity for Lantic to export additional volume to the U.S., while paying approximately US$360.00 per metric tonne of duties. Without taking into consideration the additional week of shipments in the fourth quarter of fiscal 2015, volume was approximately 9,100 metric tonnes higher than the last quarter of fiscal 2014 as a result of an improvement in volume in all segments.

For the quarter, the adjusted gross margin rate was $124.69 per metric tonne as compared to $140.47 per metric tonne in fiscal 2014, a decrease of $15.78 per metric tonne. As explained above, the Company recorded in the last quarter of fiscal 2014 a one-time profit of $1.9 million, triggered by the early receipt of a raw sugar vessel, in advance of our needs. This one-time profit accounted for $11.13 per metric tonne of the decrease to the adjusted gross margin rate. In addition, the Company suffered from operating inefficiencies at the Montreal refinery in the last quarter of the current year, following a refining equipment breakdown and incurred additional maintenance costs. Finally, partially offsetting some of the above negative variances, labour costs at the Montreal refinery were $0.4 million lower than last year as a result of the 2014 workforce reduction.

Distribution expenses for the quarter were $0.8 million higher than the same period last year due to incremental transfer costs between our various locations as a result of low inventory levels at the Taber factory at the end of the current fiscal year and production inefficiencies at the Montreal refinery, compounded by strong sales demand in the last quarter of the year.

Administration and selling expenses were lower by approximately $2.3 million compared to the same quarter of fiscal 2014. Consulting fees and severance costs directly attributable to the 2014 process improvement review of the Montreal refinery added $2.5 million in the fourth quarter of fiscal 2014. During the current quarter, the Company recorded a non-cash expense for the termination of the Salaried Plan of $0.8 million compared to $1.2 million in the comparable quarter of fiscal 2014. Lastly, somewhat offsetting the above-mentioned positive variances, the Company incurred additional consulting fees, allowance for doubtful accounts and marketing expenses.

Excluding the mark-to-market variation in interest rate swap agreements, net finance costs for the quarter were $0.1 million above the same quarter of fiscal 2014.

Financial condition

(In thousands of dollars)	**2015**	2014	2013
	$	$	$
Total assets	**551,929**	568,334	553,599
Total non-current liabilities	**230,196**	229,496	229,904

The decrease in total assets in the current fiscal year and the increase between fiscal 2013 and 2014 is mostly explained by a higher level of inventory in fiscal 2014 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.

Non-current liabilities for current year were comparable to fiscal 2014 and 2013.

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 2015 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)	**2015**	2014
	$	$
Cash flow from operating activities	**55,485**	31,965
Cash flow from financing activities	**(42,793)**	(23,494)
Cash flow from investing activities	**(11,439)**	(11,569)
Net increase (decrease) in cash and cash equivalents	**1,253**	(3,098)

Cash flow from operating activities was $55.5 million in fiscal 2015, as opposed to $32.0 million in fiscal 2014. The increase of $23.5 million was mainly due to higher adjusted gross margins of $3.9 million, a positive working capital variation year-over-year of $14.4 million due mainly to a lower level of inventories and lower income taxes paid and pension plan contributions of $2.5 million and $3.1 million, respectively. Finally, the Company paid $0.8 million more in interest costs in the current fiscal year, which slightly offset the positive variation in cash flow from operating activities.

The variation in cash flow from financing activities is mostly attributable to the movement in the revolving credit facility, year-over-year. In fiscal 2015, the Company reduced its revolving credit facility by $8.0 million as opposed to a drawdown of $10.0 million in fiscal 2014. The borrowings under the revolving credit facility amounted to $77.0 million at the end of the current year.

Capital expenditures in fiscal 2015 were comparable to 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)	**2015**	2014	2013
	$	$	$
Cash flow from operations	**55,485**	31,965	37,653
Adjustments:			
Changes in non-cash working capital	**(11,407)**	2,984	3,452
Changes in non-cash income taxes payable	**28**	760	1,423
Changes in non-cash interest payable	**93**	(33)	368
Mark-to-market and derivative timing adjustments	**10,755**	(571)	(4,461)
Financial instruments non-cash amount	**(6,414)**	4,621	6,458
Capital expenditures	**(11,439)**	(11,569)	(9,117)
Operational excellence capital expenditures	**772**	2,869	1,430
(Buy back) issue of securities	**(14)**	(372)	92
Deferred financing charges	**(90)**	(90)	(569)
Free cash flow	**37,769**	30,564	36,729
Declared dividends	**33,856**	33,858	67,751

Free cash flow for 2015 was $7.2 million higher than the previous year. The increase is due mainly to a higher adjusted gross margin of $3.9 million, lower incomes taxes paid of $2.5 million, lower pension plan contributions of $3.1 million and a lower cash outflow of $0.4 million for share buyback. These positive variances were somewhat offset by higher capital expenditures, net of operational excellence capital, of $2.0 million and higher interest paid of $0.8 million.

Capital expenditures, net of operational excellence capital expenditures, were higher in fiscal 2015 since the Company undertook more capital projects to maintain the business. Lantic committed to spend $5.0 million, of which, $1.4 million and $1.8 million were spent in fiscal 2015 and 2014, respectively, to purchase and install a new specialty packaging equipment at the Vancouver refinery. The Company invested, during the current fiscal year, $10.7 million in maintenance capital expenditures.

Operational excellence capital expenditures were $2.1 million lower than fiscal 2014, since no significant projects were undertaken this year as the Company focused on the various important maintenance capital projects throughout the year. In fiscal 2014, the Company completed the acquisition and installation of a new $2.3 million palletizing station at the Vancouver refinery, which started generating some labour savings in the second half 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 was completed in fiscal 2015 and started generating modest external storage savings in the second half of the current year. 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 2015, Rogers repurchased 30,100 common shares under a normal course issuer bid ("NCIB") for a total cash consideration of $0.1 million as opposed to 85,400 common shares in fiscal 2014 for a total cash consideration of $0.4 million. In addition, 30,000 common shares were issued in fiscal 2015 pursuant to the exercise of share options under the Share Option Plan for a total cash proceed 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 is deducted from free cash flow. In fiscal 2015 and 2014, Lantic exercised its option to extend its revolving credit facility and as a result, paid $0.1 million in deferred financing costs each year.

The Company declared 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 five fiscal years ended September 29, 2012.

Changes in non-cash operating working capital, income taxes payable and interest payable represent year-over-year movements 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 $4.3 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	**77,000**	**37,000**	**—**	**40,000**	**—**
Interest on convertible debentures	**15,726**	**6,300**	**8,563**	**863**	**—**
Interest based on swap agreement	**3,840**	**993**	**1,662**	**1,185**	**—**
Finance lease obligations	**311**	**60**	**120**	**120**	**11**
Operating leases	**3,778**	**1,211**	**1,307**	**1,005**	**255**
Purchase obligations	**38,944**	**38,944**	**—**	**—**	**—**
Derivative financial instruments	**51,861**	**24,324**	**20,191**	**7,346**	**—**
	191,460	**108,832**	**31,843**	**50,519**	**266**
Purchase obligations (In metric tonnes)	**1,632,000**	**510,000**	**759,000**	**363,000**	**—**

In fiscal 2013, 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. In fiscal 2015 and 2014, Lantic exercised its option to extend this credit agreement under the same terms and conditions. The maturity date of the credit facility was therefore extended to June 29, 2020. At October 3, 2015, a total of $77.0 million had been borrowed under that facility.

During the year, the Company obtained a $30.0 million two-year interest rate swap agreement at a rate of 1.959%, effective June 28, 2018. In fiscal 2014, the Company entered into a $10.0 million five-year interest rate swap agreement at a rate of 2.09%, effective June 30, 2014. Finally, a five-year interest rate swap agreement was negotiated in fiscal 2013 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 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 $27.2 million for sugar beets that will be harvested and processed in fiscal 2016 and exclude any raw sugar priced against futures contracts.

A significant portion of the Company's sales are 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 July 2018.

