CARROT CAKE COFFEE CHRISTMAS
BAR MITZVAHS MACAROONS THANKSGIVING
BIRTHDAYS LOLLIPOPS HANUKKAH COTTON CANDY NEWYEAR'S
FAMILY REUNIONS APPLE PIE EASTER SUGAR PIE
BROWNIES SPECIAL OCCASIONS SCONES ANNIVERSARIES PROMOTIONS BUTTERSCOTCH
GINGERBREAD MOONCAKES MOTHER'S DAY PEPPERMINT PATTIES
ESECAKE HALLOWEEN DONUTS BIRTHDAYS BUTTER TARTS COOKIES CINNAMON ROLLS
CINCO DE MAYO **IT ALL BEGINS WITH SUGAR** PECAN SWIRLS
CEREALS FATHER'S DAY BAKLAVAS CHOCOLATES SWEET SIXTEEN PARTIES
CUPCAKES LEMON TARTS DIWALI BANANA BREAD VALENTINE'S DAY
ST. PATRICK'S DAY MARMALADES CANDY CANES
MUFFINS **2013 ANNUAL REPORT** SWEAT TEA
GRADUATION LOUKOUMADES

TOTAL DISTRIBUTION (thousand of $)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Fiscal 2013	—	—	8,468	—	33,873	8,470	—	—	8,470	—	—	8,470	67,751
Fiscal 2012	—	—	7,989	—	—	7,991	—	—	8,466	—	—	8,469	32,915

PER SHARE DISTRIBUTION ($)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Fiscal 2013	—	—	0.090	—	0.360	0.090	—	—	0.090	—	—	0.090	0.720
Fiscal 2012	—	—	0.085	—	—	0.085	—	—	0.090	—	—	0.090	0.350

TABLE OF CONTENT

01 Message to Shareholders
02 Report from the President and CEO
04 Management’s Discussion and Analysis
37 Responsibility for Financial Reporting
38 Independant Auditor’s Report
39 Consolidated Financial Statements
43 Notes to Consolidated Financial Statements
98 Corporate Information – Rogers Sugar Inc.
99 Corporate Information – Lantic Inc.

MESSAGE TO SHAREHOLDERS

To my fellow shareholders,

Fiscal 2013 was a challenging year for Rogers Sugar Inc. ("Rogers" or the "Company").

On one hand, Rogers delivered strong sales volume with an increase of approximately 7,700 metric tonnes as compared to fiscal 2012. The Company aggressively pursued opportunities and gained additional volume from new and existing customers. The strong sales volume was achieved in spite of the lack of opportunities on the export segment such as we had in fiscal 2012 with the opening of a special U.S. quota.

However, adjusted earnings before interest and income taxes ("EBIT") were $56.9 million as compared to a record financial performance for fiscal 2012 of $74.9 million. The decrease is mainly due to the unfavourable sales mix with lower margin industrial and liquid sales and lower export and consumer volume and higher operating costs.

On January 30, 2013, the Board of Directors authorized and declared an additional dividend of $0.36 per share amounting to $33.9 million to Shareholders of record on February 8, and was paid on February 28, 2013. The payment of the additional dividend reflected the distribution of a portion of the previously earned but undistributed free cash flow generated over the last five fiscal years from October 2007 to September 2012, which totaled approximately $64.7 million. In addition, Rogers continued to pay a quarterly dividend 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.

On June 28, 2013, the Company's wholly-owned subsidiary Lantic Inc. ("Lantic") entered into a new five-year credit agreement for $150.0 million, replacing the $200.0 million credit facility that expired on the same date. The total available credit was reduced by $50.0 million to better suit the expected needs of Lantic. In addition, Lantic negotiated a five-year interest rate swap agreement at a rate of 2.09% for an initial amount of $50.0 million, declining to $30.0 million by the end of the agreement. Lantic's strong financial situation combined with good market conditions allowed Lantic to benefit from attractive interest rates that will generate financing cost savings.

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. In addition, the Board approved the adoption of a majority-voting policy whereby a director who has received a majority withheld vote is expected to submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board will continue to monitor developments to ensure good government practices.

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
Chairman

November 14, 2013

REPORT FROM THE PRESIDENT AND CEO

This year just completed has been marked by numerous challenges. We are pleased to report that our sales volume at approximately 649,300 metric tonnes increased as compared to fiscal 2012 by approximately 7,700 metric tonnes.

As an offset to domestic volume losses incurred in 2012, the Company aggressively pursued opportunities and gained additional volume with new and existing customers. Industrial volume was 30,600 higher than the previous year. In addition, the Company recovered a large high fructose corn syrup ("HFCS") substitutable account in western Canada and as a result increased liquid volume by approximately 14,500 metric tonnes. On the other hand, the Company did not benefit from any special refined sugar quota in fiscal 2013 as it did the previous year. This is explained by the fact that both the U.S. and Mexican markets had large surplus inventories, this in turn created downward pressure on selling prices in their respective markets. As a consequence, export opportunities decreased and reduced overall export volume by approximately 35,400 metric tonnes.

Adjusted earnings before interest and income taxes ("EBIT") were $56.9 million as compared to $74.9 million in fiscal 2012, a decrease of $18.0 million. The decrease is due mainly to an unfavourable sales mix with lower margin industrial and liquid sales volume and no special export quota to the U.S. In addition, the Company incurred additional operating costs in fiscal 2013 of $1.9 million for committed future pension benefit updates, $1.0 million of additional energy costs for auxiliary natural gas, and $0.6 million in additional unplanned maintenance costs at the Vancouver refinery. As a result, the adjusted gross margin rate per tonne was lower than the previous year at $127.80 as compared to $159.28 per metric tonne.

This past year has been a difficult one for plant operations as the overall performance was below anticipated levels. Equipment breakdowns, high energy costs during winter months and some packaging inefficiencies increased the overall costs of the operating facilities in fiscal 2013. During the year, we spent $9.1 million in capital projects and over $30 million in maintenance costs. We will continue to invest in our refining operations and will focus on energy and labour savings projects. As an example, the Company committed $2.2 million for the purchase and installation of a palletizing station in Vancouver which will deliver labour savings in late fiscal 2014 and will help improve operating costs. Many other projects are under review and will start over the next several years contributing to improved operating results.

We have made substantial progress in the blending operations. During the year, we obtained the Food Safety System Certification ("FSSC 22000") for our retail packaging line, which was purchased last year and installed this year. We successfully delivered all of our sugar containing products quota, which increased our blending volume for the year. The FSSC 22000 certification, is a very positive step in continuous improvement and highlights our commitment to provide quality products to our customers. We are fully committed to increase blending volumes in both the industrial and retail sectors, including non-sugar containing blends.

The Company is tackling the challenges which are ahead. As a corporate goal, the Company endeavours to continue to improve its competitive position in the sale of value-added products through the introduction of new packaging and retail products. With this in mind, Lantic will launch early in calendar 2014, new graphics for the retail lines of both Rogers and Lantic brands. This new look will enhance our on shelf appearance and provide a more consistent fresh look nationally while supporting our two national brands. The new packaging will highlight, amongst other things that sugar is natural, it is only 15 calories per teaspoon and that the Company is proud of its Canadian heritage, coast to coast, encompassing more than 100 years of knowledge and expertise in the business.

Outlook

We anticipate that consumer volume will be slightly higher in 2014 than it was in 2013, largely as a result of a new multi-year national agreement with a major consumer account taking effect in January 2014. However, the consolidation of certain large retail accounts has intensified the competitiveness in this already highly competitive market.

The Company also expects export volume to be lower in 2014 as compared to 2013, offsetting the anticipated increase in consumer volume. Large crops in Mexico and the U.S. in fiscal 2013 resulted in significant surplus inventories and will therefore limit export opportunities in these countries in fiscal 2014. The Company will continue to investigate other export opportunities similar to those developed several years ago in Mexico, in order to secure additional export sales.

Overall, total sales volume and adjusted gross margin rates are expected to be slightly lower in fiscal 2014 as compared to fiscal 2013 due to further reductions in export volume and an increasingly competitive environment in the consumer and industrial segments.

Looking ahead, we are pleased to see progress in the negotiations with the Comprehensive Economic and Trade Agreement ("CETA"), which is a positive development for the Canadian sugar industry. Under the agreement, Canada will not have direct access to the European Union market but will be able to secure additional exports of sugar-containing products ("SCP"). The initial SCP volume is set at 30,000 metric tonnes growing in 5 year increments to 51,840 metric tonnes over 15 years. Although the CETA agreement is positive news for the Canadian sugar industry, the new trade agreement is not expected to have any impact in fiscal 2014 as it may take up to two years for it to be ratified by all parties.

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

Edward Makin
President and Chief Executive Officer

November 14, 2013

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers") audited consolidated financial statements for the years ended September 28, 2013 and September 29, 2012 should be read in conjunction with the audited consolidated financial statements and related notes for the years ended September 28, 2013 and September 29, 2012.

All financial information contained in this MD&A and audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The 2009 and previous Rogers's consolidated financial statements were prepared in accordance with previous Canadian Generally Accepted Accounting Principles. For more information regarding the conversion to IFRS, refer to the September 29, 2012 MD&A and audited consolidated financial statements. All amounts are in Canadian dollars unless otherwise noted, and the term "dollar", as well as the symbols "$", 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 14, 2013.

Additional information relating to Rogers and Lantic Inc., including the Annual Information Form, Quarterly and Annual reports and supplementary information is available on the Rogers's website at www.rogerssugar.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 as "the Company") with respect to future events and performance. Wherever used, the words "may," "will," "anticipate," "intend," "expect," "plan," "believe," and similar expressions identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although this is not an exhaustive list, the Company cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: future prices of raw sugar, natural gas costs, the opening of special refined sugar quotas in the United States ("U.S."), beet production forecasts, the status of labour contracts and negotiations, the level of future dividends, and the status of government regulations and investigations. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. This could cause actual performance or results to differ materially from those reflected in the forward-looking statements, historical results or current expectations.

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with Rule 52-109 respecting certification of disclosure in issuers' annual filings, the Chief Executive Officer and Vice-President Finance have evaluated the effectiveness of the Company's disclosure controls and procedures as of the year ended September 28, 2013. 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 have caused to be evaluated under their supervision the effectiveness of such internal controls over financial reporting ("ICFR") as at September 28, 2013 using the framework established in "Internal Control – Integrated Framework (COSO 1992 Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)". Based on that evaluation, they have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at September 28, 2013.

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

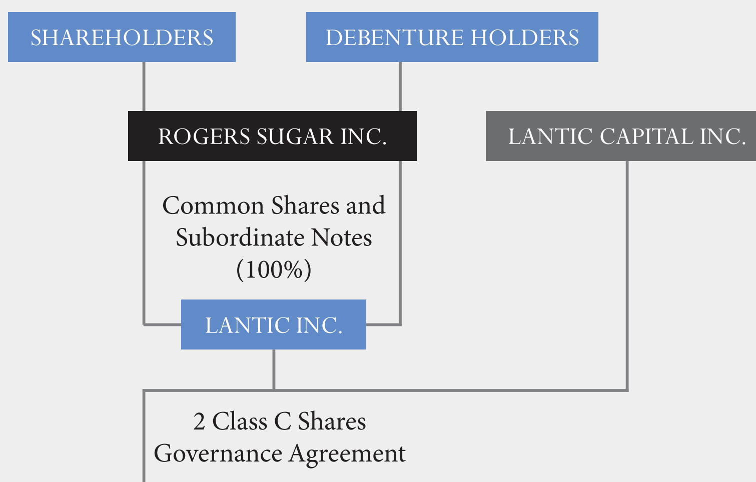
CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

OVERVIEW

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

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



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

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

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

An Audit Committee of Rogers exists and is composed of three directors, all of whom are independent and unrelated.

Production Facilities

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

With total sales volume of approximately 600,000 to 700,000 metric tonnes per year, Lantic has ample capacity to meet all current volume requirements. None of the production facilities currently operate at full capacity. Lantic is also the only sugar producer with operating refineries across Canada. The strategic location of these facilities allows Lantic to service all customers across the country efficiently and on a timely basis.

Lantic has also operated a blending operation in Toronto since October 2007. The total capacity of this leased dry blending site is approximately 30,000 metric tonnes per year.

Our Products

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

Sales are focused in three specific segments: industrial, consumer, and liquid products.

The industrial segment is the largest of the three segments accounting for approximately 65% of all shipments. The domestic industrial segment grew in fiscal 2013 as the Company gained volume from existing and new customers.

Part of our production is sold to liquid industrial users. The domestic liquid segment also grew in fiscal 2013 with the recapture by the Company of an HFCS substitutable account in western Canada. Some liquid users can substitute liquid sucrose with high fructose corn syrup ("HFCS"). These accounts have historically been our lowest margin accounts due to the lower prices of HFCS. With the increase in world raw sugar prices over the last several years, some liquid business was lost to HFCS and, except for fiscal 2013, sales volume in that segment declined.

In the domestic consumer segment, a wide variety of products is offered under the Lantic and Rogers brand names. The goal is to continue to improve the Company's competitive position in the sale of value-added products through the introduction of new packaging and retail products. Early in calendar 2014, Lantic will launch new graphics for the retail lines of both Rogers and Lantic brands. This new look will enhance our on shelf appearance and provide a more consistent fresh look nationally while supporting our two national brands. This segment has remained fairly stable during the last several years.

Lantic's Taber plant is the only beet sugar factory in Canada, and is therefore the only producer of Canadian origin sugar. As such, this plant is the sole participant in a Canadian-specific quota to the U.S., of approximately 12,000 metric tonnes. In addition, there is an 8,300 metric tonnes 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 operations can all participate in this global quota. These sales in the U.S. are made at a higher price than comparable sales in Canada, due to the sugar support program in place in the United States. On September 29, 2011, the Secretary of Agriculture of the United States increased the refined quota by 136,078 metric tonnes, of which 25,000 metric tonnes was allocated specifically to Canada and the remaining 111,078 metric tonnes was allocated to the global quota on a first-come, first-served basis. This benefited fiscal 2012 export sales. There was no special refined quota in fiscal 2013.

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

Our Supply

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

The Company has an agreement with the Alberta Sugar Beet Growers (the "Growers") for the supply of sugar beets to the Taber beet plant. In April 2012, a new three-year agreement was signed with the Growers starting with the 2012 crop harvested in the fall and processed in fiscal 2013. Any shortfall in beet sugar production as a result of related crop problems is replaced by refined cane sugar from the Vancouver refinery, which acts as a swing capacity refinery.

The contract with the Growers stipulates a fixed price for all beet sugar derived from the beets processed in addition to a scale incentive as the price of raw sugar increases. As a consequence, the Company is exposed to fluctuations in the #11 world raw sugar price for all domestic beet sugar volume sold against the #11 world raw sugar prices, which is approximately 60,000 metric tonnes.

