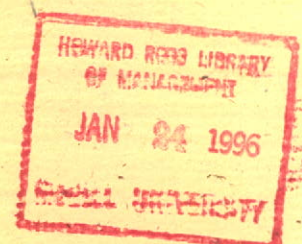


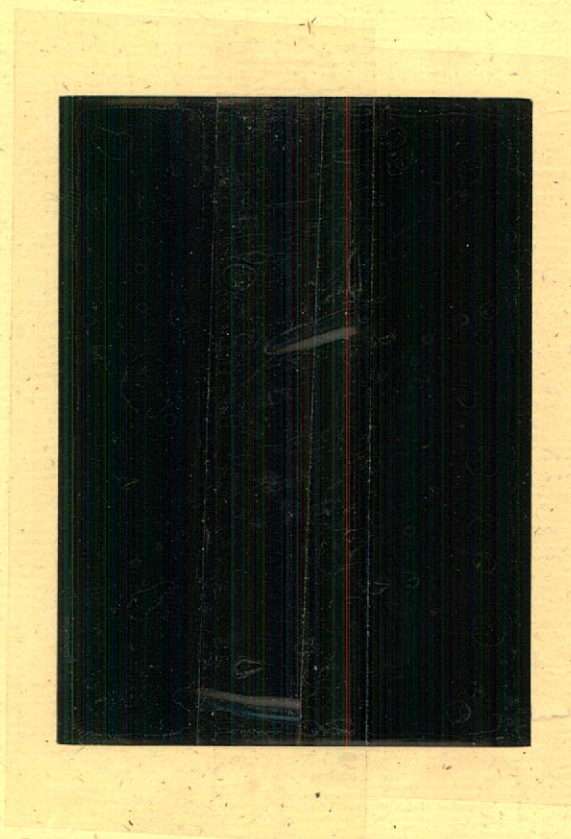


BC Sugar

BC SUGAR REFINERY, LIMITED

ANNUAL REPORT 1995





BC SUGAR REFINERY, LIMITED

Corporate Office

Location:

123 Rogers Street, Vancouver, B.C.

Postal Address:

Box 2150, Vancouver, B.C., V6B 3V2

Telephone: (604) 253-1131

Facsimile: (604) 253-2517

Transfer Agents

Montreal Trust Company of Canada

Stock Listing

Toronto Stock Exchange

Annual Meeting

The Annual Meeting of Shareholders
will be held on Tuesday,

February 20, 1996 at 3:00 P.M.

in the Park Ballroom of the

Four Seasons Hotel,

Vancouver, British Columbia

Auditors

KPMG Peat Marwick Thorne

Chartered Accountants

Vancouver, B.C.

Corporate Solicitors

Bull, Housser & Tupper

Barristers & Solicitors

Vancouver, B.C.

FINANCIAL HIGHLIGHTS

*Raw cane sugar
is delivered by ship
to the Company's
various refineries.*



(000's omitted, except per share amounts)

YEARS ENDED SEPTEMBER 30	1995	1994
Revenues	\$ 825,380	\$ 790,331
Earnings before non-recurring items, net of related income taxes	\$ 7,488	\$ 9,511
Net earnings	\$ 7,488	\$ 26,536
Cash from continuing operations	\$ 33,325	\$ 25,040
Dividends	\$ 9,967	\$ 9,967
Average common shares outstanding	24,722	24,722
PER COMMON SHARE		
Earnings before non-recurring items, net of related income taxes	\$.30	\$.38
Net earnings	\$.30	\$ 1.07
Cash from continuing operations	\$ 1.35	\$ 1.01
Dividends	\$.40	\$.40

BC Sugar

REPORT TO SHAREHOLDERS

1995 was a year of great challenges for the Company. Difficult market conditions persisted in all geographic segments, while cost reduction and trade issues dominated the activities of management during the year.

RESULTS Revenues for fiscal 1995 totalled \$825.4 million, compared to \$790.3 million in 1994. On a per share basis, earnings before non-recurring items were \$0.30 compared to \$0.38 in fiscal 1994. Net earnings were \$7.5 million as opposed to \$26.5 million last year, or \$0.30 per share compared to \$1.07 for fiscal 1994. Net earnings for 1994 included a \$17.0 million gain from non-recurring items.

Despite generally poor market conditions, strong performance by the Company's beet sugar operations in early fiscal 1995, due to a record crop and relatively high world raw sugar prices, resulted in improved earnings from Rogers Sugar Ltd. ("Rogers"). Unfortunately, earnings did not improve at either Lantic Sugar Limited ("Lantic") or Refined Sugars, Inc. ("RSI") where results reflected the very difficult market conditions faced by the Company during 1995.

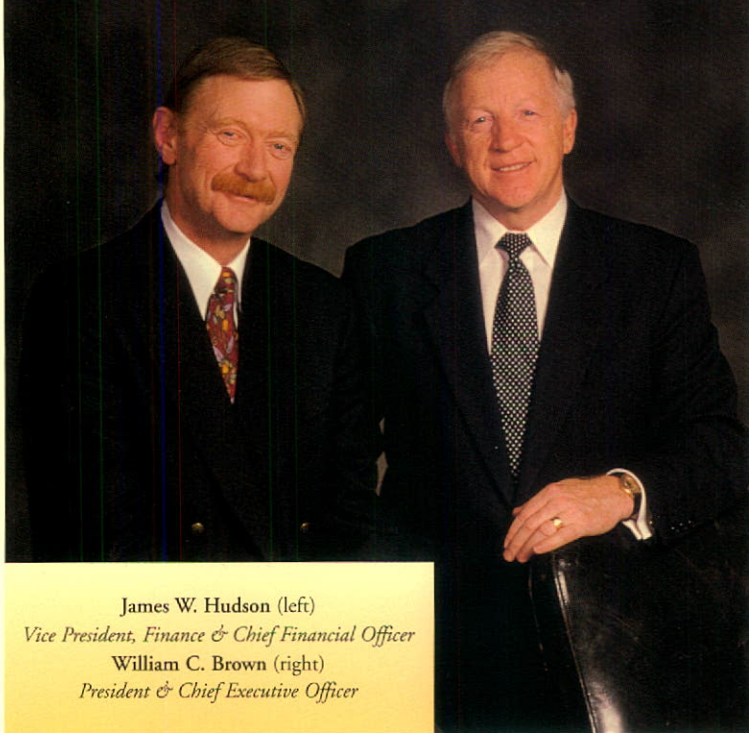
Excessive U.S. beet sugar production remained the primary reason for reduced sales margins in both Canada and the United States. High sugar beet crop levels have continued to severely undermine selling prices in the U.S., creating intense domestic competition. Despite the introduction of marketing allotments in the United States on October 1, 1994, U.S. cane refiners' margins were under serious pressure throughout the year.

At the same time, beet sugar which was surplus to U.S. domestic market needs continued to be dumped into Canada as was refined cane sugar produced under the U.S. re-export program. Import pressure into Canada was increased with shipments of sugar from both Korea and the European Union ("EU"). During 1995, the sugar business in Canada was further weakened by the imposition of additional trade barriers on exports of Canadian beet sugar, and sugar-containing products, to the United States.

OPERATIONS Management efforts in 1995 continued to focus on offsetting declining margins with operating synergies and cost-reduction programs. Considerable success was achieved in this area, and inevitably certain of these programs resulted in a reduction of jobs. BC Sugar's long-term success can only be assured if the Company maintains a rigorous effort to be among the industry's lowest cost producers.

Trade issues on both sides of the Canada/U.S. border dominated the Company's agenda during 1995. On March 17, 1995, Revenue Canada initiated a combined anti-dumping and countervailing duty investigation against injurious imports of refined sugar. The "dumping complaint" identified refined sugar imported from the United States, Denmark, Germany, the Netherlands, the United Kingdom and the Republic of Korea. The "subsidy complaint" was against the United States and the EU. Both complaints were submitted to Revenue Canada by The Canadian Sugar Institute on behalf of all Canadian producers of refined sugar.

On July 7, 1995, Revenue Canada completed the preliminary phase of its investigation. Evidence before the Department indicated that refined sugar originating in, or exported from, all the countries identified in the complaint had been dumped in Canada and that refined sugar originating in, or exported from, the EU had been subsidized. Evidence further disclosed a reasonable indication that the dumping and subsidizing had caused injury and was threatening to cause future injury to the Canadian industry. Revenue Canada accordingly made a preliminary determination of dumping and subsidizing respecting refined sugar, estimating the margin of dumping



James W. Hudson (left)
Vice President, Finance & Chief Financial Officer
William C. Brown (right)
President & Chief Executive Officer

and the amount of subsidy. A final determination was made on October 5, 1995.

Having received the preliminary determination, the Canadian International Trade Tribunal ("CITT") conducted an inquiry into the question of material injury to the Canadian industry. On November 6, 1995, the CITT confirmed that dumped sugar from the United States, Denmark, the Federal Republic of Germany, the Netherlands

and the United Kingdom, as well as subsidized sugar from the EU, were threatening material injury to the Canadian sugar industry. This was a critical decision for the industry and, as substantial rates of duty are now payable on any refined sugar imported into Canada from these countries, is one that should restore normal market conditions in Canada.

The very difficult financial situation faced by cane sugar refiners in the United States is attributable to the Farm Bill's sugar price support provisions. Although this legislation expires on December 31, 1995, the form of replacement legislation remains unclear. There is no doubt, however, that with the entire U.S. cane sugar refining industry operating at a loss, any new sugar program must address the concerns of the sector in which RSI operates.

OUTLOOK The successful resolution of the Canadian anti-dumping and subsidy investigations will have a positive effect on the future earnings of your Company. They should also assist in offsetting the impact of reduced access to the United States for both beet sugar and sugar-containing products. We remain hopeful that our government will continue to negotiate with the United States for an end to these latest unfair border restrictions. Finally, anticipated improvement to the sugar program provisions of the United States Farm Bill should have a positive effect on the future earnings of RSI.

GENERAL During the year, BC Sugar changed the name of its Western Canadian operating company to Rogers Sugar Ltd. This company, together with Lantic in Eastern Canada and RSI in the United States make up the three operating segments of BC Sugar. Also in 1995, David Elliott was appointed President of Rogers and André Bergeron was appointed President of Lantic. They join Greg Hoskins of RSI as president and chief operating officers of their respective divisions.

Mr. Leo E. Labrosse is retiring as a Director of the Company at the Annual General Meeting in February, 1996, having reached the mandatory retirement age of 70 years. Prior to serving on the Board of BC Sugar, Mr. Labrosse was the Chairman of Lantic. The Board would like to express its appreciation for the valuable contribution provided by Mr. Labrosse during his years of service to your Company. We also thank our customers, shareholders and employees for their support this past year and look forward to their continued involvement in our success.