At October 3, 2015, the Company had a net short sugar position of $0.8 million in net contract amounts with a current net contract value of positive $6.7 million. This is offset by a smaller 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 October 3, 2015, the Company had $35.9 million in natural gas derivatives, with a current contract value of $26.3 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 fail 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 three 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 October 3, 2015, the Company had a net $9.2 million in U.S. and Euro foreign currency forward contracts with a current contract value of $12.8 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 October 3, 2015, the Company had commitments to purchase a total of 1,632,000 metric tonnes of raw sugar, of which approximately 269,600 metric tonnes had been priced, for a total dollar commitment of $104.7 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 October 3, 2015, $77.0 million had been drawn from the working capital facility and $1.4 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.

Future commitments of approximately $9.1 million have been approved for completing capital expenditures presently in progress.

The Company also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at October 3, 2015, all of the Company's registered defined benefit pension plans were in a deficit position. The total accounting deficit was estimated at approximately $45.1 million. In fiscal 2014, 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. During the first quarter of fiscal 2016, the Company will be going to the market to obtain quotes from various insurance companies in order to transfer the participants' outstanding annuities and finalize the settlement of the Salaried Plan. As of October 3, 2015, the deficit of the Salaried Plan amounted to $1.2 million. The final deficit value, non-cash pension expense and cash contribution will be determined the day the pension obligation for the Salaried Plan is transferred to a third party, which should occur in the first quarter of fiscal 2016. The Company performed actuarial evaluations for three of its four pension plans 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 2015, cash contributions to defined benefit pension plans decreased by approximately $3.2 million to $4.2 million. Defined benefit pension plan contribution in fiscal 2014 included 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 in 2013. In total, the Company expects to incur cash contributions of approximately $5.8 million for fiscal 2016 relating to employee defined benefit pension plans. In addition, a final cash contribution for the Salaried Plan may occur once its settlement is completed. 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 94,028,760 shares were outstanding as at October 3, 2015.

In November 2014, 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 1,000,000 common shares. The NCIB program commenced on November 27, 2014 and may continue to November 26, 2015. During the current fiscal year, the Company purchased 30,100 common shares, for a total cash consideration of $0.1 million. All shares purchased were cancelled. In fiscal 2014, 85,400 common shares were repurchased under the previous NCIB for a total cash consideration of $0.4 million. In addition, in fiscal 2015, 30,000 common shares were issued pursuant to the exercise of share options under the Share Option Plan for a total proceed of approximately $0.1 million.

In addition, the Company has entered into an automatic share purchase agreement with Scotia Capital Inc. in connection with the 2014 NCIB. Under the agreement, Scotia may acquire, at its discretion, common shares on the Company's behalf during certain "black-out" periods, subject to certain parameters as to price and number of shares.

As at November 19, 2015, 93,947,960 shares were outstanding, as 80,800 common shares were repurchased and cancelled after year end.

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 common shares to be allocated to key personnel. Between that date and March 2012, all these shares were allocated at different times to executives of the Company. In fiscal 2015, the number of common shares set aside to be allocated to key personnel was increased from 850,000 to 4,000,000 common shares. On May 21, 2015, 850,000 common shares were granted to the new President and CEO of Lantic at a price of $4.59 per common share, representing the average market price for the five business days before the granting 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. Upon termination, resignation, retirement, death or long-term disability, all shares granted under the Share Option Plan not vested are forfeited. In fiscal 2015, 30,000 common shares were exercised while 23,500 common shares were exercised in fiscal 2013.

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 2015.

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, 2015 for two of the four defined benefit pension plans. The actuarial valuation for another plan is scheduled for December 31, 2016. The Salaried Plan is expected to be settled prior to December 31, 2015 and as such, no further actuarial evaluation should be required for this plan.

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 2015 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.

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

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

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

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

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

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

- (ii) IAS 19, *Employee benefits*: In November 2013, the IASB issued amendments to pension accounting under IAS 19, *Employee benefits*. The amendments introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The Amendments are effective for annual periods beginning on or after January 1, 2015. The Company intends to adopt these amendments in its financial statements for the annual period beginning on October 4, 2015. The adoption of IAS 19 *Employee benefits*, is not expected to have a significant impact on the consolidated financial statements of the Company.

- IFRS 15, *Revenue from contracts with customers*: On May 28, 2014 the IASB issued IFRS 15 *Revenue from contracts with customers*. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

  The standard contains a single model that applies to contracts with customers and two approaches to 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 September 30, 2018. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

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

- Annual improvements to IFRS (2012-2014) cycle: On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for annual periods beginning on or after January 1, 2016. Amendments were made to clarify the following in their respective standards:
  - Changes in method for disposal under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
  - 'Continuing involvement' for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7 *Financial Instruments: Disclosures*;
  - Discount rate in a regional market sharing the same currency under IAS 19 *Employee Benefits*;
  - Disclosure of information 'elsewhere in the interim financial report' under IAS 34 *Interim Financial Reporting*;

  The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning on October 2, 2016. The extent of the impact of adoption of the amendments 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 and maintains an open dialogue with regulators and the Government with respect to awareness and adoption of new standards.

With respect to potential environmental remediation of our properties, which could occur in the event of a building demolition or a sale, it is worth noting that 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.

Similarly, 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 2016, 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 and Taber plant, 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 its margins on domestic refined sugar sales. 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 Canadian-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 an 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 from 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 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 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 October 30, 2015, the CITT issued its decision to continue its 1995 finding against dumped and subsidized sugar from the United States and European Union. Antidumping and countervailing duties will, therefore, continue to be applied to imports of such sugar for another five years. The CITT finding concludes the fourth review of the Tribunal's initial 1995 finding. It should be noted that in the 2010 review, the Tribunal temporarily removed the antidumping and countervailing duties on refined sugar imports from the EU. In that review, the Canadian Sugar Institute ("CSI") found legal errors in the Tribunal's reasons and appealed the decision to the Federal Court of Appeal. After a successful appeal, the CITT recommenced the expiry review and after a reconsideration of the evidence, issued a new order on September 28, 2012, resulting in the reinstatement of the antidumping and countervailing duties on imports of EU refined sugar on a retroactive basis.

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 2020 these duties will be continued for a further five years.

Canada now has free trade agreements in force with more than 10 countries, however, few offer significant market potential for Canadian sugar and sugar-containing products. There are a number of reasons why these free trade agreements (FTAs) have not provided Lantic with meaningful export gains. In many cases, the FTA country is not a logical export market, such as Jordan which is distant from Canada and closer to European suppliers or Colombia that is a large surplus sugar producer and exporter relative to Canada. FTAs with countries such as Honduras, Peru and Panama are also not significant markets for high quality Canadian sugar and negotiated outcomes provide for minimal tariff rate quota quantities. The most recent FTA implemented was with Korea on January 1, 2015. However, refined sugar tariff improvements were excluded from that FTA. Restrictive "rules of origin" in almost all FTAs would benefit beet sugar grown in Canada and processed at the Taber beet factory. Some limited opportunities under the Canada-Costa Rica FTA are available because sugar refined in Canada from Costa Rica raw sugar does qualify for some preferential access to that market.

More recent negotiations with the European Union and Trans Pacific Partnership offer much greater potential for Canadian refined sugar, SCPs and Canadian processed foods made with Canadian refined sugar.

The Canada-European Union Comprehensive Economic and Trade Agreement ("CETA") was reached "in principle" on October 18, 2013 and the five-year long negotiations concluded on September 26, 2014. The CETA text is now undergoing detailed legal review and translation into all EU languages before it can be implemented by Canada and the EU, including the EU Council and EU Parliament. Implementation is not expected before some time in 2017. Under the agreement, Canada is expected to have significant financial benefits from exports of SCPs 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 in the sugar market that is otherwise distorted by widespread government intervention in the EU. 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.

