MAPLE LEAF FOODS INC.

Financial Statements
For the Third Quarter Ended
September 30, 2015

Consolidated Balance Sheets

(In thousands of Canadian dollars)	*Notes*	**As at September 30, 2015**	As at September 30, 2014	As at December 31, 2014
		(Unaudited)	*(Unaudited)*	
ASSETS				
Current assets				
Cash and cash equivalents	*4*	**$ 306,539**	$ 510,238	$ 496,328
Accounts receivable	*5*	**50,649**	52,591	60,396
Notes receivable	*5*	**100,332**	120,818	110,209
Inventories	*6*	**283,056**	296,229	270,401
Biological assets	*7*	**86,136**	111,773	105,743
Income and other taxes recoverable		**—**	35,293	—
Prepaid expenses and other assets		**24,582**	14,396	20,157
Assets held for sale	*8*	**473**	634	1,107
		$ 851,767	$ 1,141,972	$ 1,064,341
Property and equipment		**1,071,560**	1,044,959	1,042,506
Investment property		**7,480**	3,191	3,312
Employee benefits	*9*	**66,903**	104,260	88,162
Other long-term assets		**12,031**	10,301	9,881
Deferred tax asset		**74,077**	701	74,986
Goodwill	*10*	**428,236**	428,236	428,236
Intangible assets	*11*	**140,782**	176,203	165,066
Total assets		**$ 2,652,836**	$ 2,909,823	$ 2,876,490
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accruals		**$ 268,897**	$ 313,652	$ 275,249
Provisions	*12*	**31,018**	57,533	60,443
Current portion of long-term debt	*13*	**682**	330	472
Income taxes payable		**8,196**	—	26,614
Other current liabilities	*14*	**39,120**	20,103	24,383
		$ 347,913	$ 391,618	$ 387,161
Long-term debt	*13*	**9,936**	9,948	10,017
Employee benefits	*9*	**178,373**	148,263	196,482
Provisions	*12*	**14,653**	19,051	17,435
Other long-term liabilities	*15*	**22,003**	21,942	20,899
Deferred tax liability		**—**	7,501	—
Total liabilities		**$ 572,878**	$ 598,323	$ 631,994
Shareholders' equity				
Share capital	*17*	**$ 893,706**	$ 927,012	$ 936,479
Retained earnings		**1,189,280**	1,307,453	1,228,815
Contributed surplus	*17*	**—**	89,244	79,652
Accumulated other comprehensive income (loss) associated with continuing operations	*16*	**(2,756)**	141	(226)
Treasury stock		**(272)**	(12,350)	(224)
Total shareholders' equity		**$ 2,079,958**	$ 2,311,500	$ 2,244,496
Total liabilities and equity		**$ 2,652,836**	$ 2,909,823	$ 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 September 30, **2015**	Three months ended September 30, 2014	Nine months ended September 30, **2015**	Nine months ended September 30, 2014
Sales		**$ 818,785**	$ 820,097	**$ 2,419,809**	$ 2,363,234
Cost of goods sold		**719,450**	759,972	**2,155,514**	2,195,850
Gross margin		**$ 99,335**	$ 60,125	**$ 264,295**	$ 167,384
Selling, general and administrative expenses		**68,933**	74,186	**224,450**	236,611
Earnings (loss) from continuing operations before the following:		**$ 30,402**	$ (14,061)	**$ 39,845**	$ (69,227)
Restructuring and other related costs	***12***	**(3,380)**	(14,287)	**(21,514)**	(56,049)
Change in fair value of non-designated interest rate swaps	***18, 19***	**—**	—	**—**	2,492
Other income (expense)	***19***	**(1,124)**	(5,514)	**(7,809)**	(8,187)
Earnings (loss) before interest and income taxes from continuing operations		**$ 25,898**	$ (33,862)	**$ 10,522**	$ (130,971)
Interest expense and other financing costs	***20***	**1,209**	820	**3,495**	125,917
Earnings (loss) before income taxes from continuing operations		**$ 24,689**	$ (34,682)	**$ 7,027**	$ (256,888)
Income taxes		**6,009**	(8,011)	**(1,332)**	(66,067)
Earnings (loss) from continuing operations		**$ 18,680**	$ (26,671)	**$ 8,359**	$ (190,821)
Earnings (loss) from discontinued operations	***21***	**—**	(96)	**(64)**	930,915
Net earnings (loss)		**$ 18,680**	$ (26,767)	**$ 8,295**	$ 740,094
Attributed to:					
Common shareholders		**$ 18,680**	$ (26,767)	**$ 8,295**	$ 738,119
Non-controlling interest		**—**	—	**—**	1,975
		$ 18,680	$ (26,767)	**$ 8,295**	$ 740,094
Earnings (loss) per share attributable to common shareholders:	***22***				
Basic and diluted earnings (loss) per share		**$ 0.13**	$ (0.19)	**$ 0.06**	$ 5.25
Basic and diluted earnings (loss) per share from continuing operations		**$ 0.13**	$ (0.19)	**$ 0.06**	$ (1.35)
Weighted average number of shares (millions)		**139.6**	141.8	**141.7**	140.9

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 September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Net earnings (loss)	**$ 18,680**	$ (26,767)	**$ 8,295**	$ 740,094
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss:				
Actuarial gains (losses) (Net of tax of $1.7 million and $4.9 million; 2014: $1.6 million and $2.6 million)	**$ (4,967)**	$ (4,443)	**$ 13,992**	$ (7,274)
Total items that will not be reclassified to profit or loss	**$ (4,967)**	$ (4,443)	**$ 13,992**	$ (7,274)
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 and $0.0 million; 2014: $0.0 million and $0.0 million)	**$ 652**	$ (37)	**$ 1,219**	$ (252)
Change in unrealized gains and losses on cash flow hedges (Net of tax of $1.3 million and $1.3 million; 2014: $1.5 million and $1.5 million)	**(3,513)**	(4,049)	**(3,749)**	4,187
Total items that are or may be reclassified subsequently to profit or loss	**$ (2,861)**	$ (4,086)	**$ (2,530)**	$ 3,935
Other comprehensive income (loss) from continuing operations	**$ (7,828)**	$ (8,529)	**$ 11,462**	$ (3,339)
Other comprehensive income (loss) from discontinued operations[(i)] (Net of tax of $0.0 million and $0.0 million; 2014: $0.0 million and $1.3 million)	**—**	—	**—**	(569)
Total other comprehensive income (loss)	**$ (7,828)**	$ (8,529)	**$ 11,462**	$ (3,908)
Comprehensive income (loss)	**$ 10,852**	$ (35,296)	**$ 19,757**	$ 736,186
Attributed to:				
Common shareholders	**$ 10,852**	$ (35,296)	**$ 19,757**	$ 734,455
Non-controlling interest	**$ —**	$ —	**$ —**	$ 1,731