On behalf of the Board

William C. Brown,
President and Chief Executive Officer
December 15, 1995



WESTERN OPERATIONS

Rogers Sugar Ltd. ("Rogers")



NAME CHANGE On June 1, 1995, the western Canadian operations of BC Sugar Refinery, Limited (formerly BC Sugar, Alberta Sugar and Manitoba Sugar) were united under the single name of Rogers Sugar Ltd. The three western operations are now known as Rogers - Vancouver, Rogers - Taber and Rogers - Winnipeg. This change combines both brand name and operating company identities under the widely-

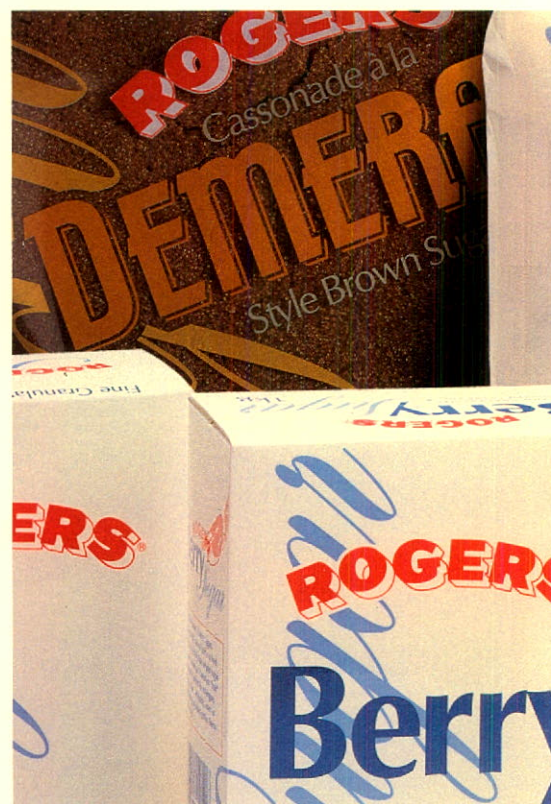
recognized and respected Rogers name and reinforces the Company and its products as the "authority for sugar in the west", while providing a number of marketing and operating efficiencies. At the same time, Rogers introduced new contemporary packaging graphics, designed to integrate the entire family of Rogers sugar products.

MARKET For Rogers to be successful, domestic sales volumes must be maximized and produced in the location where they are to be eventually sold. This was accomplished in 1995 due to a record sugar beet crop of 167,000 tonnes. Overall sales volumes declined from volumes recorded for 1994 however, due to the importation of dumped and subsidized foreign imports, along with further restrictions on market access to the United States. In fiscal 1995, Rogers' share of the western Canadian nutritive sweetener market fell from 90 to 84 percent. As a result of marketing initiatives and recent trade rulings, this share is anticipated to return to the 90 percent level in fiscal 1996.

OPERATIONS Despite the decline in sales volumes, financial results for Rogers in 1995 improved over the previous year. The large sugar beet crop resulted in reduced freight costs in the prairie market and lower costs per tonne of production, while a higher world raw sugar price increased beet sugar market returns to the Company. Cost reduction programs and profitable, although reduced, sales to the United States also contributed to improved financial performance. Negotiations to conclude a new collective agreement at Rogers - Vancouver are ongoing and are expected to be finalized early in the new year.

GENERAL In November, 1994, Rogers commenced a major business process re-engineering program. After thousands of hours of employee effort, \$7 million of annual costs were earmarked for elimination. About 50 percent of identified savings will be realized in 1996 and the balance in 1997. These savings are in addition to cost containment and reduction programs undertaken in 1993 which have already reduced annual costs by approximately \$5 million.

Trade - Access In 1990, the United States lost a General Agreement on Tariffs and Trade ("GATT") challenge by Australia and was obliged to replace its absolute quota on sugar imports with a tariff rate quota ("TRQ"). The TRQ theoretically permits an exporting country to ship an unlimited amount of sugar into the U.S., but only upon payment of an unrealistically high duty which makes imports above a certain level



prohibitive. Under the terms of the Free Trade Agreement, the TRQ could not apply to Canada. As a result of this opportunity, Canadian exports of refined beet sugar to the United States grew from 25,000 tonnes in 1990 to 40,000 tonnes in 1994.

On January 1, 1995, ostensibly as part of its World Trade Organization implementation, the U.S. imposed a restrictive 8,000 tonne Canada-specific sugar quota for the period January 1, 1995 to September 30, 1995. As Rogers shipped most of its intended fiscal 1995 exports prior to January 1, 1995, there was not a significant impact on the Company's 1995 fiscal year. However, on October 1, 1995, the U.S. declared a new 22,000 tonne global quota for refined and specialty sugars. Because only 15,000 tonnes were shipped by Rogers before the quota was filled, this new quota will impact our 1996 fiscal year. We continue to press the Federal Government to help

restore Canada's historical access to the U.S. market. A possible forum for pursuit of this matter may be available under a dispute settlement panel pursuant to the North American Free Trade Agreement.

Trade-Dumping/Subsidies The complaint by the Canadian Sugar Institute and its member companies, supported by the Canadian Sugar Beet Producers' Association, resulted in the finding by the Canadian International Trade Tribunal ("CITT") of a threat of material injury to the industry in Canada. This is a very positive ruling for our Company.



David Elliott
President &
Chief Operating Officer
Rogers Sugar Ltd.

OUTLOOK More work is required on the trade front. As a follow up to the CITT ruling, there could be a Public Interest Inquiry which will afford interested parties the opportunity to comment on the effects of the recent ruling on their particular circumstances. If such an inquiry is launched, it is expected that the final results of this investigation will not be known until some time in the Spring of 1996. No change is anticipated in the level of dumping and countervailing duties.

During the past year, Rogers' dedicated employees have dealt with a number of major issues. Trade matters, re-engineering and the Rogers name change head the list of these successful projects, and we expect to continue the pursuit of these and other challenges in 1996.



EASTERN OPERATIONS

Lantic Sugar Limited ("Lantic")



MARKET BC Sugar's eastern operations suffered reduced sales volumes in 1995. An increase in high fructose corn syrup volumes, as a result of higher sugar prices, eroded domestic sales. At the same time the reduction in the sugar-containing products export quota to the U.S. in January, and the Canadian government's subsequent decision to impose export controls, were the main causes of the decrease in export sales. Increased dumped and subsidized refined sugar imports in the first six months of the fiscal year reduced our ability to offset export volume losses with increased domestic sales and had a major negative impact on overall margins.

Competitive pressures from dumped imports eased in the second half of the year as Revenue Canada imposed anti-dumping and countervailing duties on sugar imported from the United States and the European Union. Lantic's strategy of protecting its market share was successful but did require significant margin discounting. The launch of the dumping and subsidy investigation in March, however, permitted the partial restoration of margins in both the industrial and consumer segments.

OPERATIONS It is Lantic's objective to maintain its position as a low-cost producer. Even though production volume decreased by 10 percent from 1994, refining costs were maintained at a level comparable to last year.

The re-engineering study undertaken in 1994 was almost fully implemented during the year, resulting in a staffing reduction of 7 percent. This decrease was accomplished without capital investment. Lantic's employees, who directly participated in the formulation and implementation of these changes, have been key in re-engineering efforts and in maintaining costs at a competitive level.

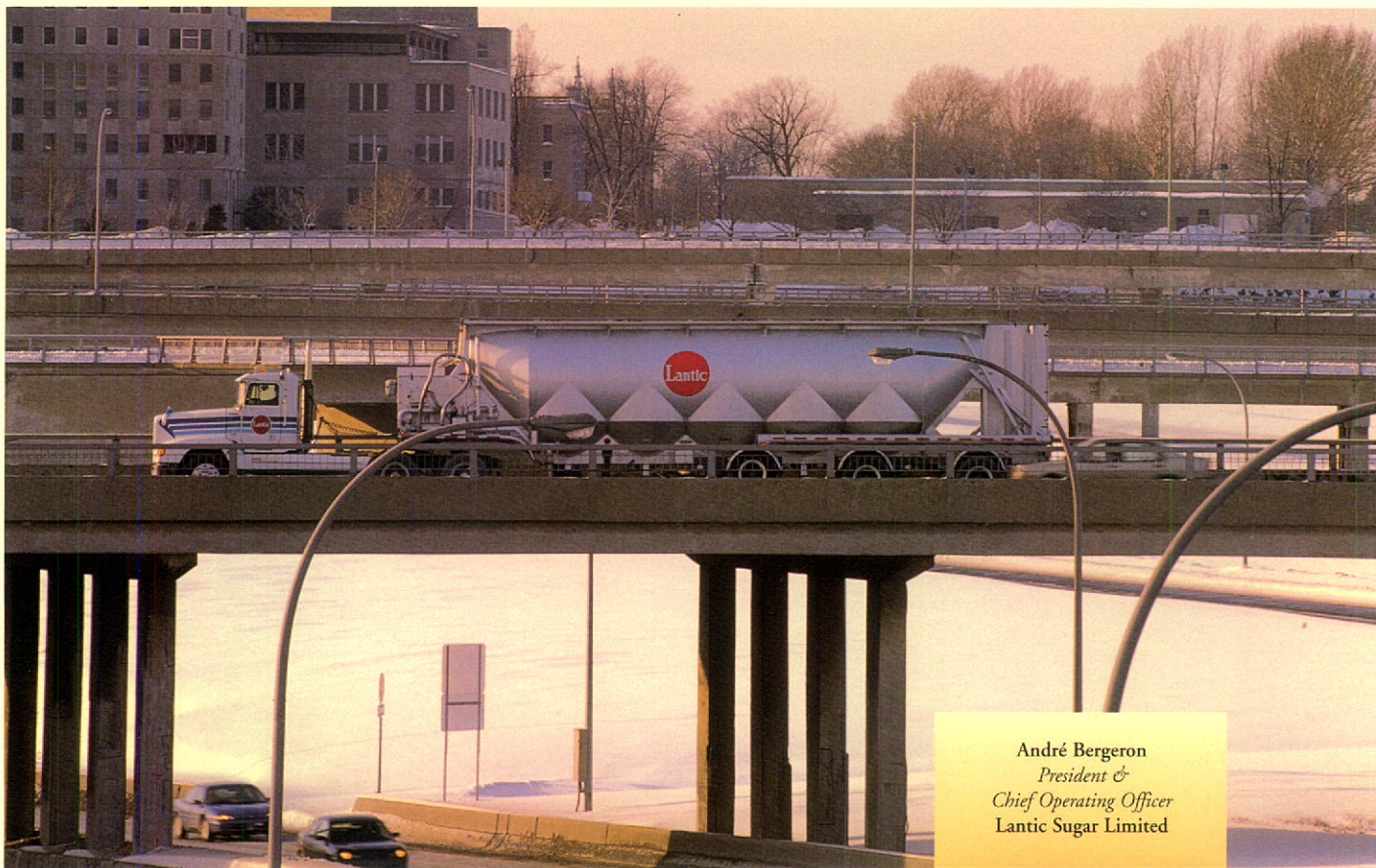
While labour costs decreased, packaging material costs increased dramatically from 1994. In order to mitigate future increases, a supply agreement with Lantic's largest supplier was extended to the end of 1996.

The federal budget tabled in February, 1995, eliminated the Maritime freight subsidy, effective July 1, 1995, thus increasing rail freight costs from Saint John, New Brunswick to Ontario and Quebec by almost 30 percent.

