MAPLE LEAF FOODS INC.

Interim Report to Shareholders

For the First Quarter Ended

March 31, 2015

Management's Discussion and Analysis

For the first quarter ended March 31, 2015

April 29, 2015

FINANCIAL OVERVIEW

Maple Leaf Foods Inc. ("the Company") sales from continuing operations of $780.2 million for the first quarter was an increase of 9.7% from last year, or 8.5% after adjusting for the impact of foreign exchange. The increase was primarily a result of higher pricing in the Meat Products Group, partially offset by lower volumes.

Adjusted Operating Earnings[(i)] for the first quarter was $10.4 million compared to a loss of $29.9 million last year. The Meat Products Group benefited from price increases in the prepared meats business and improved export margins in the fresh pork business, which were partially offset by lower volumes in the prepared meats business.

Adjusted Earnings per Share[(ii)] was $0.05 in the first quarter of 2015 compared to a loss of $0.24 last year.

Net loss from continuing operations for the first quarter was $2.8 million (loss of $0.02 per basic share attributable to common shareholders[(iii)]) compared to a loss of $124.6 million (loss of $0.89 per share) last year. This included $10.8 million ($0.06 per share) of pre-tax expenses related to restructuring and other related costs (2014: $21.8 million, or $0.12 per share). The decrease was primarily due to non-recurring finance costs that were incurred last year in relation to the repayment of the Company's outstanding debt and lower selling, general and administrative costs.

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Reconciliation of Non-IFRS Financial Measures at the end of this Management Discussion and Analysis on page 8 for a description and reconciliation of all non-IFRS financial measures.

Notes:

(i) *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings from continuing operations adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 8.*

(ii) *Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate ongoing financial operating results. It is defined as basic earnings per share from continuing operations attributable to common shareholders, and is adjusted on the same basis as Adjusted Operating Earnings. Please refer to the section entitled Non-IFRS Financial Measures on page 8.*

(iii) *Unless otherwise stated, all per share amounts are basic attributable to common shareholders.*

OPERATING REVIEW

The following table summarizes sales by business segment:

($ thousands) *(Unaudited)*	Three Months Ended March 31, 2015	2014
Meat Products Group	**$ 776,409**	$ 705,399
Agribusiness Group	**3,839**	5,948
Total Sales[(i)]	**$ 780,248**	$ 711,347

The following table summarizes Adjusted Operating Earnings by business segment:

($ thousands) *(Unaudited)*	Three Months Ended March 31, 2015	2014
Meat Products Group	**$ 7,878**	$ (27,447)
Agribusiness Group	**2,532**	(346)
Protein Group	**$ 10,410**	$ (27,793)
Non-Allocated Costs in Adjusted Operating Earnings[(ii)]	**—**	(2,135)
Adjusted Operating Earnings[(i)]	**$ 10,410**	$ (29,928)

(i) *2014 figures exclude the results of the Bakery Products Group, which are reported as discontinued operations. Refer to Note 22 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Non-allocated costs are comprised of expenses not separately identifiable to business segment groups, and do not form part of the measures used by the Company when assessing the segments' operating results.*

Meat Products Group

Includes value-added prepared meats, lunch kits and snacks, and fresh pork and poultry products sold under leading Canadian brands such as Maple Leaf®, Schneiders® and many leading regional brands.

Sales in the Meat Products Group for the first quarter increased 10.1% to $776.4 million, or 8.8% after adjusting for the weaker Canadian dollar. The improvement was driven by price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material costs, increased volumes in the fresh pork business and improved sales mix in the fresh poultry business. These were partially offset by lower volumes in the prepared meats business.

Adjusted Operating Earnings for the first quarter increased to $7.9 million compared to a loss of $27.4 million last year, primarily as a result of improved margins. The prepared meats business benefited from price increases and a reduction in transitional costs, partially offset by lower volumes. Transitional costs primarily related to commissioning activities at the new prepared meats facility in Hamilton, the largest in the Company's network, and duplicative overhead costs from legacy plants scheduled to be closed. The reduction in transitional costs was mainly attributable to a decrease in duplicative overhead costs resulting from the closure of three legacy facilities in 2014 and the largest legacy facility in the Company's network on February 27, 2015. Earnings in the fresh pork business improved due to increased export margins, primarily in Japan, and growth in the Canadian retail market, which more than offset a decline in pork processing margins. Earnings in the fresh poultry business increased as a result of improvements in poultry processing margins and operating efficiencies.

Agribusiness Group

Includes Canadian hog production operations that primarily supply the Meat Products Group with livestock as well as toll feed sales.

Agribusiness Group sales for the first quarter declined to $3.8 million compared to $5.9 million last year, due to lower toll feed sales.

Adjusted Operating Earnings in the first quarter increased to $2.5 million compared to a loss of $0.3 million last year as the hog production operations benefited from hog prices, net of hedging activities, which was offset by additional costs incurred relating to the prevention of the Porcine Epidemic Diarrhea ("PED") virus.

Non-allocated Costs

Non-allocated amounts that are excluded from the computation of Adjusted Operating Earnings in the first quarter comprise a $7.3 million loss due to changes in the fair value of biological assets (2014: gain of $40.3 million), and an $11.0 million unrealized gain in the first quarter on futures contracts (2014: loss of $36.5 million). In 2014, an $8.6 million expense related to the modification of a long-term incentive compensation plan was excluded from the computation of Adjusted Operating Earnings, as described in Note 24 of the 2015 first quarter unaudited condensed consolidated interim financial statements.

There is no amount included in Adjusted Operating Earnings for the three months ended March 31, 2015. The 2014 expense of $2.1 million related to corporate costs that were not allocated to any reportable segment.

The changes in the fair value of biological assets and unrealized and realized (gains) losses on futures contracts have been excluded from Adjusted Operating Earnings, as the economic impact of these transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The long-term incentive plan expense is excluded from Adjusted Operating Earnings, as this modification was a decision made as a result of the sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

DIVESTITURE OF CANADA BREAD AND DISCONTINUED OPERATIONS

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread Company, Limited ("Canada Bread") owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The Company received gross proceeds of $1,657.0 million (which included its share of the dividend paid upon closing of the Arrangement) for its 90.0% interest in Canada Bread, resulting in a pre-tax gain of $997.0 million for the year ended December 31, 2014. Upon the sale of the business, the net assets of Canada Bread were derecognized.

The discontinued operations loss in the first quarter of 2015 pertains to additional transaction costs associated with the disposal of the Bakery Products Group in the prior year and incurred in the current year.

There were no sales from discontinued operations in the first quarter of 2015. Sales from discontinued operations in the first quarter of 2014 were $342.8 million relating to Canada Bread.

Net loss from discontinued operations in the first quarter of 2014 was $7.4 million. This included $6.8 million in earnings from Canada Bread and residual expenses relating to the divestiture of Olivieri fresh pasta and sauce business.

For additional information on discontinued operations please see Note 22 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.

GROSS MARGIN

Gross margin in the first quarter was $89.2 million (11.4% of sales) compared to $47.9 million (6.7% of sales) last year. The increase in gross margin as a percentage of sales is largely attributable to margin improvement in the Meat Products Group. This was driven primarily by the price increases implemented in the second quarter of 2014 in the prepared meats business, in response to increased raw material and inflationary costs, and improved volume and export margins in the fresh pork business. Partially offsetting this increase was lower volume in the prepared meats business. Also included in gross margin was a $47.6 million decrease in the fair value of biological assets and a $47.5 million increase in the fair value of unrealized mark-to-market contracts.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

For the first quarter of 2015, selling, general and administrative expense decreased by 9.2% to $75.0 million (9.6% of sales) compared to $82.7 million (11.6% of sales) last year. The decrease was largely driven by an $8.6 million expense related to the modification of a long-term incentive compensation plan in the first quarter of 2014, as described in Note 24 of the 2015 first quarter unaudited condensed consolidated interim financial statements. The long-term incentive plan expense is excluded from Adjusted Operating Earnings as this modification was a decision made as a result of the then planned sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

OTHER INCOME (EXPENSE)

Other expense for the first quarter of 2015 was $5.8 million (2014: income of $1.3 million) and included a $5.1 million depreciation charge on assets servicing divested businesses. Other income in the first quarter of 2014 primarily consisted of a $0.8 million property tax rebate and a gain on the sale of an investment property of $0.4 million.

Certain items in other income (expense) are excluded from the calculation of Adjusted EBITDA[i] and Adjusted Earnings per Share as they are not considered representative of ongoing operational activities of the business. Other income (expense) used in the calculation of Adjusted Earnings per Share for the first quarter of 2015 is an expense of $0.2 million (2014: income of $0.8 million).

[i] *Adjusted EBITDA is calculated as earnings from continuing operations before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 8.*

RESTRUCTURING AND OTHER RELATED COSTS

The following table summarizes restructuring and other related costs for the three months ended March 31:

		2015		2014
MEAT PRODUCTS GROUP				
Management and organizational structure changes				
Severance	**$**	**131**	$	355
Site closing and other costs		**—**		(32)
	$	**131**	$	323
Strategic value creation initiatives				
Severance	**$**	**90**	$	(1,384)
Site closing and other costs		**2,964**		(4)
Asset impairment and accelerated depreciation		**4,237**		6,022
Retention		**1,104**		6,515
	$	**8,395**	$	11,149
Plant closure				
Severance	**$**	**4**	$	—
Total Meat Products Group	**$**	**8,530**	$	11,472
NON-ALLOCATED				
Management and organizational structure changes				
Severance[i]	**$**	**1,556**	$	10,294
Site closing and other costs		**(45)**		—
Pension		**804**		—
Total Non-Allocated	**$**	**2,315**	$	10,294
Total restructuring and other related costs	**$**	**10,845**	$	21,766

[i] *2014 amount includes share based payments as described in Note 24 of the 2015 first quarter unaudited condensed consolidated interim financial statements.*

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management and Organizational Structure Changes

The Company has recorded restructuring and other related costs pertaining to organizational delayering and changes to its management structure, related to the sale of Canada Bread and to other initiatives.

Strategic Value Creation Initiatives

The Company's Meat Products Group has recorded restructuring costs related to changes in its manufacturing and distribution network as part of implementing the Value Creation Plan.

Plant Closure

This category includes plant closures not related to the Company's Strategic Value Creation Initiatives described above. There were no such plant closures in the three months ended March 31, 2015.

Impairment

During the three months ended March 31, 2015 and 2014, the Company did not record any impairments or reversals of impairments of fixed assets through restructuring and other related costs.

INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for the first quarter of 2015 was $1.2 million compared to $114.7 million last year. The decrease was mainly due to nonrecurring financing costs of $98.4 million during the first quarter of 2014 related to the repayment of the Company's outstanding debt in the second quarter of 2014. The financing costs were comprised of a $78.7 million early repayment premium to lenders, $10.1 million of financing fees, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings due to the de-designation of interest rate swaps that are no longer designated as hedging instruments.

INCOME TAXES

The Company’s income tax recoverable relating to continuing operations for the first quarter of 2015 resulted in an effective tax rate of 24.9% (2014: 26.2%). The lower effective rate of taxes recoverable in 2015 is primarily the result of the higher rate of tax recovery applicable to the release from other comprehensive income in 2014. For 2015, the effective tax rates used in the computation of Adjusted Earnings per Share is 25.8% (2014: 25.8%) on restructuring charges and 25.8% (2014: 26.9%) on items not considered representative of ongoing operations. The lower effective tax rate in 2015 on items not considered representative of ongoing operations is due to similar reasons as stated above.

ACQUISITIONS AND DIVESTITURES

There were no acquisitions and divestitures relating to continuing operations during the first quarter of 2015.

Acquisitions and divestitures relating to discontinued operations were as follows:

During the second quarter of 2014, the Company sold 90.0% of the issued and outstanding shares of Canada Bread, resulting in gross proceeds of $1,657.0 million (which includes its share of the dividend paid upon closing of the Arrangement) and a pre-tax gain of $997.0 million for the year ended December 31, 2014.

During the first quarter of 2014, the Company sold a bakery in Toronto, Ontario, for gross proceeds of $6.4 million, resulting in a pre-tax gain of $1.7 million.