[(i)] *For the nine months ended September 30, 2014, the above amount includes $4.4 million related to actuarial gains (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)		**—**	**8,295**	**—**	**—**	**—**	**—**	**—**	**8,295**
Other comprehensive income (loss)	***16***	**—**	**13,992**	**—**	**(2,530)**	**—**	**—**	**—**	**11,462**
Dividends declared ($0.24 per share)		**—**	**(33,826)**	**—**	**—**	**—**	**—**	**—**	**(33,826)**
Stock-based compensation expense		**—**	**—**	**6,672**	**—**	**—**	**—**	**—**	**6,672**
Obligation for repurchase of shares	***17***	**(4,986)**	**(13,634)**	**—**	**—**	**—**	**—**	**—**	**(18,620)**
Repurchase of shares	***17***	**(39,975)**	**(14,362)**	**(84,018)**	**—**	**—**	**—**	**—**	**(138,355)**
Issuance of treasury stock		**—**	**—**	**(2,306)**	**—**	**—**	**1,140**	**—**	**(1,166)**
Exercise of stock options		**2,188**	**—**	**—**	**—**	**—**	**—**	**—**	**2,188**
Shares purchased by RSU trust		**—**	**—**	**—**	**—**	**—**	**(1,188)**	**—**	**(1,188)**
Balance at September 30, 2015		**$ 893,706**	**$ 1,189,280**	**$ —**	**$ (2,756)**	**$ —**	**$ (272)**	**$ —**	**$ 2,079,958**

		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)		—	738,119	—	—	—	—	1,975	740,094
Reclassification to assets held for sale		—	—	—	799	(799)	—	—	—
Other comprehensive income (loss)	*16*	—	(10,488)	—	3,935	2,889	—	(244)	(3,908)
Dividends declared ($0.12 per share)		—	(16,951)	—	—	—	—	(3,017)	(19,968)
Stock-based compensation expense		—	—	26,117	—	—	—	—	26,117
Disposal of business	*21*	—	—	—	—	(2,090)	—	(59,577)	(61,667)
Exercise of stock options		21,796	—	—	—	—	—	—	21,796
Shares purchased by RSU trust		—	—	—	—	—	(11,000)	—	(11,000)
Modification of stock compensation plan	*23*	—	(5,944)	(16,012)	—	—	—	—	(21,956)
Balance at September 30, 2014		$ 927,012	$ 1,307,453	$ 89,244	$ 141	$ —	$ (12,350)	$ —	$ 2,311,500

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 September 30, **2015**	2014	Nine months ended September 30, **2015**	2014
CASH PROVIDED BY (USED IN):					
Operating activities					
Net earnings (loss)		**$ 18,680**	$ (26,767)	**$ 8,295**	$ 740,094
Add (deduct) items not affecting cash:					
Change in fair value of biological assets		**(4,321)**	15,363	**27,122**	(6,059)
Depreciation and amortization		**30,736**	29,776	**94,951**	80,069
Stock-based compensation		**2,457**	6,250	**6,672**	26,117
Deferred income taxes		**6,000**	(9,152)	**(2,284)**	31,287
Income tax current		**9**	1,126	**952**	11,069
Interest expense and other financing costs		**1,209**	820	**3,495**	126,703
Loss (gain) on sale of long-term assets		**44**	222	**107**	384
Loss (gain) on sale of business	*21*	**—**	111	**—**	(1,007,465)
Loss (gain) on sale of assets held for sale		**(1,026)**	—	**(6,288)**	(1,736)
Change in fair value of non-designated derivative financial instruments		**3,145**	(9,573)	**(9,156)**	(2,069)
Impairment of assets (net of reversals)		**928**	889	**1,907**	1,674
Increase in pension liability		**6,620**	6,265	**19,991**	12,646
Net income taxes paid		**(1,235)**	(112)	**(12,130)**	(8,727)
Net settlement of financial instruments		**—**	—	**—**	(23,631)
Early repayment premium		**—**	—	**—**	(76,311)
Interest paid		**(981)**	(719)	**(2,652)**	(39,036)
Change in provision for restructuring and other related costs		**(5,385)**	1,012	**(20,974)**	31,269
Settlement of cash-settled restricted share units		**—**	—	**(5,332)**	—
Other		**(7,469)**	(4,841)	**5,315**	(32,810)
Change in non-cash operating working capital		**(7,339)**	20,759	**(27,937)**	(241,251)
Cash provided by (used in) operating activities		**$ 42,072**	$ 31,429	**$ 82,054**	$ (377,783)
Financing activities					
Dividends paid		**$ (11,022)**	$ (5,680)	**$ (33,826)**	$ (16,951)
Dividends paid to non-controlling interest		**—**	—	**—**	(24,621)
Net increase (decrease) in long-term debt		**(42)**	(125)	**(42)**	(699,139)
Net drawings (payments) on the credit facility		**—**	—	**—**	(255,000)
Exercise of stock options		**—**	4,124	**2,188**	21,796
Repurchase of shares	*17*	**(96,445)**	—	**(138,355)**	—
Payment of financing fees		**—**	—	**(277)**	(3,769)
Cash provided by (used in) financing activities		**$ (107,509)**	$ (1,681)	**$ (170,312)**	$ (977,684)
Investing activities					
Additions to long-term assets		**$ (39,043)**	$ (48,015)	**$ (109,495)**	$ (223,946)
Capitalization of interest expense		**—**	—	**—**	(5,504)
Adjustment to sale of business	*21*	**—**	—	**—**	(468)
Proceeds from sale of business		**—**	—	**—**	1,647,015
Transaction costs		**(63)**	(111)	**(63)**	(29,012)
Cash associated with divested business		**—**	—	**—**	(23,011)
Proceeds from sale of long-term assets		**59**	6	**2,219**	3,261
Proceeds from sale of assets held for sale		**1,100**	—	**6,996**	6,108
Purchase of treasury stock		**—**	(11,000)	**(1,188)**	(11,000)
Cash provided by (used in) investing activities		**$ (37,947)**	$ (59,120)	**$ (101,531)**	$ 1,363,443
Increase (decrease) in cash and cash equivalents		**$ (103,384)**	$ (29,372)	**$ (189,789)**	$ 7,976
Net cash and cash equivalents, beginning of period		**409,923**	539,610	**496,328**	502,262
Net cash and cash equivalents, end of period	*4*	**$ 306,539**	$ 510,238	**$ 306,539**	$ 510,238

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

Notes to the Unaudited 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 unaudited condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 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 21).