Pricing

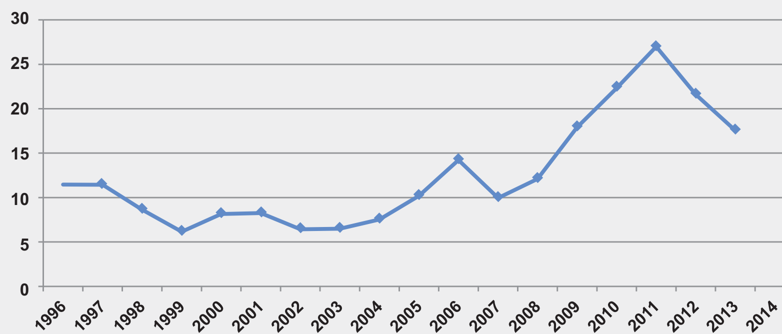
In fiscal 2013, the price of raw sugar fluctuated between U.S. 15.93 cents per pound and U.S. 21.77 cents per pound, and closed at U.S. 16.87 cents per pound at the end of the fiscal year, which was approximately 2.71 cents lower than the closing value at September 29, 2012. The price variation during the year was less than in fiscal 2012 when raw sugar prices fluctuated between U.S. 18.81 and U.S. 28.35 cents per pound. The world sugar market continued to trend downwards as world sugar production exceeded consumption for a second consecutive year. India and Thailand produced near record crops, while Brazil exceeded the previous year's output and produced a record crop.

The price of 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 hedged, thus eliminating the impact of volatility in world raw sugar prices. This applies to any refined sugar sales made by these plants. Liquid sales to HFCS substitutable customers are normally priced against competing HFCS prices and are historically the lowest margin sales for the Company. A higher price of raw sugar may render the Company uncompetitive on certain of these liquid sales.

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

WORLD RAW SUGAR CANE PRICES

Cents per pound – yearly averages
(September 1996 to September 2013)



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. The labour agreements for both the Montreal and Vancouver refineries terminated in February 2013. Three-year labour agreements were reached with the main unit and three of the four smaller units of the unionized employees of the Montreal refinery and a five-year labour agreement was reached with the unionized employees of the Vancouver refinery. All agreements were signed at competitive rates. Negotiations with the remaining unit of the Montreal refinery are on-going with the intent of reaching satisfactory agreement in the near future.

Energy is our second largest operating expense, as we use large amounts of natural gas in our refineries. We have a hedging strategy in place with futures contracts to mitigate the effects of sudden rises in the price of natural gas. In fiscal 2013, most open positions were purchased on spot values due to the lower value of the commodity. With the flattening of the forward curve, Lantic added some hedge positions for fiscal 2014 through 2017 at prices equal or lower than fiscal 2013's average price. We will continue to closely monitor the natural gas market in order to add hedge positions at competitive prices. Even with this forward hedging policy, Lantic remains exposed to year-to-year trends in natural gas prices. In Montreal, we have the ability to switch to low sulphur oil when natural gas prices are higher than the comparable price of low sulphur oil.

Natural gas price continuation chart
(January 2003 to September 2013)

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 approximately $7.7 million in capital projects for plant reliability, product security, information systems, environmental requirements and cost improvements in fiscal 2013. In addition, over the course of any given fiscal year, the Company will normally undertake capital investment projects. These investment projects are not necessary for the operation of the plants, but are undertaken because of the substantial operational savings to be realized when such projects are completed. In fiscal 2013, the Company committed $2.2 million for the acquisition of a palletizing station for the Vancouver refinery, of which, $0.6 million was spent in fiscal 2013 and is part of the $1.4 million invested into energy and labour savings projects. The palletizing project is forecast to be completed in fiscal 2014 and will start generating labour savings late in fiscal 2014. A number of other investment projects are under analysis which may start in fiscal 2014.

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 assurance. By understanding and responding to evolving needs and expectations we are well positioned with respect to ever changing requirements such as the Global Food Safety Initiative, currently the universal benchmark for food safety and consumer protection which has been implemented in the two cane refineries and the beet factory.

We have made substantial progress in the blending operations. During the year, we obtained the Food Safety System Certification ("FSSC 22000") for our retail packaging line, which was purchased last year and installed this year. We successfully delivered all of our sugar containing products quota, which increased our blending volume for the year. The FSSC 22000 certification is a very positive step in continuous improvement and highlights our commitment to provide quality products for our customers. We are fully committed to increase blending volume in both the industrial and retail sector, including non-sugar containing blends.

USE OF FINANCIAL DERIVATIVES FOR HEDGING

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

For the purchasing of raw sugar, the Company enters into long-term supply contracts with reputable raw sugar suppliers (the "Seller"). These long-term agreements will, amongst other things, specify the yearly volume (in metric tonnes) to be purchased, the delivery period of each vessel, the terminal against which the sugar will be priced, and the freight rate to be charged for each delivery. The price of raw sugar will be determined later by the Seller, based upon the delivery period. The delivery period will correspond to the terminal against which the sugar will be priced. As an example, a vessel to be shipped in January would be priced against the next terminal, being March of that year (each terminal expires on the last day of the previous month). Therefore, the Seller has the ability to price throughout the duration of the contract any volume to be shipped against a specific terminal. When the Seller wants to price a certain quantity he must immediately secure a futures position for Lantic on the ICE (selling a future in this case) for the same volume and price. The futures contract value taken will become the price the Company will pay the Seller for the raw sugar upon delivery. As an example, the Seller may want to price on October 1, 2013, 1,000 metric tonnes for delivery in January 2014 against the March 2014 terminal. The price as at October 1, 2013 for the March 2014 terminal is U.S.19.00 cents per pound, or U.S.$418.87 per metric tonne. This is called "firming" the price of raw sugar. A vessel of 40,000 metric tonnes may have been priced on many different dates, but for each transaction Lantic would have sold a futures position for the same price and volume on the ICE.

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

As an example, customer "A" negotiates a contract with Lantic from July of 2013 to June of 2014, for delivery of 1,000 metric tonnes of sugar per month, for a total of 12,000 metric tonnes. In August 2013, customer "A" decides to firm the price of the sugar to be delivered in January 2014 (against the March terminal). That day in August, the price of sugar for the March 2014 terminal is U.S.18.00 cents per pound or U.S.$396.83 per metric tonne. As customer "A" prices this sugar with the Lantic trading desk, Lantic will, at the same time, buy a futures position for the same volume and price on the futures market (ICE) to hedge Lantic and protect the Company from any fluctuations in the sugar market.

From the above example, we will now demonstrate how the Company protects itself against fluctuations in the market. The Company sold 1,000 metric tonnes to customer "A" for January of 2014, which had been priced at U.S.18.00 cents per pound or U.S.$396.83 per metric tonne. The Company also purchased 1,000 metric tonnes of sugar, which had been priced at U.S.19.00 cents per pound or U.S.$418.87 per metric tonne. Both of these transactions were hedged against the March 2014 terminal. Upon receipt and delivery of the sugar, these transactions would be recorded at their cost.

On the physical transaction, the Company sold 1,000 metric tonnes of sugar at U.S.18.00 cents per pound (before refining margin), bought from the Seller at U.S.19.00 cents per pound. In effect, the Company, on the physical transaction, would incur a loss of U.S.1.00 cent per pound or U.S.$22.05 per metric tonne for 1,000 metric tonnes, for a total loss of U.S.$22,050.

On the futures side (paper transaction), the Company will liquidate its entire position prior to March 1, 2014. For the above transactions, the Company sold a future position of 1,000 metric tonnes for U.S.19.00 cents per pound and bought a future position of 1,000 metric tonnes for U.S.18.00 cents per pound. On the liquidation date, the March terminal trades at U.S.22.00 cents per pound. Therefore the Company will buy back the U.S.19.00 cents (original sell position) for U.S.22.00 cents, losing U.S.3.00 cents per pound. On the other hand, the Company will sell the original buy position of U.S.18.00 cents for U.S.22.00 cents, making U.S.4.00 cents per pound on this transaction. In total, the Company will make U.S.1.00 cent per pound or U.S.$22.05 per metric tonne for a total, on 1,000 metric tonnes, of U.S.$22,050 on the liquidation of the futures transaction. The loss incurred on the physical transaction is therefore totally offset by the gain earned on the liquidation of the futures position, due to the hedging of the transaction.

Inefficiencies could occur and small gains or losses could be incurred on hedged transactions. Every year, the Company estimates sales patterns against the receipt of sugar deliveries. Any discrepancies in these estimates may result in small gains or losses on hedged transactions. A customer may be taking more or less sugar than determined under its contract, for example, 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. 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. An income of approximately $0.3 million was earned in fiscal 2013 on the trade book.

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 2014 as the world raw sugar market currently offers few opportunities.

Natural Gas

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

On average, the Company will purchase approximately 3.0 million gigajoules of natural gas per year to be used in its refining operations. To protect against large and unforeseen fluctuations, the Company can hedge forward up to 80% of its estimated usage over the next 24 months, and lower percentages of its estimated usage on a longer term basis. The Company will hedge close to its maximum level allowed if natural gas prices are below a certain percentage of the prior year's average price and therefore lock in year-over-year savings.

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

Variation Margins (Margin Calls)

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

When sugar prices are on the rise, 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.

Accounting Measurement

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

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' consolidated results for the 2013, 2012 and 2011 fiscal years. The Company's fiscal year ends on the Saturday closest to the end of September. All references to 2013, 2012 and 2011 represent the fiscal years ended September 28, 2013, September 29, 2012 and October 1, 2011. 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)	**2013**	2012	2011
Total volume (metric tonnes)	**649,274**	641,573	649,078
	$	$	$
Total revenues	**558,438**	618,093	612,614
Gross margin	**85,653**	77,861	96,849
Results from operating activities	**59,538**	50,604	68,884
Net earnings	**37,265**	30,261	41,854
Cash flow from operations	**37,653**	47,793	22,915
Total assets	**553,599**	594,067	615,082
Total non-current liabilities	**229,904**	197,749	290,082
Net earnings per share:			
Basic	**0.40**	0.33	0.47
Diluted	**0.39**	0.32	0.43
Dividends per share [1]	**0.3600**	0.3500	0.3700

(1) Exclude additional dividend of $0.36 in fiscal 2013

Sales volume increased by approximately 7,700 metric tonnes compared to fiscal 2012. The industrial and liquid segments combined were approximately 45,100 metric tonnes higher than the previous year as the Company gained additional volume with existing and new customers. This was partially offset by lower export volume since the Company did not benefit from any special quota in the U.S. in the current year. In fiscal 2012, sales volume declined compared to the previous year as the Company lost a large account of domestic industrial volume in calendar 2012. This was partially offset with higher export volume due to the special quota opened by the U.S. at the start of the 2012 fiscal year.

Total revenues declined in fiscal 2013 as a result of the decrease in world raw sugar prices which fluctuated between U.S. 15.93 and 21.77 cents per pound compared to U.S. 18.81 and 28.35 cents per pound and U.S. 20.40 and 36.08 cents per pound in fiscal 2012 and 2011, respectively.

The increase in gross margin and results from operating activities is due to the adjustment recorded to reflect the mark-to-market gains and losses for all derivative financial instruments, partially offset by an unfavourable sales mix with higher lower margin liquid and industrial volume and no special export quota to the U.S. The net earnings are also higher due to the same mark-to-market adjustment and same unfavourable sales mix, net of income taxes.

Cash flow from operations was lower by $10.1 million in fiscal 2013 due to a decrease in year-over-year variation in trade and other receivables and inventories of $12.7 million, an increase in trade and other payables variation of $3.6 million and higher pension plan contribution of $1.0 million in fiscal 2013, partly offset by higher earnings before income taxes of $9.5 million in fiscal 2013. The increase in cash flow from operations for fiscal 2012, when compared to fiscal 2011 was due mainly to the lower level of inventories at year end 2012. The decrease of approximately $12.7 million in inventories was due to the timing of the receipt of raw sugar vessels in Montreal, to the lower values of raw sugar at year-end 2012 and to the later start of the Taber beet crop harvest in September 2012. For fiscal 2011, inventories had a negative impact of approximately $39.7 million on cash flow, resulting in a positive variance of $52.4 million for fiscal 2012 compared to 2011. This positive variance in cash flow was reduced by the payment of approximately $15.3 million in income taxes and to lower net earnings of approximately $11.6 million.

The decrease in total assets in the current fiscal year is explained by the reduction in cash balances, lower inventory levels and lower deferred tax assets. In February 2013, the Company declared and paid an additional dividend of $33.9 million, which reduced cash on hand. The decrease in total assets between fiscal 2012 and 2011 is due mainly to the lower level of inventories and trade receivables at the end of the year.

Non-current liabilities increased in fiscal 2013 as an amount of $50.0 million drawn under the revolving credit facility was recorded as non-current following the negotiation of a new five-year credit agreement in June 2013. This was partially offset by a decrease in the employee benefits obligation of $13.5 million due mostly to an actuarial gain of $10.7 million. The decrease in non-current liabilities in fiscal 2012 is due mainly to borrowings under the revolving credit facility shown as current as the line of credit came due in June 2013. Also, the total amount of outstanding convertible debentures was reduced by approximately $20.0 million following the redemption of the third series convertible debentures and the issuance of the fifth series convertible debentures in fiscal 2012.

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 2013 analysis.

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.

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:

Income / (Loss) (In thousands of dollars)	**2013**	2012	2011
	$	$	$
Mark-to-market adjustment	**(7,972)**	(14,243)	20,278
Cumulative timing differences	**10,646**	(10,088)	(7,104)
Total adjustment to cost of sales	**2,674**	(24,331)	13,174

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 $7.2 million was recorded in fiscal 2013 compared to a loss of $5.7 million in fiscal 2012 related to sugar futures contracts. The Company recorded a mark-to-market loss of $1.2 million on natural gas contracts compared to a $3.6 million loss in fiscal 2012. Although natural gas prices continue to decline slightly in 2013, the mark-to-market loss decreased compared to the previous year as contracts at higher prices expired in 2013. Foreign exchange forward contracts and embedded derivatives, on which foreign exchange movements have an impact, had a combined mark-to-market gain of approximately $0.4 million for the year compared to a mark-to-market loss of $5.0 million in fiscal 2012.

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 as explained under "Use of Financial Derivatives for Hedging" on pages 10, 11 and 12 of this MD&A, 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 2013, the total cost of sales adjustment is a gain of $2.7 million to be deducted from the consolidated operating results while a total cost of sales loss of $24.3 million was added to the consolidated operating results in fiscal 2012 to arrive at the adjusted operating results of these two years.

The Company also recorded a mark-to-market gain of $1.8 million in fiscal 2013 for the mark-to-market of an interest rate swap under finance income, as compared to a mark-to-market gain of $2.1 million in fiscal 2012, as recorded mark-to-market losses from the previous years are reversed from the passage of time of the 2008 interest rate swap.