CAPITAL RESOURCES

The consumer packaged meats industry in which the Company operates is generally characterized by high sales volume and high turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the price of raw materials, seasonal and other market-related fluctuations. For example, although an increase or decrease in pork commodity prices may not affect margins, the pricing change can have a material effect on investments in working capital (primarily inventory and accounts receivable). The Company has in the past consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

On February 3, 2015, the Company amended its existing $200.0 million committed credit facility by extending the maturity date of the facility to June 30, 2016 using the same syndicate of Canadian, U.S., and international institutions on similar terms and conditions to the pre-existing facility. The committed facility is unsecured and bears interest based on short-term interest rates. The facility is intended to meet the Company’s funding requirements for general corporate purposes and to provide appropriate levels of liquidity. As at March 31, 2015, the Company had not drawn any loans (2014: $555.0 million) and had drawn letters of credit of $10.5 million (2014: $118.9 million) on this facility.

On August 6, 2014, the Company entered a new uncommitted credit facility for issuing up to a maximum of $120.0 million of letters of credit. As at March 31, 2015, $101.6 million of letters of credit had been issued thereon. These letters of credit have been collateralized with cash, as further described in Note 4 of the Company’s 2015 first quarter unaudited condensed consolidated interim financial statements.

The Company's cash balance as at March 31, 2015, is $427.1 million. The Company has invested in short-term deposits in Canadian financial institutions with long-term debt ratings of A or higher.

To access competitively priced financing and to further diversify its funding sources, the Company operates accounts receivable securitization facilities, under which it has sold certain accounts receivable, with very limited recourse, to an entity owned by an international financial institution with a long-term AA- debt rating. The receivables are sold at a discount to face value based on prevailing money market rates. As at March 31, 2015, the Company had $201.9 million (2014: $168.9 million) of trade accounts receivable serviced under these facilities. In return for the sale of these receivables, the Company will receive cash of $93.1 million (2014: $59.7 million) and notes receivable in the amount of $108.8 million (2014: $109.2 million). Due to the timing of receipts and disbursements, the Company may, from time to time, record a receivable or payable related to the securitization facility, and as at March 31, 2015, the Company recorded a net receivable of $18.1 million (2014: $31.5 million net payable). The maximum cash advance available to the Company under this program is $110.0 million. These facilities were accounted for as an off-balance sheet transaction under International Financial Reporting Standards (“IFRS”).

The Company's securitization and other credit facilities are subject to certain restrictions, including the maintenance of certain covenants. The Company was in compliance with all of the requirements of these facilities as at March 31, 2015. If these facilities were terminated, the Company would recognize the securitized amounts on the consolidated balance sheet and consider alternative financing if required.

CAPITAL EXPENDITURES

Capital expenditures for the first quarter were $25.9 million compared to $78.8 million, or $68.6 million excluding discontinued operations, in 2014. The decrease compared to 2014 reflects lower spend on the Value Creation Plan as the project nears completion.

CASH FLOW AND FINANCING

Net Cash, a non-IFRS measure as described on page 8, was $416.5 million at the end of the first quarter of 2015, compared to net debt of $728.9 million in 2014, and net cash of $485.8 million as at December 31, 2014. The decrease in cash for the three months ended March 31, 2015 is largely due to a seasonal increase in working capital, investment in property and equipment and a higher quarterly dividend payment.

Cash Flow from Operating Activities

Cash used by operations for the quarter was $34.6 million compared to $68.3 million in the first quarter of 2014. The improvement was primarily due to higher earnings, partially offset by higher investment in working capital and higher cash restructuring payments.

Cash Flow from Financing Activities

Cash used in financing activities was $10.3 million for the quarter compared to cash provided of $273.4 million in the first quarter of 2014. The change is mainly due to higher drawings on the Company's credit facility in the first quarter of 2014 due to the timing of repayment of the Company's senior notes in the second quarter of 2014.

Cash Flow from Investing Activities

Cash used in investing activities was $24.4 million for the quarter compared to $92.5 million in the first quarter of 2014. The decrease was mainly due to lower capital expenditures as the Value Creation Plan nears completion.

Credit Risk

Credit risk refers to the risk of losses due to failure of the Company’s customers and counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, foodservice, industrial, and convenience channels. The Company performs ongoing credit evaluations of new and existing customers’ financial conditions and reviews the collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. As at March 31, 2015, an insignificant amount of the Company’s accounts receivable were greater than 60 days past due. The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at March 31, 2015, the Company has recorded an allowance for doubtful accounts of $0.0 million (2014: $0.1 million). There are no significant impaired accounts receivable that have not been provided for in the allowance for doubtful accounts.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company’s major customers, the large number and geographic dispersion of smaller customers, and the operation of the accounts receivable securitization facility as mentioned previously. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. During the first quarter, the Company’s largest customer comprised approximately 14.5% (2014: 21.0% from two customers) of total sales. No other sales were made to any one customer that represented in excess of 10% of total sales.

The Company is exposed to credit risk on its notes receivable from a financial institution that holds an equity interest in an unconsolidated structured entity as described in Note 28 of the 2014 annual consolidated financial statements. Management believes that this credit risk is limited by the long-term AA- debt rating held by the counterparty. The Company is exposed to credit risk on its cash and cash equivalents (comprising primarily of deposits and short-term placements with Canadian chartered banks) and non-exchange-traded derivative contracts. The Company mitigates this credit risk by only dealing with counterparties that are major international financial institutions with long-term debt ratings of A or higher. The Company’s maximum exposure to credit risk at the balance sheet date consisted primarily of the carrying value of non-derivative financial assets and non-exchange-traded derivatives with positive fair values.

CHANGE IN FAIR VALUE OF NON-DESIGNATED INTEREST RATE SWAPS

In the first quarter of 2015, the Company recorded a gain of $1.6 million (2014: gain of $1.1 million) due to changes in the fair value of interest rate swaps.

SHARE CAPITAL

As at April 23, 2015, there were 143,076,589 common shares issued and outstanding.

OTHER MATTERS

On April 29, 2015, the Company declared a dividend of $0.08 per share payable June 30, 2015, to shareholders of record at the close of business on June 5, 2015. Unless indicated otherwise by the Company in writing on or before the time the dividend is paid, the dividend will be considered an Eligible Dividend for the purposes of the "Enhanced Dividend Tax Credit System".

On March 23, 2015, the Company announced that the Toronto Stock Exchange ("TSX") accepted a notice filed by the Company to establish a normal course issuer bid ("NCIB") program. The NCIB program commenced on March 25, 2015 and will terminate on March 24, 2016, or on such earlier date as the Company may complete its purchases pursuant to a Notice of Intention filed with the TSX. Under the NCIB program, the Company is authorized to purchase up to 8.65 million of its common shares by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading platforms. Common shares purchased by the Company will be cancelled.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information (in thousands of dollars except per share information):

			First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total(iii)
Sales(i)	**2015**	$	**780,248** $	— $	— $	— $	—
	2014		711,347	831,790	820,097	794,007	3,157,241
	2013		689,353	759,265	757,848	748,311	2,954,777
Net earnings (loss) from continuing operations(i)	**2015**	$	**(2,802)** $	— $	— $	— $	—
	2014		(124,606)	(39,544)	(26,671)	(22,992)	(213,813)
	2013		(30,644)	(38,366)	(24,474)	(47,941)	(141,425)
Net earnings (loss)	**2015**	$	**(2,861)** $	— $	— $	— $	—
	2014		(131,994)	898,855	(26,767)	(28,188)	711,906
	2013		(14,742)	9	15,521	511,375	512,163
Earnings (loss) per share from continuing operations(i)							
Basic(ii)	**2015**	$	**(0.02)** $	— $	— $	— $	—
	2014		(0.89)	(0.28)	(0.19)	(0.16)	(1.51)
	2013		(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
Diluted(ii)	**2015**	$	**(0.02)** $	— $	— $	— $	—
	2014		(0.89)	(0.28)	(0.19)	(0.16)	(1.51)
	2013		(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
Adjusted EPS(ii)(iv)	**2015**	$	**0.05** $	— $	— $	— $	—
	2014		(0.24)	(0.13)	(0.13)	(0.08)	(0.58)
	2013		(0.24)	(0.25)	(0.19)	(0.41)	(1.08)
Earnings (loss) per share(ii)							
Basic(ii)	**2015**	$	**(0.02)** $	— $	— $	— $	—
	2014		(0.95)	6.38	(0.19)	(0.20)	5.03
	2013		(0.11)	(0.02)	0.09	3.58	3.55
Diluted(ii)	**2015**	$	**(0.02)** $	— $	— $	— $	—
	2014		(0.95)	6.38	(0.19)	(0.20)	5.03
	2013		(0.11)	(0.02)	0.09	3.58	3.55

(i) *Figures exclude discontinued operations.*

(ii) *Basic and diluted earnings (loss) per share, earnings (loss) per share from continuing operations and Adjusted Earnings (loss) per Share are based on amounts attributable to common shareholders.*

(iii) *May not add due to rounding.*

(iv) *Refer to Non-IFRS Financial Measures starting on page 8.*

Quarterly sales in 2015 were affected by the following significant items:

- price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material and inflationary costs;
- increased volumes in the fresh pork business;
- lower volumes in the prepared meats business;

- favourable sales mix in the fresh poultry business;
- a weaker Canadian dollar relative to the U.S. dollar, which benefited fresh pork exports;

Quarterly net earnings from continuing operations in 2015 were affected by the following significant items:

- price increases implemented in the prepared meats business during the second quarter of 2014;
- transitional costs in the prepared meats business related to executing its network transformation strategy;
- higher pork exports;
- decline in primary pork processing margins;
- improved poultry processing margins;
- lower volumes in the prepared meats business;
- lower market prices for hogs, offset by hedging positions in the hog production business;
- higher feed costs in the hog production business;
- changes in fair value of non-designated interest rate swaps, biological assets, and (gains) losses on futures contracts;
- restructuring and other related costs;
- accelerated depreciation of assets used to support divested businesses.

Quarterly sales in 2014 were affected by the following significant items:

- favourable commodity prices for fresh pork;
- price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material and inflationary costs;
- lower volume in the prepared meats, and fresh pork businesses;
- a higher value sales mix in the prepared meats business;
- a weaker Canadian dollar relative to the U.S. dollar, which benefited fresh pork exports; and
- price increases implemented during 2013 in the prepared meats business.

Quarterly net earnings from continuing operations in 2014 were affected by the following significant items:

- transitional costs in the prepared meats business related to executing its network transformation strategy;
- lower volume in the prepared meats business;
- improved primary pork processing margins and market values for pork by-products and increased labour and yield efficiencies in the fresh pork business;
- higher pork exports;
- higher market prices for hogs, partly offset by hedging positions in the hog production business;
- lower feed costs in the hog production business;
- changes in fair value of non-designated interest rate swaps, biological assets, and (gains) losses on futures contracts;
- early redemption financing costs;
- restructuring and other related costs;
- the expense related to a modification of a long-term incentive plan, which was a decision made as a result of the then planned sale of Canada Bread;
- accelerated depreciation of assets used to support divested businesses; and
- impairment of assets.

For an explanation and analysis of quarterly results, please refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods which is filed on SEDAR and also available on the Company's website at www.mapleleaffoods.com.

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

For the first time beginning on January 1, 2015, the Company adopted certain standards and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Employee Benefits

Beginning on January 1, 2015, the Company adopted the amendments to IAS 19 Employee Benefits retrospectively. The amendments to IAS 19 required contributions from employees or third parties that are linked to service to be attributed to periods of service as a negative benefit. The amendments to IAS 19 provide simplified accounting in certain situations. If the amount of contribution is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service costs in the period in which the service is rendered, instead of allocating the contributions to the period's service. The adoption of the amendments to IAS 19 did not have a material impact on the Company's consolidated financial statements.

Annual Improvements to IFRS (2010 – 2012) and (2011 – 2013) Cycles

Beginning on January 1, 2015, the Company adopted various amendments to a total of seven standards including disclosure on the aggregation of operating segments in IFRS 8 Operating Segments, measurement of short-term receivables and payables under IFRS 13 Fair Value Measurement, definition of related party in IAS 24 Related Party Disclosures, and other amendments. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Annual Improvements to IFRS (2012-2014) Cycle

In September 2014, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify items including the consistent classification of assets if they are reclassified from held for sale to held for distribution in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and clarification of interim financial statement disclosure requirements regarding offsetting financial assets and liabilities and clarification of whether a servicing contract constitutes continuing involvement for the purposes of disclosures of transferred financial assets that are derecognized under IFRS 7 Financial Instruments: Disclosures. The amendments also include clarification that the currency of the bonds used to estimate the discount rate for pension obligations must be the same as the currency in which the benefits will be paid under IAS 19 Employee Benefits and additional requirements under IAS 34 Interim Financial Reporting that cross-referenced information from the interim financial statements must be available at the same time and on the same terms as the interim financial statements. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Joint Arrangements

In May 2014, IFRS 11 Joint Arrangements was amended to require an acquisition of a joint operation that constitutes a business to be accounted for using the principles of business combinations in IFRS 3 Business Combinations. This amendment applies to both initial and additional interest acquired in the joint operation. The Company intends to adopt the amendments to IFRS 11 in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of amendments to IFRS 11 has not yet been determined.