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 October 28, 2015.

(b) Basis of Measurement

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

(d) Disposal of business

The unaudited condensed 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 21.

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 unaudited condensed 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 consolidated 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 costs 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 impairment 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 the 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 net 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 settled 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 nine months ended September 30, 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 nine 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 adoption of these amendments is not expected to have a material impact on the consolidated financial statements.

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 adoption of the amendments to IFRS 11 is not expected to have a material impact on the consolidated financial statements.

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 constitute a business or a partial gain or loss is recognized when a sale or contribution of assets do not contribute a business. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The adoption of the amendments is not expected to have a material impact on the consolidated financial statements.

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. In July 2015, the effective date for IFRS 15 was deferred to apply to annual periods beginning on or after January 1, 2018; 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, 2018. 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 measurement, 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 September 30, 2015, the Company had agreements to cash collateralize certain of its letters of credit up to an amount of $120.0 million (2014: $120.0 million), of which $85.1 million (2014: $81.6 million) was deposited with a major financial institution.

5. ACCOUNTS AND NOTES RECEIVABLE

Components of accounts receivable are as follows:

	As at September 30, 2015	As at September 30, 2014	As at December 31, 2014
Trade receivables	**$ 24,086**	$ 12,991	$ 20,498
Less: Allowance for doubtful accounts	**(4)**	(4)	(4)
Net trade receivables	**$ 24,082**	$ 12,987	$ 20,494
Other receivables:			
Commodity taxes receivable	**8,337**	15,714	9,539
Interest rate swap receivable	**311**	2,452	2,308
Government receivable	**7,393**	13,621	16,583
Other	**10,526**	7,817	11,472
	$ 50,649	$ 52,591	$ 60,396

The aging of trade receivables is as follows:

	As at September 30, 2015	As at September 30, 2014	As at December 31, 2014
Current	**$ 23,144**	$ 12,777	$ 16,875
Past due 0-30 days	**724**	190	3,623
Past due 31-60 days	**—**	24	—
Past due 61-90 days	**206**	—	—
Past due > 90 days	**12**	—	—
	$ 24,086	$ 12,991	$ 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 receivables to an entity owned by a financial institution. The Company retains servicing responsibilities for these receivables. As at September 30, 2015, trade receivables being serviced under these programs amounted to $191.5 million (2014: $184.8 million). In return for the sale of its trade receivables, the Company will receive cash of $91.2 million (2014: $64.0 million) and notes receivable in the amount of $100.3 million (2014: $120.8 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 September 30, 2015, the Company recorded a net payable amount of $4.3 million (2014: $34.5 million net payable) in accounts payable and accruals.

The Company's securitization programs require the sale of trade receivables 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 September 30, 2015, September 30, 2014 and December 31, 2014.

6. INVENTORIES

	As at September 30, 2015	As at September 30, 2014	As at December 31, 2014
Raw materials	**$ 28,483**	$ 33,624	$ 31,345
Work in process	**21,625**	23,547	19,502
Finished goods	**187,648**	189,469	169,103
Packaging	**16,268**	20,852	22,083
Spare parts	**29,032**	28,737	28,368
	$ 283,056	$ 296,229	$ 270,401

During the three months ended September 30, 2015, inventory in the amount of $631.5 million (2014: $621.7 million) was expensed through cost of goods sold. There were no reversals of previous write-downs recognized.

During the nine months ended September 30, 2015, inventory in the amount of $1,890.6 million (2014: $1,832.9 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 September 30, 2015, was a gain of $4.3 million (2014: loss of $15.4 million) and was recorded in cost of goods sold.

The change in fair value of commercial hog and poultry stock for the nine months ended September 30, 2015, was a loss of $27.1 million (2014: gain of $6.1 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value in the hierarchy based on inputs to the valuation techniques used. There were no transfers between levels during the three and nine months ended September 30, 2015.

8. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale as at September 30, 2015, consist of $0.5 million (2014: $0.6 million) of various investment properties the Company intends to dispose of as they are no longer utilized. Investment properties are included in non-allocated assets for segmented reporting.

9. EMPLOYEE BENEFITS

For the three months ended September 30, 2015, the Company recorded expenses of $10.3 million (2014: $9.5 million) related to pension and other post-retirement benefits from continuing operations.

For the nine months ended September 30, 2015, the Company recorded expenses of $30.2 million (2014: $33.3 million) related to pension and other post-retirement benefits, of which $0.0 million is related to discontinued operations (2014: $5.6 million).

10. GOODWILL

The continuity of goodwill for the nine months ended September 30, 2015 and 2014 is as follows:

Cost	**September 30, 2015**	September 30, 2014
Opening balance January 1	**$ 428,236**	$ 826,040
Transfer to assets held for sale	**—**	(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	**—**	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 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 and software.

	As at September 30, 2015	As at September 30, 2014	As at December 31, 2014
Indefinite life	**$ 66,853**	$ 66,853	$ 66,853
Definite life	**73,929**	109,350	98,213
Total intangible assets	**$ 140,782**	$ 176,203	$ 165,066

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

12. PROVISIONS

				Restructuring and related provisions		
	Legal	**Environ-mental**	**Lease make-good**	**Severance and other employee related costs**	**Site closing and other cash costs**	**Total**
Balance at December 31, 2014 [(i)]	**$ 2,250**	**$ 11,030**	**$ 4,457**	**$ 47,817**	**$ 12,324**	**$ 77,878**
Charges	**—**	**—**	**250**	**3,103**	**3,047**	**6,400**
Reversals	**—**	**—**	**—**	**(218)**	**(22)**	**(240)**
Cash payments	**—**	**(34)**	**(1,350)**	**(12,392)**	**(3,756)**	**(17,532)**
Non-cash items	**—**	**—**	**(1,020)**	**—**	**120**	**(900)**
Balance at March 31, 2015	**$ 2,250**	**$ 10,996**	**$ 2,337**	**$ 38,310**	**$ 11,713**	**$ 65,606**
Charges	**—**	**—**	**—**	**1,212**	**3,755**	**4,967**
Reversals	**—**	**—**	**—**	**(451)**	**(204)**	**(655)**
Cash payments	**—**	**(124)**	**—**	**(11,437)**	**(6,138)**	**(17,699)**
Non-cash items	**—**	**—**	**—**	**—**	**188**	**188**
Balance at June 30, 2015	**$ 2,250**	**$ 10,872**	**$ 2,337**	**$ 27,634**	**$ 9,314**	**$ 52,407**
Charges	**—**	**—**	**—**	**2,831**	**140**	**2,971**
Reversals	**—**	**—**	**—**	**(877)**	**—**	**(877)**
Cash payments	**—**	**(220)**	**—**	**(8,250)**	**(515)**	**(8,985)**
Non-cash items	**—**	**—**	**—**	**—**	**155**	**155**
Balance at September 30, 2015	**$ 2,250**	**$ 10,652**	**$ 2,337**	**$ 21,338**	**$ 9,094**	**$ 45,671**
Current						**$ 31,018**
Non-current						**14,653**
Total at September 30, 2015						**$ 45,671**

