MAPLE LEAF

MAPLE LEAF FOODS INC.

Financial Statements
For the Second Quarter Ended
June 30, 2019

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**As at June 30, 2019**	As at June 30, 2018(i)	As at December 31, 2018(i)
ASSETS				
Current assets				
Cash and cash equivalents		**$ 66,927**	$ 36,497	$ 72,578
Accounts receivable	***3***	**161,979**	143,515	146,283
Notes receivable	***3***	**40,049**	36,452	30,504
Inventories	***4***	**396,800**	326,303	348,901
Biological assets	***5***	**107,565**	87,001	111,493
Prepaid expenses and other assets		**47,265**	22,327	38,222
Assets held for sale	***6***	**33,798**	—	—
		$ 854,383	$ 652,095	$ 747,981
Property and equipment		**1,321,425**	1,138,860	1,283,950
Right of use assets	***2(b)***	**233,629**	—	—
Investment property		**5,109**	4,398	5,109
Employee benefits		**—**	36,733	5,389
Other long-term assets		**12,932**	7,952	8,074
Goodwill		**657,358**	616,353	664,879
Intangible assets		**350,545**	285,722	424,616
Total assets		**$ 3,435,381**	$ 2,742,113	$ 3,139,998
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accruals		**$ 384,002**	$ 310,040	$ 344,460
Current portion of provisions	***7***	**1,853**	6,021	3,457
Current portion of long-term debt	***8***	**874**	827	80,897
Current portion of lease obligations	***2(b)***	**39,796**	—	—
Income taxes payable		**13,751**	11,440	42,884
Other current liabilities		**45,984**	46,642	24,031
		$ 486,260	$ 374,970	$ 495,729
Long-term debt	***8***	**469,421**	56,803	302,524
Lease obligations	***2(b)***	**208,782**	—	—
Employee benefits		**160,436**	112,229	103,982
Provisions	***7***	**44,483**	9,291	49,895
Other long-term liabilities		**2,015**	15,267	53,564
Deferred tax liability		**117,596**	122,057	127,465
Total liabilities		**$ 1,488,993**	$ 690,617	$ 1,133,159
Shareholders' equity				
Share capital	***9***	**$ 845,735**	$ 834,814	$ 849,655
Retained earnings		**1,119,678**	1,237,712	1,178,389
Contributed surplus		**—**	—	4,649
Accumulated other comprehensive income		**1,375**	356	3,532
Treasury stock		**(20,400)**	(21,386)	(29,386)
Total shareholders' equity		**$ 1,946,388**	$ 2,051,496	$ 2,006,839
Total liabilities and equity		**$ 3,435,381**	$ 2,742,113	$ 3,139,998

(i) *Restated, see Note 17(a).*

Subsequent event (Note 18).

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

Consolidated Interim Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	***Notes***	**Three months ended June 30,**		**Six months ended June 30,**	
		2019	2018	**2019**	2018
Sales		**$ 1,022,699**	$ 909,244	**$ 1,929,789**	$ 1,726,753
Cost of goods sold		**911,723**	769,986	**1,639,292**	1,455,326
Gross margin		**$ 110,976**	$ 139,258	**$ 290,497**	$ 271,427
Selling, general and administrative expenses		**106,421**	89,235	**204,675**	175,417
Earnings before the following:		**$ 4,555**	$ 50,023	**$ 85,822**	$ 96,010
Restructuring and other related reversals (costs)	***7***	**1,429**	(1,916)	**(1,391)**	(3,971)
Other income (expense)	***11***	**(4,281)**	1,769	**(6,358)**	(1,085)
Earnings before interest and income taxes		**$ 1,703**	$ 49,876	**$ 78,073**	$ 90,954
Interest expense and other financing costs	***12***	**9,078**	1,866	**16,511**	3,519
(Loss) earnings before income taxes		**$ (7,375)**	$ 48,010	**$ 61,562**	$ 87,435
Income tax (recovery) expense		**(1,033)**	13,085	**17,800**	24,592
Net (loss) earnings		**$ (6,342)**	$ 34,925	**$ 43,762**	$ 62,843
(Loss) earnings per share:	***13***				
Basic (loss) earnings per share		**$ (0.05)**	$ 0.28	**$ 0.35**	$ 0.50
Diluted (loss) earnings per share		**$ (0.05)**	$ 0.27	**$ 0.35**	$ 0.49
Weighted average number of shares (millions)	***13***				
Basic		**123.7**	126.0	**123.6**	126.1
Diluted		**123.7**	128.3	**125.4**	128.5