On October 4, 2015, Canada's Trade Minister along with Ministers of the other 11 Trans-Pacific Partnership (TPP) countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam – announced the conclusion of the negotiations. Full details of the agreement are not yet known but it was confirmed that the United States granted Canada a combined 19,200 metric tonnes of new sugar access. The new Canadian access consists of two separate tariff rate quotas; one for 9,600 metric tonnes of Canadian origin refined sugar and a second for 9,600 metric tonnes of SCPs. As the only producer of Canadian origin sugar, the Company's Canadian-specific quota will increase from 10,300 metric tonnes to 19,900 metric tonnes once the TPP agreement is in place. It is too early to determine how the SCP quota allocation will be administered within the Canadian refined sugar industry. Lantic and the other Canadian sugar refiner may also benefit from new TPP-wide access for SCPs in Japan, Malaysia and Vietnam.

The Company will analyze the agreement in detail once available in order to maximize its full potential. The TPP agreement may take up to two years to be ratified by all parties. Implementation is unlikely prior to 2018 and as a result, the Company does not expect any financial benefits from the TPP in fiscal 2016. The Canadian sugar industry welcomes Canada's participation in the TPP which somewhat addresses 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 SCPs.

Canada is also active in other bilateral FTA negotiations with Japan (separate from the TPP), India and the Ukraine but these are progressing slowly. Exploratory discussions have also been launched with Turkey and the Philippines. The CSI will continue to monitor these discussions and negotiations for any meaningful developments. 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.

The three-year labour agreement with the main unit and with three other smaller units of the unionized employees of the Montreal refinery will expire in February 2016. In fiscal 2014, the Company finalized a six-year 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. 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

As mentioned previously, fiscal 2015 consisted of an additional operating week. In fiscal 2016, the industrial and consumer segments are expected to be comparable to fiscal 2015, when adjusted for the 53rd week.

In the last quarter of fiscal 2015, Lantic benefitted from strong sales demand in the liquid segment. Even though the trend in this segment was positive, the Company has taken a cautious view and is projecting a slight decrease in liquid volume in fiscal 2016.

It is estimated that export volume will decrease by approximately 5,000 metric tonnes in fiscal 2016 due mainly to lower volume of sales to Mexico and to the U.S. under high tier duties currently contracted. The Company will continue to investigate other export opportunities similar to those developed several years ago in Mexico, and other markets in order to secure additional export sales.

Overall, total sales volume is expected to be comparable to fiscal 2015, without taking into consideration the additional week of operations.

In August 2015, the Company obtained confirmation from its natural gas provider that a long-term firm gas supply contract was accepted by *La Régie de l'énergie du Québec* and expire in November 2019.

Approximately 90% of fiscal 2016's natural gas requirements have been hedged at average prices comparable to those realized in fiscal 2015. Any un-hedged volume should benefit from the current low prices of nearby natural gas. In addition, some futures positions for fiscal 2017 to 2019 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 2015. We will continue to monitor natural gas market dynamics with the objective of maintaining competitive costs and minimizing natural gas cost variances.

The settlement of the Salaried Plan is expected to occur in the first quarter of fiscal 2016. A deficit of $1.2 million was estimated as of October 3, 2015. However, the pension expense and pension contribution may differ once the settlement is concluded. In fiscal 2016, defined benefit cash contributions are expected to amount to $5.8 million, which is approximately $1.5 million higher than fiscal 2015.

Capital expenditures for fiscal 2016 are expected to be higher than fiscal 2015. The anticipated increased spend is attributable to a higher fiscal 2015 carryover of projects and a commitment to update targeted plant control systems in our Western plants, on a phase-out basis. The Company will continue to aggressively pursue operational excellence capital investment 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 2016. Lantic is not anticipating a recurrence of the negative operational variance associated with the processing of the 2014 crop.

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 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 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 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.

John Holliday,
President and Chief Executive Officer
Lantic Inc., Administrator

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

November 19, 2015

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 October 3, 2015 and September 27, 2014, the consolidated statements of earnings and comprehensive income, changes in shareholders' equity and cash flows for the years ended October 3, 2015 and September 27, 2014, 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 October 3, 2015 and September 27, 2014, and of its consolidated financial performance and its consolidated cash flows for the years ended October 3, 2015 and September 27, 2014 in accordance with International Financial Reporting Standards.

KPMG LLP*

November 19, 2015
Montréal, Canada

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

(In thousands of dollars except per share amounts)

Consolidated statements of earnings	For the years ended **October 3, 2015**	 September 27, 2014
	$	$
Revenues (note 31)	**541,545**	532,295
Cost of sales	**465,250**	449,356
Gross margin	**76,295**	82,939
Administration and selling expenses	**22,430**	24,304
Distribution expenses	**9,395**	8,801
	31,825	33,105
Results from operating activities	**44,470**	49,834
Net finance costs (note 5)	**11,931**	10,556
Earnings before income taxes	**32,539**	39,278
Income tax expense (recovery) (note 6):		
Current	**9,935**	11,697
Deferred	**(1,429)**	(1,648)
	8,506	10,049
Net earnings	**24,033**	29,229
Net earnings per share (note 26):		
Basic	**0.26**	0.31
Diluted	**0.26**	0.31

Consolidated statements of comprehensive income	For the years ended **October 3, 2015**	 September 27, 2014
	$	$
Net earnings	**24,033**	29,229
Other comprehensive (loss) income:		
Items that will not be reclassified to net earnings:		
Defined benefit actuarial (losses) gains (note 19)	**(284)**	264
Income tax on other comprehensive income (loss) (note 6)	**74**	(69)
	(210)	195
Net earnings and comprehensive income for the year	**23,823**	29,424

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

(In thousands of dollars)

	October 3, 2015	September 27, 2014
	$	$
ASSETS		
Current assets:		
Cash and cash equivalents	**1,359**	106
Trade and other receivables (note 7)	**48,202**	52,195
Income taxes recoverable	**147**	119
Inventories (note 8)	**67,273**	86,351
Prepaid expenses	**2,229**	2,132
Derivative financial instruments (note 9)	**5,976**	2,262
Total current assets	**125,186**	143,165
Non-current assets:		
Property, plant and equipment (note 10)	**176,410**	177,014
Intangible assets (note 11)	**1,703**	1,902
Other assets (note 12)	**511**	523
Deferred tax assets (note 13)	**18,077**	15,666
Derivative financial instruments (note 9)	**90**	112
Goodwill (note 14)	**229,952**	229,952
Total non-current assets	**426,743**	425,169
Total assets	**551,929**	568,334
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft (note 15)	**—**	833
Revolving credit facility (note 15)	**37,000**	35,000
Trade and other payables (note 16)	**39,384**	51,009
Provisions (note 17)	**1,356**	919
Finance lease obligations (note 18)	**46**	7
Derivative financial instruments (note 9)	**3,890**	990
Total current liabilities	**81,676**	88,758
Non-current liabilities:		
Revolving credit facility (note 15)	**40,000**	50,000
Employee benefits (note 19)	**45,135**	43,592
Provisions (note 17)	**2,350**	2,417
Derivative financial instruments (note 9)	**7,701**	495
Finance lease obligations (note 18)	**223**	—
Convertible unsecured subordinated debentures (note 20)	**107,622**	106,735
Deferred tax liabilities (note 13)	**27,165**	26,257
Total non-current liabilities	**230,196**	229,496
Total liabilities	**311,872**	318,254
Shareholders' equity:		
Share capital (note 21)	**133,782**	133,712
Contributed surplus	**200,167**	200,148
Equity portion of convertible unsecured subordinated debentures (note 20)	**1,188**	1,188
Deficit	**(95,080)**	(84,968)
Total shareholders' equity	**240,057**	250,080
Commitments (notes 23 and 24)		
Contingencies (note 25)		
Total liabilities and shareholders' equity	**551,929**	568,334