Consolidated Financial Statements and Investments in Associates and Joint Ventures

In September 2014, IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures were amended to clarify an inconsistency between the two standards relating to the sale or contribution of assets from an investor to its associate or joint venture. The amendment requires that a full gain or loss is recorded if the sold or contributed assets do not constitute a business. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Revenue Recognition

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. The standard is effective for annual periods beginning on or after January 1, 2017; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

Financial Instruments – Recognition and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments with a mandatory effective date of January 1, 2018. The new standard brings together the classification and measurements, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

The disclosure requirements in IFRS 7 Financial Instruments - Disclosure have also been amended to include the additional disclosure required under IFRS 9. The Company intends to adopt these amendments to IFRS 7 at the same time as adoption of IFRS 9. The extent of the impact of the adoption of the amendments to IFRS 7 has not yet been determined.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the period beginning on January 1, 2015, and ended on March 31, 2015, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, and Net Cash (Debt). Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings

Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as net earnings (loss) before income taxes from continuing operations adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The table below provides a reconciliation of net earnings (loss) from continuing operations as reported under IFRS in the unaudited consolidated interim statements of earnings (loss) to Adjusted Operating Earnings for the three months ended, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

	Three months ended March 31, 2015			
($ thousands) *(Unaudited)*	**Meat Products Group**	**Agribusiness Group**	**Non-allocated costs**	**Consolidated**
Net earnings (loss) from continuing operations				**$ (2,802)**
Income taxes				**(931)**
Earnings (loss) before income taxes from continuing operations				**$ (3,733)**
Interest expense and other financing costs				**1,224**
Other (income) expense	**193**	**3**	**5,641**	**5,837**
Restructuring and other related costs	**8,530**	**—**	**2,315**	**10,845**
Earnings (loss) from continuing operations	**$ 7,878**	**$ 2,532**	**$ 3,763**	**$ 14,173**
Decrease (increase) in fair value of biological assets[(i)]	**—**	**—**	**7,283**	**7,283**
Unrealized (gains) loss on futures contracts[(ii)]	**—**	**—**	**(11,046)**	**(11,046)**
Adjusted Operating Earnings	**$ 7,878**	**$ 2,532**	**$ —**	**$ 10,410**

[(i)] *Refer to Note 7 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets.*

[(ii)] *Realized and unrealized gains/losses on futures contracts are reported within cost of goods sold in the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

	Three months ended March 31, 2014			
($ thousands) *(Unaudited)*	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings (loss) from continuing operations				$ (124,606)
Income taxes				(44,193)
Earnings (loss) before income taxes from continuing operations				$ (168,799)
Interest expense and other financing costs				114,711
Change in the fair value of non-designated interest rate swaps				(1,110)
Other (income) expense	(526)	(291)	(476)	(1,293)
Restructuring and other related costs	11,472	—	10,294	21,766
Earnings (loss) from continuing operations	$ (27,447)	$ (346)	$ (6,932)	$ (34,725)
Decrease (increase) in fair value of biological assets[(i)]	—	—	(40,306)	(40,306)
Unrealized (gains) loss on futures contracts[(ii)]	—	—	36,503	36,503
Modification of long-term incentive plan[(iii)]	—	—	8,600	8,600
Adjusted Operating Earnings[(iv)]	$ (27,447)	$ (346)	$ (2,135)	$ (29,928)

[(i)] *Refer to Note 7 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets.*

[(ii)] *Realized and unrealized gains/losses on futures contracts are reported within cost of goods sold in the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

[(iii)] *Modification of long-term incentive plan is reported within selling, general and administrative expenses on the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

[(iv)] *Figures exclude the results of the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate ongoing financial operating results. It is defined as basic earnings (loss) per share from continuing operations attributable to common shareholders, and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings (loss) per share from continuing operations as reported under IFRS in the unaudited consolidated interim statements of earnings (loss) to Adjusted Earnings per Share for the three months ended, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per Share) *(Unaudited)*	Three months ended March 31,	
	2015	2014
Basic earnings (loss) per share from continuing operations	**$ (0.02)**	$ (0.89)
Restructuring and other related costs[(i)]	**0.06**	0.12
Items included in other income not considered representative of ongoing operations[(ii)]	**0.03**	0.00
Change in the fair value of non-designated interest rate swaps[(iii)]	**—**	(0.01)
Change in the fair value of unrealized (gain) loss on futures contracts[(iii)]	**(0.06)**	0.19
Change in the fair value of biological assets[(iii)]	**0.04**	(0.21)
Other financing costs[(iv)]	**—**	0.51
Modification impact to long-term incentive plan[(v)]	**—**	0.05
Adjusted Earnings per Share[(vi)]	**$ 0.05**	$ (0.24)

(i) *Includes per share impact of restructuring and other related costs, net of tax.*

(ii) *Includes gains/losses associated with non-operational activities, including gains/losses related to discontinued operations, assets held for sale, and hedge ineffectiveness recognized in earnings, all net of tax.*

(iii) *Includes per share impact of the change in fair value of non-designated interest rate swaps, unrealized and realized (gains) losses on futures contracts and the change in fair value of biological assets, net of tax. In 2015, the change in fair value of non-designated interest rate swaps is presented as other income.*

(iv) *Includes a $78.7 million early repayment premium to lenders, $10.1 million in financing costs, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings related to the settlement of interest rate swaps that are no longer designated as hedging instruments.*

(v) *Relates to an $8.6 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

(vi) *May not add due to rounding.*

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization

Adjusted EBITDA is calculated as earnings (loss) from continuing operations before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The following table provides a reconciliation of net earnings (loss) from continuing operations as reported under IFRS in the unaudited consolidated interim statements of net earnings (loss) to Adjusted EBITDA for the three months ended, as indicated below. Management believes Adjusted EBITDA is useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

($ thousands) *(Unaudited)*	Three months ended March 31,	
	2015	2014
Net earnings (loss) from continuing operations	**$ (2,802)**	$ (124,606)
Income taxes	**(931)**	(44,193)
Earnings (loss) before income taxes from continuing operations	**$ (3,733)**	$ (168,799)
Interest expense and other financing costs	**1,224**	114,711
Items included in other income not representative of ongoing operations[(i)]	**5,641**	(543)
Restructuring and other related costs	**10,845**	21,766
Change in the fair value of non-designated interest rate swaps, biological assets and unrealized and realized (gains) losses on futures contracts	**(3,763)**	(4,913)
Modification impact to long-term incentive plan[(ii)]	**—**	8,600
Depreciation and amortization	**26,641**	21,501
Adjusted EBITDA	**$ 36,855**	$ (7,677)

(i) *Includes gains/losses associated with non-operational activities, including gains/losses related to discontinued operations, assets held for sale, and interest income.*

(ii) *Relates to an $8.6 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

Net Cash (Debt)

The following table reconciles Net Cash (Debt) to amounts reported under IFRS in the unaudited consolidated interim balance sheets as at the periods indicated below. The Company calculates Net Cash (Debt) as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands) *(Unaudited)*		**As at March 31, 2015**		As at March 31, 2014
Current portion of long-term debt(i)	**$**	**(592)**	$	(1,334,965)
Current portion of long-term debt included in liabilities associated with assets held for sale(ii)		**—**		(554)
Long-term debt		**(10,012)**		(6,232)
Long-term debt included in liabilities associated with assets held for sale(ii)		**—**		(2,051)
Sub total	**$**	**(10,604)**	$	(1,343,802)
Cash and cash equivalents	**$**	**427,100**	$	470,783
Cash and cash equivalents included in assets held for sale(ii)		**—**		144,096
Net Cash (Debt)	**$**	**416,496**	$	(728,923)

(i) *2014 figure included $76.1 million of the $78.7 million early repayment premium paid in April 2014; the remaining $2.6 million is reflected in accounts payable and accruals on the March 31, 2014 consolidated balance sheet.*

(ii) *Refer to Note 8 of the 2015 first quarter unaudited condensed consolidated interim financial statements.*

FORWARD-LOOKING STATEMENTS

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which the Company operates, as well as beliefs and assumptions made by the Management of the Company. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, objectives, expectations, anticipations, estimates, and intentions. Specific forward-looking information in this document includes, but is not limited to, statements with respect to: the anticipated benefits, timing, actions, costs, and investments associated with the Value Creation Plan; expectations regarding the use of derivatives, futures and options; expectations regarding improving efficiencies; the expected use of cash balances; source of funds for ongoing business requirements; capital investments and debt repayment; expectations regarding acquisitions and divestitures; the timing of old plant closures and job losses; LEED certification; expectations regarding the adoption of new accounting standards and the impact of such adoption on financial position; expectations regarding sufficiency of the allowance for uncollectible accounts; and expectations regarding pension plan performance and future pension plan liabilities and contributions. Words such as "expect", "anticipate", "intend", "may", "will", "plan", "believe", "seek", "estimate", and variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict.

In addition, these statements and expectations concerning the performance of the Company's business in general are based on a number of factors and assumptions including, but not limited to: the condition of the Canadian, U.S., and Japanese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, and the Japanese yen; the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies whether as a result of the Value Creation Plan or otherwise; continued access to capital; the cost of compliance with environmental and health standards; no adverse results from ongoing litigation; no unexpected actions of domestic and foreign governments; and the general assumption that none of the risks identified below or elsewhere in this document will materialize. All of these assumptions have been derived from information currently available to the Company, including information obtained by the Company from third-party sources. These assumptions may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied, or forecasted in such forward-looking information, which reflect the Company's expectations only as of the date hereof.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or forecasted by forward-looking information include, among other things:

- risks associated with the Company focusing solely on the protein business;
- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with implementing and executing the Value Creation Plan;
- risks associated with the availability of capital;
- risks associated with changes in the Company's information systems and processes;
- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, and capital expansion projects;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;

- impact of a pandemic on the Company's operations;
- the Company's exposure to currency exchange risks;
- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- risks associated with complying with differing employment laws and practices, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- risks associated with pricing the Company's products;
- risks associated with managing the Company's supply chain; and
- risks associated with failing to identify and manage the strategic risks facing the Company.

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are discussed in more detail under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the fiscal year ended December 31, 2014, which is available on SEDAR at www.sedar.com. The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future EBITDA margins; capital expenditures; cash costs; and non-cash restructuring charges. These financial outlooks are presented to allow the Company to benchmark the results of the Value Creation Plan. These financial outlooks may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law. Additional information concerning the Company, including the Company's Annual Information Form and Management's Discussion and Analysis for the fiscal year ended December 31, 2014 is available on SEDAR at www.sedar.com.
Maple Leaf Foods Inc. is a leading Canadian consumer protein company. Headquartered in Mississauga, Canada, the Company employs approximately 12,000 people at its operations in Canada, the U.S., and Asia.