Therefore, the total adjustment to earnings before income taxes for fiscal 2013 was a gain of $4.5 million compared to a loss of $22.2 million in fiscal 2012.

Adjusted consolidated financial information (non-GAAP reconciliation):

Consolidated Results (In thousands of dollars, except per share information)	**2013**	2012	2011
	$	$	$
Gross margin as per financial statements	**85,653**	77,861	96,849
Adjustment as per above	**(2,674)**	24,331	(13,174)
Adjusted gross margin	**82,979**	102,192	83,675
Results from operating activities as per financial statements	**59,538**	50,604	68,884
Adjustment as per above	**(2,674)**	24,331	(13,174)
Adjusted results from operating activities	**56,864**	74,935	55,710
Net earnings as per financial statements	**37,265**	30,261	41,854
Adjustment to cost of sales as per above	**(2,674)**	24,331	(13,174)
Adjustment for mark-to-market of finance costs	**(1,787)**	(2,119)	(855)
Adjustment for IFRS transition on option of convertible debentures	**–**	–	3,782
Deferred taxes on above adjustments	**1,018**	(5,448)	3,595
Adjusted net earnings	**33,822**	47,025	35,202
Net earnings per share basic, as per financial statements	**0.40**	0.33	0.47
Adjustment for the above	**(0.04)**	0.17	(0.07)
Adjusted net earnings, per share basic	**0.36**	0.50	0.40

RESULTS OF OPERATIONS

Revenues

	2013	2012
Revenues ($000's)	**558,438**	618,093
Volume (MT)	**649,274**	641,573

The total Canadian nutritive sweetener market, which includes both refined sugar and HFCS, is estimated to have increased by approximately 1% in fiscal 2013 compared to a decrease of approximately 0.5% in fiscal 2012. We estimate that per capita sugar consumption remained stable during the year. The Company's total sugar deliveries were slightly higher than the previous year. For the year, total sales volume of 649,274 metric tonnes represented an increase of 1.2% over the previous year. The total volume increased by approximately 7,700 metric tonnes. Industrial volume increased by approximately 30,600 metric tonnes as the Company gained additional volume with existing and new customers. In addition, liquid volume increased by approximately 14,500 metric tonnes as the Company recovered a large HFCS substitutable account in western Canada. These increases were partially offset by a reduction of 35,400 metric tonnes of export volume and 2,000 metric tonnes of consumer volume, the latter due to timing in retail promotions.

In fiscal 2012, a special refined sugar quota of 136,078 metric tonnes was opened, effective October 3, 2011 by the U.S. Department of Agriculture, of which 25,000 metric tonnes was allocated directly to Canada and the balance of 111,078 metric tonnes to global suppliers on a first-come, first-served basis. The Company, through its cane refineries was able to enter approximately 10,000 metric tonnes against the global quota by the time it closed on October 25, 2011. An additional volume of approximately 17,600 metric tonnes of beet sugar was entered against the Canada specific quota by the date the quota closed on November 30, 2011. There was no special refined sugar quota in fiscal 2013. In addition, both the U.S. and Mexican markets had surpluses of inventories, creating downward pressure on selling prices in their respective markets. As a result, export opportunities decreased and therefore reduced the overall export volume by 35,400 metric tonnes.

The average cost of raw sugar was U.S. 4.89 cents per pound or U.S. $107.80 per metric tonne lower than in fiscal 2012, which mainly explains the decrease in revenues.

Gross Margins

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

	2013	2012
Gross margin ($000's)	**85,653**	77,861
Adjusted gross margin ($000's)	**82,979**	102,192
Gross margin per metric tonne ($)	**131.92**	121.36
Adjusted gross margin per metric tonne ($)	**127.80**	159.28

As previously mentioned, consolidated gross margin of $85.7 million in fiscal 2013 and of $77.9 million in fiscal 2012 do not reflect the adjusted net earnings of the Company, as it includes a gain of $2.7 million for fiscal 2013 and a loss of $24.3 million for fiscal 2012 due to the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of the derivative instruments. We will therefore comment on adjusted gross margin results.

The decrease in the adjusted gross margin rate of $31.48 per metric tonne is due mainly to an unfavourable sales mix with lower margin liquid and industrial volume and no special export quota to the U.S. In addition, the Company incurred additional operating costs in fiscal 2013 by recording a $1.9 million charge for committed future pension benefit updates, $1.0 million of additional energy costs for auxiliary natural gas, $0.6 million in additional unplanned maintenance costs at the Vancouver refinery and from some packaging inefficiencies.

Other Expenses

(In thousands of dollars)	**2013**	2012
	$	$
Administration and selling	**18,005**	18,923
Distribution	**8,110**	8,334
Net finance costs	**9,127**	9,695

Administration and selling costs were lower by approximately $0.9 million than in fiscal 2012 due to a decrease in employee benefits and a lower incentive provision expense.

Distribution expenses for the year were approximately $0.2 million lower than in fiscal 2012 due mainly to timing in shipments to the U.S. under the Canada-specific quota.

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 on the interest swap agreement.

The net finance costs breakdown is as follows:

(In thousands of dollars)	**2013**	2012
	$	$
Interest expense on convertible debentures	**6,447**	6,682
Interest on revolving credit facility, net of interest income	**3,579**	3,578
Amortization of deferred financing costs	**888**	958
Mark-to-market of interest rate swap	**(1,787)**	(2,119)
Loss on early redemption of convertible debentures	**–**	596
Total	**9,127**	9,695

Interest on convertible debentures was approximately $0.2 million lower than in fiscal 2012 due mainly to the benefit of a full year following the redemption of the third series 5.9% convertible debentures of $77.9 million in the first quarter of fiscal 2012, replaced with the fifth series 5.75% convertible debentures of $60.0 million. The reduced amount of the convertible debentures and lower interest rate reduced the total convertible debentures finance costs for the year.

Short-term interest expense was comparable to the previous year.

Amortization of deferred financing cost was lower by $0.1 million in fiscal 2013 due to the lower financing costs incurred and therefore amortized on the fifth series convertible debentures versus the redeemed third series convertible debentures.

A five-year interest rate swap of $70.0 million, taken in June 2008, expired on June 28, 2013. It was replaced by a 2.09% interest rate swap of $50.0 million, decreasing to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The mark-to-market unrealized gain on the swap of $1.8 million in fiscal 2013 and of $2.1 million in fiscal 2012 is due mainly to the passage of time as the previous years' mark-to-market losses reversed as the 2008 interest rate swap approached maturity.

With the redemption of the third series convertible debentures in December 2011, unamortized deferred financing costs of approximately $0.8 million were expensed, which was partially offset by a gain of $0.2 million from the mark-to-market of the conversion feature for that series on the redemption date.

Taxation

The income tax expense is as follows:

(In thousands of dollars)	**2013**	2012
	$	$
Current	**11,659**	10,141
Deferred	**1,487**	507
Total	**13,146**	10,648

Current income taxes are $1.5 million higher than in fiscal 2012, as Rogers' taxable income increased compared to fiscal 2012 and also due to a slight increase in tax rates.

Deferred income taxes reflect temporary differences, which result primarily from the difference between capital cost allowance claimed for tax purposes and depreciation amounts recognized for financial reporting purposes, 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.

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 2013 and 2012:

QUARTERS

(In thousands of dollars, except for volume and per share information)

	2013				2012			
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
Volume (MT)	**156,415**	**150,914**	**165,304**	**176,641**	172,754	146,494	157,786	164,539
	$	**$**	**$**	**$**	$	$	$	$
Total revenues	**142,376**	**131,819**	**138,403**	**145,840**	175,805	144,132	147,687	150,469
Gross margin	**30,639**	**22,851**	**14,618**	**17,545**	23,654	17,923	18,207	18,077
EBIT	**23,698**	**16,021**	**7,819**	**12,000**	16,769	11,583	11,180	11,072
Net earnings	**16,133**	**10,434**	**3,995**	**6,703**	9,880	6,528	6,909	6,944
Gross margin rate per MT	**195.88**	**151.42**	**88.43**	**99.33**	136.92	122.35	115.39	109.86
Per share								
Net earnings								
Basic	**0.17**	**0.11**	**0.04**	**0.07**	0.11	0.07	0.07	0.07
Diluted	**0.16**	**0.11**	**0.04**	**0.07**	0.10	0.07	0.07	0.07
Non-GAAP Measures								
Adjusted gross margin	**29,567**	**19,899**	**15,756**	**17,757**	37,789	23,065	19,642	21,696
Adjusted EBIT	**22,626**	**13,069**	**8,957**	**12,212**	30,904	16,725	12,615	14,691
Adjusted net earnings	**14,887**	**7,552**	**4,372**	**7,011**	19,761	9,841	7,641	9,782
Adjusted gross margin rate per MT	**189.02**	**131.87**	**95.31**	**100.53**	218.74	157.45	124.49	131.86
Adjusted net earnings per share								
Basic	**0.16**	**0.08**	**0.05**	**0.07**	0.22	0.10	0.08	0.10
Diluted	**0.15**	**0.08**	**0.05**	**0.07**	0.19	0.10	0.08	0.10

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. In addition, in fiscal 2012, a special quota was opened by the U.S. which allowed the Company to sell more export volume in the first quarter of that year. Conversely, the second quarter (January to March) is historically the lowest volume quarter, resulting in lower revenues, adjusted gross margins and adjusted net earnings. In fiscal 2013, the Company gained additional industrial volume from existing and new customers and recaptured an HFCS substitutable account in western Canada starting in the third quarter, which resulted in higher sales volume in the second, third and fourth quarters. Adjusted gross margin rate per metric tonne was lower in fiscal 2013 than fiscal 2012 due mainly to an unfavourable sales mix and additional operational expenses.

Fourth Quarter Results

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

Fourth quarter volume increased by approximately 12,100 metric tonnes as compared to the same quarter of fiscal 2012. Both industrial and liquid volumes were higher in the fourth quarter by approximately 10,700 and 6,000 metric tonnes, respectively. Industrial volume was higher due to volume gains from new and existing customers. Liquid volume was higher due to the recovery of an HFCS substitutable account in western Canada. This was partially offset with lower export sales of approximately 3,900 metric tonnes and lower consumer volume of approximately 700 metric tonnes during the quarter. The decrease in export sales is due to the timing of delivery of volume against the annual U.S. quota and exports to Mexico. The decrease in consumer volume was due mainly to timing in customer promotions.

For the quarter, the adjusted gross margin rate was $100.53 per metric tonne as compared to $131.86 per metric tonne in fiscal 2012. The decrease of $31.33 per metric tonne was due to higher costs of raw material in Taber, higher maintenance costs in Vancouver due to an unusual breakdown, and poorer overall plant performances. In addition, the sales mix with higher industrial and liquid volumes and lower consumer and export volumes also had a negative impact on the adjusted gross margin rate for the quarter.

Distribution expenses for the quarter were approximately $0.2 million lower than in fiscal 2012 due mainly to timing in shipments to the U.S. under the Canada-specific quota. Administration and selling costs were lower by approximately $1.2 million compared to the same quarter in fiscal 2012 due mainly to lower legal, doubtful accounts and incentive provision expenses.

Net finance costs for the quarter were $0.2 million higher than the comparable quarter of fiscal 2012, due to a swing of $0.3 million in the mark-to-market of the interest rate swap which had an income of $0.2 million in fiscal 2012 versus a loss of $0.1 million in fiscal 2013. This was offset by a decrease of $0.1 million due to lower interest costs on the revolving credit facility with the new five-year interest rate swap of 2.09%.

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.

Cash flow from operations was $37.7 million in fiscal 2013, as opposed to $47.8 million in fiscal 2012. The decrease of $10.1 million was due mainly to lower adjusted net income of $13.2 million, offset by lower income taxes paid of $2.2 million.

Capital expenditures in fiscal 2013 were slightly lower by $0.1 million compared to the previous year.

The cash flow requirements for the year were funded from available cash reserves while borrowings under the revolving credit facility increased by $15.0 million in fiscal 2013.

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)	**2013**	2012	2011
	$	$	$
Cash flow from operations	**37,653**	47,793	22,915
Adjustments:			
Changes in non-cash working capital	**3,452**	(14,417)	35,697
Changes in non-cash income taxes payable	**1,423**	5,113	(8,689)
Changes in non-cash interest payable	**368**	315	350
Mark-to-market and derivative timing adjustments	**(4,461)**	22,212	(10,247)
Financial instruments non-cash amount	**6,458**	1,699	5,636
Capital expenditures	**(9,117)**	(9,183)	(8,128)
Investment capital expenditures	**1,430**	694	175
Issue (buy back) of securities	**92**	352	275
Deferred financing charges	**(569)**	(2,716)	–
Free cash flow	**36,729**	51,862	37,984
Declared dividends	**67,751**	32,915	32,714

Free cash flow was $15.1 million lower than the previous year. The decrease is due mainly to lower adjusted results from operating activities of $18.1 million. This was partially offset with an increase in free cash flow of $2.1 million as deferred financing charges of $0.6 million were paid in fiscal 2013 for the renewal of the revolving credit facility compared to $2.7 million in fiscal 2012 for the issuance of the fifth series convertible debentures. In addition, $0.7 million of additional investment capital expenditures were made this year versus last.

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

The combined impact of the mark-to-market and financial instruments non-cash amount of $2.0 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.

Capital expenditures, net of investment capital, were lower by approximately $0.8 million in fiscal 2013 due to timing. Every year, the Company targets to invest approximately $7.0 million in maintenance capital expenditures.

Investment capital expenditures were $0.7 million higher than fiscal 2012. In fiscal 2013, the Company committed $2.2 million, of which, $0.6 million was spent during the year for the acquisition and installation of a new palletizing station at the Vancouver refinery, which will start generating labour savings towards the end of fiscal 2014. In fiscal 2012, some energy savings projects were undertaken and the Company secured a small sugar containing products quota as well as a retail packaging line for the blending operations. 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 2013, 23,500 shares were issued pursuant to the Share Option Plan for total proceeds of approximately $0.1 million compared to 100,000 shares for a total cash inflow of $0.4 million in fiscal 2012.

Financing charges are paid when a new debt financing is completed and such charges are deferred and amortized over the term of that debt. The cash used in the year to pay for such fees is therefore not available and as a result deducted from free cash flow. In fiscal 2013, the Company negotiated a new five-year Credit Agreement for which deferred financing charges of approximately $0.6 million were paid. In fiscal 2012, an amount of $2.7 million was paid for the issuance of the fifth series convertible unsecured subordinated debentures.