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 October 3, 2015					
	Number of shares	**Common shares**	**Contributed surplus**	**Equity portion of convertible debentures**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, September 27, 2014	**94,028,860**	**133,712**	**200,148**	**1,188**	**(84,968)**	**250,080**
Dividends (note 21)	**—**	**—**	**—**	**—**	**(33,856)**	**(33,856)**
Share-based compensation (note 22)	**—**	**—**	**24**	**—**	**—**	**24**
Stock options exercised (note 22)	**30,000**	**113**	**(5)**	**—**	**—**	**108**
Purchase and cancellation of shares (note 21)	**(30,100)**	**(43)**	**—**	**—**	**(79)**	**(122)**
Net earnings and comprehensive income for the year	**—**	**—**	**—**	**—**	**23,823**	**23,823**
Balance, October 3, 2015	**94,028,760**	**133,782**	**200,167**	**1,188**	**(95,080)**	**240,057**

	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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

	For the years ended October 3, 2015	September 27, 2014
	$	$
Cash flows from (used in) operating activities:		
Net earnings	**24,033**	29,229
Adjustments for:		
Depreciation of property, plant and equipment (note 4)	**12,719**	12,010
Amortization of intangible assets (note 4)	**199**	215
Changes in fair value of derivative financial instruments included in cost of sales	**5,246**	(5,054)
Income tax expense (note 6)	**8,506**	10,049
Pension contributions	**(8,414)**	(11,504)
Pension expense	**9,673**	11,015
Net finance costs (note 5)	**11,931**	10,556
Gain on disposal of property, plant and equipment	**(9)**	(22)
Share-based compensation (note 22)	**24**	13
Other	**(8)**	—
	63,900	56,507
Changes in:		
Trade and other receivables	**3,993**	(2,069)
Inventories	**19,078**	(13,977)
Prepaid expenses	**(97)**	(85)
Trade and other payables	**(11,402)**	13,234
Provisions	**(165)**	(87)
	11,407	(2,984)
Cash generated from operating activities:	**75,307**	53,523
Interest paid	**(9,859)**	(9,101)
Income taxes paid	**(9,963)**	(12,457)
Net cash from operating activities	**55,485**	31,965
Cash flows (used in) from financing activities:		
Dividends paid (note 21)	**(33,856)**	(33,865)
(Decrease) increase of revolving credit facility	**(8,000)**	10,000
(Decrease) increase in bank overdraft	**(833)**	833
Purchase of shares (note 21)	**(122)**	(372)
Proceeds from exercise of stock options	**108**	—
Payment of financing fees	**(90)**	(90)
Net cash used in financing activities	**(42,793)**	(23,494)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(11,439)**	(11,569)
Net cash used in investing activities	**(11,439)**	(11,569)
Net increase (decrease) in cash and cash equivalents	**1,253**	(3,098)
Cash and cash equivalents, beginning of year	**106**	3,204
Cash and cash equivalents, end of year	**1,359**	106

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 October 3, 2015 and September 27, 2014 comprise Rogers and its subsidiary, Lantic Inc. (together referred to as the "Company"). The principal business activity of the Company is the refining, packaging and marketing of sugar products.

The Company's fiscal quarters end on the Saturday closest to the end of December, March, June and September. The Company's consolidated financial statements are prepared using a fiscal year which consists of 52 or 53 weeks. The fiscal year ended October 3, 2015 includes 53 weeks and the fiscal year ended September 27, 2014 includes 52 weeks. All references to 2015 and 2014 represent the years ended October 3, 2015 and September 27, 2014.

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 19, 2015.

(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 consolidated 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 and comprehensive income. 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 estimation 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 share holders 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 determination 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 accu mulated 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 consolidated statements 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 impair ment 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 recognized 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 recognized 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 recognized 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 recognized 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 recognizes 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 consolidated statements 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 consolidated statements 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 36, *Impairment of assets*:

The IASB has issued amendments to IAS 36, *Impairment of assets*, to reverse the unintended requirements in IFRS 13, *Fair value measurements*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual years beginning on or after January 1, 2014. The Company adopted the amendments for the year ended October 3, 2015. The adoption of IAS 36, *Impairment of assets*, had no impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) IFRIC 21, *Levies*:
In May 2013, the IASB issued IFRIC 21, *Levies*. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

The Company adopted the amendments for the year ended October 3, 2015. The adoption of IFRIC 21, *Levies*, had no impact on the consolidated financial statements.

(iii) IAS 32, *Offsetting Financial Assets and Financial Liabilities*:
Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*, clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. Adoption of amendments to IAS 32 did not have a material impact on the consolidated financial statements.

(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 October 1, 2016 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) IFRS 9, *Financial Instruments*:
On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

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

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

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

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

The Company intends to adopt IFRS 9 (2014) in its consolidated financial statements for the year beginning on September 30, 2018. The extent of the impact of adoption of the standard 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):

(ii) IAS 19, *Employee Benefits*:

In November 2013, the IASB issued amendments to pension accounting under IAS 19, *Employee Benefits*. The amend ments introduce a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are effective for years beginning on or after January 1, 2015. The Company intends to adopt these amendments in its financial statements for the year beginning on October 4, 2015. The adoption of IAS 19 *Employee Benefits*, is not expected to have a significant impact on the consolidated financial statements of the Company.

(iii) IFRS 15, *Revenue from Contracts with Customers*:

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard is effective for years beginning on or after January 1, 2018. Earlier application is permitted.

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

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

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

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

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

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

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

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

The Company intends to adopt these amendments in its consolidated financial statements for the year beginning on October 2, 2016. The extent of the impact of adoption of the amendments 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 and comprehensive income as follows:

	For the years ended October 3, 2015	September 27, 2014
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**12,278**	11,565
Administration and selling expenses	**441**	445
	12,719	12,010
Amortization of intangible assets:		
Administration and selling expenses	**199**	215
Total depreciation and amortization expenses	**12,918**	12,225

5. FINANCE INCOME AND FINANCE COSTS

Recognized in net earnings:

	For the years ended October 3, 2015	September 27, 2014
	$	$
Interest expense on convertible unsecured subordinated debentures,		
including accretion of $165 (2014 - $156) (note 20)	**6,503**	6,456
Interest on revolving credit facility	**3,428**	2,834
Amortization of deferred financing fees	**832**	833
Net change in fair value of interest rate swaps (note 9)	**1,168**	433
Net finance costs recognized in net earnings	**11,931**	10,556

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

6. INCOME TAX EXPENSE

	For the years ended October 3, 2015	September 27, 2014
	$	$
Current tax expense:		
Current period	**9,935**	11,639
Adjustment for prior years	**—**	58
Current tax expense	**9,935**	11,697
Deferred tax (recovery) expense:		
Recognition and reversal of temporary differences	**(1,426)**	(1,655)
Changes in tax rates	**(3)**	7
Deferred tax recovery	**(1,429)**	(1,648)
Total income tax expense	**8,506**	10,049

Income tax recognized in other comprehensive income:

	For the years ended October 3, 2015			September 27, 2014		
	Before tax	**Tax benefit**	**Net of tax**	Before tax	Tax benefit	Net of tax
	$	**$**	**$**	$	$	$
Defined benefit actuarial (losses) gains	**(284)**	**74**	**(210)**	264	(69)	195

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 October 3, 2015		September 27, 2014	
	%	**$**	%	$
Earnings before income taxes		**32,539**		39,278
Income taxes using the Company's statutory tax rate	**26.00**	**8,460**	26.00	10,212
Changes due to the following items:				
Changes in tax rate	**(0.01)**	**(3)**	0.02	7
Non-deductible expenses	**0.23**	**75**	—	—
Other	**(0.08)**	**(26)**	(0.44)	(170)
	26.14	**8,506**	25.58	10,049

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

7. TRADE AND OTHER RECEIVABLES

	October 3, 2015	September 27, 2014
	$	$
Trade receivables	44,542	48,053
Initial margin deposits with commodity brokers	3,660	4,142
	48,202	52,195

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 0.07% for each of the last five years (averaging less than $178 per year). Write-offs for fiscal 2015 were $381 ($5 for fiscal 2014). The allowance for doubtful accounts as at October 3, 2015 was $300 (September 27, 2014 - $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 87% are current (less than 30 days) as at October 3, 2015, which is comparable to September 27, 2014.