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

	Legal	Environ-mental	Lease make-good	Restructuring and related provisions: Severance and other employee related costs	Restructuring and related provisions: Site closing and other cash costs	Total
Balance at December 31, 2013	$ 561	$ 12,603	$ 4,736	$ 44,432	$ 12,124	$ 74,456
Charges	91	—	16	18,782	216	19,105
Reversals	—	—	—	(1,536)	(37)	(1,573)
Cash payments	(413)	(3)	—	(6,853)	(3,130)	(10,399)
Foreign currency translation	—	—	104	(29)	222	297
Transfer to liabilities associated with assets held for sale	—	(1,316)	(2,517)	(4,268)	(2,691)	(10,792)
Balance at March 31, 2014	$ 239	$ 11,284	$ 2,339	$ 50,528	$ 6,704	$ 71,094
Charges	—	—	—	13,456	56	13,512
Reversals	—	—	—	(280)	—	(280)
Cash payments	—	(117)	—	(3,787)	(347)	(4,251)
Balance at June 30, 2014	$ 239	$ 11,167	$ 2,339	$ 59,917	$ 6,413	$ 80,075
Charges	—	—	—	9,907	424	10,331
Reversals	—	—	—	(382)	(30)	(412)
Cash payments	(89)	(44)	—	(7,457)	(198)	(7,788)
Non-cash items	—	—	—	(5,622)	—	(5,622)
Balance at September 30, 2014	$ 150	$ 11,123	$ 2,339	$ 56,363	$ 6,609	$ 76,584
Current						$ 57,533
Non-current						19,051
Total at September 30, 2014						$ 76,584

Restructuring and Other Related Costs

During the three months ended September 30, 2015, the Company recorded restructuring and other related costs of $3.4 million. The Meat Products Group incurred $1.3 million in restructuring and other related costs, of this amount, $0.1 million related to asset impairment and accelerated depreciation, $1.1 million related to severance and other employee costs and $0.1 million related to site closing costs.

During the nine months ended September 30, 2015, the Company recorded restructuring and other related costs of $21.5 million. The Meat Products Group incurred $15.4 million in restructuring and other related costs, of this amount, $7.3 million related to asset impairment and accelerated depreciation, $2.2 million related to severance and other employee costs and $5.9 million related to site closing costs.

The balance of restructuring costs during the three and nine months ended September 30, 2015, relate primarily to severance and other employee costs that were incurred in connection with other ongoing management and organizational structure restructuring initiatives.

During the three months ended September 30, 2014, the Company recorded restructuring and other related costs of $14.3 million. The Meat Products Group incurred $7.0 million in restructuring and other related costs primarily related to the implementation of the Value Creation Plan, of this amount, $4.1 million related to asset impairment and accelerated depreciation, $2.6 million related to severance and other employee costs and $0.4 million related to site closing costs.

During the nine months ended September 30, 2014, the Company recorded restructuring and other related costs of $56.0 million. The Meat Products Group incurred $29.6 million in restructuring and other related costs primarily related to the implementation of the Value Creation Plan, of this amount, $17.3 million related to asset impairment and accelerated depreciation, $12.4 million related to severance and other employee and $0.2 million related to a recovery of site closing costs.

The balance of restructuring costs during the three and nine months ended September 30, 2014, relate primarily to severance and other employee costs that were incurred in connection with other ongoing management and organizational structure restructuring initiatives.

13. LONG-TERM DEBT

On February 3, 2015, the Company amended its existing $200.0 million revolving credit facility by extending the maturity of the facility to June 30, 2016 under similar terms and conditions using the same syndicate of Canadian, U.S., and international institutions. 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 September 30, 2015, the Company had drawn letters of credit of $59.7 million (2014: $20.6 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. Upon closing of the Canada Bread sale on May 23, 2014, the facility was reduced to a revolving $200.0 million.

On April 14, 2014, the Company repaid notes payable for an amount of US$360.5 million (CDN$395.5 million) and CDN$400.0 million, comprising US $318.0 million (CDN$348.8 million) and CDN$354.5 million of principal, US$36.7 million (CDN$38.7 million) and CDN$37.6 million of early repayment premium, and US$5.8 million (CDN$6.4 million) and CDN$7.9 million of accrued interest.

On August 6, 2014, the Company entered a new uncommitted credit facility for issuing up to a maximum of $120.0 million letters of credit. As at September 30, 2015, $77.3 million (2014: $73.1 million) of letters of credit had been issued thereon. These letters of credit have been collateralized with cash, as further described in Note 4.

14. OTHER CURRENT LIABILITIES

	Notes	**As at September 30, 2015**	As at September 30, 2014	As at December 31, 2014
Derivative instruments	***18***	**$ 13,915**	$ 12,011	$ 13,932
Liability for stock-based compensation	***23***	**3,947**	5,745	6,469
Obligation for repurchase of shares	***17***	**18,620**	—	—
Other		**2,638**	2,347	3,982
		$ 39,120	$ 20,103	$ 24,383

15. OTHER LONG-TERM LIABILITIES

	Note	**As at September 30, 2015**	As at September 30, 2014	As at December 31, 2014
Derivative instruments	***18***	**$ 7,965**	$ 8,666	$ 7,748
Step rent and lease inducements		**9,580**	8,640	8,521
Other		**4,458**	4,636	4,630
		$ 22,003	$ 21,942	$ 20,899

16. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME 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)**
Other comprehensive income (loss)	**(515)**	**4,666**	**4,252**	**8,403**
Transfer to retained earnings	**—**	**—**	**(4,252)**	**(4,252)**
Balance at June 30, 2015	**$ 1,304**	**$ (1,199)**	**$ —**	**$ 105**
Other comprehensive income (loss)	**652**	**(3,513)**	**(4,967)**	**(7,828)**
Transfer to retained earnings	**—**	**—**	**4,967**	**4,967**
Balance at September 30, 2015	**$ 1,956**	**$ (4,712)**	**$ —**	**$ (2,756)**

	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)
Other comprehensive income (loss)	(560)	6,017	(3,545)	1,912
Transfer to retained earnings	—	—	3,545	3,545
Balance at June 30, 2014	$ 1,079	$ 3,148	$ —	$ 4,227
Other comprehensive loss	(37)	(4,049)	(4,443)	(8,529)
Transfer to retained earnings	—	—	4,443	4,443
Balance at September 30, 2014	$ 1,042	$ (901)	$ —	$ 141

(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 $4.7 million net of tax of $1.7 million of the unrealized loss 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.