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

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 few years:

(In thousands of dollars)	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Revolving credit facility	75,000	25,000	20,000	30,000	–
Interest on convertible debentures	28,325	6,300	12,600	8,563	862
Interest based on swap agreement	3,919	1,045	1,777	1,097	–
Finance lease obligations	46	39	7	–	–
Operating leases	3,500	1,761	1,262	382	95
Purchase obligations	33,324	33,324	–	–	–
Derivative financial instruments	75,936	79,060	(6,390)	3,266	–
	220,050	146,529	29,256	43,308	957
(In metric tonnes)					
Purchase obligations	1,567,000	487,000	816,000	264,000	–

During the year, Lantic entered into a new five-year credit agreement of $150.0 million effective June 28, 2013, replacing the $200.0 million credit agreement that expired on the same date. At September 28, 2013, a total of $75.0 million had been borrowed under short-term bankers' acceptances under that facility.

In addition, the Company negotiated a five-year interest rate swap agreement, as at June 28, 2013, 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 $28.9 million for sugar beets that will be harvested and processed in fiscal 2014 and exclude any raw sugar priced against futures contracts.

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

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

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

The Company has hedged all of its exposure to raw sugar price risk movement through October 2015.

At September 28, 2013, the Company had a net long sugar position of $38.3 million in net contract amounts with a current net contract value of $40.3 million. This is offset by a larger volume of sugar priced with customers than purchases priced from suppliers.

The Company uses futures contracts and swaps to help manage its natural gas costs. At September 28, 2013, the Company had $15.2 million in natural gas derivatives, with a current contract value of $13.0 million.

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

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

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

At September 28, 2013, the Company had a net $20.4 million in foreign currency forward contracts with a current contract value of $20.1 million.

As part of its normal business practice, the Company also enters into multi-year supply agreements with raw sugar processors for raw cane sugar. Contract terms will state the quantity and estimated delivery schedule of raw sugar. The price is determined at specified periods of time before such raw sugar is delivered based upon the value of raw sugar as traded on ICE #11 world raw sugar. At September 28, 2013, the Company had commitments to purchase a total of 1,567,000 metric tonnes of raw sugar, of which only 94,360 metric tonnes had been priced, for a total dollar commitment of $40.2 million.

The Company has no other off-balance sheet arrangements.

CAPITAL RESOURCES

During the year, Lantic entered into a new five-year credit agreement of $150.0 million effective June 28, 2013, replacing the $200.0 million credit agreement that expired on the same date. The total available credit was reduced by $50.0 million to better suit the expected financial needs of the Company. In addition, the Company negotiated a five-year interest rate swap agreement, as at June 28, 2013, at a rate of 2.09% for an initial amount of $50.0 million, declining to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The new interest rate swap agreement will allow the Company to benefit from lower finance charges as compared to the former swap agreement that expired on the same date. At September 28, 2013, $75.0 million had been drawn from the working capital facility and $3.2 million in cash was also available.

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

The operating Company has approved for future commitments approximately $3.8 million for completing capital expenditures presently in progress. With this carry-forward, total maintenance and investment capital expenditures for fiscal 2014 should be approximately $10.0 million.

The Company also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at September 28, 2013, all of the Company's registered defined benefit pension plans were in a deficit position. The total accounting deficit was estimated at approximately $44.3 million. 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 2013, cash contributions to defined benefit pension plans increased by approximately $0.6 million to $8.5 million. During the year, the Company recorded a $1.9 million expense for future committed pension benefit updates, which will result in a one-time additional cash contribution of approximately $3.1 million in 2014. Furthermore, the Company expects to pay in 2014 approximately $2.3 million for the potential settlement of a Senior Executive Retirement Plan ("SERP") of a senior executive following his retirement. In total, the Company expects to incur cash contributions of approximately $13.0 million for fiscal 2014 related to employee defined benefit plans. 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 94,114,260 shares were outstanding as at September 28, 2013. During the year, a total of 23,500 shares were issued under the Share Option Plan.

As at November 14, 2013, 94,114,260 shares were outstanding.

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

On December 19, 2011, some of the net proceeds from the issuance of the fifth series debentures were used to redeem the 5.9% third series convertible debentures of $51.7 million plus accrued interest.

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

In 2005, the Company reserved and set aside for issuance a total of 850,000 shares to be allocated to key personnel. At September 30, 2005, a total of 350,000 shares had been allocated to two senior executives. These shares were priced at $4.33 per share, representing the average market price for the five business days before the granting of the options to the two senior executives. A further 400,000 shares were allocated on October 24, 2005 to the new President and CEO of Lantic. These shares were priced at $3.61 per share, representing the average market price for the five business days before the granting of the options to the President and CEO. On December 17, 2009, 100,000 shares were granted to a senior executive. These shares were priced at $4.70 per share representing the average market price for the five business days before the grant of the options. These shares are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. In fiscal 2013, a total of 23,500 shares were exercised while 100,000 shares were exercised in fiscal 2012. Upon termination, resignation, retirement, death or long-term disability, all shares granted under the Share Option Plan not vested are forfeited. Further to the departure of a senior executive in fiscal 2011, a total of 80,000 shares, priced at $4.70, were forfeited while a further 150,000 shares priced at $4.33, were forfeited in fiscal 2008 following the departure of another senior executive. On March 19, 2012, the 230,000 forfeited shares were allocated at a price of $5.61 to certain executives subject to the approval of the shareholders to amend the Share Option Plan eligible person definition to include all senior personnel at the next Annual General Meeting. The approval was obtained on January 30, 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 2013.

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 a valuation allowance to reduce the deferred income tax assets to the amount that we believe to be more likely than not realizable.

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 salary increases, the long-term health care trend rate, mortality rates and the estimated future return on plan assets.

The next actuarial valuations are scheduled for December 31, 2013 for three of the four defined benefit pension plans. The actuarial valuation for the other plan is scheduled for December 31, 2015.

In the current volatile financial environment, return on plan assets may vary from historical plan performance. This, combined with the discount rate used in assessing plan 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 their 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 2013 and have not been applied in preparing the consolidated financial statements. The Company will continue evaluating the impact that these standards will have on its results of operations and financial position.

IAS 19 *Employee Benefits* – This standard includes the elimination of the option to defer the recognition of gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans. This standard is effective for annual periods beginning January 1, 2013.

The impact of this new standard retrospectively applied to the consolidated financial statements of the Company for 2013, once adopted in 2014, is as follows:

- Increase in pension expense of $1.0 million;
- Decrease in deferred income taxes expense of $0.3 million;
- Increase of other comprehensive income of $0.7 million, net of taxes;

IFRS 10 *Consolidated Financial Statements* – This standard provides additional guidance to determine whether an entity should be included within the consolidated financial statements of the Company. The standard is required to be adopted for annual periods beginning January 1, 2013. The adoption of IFRS 10, *Consolidated Financial Statements* is not expected to have a material impact on the consolidated financial statements of the Company.

IFRS 13 *Fair Value Measurement* – This standard provides new guidance on fair value measurement and disclosure requirements. This standard is required to be adopted for annual periods beginning January 1, 2013. The adoption of IFRS 13 is not expected to have any significant impact on the consolidated financial statements.

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

IFRS 9 *Financial Instruments* – The standard will replace IAS 39, *Financial Instruments: Recognition and Measurement* with a proposed single model for only two classification categories: amortized cost and fair value. The standard is currently required to be adopted for annual periods beginning January 1, 2015. The extent of the impact on the consolidated financial statements of the Company has not yet been determined.

ENVIRONMENT

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

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

The Montreal facility has a lengthy history of industrial use. Contamination has been identified on a vacant property acquired in 2001, and Lantic has been advised that additional soil and ground water contamination is likely to be present. Given the industrial use of the property, and the fact that Lantic does not intend to change the use of that property in the future, Lantic does not anticipate any material expenditures being required in the short term to deal with this contamination, unless off-property impacts are discovered or parking lot expansion requires containment or disposal of contamination. During the year, the Company spent $0.7 million to remove an unused oil tank. In fiscal 2014, the Company will remove any soil determined as contaminated under the tank. The Company recorded a provision under asset retirement obligations for this purpose, which is expected to be sufficient.

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

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

On October 8, 1997, OMI Lantic Holdings and BAI Lantic Holdings (collectively "Lantic Holdings Companies") and Lantic Realco provided a joint and several indemnity in favour of RSL against any claim imposing liability under environmental law resulting from the presence, discharge, release or threatened release of any hazardous substance at three Kalama properties, at four U.S. "superfund" sites involving Kalama, or at a British Columbia property formerly owned by Chatterton, and any claims relating to environmental matters arising under the Kalama sale agreement.

RSL's liability for environmental matters under the Kalama sale agreement was terminated as a result of a settlement completed on June 30, 2008.

Lantic Realco has completed the environmental remediation of the Chatterton property and the British Columbia Ministry of Environment has issued certificates of compliance confirming that no further remediation is required.

As a result of the termination of liabilities under the Kalama Sale Agreement and completion of remediation of the Chatterton property, Lantic's management believes Lantic has no significant risk of material loss or expense as a result of historic environmental issues relating to the Kalama or Chatterton properties.

RISK FACTORS

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

Dependence Upon Lantic

Rogers is entirely dependent upon the operations and assets of Lantic through its ownership of securities of this company. Accordingly, interest payments to debenture holders and dividends to shareholders will be dependent upon the ability of Lantic to pay its interest obligations under the subordinated notes and to declare and pay dividends on or return capital in respect of the common shares. The terms of Lantic's bank and other indebtedness may restrict its ability to pay dividends and make other distributions on its shares or make payments of principal or interest on subordinated debt, including debt which may be held, directly or indirectly, by Rogers, in certain circumstances. In addition, Lantic may defer payment of interest on the subordinated notes at any given time for a period of up to 18 months.

Fluctuations in Margins and Foreign Exchange

The Company's profitability is principally affected by the margins on domestic refined sugar. In turn, this price is affected by a variety of market factors such as competition, government regulations and foreign trade policies. The Company, through the U.S. specific quota, normally sells approximately 12,000 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 or under extraordinary circumstances like the one that occurred in the fall of 2011, most sales are in Canada and have little exposure to foreign exchange movements.

Fluctuations in Raw Sugar Prices

Raw sugar prices are not a major determinant of the profitability of the Company's cane sugar operations, as the price at which sugar is both purchased and sold is related to the world raw sugar price and all transactions are hedged. In a market where world raw sugar is tight due to lower production, significant premiums may be charged on nearby deliveries which would have a negative impact on the adjusted gross margins of the cane operations. The world raw sugar price can, however, impact the profitability of the Company's beet operations. Sugar derived from beets is purchased at a fixed price, plus a scale incentive when sugar prices rise over a certain level, and the selling price of domestic refined sugar rises or falls in relation to the world raw sugar prices.

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

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

Weather and Other Factors Related to Production

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

Competition

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

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

Operating Costs

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

Government Regulations and Foreign Trade Policies

In July 1995, Revenue Canada made a preliminary determination that there was dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom, the Netherlands and the Republic of Korea into Canada, and that subsidized refined sugar was being imported into Canada from the United States and European Union ("EU"). The Canadian International Trade Tribunal ("CITT") conducted an enquiry and on November 6, 1995 ruled that the dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom and the Netherlands as well as the subsidizing from the EU was threatening material injury to the Canadian sugar industry. The ruling resulted in the imposition of duties by Revenue Canada.

Under Canadian laws, these duties must be reviewed every five years. On November 3, 2000, on November 2, 2005, and on November 1, 2010, the CITT continued for a further five years the anti-dumping duties imposed on imports of refined sugar from the United States but, in November 2010, removed the anti-dumping and countervailing duties on refined sugar imports from the EU.

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

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

The Canadian Government continues to be engaged in a number of bilateral free trade agreement ("FTA") negotiations. One of the first FTAs to have a significant impact on the Canadian sugar industry was the FTA negotiated with Costa Rica, which included the phase-out of Canada's $31 per tonne duty on imports of refined sugar to Canada. Since January 1, 2011, Costa Rica has had duty-free access to Canada for refined sugar while Lantic and the other major Canadian refiner did not receive meaningful access to the Costa Rican market. Given the impacts of this agreement and strong objection of Canada's sugar industry, the Government of Canada continues to take the specific concerns of the industry into account to ensure that this agreement does not serve as a model for future negotiations.

In 2008, as part of its new "Global Commerce Strategy," the Canadian government announced a strengthened focus on regional and bilateral trade negotiations, including the expansion of Canada's bilateral trade network with countries in South and Central America. Lantic has been actively supporting the work of the CSI in informing government officials and politicians of the threat to Canada's sugar industry of such trade agreements. Of particular concern is the threat of imports from surplus sugar producers such as in South and Central America where there is no commercial export opportunity for Canadian refined sugar.

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

The Government of Canada has continued to make the Canada-European Union Comprehensive Economic and Trade Agreement ("CETA") negotiations a priority. On October 18, 2013 Prime Minister Stephen Harper and European Commission President José Manuel Barossa announced, in Brussels, that they had reached an agreement in principle on CETA. Under the agreement, Canada is expected to have significant financial benefits from exports of sugar-containing products ("SCP") which should contribute to the long term prosperity of Canada's sugar industry. The initial SCP volume is set at 30,000 metric tonnes growing in 5 year increments to 51,840 metric tonnes over 15 years. The CETA is a positive development for the Canadian sugar market that is otherwise distorted by widespread government intervention in the EU. It is expected that it may take up to two years for the CETA to be ratified by all parties. It is too early to determine how the quota allocation will be administered within the Canadian refined sugar industry. Regardless, the Company is committed to ensure maximum utilization of this new export opportunity in a premium market which will be beneficial to the Company in the future.

Other significant FTA negotiations include the Trans Pacific Partnership ("TPP"), Canada-Japan and Canada-India. 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.

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

The Company continues to remain concerned that the inclusion of refined sugar in Canada's various regional and bilateral negotiations may result in substantial new duty-free imports from these countries, while not providing offsetting export market opportunities. The only real potential for significant, long-term export gains is via a global agreement through the World Trade Organization (WTO). Accordingly, 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. We will closely monitor the ratification process of the CETA, which, as mentioned, could take up to two years.

Employee Relations

The majority of the Company's operations are unionized.

The Montreal and Vancouver collective agreements with respect to unionized employees of the Montreal and Vancouver cane refineries both expired in February 2013. New three-year labour agreements were reached with the main unit and three of the of the smaller units of the unionized employees of the Montreal refinery. In addition, a new five-year labour agreement was reached with the unionized employees of the Vancouver refinery. All agreements were signed at competitive rates. Negotiations with the remaining unit of the Montreal refinery are on-going with the intent of reaching satisfactory agreement in the near future. There can be no assurance that a new agreement will be reached with the remaining union, or that the terms of such agreement 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

The total sweetener market increased slightly in fiscal 2013 and we forecast the market to continue to increase by a small percentage every year, in-line with population growth.