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

	October 3, 2015	September 27, 2014
	$	$
Raw sugar	25,667	42,631
Work in progress	7,762	8,984
Refined sugar	17,070	19,170
Sugar inventories	50,499	70,785
Packaging and operating supplies	5,381	4,650
Spare parts and other	11,393	10,916
	67,273	86,351

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 instruments. 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, natural gas prices, 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 statements 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 October 3, 2015 and September 27, 2014, financial derivatives outstanding and their mark-to-market impact on the consolidated statements of earnings and comprehensive income were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-current	Current	Non-current
	October 3, 2015		October 3, 2015	
	$	$	$	$
Sugar futures contracts	**400**	—	—	**102**
Natural gas futures contracts	—	—	**3,312**	**6,376**
Foreign exchange forward contracts	**3,672**	—	—	**118**
Embedded derivatives	**1,904**	**90**	—	—
Interest rate swaps	—	—	**578**	**1,105**
	5,976	**90**	**3,890**	**7,701**

(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 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

	Unrealized gain (loss) For the years ended	
	October 3, 2015	September 27, 2014
	$	$
Sugar futures contracts	**(2,285)**	(5,325)
Natural gas futures contracts	**(11,876)**	470
Foreign exchange forward contracts	**5,553**	2,774
Embedded derivatives	**1,258**	649
Charged to cost of sales	**(7,350)**	(1,432)

For its financial assets and liabilities measured at amortized cost as at October 3, 2015 and September 27, 2014, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short period 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 October 3, 2015 and September 27, 2014 are as follows:

	October 3, 2015			September 27, 2014		
	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	**78,842**	**66,449**	**(12,393)**	90,101	82,461	(7,640)
6 - 12 months	**97,997**	**91,110**	**(6,887)**	109,281	101,868	(7,413)
12 - 24 months	**45,859**	**45,967**	**108**	42,986	41,054	(1,932)
Over 24 months	**5,646**	**6,006**	**360**	—	—	—
	228,344	**209,532**	**(18,812)**	242,368	225,383	(16,985)
Sales						
0 - 6 months	**(53,615)**	**(60,630)**	**(7,015)**	(36,106)	(35,833)	273
6 -12 months	**(111,254)**	**(80,773)**	**30,481**	(127,139)	(117,856)	9,283
12 - 24 months	**(60,841)**	**(59,619)**	**1,222**	(74,132)	(72,159)	1,973
Over 24 months	**(3,205)**	**(3,407)**	**(202)**	—	—	—
	(228,915)	**(204,429)**	**24,486**	(237,377)	(225,848)	11,529
Net position	**(571)**	**5,103**	**5,674**	4,991	(465)	(5,456)
Foreign exchange rate at end of period			**1.3164**			1.1155
Net value (CA$)			**7,469**			(6,086)
Less margin call (receipt) payment at year-end			**(7,171)**			6,938
Net asset (CA$)			**298**			852

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:

	October 3, 2015			September 27, 2014		
	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	**7,088**	**4,572**	**(2,516)**	8,279	7,814	(465)
1 to 2 years	**7,228**	**5,180**	**(2,048)**	5,234	5,090	(144)
2 to 3 years	**7,410**	**5,544**	**(1,866)**	5,008	5,086	78
3 years and over	**5,580**	**4,650**	**(930)**	2,110	2,166	56
	27,306	**19,946**	**(7,360)**	20,631	20,156	(475)

Foreign exchange rate at end of period	**1.3164**	1.1155
Net liability (CA$)	**(9,688)**	(530)

(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 euros 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:

			October 3, 2015	
	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	**108,359**	**137,269**	**142,700**	**5,431**
1 to 2 years	**13,205**	**17,351**	**17,394**	**43**
2 to 3 years	**500**	**653**	**657**	**4**
	122,064	**155,273**	**160,751**	**5,478**
Sales U.S. dollars				
Less than 1 year	**(110,900)**	**(144,224)**	**(146,018)**	**(1,794)**
1 to 2 years	**(2,050)**	**(2,532)**	**(2,697)**	**(165)**
	(112,950)	**(146,756)**	**(148,715)**	**(1,959)**
Total U.S. dollars	**9,114**	**8,517**	**12,036**	**3,519**

			October 3, 2015	
	Original contract value	Original contract value	Current contract value	Fair value gain
	(EUR)	(CA$)	(CA$)	(CA$)
Purchases euro				
Less than 1 year	**482**	**680**	**715**	**35**
Total Euro	**482**	**680**	**715**	**35**
Net foreign currency	**n/a**	**9,197**	**12,751**	**3,554**

			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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(c) Foreign exchange contracts (continued):

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

(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. During the current fiscal year, the Company entered into a forward start interest rate swap agreement effective for the period of June 28, 2018 to June 29, 2020 at a rate of 1.959% for a value of $30.0 million. The aggregate notional amount of all the interest rate swap agreements is as follows:

Date	Total Value
	$
June 29, 2015 to June 27, 2016	50,000
June 28, 2016 to June 28, 2019	40,000
June 29, 2019 to June 29, 2020	30,000

The counterparties to these swap arrangements 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 October 3, 2015, the fair value of the swap was a liability of $1.7 million (September 27, 2014 – liability of $0.6 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.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(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 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).

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

	October 3, 2015	September 27, 2014
	(US$)	(US$)
U.S. financial instruments measured at amortized cost:		
Cash	**2,845**	1,001
Trade and other receivables, including initial margin deposits	**10,045**	11,406
Trade and other payables	**(1,953)**	(15,653)
	10,937	(3,246)
Financial instruments at fair value through profit or loss:		
Raw sugar futures sales contracts	**228,915**	237,377
Raw sugar futures purchases contracts	**(228,344)**	(242,368)
Natural gas contracts	**(27,306)**	(20,631)
Variation margins (paid) received on futures contracts	**(5,674)**	5,456
	(32,409)	(20,166)
Total exposure from above	**(21,472)**	(23,412)
Forward exchange contracts	**9,114**	19,487
Gross exposure	**(12,358)**	(3,925)

As at October 3, 2015, the U.S./Can. exchange rate was $1.3164 (September 27, 2014 - $1.1155).

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 $0.5 million, (September 27, 2014 - increase of $0.1 million) while a 5-cent decrease would have an equal but opposite effect on net earnings.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(b) Currency risk (continued):

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 statements of financial position as at year-end but were committed during the fiscal year, and will be accounted for as the physical transactions occur:

	October 3, 2015	September 27, 2014
	(US$)	(US$)
Gross exposure as per above	**(12,358)**	(3,925)
Sugar purchases priced not received	**(79,573)**	(61,558)
Committed future sales in U.S. dollars	**68,564**	55,250
Ocean freight	**(634)**	(423)
Other	**(73)**	620
Net exposure	**(24,074)**	(10,036)

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 $0.9 million in 2015 (September 27, 2014 - increase of $0.4 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.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(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 October 3, 2015 of $37.0 million and $40.0 million, respectively, as opposed to short-term and long-term cash borrowings of $35.0 million and $50.0 million as at September 27, 2014. 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 enters into interest rate swap agreements from time to time. During the year, the Company entered into a 2-year interest rate swap agreement effective June 28, 2018 at a rate of 1.959% for a value of $30.0 million. In the previous two fiscal years, the Company entered into two 5-year interest rate swap agreements at a rate of 2.09%. The aggregate notional amount of all the interest rate swap agreements is as follows:

Date	Total Value
	$
June 29, 2015 to June 27, 2016	50,000
June 28, 2016 to June 28, 2019	40,000
June 29, 2019 to June 29, 2020	30,000

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 October 3, 2015, 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 27, 2014 - $0.2 million lower). If interest rates would have been 50 basis points lower, net earnings would have been $0.2 million higher (September 27, 2014 - $0.2 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:

				October 3, 2015		
	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	**77,000**	**77,000**	**27,000**	**10,000**	**—**	**40,000**
Trade and other payables	**39,384**	**39,384**	**39,384**	**—**	**—**	**—**
Finance lease obligations	**269**	**311**	**30**	**30**	**60**	**191**
	116,653	**116,695**	**66,414**	**10,030**	**60**	**40,191**
Derivative financial instruments:						
Sugar futures contracts (net) (i)	**(298)**	**6,718**	**7,660**	**13,608**	**(17,971)**	**3,421**
Natural gas contracts (i)	**9,688**	**35,946**	**5,200**	**4,131**	**9,515**	**17,100**
Forward exchange contracts (net) (i)	**(3,554)**	**9,197**	**(31,503)**	**25,228**	**14,819**	**653**
Interest on swap agreements	**1,683**	**3,840**	**523**	**470**	**836**	**2,011**
	7,519	**55,701**	**(18,120)**	**43,437**	**7,199**	**23,185**
	124,172	**172,396**	**48,294**	**53,467**	**7,259**	**63,376**

				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 agreements	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

(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 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.