Consolidated Balance Sheets

(In thousands of Canadian dollars)	***Notes***	**As at March 31, 2015**	As at March 31, 2014	As at December 31, 2014
		(Unaudited)	*(Unaudited)*	
ASSETS				
Current assets				
Cash and cash equivalents	*4*	**$ 427,100**	$ 470,783	$ 496,328
Accounts receivable	*5*	**65,953**	69,594	60,396
Notes receivable	*5*	**108,833**	109,154	110,209
Inventories	*6*	**293,868**	283,273	270,401
Biological assets	*7*	**101,894**	140,428	105,743
Income and other taxes recoverable		**—**	36,376	—
Prepaid expenses and other assets		**32,368**	41,818	20,157
Assets held for sale	*8*	**1,107**	1,000,946	1,107
		$ 1,031,123	$ 2,152,372	$ 1,064,341
Property and equipment		**1,039,147**	994,268	1,042,506
Investment property		**7,388**	3,221	3,312
Employee benefits	*9*	**81,243**	114,793	88,162
Other long-term assets		**13,567**	8,273	9,881
Deferred tax asset		**72,531**	66,399	74,986
Goodwill	*10*	**428,236**	428,236	428,236
Intangible assets	*11*	**155,613**	185,263	165,066
Total assets		**$ 2,828,848**	$ 3,952,825	$ 2,876,490
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accruals		**$ 261,298**	$ 435,628	$ 275,249
Provisions	*12*	**46,010**	40,100	60,443
Current portion of long-term debt	*13*	**592**	1,334,965	472
Income taxes payable		**16,986**	—	26,614
Other current liabilities	*14*	**28,949**	128,399	24,383
Liabilities associated with assets held for sale	*8*	**—**	311,400	—
		$ 353,835	$ 2,250,492	$ 387,161
Long-term debt	*13*	**10,012**	6,232	10,017
Employee benefits	*9*	**177,184**	140,051	196,482
Provisions	*12*	**19,596**	30,994	17,435
Other long-term liabilities	*15*	**24,054**	26,753	20,899
Total liabilities		**$ 584,681**	$ 2,454,522	$ 631,994
Shareholders' equity				
Share capital	*17*	**$ 937,883**	$ 906,166	$ 936,479
Retained earnings		**1,229,222**	458,202	1,228,815
Contributed surplus		**81,332**	71,819	79,652
Accumulated other comprehensive loss associated with continuing operations	*16*	**(4,046)**	(1,230)	(226)
Accumulated other comprehensive income associated with discontinued operations	*8*	**—**	4,159	—
Treasury stock		**(224)**	(1,350)	(224)
Total shareholders' equity		**$ 2,244,167**	$ 1,437,766	$ 2,244,496
Non-controlling interest		**—**	60,537	—
Total equity		**$ 2,244,167**	$ 1,498,303	$ 2,244,496
Total liabilities and equity		**$ 2,828,848**	$ 3,952,825	$ 2,876,490

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

Consolidated Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	***Notes***		Three months ended March 31, **2015**		2014
Sales		**$**	**780,248**	$	711,347
Cost of goods sold			**691,026**		663,412
Gross margin		**$**	**89,222**	$	47,935
Selling, general and administrative expenses			**75,049**		82,660
Earnings (loss) from continuing operations before the following:		**$**	**14,173**	$	(34,725)
Restructuring and other related costs	***18***		**(10,845)**		(21,766)
Change in fair value of non-designated interest rate swaps	***19***		**—**		1,110
Other income (expense)	***20***		**(5,837)**		1,293
Earnings (loss) before interest and income taxes from continuing operations		**$**	**(2,509)**	$	(54,088)
Interest expense and other financing costs	***21***		**1,224**		114,711
Earnings (loss) before income taxes from continuing operations		**$**	**(3,733)**	$	(168,799)
Income taxes			**(931)**		(44,193)
Earnings (loss) from continuing operations		**$**	**(2,802)**	$	(124,606)
Earnings (loss) from discontinued operations	***22***		**(59)**		(7,388)
Net earnings (loss)		**$**	**(2,861)**	$	(131,994)
Attributed to:					
Common shareholders		**$**	**(2,861)**	$	(132,911)
Non-controlling interest			**—**		917
		$	**(2,861)**	$	(131,994)
Earnings (loss) per share attributable to common shareholders:	***23***				
Basic and diluted earnings (loss) per share		**$**	**(0.02)**	$	(0.95)
Basic and diluted earnings (loss) per share from continuing operations		**$**	**(0.02)**	$	(0.89)
Weighted average number of shares (millions)			**143.0**		140.2

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

Consolidated Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended March 31, **2015**	2014
Net earnings (loss)	**$ (2,861)**	$ (131,994)
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Actuarial gains and losses (Net of tax of $5.1 million; 2014: $0.2 million)	**$ 14,707**	$ 714
Total items that will not be reclassified to profit or loss	**$ 14,707**	$ 714
Items that are or may be reclassified subsequently to profit or loss:		
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million; 2014:$0.0 million)	**$ 1,082**	$ 345
Change in unrealized gains and losses on cash flow hedges (Net of tax of $1.7 million; 2014: $0.8 million)	**(4,902)**	2,219
Total items that are or may be reclassified subsequently to profit or loss	**$ (3,820)**	$ 2,564
Other comprehensive income (loss) from continuing operations	**$ 10,887**	$ 3,278
Other comprehensive income (loss) from discontinued operations(i) (2014: Net of tax of $0.1 million)	**—**	4,860
Total other comprehensive income (loss)	**$ 10,887**	$ 8,138
Comprehensive income (loss)	**$ 8,026**	$ (123,856)
Attributed to:		
Common shareholders	**$ 8,026**	$ (125,436)
Non-controlling interest	**$ —**	$ 1,580

(i) *The above amount includes $0.0 million for the three months ended March 31, 2015 (2014: $0.8 million) relating to actuarial gains and losses that will not subsequently be re-classified to profit or loss.*

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Total Equity

		Attributable to Common Shareholders							
(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	Share capital	Retained earnings	Contributed surplus	Total accumulated other comprehensive income (loss) associated with continuing operations	Total accumulated other comprehensive income (loss) associated with assets held for sale	Treasury stock	Non-controlling interest	Total equity
Balance at December 31, 2014		**$ 936,479**	**$ 1,228,815**	**$ 79,652**	**$ (226)**	**$ —**	**$ (224)**	**$ —**	**$ 2,244,496**
Net earnings (loss)		**—**	**(2,861)**	**—**	**—**	**—**	**—**	**—**	**(2,861)**
Other comprehensive income (loss)	***16***	**—**	**14,707**	**—**	**(3,820)**	**—**	**—**	**—**	**10,887**
Dividends declared ($0.08 per share)		**—**	**(11,439)**	**—**	**—**	**—**	**—**	**—**	**(11,439)**
Stock-based compensation expense		**—**	**—**	**1,680**	**—**	**—**	**—**	**—**	**1,680**
Exercise of stock options		**1,404**	**—**	**—**	**—**	**—**	**—**	**—**	**1,404**
Balance at March 31, 2015		**$ 937,883**	**$ 1,229,222**	**$ 81,332**	**$ (4,046)**	**$ —**	**$ (224)**	**$ —**	**$ 2,244,167**

		Attributable to Common Shareholders							
(In thousands of Canadian dollars) *(Unaudited)*	*Notes*	Share capital	Retained earnings	Contributed surplus	Total accumulated other comprehensive income (loss) associated with continuing operations	Total accumulated other comprehensive income (loss) associated with assets held for sale	Treasury stock	Non-controlling interest	Total equity
Balance at December 31, 2013		$ 905,216	$ 602,717	$ 79,139	$ (4,593)	$ —	$ (1,350)	$ 60,863	$ 1,641,992
Net earnings (loss)		—	(132,911)	—	—	—	—	917	(131,994)
Transfer to held for sale	*8*	—	—	—	799	(799)	—	—	—
Other comprehensive income (loss)	*16*	—	(47)	—	2,564	4,958	—	663	8,138
Dividends declared ($0.04 per share)		—	(5,613)	—	—	—	—	(1,906)	(7,519)
Stock-based compensation expense		—	—	8,692	—	—	—	—	8,692
Exercise of stock options		950	—	—	—	—	—	—	950
Modification of stock compensation plan	*24*	—	(5,944)	(16,012)	—	—	—	—	(21,956)
Balance at March 31, 2014		$ 906,166	$ 458,202	$ 71,819	$ (1,230)	$ 4,159	$ (1,350)	$ 60,537	$ 1,498,303

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flow

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	Three months ended March 31, **2015**	2014
CASH (USED IN) PROVIDED BY:			
Operating activities			
Net earnings (loss)		**$ (2,861)**	$ (131,994)
Add (deduct) items not affecting cash:			
Change in fair value of biological assets		**7,283**	(40,306)
Depreciation and amortization		**31,766**	26,643
Stock-based compensation		**1,680**	8,692
Deferred income taxes		**(979)**	(44,014)
Income tax current		**48**	2,431
Interest expense and other financing costs		**1,224**	114,885
Loss (gain) on sale of long-term assets		**(593)**	(236)
Loss (gain) on sale of business	*22*	**—**	468
Loss (gain) on sale of assets held for sale		**—**	(1,736)
Change in fair value of non-designated interest rate swaps		**(1,569)**	(1,110)
Change in fair value of derivative financial instruments		**(11,371)**	36,634
Impairment of assets (net of reversals)		**979**	—
Increase in pension liability		**6,640**	3,393
Net income taxes paid		**(10,841)**	(6,853)
Interest paid		**(855)**	(18,325)
Change in provision for restructuring and other related costs		**(5,303)**	13,660
Other		**187**	5,550
Change in non-cash operating working capital		**(49,991)**	(36,083)
Cash (used in) provided by operating activities		**$ (34,556)**	$ (68,301)
Financing activities			
Dividends paid		**$ (11,439)**	$ (5,613)
Dividends paid to non-controlling interest		**—**	(21,604)
Net increase (decrease) in long-term debt		**—**	299,650
Exercise of stock options		**1,404**	950
Payment of financing fees		**(227)**	—
Cash (used in) provided by financing activities		**$ (10,262)**	$ 273,383
Investing activities			
Additions to long-term assets		**$ (26,433)**	$ (97,672)
Capitalization of interest expense		**—**	(2,783)
Adjustment to sale of business	*22*	**—**	(468)
Proceeds from sale of long-term assets		**2,023**	2,350
Proceeds from sale of assets held for sale		**—**	6,108
Cash (used in) provided by investing activities		**$ (24,410)**	$ (92,465)
(Decrease) increase in cash and cash equivalents		**$ (69,228)**	$ 112,617
Net cash and cash equivalents, beginning of period		**496,328**	502,262
Net cash and cash equivalents, end of period	*4*	**$ 427,100**	$ 614,879
Net cash and cash equivalents is comprised of:			
Cash and cash equivalents attributed to continuing operations		**$ 427,100**	$ 470,783
Cash and cash equivalents attributed to held for sale	*8*	**—**	144,096
Net cash and cash equivalents, end of period		**$ 427,100**	$ 614,879

See accompanying Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. THE COMPANY

Maple Leaf Foods Inc. (“Maple Leaf Foods” or the “Company”) is a producer of food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders Country Naturals® and Mina™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals and valued-added fresh pork and poultry. The address of the Company’s registered office is 6985 Financial Dr. Mississauga, Ontario, L5N 0A1, Canada. The condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2015, include the accounts of the Company and its subsidiaries. The Company’s results are organized into three segments: Meat Products Group, Agribusiness Group, and Bakery Products Group. During the year ended December 31, 2014, the operations of the Bakery Products Group were sold (Note 22).

2. BASIS OF PREPARATION

(a) Statement of Compliance

The unaudited condensed consolidated interim financial statements (or “consolidated financial statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies described herein, consistent with the Company’s 2014 annual audited consolidated financial statements, except for new standards adopted during the period as described in Note 3(a).

The consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2015.

(b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, biological assets, defined benefit plan assets, and liabilities associated with certain stock-based compensation, which are stated at fair value. Liabilities associated with employee benefits are stated at actuarially determined present values.

(c) Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(d) Disposal of business

The consolidated financial statements have been prepared including the results of businesses that were disposed of during the prior years up to the date of disposal.

The results of businesses sold or held for sale have been presented in the Consolidated Statements of Net Earnings (Loss) and Consolidated Statements of Other Comprehensive Income (Loss) separately, net of tax. A full statement of earnings for each divested business is included in Note 22.

The Consolidated Balance Sheets include the assets of divested businesses up until the date of sale. From the point of time when Management determines that the carrying amount of a business will be recovered through a sale transaction rather than continuing use, the assets and liabilities of that business are presented as assets held for sale, and liabilities associated with assets held for sale. The Consolidated Statements of Cash Flow include the cash flows of divested business up to the date of sale.

(e) Use of Estimates and Judgements

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) requires Management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements included in the financial statements are decisions made by Management, based on analysis of relevant information available at the time the decision is made. Judgements relate to the application of accounting policies and decisions related to the measurement, recognition, and disclosure of financial amounts.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies, that have the most significant effects on the amounts recognized in the consolidated financial statements, are included both below and in the statement notes relating to items subject to significant estimate uncertainty and critical judgements.

Long-lived Assets Valuation

The Company performs impairment testing annually for goodwill and intangible assets and, when circumstances indicate that there may be impairment, for other long-lived assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying their Cash Generating Units (“CGUs”) for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves Management judgement and estimation.

The values associated with intangible assets and goodwill involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, and asset lives. These estimates and assumptions could affect the Company’s future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense and impairments on definite life intangible assets recognized in future periods.

Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When the measurement of fair values cannot be determined, based on quoted prices in active markets, fair value is measured using valuation techniques and models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these inputs to these models could affect the reported fair value of the Company's financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Company uses market observable data to the extent that it is possible. To the extent that these estimates differ from those realized, the measured asset or liability, net earnings (loss), and/or comprehensive income (loss) will be affected in future periods.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the Company's 2014 annual audited consolidated financial statements.