During the three months ended September 30, 2015, a loss of approximately $0.9 million, net of tax of $0.3 million was released to earnings from accumulated other comprehensive loss and is included in the net change for the period (2014: loss of approximately $1.9 million, net of tax of $0.6 million).

During the nine months ended September 30, 2015, a gain of approximately $5.1 million, net of tax of $1.8 million was released to earnings from accumulated other comprehensive loss and is included in the net change for the period (2014: loss of approximately $13.6 million, net of tax of $4.7 million, inclusive of $7.1 million net of tax of $2.5 million related to the terminated cross-currency interest rate swaps as disclosed in Note 19).

17. SHARE CAPITAL

On March 23, 2015 the Toronto Stock Exchange ("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 September 30, 2015, 4,307,500 shares were purchased for cancellation for $96.4 million. During the nine months ended September 30, 2015, 6,093,900 shares were purchased for cancellation for $138.4 million.

The Company entered into an Automatic Share Purchase Plan ("ASPP") with a broker that allows the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. As at September 30, 2015, an obligation for the repurchase of shares of $18.6 million, was recognized under the ASPP.

Contributed Surplus and Retained Earnings

For the three months ended September 30, 2015, of the total cost of $96.4 million for the share cancellation, $28.2 million represents a reduction of share capital, $53.8 million represents a reduction of contributed surplus and $14.4 million represents a reduction of retained earnings.

For the nine months ended September 30, 2015, of the total cost of $138.4 million for the share cancellation, $40.0 million represents a reduction of share capital, $84.0 million represents a reduction of contributed surplus and $14.4 million represents a reduction of retained earnings.

Of the total obligation for repurchase of shares of $18.6 million, $5.0 million represents a reduction of share capital and $13.6 million represents a reduction of retained earnings.

18. 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 (Note 13).

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 nine months ended September 30, 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 September 30 are shown below:

	2015			2014		
		Fair value			Fair value	
	Notional amount	**Asset**	**Liability**	Notional amount	Asset	Liability
Cash flow hedges						
Foreign exchange contracts[i]	**$ 122,648**	**$ 21**	**$ 6,515**	$ 103,718	$ 406	$ 1,550
Commodity contracts[i]	**10,304**	**101**	**—**	7,671	—	170
Fair value hedges						
Commodity contracts[i]	**$ 33,454**	**$ —**	**$ 35**	$ 20,069	$ —	$ 359
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ 520,000**	**$ 5,762**	**$ 14,525**	$ 1,180,000	$ —	$ 14,038
Foreign exchange contracts[i]	**134,053**	**4,357**	**805**	138,191	2,591	691
Commodity contracts[i]	**279,888**	**7,779**	**—**	611,087	502	3,869
Total fair value		**$ 18,020**	**$ 21,880**		$ 3,499	$ 20,677
Current [ii]		**$ 14,989**	**$ 13,915**		$ 3,499	$ 12,011
Non-current		**3,031**	**7,965**		—	8,666
Total fair value		**$ 18,020**	**$ 21,880**		$ 3,499	$ 20,677

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

(ii) *At September 30, 2015, the above fair value of current assets has been reduced on the consolidated balance sheet by an amount of $2.1 million, which represents the excess of the fair market value of exchange traded commodities contracts over the initial margin requirements. The excess or deficit in maintenance margin requirements with the futures exchange is net settled in cash each day and is therefore presented as cash and cash equivalents.*

The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities as at September 30, 2015, approximate their carrying value due to their short-term nature.

The fair value of the long term-debt as at September 30, 2015 approximates its carrying value.

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 over-the-counter ("OTC"), 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 September 30, 2015, the Company recorded a pre-tax gain of $4.5 million (2014: gain of $3.1 million) on financial instruments held for trading.

During the nine months ended September 30, 2014 and 2015, the held-for-trading gain(loss) was mainly attributed to trading in commodity exchange traded contracts which hedge and offset price risk volatility inherent in the hog operational business. During the nine months ended September 30, 2015, the Company recorded a pre-tax gain of $26.4 million (2014: loss of $33.5 million) on financial instruments held-for-trading.

During the three months ended September 30, 2015, the pre-tax amount of hedge ineffectiveness recognized in earnings was a gain of $0.0 million (2014: loss of $0.2 million).

During the nine months ended September 30, 2015, the pre-tax amount of hedge ineffectiveness recognized in earnings was a loss of $0.1 million (2014: loss of $0.1 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	$ —	$ 4,378	$ —	$ 4,378
Commodity contracts	7,626	254	—	7,880
Interest rate swaps	—	5,762	—	5,762
	$ 7,626	**$ 10,394**	**$ —**	**$ 18,020**
Liabilities:				
Foreign exchange contracts	$ —	$ 7,320	$ —	$ 7,320
Commodity contracts	35	—	—	35
Interest rate swaps	—	14,525	—	14,525
	$ 35	**$ 21,845**	**$ —**	**$ 21,880**

There were no transfers between levels during the nine months ended September 30, 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 September 30, 2015, was a gain of $0.9 million (Note 19) ($0.7 million after-tax) and was recorded in net earnings (loss) (2014: gain of $1.6 million ($1.2 million after-tax)).

The change in fair value of non-designated interest rate swaps for the nine months ended September 30, 2015, was a gain of $3.7 million (Note 19) ($2.8 million after-tax) and was recorded in net earnings (loss) (2014: gain of $4.7 million ($3.5 million after-tax)).

19. OTHER INCOME (EXPENSE)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Gain (loss) on sale of property and equipment	**$ (44)**	$ (222)	**$ (405)**	$ (1,054)
Gain (loss) on sale of investment properties	**—**	—	**298**	350
Recovery from insurance claims	**1,951**	—	**1,951**	—
Gain (loss) on sale of assets held for sale[(i)]	**1,026**	—	**6,288**	—
Net investment property loss	**(576)**	(538)	**(3,138)**	(987)
Impairment of assets[(ii)]	**(928)**	(622)	**(1,907)**	(1,407)
Depreciation of assets used to support divested businesses[(iii)]	**(3,461)**	(5,309)	**(13,656)**	(7,079)
Interest income	**716**	1,280	**2,795**	2,014
Net expense on non-designated interest rate swaps[(iv)]	**(1,004)**	(1,680)	**(3,963)**	(2,326)
Change in fair value of non-designated interest rate swaps[(iv)]	**942**	1,620	**3,725**	2,233
Other	**254**	(43)	**203**	69
	$ (1,124)	$ (5,514)	**$ (7,809)**	$ (8,187)

[(i)] *Gain (loss) on sale of assets held for sale*

During the three months ended September 30, 2015, investment properties held for sale were disposed of for net proceeds of $1.1 million (2014: $0.0 million), resulting in a pre-tax gain of $1.0 million (2014: $0.0 million).