We anticipate that consumer volume will be slightly higher in 2014 than it was in 2013, largely as a result of a new multi-year national agreement with a major consumer account taking effect in January 2014. However, the consolidation of certain large retail accounts has intensified the competitiveness in this already highly competitive market.

The Company also expects export volume to be lower in 2014 as compared to 2013, offsetting the anticipated increase in consumer volume. Large crops in Mexico and the U.S. in fiscal 2013 resulted in significant surplus inventories and will therefore limit export opportunities in these countries in fiscal 2014. The Company will continue to investigate other export opportunities similar to those developed several years ago in Mexico, in order to secure additional export sales.

Overall, total sales volume and adjusted gross margin rates are expected to be slightly lower in fiscal 2014 as compared to fiscal 2013 due to further reductions in export volume and an increasingly competitive environment in the consumer and industrial segments.

Although the CETA agreement is positive news for the Canadian sugar industry, the new trade agreement is not expected to have any impact in fiscal 2014 as it may take up to two years for the CETA to be ratified by all parties.

The harvest and beet slicing campaign in Taber started on October 1, 2013. 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 beign harvested, is approximately 24,000 acres and if current harvesting conditions continue, we expect to produce approximately 85,000 tonnes of beet sugar in fiscal 2014.

Approximately 50% of fiscal 2014's natural gas requirements have been hedged at average prices comparable to those realized in fiscal 2013. Any un-hedged volume should benefit from the current low prices of nearby natural gas and therefore increase the adjusted gross margin rate. In addition, limited futures positions for fiscal 2015 to 2017 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 2013. We will continue to monitor natural gas market dynamics with the objective of minimizing natural gas costs.

As discussed previously, the Company entered into a new five-year credit agreement of $150.0 million and a five-year interest rate swap agreement at 2.09%. The reduction in the credit facility combined with the attractive interest rate swap should generate some financing costs savings.

With the increase in the discount rate at the end of fiscal 2013, pension plan expenses are expected to be slightly lower next year. However, pension cash contributions were increased following this year's actuarial valuations and may increase in the future as and when new actuarial valuations are done. In fiscal 2014, total pension cash contributions are expected to increase by approximately $4.5 million as the Company will make a one-time cash contribution for future plan benefit updates committed in fiscal 2013 and may fund the potential withdrawal of a SERP by a senior executive following his retirement. In the current financial environment, return on pension plan assets may vary from historical plan performance. This, combined with the discount rate used in assessing the plan liabilities, may impact pension plan expenses in future years.

RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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

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

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

November 14, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rogers Sugar Inc.

We have audited the accompanying consolidated financial statements of Rogers Sugar Inc., which comprise the consolidated statements of financial position as at September 28, 2013 and September 29, 2012, the consolidated statements of earnings and comprehensive income, changes in shareholders' equity and cash flows for the years ended September 28, 2013 and September 29, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rogers Sugar Inc. as at September 28, 2013 and September 29, 2012, and its consolidated financial performance and its consolidated cash flows for the years ended September 28, 2013 and September 29, 2012 in accordance with International Financial Reporting Standards.

November 14, 2013
Montreal, Canada

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

Consolidated statements of earnings	For the years ended **September 28, 2013**	 September 29, 2012
	$	$
Revenues (note 31)	**558,438**	618,093
Cost of sales	**472,785**	540,232
Gross margin	**85,653**	77,861
Administration and selling expenses	**18,005**	18,923
Distribution expenses	**8,110**	8,334
	26,115	27,257
Results from operating activities	**59,538**	50,604
Net finance costs (note 5)	**9,127**	9,695
Earnings before income taxes	**50,411**	40,909
Income tax expense (note 6):		
Current	**11,659**	10,141
Deferred	**1,487**	507
	13,146	10,648
Net earnings	**37,265**	30,261
Net earnings per share (note 26):		
Basic	**0.40**	0.33
Diluted	**0.39**	0.32

Consolidated statements of comprehensive income	For the years ended **September 28, 2013**	 September 29, 2012
	$	$
Net earnings	**37,265**	30,261
Other comprehensive income (loss):		
Items that will not be reclassified to net earnings:		
Defined benefit actuarial gains (losses) (note 19)	**10,711**	(7,030)
Income tax on other comprehensive income (loss) (note 6)	**(2,785)**	1,813
	7,926	(5,217)
Net earnings and comprehensive income for the year	**45,191**	25,044

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

	September 28, 2013	September 29, 2012
	$	$
Assets		
Current assets:		
Cash and cash equivalents	**3,204**	27,895
Trade and other receivables (note 7)	**50,126**	51,071
Income taxes recoverable	**663**	760
Inventories (note 8)	**72,374**	78,286
Prepaid expenses	**2,047**	1,689
Derivative financial instruments (note 9)	**129**	–
Total current assets	**128,543**	159,701
Non-current assets:		
Property, plant and equipment (note 10)	**177,382**	180,132
Intangible assets (note 11)	**2,117**	2,347
Other assets (note 12)	**544**	142
Deferred tax assets (note 13)	**14,629**	21,778
Derivative financial instruments (note 9)	**432**	15
Goodwill (note 14)	**229,952**	229,952
Total non-current assets	**425,056**	434,366
Total assets	**553,599**	594,067
Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving credit facility (note 15)	**25,000**	60,000
Trade and other payables (note 16)	**37,659**	46,795
Income taxes payable	**1,304**	2,824
Provisions (note 17)	**1,150**	1,363
Finance lease obligations (note 18)	**39**	69
Derivative financial instruments (note 9)	**3,670**	7,922
Total current liabilities	**68,822**	118,973
Non-current liabilities:		
Revolving credit facility (note 15)	**50,000**	–
Employee benefits (note 19)	**44,345**	57,857
Provisions (note 17)	**2,273**	2,899
Derivative financial instruments (note 9)	**623**	2,283
Finance lease obligations (note 18)	**7**	46
Convertible unsecured subordinated debentures (note 20)	**105,857**	104,988
Deferred tax liabilities (note 13)	**26,799**	29,676
Total non-current liabilities	**229,904**	197,749
Total liabilities	**298,726**	316,722
Shareholders' equity:		
Share capital (note 21)	**133,833**	133,737
Contributed surplus	**200,135**	200,143
Equity portion of convertible unsecured subordinated debentures (note 20)	**1,188**	1,188
Deficit	**(80,283)**	(57,723)
Total shareholders' equity	**254,873**	277,345
Commitments (notes 23 and 24)		
Contingencies (note 25)		
Total liabilities and shareholders' equity	**553,599**	594,067

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

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

For the year ended September 29, 2012						
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Deficit	Total
		$	$	$	$	$
Balance, October 1, 2011	88,842,333	105,542	203,910	–	(51,880)	257,572
Dividends (note 21)	–	–	–	–	(32,915)	(32,915)
Share-based compensation (note 22)	–	–	40	–	–	40
Conversion of convertible debentures into shares (note 20)	5,148,427	27,819	(1,562)	–	–	26,257
Redemption of convertible debentures (note 20)	–	–	(2,230)	–	2,028	(202)
Issuance of convertible debentures (note 20)	–	–	–	1,188	–	1,188
Issuance of shares (note 22)	100,000	376	(15)	–	–	361
Net earnings and comprehensive income for the year	–	–	–	–	25,044	25,044
Balance, September 29, 2012	94,090,760	133,737	200,143	1,188	(57,723)	277,345

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

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Cash flows from operating activities:		
Net earnings	**37,265**	30,261
Adjustments for:		
Depreciation of property, plant and equipment (note 4)	**12,357**	11,684
Amortization of intangible assets (note 4)	**230**	177
Changes in fair value of derivative financial instruments included in cost of sales	**(4,672)**	420
Income tax expense (note 6)	**13,146**	10,648
Pension contributions	**(12,503)**	(11,490)
Pension expense	**9,702**	7,484
Net finance costs (note 5)	**9,127**	9,695
Loss on disposal of property, plant and equipment	**(216)**	25
Share-based compensation (note 22)	**(4)**	40
Other	**1**	146
	64,433	59,090
Changes in:		
Trade and other receivables	**945**	6,777
Inventories	**5,912**	12,747
Prepaid expenses	**(358)**	515
Trade and other payables	**(9,112)**	(5,540)
Provisions	**(839)**	(82)
	(3,452)	14,417
Cash generated from operating activities:	**60,981**	73,507
Interest paid	**(10,246)**	(10,460)
Income taxes paid	**(13,082)**	(15,254)
Net cash from operating activities	**37,653**	47,793
Cash flows (used in) from financing activities:		
Dividends paid (note 21)	**(67,750)**	(31,998)
Increase (decrease) of revolving credit facility (note 15)	**15,000**	(10,000)
Payment of financing fees	**(569)**	(2,716)
Issuance of shares (note 22)	**92**	361
Issuance of convertible unsecured subordinated debentures (note 20)	**–**	60,000
Redemption of convertible unsecured subordinated debentures (note 20)	**–**	(51,679)
Repurchase of convertible debentures (note 20)	**–**	(9)
Net cash used in financing activities	**(53,227)**	(36,041)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(9,117)**	(8,454)
Additions to intangible assets	**–**	(729)
Net cash used in investing activities	**(9,117)**	(9,183)
Net (decrease) increase in cash and cash equivalents	**(24,691)**	2,569
Cash and cash equivalents, beginning of period	**27,895**	25,326
Cash and cash equivalents, end of period	**3,204**	27,895

Supplemental cash flow information (note 27)

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

1. REPORTING ENTITY:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The consolidated financial statements of Rogers as at September 28, 2013 and September 29, 2012 comprise Rogers and its subsidiary, Lantic Inc. (together referred to as the "Company"). The principal business activity of the Company is the refining, packaging and marketing of sugar products.

The Company's fiscal quarters end on the Saturday closest to the end of December, March, June and September. All references to 2013 and 2012 represent the years ended September 28, 2013 and September 29, 2012.

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 14, 2013.

(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 pension plan liability is recognized as the net total of the present value of the defined benefit obligation less the total of the fair value of the plan assets and the unrecognized past service costs.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

Significant areas requiring the use of management judgements and estimates relate to the valuation of goodwill, the rates for depreciation and amortization of property, plant and equipment and intangible assets, the recoverability of deferred income tax assets and the assumptions used for the determination of employee future benefit obligations.

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

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

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

(i) Fair value of derivative financial instruments:

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

(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 taxable 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, the expected long-term rate of return on plan assets, 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 periods 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 has the power to govern the financial and operating policies of a subsidiary and obtain the receipt of benefits from having the power to govern. 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 $1 each. The Class C shares entitle the holder to elect five of the seven directors of Lantic but have no other voting rights at any meetings of Lantic shareholders except as may be required by law.

Notwithstanding Lantic Capital Inc.'s ability to elect five of the seven directors of Lantic, Lantic Capital Inc. receives no benefits or exposure to losses from its ownership of the Class C shares. As the Class C shares are non-dividend paying and redeemable for $1, 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 who has the power to govern and receive the benefits from having the power to govern necessarily involves a high degree of judgement. Based on all the facts and available information, management has concluded that the Company has the power to govern Lantic and receive the benefits derived from having the power to govern.

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 part 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 component 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 for the current and comparative periods 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 net identifiable assets of the acquired company or business activities. Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

(ii) Other intangible assets:

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

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

Software	5 to 15 years
Other	10 years

(g) Leased assets:

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

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

(h) Impairment:

(i) Non-financial assets:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(h) Impairment (continued):

(i) Non-financial assets (continued):

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.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs 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 periods 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(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 periods during which services are rendered by employees.

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 pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The Company accrues its obligations under employee benefit plans as the employees render the services necessary to earn pension and other employee future benefits. The Company has adopted the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit method.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value at the year-end date.
- The discount rate used to value the defined benefit obligation 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.
- Past service costs from plan amendments are recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss in cost of sales or administration and selling expenses, depending on which benefit plans it pertains to.
- Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The Company recognizes all actuarial gains or losses immediately in other comprehensive income and in retained earnings (deficit).

The difference between the cumulative amounts expensed and the funding contributions is recognized on the statement of financial position as a pension asset or a pension liability, as the case may be.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(i) Employee benefits (continued):

(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 an employee 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(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 remeasured at amortized cost, using the effective interest method, less impairment. Available-for-sale financial assets are measured at fair value at each reporting period and unrealized gains or losses arising from changes in fair value, other than impairment losses, are recorded in other comprehensive income until such time as the asset is removed from the statement of financial position at which time the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company's trade and other receivables are initially measured at fair value and subsequently re-measured at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost, less impairment. The Company's trade and other payables have been classified as other financial liabilities and are, therefore, initially measured at fair value and subsequently at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost. Other financial liabilities also include short-term borrowings. Financial assets and liabilities classified at fair value through profit or loss are measured at fair value at each reporting period with changes in fair value in subsequent periods included in profit or loss.

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

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

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

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

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

(i) Cash and cash equivalents:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(k) Financial instruments (continued):

(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 an interest rate swap agreement to protect itself against interest rate fluctuations, which is recorded at fair value each reporting period with changes recorded in 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 remeasured subsequent to initial recognition.

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(k) Financial instruments (continued):

(vi) Share capital (continued):

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(o) Income taxes (continued):

Deferred tax is 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 tax is 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 tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is 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 probably 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:

IAS 1, *Presentation of financial statements:*

Amendments to IAS 1, Presentation of Financial Statements enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements, primarily by requiring the components of OCI to be presented separately for items that may be reclassified to the statement of earnings in the future from those that would never be reclassified to the statement of earnings. The amendments are effective for annual periods beginning on or after July 1, 2012. The adoption of the amendments had no impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(r) New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 28, 2013 and have not been applied in preparing these consolidated financial statements. New standards and amendments to standards and interpretations that are currently under review include:

(i) IAS 19, *Employee benefits:*

Amendments to IAS 19, *Employee Benefits*, include the elimination of the option to defer the recognition of gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013. The Company intends to adopt the amendments in its consolidated financial statements for the annual period beginning September 29, 2013. The impact of this new standard retrospectively applied to the consolidated financial statements of the Company for 2013, once adopted in 2014 is as follows:

- Increase in pension expense of $1.0 million;
- Decrease in deferred income tax expense of $0.3 million;
- Increase of other comprehensive income of $0.7 million, net of taxes.

(ii) IFRS 10, *Consolidated Financial Statements:*

This standard provides additional guidance to determine whether an entity should be included within the consolidated financial statements of the Company. IFRS 10 replaces SIC 12, *Consolidation - Special Purpose Entities,* and parts of IAS 27, *Consolidated and Separate Financial Statements.* This standard is required to be adopted for annual periods beginning January 1, 2013. The Company intends to adopt the amendments in its consolidated financial statements for the annual period beginning September 29, 2013. The adoption of IFRS 10, *Consolidated Financial Statements,* is not expected to have a material impact on the consolidated financial statements of the Company.