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 October 3, 2015, the Company had an unused available line of credit of $73.0 million (September 27, 2014 - $65.0 million) and cash and cash equivalent balance of $1.4 million (September 27, 2014 – bank overdraft balance of $0.7 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 October 3, 2015, 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	**706,263**	**296.68**	**209,532**	**762**	**2.618**	**19,946**
Sales	**(687,720)**	**297.26**	**(204,429)**	**—**	**—**	**—**
	18,543	**n/a**	**5,103**	**762**	**2.618**	**19,946**
Foreign exchange rate at end of period			**1.3164**			**1.3164**
Net value CA$			**6,718**			**26,257**

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
Foreign exchange rate at end of period			1.1155			1.1155
Net value CA$			(519)			22,484

If, on October 3, 2015, 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 $2.0 million (calculated only on the point-in-time exposure on October 3, 2015) (September 27, 2014 - increase of $1.1 million for US$0.05 per pound 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 $1.2 million (September 27, 2014 - decrease of $0.7 million for US$0.03 decrease).

If, on October 3, 2015, the natural gas market price would have increased by US$1.00, and all other variables remained constant, net earnings would have increased by $7.4 million (September 27, 2014 - increase of $4.7 million) as a result of the change in fair value of our natural gas futures. If the natural gas value would have decreased by US$1.00, and all other variables remained constant, net earnings would have decreased by $7.4 million (September 27, 2014 - decrease of $4.7 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 statements 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, natural gas prices, 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.

		October 3, 2015		September 27, 2014	
	Fair values hierarchy level	**Carrying values**	**Fair values**	Carrying values	Fair values
		$	**$**	$	$
Financial assets:					
At fair value through profit or loss:					
Derivatives	(See below)	**6,066**	**6,066**	2,374	2,374
Loans and receivables:					
Cash and cash equivalents	Level 1	**1,359**	**1,359**	106	106
Trade and other receivables	n/a	**48,202**	**48,202**	52,195	52,195
Income taxes recoverable	n/a	**147**	**147**	119	119
Total financial assets		**55,774**	**55,774**	54,794	54,794
Financial liabilities:					
At fair value through profit or loss:					
Derivatives	(See below)	**11,591**	**11,591**	1,485	1,485
Other financial liabilities:					
Bank overdraft	Level 1	**—**	**—**	833	833
Revolving credit facility	n/a	**77,000**	**77,000**	85,000	85,000
Trade and other payables	n/a	**39,384**	**39,384**	51,009	51,009
Finance lease obligations	n/a	**269**	**269**	7	7
Convertible unsecured subordinated debentures	Level 1	**107,622**	**110,725**	106,735	113,871
Total financial liabilities		**235,866**	**238,969**	245,069	252,205

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

		October 3, 2015		September 27, 2014	
	Fair values hierarchy level	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
		$	**$**	$	$
Sugar futures contracts	Level 1	**400**	**102**	1,171	319
Natural gas contracts	Level 2	**—**	**9,688**	—	530
Foreign exchange forward contracts	Level 2	**3,672**	**118**	467	—
Embedded derivatives	Level 2	**1,994**	**—**	736	—
Interest rate swaps	Level 2	**—**	**1,683**	—	636
Total as at year end		**6,066**	**11,591**	2,374	1,485

(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 28, 2013	17,748	58,267	234,388	3,757	312	3,428	317,900
Additions	—	—	—	—	—	11,666	11,666
Transfers	—	154	7,290	248	—	(7,692)	—
Disposals	—	—	(48)	—	—	—	(48)
Balance at September 27, 2014	**17,748**	**58,421**	**241,630**	**4,005**	**312**	**7,402**	**329,518**
Additions	**—**	**—**	**701**	**—**	**276**	**11,169**	**12,146**
Transfers	**—**	**2,173**	**7,954**	**284**	**—**	**(10,411)**	**—**
Disposals	**—**	**—**	**(733)**	**—**	**—**	**—**	**(733)**
Balance at October 3, 2015	**17,748**	**60,594**	**249,552**	**4,289**	**588**	**8,160**	**340,931**
Depreciation							
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**
Depreciation for the year	**—**	**1,282**	**11,033**	**388**	**16**	**—**	**12,719**
Disposals	**—**	**—**	**(702)**	**—**	**—**	**—**	**(702)**
Balance at October 3, 2015	**—**	**19,792**	**141,251**	**3,158**	**320**	**—**	**164,521**
Net carrying amounts							
At September 27, 2014	17,748	39,911	110,710	1,235	8	7,402	177,014
At October 3, 2015	**17,748**	**40,802**	**108,301**	**1,131**	**268**	**8,160**	**176,410**

There were no impairment losses during fiscal 2015 and 2014.

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 28, 2013	2,997	284	3,281
Additions	—	—	—
Balance at September 27, 2014	**2,997**	**284**	**3,281**
Additions	**—**	**—**	**—**
Balance at October 3, 2015	**2,997**	**284**	**3,281**
Amortization			
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**
Amortization for the year	**171**	**28**	**199**
Balance at October 3, 2015	**1,485**	**93**	**1,578**
Net carrying amounts			
At September 27, 2014	1,683	219	1,902
At October 3, 2015	**1,512**	**191**	**1,703**

12. OTHER ASSETS

	October 3, 2015	September 27, 2014
	$	$
Deferred financing charges, net	**500**	520
Other	**11**	3
	511	523

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 29, 2020.

(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:

	October 3, 2015	September 27, 2014
	$	$
Assets:		
Employee benefits	**11,768**	11,335
Derivative financial instruments	**2,965**	1,886
Losses carried forward	**1,124**	142
Provisions	**966**	867
Other	**1,254**	1,436
	18,077	15,666
Liabilities:		
Property, plant and equipment	**(20,922)**	(23,019)
Derivative financial instruments	**(3,394)**	(313)
Goodwill	**(2,229)**	(2,184)
Deferred financing charges	**(340)**	(388)
Other	**(280)**	(353)
	(27,165)	(26,257)
Net assets (liabilities):		
Property, plant and equipment	**(20,922)**	(23,019)
Employee benefits	**11,768**	11,335
Derivative financial instruments	**(429)**	1,573
Losses carried forward	**1,124**	142
Goodwill	**(2,229)**	(2,184)
Provisions	**966**	867
Deferred financing charges	**(340)**	(388)
Other	**974**	1,083
	(9,088)	(10,591)

(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 27, 2014	Recognized in profit (loss)	Recognized in other comprehensive income	Balance October 3, 2015
	$	$	$	$
Property, plant and equipment	**(23,019)**	**2,097**	**—**	**(20,922)**
Employee benefits	**11,335**	**359**	**74**	**11,768**
Derivative financial instruments	**1,573**	**(2,002)**	**—**	**(429)**
Losses carried forward	**142**	**982**	**—**	**1,124**
Goodwill	**(2,184)**	**(45)**	**—**	**(2,229)**
Provisions	**867**	**99**	**—**	**966**
Deferred financing charges	**(388)**	**48**	**—**	**(340)**
Other	**1,083**	**(109)**	**—**	**974**
	(10,591)	**1,429**	**74**	**(9,088)**

	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)

(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 October 3, 2015 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 October 3, 2015 was 20% (September 27, 2014 - 20%).