During the nine months ended September 30, 2015, investment properties held for sale were disposed of for net proceeds of $7.0 million (2014: $0.0 million), resulting in a pre-tax gain of $6.3 million (2014: $0.0 million).

[(ii)] *Impairment of assets*

Impairments recorded by the Company related to the following:	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Property and equipment	**$ 928**	$ 248	**$ 1,907**	$ 818
Other assets	**—**	374	**—**	589
Total impairments	**$ 928**	$ 622	**$ 1,907**	$ 1,407

[(iii)] *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. During the three months ended September 30, 2015, the Company further revised the estimated useful life of these assets, resulting in a reduction in the depreciation charge recorded during the period.

[(iv)] *Non-designated Interest Rate Swaps*

For the three and nine months ended September 30, 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. 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.

For the three months ended September 30, 2014, $1.7 million of net expense on non-designated interest rate swaps, that was previously presented as interest expense and other financing charges, has been presented as other income. This amount represents the portion of the expense relating to the period after the outstanding debt was fully repaid. The portion of the change in fair value of non-designated interest rate swaps relating to the period after the debt was paid of $1.6 million for the three months ended September 30, 2014 has also been reclassified to other income.

For the nine months ended September 30, 2014, $2.3 million of net expense on non-designated interest rate swaps, that was previously presented as interest expense and other financing charges, has been presented as other income. This amount represents the portion of the expense relating to the period after the outstanding debt was fully repaid. The portion of the change in fair value of non-designated interest rate swaps relating to the period after the debt was paid of $2.2 million for the nine months ended September 30, 2014 has also been reclassified to other income.

20. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Interest expense on long-term debt	**$ 25**	$ 111	**$ 253**	$ 13,215
Interest on bankers' acceptances and prime loans	**—**	—	**—**	9,143
Net interest income on interest rate swaps	**—**	—	**—**	941
Net interest expense on non-designated interest rate swaps	**—**	—	**—**	2,714
Interest expense on securitized receivables	**432**	505	**1,261**	1,381
Deferred finance charges	**92**	49	**244**	3,064
Other interest charges	**660**	155	**1,737**	2,385
Interest capitalized	**—**	—	**—**	(5,504)
Other financing costs(i)	**—**	—	**—**	98,578
	$ 1,209	$ 820	**$ 3,495**	$ 125,917

(i) *Other financing costs for the nine months ended September 30, 2014, included costs associated with the repayment of all of the Company's outstanding senior notes including an early repayment premium of $76.3 million, write-off of deferred financing fees of $8.9 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.*

21. 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"). The Company received proceeds of $1,647.0 million for its 90.0% interest in Canada Bread, resulting in a pre-tax loss of $0.1 million for the three months ended September 30, 2014 and a pre-tax gain of $999.4 million for nine months ended September 30, 2014. Upon the sale of the business, the net assets of Canada Bread have been de-recognized from assets held for sale. For the three and nine months ended September 30, 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 during March 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 nine months ended September 30, 2014.

Rothsay By-product Recycling Business

On October 28, 2013, the Company sold substantially all of the net assets of its Rothsay animal by-product recycling operations ("Rothsay"), a component of the Agribusiness Group, to Darling International Inc. for net proceeds of $628.5 million, resulting in a pre-tax gain of $526.5 million recognized for the year ended December 31, 2013. During the nine months ended September 30, 2014, the Company recorded an adjustment to the gain on disposal of $2.5 million relating to additional non-cash transaction costs incurred associated with the sale.

During the three months ended September 30, 2014, a loss on disposal of discontinued operations of $0.1 million net of tax of $0.0 million was recorded related to the sale of Canada Bread. This loss was considered an operating cash flow.

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

		2015	2014			
Nine months ended September 30,	***Note***	**Total**[(i)]	Canada Bread	Olivieri	Rothsay	Total
Sales		**$ —**	$ 567,861	$ —	$ —	$ 567,861
Cost of goods sold		**—**	439,710	—	—	439,710
Gross margin		**$ —**	$ 128,151	$ —	$ —	$ 128,151
Selling, general, and administrative expenses		**—**	80,322	—	—	80,322
Operating earnings before the following:		**$ —**	$ 47,829	$ —	$ —	$ 47,829
Restructuring and other related costs		**—**	(2,612)	—	—	(2,612)
Gain on disposal of discontinued operations[(ii)(iii)]		**—**	999,445	—	—	999,445
Adjustment of prior gain on disposal of discontinued operations[(iv)]		**(64)**	—	(468)	(2,488)	(2,956)
Other income (expense)		**—**	(1,582)	—	—	(1,582)
Earnings (loss) before interest and income taxes from discontinued operations		**$ (64)**	$ 1,043,080	$ (468)	$ (2,488)	$ 1,040,124
Interest expense and other financing costs		**—**	786	—	—	786
Earnings (loss) before income taxes from discontinued operations		**$ (64)**	$ 1,042,294	$ (468)	$ (2,488)	$ 1,039,338
Income taxes		**—**	108,905	160	(642)	108,423
Net earnings (loss) from discontinued operations		**$ (64)**	$ 933,389	$ (628)	$ (1,846)	$ 930,915
Attributed to:						
Common shareholders		**$ (64)**	$ 931,377	$ (591)	$ (1,846)	$ 928,940
Non-controlling interest		**—**	2,012	(37)	—	1,975
		$ (64)	$ 933,389	$ (628)	$ (1,846)	$ 930,915
Earnings (loss) per share from discontinued operations attributable to common shareholders:	***22***					
Basic and diluted earnings (loss) per share from discontinued operations		**$ (0.00)**				$ 6.60
Weighted average number of shares (millions)		**141.7**				140.9

(i) Earnings (loss) from discontinued operations for the nine months ended September 30, 2015 relates to Canada Bread only.

(ii) Included in the gain on disposal of discontinued operations is $8.5 million of stock compensation expenses for the nine months ended September 30, 2014.

(iii) Gain, net of tax, attributable to common shareholders is $0.1 million for the three months ended September 30, 2014 and $899.7 million for the nine months ended September 30, 2014.