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

This standard provides new guidance on fair value measurement and disclosure requirements, which becomes effective for annual periods commencing on or after January 1, 2013. The Company intends to adopt the amendments in its consolidated financial statements for the annual period beginning September 29, 2013. The adoption of IFRS 13, *Fair value measurement* is not expected to have a material impact on the consolidated financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

(iv) IAS 36, I*mpairment of assets:*

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

(v) IFRS 9, *Financial instruments:*

IFRS 9 is a new standard which will ultimately replace IAS 39, *Financial Instruments: Recognition and Measurement*, with a proposed single model for only two classification categories: amortized cost and fair value. This standard becomes mandatory for the years commencing on or after January 1, 2015 with earlier application permitted. The extent of the impact of adoption of IAS 39, *Financial Instruments: Recognition and Measurement* on the consolidated financial statements of the Company has not yet been determined.

4. DEPRECIATION AND AMORTIZATION EXPENSES:

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

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**11,895**	11,237
Administration and selling expenses	**462**	447
	12,357	11,684
Amortization of intangible assets:		
Administration and selling expenses	**230**	177
Total depreciation and amortization expenses	**12,587**	11,861

5. FINANCE INCOME AND FINANCE COSTS:

Recognized in net earnings:

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Net change in fair value of interest rate swap (note 9)	**1,787**	2,119
Finance income	**1,787**	2,119
Interest expense on convertible unsecured subordinated debentures, including accretion of $147 (2012 - $115) (note 20)	**6,447**	6,682
Interest on revolving credit facility	**3,579**	3,578
Amortization of deferred financing fees	**888**	958
Loss on early redemption of convertible unsecured subordinated debentures (note 20)	**–**	596
Finance costs	**10,914**	11,814
Net finance costs recognized in net earnings	**9,127**	9,695

6. INCOME TAX EXPENSE:

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Current tax expense		
Current period	**11,670**	10,039
Adjustment for prior periods	**(11)**	102
Current tax expense	**11,659**	10,141
Deferred tax expense		
Recognition and reversal of temporary differences	**1,337**	404
Changes in tax rates	**150**	103
Deferred tax expense	**1,487**	507
Total income tax expense	**13,146**	10,648

6. INCOME TAX EXPENSE (CONTINUED):

Income tax recognized in other comprehensive income:

	For the years ended					
	September 28, 2013			September 29, 2012		
	Before tax	**Tax benefit**	**Net of tax**	Before tax	Tax benefit	Net of tax
	$	**$**	**$**	$	$	$
Defined benefit plans actuarial gains (losses)	**10,711**	**(2,785)**	**7,926**	(7,030)	1,813	(5,217)

Reconciliation of effective tax rate:

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

	For the years ended			
	September 28, 2013		September 29, 2012	
	%	**$**	%	$
Earnings before income taxes		**50,411**		40,909
Income taxes using the Company's statutory tax rate	**25.50**	**12,855**	25.38	10,383
Changes due to the following items:				
Changes in tax rate	**0.30**	**150**	0.25	103
Other	**0.28**	**141**	0.40	162
	26.08	**13,146**	26.03	10,648

7. TRADE AND OTHER RECEIVABLES:

	September 28, 2013	September 29, 2012
	$	$
Trade receivables	**45,180**	46,439
Initial margin deposits with commodity brokers	**4,946**	4,632
	50,126	51,071

7. TRADE AND OTHER RECEIVABLES (CONTINUED):

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

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

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

- There is a broad base of customers with dispersion across different market segments.
- Bad debt write-offs to total revenue have been less than 0.05% for each of the last five years (averaging less than $172 per year). Write-offs for fiscal 2013 were $82 ($111 for fiscal 2012). The allowance for doubtful accounts as at September 28, 2013 was $300 (September 29, 2012 - $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 85% are current (less than 30 days) as at September 28, 2013, which is comparable to September 29, 2012.

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

8. INVENTORIES:

	September 28, 2013	September 29, 2012
	$	$
Raw sugar	**30,536**	35,139
Work in progress	**5,323**	9,543
Refined sugar	**20,297**	19,652
Sugar inventories	**56,156**	64,334
Packaging and operating supplies	**5,125**	4,056
Spare parts and other	**11,093**	9,896
	72,374	78,286

All 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.

9. FINANCIAL INSTRUMENTS:

Derivative financial instruments

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.

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

As at September 28, 2013 and September 29, 2012, financial derivatives outstanding and their mark-to-market impact on the consolidated statements of earnings were as follows:

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

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	September 29, 2012		September 29, 2012	
	$	$	$	$
Sugar futures contracts	–	15	263	–
Natural gas futures contracts	–	–	3,754	1,974
Foreign exchange forward contracts	–	–	1,261	243
Embedded derivatives	–	–	775	66
Interest rate swap	–	–	1,869	–
	–	15	7,922	2,283

9. FINANCIAL INSTRUMENTS (CONTINUED):

Derivative financial instruments (continued):

	Unrealized gain / (loss) For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Sugar futures contracts	**(7,222)**	(5,654)
Natural gas futures contracts	**(1,193)**	(3,579)
Foreign exchange forward contracts	**(483)**	(2,437)
Embedded derivatives	**926**	(2,573)
Charged to cost of sales	**(7,972)**	(14,243)

Each type of derivative instrument marking-to-market gain or loss represents the total mark-to-market value at the end of the year, less the mark-to-market value at the end of the previous year.

For sugar contracts, the amounts noted above are netted with the variation margins paid or received to/from the broker at the end of the reporting period. The fair values of the sugar and natural gas contracts have been determined using published quoted values for these commodities, while the fair value of foreign exchange forward contracts have been determined using rates published by the financial institution which is the counterparty to these contracts.

The fair values of the interest rate swap have been determined by using rates published on financial capital markets. The fair value of natural gas contracts, foreign exchange forward contracts and interest rate swap includes a credit risk adjustment for the Company's or counterparty's credit, as appropriate.

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.

(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.

9. FINANCIAL INSTRUMENTS (CONTINUED):

Derivative financial instruments (continued):

(a) Raw sugar (continued):

The Company's raw sugar futures contracts as well as the fair value of these contracts relating to purchases or sales of raw sugar at September 28, 2013 and September 29, 2012 are as follows:

	September 28, 2013			September 29, 2012		
	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	**30,442**	**29,088**	**(1,354)**	54,167	51,801	(2,366)
6 - 12 months	**124,122**	**116,248**	**(7,874)**	86,316	83,286	(3,030)
12 - 24 months	**27,555**	**27,688**	**133**	23,529	22,341	(1,188)
Over 24 months	**–**	**–**	**–**	–	–	–
	182,119	**173,024**	**(9,095)**	164,012	157,428	(6,584)
Sales:						
0 - 6 months	**(7,067)**	**(7,292)**	**(225)**	(12,834)	(11,733)	1,101
6 -12 months	**(93,268)**	**(82,629)**	**10,639**	(72,617)	(66,195)	6,422
12 - 24 months	**(44,591)**	**(44,021)**	**570**	(25,505)	(24,435)	1,070
Over 24 months	**–**	**–**	**–**	–	–	–
	(144,926)	**(133,942)**	**10,984**	(110,956)	(102,363)	8,593
Net position	**37,193**	**39,082**	**1,889**	53,056	55,065	2,009
F/X rate at end of period			**1.0310**			0.9836
Net value (CA$)			**1,948**			1,976
Less margin (receipt) call payment at year-end			**(3,044)**			(2,224)
Net liabilities (CA$)			**(1,096)**			(248)

9. FINANCIAL INSTRUMENTS (CONTINUED):

Derivative financial instruments (continued):

(a) Raw sugar (continued):

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.

(b) Natural gas:

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

	September 28, 2013			September 29, 2012		
	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	**5,317**	**3,652**	**(1,665)**	8,079	4,263	(3,816)
1 to 2 years	**3,514**	**3,306**	**(208)**	8,152	6,086	(2,066)
2 to 3 years	**2,740**	**2,520**	**(220)**	3,910	3,969	59
3 years and over	**3,168**	**3,117**	**(51)**	–	–	–
	14,739	**12,595**	**(2,144)**	20,141	14,318	(5,823)
F/X rate at end of period			**1.0310**			0.9836
Net liability (CA$)			**(2,210)**			(5,728)

9. FINANCIAL INSTRUMENTS (CONTINUED):

Derivative financial instruments (continued):

(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 and the purchase 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 U.S. dollars at a future date, and may be settled in cash.

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

Forward foreign exchange contracts have maturities of less than two years and relate exclusively to U.S. currency. The 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.

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED):

Derivative financial instruments (continued):

(c) Foreign exchange contracts (continued):

				September 29, 2012
	Original contracts value	Original contracts value	Current contract value	Fair value gain/(loss)
	(US$)	(CA$)	(CA$)	(CA$)
Purchases U.S. dollars:				
Less than 1 year	122,296	122,838	120,722	(2,116)
1 to 2 years	17,427	17,700	17,341	(359)
	139,723	140,538	138,063	(2,475)
Sales U.S. dollars:				
Less than 1 year	(100,163)	(99,552)	(98,697)	855
1 to 2 years	(11,896)	(11,951)	(11,835)	116
	(112,059)	(111,503)	(110,532)	971
	27,664	29,035	27,531	(1,504)

(d) Interest rate swap agreement:

In order to fix the interest rate on a substantial portion of the expected drawdown of the revolving credit facility, the Company entered into a new 5-year interest rate swap agreement effective June 28, 2013 at a rate of 2.09% for a value of $50.0 million, decreasing to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The Company's previous 5-year interest rate swap agreement of $70.0 million at a rate of 4.005% expired on June 28, 2013. The counterparties to this swap arrangement are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in this type of swap arrangement, nor does it anticipate non-performance by the counterparties. As at September 28, 2013, the fair value of the swap was a liability of $0.2 million (September 29, 2012 – liability of $1.9 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.

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

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

The Company had the following exposures at year-end:

	September 28, 2013	September 29, 2012
	(US$)	(US$)
U.S. financial instruments measured at amortized cost:		
Cash	**1,503**	989
Trade and other receivables, including initial margin deposits	**14,349**	13,265
Trade and other payables	**(2,197)**	(2,501)
	13,655	11,753
Financial instruments at fair value through profit or loss:		
Raw sugar futures sales contracts	**144,926**	110,956
Raw sugar futures purchases contracts	**(182,119)**	(164,012)
Natural gas contracts	**(14,739)**	(20,141)
Variation margins received on futures contracts	**(1,889)**	(2,009)
	(53,821)	(75,206)
Total exposure from above	**(40,166)**	(63,453)
Forward exchange contracts	**19,343**	27,664
Gross exposure	**(20,823)**	(35,789)

As at September 28, 2013, the U.S./Can. exchange rate was $1.0310 (September 29, 2012 - $0.9836).

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(b) Currency risk (continued):

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 $0.8 million, (September 29, 2012 - increase of $1.3 million) while a 5-cent decrease would have an equal but opposite effect on net earnings.

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

	September 28, 2013	September 29, 2012
	(US$)	(US$)
Gross exposure as per above	**(20,823)**	(35,789)
Sugar purchases priced not received	**(38,979)**	(46,356)
Committed future sales in U.S. dollars	**48,376**	84,419
Ocean freight	**(3,590)**	(7,256)
Other	**(407)**	569
Net exposure	**(15,423)**	(4,413)

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 $0.6 million in 2013 (September 29, 2012 - increase of $0.2 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 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.

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(b) Currency risk (continued):

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

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

(c) Interest rate risk:

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

The Company has short-term and long-term cash borrowings as at September 28, 2013 of $25.0 million and $50.0 million, respectively, as opposed to short-term cash borrowings of $60.0 million as at September 29, 2012. The Company normally enters into a 30 or 90-day Bankers' Acceptance for an amount varying between $60.0 million to $80.0 million of the borrowings, and will borrow either under prime rate loans or shorter term Bankers' Acceptances for any other borrowings. To mitigate the risk in future cash flows due to interest rate fluctuations, the Company entered into a new 5-year interest rate swap agreement effective June 28, 2013 at a rate of 2.09% for a value of $50.0 million, decreasing to $40.0 million on June 29, 2015 and to $30.0 million on June 28, 2016. The Company's previous 5-year interest rate swap agreement of $70.0 million at a rate of 4.005% expired on June 28, 2013. All other borrowings over and above the $50.0 million are therefore exposed to interest rate fluctuations.

For the year ended September 28, 2013, 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 less than $0.1 million lower for both fiscal 2013 and 2012. If interest rates would have been 50 basis points lower, net earnings would have been less than $0.1 million higher for both fiscal 2013 and 2012.

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(d) Liquidity risk:

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

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

(i) Based on notional amounts as presented above.

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(d) Liquidity risk (continued):

					September 29, 2012	
	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	60,000	60,000	–	60,000	–	–
Trade and other payables	46,795	46,795	46,795	–	–	–
Income taxes payable	2,824	2,824	2,824	–	–	–
Finance lease obligations	115	122	74	48	–	–
	109,734	109,741	49,693	60,048	–	–
Derivative financial instruments:						
Sugar futures contracts (net) (i)	248	54,162	39,411	16,811	(2,060)	–
Natural gas contracts (i)	5,728	19,811	3,989	3,958	8,018	3,846
Forward exchange contracts (net) (i)	1,504	29,035	(10,642)	33,928	5,559	190
Interest on swap agreement	1,869	2,103	1,402	701	–	–
	9,349	105,111	34,160	55,398	11,517	4,036
	119,083	214,852	83,853	115,446	11,517	4,036

(i) Based on notional amounts as presented above.

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.

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

It is the Company's intention to keep a debt level under its revolving credit facility between $50.0 million to $80.0 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.

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(d) Liquidity risk (continued):

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

As at September 28, 2013, the Company had an unused available line of credit of $75.0 million (September 29, 2012 - $140.0 million) and a cash and cash equivalent balance of $3.2 million (September 29, 2012 - $27.9 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. Any time raw sugar is priced by a sugar supplier, a corresponding sugar futures contract is sold for the same quantity, period and underlying value. Any time 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.

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(e) Commodity price risk (continued):

(ii) Natural gas (continued):

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

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

As at September 29, 2012, the Company had the following commodity contracts:

	Sugar futures contracts			Natural gas contracts		
	Volume (M.T.)	Current average value (US$)	Current contract value (US$)	Contracts (10,000 MM BTU)	Current average value (US$)	Current contract value (US$)
Purchases	346,375	454.50	157,428	368.6	3.884	14,318
Sales	(213,931)	456.97	(97,760)	–	–	–
Beet pre-hedge	(10,161)	453.00	(4,603)	–	–	–
	122,283	n/a	55,065	368.6	3.884	14,318
F/X rate at end of period			0.9836			0.9836
Net value CA$			54,162			14,083

If, on September 28, 2013, 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 $8.6 million (calculated only on the point-in-time exposure on September 28, 2013) (September 29, 2012 - increase of $9.8 million for US$0.05 increase). If the raw sugar value would have decreased by US$0.03 per pound (being approximately US$66.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been a decrease of approximately $5.2 million (September 29, 2012 - decrease of $5.9 million for US$0.03 decrease).