GENERAL The world market price for raw sugar fluctuated during the year between 9.8 and 15.6 cents U.S. per pound and is now approximately 10.5 cents. Logistics and quality issues related to Brazilian sugar, combined with heavy demand in the Far East, impacted the commodity futures markets and resulted in substantial costs for Lantic in hedging its inventories.

The outlook for 1995-96 world sugar indicates that sugar production will outstrip consumption. The weight of this statistical surplus in both raws and whites is expected to exert more of a downward influence on prices as we move into the new year. A new general preferential tariff for raw sugar at a zero rate of duty should take effect on January 1, 1996, resulting in a greater supply of duty-free raw sugar for Canadian refiners.

Highly conscious of environmental responsibilities, Lantic, in 1995, engaged in various studies to monitor, reduce or recycle waste materials. Effluent dewatering presses were installed at both refineries, removing waste solids from discharge waters and recycling the waste through agricultural use.



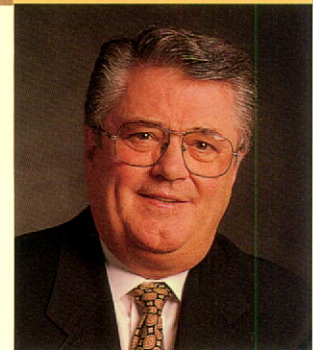
André Bergeron
*President &
Chief Operating Officer*
Lantic Sugar Limited

OUTLOOK The new fiscal year augurs well for Lantic. The recent announcement of anti-dumping and countervailing measures against the U.S. and the European Union will help restore market conditions and improve margins to a more reasonable level.

Also effective January 1, 1996, a change in trade legislation will eliminate the use of re-export sugar (#11 market) by U.S. manufacturers for goods shipped into Canada. Lantic will pursue any additional volume made available by this opportunity. As well, through the Canadian Sugar Institute, Lantic will continue to work at restoring Canada's traditional access to the U.S. for sugar-containing products which was curtailed in January, 1995.

Significant progress has been made toward achieving ISO 9002 certification. Preliminary audits are in progress and certification should be attained by the end of calendar 1995.

Lantic's strategy has not changed. We will remain market leaders and low-cost producers while maximizing returns to shareholders on a long-term basis.





U.S. OPERATIONS

Refined Sugars, Inc. ("RSI")



MARKET RSI's financial results continue to be negatively impacted by ill-designed legislation and the lack of proper administration of the Sugar Program by the United States Department of Agriculture ("USDA"). Despite the imposition of marketing allotments for all of 1995, refining margins showed no improvement over levels experienced in 1994. During the year, the USDA tightly controlled imports to the extent that cane refiners, including RSI, were forced to pay more for raw sugar than the offer price for refined sugar by beet processors. All cane refiners in the United States lost money in 1995.

The beet sugar crop in 1995 was the largest in history, and consumption, which was forecast to increase two percent, actually declined during the year. These factors also contributed to pricing at levels lower than any experienced in the past ten years.

This is the last year of the 1990 Farm Bill, and RSI is working diligently to alter legislation to improve the position of cane refiners. Farm Bill discussions, which were suspended during the Budget Reconciliation process, are expected to resume before the end of 1995, and the Republican leadership in the House has promised legislators an opportunity to reform the Sugar Program within these discussions.

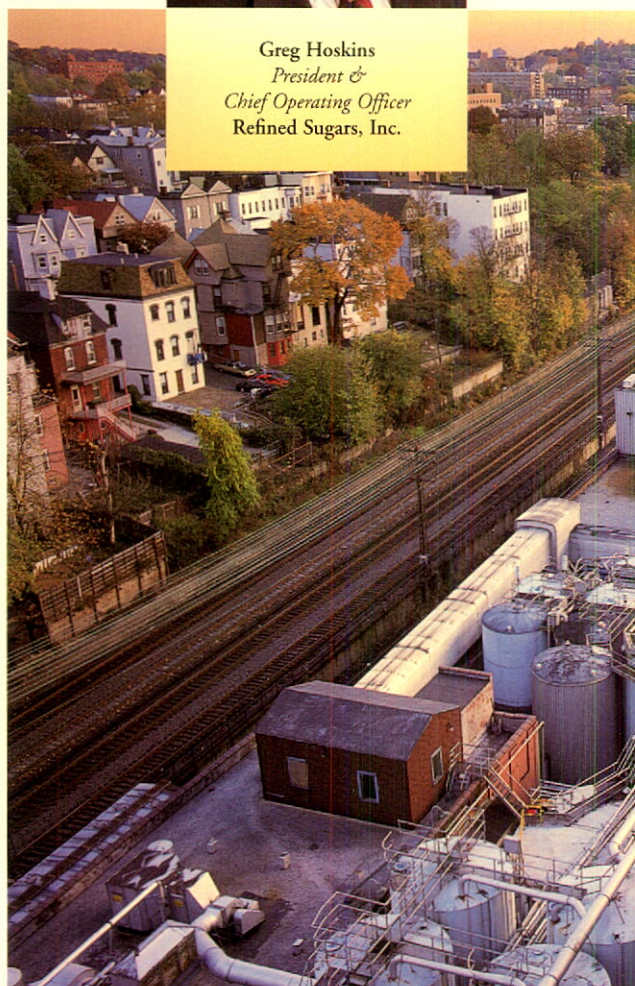
Despite the above market conditions, RSI managed to increase sales in value-added products, secure additional business with partnership customers and solidify its position with national accounts. This could not have been accomplished without the dedicated efforts of all employees.

OPERATIONS To improve operating efficiencies and increase productivity, RSI initiated a Pay-For-Skills Program during the year. Through a series of in-house training courses, employees in the Maintenance and Process Services areas learned additional skills which enhanced their work flexibility and resulted in improved productivity.

Programs leading to improved operating efficiencies were a major theme in other areas as well. In 1995, the investment in process automation was continued in the effort to reduce labour while actually improving controls. Expenses for operating labour were reduced in all areas from 1994, and the total number of active employees was decreased by six percent, while productivity, as measured by production per paid hour worked, increased four percent.



Greg Hoskins
President &
Chief Operating Officer
Refined Sugars, Inc.



Continuous improvement projects already in place are yielding results and will be expanded. The introduction of new products and the major reconfiguration of existing lines, underscores RSI's ability to successfully react to changing customer requirements while maintaining productivity levels.

RSI will continue to rely on qualified and dedicated employees to realize its goals in the manufacturing discipline. **GENERAL** A new three-year labour agreement was successfully negotiated with the International Longshoreman's Association. This marks the fourth consecutive three-year agreement without a work interruption and is a testimony to the positive labour relations atmosphere at RSI - working together for positive results.

Two further cost reduction programs were implemented in 1995. These will generate \$4 million in savings, bringing annualized cost reductions since BC Sugar acquired 100 percent ownership of RSI to \$13 million.

OUTLOOK We are cautiously optimistic with our outlook for 1996 and beyond. The latest industry estimates of the size of the current sugar beet crop indicate a significant reduction. The crop is currently forecast at 4 million short tons, down 12 percent from 1995. This will lead to increased throughput for cane refineries and should generate improved margins.

In October, 1995, a cane sugar refinery in Louisiana permanently closed, removing some 300,000 short tons of capacity from the industry. This capacity reduction will improve utilization for the balance of the cane refining industry, thus affording an additional opportunity for increased returns.

In the meantime, two distinct opportunities to reform sugar legislation will occur in the initial half of the fiscal year. Firstly, Farm Bill resolution will take place in late 1995 or early 1996. Floor amendments to this bill, including adjustments to the Sugar Program will be in order. Secondly, an Agricultural Appropriations Bill must pass the Congress and be approved by the President. This bill may offer the best vehicle for reform of the Sugar Program.

RSI will accelerate the pressure for legislative reform, but its efforts will not stop there. The focus on cost rationalization, operating efficiencies and customer satisfaction will be continued. The programs are in place, the people are committed, the plan will be achieved.



*RSI Refinery
Yonkers, New York.*

FIVE YEAR REVIEW

BC Sugar Refinery, Limited

CONSOLIDATED BALANCE SHEETS (000's)

As at September 30

	1991	1992	1993	1994	1995
Current assets					
Cash	\$ 1,379	\$ 28,447	\$ 1,105	\$ 592	\$ 4,046
Accounts receivable	31,654	82,156	91,194	80,321	74,096
Inventories	41,100	84,591	86,883	87,946	78,707
Prepaid expenses	1,346	4,023	8,502	7,208	7,568
Deferred income taxes	–	3,067	3,434	6,670	4,217
	75,479	202,284	191,118	182,737	168,634
Investments and other assets	154,891	5,405	8,630	15,468	10,280
Fixed assets	67,348	191,247	194,511	142,301	136,084
Goodwill, net of accumulated amortization	–	158,695	152,976	148,962	144,948
Total assets	\$ 297,718	\$ 557,631	\$ 547,235	\$ 489,468	\$ 459,946
Current liabilities					
Bank loans	\$ 46,284	\$ 53,287	\$ 25,195	\$ 18,379	\$ 9,330
Accounts payable and accrued liabilities	22,720	61,127	80,715	70,581	60,090
Current portion of long-term debt	1,114	10,920	19,452	10,289	9,715
	70,118	125,334	125,362	99,249	79,135
Long-term debt	145,029	250,432	206,148	140,203	131,236
Deferred revenue	–	–	–	35,894	35,029
Other long-term liabilities	3,390	12,625	12,973	8,075	8,202
Deferred income taxes	5,748	13,837	13,626	3,881	6,802
	224,285	402,228	358,109	287,302	260,404
Share capital					
Common shares	61,362	136,363	155,613	155,613	155,613
Preferred shares	1,570	1,570	1,570	1,570	1,570
	62,932	137,933	157,183	157,183	157,183
Retained earnings	13,446	13,532	18,766	35,335	32,856
	76,378	151,465	175,949	192,518	190,039
Foreign exchange adjustment	(2,945)	3,938	13,177	9,648	9,503
	73,433	155,403	189,126	202,166	199,542
Total liabilities and shareholders' equity	\$ 297,718	\$ 557,631	\$ 547,235	\$ 489,468	\$ 459,946

The consolidated balance sheets as at September 30, 1993, 1992 and 1991 include the balance sheets of Specialty Chemicals. The investment in Specialty Chemicals was previously recorded on a non-consolidated basis, and the presentation reflected above is consistent with principles of consolidation accounting adopted in 1993.