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

Consolidated Interim Statements of Other Comprehensive (Loss) Income

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Net (loss) earnings	**$ (6,342)**	$ 34,925	**$ 43,762**	$ 62,843
Other comprehensive (loss) income				
Actuarial (losses) gains that will not be reclassified to profit or loss				
(Net of tax of $6.6 million and $15.9 million; 2018: $5.3 million and $9.4 million)	**$ (18,618)**	$ 14,874	**$ (45,000)**	$ 26,649
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; 2018: $0.0 million and $0.0 million)	**$ (7,557)**	$ 7,369	**$ (15,717)**	$ 19,198
Change in foreign exchange gains (losses) on long-term debt designated as a net investment hedge				
(Net of tax of $1.1 million and $2.1 million; 2018: $0.1 million and $0.4 million)	**6,277**	(1,358)	**11,461**	(2,855)
Change in unrealized gains (losses) on cash flow hedges				
(Net of tax of $0.4 million and $0.7 million; 2018: $0.4 million and $0.9 million)	**1,307**	(1,207)	**2,099**	(6,367)
Total items that are or may be reclassified subsequently to profit or loss	**$ 27**	$ 4,804	**$ (2,157)**	$ 9,976
Total other comprehensive (loss) income	**$ (18,591)**	$ 19,678	**$ (47,157)**	$ 36,625
Comprehensive (loss) income	**$ (24,933)**	$ 54,603	**$ (3,395)**	$ 99,468

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

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)(i): Foreign currency translation adjustment**	**Accumulated other comprehensive income (loss)(i): Unrealized gains and losses on cash flow hedges**	**Treasury stock**	**Total equity**
Balance as at December 31, 2018		**$ 849,655**	**$ 1,178,389**	**$ 4,649**	**$ 8,518**	**$ (4,986)**	**$ (29,386)**	**$ 2,006,839**
Impact of new IFRS standards	***2(b)***	**—**	**(1,100)**	**—**	**—**	**—**	**—**	**(1,100)**
Net earnings		**—**	**43,762**	**—**	**—**	**—**	**—**	**43,762**
Other comprehensive (loss) income(ii)		**—**	**(45,000)**	**—**	**(4,256)**	**2,099**	**—**	**(47,157)**
Dividends declared ($0.29 per share)		**—**	**(35,910)**	**—**	**—**	**—**	**—**	**(35,910)**
Share-based compensation expense	***14***	**—**	**—**	**9,404**	**—**	**—**	**—**	**9,404**
Deferred taxes on share-based compensation		**—**	**—**	**1,160**	**—**	**—**	**—**	**1,160**
Obligation for repurchase of shares	***9***	**(6,891)**	**—**	**(8,221)**	**—**	**—**	**—**	**(15,112)**
Exercise of stock options		**2,971**	**—**	**—**	**—**	**—**	**—**	**2,971**
Settlement of share-based compensation		**—**	**(20,463)**	**(6,992)**	**—**	**—**	**13,986**	**(13,469)**
Shares purchased by RSU trust		**—**	**—**	**—**	**—**	**—**	**(5,000)**	**(5,000)**
Balance as at June 30, 2019		**$ 845,735**	**$ 1,119,678**	**$ —**	**$ 4,262**	**$ (2,887)**	**$ (20,400)**	**$ 1,946,388**