15. BANK OVERDRAFT AND REVOLVING CREDIT FACILITY

On June 28, 2013, the Company entered into a 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 following amounts were outstanding as at:

	October 3, 2015	September 27, 2014
	$	$
Outstanding amount on revolving credit facility:		
Current	**37,000**	35,000
Non-current	**40,000**	50,000
	77,000	85,000

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 29, 2020. As at October 3, 2015, an amount of $37.0 million is shown as current.

The carrying value of 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

	October 3, 2015	September 27, 2014
	$	$
Trade payables	**20,452**	30,748
Other non-trade payables	**2,902**	3,182
Personnel-related liabilities	**7,567**	8,616
Dividends payable to shareholders	**8,463**	8,463
	39,384	51,009

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

	October 3, 2015	September 27, 2014
	$	$
Opening balance	**3,336**	3,423
Additions	**535**	—
Provisions used during the period	**(165)**	(87)
Closing balance	**3,706**	3,336
Presented as:		
Current	**1,356**	919
Non-current	**2,350**	2,417
	3,706	3,336

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 of 5.65% with maturity dates in fiscal 2020.

The outstanding liabilities are as follows:

	October 3, 2015		September 27, 2014	
	Carrying values	**Fair values**	Carrying values	Fair values
	$	**$**	$	$
Finance lease obligations	**269**	**269**	7	7

The finance lease obligations are payable as follows:

	October 3, 2015			September 27, 2014		
	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	**60**	**14**	**46**	7	—	7
Between one and five years	**240**	**28**	**212**	—	—	—
More than five years	**11**	**—**	**11**	—	—	—
	311	**42**	**269**	7	—	7

(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:

	October 3, 2015	September 27, 2014
	$	$
Fair value of plan assets:		
Pension benefit plans	**126,707**	132,952
Other benefit plans	**—**	—
	126,707	132,952
Defined benefit obligation:		
Pension benefit plans	**150,837**	155,272
Other benefit plans	**21,005**	21,272
	171,842	176,544
Funded status:		
Pension benefit plans	**(24,130)**	(22,320)
Other benefit plans	**(21,005)**	(21,272)
	(45,135)	(43,592)
Experience adjustment arising on plan liabilities	**525**	(267)
Experience adjustment arising on plan assets	**(335)**	12,029

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 October 3, 2015 (September 27, 2014 - 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, 2014, and the next required valuations will be as of December 31, 2015 and 2016.

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

	October 3, 2015		September 27, 2014	
	%	**$**	%	$
Equity instruments	**43.1**	**54,611**	40.7	54,111
Government bonds	**54.1**	**68,548**	58.3	77,511
Cash and short-term securities	**2.8**	**3,548**	1.0	1,330
	100.0	**126,707**	100.0	132,952

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 2016 are expected to approximate $5.8 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					
	October 3, 2015			September 27, 2014		
	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	**155,272**	**21,272**	**176,544**	142,244	20,129	162,373
Current service cost	**2,074**	**373**	**2,447**	1,777	345	2,122
Past service cost	**—**	**—**	**—**	(4,309)	—	(4,309)
Loss on settlements	**2,675**	**—**	**2,675**	6,595	—	6,595
Interest cost	**5,715**	**854**	**6,569**	6,694	915	7,609
Employee contributions	**921**	**—**	**921**	983	—	983
Benefit payments from plan	**(15,553)**	**—**	**(15,553)**	(6,686)	—	(6,686)
Benefit payments from employer	**(935)**	**(739)**	**(1,674)**	(3,034)	(748)	(3,782)
Actuarial (gains) losses arising from changes in demographic assumptions	**—**	**(612)**	**(612)**	140	(881)	(741)
Actuarial losses arising from changes in financial assumptions	**—**	**—**	**—**	11,470	1,177	12,647
Actuarial losses (gains) arising from member experience	**668**	**(143)**	**525**	(602)	335	(267)
Defined benefit obligation, end of year	**150,837**	**21,005**	**171,842**	155,272	21,272	176,544
Movement in the fair value of plan assets:						
Fair value of plan assets, beginning of the year	**132,952**	**—**	**132,952**	118,028	—	118,028
Interest income	**4,786**	**—**	**4,786**	5,623	—	5,623
Return on plan assets (excluding interest income)	**(335)**	**—**	**(335)**	12,029	—	12,029
Employer contributions	**3,504**	**739**	**4,243**	6,709	748	7,457
Employee contributions	**921**	**—**	**921**	983	—	983
Benefit payments from plan	**(15,553)**	**—**	**(15,553)**	(6,686)	—	(6,686)
Benefit payments from employer	**(935)**	**(739)**	**(1,674)**	(3,034)	(748)	(3,782)
Plan expenses	**(666)**	**—**	**(666)**	(700)	—	(700)
Gain on settlement	**2,033**	**—**	**2,033**	—	—	—
Fair value of plan assets, end of year	**126,707**	**—**	**126,707**	132,952	—	132,952

(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:

	October 3, 2015		September 27, 2014	
	Pension benefits plans	**Other benefits plans**	Pension benefits plans	Other benefits plans
Active plan participants	**32.6**	**44.1**	40.6	44.6
Retired plan members	**60.5**	**55.9**	55.1	55.4
Deferred plan participants	**2.4**	**—**	1.5	—
Other	**4.5**	**—**	2.8	—
	100.0	**100.0**	100.0	100.0

In 2014, the Company approved the termination of the defined benefit portion of the Lantic Inc. Pension Plan for Salaried Employees in B.C. and Alberta (the "Salaried Plan") effective as of December 31, 2014 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 2015, the Company recorded an additional estimated settlement charge with respect to the Salaried Plan of $0.6 million.

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

	For the years ended					
	October 3, 2015			September 27, 2014		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total
	$	**$**	**$**	$	$	$
Pension costs recognized in net earnings:						
Current service cost	**2,074**	**373**	**2,447**	1,777	345	2,122
Expenses related to the pension benefits plans	**666**	**—**	**666**	700	—	700
Interest cost	**829**	**854**	**1,683**	965	915	1,880
Interest on current service costs	**100**	**—**	**100**	106	—	106
Past service cost	**—**	**—**	**—**	(4,309)	—	(4,309)
Loss on settlements	**642**	**—**	**642**	6,595	—	6,595
Re-measurements of other long term benefits	**—**	**(37)**	**(37)**	—	(126)	(126)
Pension expense	**4,311**	**1,190**	**5,501**	5,834	1,134	6,968
Recognized in:						
Cost of sales	**3,294**	**764**	**4,058**	4,113	702	4,815
Administration and selling expenses	**1,017**	**426**	**1,443**	1,721	432	2,153
	4,311	**1,190**	**5,501**	5,834	1,134	6,968

(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					
	October 3, 2015			September 27, 2014		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total
	$	**$**	**$**	$	$	$
Cumulative amount in deficit at the beginning of the year	**7,226**	**(1,372)**	**5,854**	8,247	(2,129)	6,118
Recognized during the year	**1,002**	**(718)**	**284**	(1,021)	757	(264)
Cumulative amount in deficit at the end of the year	**8,228**	**(2,090)**	**6,138**	7,226	(1,372)	5,854
Recognized during the year, net of tax	**741**	**(531)**	**210**	(755)	560	(195)

Principal actuarial assumptions used were as follows:

	For the years ended			
	October 3, 2015		September 27, 2014	
	Pension benefits plans	**Other benefits plans**	Pension benefits plans	Other benefits plans
	%	**%**	%	%
Company's defined benefit obligation:				
Discount rate	**4.20**	**4.20**	4.20	4.20
Rate of compensation increase	**3.50**	**3.50**	3.50	3.50
Net benefit plan expense:				
Discount rate	**4.20**	**4.20**	4.80	4.80
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:

	October 3, 2015	September 27, 2014
Longevity at age 65 for current pensioners:		
Males	**21.6**	21.4
Females	**24.0**	23.9
Longevity at age 65 for members aged 45:		
Males	**22.7**	22.5
Females	**25.0**	24.9

The assumed health care cost trend rate as at October 3, 2015 was 5.68% (September 27, 2014 - 5.70%), decreasing uniformly to 4.45% in 2034 (September 27, 2014 - 4.43% in 2034) and remaining at that level thereafter.