CAPITALIZATION (percentages)

As at September 30

	1991	1992	1993	1994	1995
Short-term debt	17.5	13.3	9.8	7.6	5.3
Long-term debt	53.3	51.7	45.5	37.4	36.8
Deferred income taxes	2.1	2.9	3.0	1.0	1.9
Equity – preferred	0.6	0.3	0.3	0.4	0.4
– common	26.5	31.8	41.4	53.6	55.6
Total	100.0	100.0	100.0	100.0	100.0

CONSOLIDATED STATEMENTS OF EARNINGS (000's)

Years ended September 30

	1991	1992	1993	1994	1995
Revenues	\$ 155,911	\$ 276,327	\$ 701,366	\$ 790,331	\$ 825,380
Costs and expenses					
Costs of sales	110,926	219,283	590,209	684,843	726,394
Selling, general and administrative	15,899	19,963	41,727	44,426	44,958
Depreciation and amortization	3,517	6,811	16,210	16,120	16,091
Long-term debt interest	12,115	15,339	25,455	21,178	16,362
Other interest	3,877	2,244	335	869	652
Total costs and expenses	146,334	263,640	673,936	767,436	804,457
	9,577	12,687	27,430	22,895	20,923
Equity in earnings of Lantic Sugar	4,030	532	—	—	—
Earnings before non-recurring items & income taxes	13,607	13,219	27,430	22,895	20,923
Non-recurring items & discontinued operations	(18,229)	1,639	—	17,025	—
Earnings (loss) before income taxes	(4,622)	14,858	27,430	39,920	20,923
Income taxes	3,932	3,164	12,407	13,384	13,435
Net earnings (loss)	\$ (8,554)	\$ 11,694	\$ 15,023	\$ 26,536	\$ 7,488

Certain figures for years 1991 through 1994 have been reclassified to conform with the presentation adopted for 1995.

1994 non-recurring items have been restated to combine restructuring costs of \$2.341 million with selling, general and administrative expense; this conforms with the presentation adopted for 1995.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION (000's)

Years ended September 30

	1991	1992	1993	1994	1995
CASH PROVIDED BY (USED FOR)					
Operations					
Cash from continuing operations	\$ (648)	\$ 18,594	\$ 27,297	\$ 25,040	\$ 33,325
Cash from discontinued operations	—	10,470	8,264	9,792	—
	(648)	29,064	35,561	34,832	33,325
Cash dividends paid	(10,110)	(9,486)	(9,567)	(9,967)	(9,967)
	(10,758)	19,578	25,994	24,865	23,358
Financing					
Net increase (decrease) in long-term debt	113,781	14,001	(35,948)	(75,104)	(9,545)
Issue of common shares, net of issue costs	—	71,405	18,873	—	—
	113,781	85,406	(17,075)	(75,104)	(9,545)
Investments					
Investment in Lantic Sugar	(110,790)	(120,500)	—	—	—
Net proceeds from sale of investments	—	33,483	—	78,223	—
Additions to fixed assets	(7,837)	(8,408)	(12,030)	(8,795)	(5,810)
Other	2,857	1,573	3,861	(7,566)	4,500
	(115,770)	(93,852)	(8,169)	61,862	(1,310)
Increase (decrease) in cash	(12,747)	11,132	750	11,623	12,503
Cash of Lantic Sugar at commencement of consolidation accounting	—	8,933	—	—	—
Cash of Kalama Chemical, Inc. at date of disposal	—	—	—	(5,320)	—
	(12,747)	20,065	750	6,303	12,503
Net current bank loans at beginning of year	(32,158)	(44,905)	(24,840)	(24,090)	(17,787)
Net current bank loans at end of year	\$ (44,905)	\$ (24,840)	\$ (24,090)	\$ (17,787)	\$ (5,284)

FIVE YEAR REVIEW

BC Sugar Refinery, Limited

FINANCIAL RATIOS AND DATA

		1991	1992	1993	1994	1995
	Definition reference					
Coverage ratios						
Net tangible assets (times)	(1)	1.57x	1.05x	1.23x	1.38x	1.44x
Total debt to debt plus equity (%)	(2)	72.4%	66.9%	57.0%	45.5%	43.0%
Interest (times)	(3)	0.46x	1.81x	2.06x	2.81x	2.23x
Cash flow as % of total debt	(4)	(0.3)%	5.1%	12.0%	21.9%	19.2%
Preferred and common dividends (times)	(5)	(0.85)x	1.23x	1.57x	2.66x	0.75x
All fixed charges (times)	(6)	0.46x	1.80x	2.05x	2.79x	2.21x
Liquidity ratios						
Net current assets (\$millions)	(7)	\$ 5.4	\$ 77.0	\$ 65.8	\$ 83.5	\$ 89.5
Current ratio	(8)	1.1:1	1.6:1	1.5:1	1.8:1	2.1:1
Net liquid assets (deficiency) (\$millions)	(9)	\$ (35.7)	\$ (7.6)	\$ (21.1)	\$ (4.5)	\$ 10.8
Short-term debt as % of working capital	(10)	884.1%	83.4%	67.9%	34.3%	21.3%
Accounts receivable turnover (times)	(11)	8.0x	6.2x	9.7x	9.2x	10.7x
Inventory turnover (times)	(12)	5.7x	4.9x	8.1x	7.8x	8.7x
Profitability ratios						
Net margin (%)	(13)	(5.5)%	4.2%	2.1%	3.4%	0.9%
Asset turnover (times)	(14)	0.7x	0.6x	1.5x	1.6x	1.8x
E.B.I.T. as % of total assets	(15)	12.2%	6.3%	11.6%	12.5%	8.1%
Return on average common equity (%)	(16)	(10.3)%	10.2%	8.7%	13.5%	3.7%
Per common share data						
Cash flow	(17)	\$ (0.05)	\$ 0.97	\$ 1.26	\$ 1.50	\$ 1.17
Book value equity	(18)	\$ 5.04	\$ 6.77	\$ 7.59	\$ 8.11	\$ 8.01
Earnings:						
Before non-recurring items & discontinued operations		\$ 0.68	\$ 0.61	\$ 0.63	\$ 0.38	\$ 0.30
Net earnings (loss)		\$ (0.60)	\$ 0.71	\$ 0.63	\$ 1.07	\$ 0.30
Share price range:						
High		\$ 16.250	\$ 15.750	\$ 11.625	\$ 11.750	\$ 9.625
Low		\$ 13.500	\$ 8.125	\$ 8.250	\$ 7.500	\$ 7.500
Share price earnings multiple:						
Earnings before non-recurring items & discontinued operations						
High		23.9x	25.8x	18.5x	30.9x	32.1x
Low		19.9x	13.3x	13.1x	19.7x	25.0x
Net earnings (loss)						
High		(27.1)x	22.2x	18.5x	11.0x	32.1x
Low		(22.5)x	11.4x	13.1x	7.0x	25.0x

FINANCIAL RATIOS AND DATA – Definitions

Coverage ratios

- 1 **Net tangible assets** Total assets less current liabilities (net of current maturities of long-term debt), intangible assets, deferred revenue and deferred employee benefits – divided by – long-term debt plus current maturities of long-term debt.
- 2 **Total debt to debt plus equity** The sum of short-term debt and long-term debt – divided by – the sum of short-term debt, long-term debt and preferred and common shareholders' equity.
- 3 **Interest coverage** Net income plus income taxes, long-term interest and short-term interest minus equity in earnings – divided by – the sum of long-term interest and short-term interest.
- 4 **Cash flow as % of total debt** Funds from continuing operations before changes in non-cash working capital – divided by – the sum of long-term debt and short-term debt.
- 5 **Preferred and common dividends coverage** Net income – divided by – the sum of preferred and common dividends.
- 6 **All fixed charges coverage** The sum of net income, interest expense and income taxes, less equity in earnings – divided by – the sum of interest expense and tax-effected preferred dividends.

Liquidity ratios

- 7 **Net current assets** Current assets less current liabilities.
- 8 **Current ratio** Current assets – divided by – current liabilities.
- 9 **Net liquid assets** Current assets less inventories less current liabilities.
- 10 **Short-term debt as % of working capital** Short term debt (bank loans and current portion of long-term debt) – divided by – current assets less current liabilities.
- 11 **Accounts receivable turnover** Sales – divided by – the average of sugar operations accounts receivable at the end of the year and at the beginning of the year.
- 12 **Inventory turnover** Cost of sales – divided by – the average of sugar operations inventories at the end of the year and at the beginning of the year.

Profitability ratios

- 13 **Net margin** Net income – divided by – sales, expressed as a percentage.
- 14 **Asset turnover** Sales – divided by – total assets, net of Specialty Chemical assets, at end of year.
- 15 **E.B.I.T. as % of total assets** Net income before long-term debt interest, income taxes and loss from discontinued operations – divided by – total assets, net of Specialty Chemical assets, at end of year.
- 16 **Return on average shareholders' equity** Net income less preferred dividends – divided by – the average of shareholders' equity at the beginning of the year and shareholders' equity at the end of the year.

Per common share data

- 17 **Cash flow per common share** Funds from operations before changes in non-cash working capital divided by weighted average common shares outstanding.
- 18 **Book value equity per common share** Common shareholders' equity – divided by – common shares outstanding at the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL The following discussion should be read in conjunction with the consolidated financial statements and notes thereto. All information is based on BC Sugar's fiscal year.

The sugar operations of BC Sugar include the operations of three wholly-owned subsidiaries: Rogers Sugar Ltd. ("Rogers") (formerly The British Columbia Sugar Refining Company, Limited), which operates a cane sugar refinery located in Vancouver, British Columbia and sugar beet factories located in Taber, Alberta and Winnipeg, Manitoba; Lantic Sugar Limited ("Lantic"), which operates cane sugar refineries in Saint John, New Brunswick, and Montreal, Québec; and Refined Sugars, Inc. ("RSI"), which operates a cane sugar refinery in Yonkers, New York.

The specialty chemical operations of BC Sugar included Kalama Chemical, Inc. ("Kalama") and Chatterton Petrochemical Corporation ("Chatterton"). Substantially all of the specialty chemical operations were disposed of in fiscal 1994.

BC Sugar's consolidated statements of earnings for the years ended September 30, 1995 and 1994 reflect the revenues and expenses of the Company's sugar operations. In accordance with the recommendations of The Canadian Institute of Chartered Accountants, the revenues and expenses of the specialty chemical operations for the period from April 1, 1991 to the date of disposal on May 26, 1994 have not been recorded in, and have no effect on, the consolidated statements of earnings.

RESULTS OF OPERATIONS Revenues have increased by approximately \$35 million or 4 percent in 1995 over revenues reported in 1994. This increase is due mainly to a combination of:

- an increase in the average world price of raw sugar (see Chart B) which directly affects revenues from Canadian operations;
- an increase in U.S. sales due to a switch by two large customers from tolling arrangements, whereby the Company charges a fee for refining the customer's raw sugar, to regular sales whereby the value of raw sugar is included in the total selling price; and
- a stronger U.S. dollar which affected the translation of U.S. dollar sales of RSI.

The increase is offset to some degree by overall sales volume decreases of 4 percent from the corresponding period a year earlier.

Charts A and B opposite demonstrate that revenues and cost of sales are directly affected by changes in world sugar prices; however, gross margin is largely unaffected by these changes.

World raw sugar prices are determined primarily by global supply and demand; in times of oversupply, the price falls. A refining margin is added to the cost of raw sugar to set a base selling price for refined sugar.

These principles also apply to the U.S. operations of the Company, except that in the U.S., a domestic price support program maintains the price of raw sugar at a level significantly above the world market price.

The major factors which affect gross margin are production costs and discounts offered to customers to offset the effect of competition.

Gross margin (Revenues less Cost of Sales) has decreased by \$6.5 million, from \$105.5 million in 1994 to \$99.0 million in 1995.