(In thousands of Canadian dollars) *(Unaudited)*	*Notes*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)(i): Foreign currency translation adjustment	Accumulated other comprehensive income (loss)(i): Unrealized gains and losses on cash flow hedges	Treasury stock	Total equity
Balance as at December 31, 2017		$ 835,154	$ 1,253,035	$ —	$ (11,420)	$ 1,800	$ (26,961)	$ 2,051,608
Impact of new IFRS standards		—	(3,695)	—	—	—	—	(3,695)
Net earnings		—	62,843	—	—	—	—	62,843
Other comprehensive income (loss)(ii)		—	26,649	—	16,343	(6,367)	—	36,625
Dividends declared ($0.26 per share)		—	(32,844)	—	—	—	—	(32,844)
Share-based compensation expense	*14*	—	—	9,238	—	—	—	9,238
Deferred taxes on share-based compensation		—	—	(500)	—	—	—	(500)
Repurchase of shares	*9*	(16,180)	(51,401)	(8,738)	—	—	—	(76,319)
Exercise of stock options		15,840	—	—	—	—	—	15,840
Settlement of share-based compensation		—	(16,875)	—	—	—	10,575	(6,300)
Shares purchased by RSU trust		—	—	—	—	—	(5,000)	(5,000)
Balance as at June 30, 2018		$ 834,814	$ 1,237,712	$ —	$ 4,923	$ (4,567)	$ (21,386)	$ 2,051,496

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

(ii) *Included in other comprehensive income (loss) is the change in actuarial gains and losses that will not be reclassified to profit or loss and has been reclassified to retained earnings.*

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

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)	**Three months ended June 30,**		**Six months ended June 30,**	
(Unaudited)	**2019**	2018	**2019**	2018
CASH PROVIDED BY (USED IN)				
Operating activities				
Net (loss) earnings	**$ (6,342)**	$ 34,925	**$ 43,762**	$ 62,843
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**38,290**	20,256	**12,027**	27,353
Depreciation and amortization	**43,205**	30,413	**85,825**	60,297
Share-based compensation	**4,254**	4,368	**9,404**	9,238
Deferred income taxes	**(206)**	9,554	**5,700**	15,660
Income tax current	**(827)**	3,531	**12,100**	8,932
Interest expense and other financing costs	**9,078**	1,866	**16,511**	3,519
Loss on sale of long-term assets	**523**	3,447	**717**	3,832
Change in fair value of non-designated derivative financial instruments	**21,693**	(12,485)	**7,073**	(12,300)
Change in net pension liability	**421**	1,900	**950**	3,605
Net income taxes paid	**(4,915)**	(1,802)	**(30,784)**	(4,270)
Interest paid	**(7,009)**	(1,465)	**(13,742)**	(2,639)
Change in provision for restructuring and other related costs	**(2,030)**	(3,702)	**146**	(4,287)
Change in derivatives margin	**(5,063)**	9,755	**2,525**	16,285
Other	**(308)**	1,579	**(64)**	(4,864)
Change in non-cash working capital	**(18,078)**	(31,669)	**(60,888)**	(80,678)
Cash provided by operating activities	**$ 72,686**	$ 70,471	**$ 91,262**	$ 102,526
Financing activities				
Dividends paid	**$ (17,941)**	$ (16,369)	**$ (35,910)**	$ (32,844)
Net increase (decrease) in long-term debt	**10,436**	(4,483)	**100,297**	44,854
Payment of lease obligation	**(8,530)**	—	**(16,871)**	—
Exercise of stock options	**2,971**	15,626	**2,971**	15,840
Repurchase of shares	**—**	(48,854)	**—**	(70,944)
Payment of deferred financing fees	**(4,785)**	(50)	**(4,828)**	(79)
Purchase of treasury stock	**(5,000)**	—	**(5,000)**	(5,000)
Cash (used in) provided by financing activities	**$ (22,849)**	$ (54,130)	**$ 40,659**	$ (48,173)
Investing activities				
Additions to long-term assets	**$ (65,280)**	$ (47,541)	**$ (125,415)**	$ (82,901)
Acquisition of business, net of cash acquired	**—**	—	**(847)**	(138,380)
Proceeds from sale of long-term assets	**75**	—	**75**	—
Payment of income tax liabilities assumed on acquisition	**—**	—	**(11,385)**	—
Cash used in investing activities	**$ (65,205)**	$ (47,541)	**$ (137,572)**	$ (221,281)
Decrease in cash and cash equivalents	**$ (15,368)**	$ (31,200)	**$ (5,651)**	$ (166,928)
Cash and cash equivalents, beginning of period	**82,295**	67,697	**72,578**	203,425
Cash and cash equivalents, end of period	**$ 66,927**	$ 36,497	**$ 66,927**	$ 36,497

