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.