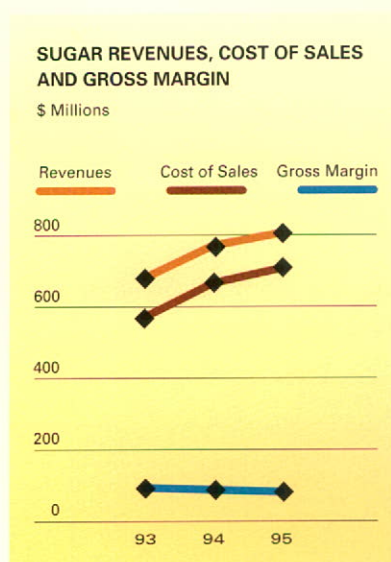


Chart A

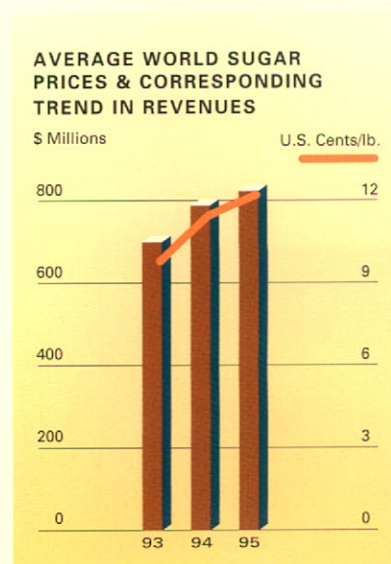


Chart B

The 1995 decrease in consolidated gross margin is largely attributable to the following:

- 1) In Canada, a significant increase in discounts on domestic sales was required to meet pricing from dumped and subsidized sugar imports; as well, sales volumes decreased due to business lost to these imports and to the reduction by the U.S. in its import quota for sugar containing products; and
- 2) In the U.S., increased raw cane sugar prices resulted in reduced margins as these increases could not be passed on to customers because of competition from beet sugar; in addition, sales volumes decreased as market share of cane deliveries was reduced by lower than expected sugar consumption combined with record beet sugar production.

Earnings before non-recurring items and income taxes have decreased to \$20.9 million in 1995 from \$22.9 million in 1994, due to a decreased gross margin of \$6.5 million and an increase in selling, general and administrative expenses of \$0.5 million, offset by \$5.0 million in lower interest expense.

The decrease in interest expense is due largely to the \$82 million reduction of debt from cash received in late May 1994 on the sale of the specialty chemical operations, together with debt repayments in the current year of \$9.5 million.

Selling, general and administrative expenses have increased slightly by \$0.5 million and are comparable to 1994. In 1995, Rogers incurred approximately \$2 million in restructuring costs in reorganizing its operating structure. The full benefit of cost savings associated with this restructuring will not be realized until fiscal 1997. There was no increase in overall selling, general and administrative expenses due to the restructuring program at Rogers as Lantic incurred \$2 million in restructuring costs in 1994.

EARNINGS In 1995, BC Sugar recorded net earnings of \$7.5 million compared to \$26.5 million in 1994. Net earnings in 1994 included earnings from non-recurring items of approximately \$17 million. There were no non-recurring items in 1995.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net earnings from sugar operations declined to \$7.5 million or 30 cents per share in 1995, compared to \$9.5 million or 38 cents per share in 1994. The main factors contributing to this decline are those previously discussed.

Net earnings per common share decreased from \$1.07 per share in 1994 to 30 cents per share in 1995. This decrease is due primarily to the effect of the 1994 non-recurring items previously discussed.

INCOME TAXES The Company's effective income tax rate for 1995 is 64.2 percent, 27.5 percent higher than the combined basic Canadian federal and provincial income tax rate for a Canadian manufacturing company. The effective tax rate is due primarily to the inability of the Company to record the tax benefit of the losses of RSI which in 1995 totalled approximately \$10 million, 18.3 percent of the difference between the effective rate and basic rate. The remaining 9.2 percent difference between the effective rate and basic rate is caused primarily by non-deductible expenses for tax purposes, the largest being goodwill amortization in the amount of \$4 million.

RSI has approximately U.S. \$23 million in accounting tax loss carryforwards which expire between 2004 and 2010. Accordingly, when RSI returns to profitable levels, the Company will benefit from earnings of up to \$23 million that will bear no income tax expense.

EXTERNAL AND INDUSTRY FACTORS IMPACTING OPERATING RESULTS BC Sugar's sugar products are marketed in western Canada by Rogers, in eastern Canada by Lantic and in the eastern United States by RSI. The sales volume and pricing of these products are not significantly affected by adverse changes in the economy.

Canadian Operations The Company faces competition from high fructose corn syrup, particularly when world sugar prices rise, and from refined sugar imported from the United States, the Far East and the European Union. Canada has not historically imposed import quotas nor meaningful tariffs for sugar or other sweeteners. The Company has met the influx of sugar imports with increased discounts and ongoing incentive programs to help counter these competitive factors and to stimulate sales. Despite these efforts, both sales volumes and selling margins have declined.

In the first nine months of fiscal 1995, the volume of dumped and subsidized refined sugar imported from the United States, South Korea and the European Union continued to grow. On March 17, 1995, Revenue Canada initiated a combined anti-dumping and countervailing duty investigation against injurious imports of refined sugar. Revenue Canada's preliminary determination on July 7, 1995 and final determination on October 5, 1995 confirmed that refined sugar originating in or exported from the United States, South Korea and the European Union had been dumped in Canada and refined sugar originating in or exported from the European Union had been subsidized.

On November 6, 1995, the Canadian International Trade Tribunal ("CITT") confirmed that dumped and subsidized refined sugar imported from the United States and the European Union threatened to cause material injury to the Canadian industry. Consequently, the significant duties originally imposed by Revenue Canada on a provisional basis, have been imposed on the dumped and subsidized imported sugar as of that

date. The CITT's finding and resulting duties will ensure that these foreign producers compete fairly in the Canadian market.

Export access to sugar markets in the United States is restrained by a quota system, and since 1989, any refined sugar shipped from Canada into the United States has had to be produced from domestically grown sugar beets rather than imported raw cane sugar. On October 1, 1995, the U.S. imposed a new 22,000 tonne global quota for refined and specialty sugars entering the U.S. This new quota system will reduce the amount of refined sugar the Company sells to the U.S. from approximately 40,000 tonnes in 1994 and 37,000 tonnes in 1995 to about 15,000 tonnes in 1996 and will impact earnings for the coming fiscal year.

U.S. Operations The Company's U.S. operations are adversely effected by the Sugar Program provisions of the U.S. Farm Bill ("Farm Bill") which maintains the price of raw sugar in the U.S. above world raw sugar prices. The Farm Bill provides price support for U.S. raw cane sugar and refined beet sugar producers at levels that encourage excessive production of domestic beet sugar.

In years when sugar beet planting, growing and harvesting conditions are favourable, as they were in 1994, excess beet sugar production decreases the market available to cane refiners. This leads to lower sales volumes and margins in the cane sector, and all cane refiners in the United States reportedly lost money in 1995.

EFFECTS OF CHANGING PRICES AND FOREIGN EXCHANGE RATES The Company does not believe its business is impacted by inflation to a greater extent than the general economy. The Company monitors the impact of inflation and attempts to adjust prices where market conditions permit. Inflation did not have a significant effect on sales levels during fiscal 1995 or 1994.

The Company operates in the sugar industry, and to protect itself against fluctuations in raw sugar prices, enters into commodities futures contracts on regulated futures markets for the purpose of hedging sugar inventories and related purchase and sale commitments.

The Company's cumulative translation account recorded on the balance sheet in the amount of \$9.5 million reflects the increase in the Company's net investment in RSI due to the change in foreign exchange from the dates of acquisition to September 30, 1995. The cumulative translation account decreased to \$9.5 million from \$9.6 million in 1994 due to a lower U.S. exchange rate at September 30, 1995 than at September 30, 1994.

LIQUIDITY AND CAPITAL RESOURCES Cash provided from continuing operations in 1995 was approximately \$33 million. The Company utilized cash from operations to pay dividends of approximately \$10 million, reduce long-term debt by \$9.5 million and upgrade plant and equipment by \$5.8 million. The net result of the above activities, along with the realization of cash from some of the Company's miscellaneous investments, resulted in a net cash inflow of \$12.5 million for 1995.

Cash requirements for working capital and capital expenditures have historically been met with funds generated from operations. Management has reviewed projected cash flows for 1996 and has compared these to ongoing requirements for dividends, capital improvements, interest and debt repayments. It is estimated that these requirements will be met by funds generated from operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Normal maintenance and capital improvements will be financed out of operating income. The Company currently has no plans which would require additional capital resources.

As at September 30, 1995, the Company had cash and operating lines of credit of approximately \$160 million of which \$9.3 million were utilized. These lines of credit are subject to certain bank margin requirements.

SPECIALTY CHEMICAL OPERATIONS The Company disposed of its specialty chemical operations in 1994, resulting in net proceeds exceeding the total carrying value of the specialty chemical operations by \$36 million. The Company did not recognize the excess proceeds as earnings in 1994 as the Company retained responsibility for certain historical environmental obligations at the Kalama plant located in Kalama, Washington, the Garfield plant located in Garfield, New Jersey, a former manufacturing plant located in Beaufort, South Carolina, several Superfund sites located in the United States and a former manufacturing plant located in Delta, British Columbia.

The net proceeds over carrying value of specialty chemicals was recorded on the balance sheet as deferred revenue and will continue to be deferred in the future until such time as future expenditures and third party recoveries relating to the environmental obligations retained are determinable. Any expenditures not covered by the Trust (discussed below) relating to the environmental obligations will be recorded against deferred revenue as incurred. In 1995, the Company directly incurred \$865,000 in environmental and other related expenditures which have reduced the deferred revenue account from \$35.9 million to \$35 million.

A trust was established as a condition of the sale to deal with the historical environmental obligations of Kalama, and any recoveries from insurance carriers or other third parties are required to be paid into the Trust. Kalama is entitled to receive reimbursement from the Trust for any expenditures relating to the historical environmental obligations of Kalama.

At September 30, 1995, the Trust held approximately U.S. \$3 million in cash and U.S. \$6.1 million in receivables which relate mainly to an outstanding insurance claim for U.S. \$5 million that the Company settled during the year. Subsequent to year end, the Trust received the U.S. \$5 million settlement. Management has reviewed the estimated environmental expenditure obligations for the coming year and expects that there will be sufficient funds in the Trust to meet these obligations.

The Company's maximum exposure to the environmental obligations resulting from the Kalama sale is the original limit as specified in the Kalama sale agreement of U.S. \$44 million, less qualifying 1995 expenditures paid for by the Trust of U.S. \$3.4 million, for a current maximum exposure of U.S. \$40.6 million.

The Company does not expect that the uncertainties relating to the environmental liabilities of specialty chemicals will be fully determinable in the near future, which the Company defines for these purposes as a minimum of the next five years.

Management has reviewed the environmental obligations and has consulted with environmental consultants, legal advisors and former owners of the specialty chemical operations to determine whether the deferred revenue and amount held in trust will be sufficient to discharge such obligations. Based on these discussions,

management is of the view that the deferred revenue of \$35 million, cash in trust of U.S. \$3 million and Trust receivables of U.S. \$6.1 million will be sufficient to offset the environmental obligations as they become due.