9. FINANCIAL INSTRUMENTS (CONTINUED):

Risks (continued):

(e) Commodity price risk (continued):

Except for the beet pre-hedge, management believes that the above is not representative, as the Company has physical raw sugar purchases and refined sugar selling contracts that would offset most gains or losses realized from such decrease or increase in the commodity value, when such contracts are liquidated. The Company has no beet pre-hedge contracts as at September 28, 2013. However, if, on September 29, 2012, the price of raw sugar would have increased by US$0.05 per pound, net earnings would have decreased by approximately $0.8 million. A decrease in raw sugar value of US$0.03 per pound would have increased net earnings by approximately $0.5 million.

If, on September 28, 2013, the natural gas market price would have increased by US$1.00, and all other variables remained constant, net earnings would have decreased by $2.7 million (September 29, 2012 - decrease of $2.7 million). If the natural gas value would have decreased by US $1.00, and all other variables remained constant, net earnings would have increased by $2.7 million (September 29, 2012 - increase of $2.7 million).

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

Fair values of financial instruments

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

The following describes the fair value determinations of financial instruments:

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

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED):

Fair values of financial instruments (continued):

The following describes the fair value determinations of financial instruments (continued):

(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 for finance lease obligations.

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

		September 28, 2013		September 29, 2012	
	Fair values hierarchy level	**Carrying values**	**Fair values**	Carrying values	Fair values
		$	**$**	$	$
Financial assets:					
At fair value through profit or loss:					
Derivatives	(See below)	**561**	**561**	15	15
Loans and receivables:					
Cash and cash equivalents	Level 1	**3,204**	**3,204**	27,895	27,895
Trade and other receivables	n/a	**50,126**	**50,126**	51,071	51,071
Income taxes recoverable	n/a	**663**	**663**	760	760
Total financial assets		**54,554**	**54,554**	79,741	79,741
Financial liabilities:					
At fair value through profit or loss:					
Derivatives	(See below)	**4,293**	**4,293**	10,205	10,205
Other financial liabilities:					
Revolving credit facility	n/a	**75,000**	**75,000**	60,000	60,000
Trade and other payables	n/a	**37,659**	**37,659**	46,795	46,795
Income taxes payable	n/a	**1,304**	**1,304**	2,824	2,824
Finance lease obligations	n/a	**46**	**48**	115	122
Convertible unsecured subordinated debentures	Level 1	**105,857**	**114,500**	104,988	118,030
Total financial liabilities		**224,159**	**232,804**	224,927	237,976

9. FINANCIAL INSTRUMENTS (CONTINUED):

Fair values of financial instruments (continued)

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

		September 28, 2013		September 29, 2012	
	Fair values hierarchy level	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
		$	**$**	$	$
Sugar futures contracts	Level 1	**289**	**1,385**	15	263
Natural gas contracts	Level 2	**–**	**2,210**	–	5,728
Foreign exchange forward contracts	Level 2	**–**	**328**	–	1,504
Embedded derivatives	Level 2	**129**	**42**	–	841
Interest rate swap	Level 2	**143**	**328**	–	1,869
Total as at year end		**561**	**4,293**	15	10,205

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 October 1, 2011	17,748	57,614	219,353	3,232	312	2,815	301,074
Additions	–	218	6,242	264	–	1,370	8,094
Disposals	–	–	(81)	–	–	–	(81)
Balance at September 29, 2012	**17,748**	**57,832**	**225,514**	**3,496**	**312**	**4,185**	**309,087**
Additions	**–**	**435**	**9,661**	**506**	**–**	**(757)**	**9,845**
Disposals	**–**	**–**	**(787)**	**(245)**	**–**	**–**	**(1,032)**
Balance at September 28, 2013	**17,748**	**58,267**	**234,388**	**3,757**	**312**	**3,428**	**317,900**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED):

	Land	Buildings	Machinery and Equipment	Furniture and Fixtures	Finance Leases	Construction in progress	Total
	$	$	$	$	$	$	$
Depreciation							
Balance at October 1, 2011	–	14,737	100,566	1,892	114	–	117,309
Depreciation for the year	–	1,256	9,973	370	85	–	11,684
Disposals	–	–	(38)	–	–	–	(38)
Balance at September 29, 2012	**–**	**15,993**	**110,501**	**2,262**	**199**	**–**	**128,955**
Depreciation for the year	**–**	**1,272**	**10,648**	**369**	**68**	**–**	**12,357**
Disposals	**–**	**–**	**(549)**	**(245)**	**–**	**–**	**(794)**
Balance at September 28, 2013	**–**	**17,265**	**120,600**	**2,386**	**267**	**–**	**140,518**
Net carrying amounts							
At September 29, 2012	17,748	41,839	115,013	1,234	113	4,185	180,132
At September 28, 2013	**17,748**	**41,002**	**113,788**	**1,371**	**45**	**3,428**	**177,382**

There were no impairment losses during 2013 and 2012.

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

11. INTANGIBLE ASSETS:

	Software	**Other**	**Total**
	$	$	$
Cost			
Balance at October 1, 2011	2,552	–	2,552
Additions	445	284	729
Balance at September 29, 2012	**2,997**	**284**	**3,281**
Additions	**–**	**–**	**–**
Balance at September 28, 2013	**2,997**	**284**	**3,281**
Amortization			
Balance at October 1, 2011	757	–	757
Amortization for the year	173	4	177
Balance at September 29, 2012	**930**	**4**	**934**
Amortization for the year	**197**	**33**	**230**
Balance at September 28, 2013	**1,127**	**37**	**1,164**
Net carrying amounts			
At September 29, 2012	2,067	280	2,347
At September 28, 2013	**1,870**	**247**	**2,117**

12. OTHER ASSETS:

	September 28, 2013	September 29, 2012
	$	$
Deferred financing charges, net	**541**	138
Other	**3**	4
	544	142

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). These fees are amortized over five years, the term of the Credit Agreement.

13. DEFERRED TAX ASSETS AND LIABILITIES:

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

	September 28, 2013	September 29, 2012
	$	$
Assets:		
Employee benefits	**11,530**	14,918
Derivative financial instruments	**717**	2,563
Losses carried forward	**509**	2,222
Provisions	**890**	1,099
Other	**983**	976
	14,629	21,778
Liabilities:		
Property, plant and equipment	**(23,463)**	(26,494)
Derivative financial instruments	**(529)**	(510)
Goodwill	**(2,142)**	(2,061)
Deferred financing charges	**(290)**	(205)
Other	**(375)**	(406)
	(26,799)	(29,676)
Net assets (liabilities):		
Property, plant and equipment	**(23,463)**	(26,494)
Employee benefits	**11,530**	14,918
Derivative financial instruments	**188**	2,053
Losses carried forward	**509**	2,222
Goodwill	**(2,142)**	(2,061)
Provisions	**890**	1,099
Deferred financing charges	**(290)**	(205)
Other	**608**	570
	(12,170)	(7,898)

13. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED):

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

	Balance September 29, 2012	**Recognized in profit or (loss)**	**Recognized in other comprehensive income**	**Balance September 28, 2013**
	$	**$**	**$**	**$**
Property, plant and equipment	**(26,494)**	**3,031**	**–**	**(23,463)**
Employee benefits	**14,918**	**(603)**	**(2,785)**	**11,530**
Derivative financial instruments	**2,053**	**(1,865)**	**–**	**188**
Losses carried forward	**2,222**	**(1,713)**	**–**	**509**
Goodwill	**(2,061)**	**(81)**	**–**	**(2,142)**
Provisions	**1,099**	**(209)**	**–**	**890**
Deferred financing charges	**(205)**	**(85)**	**–**	**(290)**
Other	**570**	**38**	**–**	**608**
	(7,898)	**(1,487)**	**(2,785)**	**(12,170)**

	Balance October 1, 2011	Recognized in profit or (loss)	Recognized in other comprehensive income	Balance September 29, 2012
	$	$	$	$
Property, plant and equipment	(25,845)	(649)	–	(26,494)
Employee benefits	14,105	(1,000)	1,813	14,918
Derivative financial instruments	3,336	(1,283)	–	2,053
Losses carried forward	–	2,222	–	2,222
Goodwill	(2,007)	(54)	–	(2,061)
Provisions	1,511	(412)	–	1,099
Deferred financing charges	(345)	140	–	(205)
Other	41	529	–	570
	(9,204)	(507)	1,813	(7,898)

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").

14. GOODWILL (CONTINUED):

The methodology used to determine the FVLCTS is based on the market capitalization of the Company, determined using the September 27, 2013 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 FVLCTS reflects what a market participant would pay to obtain control of the Company. Therefore, a control premium has been taken into account which reflects the synergies that a market participant could realize in obtaining control of the Company. The control premium used for calculating the FVLCTS at September 28, 2013 was 20% (September 29, 2012 - 20%).

15. REVOLVING CREDIT FACILITY:

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

	September 28, 2013	September 29, 2012
	$	$
Outstanding amount on revolving credit facility:		
Current	**25,000**	60,000
Non-current	**50,000**	–
	75,000	60,000

The revolving credit facility expires on June 28, 2018. As at September 28, 2013, an amount of $50.0 million is shown as non-current.

16. TRADE AND OTHER PAYABLES:

	September 28, 2013	September 29, 2012
	$	$
Trade payables	**17,810**	25,753
Other non-trade payables	**3,669**	4,111
Personnel-related liabilities	**7,710**	8,462
Dividends payable to shareholders	**8,470**	8,469
	37,659	46,795

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

17. PROVISIONS:

	September 28, 2013	September 29, 2012
	$	$
Opening balance	**4,262**	4,344
Provisions used during the period	**(839)**	(82)
Closing balance	**3,423**	4,262
Presented as:		
Current	**1,150**	1,363
Non-current	**2,273**	2,899
	3,423	4,262

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.

18. FINANCE LEASE OBLIGATIONS:

The Company leases moveable equipment. The leases substantially transfer all the usage benefits of such equipment to the Company. These leases have interest rates varying from 5.0% to 8.625% with maturity dates varying from 2014 to 2015.

The outstanding liabilities are as follows:

	September 28, 2013		September 29, 2012	
	Carrying values	**Fair values**	Carrying values	Fair values
	$	**$**	$	$
Finance lease obligations	**46**	**48**	115	122

18. FINANCE LEASE OBLIGATIONS (CONTINUED):

The finance lease obligations are payable as follows:

	September 28, 2013			September 29, 2012		
	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	**41**	**2**	**39**	74	5	69
Between one and five years	**7**	**–**	**7**	48	2	46
More than five years	**–**	**–**	**–**	–	–	–
	48	**2**	**46**	122	7	115

19. EMPLOYEE BENEFITS:

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

The following table presents a reconciliation of the pension obligations, the plan assets and the funded status of the benefit plans for the current year and the previous three years:

	September 28, 2013	September 29, 2012	October 1, 2011	October 1, 2010
	$	$	$	$
Fair value of plan assets:				
Pension benefit plans	**118,028**	103,546	94,908	98,157
Other benefit plans	**–**	–	–	–
	118,028	103,546	94,908	98,157
Defined benefit obligation:				
Pension benefit plans	**142,244**	141,179	130,279	123,630
Other benefit plans	**20,129**	20,224	19,462	20,698
	162,373	161,403	149,741	144,328
Funded status:				
Pension benefit plans	**(24,216)**	(37,633)	(35,371)	(25,473)
Other benefit plans	**(20,129)**	(20,224)	(19,462)	(20,698)
	(44,345)	(57,857)	(54,833)	(46,171)
Experience adjustment arising on plan liabilities	**(2,234)**	9,830	2,545	–
Experience adjustment arising on plan assets	**8,540**	2,888	(8,026)	–

19. EMPLOYEE BENEFITS (CONTINUED):

The Company has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements (such as minimum funding requirements) of the plans of the respective jurisdictions, the present value of refunds or reductions in the future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of the obligations. As such, no decrease in the defined benefit asset is necessary at September 28, 2013 (September 29, 2012 - no decrease in defined benefit asset).

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 were as of December 31, 2010 and 2012, and the next required valuations will be as of December 31, 2013 and 2015.

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

	September 28, 2013	September 29, 2012
	%	%
Equity securities	**58.0**	56.7
Government bonds	**36.9**	39.7
Cash and short-term securities	**5.1**	3.6
	100.0	100.0

19. EMPLOYEE BENEFITS (CONTINUED):

Movement in the present value of the defined benefit obligations:

	For the years ended					
	September 28, 2013			September 29, 2012		
	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	**141,179**	**20,224**	**161,403**	130,279	19,462	149,741
Current service cost	**1,827**	**309**	**2,136**	1,632	410	2,042
Interest cost	**6,124**	**851**	**6,975**	6,419	973	7,392
Employee contributions	**958**	**–**	**958**	903	–	903
Benefits paid	**(8,051)**	**(698)**	**(8,749)**	(7,789)	(716)	(8,505)
Actuarial (gains) losses	**(1,677)**	**(557)**	**(2,234)**	9,735	95	9,830
Plan amendments	**1,884**	**–**	**1,884**	–	–	–
Defined benefit obligation, end of year	**142,244**	**20,129**	**162,373**	141,179	20,224	161,403
Movement in the fair value of plan assets:						
Fair value of plan assets, beginning of the year	**103,546**	**–**	**103,546**	94,908	–	94,908
Expected return on asset	**6,100**	**–**	**6,100**	6,439	–	6,439
Actuarial gains on plan assets	**8,540**	**–**	**8,540**	2,888	–	2,888
Employer contributions	**7,751**	**698**	**8,449**	7,152	716	7,868
Employee contributions	**958**	**–**	**958**	903	–	903
Benefits paid	**(8,051)**	**(698)**	**(8,749)**	(7,789)	(716)	(8,505)
Actual plan expense	**(816)**	**–**	**(816)**	(955)	–	(955)
Fair value of plan assets, end of year	**118,028**	**–**	**118,028**	103,546	–	103,546

19. EMPLOYEE BENEFITS (CONTINUED):

During the year, the Company recorded a pension plan expense of $1.9 million for contracted future plan amendments to one of the pension benefit plans.