Nature of Interests in Other Entities

Management applies significant judgement in assessing the nature of its interest in an unconsolidated structured entity. The Company does not hold any equity interest in the structured entity and based on the terms of the agreements under which the entity is established, the Company does not receive the returns related to their operations and is exposed to limited recourse with respect to losses.

Valuation of Inventory

Management makes estimates of the future customer demand for products when establishing appropriate provisions for inventory. In making these estimates, Management considers product life of inventory and the profitability of recent sales of inventory. In many cases, product sold by the Company turns quickly and inventory on-hand values are lower, thus reducing the risk of inventory obsolescence. However, code or "best before" dates are very important in the determination of realizable value of inventory. Management ensures that systems are in place to highlight and properly value inventory that may be approaching code dates. To the extent that actual losses on inventory differ from those estimated, inventory, net earnings (loss), and comprehensive income (loss) will be affected in future periods.

Biological Assets

Biological assets are measured at each reporting date, at fair value less costs to sell, except when fair value cannot be reliably measured. If fair value cannot be reliably measured, biological assets are measured at cost less depreciation and impairment losses. Although a reliable measure of fair value may not be available at the point of initial recognition, it may subsequently become available. In such circumstances, biological assets are measured at fair value less costs to sell from the point at which the reliable measure of fair value becomes available. Gains and losses that arise on measuring biological assets at fair value less costs to sell are recognized in the statement of net earnings (loss) in the period in which they arise. Costs to sell include all costs that would be necessary to sell the biological assets, including costs necessary to get the biological assets to market.

Trade Merchandise Allowances and Other Trade Discounts

The Company provides for estimated payments to customers based on various trade programs and contracts that often include payments that are contingent upon attainment of specified sales volumes. Significant estimates used to determine these liabilities include: (i) the projected level of sales volume for the relevant period and (ii) customer contracted rates for allowances, discounts, and rebates. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations. To the extent that payments on trade discounts differ from estimates of the related liability, accrued liabilities, net earnings (loss), and comprehensive income (loss) will be affected in future periods.

Employee Benefit Plans

The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service, and Management's best estimate of salary escalation and mortality rates. Discount rates used in actuarial calculations are based on long-term interest rates and can have a material effect on the amount of plan liabilities and expenses. Management employs external experts to advise the Company when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. To the extent that these estimates differ from those realized, employee benefit plan liabilities and comprehensive income (loss) will be affected in future periods.

Income Taxes

Provisions for income taxes are based on domestic and international statutory income tax rates and the amount of income earned in the jurisdictions in which the Company operates. Significant judgement is required in determining income tax provisions and the recoverability of deferred tax assets. The calculation of current and deferred income tax balances requires Management to make estimates regarding the carrying values of assets and liabilities that include estimates of future cash flows and earnings related to such assets and liabilities, the interpretation of income tax legislation in the jurisdictions in which the Company operates, and the timing of reversal of temporary differences. The Company establishes additional provisions for income taxes when, despite Management's opinion that the Company's tax positions are fully supportable, there is sufficient complexity or uncertainty in the application of legislation that certain tax positions may be reassessed by tax authorities. The Company adjusts these additional accruals in light of changing facts and circumstances. To the extent that these adjustments differ from original estimates, future deferred tax assets and liabilities, net earnings (loss), and comprehensive income (loss) will be affected in future periods.

Provisions

The Company evaluates all provisions at each reporting date. These provisions can be significant and are prepared using estimates of the costs of future activities. In certain instances, Management may determine that these provisions are no longer required or that certain provisions are insufficient as new events occur or as additional information is obtained. Provisions are separately identified and disclosed in the Company's consolidated financial statements. Changes to these estimates may affect the value of provisions, net earnings (loss), and comprehensive income (loss) in future periods.

Stock-based Compensation

The Company uses estimates including, but not limited to, estimates of forfeitures, share price volatility, dividends, expected life of the award, risk-free interest rates, and Company performance in the calculation of the liability and expenses for certain stock-based incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the carrying value of contributed surplus, liabilities, net earnings (loss), and comprehensive income (loss) in future periods.

Some of the Company's stock-based payment plans are settable in either cash or equity instruments at the option of the Company. Management uses judgement in determining the appropriate accounting treatment for these plans, based on expectations and historical settlement decisions. Changes to accounting treatment based on Management's judgement may impact contributed surplus, liabilities, net earnings (loss), and comprehensive income (loss) in future periods.

Depreciation and Amortization

The Company's property and equipment and definite life intangible assets are depreciated and amortized on a straight-line basis, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, inventories, net earnings (loss), and comprehensive income (loss) in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements should be read in conjunction with the Company's 2014 annual audited consolidated financial statements. These consolidated financial statements have been prepared in accordance with IFRS using the same accounting policies as were applied in the 2014 annual consolidated financial statements, except for new accounting standards adopted during the three months ended March 31, 2015, as described below:

(a) Accounting Standards Adopted During the Period

For the first time beginning on January 1, 2015, the Company adopted certain standards and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Employee Benefits

Beginning on January 1, 2015, the Company adopted the amendments to IAS 19 Employee Benefits retrospectively. The amendments to IAS 19 required contributions from employees or third parties that are linked to service to be attributed to periods of service as a negative benefit. The amendments to IAS 19 provide simplified accounting in certain situations. If the amount of contribution is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service costs in the period in which the service is rendered, instead of allocating the contributions to the period's service. The adoption of the amendments to IAS 19 did not have a material impact on the Company's consolidated financial statements.

Annual Improvements to IFRS (2010 – 2012) and (2011 – 2013) Cycles

Beginning on January 1, 2015, the Company adopted various amendments to a total of seven standards including disclosure on the aggregation of operating segments in IFRS 8 Operating Segments, measurement of short-term receivables and payables under IFRS 13 Fair Value Measurement, definition of related party in IAS 24 Related Party Disclosures, and other amendments. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

(b) Accounting Pronouncements Issued But Not Yet Effective

Annual Improvements to IFRS (2012-2014) Cycle

In September 2014, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify items including the consistent classification of assets if they are reclassified from held for sale to held for distribution in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and clarification of interim financial statement disclosure requirements regarding offsetting financial assets and liabilities and clarification of whether a servicing contract constitutes continuing involvement for the purposes of disclosures of transferred financial assets that are derecognized under IFRS 7 Financial Instruments: Disclosures. The amendments also include clarification that the currency of the bonds used to estimate the discount rate for pension obligations must be the same as the currency in which the benefits will be paid under IAS 19 Employee Benefits and additional requirements under IAS 34 Interim Financial Reporting that cross-referenced information from the interim financial statements must be available at the same time and on the same terms as the interim financial statements. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Joint Arrangements

In May 2014, IFRS 11 Joint Arrangements was amended to require an acquisition of a joint operation that constitutes a business to be accounted for using the principles of business combinations in IFRS 3 Business Combinations. This amendment applies to both initial and additional interest acquired in the joint operation. The Company intends to adopt the amendments to IFRS 11 in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of amendments to IFRS 11 has not yet been determined.

Consolidated Financial Statements and Investments in Associates and Joint Ventures

In September 2014, IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures were amended to clarify an inconsistency between the two standards relating to the sale or contribution of assets from an investor to its associate or joint venture. The amendment requires that a full gain or loss is recorded if the sold or contributed assets do not constitute a business. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Revenue Recognition

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. The standard is effective for annual periods beginning on or after January 1, 2017; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

Financial Instruments – Recognition and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments with a mandatory effective date of January 1, 2018. The new standard brings together the classification and measurements, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

The disclosure requirements in IFRS 7 Financial Instruments - Disclosure have also been amended to include the additional disclosure required under IFRS 9. The Company intends to adopt these amendments to IFRS 7 at the same time as adoption of IFRS 9. The extent of the impact of the adoption of the amendments to IFRS 7 has not yet been determined.

4. CASH AND CASH EQUIVALENTS

As at March 31, 2015, the Company had agreements to cash collateralize certain of its letters of credit up to an amount of $120.0 million (2014: $0.0 million), of which $116.8 million (2014: $0.0 million) was deposited with a major financial institution.

5. ACCOUNTS AND NOTES RECEIVABLE

Components of Accounts Receivable are as follows:

	As at March 31, 2015	As at March 31, 2014	As at December 31, 2014
Trade receivables	**$ 26,656**	$ 21,304	$ 20,498
Less: Allowance for doubtful accounts	**(5)**	(80)	(4)
Net trade receivables	**$ 26,651**	$ 21,224	$ 20,494
Other receivables:			
Commodity taxes receivable	**11,092**	14,064	9,539
Interest rate swap receivable	**2,213**	5,805	2,308
Government receivable	**15,644**	14,856	16,583
Insurance receivable	**—**	4,413	36
Other	**10,353**	9,232	11,436
	$ 65,953	$ 69,594	$ 60,396

The aging of trade receivables is as follows:

	As at March 31, 2015	As at March 31, 2014	As at December 31, 2014
Current	**$ 23,939**	$ 17,096	$ 16,875
Past due 0-30 days	**2,683**	4,177	3,623
Past due 31-60 days	**—**	—	—
Past due 61-90 days	**32**	—	—
Past due > 90 days	**2**	31	—
	$ 26,656	$ 21,304	$ 20,498

The Company maintains an allowance for doubtful accounts that represents its estimate of the uncollectible amounts based on specific losses estimated on individual exposures.

Under revolving securitization programs, the Company has sold certain of its trade accounts receivable to an entity owned by a financial institution. The Company retains servicing responsibilities for these receivables. As at March 31, 2015, trade accounts receivable being serviced under these programs amounted to $201.9 million (2014: $168.9 million). In return for the sale of its trade receivables, the Company will receive cash of $93.1 million (2014: $59.7 million) and notes receivable in the amount of $108.8 million (2014: $109.2 million). The notes receivable are non-interest bearing and are adjusted on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the securitization facility. As at March 31, 2015, the Company recorded a net receivable amount of $18.1 million (2014: $31.5 million net payable) in accounts receivable.

The Company's securitization programs require the sale of trade receivable to be treated as a sale from an accounting perspective and as a result, trade receivables sold under these programs are derecognized in the consolidated balance sheets as at March 31, 2015 and 2014.

6. INVENTORIES

	As at March 31, 2015	As at March 31, 2014	As at December 31, 2014
Raw materials	**$ 35,315**	$ 34,767	$ 31,345
Work in process	**20,591**	22,981	19,502
Finished goods	**192,588**	185,883	169,103
Packaging	**18,066**	15,616	22,083
Spare parts	**27,308**	24,026	28,368
	$ 293,868	$ 283,273	$ 270,401

During the three months ended March 31, 2015, inventory in the amount of $616.1 million (2014: $569.2 million) was expensed through cost of goods sold. There were no reversals of previous write-downs recognized.

7. BIOLOGICAL ASSETS

The change in fair value of commercial hog and poultry stock for the three months ended March 31, 2015, was a loss of $7.3 million (2014: gain of $40.3 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels during the three months ended March 31, 2015.

8. ASSETS AND LIABILITIES HELD FOR SALE

A brief description of the assets and liabilities held for sale is as follows:

Investment Properties

The Company intends to dispose of various investment properties it no longer utilizes. Investment properties are included in non-allocated assets for segmented reporting.

Canada Bread Company, Limited

On February 12, 2014, the Company announced that Grupo Bimbo, S.A.B. de C.V. of Mexico (“Grupo Bimbo”) agreed to acquire all of the issued and outstanding common shares of Canada Bread Company, Limited (“Canada Bread”), a subsidiary in which the Company had a 90.0% controlling interest. The assets of Canada Bread were included in the Bakery Products Group for segmented reporting. As at March 31, 2014, Canada Bread was classified as a disposal group held for sale and was de-recognized upon the closing date of the sale on May 23, 2014. The results of Canada Bread are presented as a discontinued operation as disclosed in Note 22.