FUTURE OPERATIONS As part of management's review of future operations, which takes into consideration all relevant and external factors affecting the business, it has assessed whether future cash flows will be sufficient for the Company to realize its investment from all of its assets, including goodwill.

Management is of the view, using the non-discounted net cash flow basis of measurement, that there is no permanent impairment in value of the assets of the Company. Should there be a change in external factors or other matters affecting the business, the appropriate adjustment would be made to the financial statements.

Canadian Operations Management does not expect any significant changes in the supply and demand or pricing of world raw sugar over the foreseeable future. The imposition of significant duties on dumped and subsidized refined sugar from the United States and the European Union should ensure that foreign producers compete fairly in the Canadian market. The result should be improved profitability for Canadian operations in 1996.

The changes to the U.S. quota limiting global refined sugar imports into the U.S. to 22,000 tonnes and further restrictions and/or reclassifications respecting sugar-containing products will restrict current access to the United States for Canadian exports of sugar and sugar-containing products. The new refined sugar quota will result in a decline in beet sugar exports from Rogers to the U.S. of approximately 25,000 tonnes and will adversely affect operating results.

Effective January 1, 1996, U.S. manufacturers of sugar-containing products will be unable to use re-export sugar (raw sugar purchased outside the U.S. at world raw sugar prices) for products shipped into Canada. By having to use higher priced U.S. domestic sugar, some of this manufactured production may move to Canada, thus increasing sales volume potential for Canadian refineries.

The introduction of restructuring programs in Lantic in 1994 and Rogers in 1995 should reduce costs and expenses in future years.

U.S. Operations The 1995-96 sugar beet crop is currently forecast at 10-12 percent lower than last year. This will present opportunities for improved margins in the 1996 fiscal year.

The 1990 Farm Bill expires at the end of 1995. RSI, in conjunction with all U.S. cane refiners, continues to press for significant changes in sugar legislation.

These factors, together with the operating efficiencies resulting from major cost reduction programs undertaken over the past several years, will enhance RSI's future profitability.

STATEMENTS OF EARNINGS

BC Sugar Refinery, Limited and Subsidiary Companies, Years ended September 30

<i>(In Thousands of Dollars)</i>	1995	1994
Revenues	\$ 825,380	\$ 790,331
Costs and expenses		
Cost of sales	726,394	684,843
Selling, general and administrative	44,958	44,426
Depreciation and amortization	16,091	16,120
Long-term debt interest	16,362	21,178
Other interest	652	869
Total costs and expenses	804,457	767,436
Earnings before non-recurring items and income taxes	20,923	22,895
Non-recurring items <i>(Note 8)</i>	–	17,025
Earnings before income taxes	20,923	39,920
Income taxes <i>(Note 9)</i>	13,435	13,384
Net earnings	\$ 7,488	\$ 26,536
Basic earnings per common share <i>(Note 13)</i>	\$.30	\$ 1.07

STATEMENTS OF RETAINED EARNINGS

BC Sugar Refinery, Limited and Subsidiary Companies, Years ended September 30

<i>(In Thousands of Dollars)</i>	1995	1994
Balance, beginning of year	\$ 35,335	\$ 18,766
Net earnings	7,488	26,536
	42,823	45,302
Dividends	9,967	9,967
Balance, end of year	\$ 32,856	\$ 35,335

BALANCE SHEETS

BC Sugar Refinery, Limited and Subsidiary Companies, As at September 30

(In Thousands of Dollars)

1995

1994

ASSETS

Current assets

Cash	\$ 4,046	\$ 592
Accounts receivable	74,096	80,321
Inventories	78,707	87,946
Prepaid expenses	7,568	7,208
Deferred income taxes	4,217	6,670
Total current assets	168,634	182,737

Investments and other assets (Note 3)

10,280 15,468

Fixed assets (Note 4)

136,084 142,301

Goodwill, net of accumulated amortization (Note 4)

144,948 148,962

\$ 459,946 \$ 489,468

LIABILITIES

Current liabilities

Bank loans, secured	\$ 9,330	\$ 18,379
Accounts payable and accrued liabilities	60,090	70,581
Current portion of long-term debt (Note 5)	9,715	10,289
Total current liabilities	79,135	99,249

Long-term debt (Note 5)

131,236 140,203

Deferred revenue (Note 2)

35,029 35,894

Other long-term liabilities (Note 6)

8,202 8,075

Deferred income taxes

6,802 3,881

Total liabilities

260,404 287,302

SHAREHOLDERS' EQUITY

Share capital (Note 7)

Common shares	155,613	155,613
Preferred shares	1,570	1,570

157,183 157,183

Retained earnings

32,856 35,335

190,039 192,518

Foreign exchange adjustment

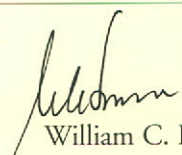
9,503 9,648

Total shareholders' equity

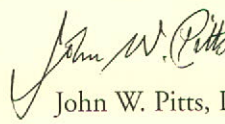
199,542 202,166

\$ 459,946 \$ 489,468

Approved by the Board



William C. Brown, Director



John W. Pitts, Director

Environmental obligations – Note 2(b)

Contingent liabilities – Note 11

Commitments – Note 12

STATEMENTS OF CHANGES IN FINANCIAL POSITION

BC Sugar Refinery, Limited and Subsidiary Companies, Years ended September 30

(In Thousands of Dollars)

	1995	1994
CASH PROVIDED BY (USED FOR)		
Operations		
Funds provided from continuing operations (below)	\$ 28,909	\$ 36,970
Changes in non-cash working capital of continuing operations	4,416	(11,930)
Cash from continuing operations	33,325	25,040
Cash from discontinued operations to date of disposal	–	9,792
Cash from operations	33,325	34,832
Cash dividends paid	(9,967)	(9,967)
	23,358	24,865
Financing		
Decrease in long-term debt	(9,545)	(77,314)
Increase in long-term debt	–	2,210
	(9,545)	(75,104)
Investments		
Additions to fixed assets	(5,810)	(8,795)
Received from (advanced to) Kalama Trading Partnership	3,753	(2,212)
Decrease in deferred revenue	(865)	–
Other	1,612	(5,354)
Net proceeds from sale of Kalama Chemical, Inc.	–	78,223
	(1,310)	61,862
Increase in cash	12,503	11,623
Cash of Kalama at date of disposal	–	(5,320)
Net current bank loans, beginning of year	(17,787)	(24,090)
Net current bank loans, end of year	\$ (5,284)	\$ (17,787)

"Net current bank loans" is defined as current bank loans less cash.

FUNDS PROVIDED FROM CONTINUING OPERATIONS

	1995	1994
Net earnings	\$ 7,488	\$ 26,536
Depreciation and amortization	16,091	16,120
Deferred income taxes	5,376	(1,812)
Other	(115)	273
Pension	69	(287)
Deferred post-retirement benefits	–	(3,860)
	21,421	10,434
Funds provided from continuing operations	\$ 28,909	\$ 36,970

NOTES TO FINANCIAL STATEMENTS

BC Sugar Refinery, Limited and Subsidiary Companies, September 30, 1995 and 1994

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of presentation*

The consolidated financial statements include the accounts of the wholly-owned subsidiary companies, Rogers Sugar Ltd. ("Rogers") (formerly The British Columbia Sugar Refining Company, Limited), Lantic Sugar Limited ("Lantic"), Refined Sugars, Inc. ("RSI"), a wholly-owned subsidiary of Lantic, and Chatterton Petrochemical Corporation ("Chatterton") and the accounts of Kalama Chemical, Inc. ("Kalama") (collectively with Chatterton referred to as "Specialty Chemicals") up to the date of disposal on May 26, 1994.

The investment in Specialty Chemicals was accounted for as a discontinued operation up to the date of disposition of Kalama on May 26, 1994 (Note 2). Because of uncertainties regarding the eventual resolution of related environmental liabilities and potential third party recoveries, the amount of the sale proceeds, less the carrying value of the investment adjusted for costs of disposition and assets retained, has been recorded as deferred revenue until such time as the costs of environmental obligations are determined. Expenditures in connection with Specialty Chemicals, including any required contributions to the Trust (Note 2(a)) and ongoing remediation costs for the Chatterton site (Note 2(b)), are charged to deferred revenue as incurred.

In accordance with recommendations of The Canadian Institute of Chartered Accountants, the net income of Specialty Chemicals after March 31, 1991, the date of the formal plan of disposal, was deferred and therefore, was not recorded in the Statements of Earnings.

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

(b) *Revenue recognition*

Revenue is recognized at the time sugar products are shipped.

(c) *Inventories*

Cane sugar inventory is valued at the lower of cost and market value. Rogers values a normal quantity of 35,000 tonnes of cane sugar at \$85 per tonne, which is less than market value.

Beet sugar inventory and all other inventories are valued at the lower of net realizable value and cost.

(d) *Futures transactions*

The Company, in the normal course of business, enters into commodities futures contracts on regulated futures markets for the purpose of hedging sugar inventories and related purchase and sale commitments. Hedging gains and losses on purchase and sale commitments are included in inventories. Any gain or loss on unhedged commitments is recognized currently.

(e) *Fixed assets*

Fixed assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets. Assets are depreciated by Rogers on the diminishing balance basis and by Lantic and RSI on the straight-line basis as follows:

Assets	Rate (percent)
Buildings and improvements	2.5 – 25
Plant and equipment	5 – 30
Furniture and fixtures	20 – 30

(f) *Goodwill*

Goodwill is amortized on a straight-line basis at 2.5 percent per annum. Amortization for the year amounts to \$4,014,000 (1994 - \$4,014,000).

NOTES TO FINANCIAL STATEMENTS

BC Sugar Refinery, Limited and Subsidiary Companies, September 30, 1995 and 1994

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

On an ongoing basis the Company evaluates the net carrying value of goodwill, which relates to Lantic and RSI, for possible impairment in value. Impairment would be recognized should the long-term expectation be that the net carrying amount of goodwill will not be recovered. Such evaluations include:

- comparison of current and anticipated operating earnings and unamortized goodwill balance and amortization amounts;
- assessment of future operating trends; and
- consideration of regulatory environment, sweetener market trends and other relevant factors.

The basis for measurement of this recovery is management's expectation of future non-discounted, after-tax earnings from the operations of Lantic and RSI.

(g) Income Taxes

Current deferred income taxes are provided on timing differences between the Company's basis of valuing its sugar inventories and that permitted for income tax purposes.

Non-current deferred income taxes are provided on timing differences which result primarily from claiming capital cost allowances in excess of depreciation and on income tax benefits from the utilization of Chatterton's losses.

(h) Foreign currency translation

The operations of RSI, and Kalama until the date of disposition, both foreign operations, are considered self-sustaining. Assets and liabilities are translated at the rate of exchange in effect at the balance sheet date (1995 - 1.3402; 1994 - 1.3465). Statement of earnings items are translated at average exchange rates (1995 - 1.3754; 1994 - 1.3588). Gains and losses on translation of these foreign operations are included in the foreign exchange adjustment component of Shareholders' Equity.