(iv) Included in the adjustment of prior gain on disposal of discontinued operations is $2.5 million of stock-based compensation paid to Management as a result of the successful completion of the transaction for the nine months ended September 30, 2014.

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 are as follows:

	2015	2014		
Nine months ended September 30,	**Total**[(i)]	Canada Bread	Olivieri	Total[(ii)]
Operating cash flows	**$ —**	$ (83,695)	$ (160)	$ (83,855)
Financing cash flows	**—**	(30,192)	—	(30,192)
Investing cash flows	**(64)**	1,587,794	(468)	1,587,326
Net cash flows	**$ (64)**	$ 1,473,907	$ (628)	$ 1,473,279

(i) Net cash flows from discontinued operations for the nine months ended September 30, 2015 relates to Canada Bread only.

(ii) The Rothsay operation was sold during 2013. Activity for the three months and nine months ended September 30, 2014 had no cash flow impact. As such, no results are reported for 2014.

22. 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 instruments.

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 September 30,	**Net earnings (loss)**	**Weighted average number of shares(ii)**	**EPS**	Net earnings (loss)	Weighted average number of shares(ii)	EPS
Basic						
Continuing operations	**$ 18,680**	**139.6**	**$ 0.13**	$ (26,671)	141.8	$ (0.19)
Gain on sale of business, net of tax	**—**	**139.6**	**—**	(96)	141.8	—
	$ 18,680	**139.6**	**$ 0.13**	$ (26,767)	141.8	$ (0.19)
Stock options(i)	**—**	**0.9**	**—**	—	—	—
Diluted						
Continuing operations	**$ 18,680**	**140.5**	**$ 0.13**	$ (26,671)	141.8	$ (0.19)
Gain on sale of business	**—**	**140.5**	**—**	(96)	141.8	—
	$ 18,680	**140.5**	**$ 0.13**	$ (26,767)	141.8	$ (0.19)

(i) *Excludes the effect of approximately 2.3 million options and restricted share units (2014: 6.3 million) to purchase common shares that are anti-dilutive.*

(ii) *In millions.*

	Attributable to Common Shareholders					
	2015			2014		
Nine months ended September 30,	**Net earnings (loss)**	**Weighted average number of shares(ii)**	**EPS**	Net earnings (loss)	Weighted average number of shares(ii)	EPS
Basic						
Continuing operations	**$ 8,359**	**141.7**	**$ 0.06**	$ (190,821)	140.9	$ (1.35)
Gain on sale of business, net of tax	**—**	**141.7**	**—**	899,724	140.9	6.39
Discontinued operations before gain on sale of business	**(64)**	**141.7**	**(0.00)**	29,216	140.9	0.21
	$ 8,295	**141.7**	**$ 0.06**	$ 738,119	140.9	$ 5.25
Stock options(i)	**—**	**0.8**	**—**	—	—	—
Diluted						
Continuing operations	**$ 8,359**	**142.5**	**$ 0.06**	$ (190,821)	140.9	$ (1.35)
Gain on sale of business	**—**	**142.5**	**—**	899,724	140.9	6.39
Discontinued operations before gain on sale of business	**(64)**	**142.5**	**(0.00)**	29,216	140.9	0.21
	$ 8,295	**142.5**	**$ 0.06**	$ 738,119	140.9	$ 5.25

(i) *Excludes the effect of approximately 2.4 million options and restricted share units (2014: 6.3 million) to purchase common shares that are anti-dilutive.*

(ii) *In millions.*

23. SHARE-BASED PAYMENT

Under the Maple Leaf Foods Share Incentive Plan in effect as at September 30, 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 $2.0 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 nine months ended September 30 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
Granted	**—**		**—**	—		—
Exercised	**(69,000)**		**11.36**	(1,440,900)		11.61
Forfeited	**—**		**—**	—		—
Expired	**—**		**—**	—		—
Outstanding at June 30	**3,680,000**	**$**	**16.52**	3,156,100	$	11.60
Granted	**—**		**—**	1,161,000		20.28
Exercised	**—**		**—**	(360,400)		11.44
Forfeited	**—**		**—**	—		—
Expired	**—**		**—**	—		—
Outstanding September 30	**3,680,000**	**$**	**16.52**	3,956,700	$	14.16
Options currently exercisable	**2,177,600**	**$**	**13.18**	2,795,700	$	11.60

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 nine months ended September 30, 2015, are shown in the table below.

		2015		2014
Share price at grant date	**$**	**21.86**	$	19.87
Exercise price	**$**	**22.52**	$	20.28
Expected volatility(i)		**24.33%**		24.78%
Option life (in years)(ii)		**4.5**		4.5
Expected dividend yield		**1.46%**		0.81%
Risk-free interest rate(iii)		**0.95%**		1.69%

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

(ii) *Expected weighted average life.*

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

The fair value of options granted during the nine months ended September 30, 2015, was $2.6 million. Amortization charges relating to current and prior year options during the three and nine months ended September 30, 2015, were $0.8 million and $2.2 million respectively.

The fair value of options granted during the three and nine months ended September 30, 2014, were $4.5 million, of this amount $1.5 million was included in restructuring and other related costs as a non-cash item (Note 12). Amortization charges relating to current and prior year options for the three and nine months ended September 30, 2014, were $1.6 million and $4.2 million respectively.

Restricted Share Units

A summary of the status of the Company's RSU plans (including PSUs) as at September 30, 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
Granted	**—**		**—**	642,230		17.17
Exercised	**(307,253)**		**11.35**	(1,215,394)		11.15
Forfeited	**(36,844)**		**15.25**	(156,843)		11.23
Expired	**—**		**—**	(686,910)		10.99
Outstanding at June 30	**1,391,602**	**$**	**17.86**	1,305,283	$	14.21
Granted	**—**		**—**	657,206		19.45
Exercised	**—**		**—**	—		—
Forfeited	**(7,560)**		**18.02**	—		—
Expired	**—**		**—**	—		—
Outstanding at September 30	**1,384,042**	**$**	**17.86**	1,962,489	$	15.97

Expenses for the three months ended September 30, 2015, relating to current and prior year RSUs and PSUs were $1.8 million (2014: expense of $5.2 million includes the modification impacts and a mark-to-market adjustment on the related liability outlined above, of this amount $0.0 million was included in discontinued operations (Note 21) and $4.1 million was included in restructuring and other related costs as a non-cash item (Note 12)).

The fair value of RSUs and PSUs granted during the nine months ended September 30, 2015, was $7.9 million (2014: $23.1 million). Expenses for the nine months ended September 30, 2015, relating to current and prior year RSUs and PSUs were $6.2 million (2014: expense of $26.8 million includes the modification impacts and a mark-to-market adjustment on the related liability outlined above, of this amount $11.0 million was included in discontinued operations (Note 21) and $4.1 million was included in restructuring and other related costs as a non-cash item (Note 12)).