The following table outlines the key assumptions for the year ended October 3, 2015 and the sensitivity of a percentage 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 October 3, 2015		
	Pension benefits plans	Other benefits plans	Total
	$	$	$
(Decrease) increase in Company's defined benefit obligation:			
Discount rate			
Impact of increase of 1%	**(17,314)**	**(2,566)**	**(19,880)**
Impact of decrease of 1%	**21,789**	**3,196**	**24,985**
Rate of compensation increase			
Impact of increase in of 0.5%	**1,076**	**15**	**1,091**
Impact of decrease in of 0.5%	**(1,099)**	**(5)**	**(1,104)**
Mortality			
99% of expected rate	**358**	**76**	**434**

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	**2,844**	**2,325**

As at October 3, 2015, the weighted average duration of the defined benefit obligation amounts to 15.1 years (September 27, 2014 - 14.1 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:

	October 3, 2015	September 27, 2014
	$	$
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	**(1,773)**	(2,495)
Less equity component (ii)	**(1,188)**	(1,188)
Accretion expense on equity component	**583**	418
Total carrying value	**107,622**	106,735

(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 October 3, 2015 was approximately $50.1 million (September 27, 2014 - $51.4 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 $165 (September 27, 2014 - $156) 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 October 3, 2015 was approximately $60.6 million (September 27, 2014 - $62.5 million).

21. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

In November 2014, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("2014 NCIB"). Under the NCIB, the Company may purchase up to 1,000,000 common shares. The NCIB commenced on November 27, 2014 and may continue up to November 26, 2015. During the fiscal year, the Company purchased 30,100 common shares, having a book value of $43 for a total cash consideration of $122. The excess of the purchase price over the book value of the shares in the amount of $79 was charged to deficit. All shares purchased were cancelled.

In November 2013, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB in place in fiscal 2014, the Company may have purchased up to 5,000,000 common shares. The Company purchased 85,400 common shares in fiscal 2014, 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 2015, a total of 30,000 common shares were issued pursuant to the exercise of share options under the Share Option Plan (see Note 22, Share-based compensation).

As of October 3, 2015, a total of 94,028,760 common shares (September 27, 2014 - 94,028,860) 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 2015. The following dividends were declared by the Company:

	For the years ended	
	October 3, 2015	September 27, 2014
	$	$
Dividends	**33,856**	33,858

Contributed surplus:
The contributed surplus account is used to record amounts arising on the issue of equity-settled share-based payment awards (see Note 22, *Share-based compensation*).

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 2015 and 2014.

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 4,000,000 common shares (September 27, 2014 – 850,000 common shares) at a price equal to the average market price of transactions during the last five trading days prior to the grant date. Options are exercisable to a maximum of 20% of the optioned shares per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested shall be forfeited.

On May 21, 2015, a total of 850,000 options were granted at a price of $4.59 per common share to an executive.

During fiscal 2015, 30,000 common shares (September 27, 2014 – nil) were issued pursuant to the exercise of share options under the Share Option Plan for a total cash proceeds of $108, which was recorded to share capital as well as an ascribed value from contributed surplus of $5.

Compensation expense is amortized over the vesting period of the corresponding optioned shares and is expensed in the administration and selling expenses with an offsetting increase to contributed surplus. An expense of $24 was incurred for the year ended October 3, 2015 (September 27, 2014 – $13).

The following table summarizes information about the Share Option Plan as of October 3, 2015:

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

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 (in years)	Number of options exercisable
$3.61	30,000	—	—	—	30,000	1.17	30,000
$5.61	226,500	—	—	—	226,500	7.46	88,500

As at October 3, 2015 and September 27, 2014, 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 granted in fiscal 2015 are the following:

Fair value of options at grant date	$ 82
Share price at grant date	$ 4.62
Exercise price	$ 4.59
Expected volatility (weighted average volatility)	13.774% to 15.380%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	7.8%
Weighted average risk-free interest rate (based on government bonds)	0.911% to 1.223%

(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:

	October 3, 2015	September 27, 2014
	$	$
Less than 1 year	**1,211**	1,344
Between 1 and 5 years	**2,312**	1,693
More than 5 years	**255**	175
	3,778	3,212

For the year ended October 3, 2015, an amount of $2,356 was recognized as an expense in net earnings with respect to operating leases (September 27, 2014 - $1,761).

24. COMMITMENTS

As at October 3, 2015, the Company had commitments to purchase a total of 1,632,000 (September 27, 2014 – 1,105,000) metric tonnes of raw cane sugar, of which 269,600 (September 27, 2014 – 147,541) metric tonnes had been priced, for a total dollar commitment of $104.7 million (September 27, 2014 - $68.7 million). In addition, the Company has a commitment of approximately $27.2 million (September 27, 2014 - $28.3 million) for sugar beets to be harvested and processed in fiscal 2016.

During the year ended October 3, 2015, the Company entered into capital commitments to complete its capital projects for a total value of $9.1 million (September 27, 2014 - $7.3 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 October 3, 2015 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 October 3, 2015	September 27, 2014
	$	$
Basic earnings per share:		
Net earnings	**24,033**	29,229
Weighted average number of shares outstanding	**94,045,436**	94,059,862
Basic earnings per share	**0.26**	0.31
Diluted earnings per share:		
Net earnings	**24,033**	29,229
Plus impact of convertible unsecured subordinated debentures and share options	**–**	2,355
	24,033	31,584
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**94,045,436**	94,059,862
Plus impact of convertible unsecured subordinated debentures and share options	**–**	7,692,308
	94,045,436	101,752,170
Diluted earnings per share	**0.26**	0.31

As at October 3, 2015, the Fourth and Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive. As at September 27, 2014, the Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

27. SUPPLEMENTARY CASH FLOW INFORMATION

	October 3, 2015	September 27, 2014	September 28, 2013
	$	$	$
Non-cash transactions:			
Additions of property, plant and equipment included in trade and other payables	**579**	709	619

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

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	
	October 3, 2015	September 27, 2014
	$	$
Salaries and short-term benefits	**2,669**	2,301
Attendance fees for members of the Board of Directors	**521**	457
Post-employment benefits	**207**	121
Share-based compensation (note 22)	**24**	13
	3,421	2,892

29. PERSONNEL EXPENSES

	For the years ended	
	October 3, 2015	September 27, 2014
	$	$
Wages, salaries and employee benefits	**65,150**	67,773
Expenses related to defined benefit plans (note 19)	**5,501**	6,968
Expenses related to defined contributions plans	**4,172**	4,047
Share-based compensation (note 22)	**24**	13
	74,847	78,801

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

	For the years ended	
	October 3, 2015	September 27, 2014
	$	$
Cost of sales	**60,045**	61,450
Administration and selling expenses	**13,082**	15,475
Distribution expenses	**1,246**	1,375
	74,373	78,300
Property, plant and equipment	**474**	501
	74,847	78,801

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

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 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.

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	
	October 3, 2015	September 27, 2014
	$	$
Canada	**516,046**	512,470
United States and other	**25,499**	19,825
	541,545	532,295

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)
February 9, 2016 at the
Vancouver Mariott Pinnacle Downtown Hotel
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Director

John Holliday,
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(2) Audit Committee Members

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President and Chief Executive Officer

Robert Copeland,
Vice-President Operations

Diana R. Discepola,
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Jacques Dussault,
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