The temporal method is used to translate the transactions and balances of the Company that are denominated in foreign currencies. Under this method, monetary assets and liabilities, and non-monetary items carried at market values, are translated at exchange rates in effect at the balance sheet date. Other non-monetary items are translated at their historical exchange rates. Statement of earnings items are translated at average exchange rates. Exchange gains or losses are recognized currently in earnings.

(i) Pension expense and obligation

Assets of defined benefit pension plans are recorded at values which are adjusted to market over a period of five years. Pension expense includes amortization of past service costs, experience gains and losses and the difference between pension fund assets and the actuarial value of accrued pension benefits. These amounts are amortized on a straight-line basis over the expected average remaining service life of the plan participants. Actuarial valuations of the Company's pension plans are performed at least once every three years.

(j) Financial instruments

Long-term debt:

Long-term debt is recorded on the balance sheet at cost. The Company discloses the estimated fair value of its long-term debt in the notes to the financial statements using discounted cash flows analysis based on incremental borrowing rates currently available for similar terms and maturities. The fair value estimate does not include costs that would be incurred to exchange or settle the long-term debt arrangements in force as at September 30, 1995 as the Company does not intend to extinguish the long-term debt arrangements prior to maturity.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

Foreign exchange contracts:

The Company's activities which result in exposure to fluctuation in foreign currency exchange rates consist of the purchasing of raw sugar and the selling of refined sugar. The Company manages these exposures 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, a financial instrument or foreign currency, 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 one year and relate exclusively to U.S. currency. 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 does not record the forward foreign exchange contracts on its balance sheet but does disclose the amount of outstanding forward foreign exchange contracts in the notes to the financial statements. The Company also discloses its unrealized position relating to these forward foreign exchange contracts based upon fair market value determined by quoted market rates.

2. SPECIALTY CHEMICALS AND DEFERRED REVENUE

(a) *Deferred revenue*

On May 26, 1994, the Company disposed of its investment in Kalama (Note 1(a)). The deferred revenue relating to Specialty Chemicals is determined as follows:

(In Thousands of Dollars)

Net proceeds from disposition	\$ 78,223
Less: Carrying value of investment in Specialty Chemicals	(57,135)
Add: Assets retained and income tax benefits from Chatterton's losses	14,806
	(42,329)
Deferred revenue at September 30, 1994	35,894
Less: Cumulative expenditures incurred after date of disposal	(865)
Deferred revenue at September 30, 1995	\$ 35,029

In addition to the deferred revenue amount, Kalama established a trust under the Kalama sale agreement specifically for the remediation of historical environmental obligations. Under the terms of the Trust Agreement, Kalama is required to pay any recoveries received from former owners, insurance carriers or other third parties into the Trust. As at September 30, 1995, the Trust held cash of U.S. \$3 million (1994 - U.S. \$12 million), and subsequent to September 30, 1995, received a further U.S. \$5 million from the settlement of an outstanding insurance claim.

(b) *Environmental obligations*

Under the terms of the Kalama sale agreement, obligations relating to Kalama's historical environmental activities will be discharged by Kalama so long as there are sufficient monies in the Trust. If the obligations exceed the amounts held in or received by the Trust in the future, the Company will be required to indemnify the buyer of the shares of Kalama against these obligations.

NOTES TO FINANCIAL STATEMENTS

BC Sugar Refinery, Limited and Subsidiary Companies, September 30, 1995 and 1994

2. SPECIALTY CHEMICALS AND DEFERRED REVENUE *continued*

Such obligations include specific environmental site investigation and cleanup activities at the Kalama and Garfield sites, a former manufacturing location and several Superfund sites.

For some of the environmental liabilities associated with Kalama's operations, the costs of remediation, which may be significant, cannot be specifically determined at this time. As a result, the overall environmental liabilities cannot be determined at this time.

Kalama has entered into an agreement with a former owner of one of its facilities whereby the former owner has accepted responsibility for a significant portion of the remediation costs of that facility.

The maximum exposure to the Company under the Kalama sale agreement, relating to Kalama's historical environmental issues, is the original limit of U.S. \$44 million less qualifying expenditures of U.S. \$3.4 million for a current exposure of U.S. \$40.6 million. Management, after consultation with environmental experts and after consideration of the assets held in the Trust (Note 2(a)), believes that the eventual costs of discharging these obligations will be less than the deferred revenue amount of \$35 million.

The Company, through Chatterton, which ceased operation in June, 1992, and in conjunction with a previous owner of the site, is co-operating with regulatory authorities to investigate and remediate historical soil and groundwater conditions at the Delta, British Columbia site. Chatterton anticipates that remedial measures will be required at this site; however, investigations are not yet fully completed and the cost of remediation, which may be significant, cannot be specifically determined at this time. Chatterton has held ongoing discussions with the previous owner with respect to participation in the costs of remediation. It is not possible at this time to estimate the Company's eventual recovery.

As a result of Chatterton's ongoing investigations, management believes that the net outcome of environmental liabilities and the recoveries would not have a material effect on the Company's consolidated financial statements.

3. INVESTMENTS AND OTHER ASSETS

(In Thousands of Dollars)

	1995	1994
Deferred pension costs	\$ 4,050	\$ 4,130
Long-term receivable (Note 8(a))	3,015	4,544
Real estate development properties	2,434	2,183
Kalama Trading Partnership advances	441	4,194
Other	340	417
	\$ 10,280	\$ 15,468

Deferred pension costs represent the cumulative positive difference between the provision for pension costs and amounts funded at the balance sheet date.

Investment in real estate development properties is recorded on the equity basis.

4. FIXED ASSETS AND GOODWILL

(In Thousands of Dollars)	Cost		Accumulated depreciation and amortization		Net book value	
	1995	1994	1995	1994	1995	1994
Land	\$ 5,520	\$ 5,534	\$ –	\$ –	\$ 5,520	\$ 5,534
Buildings and improvements	39,021	38,480	14,971	13,796	24,050	24,684
Plant and equipment, furniture and fixtures	207,805	203,041	108,039	97,739	99,766	105,302
Leasehold improvements	356	356	81	48	275	308
Capital assets held for resale	6,473	6,473	–	–	6,473	6,473
Total fixed assets	\$ 259,175	\$ 253,884	\$ 123,091	\$ 111,583	\$ 136,084	\$ 142,301
Goodwill	\$ 160,552	\$ 160,552	\$ 15,604	\$ 11,590	\$ 144,948	\$ 148,962

Capital assets held for resale are recorded at the lower of depreciated cost and estimated realizable value.

5. LONG-TERM DEBT

(In Thousands of Dollars)	1995	1994
Rogers Sugar Ltd.		
Bank term loan bearing interest at prime plus 0.25% (1994 – prime plus 0.25%), maturing March 31, 2001	\$ 51,500	\$ 57,750
Lantic Sugar Limited		
12.50% Series “A” first mortgage bonds	21,347	22,031
12.125% Series “B” first mortgage bonds	19,704	20,865
11.75% Series “C” first mortgage bonds	13,325	13,690
9.55% Series “D” first mortgage bonds	14,279	14,587
9.85% Series “E” first mortgage bonds	19,070	19,469
Refined Sugars, Inc.		
9.30% and 9.80% Notes payable	1,012	1,336
Other	714	764
	140,951	150,492
Less: Current portion of long-term debt	9,715	10,289
	\$131,236	\$ 140,203

Rogers Sugar Ltd.

The bank term loan has scheduled quarterly repayments of \$1,500,000 in 1996, \$1,750,000 in 1997 and 1998, \$2,000,000 in 1999 and 2000 and the remaining balance of \$15,500,000 is due in 2001.

The Company has entered into an interest rate swap arrangement which reduces by \$1,750,000 per quarter and which matures March 31, 1998. Under the arrangement, interest is fixed at 10.13 percent per annum on an outstanding notional amount. At September 30, 1995 this was \$50,750,000.

The long-term debt and interest rate swap arrangement are secured on an equal basis by a general security agreement creating a security interest in a first position over all the assets except for inventories and receivables of Rogers together with a share pledge of all common shares of Lantic.

NOTES TO FINANCIAL STATEMENTS

BC Sugar Refinery, Limited and Subsidiary Companies, September 30, 1995 and 1994

Lantic Sugar Limited

The Series "A" first mortgage bonds are repayable in semi-annual blended instalments of \$1,708,485 beginning June 1, 1988, with a final instalment of \$14,176,819 due December 1, 2002.

The Series "B" first mortgage bonds are repayable in semi-annual blended instalments of \$1,828,385 beginning January 1, 1990 and maturing July 1, 2004.

The Series "C" first mortgage bonds are repayable in semi-annual blended instalments of \$981,261 beginning January 1, 1990, with a final instalment of \$8,246,391 due July 1, 2004.

The Series "D" first mortgage bonds are repayable in semi-annual blended instalments of \$847,405 beginning May 1, 1993, with a final instalment of \$7,462,931 due November 1, 2007.

The Series "E" first mortgage bonds are repayable in semi-annual blended instalments of \$1,153,618 beginning May 1, 1993, with a final instalment of \$10,094,080 due November 1, 2007.

The interest in certain leases of Lantic and a Deed of Trust and Mortgage carrying a specific charge on certain fixed assets not otherwise pledged by Lantic have been pledged as security for the Series "A", Series "B", Series "C", Series "D" and Series "E" first mortgage bonds. The Deed also contains certain restrictions and covenants relating to the creation of additional long-term debt and distributions to the shareholder.

Refined Sugars, Inc.

The 9.80 percent and 9.30 percent notes payable are repayable in monthly instalments of U.S. \$17,624 and U.S. \$9,324 respectively until their maturity on April 30 and June 30, 1998, respectively.

Consolidated Long-Term Debt Repayment

Required principal payments in each of the next five years are as follows:

(In Thousands of Dollars)

1996	\$ 9,715
1997	11,143
1998	11,465
1999	12,680
2000	13,178

Fair Value of Long-Term Debt

The Company has estimated the fair value of its long-term debt to be \$145,000,000. The estimate has been calculated using market interest rates for similar debt instruments.

6. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent certain health care and life insurance benefits provided by the Company's subsidiary, RSI, to its retired employees and certain eligible active employees.

7. SHARE CAPITAL

	1995	1994
Common shares outstanding at September 30:		
Class A	23,800,102	23,655,554
Class B	921,812	1,066,360
	24,721,914	24,721,914
Preferred shares carrying a cumulative dividend of \$1.00 per share and redeemable at \$20.00 per share	78,500	78,500

(a) Class A and Class B shares have equal voting rights, rank equally with respect to dividends and are convertible into one another on a share for share basis.

(b) At the February, 1995 annual general meeting, shareholders reconfirmed the Company's shareholder rights plan containing the terms and conditions set forth in the Amended and Restated Shareholder Rights Plan Agreement dated as of May 24, 1990 and amended February 22, 1995.

Should any person or group, other than a person or group deemed not to have beneficial ownership of the shares (in certain defined circumstances) or a bidder making a bid that satisfies the requirement of a "permitted bid" as set forth in the plan, acquire 20 percent or more of the total of the Company's Class A and Class B common shares, the rights, after a ten-day waiting period, or such longer period as the directors of the Company may determine, will separate from the shares. The rights will then entitle each holder of common shares (other than the bidder) to acquire Class A common treasury shares of the Company at a 50 percent discount to the prevailing market price.