	As at March 31, 2015		As at March 31, 2014			As at December 31, 2014	
	Investment Properties	**Total**	Canada Bread	Investment Properties	Total	Investment Properties	Total
ASSETS HELD FOR SALE							
Current assets							
Cash and cash equivalents	**$ —**	**$ —**	$ 144,096	$ —	$ 144,096	$ —	$ —
Accounts receivable	**—**	**—**	14,872	—	14,872	—	—
Notes receivable	**—**	**—**	46,321	—	46,321	—	—
Inventories	**—**	**—**	53,717	—	53,717	—	—
Income and other taxes recoverable	**—**	**—**	6,213	—	6,213	—	—
Prepaid expenses and other assets(i)	**—**	**—**	6,362	—	6,362	—	—
	$ —	**$ —**	$ 271,581	$ —	$ 271,581	$ —	$ —
Property and equipment	**—**	**—**	379,779	—	379,779	—	—
Investment property	**1,107**	**1,107**	9,857	834	10,691	1,107	1,107
Employee benefits	**—**	**—**	1,758	—	1,758	—	—
Other long–term assets	**—**	**—**	4,794	—	4,794	—	—
Deferred tax asset	**—**	**—**	25,198	—	25,198	—	—
Goodwill	**—**	**—**	293,250	—	293,250	—	—
Intangible assets	**—**	**—**	13,895	—	13,895	—	—
Total assets held for sale	**$ 1,107**	**$ 1,107**	$1,000,112	$ 834	$1,000,946	$ 1,107	$ 1,107
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE							
Current Liabilities							
Accounts payable and accruals	**$ —**	**$ —**	$ 217,506	$ —	$ 217,506	$ —	$ —
Provisions	**—**	**—**	5,304	—	5,304	—	—
Current portion of long–term debt	**—**	**—**	554	—	554	—	—
Other current liabilities(ii)	**—**	**—**	100	—	100	—	—
	$ —	**$ —**	$ 223,464	$ —	$ 223,464	$ —	$ —
Long–term debt	**—**	**—**	2,051	—	2,051	—	—
Employee benefits	**—**	**—**	36,960	—	36,960	—	—
Provisions	**—**	**—**	5,488	—	5,488	—	—
Other long–term liabilities	**—**	**—**	4,562	—	4,562	—	—
Deferred tax liability	**—**	**—**	38,875	—	38,875	—	—
Total liabilities associated with assets held for sale	**$ —**	**$ —**	$ 311,400	$ —	$ 311,400	$ —	$ —
Net assets associated with assets held for sale	**$ 1,107**	**$ 1,107**	$ 688,712	$ 834	$ 689,546	$ 1,107	$ 1,107
Included in Accumulated Other Comprehensive Income associated with assets held for sale							
Foreign currency translation adjustments	**$ —**	**$ —**	$ 3,425	$ —	$ 3,425	$ —	$ —
Unrealized gain on cash flow hedges	**—**	**—**	734	—	734	—	—
Accumulated Other Comprehensive Income associated with assets held for sale	**$ —**	**$ —**	$ 4,159	$ —	$ 4,159	$ —	$ —

(i) *Other current assets of Canada Bread include foreign exchange forward contracts that were designated as cash flow hedges as at March 31, 2014 and have been valued at fair value in accordance with the measurement requirements of IFRS 13 Fair Value Measurement. Information about the valuation techniques and inputs used in determining the fair value of these assets is disclosed in Note 19.*

(ii) *Other current liabilities of Canada Bread include foreign exchange forward contracts that were not designated in a formal hedging relationship as at March 31, 2014 and have been valued at fair value in accordance with the measurement requirements of IFRS 13 Fair Value Measurement. Information about the valuation techniques and inputs used in determining the fair value of these assets is disclosed in Note 19.*

9. EMPLOYEE BENEFITS

For the three months ended March 31, 2015, the Company recorded expenses of $10.3 million (2014: $12.6 million) related to pension and other post-retirement benefits, of which $0.0 million is related to discontinued operations (2014: $3.5 million).

10. GOODWILL

The continuity of goodwill for the three months ended March 31, 2015 and 2014 is as follows:

Cost	***Notes***	**March 31, 2015**	March 31, 2014
Opening balance January 1		**$ 428,236**	$ 826,040
Transfer to assets held for sale	***8***	**—**	(401,617)
Foreign currency translation		**—**	4,170
Balance		**$ 428,236**	$ 428,593
Impairment losses			
Opening balance January 1		**$ —**	$ (105,242)
Transfer to assets held for sale	***8***	**—**	108,033
Foreign currency translation		**—**	(3,148)
Balance		**$ —**	$ (357)
Net carrying amounts		**$ 428,236**	$ 428,236

For the purposes of annual impairment testing, goodwill is allocated to the Meat Products Cash Generating Unit ("CGU") Group; being the group expected to benefit from the synergies of the business combinations in which the goodwill arose.

11. INTANGIBLE ASSETS

Intangible assets include trademarks, customer relationships, quota, delivery routes and software.

	As at March 31, 2015	As at March 31, 2014	As at December 31, 2014
Indefinite life	**$ 66,853**	$ 66,853	$ 66,853
Definite life	**88,760**	118,410	98,213
Total intangible assets	**$ 155,613**	$ 185,263	$ 165,066

The indefinite life intangible assets are allocated to the Meat Products CGU Group.

12. PROVISIONS

	Notes		**Legal**		**Environ-mental**		**Lease make-good**		**Restructuring and other related costs(i)**		**Total**
Balance at December 31, 2014(ii)		**$**	**2,250**	**$**	**11,030**	**$**	**4,457**	**$**	**60,141**	**$**	**77,878**
Charges			**—**		**—**		**250**		**6,150**		**6,400**
Reversals			**—**		**—**		**—**		**(240)**		**(240)**
Cash payments			**—**		**(34)**		**(1,350)**		**(16,148)**		**(17,532)**
Non-cash items			**—**		**—**		**(1,020)**		**120**		**(900)**
Balance at March 31, 2015		**$**	**2,250**	**$**	**10,996**	**$**	**2,337**	**$**	**50,023**	**$**	**65,606**
Current										**$**	**46,010**
Non-current											**19,596**
Total at March 31, 2015										**$**	**65,606**

			Legal		Environ-mental		Lease make-good		Restructuring and other related costs(i)		Total
Balance at December 31, 2013		$	561	$	12,603	$	4,736	$	56,556	$	74,456
Charges			91		—		16		18,998		19,105
Reversals			—		—		—		(1,573)		(1,573)
Cash payments			(413)		(3)		—		(9,983)		(10,399)
Foreign currency translation			—		—		104		193		297
Transfer to liabilities associated with assets held for sale	*8*		—		(1,316)		(2,517)		(6,959)		(10,792)
Balance at March 31, 2014		$	239	$	11,284	$	2,339	$	57,232	$	71,094
Current										$	40,100
Non-current											30,994
Total at March 31, 2014										$	71,094

(i) *For additional information on restructuring and other related costs, see the table below.*

(ii) *Balance at December 31, 2014, includes current portion of $60.4 million and non-current portion of $17.4 million.*

The following tables provide a summary of provisions recorded in respect of restructuring and other related costs as at March 31, 2015, and March 31, 2014, all on a pre-tax basis.

		Severance		**Site closing and other cash costs**		**Retention**		**Total restructuring and other related costs**
Balance at December 31, 2014	**$**	**34,773**	**$**	**12,324**	**$**	**13,044**	**$**	**60,141**
Charges		**1,781**		**3,047**		**1,322**		**6,150**
Reversals		**—**		**(22)**		**(218)**		**(240)**
Cash payments		**(4,932)**		**(3,756)**		**(7,460)**		**(16,148)**
Non-cash items		**—**		**120**		**—**		**120**
Balance at March 31, 2015	**$**	**31,622**	**$**	**11,713**	**$**	**6,688**	**$**	**50,023**

	Severance	Site closing and other cash costs	Retention	Total restructuring and other related costs
Balance at December 31, 2013	$ 27,824	$ 12,124	$ 16,608	$ 56,556
Charges	10,801	216	7,981	18,998
Reversals	(1,536)	(37)	—	(1,573)
Cash payments	(3,573)	(3,130)	(3,280)	(9,983)
Foreign currency translation	(29)	222	—	193
Transfer to liabilities associated with assets held for sale	(2,765)	(2,691)	(1,503)	(6,959)
Balance at March 31, 2014	$ 30,722	$ 6,704	$ 19,806	$ 57,232

13. LONG-TERM DEBT

On February 3, 2015, the Company amended its existing $200.0 million credit facility by extending the maturity of the facility to June 30, 2016 using the same syndicate of Canadian, U.S., and international institutions. All other terms and conditions remain relatively the same. The facility is unsecured and bears interest based on short-term interest rates. The facility is intended to meet the Company's funding requirements for general corporate purposes, and to provide appropriate levels of liquidity. As at March 31, 2015, the Company had drawn letters of credit of $10.5 million on this facility.

During the three months ended March 31, 2014, the Company amended its existing revolving credit facility to include additional shorter-term financing. This facility included a revolving component with an availability of $1,050.0 million and a non-revolving component of $330.0 million. This facility could be drawn in Canadian or U.S. dollars, with interest at rates based on Banker's acceptance of prime rates for Canadian dollar loans, and U.S. prime rate and LIBOR for U.S. dollar loans. Upon closing of the Canada Bread sale the facility was reduced to a revolving $200.0 million.

14. OTHER CURRENT LIABILITIES

	Notes	**As at March 31, 2015**	As at March 31, 2014	As at December 31, 2014
Derivative instruments	*19*	**$ 16,787**	$ 102,262	$ 13,932
Liability for stock-based compensation	*24*	**7,891**	25,396	6,469
Other		**4,271**	741	3,982
		$ 28,949	$ 128,399	$ 24,383

15. OTHER LONG-TERM LIABILITIES

	Notes	**As at March 31, 2015**	As at March 31, 2014	As at December 31, 2014
Derivative instruments	*19*	**$ 10,886**	$ 11,220	$ 7,748
Other		**13,168**	15,533	13,151
		$ 24,054	$ 26,753	$ 20,899

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS

	Attributable to Common Shareholders			
	Foreign currency translation adjustments[(i)]	**Unrealized gain (loss) on cash flow hedges**[(i)]	**Actuarial gains and (losses)**[(ii)]	**Total accumulated other comprehensive income (loss) associated with continuing operations**
Balance at December 31, 2014	**$ 737**	**$ (963)**	**$ —**	**$ (226)**
Other comprehensive income (loss)	**1,082**	**(4,902)**	**14,707**	**10,887**
Transfer to retained earnings	**—**	**—**	**(14,707)**	**(14,707)**
Balance at March 31, 2015	**$ 1,819**	**$ (5,865)**	**$ —**	**$ (4,046)**

	Attributable to Common Shareholders			
	Foreign currency translation adjustments[(i)]	Unrealized gain (loss) on cash flow hedges[(i)]	Actuarial gains and (losses)[(ii)]	Total accumulated other comprehensive income (loss) associated with continuing operations
Balance at December 31, 2013	$ 269	$ (4,862)	$ —	$ (4,593)
Other comprehensive income (loss)	345	2,219	714	3,278
Transfer to retained earnings	—	—	(714)	(714)
Transfer to held for sale	1,025	(226)	—	799
Balance at March 31, 2014	$ 1,639	$ (2,869)	$ —	$ (1,230)

(i) *Items that are or may be subsequently reclassified to profit or loss.*

(ii) *Items that will not be reclassified to profit or loss.*

The Company estimates that $5.9 million net of tax of $2.0 million of the unrealized gain included in accumulated other comprehensive income (loss) will be reclassified into net earnings (loss) within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount. During the three months ended March 31, 2015, a loss of approximately $1.0 million, net of tax of $0.4 million was released to earnings from accumulated other comprehensive loss and is included in the net change for the period (2014: loss of approximately $1.7 million, net of tax of $0.6 million).

17. SHARE CAPITAL

On March 23, 2015 the TSX accepted the Company's notice to launch a new normal course issuer bid, which allows the Company to repurchase, at its discretion, up to approximately 8.65 million common shares in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. Common shares purchased by the Company will be canceled. The program commenced on March 25, 2015 and will terminate on March 24, 2016, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. During the three months ended March 31, 2015 there were no transactions recorded in relation to this bid.

18. RESTRUCTURING AND OTHER RELATED COSTS

	Three months ended March 31,			
		2015		2014
MEAT PRODUCTS GROUP				
Management and organizational structure changes				
Severance	**$**	**131**	$	355
Site closing and other costs		**—**		(32)
	$	**131**	$	323
Strategic value creation initiatives				
Severance	**$**	**90**	$	(1,384)
Site closing and other costs		**2,964**		(4)
Asset impairment and accelerated depreciation		**4,237**		6,022
Retention		**1,104**		6,515
	$	**8,395**	$	11,149
Plant closure				
Severance	**$**	**4**	$	—
Total Meat Products Group	**$**	**8,530**	$	11,472
NON-ALLOCATED				
Management and organizational structure changes				
Severance[(i)]	**$**	**1,556**	$	10,294
Site closing and other costs		**(45)**		—
Pension		**804**		—
Total Non-Allocated	**$**	**2,315**	$	10,294
Total restructuring and other related costs	**$**	**10,845**	$	21,766

(i) *2014 amount includes share based payments as described in Note 24.*

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management and Organizational Structure Changes

The Company has recorded restructuring and other related costs pertaining to organizational delayering and changes to its management structure, related to the sale of Canada Bread and to other initiatives.