The key assumptions used in the valuation of fair value of RSUs granted during the nine months ended September 30, 2015 and 2014 are shown in the table below[(i)].

	2015	2014
Expected RSU life (in years)	**3.19**	2.67
Forfeiture rate	**13.7%**	7.5%
Risk-free discount rate	**0.6%**	1.2%

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

Director Share Units

The fair value of director share units expensed during the three and nine months ended September 30, 2015, were $0.3 million and $0.9 million respectively (2014: $0.4 million and $1.1 million respectively).

24. 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 21.

The Company sponsors a number of defined benefit and defined contribution plans. During the three months ended September 30, 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 September 30, 2015, the Company's contributions to these plans were $2.3 million (2014: $2.2 million), which includes no contributions made by Canada Bread.

During the nine months ended September 30, 2015, the Company received $0.0 million (2014: $0.6 million) from the defined benefit pension plans for the reimbursement of expenses incurred by the Company to provide services to these plans. During the nine months ended September 30, 2015, the Company's contributions to these plans were $7.1 million (2014: $19.2 million), which includes $0.0 million (2014: $3.7 million) made by Canada Bread, which has been presented as discontinued operations.

The Company's largest shareholder is McCain Capital Inc. ("MCI") which is beneficially owned and controlled by Mr. Michael H. McCain, Chief Executive Officer and President of the Company. During the three and nine months ended September 30, 2015, the Company incurred expenses of $0.2 million and $0.4 million respectively, which represents the market value of the transactions with MCI.

During the three and nine months ended September 30, 2015, the Company agreed to sublease office space to McCain Financial Advisory Services, an entity jointly controlled by Mr. Michael H. McCain, for cost equal to the amount that the Company is obligated to pay under its lease.

25. GOVERNMENT INCENTIVES

During the three and nine months ended September 30, 2015, the Company received government incentives recorded as a reduction in the cost of related assets totalling $0.0 million (2014: $0.1 million) and $0.2 million (2014: $1.1 million), respectively and other incentives recorded in earnings totalling $0.0 million (2014: $0.1 million) and $0.1 million (2014: $0.2 million), respectively.

Also during the nine months ended September 30, 2014, the Company recorded a $4.8 million interest free loan from the Canadian government to support the upgrade of the Company's prepared meats manufacturing network and supply chain. The loan is repayable over a period of 10 years beginning in August 2015.

26. 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 21 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 September 30, 2015	2014	Nine months ended September 30, 2015	2014
Sales					
Meat Products Group		**$ 814,820**	$ 814,699	**$ 2,408,452**	$ 2,345,651
Agribusiness Group		**3,965**	5,398	**11,357**	17,583
Bakery Products Group[(i)]		**—**	—	**—**	567,861
Total sales		**$ 818,785**	$ 820,097	**$ 2,419,809**	$ 2,931,095
Sales from discontinued operations	***21***	**—**	—	**—**	(567,861)
Sales from continuing operations		**$ 818,785**	$ 820,097	**$ 2,419,809**	$ 2,363,234
Earnings (loss) before restructuring and other related costs and other income					
Meat Products Group		**$ 28,263**	$ (18,220)	**$ 53,821**	$ (61,312)
Agribusiness Group		**1,581**	(1,610)	**8,222**	3,252
Bakery Products Group[(i)]		**—**	—	**—**	47,829
Non-allocated costs		**558**	5,769	**(22,198)**	(11,167)
Total earnings (loss) before restructuring and other related costs and other income		**$ 30,402**	$ (14,061)	**$ 39,845**	$ (21,398)
Earnings (loss) before restructuring and other related costs and other income from discontinued operations	***21***	**—**	—	**—**	(47,829)
Earnings (loss) before restructuring and other related costs and other income from continuing operations		**$ 30,402**	$ (14,061)	**$ 39,845**	$ (69,227)
Capital expenditures					
Meat Products Group		**$ 33,109**	$ 38,865	**$ 93,617**	$ 179,488
Agribusiness Group		**6,292**	2,813	**14,928**	4,782
Bakery Products Group[(i)]		**—**	—	**—**	17,789
		$ 39,401	$ 41,678	**$ 108,545**	$ 202,059
Depreciation and amortization					
Meat Products Group		**$ 25,578**	$ 22,774	**$ 76,432**	$ 60,961
Agribusiness Group		**1,672**	1,693	**4,769**	4,117
Non-allocated costs[(ii)]		**3,486**	5,309	**13,750**	9,849
Bakery Products Group[(i)]		**—**	—	**—**	5,142
		$ 30,736	$ 29,776	**$ 94,951**	$ 80,069

(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 September 30, 2015	As at September 30, 2014	As at December 31, 2014
Total assets			
Meat Products Group	**$ 1,869,266**	$ 2,031,004	$ 1,965,280
Agribusiness Group	**167,301**	205,083	211,516
Non-allocated assets	**616,269**	673,736	699,694
	$ 2,652,836	$ 2,909,823	$ 2,876,490
Goodwill			
Meat Products Group	**$ 428,236**	$ 428,236	$ 428,236
	$ 428,236	$ 428,236	$ 428,236

Information About Geographic Areas

Property and equipment and investment property located outside of Canada was $0.2 million at September 30, 2015 (2014: $0.2 million). No goodwill was attributed to operations outside of Canada.

Revenues earned outside of Canada from continuing operations for the three months ended September 30, 2015, were $164.1 million (2014: $166.0 million). Of the total amount earned outside of Canada, $65.7 million (2014: $68.0 million) was earned in Japan and $57.7 million (2014: $60.1 million) was earned in the U.S. Revenue by geographic area is determined based on the shipping location.

Revenues earned outside of Canada for the nine months ended September 30, 2015, were $477.0 million (2014: $646.9 million), of which $0.0 million (2014: $144.4 million) has been reclassified to net earnings from discontinued operations. Of the total amount earned outside of Canada, $212.7 million (2014: $203.9 million) was earned in Japan, $143.9 million (2014: $270.8 million) was earned in the U.S., and $0.0 million (2014: $56.4 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 September 30, 2015, the Company reported sales to one customer representing 13.6% 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 September 30, 2014, the Company reported sales to two customer representing 15.5% and 11.2% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group. No other sales were made to any one customer that represented in excess of 10% of total sales.

During the nine months ended September 30, 2015, the Company reported sales to one customer representing 14.2% 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 nine months ended September 30, 2014, the Company reported sales to two customer representing 13.2% and 12.7% 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 two customers representing 15.1% and 11.1% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.