The requirements of a "permitted bid" include the following:

- the bid must be made by way of a takeover bid circular;
- the bid must be made to all holders of the Company's shares;
- the bid must remain outstanding for 60 days;
- the bid must provide that common shares may be taken up by the bidder only if not less than 50 percent of the Company's shares, including shares held by the bidder, have been tendered to the bid and not withdrawn; and
- if a majority of the common shares tender to the bid within the 60 day period, the bid must be extended, on the same terms, for not less than 10 business days.

The rights will remain outstanding until May, 1998, unless redeemed earlier by the Board of Directors.

(c) The Company has a share option plan for key employees. To date, options have been granted to acquire 440,000 (1994 - 290,000) Class A common shares at prices from \$7.875 to \$17.25 per common share.

The Company has reserved 2,400,000 Class A common shares for possible future issuance under this plan.

8. NON-RECURRING ITEMS

(In Thousands of Dollars)

	1995	1994
Gain on settlement of energy supply contract	\$ —	\$ 13,165
Gain on changes to post-retirement benefit plan	—	3,860
	\$ —	\$ 17,025

(a) Gain on settlement of energy supply contract

During 1994, the Company's subsidiary, RSI, reached a settlement with a third party for the cancellation of an energy co-generation plant construction agreement. The total settlement in favour of RSI was U.S. \$9,500,000 (CDN \$13,165,000) of which U.S. \$5,000,000 was received during 1994. The balance of U.S. \$4,500,000 is receivable in equal annual instalments of U.S. \$1,125,000 commencing April 15, 1995, at an interest rate equal to the U.S. Federal Funds rate on the date on which payment is received.

(b) Gain on changes to post-retirement benefit plan

During 1994, the Company's subsidiary, RSI, changed its post-retirement benefits plan, resulting in a gain of \$3,860,000. The gain reflects changes in coverage for certain retired employees and current employees to be covered under the plan.

NOTES TO FINANCIAL STATEMENTS

BC Sugar Refinery, Limited and Subsidiary Companies, September 30, 1995 and 1994

9. INCOME TAXES

The Company's effective income tax rate comprises the following:

	1995	1994
Combined basic Canadian federal and provincial income tax rate	43.5%	44.3%
Manufacturing and processing profits deduction	(6.8)	(6.8)
Losses of subsidiary not tax effected	18.3	1.2
Non-taxable adjustments and other	9.2	(5.2)
Effective income tax rate	64.2%	33.5%

<i>(In Thousands of Dollars)</i>	1995	1994
Actual provision for income taxes		
Current	\$ 8,059	\$ 15,196
Deferred (recovery)	5,376	(1,812)
	\$ 13,435	\$ 13,384

At September 30, 1995, the Company, through RSI, has approximately U.S.\$23 million in losses carryforward expiring in years 2004 to 2010, the benefits of which have not been recorded in these consolidated financial statements. RSI's losses carryforward are as follows:

<i>(In Thousands of Dollars)</i>	
Losses carryforward for tax purposes	U.S.\$ 42,089
Less timing differences caused primarily by tax depreciation in excess of that booked for accounting purposes	18,952
Losses carryforward for accounting purposes	U.S.\$ 23,137

10. PENSION PLANS

The Company maintains several defined benefit pension plans. Actuarial valuations of these pension plans are carried out periodically and provide estimates of the present value of accrued pension benefits at a point in time, calculated on the basis of various assumptions with respect to pension plan costs and rates of return on investments.

The funded status of the plans is as follows:

	As at September 30	
<i>(In Thousands of Dollars)</i>	1995	1994
Present value of accrued benefits	\$ 105,784	\$ 102,797
Pension funds assets	\$ 111,238	\$ 103,241

The Company amortizes the difference between pension fund assets and accrued benefits over the expected average remaining service life of the plan participants. The amortization periods for the plans are currently fourteen years to eighteen years.

11. CONTINGENT LIABILITIES

(a) In connection with the purchase by Jannock Limited from a former shareholder ("former shareholder") of Lantic of its shares in Lantic, the former shareholder filed an action in April 1992 demanding payment from Jannock of the sum of \$15,400,000 plus \$2,240,000 in interest and expenses under a clause in the purchase and sale agreement and 90 percent of any payments received by Jannock under an indemnity from the Company in respect of this liability, which if repeated successively, could total \$154,140,000. The Company and its counsel are of the view that the correct interpretation of the purchase and sale agreement is that no amount is owing to the former shareholder and consequently nothing will be owing to Jannock under the indemnification clause from the Company. The Company and its counsel are also of the view that the former shareholder's claim for 90 percent of any payment under the indemnity clause is entirely without merit.

(b) The Company is involved in various other legal matters arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, management is of the opinion that their outcome will not have a material effect on the Company's consolidated financial statements.

12. COMMITMENTS

As at September 30, 1995, the Company had outstanding forward foreign exchange contracts with maturities of less than one year to purchase U.S. currency aggregating U.S. \$88,299,000 and to sell U.S. currency aggregating U.S. \$37,082,000. Outstanding forward foreign exchange contracts were in an unrealized negative cash flow position of approximately \$2,290,000. These net positions are sensitive to changes in foreign exchange rates.

13. NET EARNINGS PER COMMON SHARE

(a) *Supplemental earning per share information*

Basic earnings per common share:

	1995	1994
Earnings before non-recurring items, net of income taxes	\$ 0.30	\$ 0.38
Non-recurring items, net of income taxes	—	0.69
Net earnings	\$ 0.30	\$ 1.07

(b) *Fully diluted earnings per share*

The issuance of common shares under the shareholders' rights plan, as disclosed in Note 7, would have a substantial dilutive effect on earnings per share. The possible issuance of common shares under the share option plan does not have a material effect on the current year's earnings per share.

NOTES TO FINANCIAL STATEMENTS

BC Sugar Refinery, Limited and Subsidiary Companies, September 30, 1995 and 1994

14. SEGMENTED INFORMATION

The Company operates in the sugar industry in Canada and the United States. Geographic information for the Company's sugar operations is summarized as follows:

(In Thousands of Dollars)	Canada		United States		Consolidated	
	1995	1994	1995	1994	1995	1994
Revenues	\$ 504,221	\$ 490,992	\$ 321,159	\$ 299,339	\$ 825,380	\$ 790,331
Operating earnings (loss)	51,837	54,815	(9,886)	(5,859)	41,951	48,956
Interest expense					(17,014)	(22,047)
Goodwill amortization					(4,014)	(4,014)
Non-recurring items					–	17,025
Income taxes					(13,435)	(13,384)
Net earnings					\$ 7,488	\$ 26,536
Identifiable assets	\$ 175,148	\$ 189,167	\$ 129,570	\$ 135,871	\$ 304,718	\$ 325,038
Other investments	7,085	10,739	3,195	4,729	10,280	15,468
	\$ 182,233	\$ 199,906	\$ 132,765	\$ 140,600	314,998	340,506
Goodwill					144,948	148,962
Total assets					\$ 459,946	\$ 489,468
Depreciation and amortization	\$ 10,456	\$ 10,401	\$ 5,635	\$ 5,719	\$ 16,091	\$ 16,120
Purchase of fixed assets	\$ 3,852	\$ 3,869	\$ 1,958	\$ 3,737	\$ 5,810	\$ 7,606

Auditors' Report

TO THE SHAREHOLDERS OF BC SUGAR REFINERY, LIMITED

We have audited the consolidated balance sheets of BC Sugar Refinery, Limited as at September 30, 1995 and 1994 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 1995 and 1994 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

KPMG Peat Marwick Thorne

KPMG PEAT MARWICK THORNE

Chartered Accountants

Vancouver, Canada
November 10, 1995

BOARD OF DIRECTORS

Directors

J.C. Anderson*

*Chairman & Chief Executive Officer
of Anderson Exploration Ltd.*

R. Stuart Angus♦

*Partner,
Smith, Lyons, Torrance, Stevenson & Mayer*

A. Stuart Belkin†

*President,
of Balaclava Enterprises Ltd.*

William C. Brown

*President & Chief Executive Officer
of the Company*

Hon. Pat Carney, P.C.†

Senate of Canada

Peter A. Cherniavsky*

Chairman of the Company

P. Nicholas Geer♦

*Managing Director, Vice Chairman
of The Jim Pattison Group*

Leo E. Labrosse

Corporate Director

Jim Pattison

*Managing Director, Chief Executive Officer
of The Jim Pattison Group*

John M. Pigott†

*President & Chief Executive Officer
of Morrison Lamothe Inc.*

John W. Pitts♦

*President and Chief Executive Officer
of MacDonald Dettwiler & Associates Ltd.*

F. Cameron Wilkinson**

Corporate Director

† Corporate Governance Committee

* Compensation Committee

♦ Audit Committee

CORPORATE OFFICERS

Peter A. Cherniavsky

Chairman

William C. Brown

President & Chief Executive Officer

André O. Bergeron

Vice President

David M.S. Elliott

Vice President

Gregory J. Hoskins

Vice President

James W. Hudson

*Vice President, Finance
& Chief Financial Officer*

Roy E. Spires

Treasurer & Secretary

OPERATING EXECUTIVE

Western Operations**Rogers Sugar Ltd.**

*123 Rogers Street
Vancouver, B.C. V6A 3N2
(604) 253-1131*

D.M.S. Elliott

President & Chief Operating Officer

R.L. Cardinal

Vice President, Finance

M.H. Fletcher

Vice President, Human Resources

D.N. Hurl

Vice President, Sales and Marketing

B.L. Karren

Vice President, Technical Operations

Eastern Operations**Lantic Sugar Limited**

*1 Westmount Square
Westmount, Quebec H3Z 2P9
(514) 939-3939*

A. O. Bergeron

President & Chief Operating Officer

R. Beauchamp

Vice President, Sales & Marketing

C. R. Brown

Vice President, Quality Assurance

J. Dussault

Vice President, Human Resources

D. L. Lafrance

Vice President, Finance

J.B. Wheatley

Vice President, Production

U. S. Operations**Refined Sugars, Inc.**

*One Federal Street
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(914) 963-2400*

G.J. Hoskins

President & Chief Operating Officer

D.W. Brainard

Vice President, Human Resources

V.J. Cala

Vice President, Consumer Products

A.J. Perrone

Vice President, Sales & Marketing

J. F. Preston

Vice President, Purchasing & Raw Sugar

R.L. Knecht

Vice President, Production

PRODUCTION & DISTRIBUTION FACILITIES

Vancouver Refinery**D.A. Ryan**

Refinery Operations Manager

Taber Factory**D.J. Emek**

General Manager

Winnipeg Factory**J.G. Zednai**

General Manager

Saint John Refinery**D. Bishop**

Operations Manager

Montreal Refinery**J. Gareau**

Refinery Manager

Toronto Distribution Centre**R. Znoj**

Director of Logistics

Yonkers Refinery**R.L. Knecht**

Vice President, Production



NOTHING EQUALS SUGAR.