Strategic Value Creation Initiatives

The Company's Meat Products Group has recorded restructuring costs related to changes in its manufacturing and distribution network as part of implementing the Value Creation Plan.

Plant Closure

This category includes plant closures not related to the Company's Strategic Value Creation Initiatives described above. There were no such plant closures in the three months ended March 31, 2015.

Impairment

During the three months ended March 31, 2015 and 2014, the Company did not record any impairments or reversals of impairments of fixed assets through restructuring and other related costs.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

The Company is exposed to credit risk, interest rate risk, liquidity risk, foreign exchange risk, and commodity price risk. The Company has policies for managing these risks that are aligned with its overall objective to maintain a simple cost-effective capital structure that supports a long-term growth strategy and maximizes operating flexibility.

On March 14, 2014, the Company issued a notice of repayment of its notes payable, with a subsequent repayment on April 14, 2014.

On the original issuance of the U.S. denominated debt, and in order to hedge against the foreign exchange risk associated with the issuance of U.S. denominated debt, the Company entered into cross-currency interest rate swaps. The cross-currency swaps converted the U.S. denominated fixed-rate notes, into fixed-rate Canadian denominated notes, and were accounted for as cash flow hedges.

As a result of the decision to accelerate the repayment of all outstanding notes, hedge accounting on all of the cross-currency interest rate swaps was discontinued. This resulted in a reclassification of $9.6 million from accumulated other comprehensive income, to interest expense and other financing costs, during the three months ended March 31, 2014. During the same period, the Company terminated cross-currency interest rate swaps maturing in 2021, and the remaining cross-currency swaps maturing in 2014.

There have been no material changes to the Company's risk management activities since December 31, 2014.

Financial Instruments

The Company's financial assets and liabilities are classified into the following categories:

Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Notes receivable	Loans and receivables
Bank indebtedness	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities
Derivative instruments(i)	Held for trading

(i) *These derivative instruments may be designated as cash flow hedges or as fair value hedges as appropriate.*

The Company applies hedge accounting and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in interest rates, foreign exchange rates and commodity prices.

The fair values and notional amounts of derivative financial instruments at March 31 are shown below:

	2015			2014		
		Fair value			Fair value	
	Notional amount(i)	**Asset**	**Liability**	Notional amount(i)	Asset	Liability
Cash flow hedges						
Foreign exchange contracts(ii)	**$ 139,227**	**$ 37**	**$ 8,845**	$ 226,755	$ 1,101	$ 4,942
Commodity contracts(ii)	**14,378**	**941**	**—**	27,489	775	—
Fair value hedges						
Commodity contracts(ii)	**$ 13,249**	**$ 1,763**	**$ —**	$ 85,489	$ —	$ 17,365
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ 1,180,000**	**$ 6,844**	**$ 17,762**	$ 1,180,000	$ —	$ 17,267
Cross-currency interest rate swaps	**—**	**—**	**—**	100,000	—	27,920
Foreign exchange contracts(ii)	**148,602**	**1,584**	**1,066**	516,033	304	622
Commodity contracts(ii)	**428,362**	**16,753**	**—**	714,167	10,241	45,366
Total fair value		**$ 27,922**	**$ 27,673**		$ 12,421	$ 113,482
Current (iii)		**$ 23,912**	**$ 16,787**		$ 12,421	$ 102,262
Non-current		**4,010**	**10,886**		—	11,220
Total fair value		**$ 27,922**	**$ 27,673**		$ 12,421	$ 113,482

(i) *Unless otherwise stated, notional amounts are stated at the contractual Canadian dollar equivalent.*

(ii) *Derivatives are short-term and will impact profit or loss at various dates within the next 12 months.*

(iii) *Included in the current portion at March 31, 2014 above are assets of $1.1 million included in assets held for sale and $0.3 million included in liabilities associated with assets held for sale associated with the Canada Bread transaction (Note 8).*

The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities as at March 31, 2015, approximate their carrying value due to their short-term nature.

The fair value of long-term debt as at March 31, 2015 approximates its carrying value. The fair value of long-term debt as at March 31, 2014 was $1,353.7 million as compared to its carrying value of $1,341.2 million on the consolidated balance sheet. The fair value of the Company's long-term debt has been classified as Level 2 in the fair value hierarchy and was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

Financial assets and liabilities classified as held for trading are recorded at fair value. The fair values of the Company's interest rate and foreign exchange derivative financial instruments were estimated using current market measures for interest rates and foreign exchange rates. Commodity futures and options contracts are exchange-traded and fair value is determined based on exchange prices.

Derivatives not designated in a formal hedging relationship are classified as held for trading. Net gains (losses) on financial instruments held for trading consist of realized and unrealized gains (losses) on derivatives that were de-designated or were otherwise not in a formal hedging relationship. During the three months ended March 31, 2015, the Company recorded a gain of $13.1 million (2014: loss of $40.1 million) on financial instruments held for trading. During the three months ended March 31, 2014 and 2015, the held-for-trading gain(loss) was mainly attributed to trading in commodity exchange traded contracts which hedge and off-set price risk volatility inherent in the hog operational business.

During the three months ended March 31, 2015, the pre-tax amount of hedge ineffectiveness recognized in earnings was a loss of $0.1 million (2014: gain of $0.2 million).

The table below sets out fair value measurements of financial instruments using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ —	$ 1,621	$ —	$ 1,621
Commodity contracts	19,457	—	—	19,457
Interest rate swaps	—	6,844	—	6,844
	$ 19,457	**$ 8,465**	**$ —**	**$ 27,922**
Liabilities:				
Foreign exchange contracts	$ —	$ 9,911	$ —	$ 9,911
Interest rate swaps	—	17,762	—	17,762
	$ —	**$ 27,673**	**$ —**	**$ 27,673**

There were no transfers between levels during the three months ended March 31, 2015. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Non-designated Interest Rate Swaps

The change in fair value of non-designated interest rate swaps for the three months ended March 31, 2015, was a gain of $1.6 million (Note 20) ($1.2 million after-tax) and was recorded in net earnings (loss) (2014: gain of $1.1 million ($0.8 million after-tax)).

20. OTHER INCOME (EXPENSE)

	Three months ended March 31,	
	2015	2014
Gain (loss) on sale of property and equipment	**$ 295**	$ (317)
Gain on sale of investment properties	**298**	350
Net investment property loss	**(1,063)**	(46)
Hedge ineffectiveness	**—**	231
Impairment of assets(i)	**(979)**	—
Legal settlements	**—**	154
Depreciation of assets used to support divested businesses(ii)	**(5,087)**	—
Interest income	**1,104**	—
Adjustment of provisions	**(250)**	—
Net expense on non-designated interest rate swaps(iii)	**(1,717)**	—
Change in fair value of non-designated interest rate swaps(iii)	**1,569**	—
Other	**(7)**	921
	$ (5,837)	$ 1,293

(i) *Impairments of assets*

Impairments recorded by the Company related to the following:	Three months ended March 31,	
	2015	2014
Property and equipment	**$ 979**	$ —
Total impairments	**$ 979**	$ —

(ii) *Depreciation of assets used to support divested businesses*

Relates to assets used to provide ongoing information systems support to divested businesses during a transitional period. As a result of divestitures during the previous year, the Company previously revised the estimated useful life of these assets, resulting in a depreciation charge in excess of cost recoveries.

(iii) *For the three months ended March 31, 2015, the net expense on non-designated interest rate swaps is presented in other income, as this expense is no longer considered a financing cost as a result of the repayment of all of the Company's outstanding debt in the second quarter of 2014. In 2014 this cost was presented as interest and other financing costs. The change in fair value of non-designated interest rate swaps has also been reclassified to other income to appropriately group the similar charges together. There has been no change to the comparative information presented for the three months ended March 31, 2014.*

21. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended March 31,	
	2015	2014
Interest expense on long-term debt	**$ 114**	$ 10,988
Interest on bankers' acceptances and prime loans	**—**	2,662
Interest expense on interest rate swaps	**—**	5,395
Interest income on interest rate swaps	**—**	(4,615)
Net interest expense on non-designated interest rate swaps	**—**	1,680
Interest expense on securitized receivables	**395**	419
Deferred finance charges	**62**	1,197
Other interest charges	**653**	1,382
Interest capitalized	**—**	(2,783)
Other financing costs(i)	**—**	98,386
	$ 1,224	$ 114,711

(i) *Other financing costs for the three months ended March 31, 2014, included costs associated with the repayment of all of the Company's outstanding senior notes including an early repayment premium of $78.7 million, write-off of deferred financing fees of $6.3 million, financing costs associated with the new credit facility of $3.8 million and a release from accumulated other comprehensive income on the de-designation of cross-currency interest rate swaps of $9.6 million.*

22. DISCONTINUED OPERATIONS

Canada Bread Company, Limited

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). Upon the sale of the business, the net assets of Canada Bread have been de-recognized from assets held for sale. For the three months ended March 31, 2014, the Canada Bread operations have been classified as discontinued operations on the Consolidated Statements of Net Earnings (Loss), and are presented as part of Bakery Products Group for segmented reporting. Additional transaction costs associated with the sale but incurred in 2015 are also recorded as discontinued operations as an adjustment to the gain on disposal.

Olivieri Fresh Pasta and Sauce Business

On November 25, 2013, the Company sold substantially all the net assets of its Olivieri fresh pasta and sauce business ("Olivieri"), a component of the Bakery Products Group, to Catelli Foods Corporation. The purchase price was finalized during March 2014. The final net proceeds were $115.8 million, including a pre-tax adjustment in the three months ended March 31, 2014 of $0.5 million. The adjustment to the gain on disposal and its related tax impact is recognized as part of the results of discontinued operations for the three months ended March 31, 2014.

Following is a summary of earnings (loss) from discontinued operations:

		2015		2014		
Three months ended March 31,	***Note***	**Canada Bread**	**Total**	Canada Bread	Olivieri	Total
Sales		**$ —**	**$ —**	$ 342,837	$ —	$ 342,837
Cost of goods sold		**—**	**—**	266,572	—	266,572
Gross margin		**$ —**	**$ —**	$ 76,265	$ —	$ 76,265
Selling, general, and administrative expenses		**—**	**—**	49,393	—	49,393
Operating Earnings before the following:		**$ —**	**$ —**	$ 26,872	$ —	$ 26,872
Restructuring and other related costs		**—**	**—**	(1,877)	—	(1,877)
Transaction costs associated with the disposal of business		**—**	**—**	(30,976)	—	(30,976)
Adjustment of prior gain on disposal of discontinued operations		**(59)**	**(59)**	—	(468)	(468)
Other income (expense)		**—**	**—**	1,845	—	1,845
Earnings (loss) before interest and income taxes from discontinued operations		**$ (59)**	**$ (59)**	$ (4,136)	$ (468)	$ (4,604)
Interest expense and other financing costs		**—**	**—**	174	—	174
Earnings (loss) before income taxes from discontinued operations		**$ (59)**	**$ (59)**	$ (4,310)	$ (468)	$ (4,778)
Income taxes		**—**	**—**	2,450	160	2,610
Net earnings (loss) from discontinued operations		**$ (59)**	**$ (59)**	$ (6,760)	$ (628)	$ (7,388)
Attributed to:						
Common shareholders		**$ (59)**	**$ (59)**	$ (7,718)	$ (591)	$ (8,309)
Non-controlling interest		**—**	**—**	958	(37)	921
		$ (59)	**$ (59)**	$ (6,760)	$ (628)	$ (7,388)
Earnings (loss) per share from discontinued operations attributable to common shareholders:	***23***					
Basic and diluted earnings (loss) per share from discontinued operations			**$ (0.00)**			$ (0.06)
Weighted average number of shares (millions)			**143.0**			140.2

In order to accurately represent the continuing and discontinuing operations sales and cost of goods sold, certain intercompany eliminations have been reversed in the amounts presented above and in the statement of earnings (loss) for all periods presented.

The net cash flows provided by (used in) the discontinued operations for the three months ended March 31 are as follows:

	2015		2014		
Three months ended March 31,	**Canada Bread**	**Total**	Canada Bread	Olivieri	Total
Operating cash flows	**$ —**	**$ —**	$ 42,525	$ (160)	$ 42,365
Financing cash flows	**—**	**—**	(216,391)	—	(216,391)
Investing cash flows	**(59)**	**(59)**	(2,064)	(468)	(2,532)
Net cash flows	**$ (59)**	**$ (59)**	$ (175,930)	$ (628)	$ (176,558)

23. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the quarter.