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

	For the years ended					
	September 28, 2013			September 29, 2012		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total
	$	**$**	**$**	$	$	$
Pension costs recognized in net earnings:						
Current service cost	**1,827**	**309**	**2,136**	1,632	410	2,042
Expenses related to the pension benefits plans	**900**	**–**	**900**	900	–	900
Interest cost	**6,124**	**851**	**6,975**	6,419	973	7,392
Expected return on plan assets	**(6,100)**	**–**	**(6,100)**	(6,439)	–	(6,439)
Past service cost	**1,884**	**–**	**1,884**	–	–	–
Actuarial gains immediately recognized	**–**	**(148)**	**(148)**	–	(33)	(33)
Pension expense	**4,635**	**1,012**	**5,647**	2,512	1,350	3,862
Recognized in:						
Cost of sales	**3,913**	**625**	**4,538**	1,728	904	2,632
Administration and selling expenses	**722**	**387**	**1,109**	784	446	1,230
	4,635	**1,012**	**5,647**	2,512	1,350	3,862

19. EMPLOYEE BENEFITS (CONTINUED):

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

	For the years ended					
	September 28, 2013			September 29, 2012		
	Pension benefits plans	**Other benefits plans**	**Total**	Pension benefits plans	Other benefits plans	Total
	$	**$**	**$**	$	$	$
Cumulative amount in deficit at the beginning of the year	**19,593**	**(1,720)**	**17,873**	12,691	(1,848)	10,843
Recognized during the year	**(10,302)**	**(409)**	**(10,711)**	6,902	128	7,030
Cumulative amount in deficit at the end of the year	**9,291**	**(2,129)**	**7,162**	19,593	(1,720)	17,873
Recognized during the year, net of tax	**(7,623)**	**(303)**	**(7,926)**	5,122	95	5,217

Principal actuarial assumptions used were as follows:

	For the years ended			
	September 28, 2013		September 29, 2012	
	Pension benefits plans	**Other benefits plans**	Pension benefits plans	Other benefits plans
	%	**%**	%	%
Accrued benefit obligation:				
Discount rate	**4.80**	**4.80**	4.40	4.40
Salary increase	**3.50**	**3.50**	3.50	3.50
Employee benefit expense:				
Discount rate	**4.40**	**4.40**	5.00	5.00
Salary increase	**3.50**	**3.50**	3.50	3.50
Expected return on plan assets	**5.90**	**n/a**	6.75	n/a

Expected rates of return on plan assets are based on external historical and forecast market conditions.

19. EMPLOYEE BENEFITS (CONTINUED):

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

	September 28, 2013	September 29, 2012
Longevity at age 65 for current pensioners:		
Males	**19.8**	19.7
Females	**22.1**	22.1
Longevity at age 65 for members aged 45:		
Males	**21.3**	21.2
Females	**22.9**	22.9

The assumed health care cost trend rate as at September 28, 2013 was 6.21% (September 29, 2012 - 6.4%), decreasing uniformly to 4.8% in 2031 (September 29, 2012 - 4.8% in 2031) and remaining at that level thereafter.

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 aggregate service and interest cost	**248**	**(134)**
Effect on the defined benefit obligations	**2,639**	**(2,155)**

The Company expects $13.0 million in contributions to be paid to its defined benefits plans in 2014.

20. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES:

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

	September 28, 2013	September 29, 2012
	$	$
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	**(3,217)**	(3,939)
Less equity component (ii)	**(1,188)**	(1,188)
Accretion expense on equity component	**262**	115
Total carrying value	**105,857**	104,988

20. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (CONTINUED):

(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 debentures as at September 28, 2013 was approximately $52.3 million (September 29, 2012 - $54.4 million) based on market quotes.

(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.

20. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (CONTINUED):

(ii) Fifth series (continued):

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 $147 (September 29, 2012 - $115) 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 debentures as at September 28, 2013 was approximately $62.3 million (September 29, 2012 - $63.6 million) based on market quotes.

(iii) Third series:

On December 19, 2011, some of the net proceeds from the issuance of the Fifth series debentures were used to redeem the third series 5.9% convertible unsecured subordinated debentures ("Third series debentures"). The total amount redeemed was $51,679, as an amount of $26,257 was converted to 5,148,427 common shares by holders of the convertible debentures during the period from October 2, 2011 to December 19, 2011. In addition, $9 was repurchased during the first quarter of fiscal 2012 by the Company under the Normal Course Issuer Bid ("NCIB") prior to the redemption date.

20. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (CONTINUED):

(iii) Third series (continued):

The respective debt and equity component of the Third series debentures were as follows:

	Debt	Contributed surplus
	$	$
Balance, October 1, 2010	84,260	–
Reclassification of the conversion option from derivative liability on date of incorporation of January 1, 2011	–	3,792
Balance, January 1, 2011	84,260	3,792
Conversion of convertible debentures	(6,315)	–
Balance, October 1, 2011	77,945	3,792
Deferred financing costs	(798)	–
Carrying value, October 1, 2011	77,147	3,792
Repurchased under the normal course issuer bid	(9)	–
Conversion of convertible debentures	(26,257)	(1,562)
Redemption of Third series convertible debentures	(51,477)	(202)
Early redemption loss	596	–
Reclassification of remaining balance to accumulated deficit	–	(2,028)
	–	–

An amount of $1.6 million was transferred from contributed surplus to common shares for the conversions that occurred prior to the redemption on December 19, 2011. The Company recorded to finance costs the early redemption loss of $0.6 million. Finally, an amount of $2.0 million was reclassified to deficit.

21. CAPITAL AND OTHER COMPONENTS OF EQUITY:

During the year, a total of 23,500 common shares (September 29, 2012 - 100,000) were issued pursuant to the exercise of share options under the Share Option Plan.

There was no conversion of the Fourth and Fifth series debentures in fiscal 2013 and 2012. A total of $26.3 million of the Third series debentures were converted in fiscal 2012 by holders of the securities for a total of 5,148,427 common shares. This conversion is a non-cash transaction and therefore not reflected in the consolidated statement of cash flows.

As of September 28, 2013, a total of 94,114,260 common shares (September 29, 2012 - 94,090,760) were outstanding.

21. CAPITAL AND OTHER COMPONENTS OF EQUITY (CONTINUED):

On May 2, 2012, the Company announced an increase in its quarterly dividend from $0.085 to $0.09 per share effective immediately. On January 30, 2013, the Company declared an additional dividend of $0.36 per share to Shareholders of record on February 8, 2013 and paid on February 28, 2013. The following dividends were declared by the Company:

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Dividends	**67,751**	32,915

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 $6.0 million and $9.0 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 $50.0 million and $80.0 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 to have no restrictions on interest payment from Lantic to the Company. At year end, the operating company's ratio was below 1.00:1 for both fiscal 2013 and 2012.

21. CAPITAL AND OTHER COMPONENTS OF EQUITY (CONTINUED):

Capital management (continued):

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 Normal Course Issuer Bid ("NCIB") from time to time. As at September 28, 2013, there is no NCIB in place.

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

22. SHARE-BASED COMPENSATION:

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

On March 19, 2012, a total of 230,000 share options were granted at a price of $5.61 to certain executives subject to the approval of the shareholders to amend the Share Option Plan eligible person definition to include all senior personnel at the next Annual General Meeting. The shareholders approved the grant of these share options on January 30, 2013.

During fiscal 2013, a total of 23,500 common shares (September 29, 2012 - 100,000 common shares) were issued pursuant to the exercise of share options under the Share Option Plan for total cash proceeds of $92 (September 29, 2012 - $361), which was recorded to share capital as well as an ascribed value from contributed surplus of $4 (September 29, 2012 - $15).

Compensation expense is amortized over the vesting period of the corresponding optioned shares and is expensed in the administration and selling expenses with an offsetting credit to contributed surplus. An income of $4 was incurred for the year ended September 28, 2013 (expense of $40 for the year ended 2012).

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

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

22. SHARE-BASED COMPENSATION (CONTINUED):

The following table summarizes information about the Share Option Plan as of September 29, 2012:

Exercise price per option	Outstanding number of options at October 1, 2011	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at September 29, 2012	Weighted average remaining life	Number of options exercisable
$ 3.61	150,000	–	100,000	–	50,000	3.17	50,000
$ 5.61	–	230,000	–	–	230,000	9.46	–

As at September 28, 2013 and September 29, 2012, all of the options outstanding are held by key management personnel (see note 28).

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

Fair value at grant date	$ 63
Share price at grant date	$ 6.07
Exercise price	$ 5.61
Expected volatility (weighted average volatility)	10.547 to 16.896%
Option life (expected weighted average life)	3.17 to 5.17 years
Expected dividends	6%
Weighted average risk-free interest rate (based on government bonds)	1.274% to 1.521%

The fair values were marked-to-market on a quarterly basis until the approval of the shareholders, which occurred on January 30, 2013.

23. OPERATING LEASES:

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

	September 28, 2013	September 29, 2012
	$	$
Less than 1 year	**1,761**	1,682
Between 1 and 5 years	**1,644**	1,305
More than 5 years	**95**	74
	3,500	3,061

For the year ended September 28, 2013, an amount of $1,796 was recognized as an expense in net earnings with respect to operating leases (2012 - $1,923).

24. COMMITMENTS:

As at September 28, 2013, the Company had commitments to purchase a total of 1,567,000 (September 29, 2012 - 834,000) metric tonnes of raw cane sugar, of which 94,360 (September 29, 2012 - 95,010) metric tonnes had been priced, for a total dollar commitment of $40.2 million (September 29, 2012 - $45.6 million). In addition, the Company has a commitment of approximately $28.9 million (September 29, 2012 - $35.7 million) for sugar beets to be harvested and processed in fiscal 2014.

During the year ended September 28, 2013, the Company entered into capital commitments to complete its capital projects for a total value of $3.8 million (September 29, 2012 - $4.3 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 September 28, 2013 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.

26. EARNINGS PER SHARE:

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

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Basic earnings per share:		
Net earnings	**37,265**	30,261
Weighted average number of shares outstanding	**94,102,742**	92,965,945
Basic earnings per share	**0.40**	0.33
Diluted earnings per share:		
Net earnings	**37,265**	30,261
Plus impact of convertible unsecured subordinated debentures and share options	**5,302**	2,324
	42,567	32,585
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**94,102,742**	92,965,945
Plus impact of convertible unsecured subordinated debentures and share options	**16,025,641**	7,692,308
	110,128,383	100,658,253
Diluted earnings per share	**0.39**	0.32

As at September 29, 2012, the Third and Fifth series debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

27. SUPPLEMENTARY CASH FLOW INFORMATION:

	September 28, 2013	September 29, 2012	October 1, 2011
	$	$	$
Cash and cash equivalents	**3,204**	27,895	25,326
Non-cash transactions:			
Additions of property, plant and equipment and intangible assets included in trade and other payables	**619**	276	561

28. KEY MANAGEMENT PERSONNEL:

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

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Salaries and short-term benefits	**2,359**	2,410
Attendance fees for members of the Board of Directors	**421**	394
Post-employment benefits	**85**	82
Share-based compensation	**(4)**	40
	2,861	2,926

29. PERSONNEL EXPENSES:

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Wages, salaries and employee benefits	**68,342**	66,921
Expenses related to defined benefit plans	**5,647**	3,862
Expenses related to defined contributions plans	**4,055**	3,622
Share-based compensation	**(4)**	40
	78,040	74,445

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

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Cost of sales	**64,828**	59,602
Administration and selling expenses	**11,205**	11,911
Distribution expenses	**1,569**	2,522
	77,602	74,035
Property, plant and equipment	**438**	410
	78,040	74,445

30. RELATED PARTIES:

Lantic has outstanding redeemable Class B shares of $44.5 million that are retractable and can be settled at Lantic's option by delivery of a note receivable from the same party, Belkorp Industries Inc., having the same value. The note receivable bears no interest and has no fixed terms of repayment. The Class B shares are entitled to vote, but on a pro rata basis at a meeting of shareholders of Lantic. Under the terms of a voting trust agreement between Belkorp Industries Inc. and Rogers, Rogers is entitled to vote the Class B shares so long as they remain outstanding. Due to the fact that Lantic has the intent and the legal right to settle the note receivable with the redeemable preferred shares, these amounts have been offset and, therefore, are not presented on the consolidated statements of financial position.

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

31. SEGMENTED INFORMATION:

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

Revenues were derived from customers in the following geographic areas:

	For the years ended	
	September 28, 2013	September 29, 2012
	$	$
Canada	**528,684**	552,350
United States and other	**29,754**	65,743
	558,438	618,093

ROGERS SUGAR INC.
CORPORATE INFORMATION

DIRECTORS:

A. Stuart Belkin,
Chairman and CEO
Belkorp Industries Inc.

Dean Bergmame, (2)(3)
Director

Michel P. Desbiens, (1)(2)(3)
Director

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

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:

Davies, Ward, Phillips & Vineberg
Montreal, Quebec

TRADING SYMBOL:

RSI

STOCK EXCHANGE LISTING:

The Toronto Stock Exchange

ANNUAL MEETING:

The annual meeting of Shareholders
to be held at 1:30 PM (Pacific Time)
January 30, 2014 at the
Mariott Vancouver Pinnacle Downtown Hotel
1128 West Hastings St.
Vancouver, British Columbia
V6E 4R5
Tel: (604) 684-1128

ADMINISTRATIVE OFFICE:

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

REGISTRAR & TRANSFER AGENT:

Computershare Investor Services inc.
Toronto, Ontario

AUDITORS:

KPMG LLP
Montreal, Quebec

INVESTOR RELATIONS:

Manon Lacroix
Tel: (514) 940-4350
Fax: (514) 527-1610

WEBSITE:

Rogerssugar.com
Lantic.ca

LANTIC INC.
CORPORATE INFORMATION – MANAGEMENT

OFFICERS:

Edward Makin,
President and Chief Executive Officer

Robert Copeland,
Vice-President Operations

Diana R. Discepola,
Director of Finance

Jacques Dussault,
Vice-President
Human Resources

Manon Lacroix,
Vice-President Finance
and Secretary

Michael Walton,
Vice-President
of Sales and Marketing

MANAGEMENT OFFICE:

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

PLANT ADDRESSES:

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

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

4026 Notre-Dame Street East
Montreal, Quebec
H1W 2K3
Operations Manager: Claude Cholette
Tel: (514) 527-8686
Fax-Gen.: (514) 527-8406

DIRECTORS OF LANTIC INC.:

A. Stuart Belkin,
Chairman & CEO
Belkorp Industries Inc.

Michel P. Desbiens, (1)(2)
Director

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

Donald G. Jewell,
Managing Partner
RIO Industrial

Daniel Lafrance,
Director

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

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

AUDITORS:

KPMG LLP
Montreal, Quebec

(1) Rogers Sugar Inc. Nominees
(2) Audit Committee Members

Designed and written by
MaisonBrison Communications
Printed in Canada

Our new distinctive and eye-catching packaging will play an important role in building a stronger brand identity and shelf impact. This fresh new look will focus on the fact that sugar is a "Natural" product with few calories and we are proud of our refining heritage which dates back to 1888 in Canada.

ROGERSSUGAR.COM   LANTIC.CA