Diluted earnings (loss) per share amounts are calculated by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the quarter, adjusted for the effects of potentially dilutive stock options.

The following table sets forth the calculation of basic and diluted earnings (loss) per share ("EPS"):

	Attributable to Common Shareholders					
	2015			2014		
Three months ended March 31,	**Net earnings (loss)**	**Weighted average number of shares**[(ii)]	**EPS**	Net earnings (loss)	Weighted average number of shares[(ii)]	EPS
Basic						
Continuing operations	**$ (2,802)**	**143.0**	**$ (0.02)**	$ (124,602)	140.2	$ (0.89)
Discontinued operations	**(59)**	**143.0**	**(0.00)**	(8,309)	140.2	(0.06)
	$ (2,861)	**143.0**	**$ (0.02)**	$ (132,911)	140.2	$ (0.95)
Stock options[(i)]	**—**	**—**	**—**	—	—	—
Diluted						
Continuing operations	**$ (2,802)**	**143.0**	**$ (0.02)**	$ (124,602)	140.2	$ (0.89)
Discontinued operations	**(59)**	**143.0**	**(0.00)**	(8,309)	140.2	(0.06)
	$ (2,861)	**143.0**	**$ (0.02)**	$ (132,911)	140.2	$ (0.95)

(i) *Excludes the effect of approximately 5.9 million options and restricted share units (2014: 6.6 million) to purchase common shares that are anti-dilutive.*

(ii) *In millions.*

24. SHARE-BASED PAYMENT

Under the Maple Leaf Foods Share Incentive Plan in effect as at March 31, 2015, the Company may grant options to its employees and employees of its subsidiaries to purchase shares of common stock and may grant Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") entitling employees to receive common shares or cash at the Company's option. Options, RSUs, and PSUs are granted from time to time by the Board of Directors on the recommendation of the Human Resources Compensation Committee. The vesting conditions are specified by the Board of Directors and may include the continued service of the employee with the Company and/or other criteria based on measures of the Company's performance.

Under the Company's Share Purchase and Deferred Share Unit Plan ("DSU Plan"), eligible Directors may elect to receive their retainer and fees in the form of Deferred Share Units ("DSUs") or as common shares of the Company.

During March 2014, as a result of the planned sale of Canada Bread, the Company modified the terms of the plan to allow for RSUs and PSUs outstanding at that date, to be cash settled. The Company also made changes to the performance criteria and vesting period of all RSUs, PSUs, and stock options outstanding. This resulted in an additional expense of $6.7 million at the date of modification and $1.9 million on market value adjustment at the date of sale of Canada Bread. This additional expense was reflected in selling, general, and administrative expenses. Additionally, $23.4 million was re-classified from equity to liabilities.

Stock Options

A summary of the status of the Company's outstanding stock options and changes during the three months ended March 31 are presented below:

	2015			2014		
	Options outstanding		**Weighted average exercise price**	Options outstanding		Weighted average exercise price
Outstanding at January 1	**3,141,200**	**$**	**14.83**	4,679,800	$	11.60
Granted	**728,400**		**22.52**	—		—
Exercised	**(120,600)**		**11.64**	(82,800)		11.48
Forfeited	**—**		**—**	—		—
Expired	**—**		**—**	—		—
Outstanding at March 31	**3,749,000**	**$**	**16.42**	4,597,000	$	11.60
Options currently exercisable	**1,859,600**	**$**	**11.63**	2,368,900	$	11.52

All outstanding stock options vest and become exercisable over a period not exceeding five years (time vesting) from the date of grant and/or upon the achievement of specified performance targets (based on return on net assets, earnings, share price, or total stock return relative to an index). The options have a term of seven years.

At grant date, each option series is measured for fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the three months ended March 31, 2015, are shown in the table below[(i)].

		2015
Share price at grant date	**$**	**21.86**
Exercise price	**$**	**22.52**
Expected volatility[(i)]		**24.33%**
Option life (in years)[(ii)]		**4.5**
Expected dividend yield		**1.46%**
Risk-free interest rate[(iii)]		**0.95%**

(i) *Weighted average based on number of units granted.*

(ii) *Expected weighted average life.*

(iii) *Based on Government of Canada bonds.*

There were 728,400 stock options issued during the three months ended March 31, 2015. The fair value of options granted during the three months ended March 31, 2015, was $2.6 million. Amortization charges relating to current and prior year options during the three months ended March 31, 2015, were $0.5 million.

There were no options granted during the three months ended March 31, 2014. Amortization charges relating to current and prior year options for the three months ended March 31, 2014, were $1.0 million.

Restricted Share Units

A summary of the status of the Company's RSU plans (including PSUs) as at March 31, 2015 and 2014 and changes during these periods is presented below:

	2015			2014		
	RSUs outstanding		**Weighted average fair value at grant**	RSUs outstanding		Weighted average fair value at grant
Outstanding at January 1	**1,320,259**	**$**	**15.37**	2,746,000	$	11.17
Granted	**441,540**		**20.60**	—		—
Exercised	**—**		**—**	—		—
Forfeited	**(26,100)**		**15.95**	(23,800)		11.17
Expired	**—**		**—**	—		—
Outstanding at March 31	**1,735,699**	**$**	**16.70**	2,722,200	$	11.17

The fair value of RSUs and PSUs granted during the three months ended March 31, 2015, was $7.9 million (2014: $0.0 million). Expenses for the three months ended March 31, 2015, relating to current and prior year RSUs and PSUs were $2.1 million (2014: expense of $9.4 million includes the modification impacts and a mark-to-market adjustment on the related liability outlined above).

The key assumptions used in the valuation of fair value of RSUs granted during the three months ended March 31, 2015 and 2014 are shown in the table below[(i)].

	2015
Expected RSU life (in years)	**3.19**
Forfeiture rate	**13.7%**
Risk-free discount rate	**0.6%**

[(i)] *Weighted average based on number of units granted.*

Director Share Units

The fair value of director share units expensed during the three months ended March 31, 2015, were $0.3 million (2014: $0.3 million).

25. RELATED PARTY TRANSACTIONS

The Company had a 90.0% controlling interest in Canada Bread, a publicly traded subsidiary that was consolidated into the Company's results and presented as a discontinued operation, until its sale in May 2014. Transactions between the Company and its consolidated entities have been eliminated in these consolidated financial statements. Subsequent to the sale of this controlling interest, Canada Bread ceased to be a related party of the Company and the Company is no longer consolidating the results and the related balance sheet of Canada Bread, as discussed in Note 22.

The Company sponsors a number of defined benefit and defined contribution plans. During the three months ended March 31, 2015, the Company received $0.0 million (2014: $0.2 million) from the defined benefit pension plans for the reimbursement of expenses incurred by the Company to provide services to these plans. During the three months ended March 31, 2015, the Company's contributions to these plans were $2.6 million (2014: $10.1 million), which includes $0.0 million (2014: $2.2 million) made by Canada Bread, which has been presented as discontinued operations.

26. GOVERNMENT INCENTIVES

During the three months ended March 31, 2015, the Company recorded government incentives as a reduction in the cost of related assets totalling $0.1 million (2014: $0.1 million). Additionally, the Company recorded other incentives in earnings totalling $0.1 million (2014: $0.0 million).

27. SEGMENTED FINANCIAL INFORMATION

Reportable Segmented Information

The Company has three reportable segments, as described below, which are groupings of the Company's CGUs. These segments offer different products, have separate management structures and have their own marketing strategies and brands. The Company's Management regularly reviews internal reports for these segments. The following describes the operations of each segment:

(a) The Meat Products Group is comprised of value-added processed packaged meat, chilled meal entrées and lunch kits, and primary pork and poultry processing.

(b) The Agribusiness Group is comprised of Canadian hog production operations that primarily supply the Meat Products Group with livestock as well as toll feed sales.

(c) The Bakery Products Group was comprised of the Company's 90.0% ownership in Canada Bread Company, Limited; a producer of fresh and frozen par-baked bakery products including breads, rolls, bagels, and artisan goods. During the first quarter of 2014, the Company reached an agreement to sell its 90.0% ownership interest in Canada Bread, which was disposed of during the three months ended June 30, 2014. As a result, the Bakery Products Group has been classified as discontinued operations. Refer to Note 8 and Note 22 for further details on the disposal activity of the Bakery Products Group.

(d) Non-allocated costs are comprised of expenses not separately identifiable to business segments and are not part of the measures used by the Company when assessing the segment's operating results. These costs include general expenses related to the bakery business, changes in fair value of biological assets, unrealized gains or losses on commodity contracts, and realized gains on commodity contracts that relate to delivery in future periods.

Non-allocated assets are comprised of corporate assets not separately identifiable to business segment groups. These include, but are not limited to, corporate property and equipment, software, investment properties, and tax balances.

	Notes		Three months ended March 31, 2015		2014
Sales					
Meat Products Group		**$**	**776,409**	$	705,399
Agribusiness Group			**3,839**		5,948
Bakery Products Group[(i)]			**—**		342,837
Total sales		**$**	**780,248**	$	1,054,184
Sales from discontinued operations	*22*		**—**		(342,837)
Sales from continuing operations		**$**	**780,248**	$	711,347
Earnings (loss) before restructuring and other related costs and other income					
Meat Products Group		**$**	**7,878**	$	(27,447)
Agribusiness Group			**2,532**		(346)
Bakery Products Group[(i)]			**—**		26,872
Non-allocated costs			**3,763**		(6,932)
Total earnings (loss) before restructuring and other related costs and other income		**$**	**14,173**	$	(7,853)
Earnings (loss) before restructuring and other related costs and other income from discontinued operations	*22*		**—**		(26,872)
Earnings (loss) before restructuring and other related costs and other income from continuing operations		**$**	**14,173**	$	(34,725)
Capital expenditures					
Meat Products Group		**$**	**23,873**	$	67,814
Agribusiness Group			**1,994**		823
Bakery Products Group[(i)]			**—**		10,200
		$	**25,867**	$	78,837
Depreciation and amortization					
Meat Products Group		**$**	**25,189**	$	19,981
Agribusiness Group			**1,452**		1,520
Non-allocated costs[(ii)]			**5,125**		—
Bakery Products Group[(i)]			**—**		5,142
		$	**31,766**	$	26,643

(i) *The prior year results of Canada Bread were included in the comparative results of the Bakery Products Group.*

(ii) *Includes depreciation on assets used to service divested business.*

		As at March 31, 2015		As at March 31, 2014		As at December 31, 2014
Total assets						
Meat Products Group	**$**	**1,863,932**	$	1,953,203	$	1,965,280
Agribusiness Group		**193,028**		237,537		211,516
Bakery Products Group[(i)]		**—**		1,000,112		—
Non-allocated assets		**771,888**		761,973		699,694
	$	**2,828,848**	$	3,952,825	$	2,876,490
Goodwill						
Meat Products Group	**$**	**428,236**	$	428,236	$	428,236
	$	**428,236**	$	428,236	$	428,236

(i) *The prior year results as at March 31, 2014 of the Bakery Products Group include assets and goodwill from the Canada Bread business.*

Information About Geographic Areas

Property and equipment and investment property located outside of Canada was $0.2 million at March 31, 2015. No goodwill was attributed to operations outside of Canada.

Property and equipment and investment property located outside of Canada was $116.7 million at March 31, 2014, of which $116.4 million was reclassified to assets held for sale. Of the total amount located outside of Canada, $58.3 million was located in the U.K. and $58.1 million was located in the U.S. Goodwill attributed to operations located outside of Canada was $63.4 million, all of which was attributed to operations in the U.S. All goodwill attributed to operations located outside of Canada as of March 31, 2014, was reclassified to assets held for sale.

Revenues earned outside of Canada for the three months ended March 31, 2015, were $158.3 million (2014: $231.0 million), of which $0.0 million (2014: $89.6 million) has been reclassified to net earnings from discontinued operations. Of the total amount earned outside of Canada, $76.2 million (2014: $56.9 million) was earned in Japan, $44.3 million (2014: $108.3 million) was earned in the U.S., and $0.0 million (2014: $35.2 million) was earned in the U.K. Revenue by geographic area is determined based on the shipping location.

Information About Major Customers

During the three months ended March 31, 2015, the Company reported sales to one customer representing 14.5% of total sales. These revenues were reported in the Meat Products Group. No other sales were made to any one customer that represented in excess of 10% of total sales.

During the three months ended March 31, 2014, the Company reported sales to two customer representing 10.6% and 10.4% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group and Bakery Products Group. The Company reported sales to one customer representing 13.1% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.

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