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three and six months ended June 30, 2019 and 2018

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®, Mina®, Greenfield Natural Meat Co.®, Lightlife™, Field Roast Grain Meat Co.™ and Swift®. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, value-added fresh pork and poultry and plant-based protein products. The address of the Company's registered office is 6985 Financial Dr. Mississauga, Ontario, L5N 0A1, Canada. The unaudited condensed consolidated interim financial statements (or "consolidated financial statements") of the Company as at and for the three and six months ended June 30, 2019, include the accounts of the Company and its subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements should be read in conjunction with the Company's 2018 annual audited consolidated financial statements.

(a) Statement of Compliance

The 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, determination of significant estimates and judgments, and corresponding accounting treatments consistent with the Company's 2018 annual audited consolidated financial statements, except for new standards adopted during the six months ended June 30, 2019 as described below.

The consolidated financial statements were authorized for issue by the Board of Directors on July 31, 2019.

(b) Accounting Standards Adopted During the Fiscal Year

Beginning on January 1, 2019, the Company adopted certain International Financial Reporting Standards ("IFRS") and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Leases

Beginning on January 1, 2019, the Company adopted IFRS 16 - Leases using the modified retrospective approach where prior periods are not restated. The new standard replaces IAS 17 Leases and provides a new framework for lessee accounting that requires most right of use ("ROU") assets obtained through operating leases to be capitalized and a related liability to be recorded. IFRS 16 substantially carries forward the accounting requirements for lessors. The adoption of IFRS 16 results in changes to property, equipment and vehicle lease contracts which were previously classified as operating leases under IAS 17. Upon adoption, lease obligations equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate are recognized. An ROU asset, representing the Company's right to use the underlying leased asset, will generally be equal to the lease obligation at adoption and subsequently depreciated on a straight-line basis.

Payments previously recognized in the consolidated statements of net earnings (loss) are replaced by a combination of depreciation on the ROU asset and interest expense on the lease obligations. Depreciation is classified as either selling, general and administrative expenses or cost of goods sold, depending on the leased asset's intended use. Interest expense is classified as Interest expense and other financing costs. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2019 Note 2(b) for practical expedients elected and the initial impact of adoption.

Uncertainty over Income Tax Treatments

Beginning January 1, 2019, the Company adopted IFRIC 23 Uncertainty over Income Tax Treatments. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept a company's tax treatments. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2019 Note 2(b) for the initial impact of adoption.

Long-term Interests in Associates and Joint Ventures

Beginning January 1, 2019, the Company adopted amendments to IAS 28 Long-term Interests in Associates and Joint Ventures. The amendments clarify that a company applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The Company adopted the amendments to IAS 28 retrospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of the amendments to IAS 28 did not have a material impact on the consolidated financial statements.

Annual Improvements to IFRS (2015-2017) Cycle

Beginning January 1, 2019, the Company adopted narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify that a company must remeasure its previously held interest in a joint operation when it obtains control of the business in accordance with IFRS 3 Business Combinations but does not remeasure when it obtains joint control of the business under IFRS 11 Joint Arrangements. The amendments also include clarification that, all income tax consequences of dividend payments should be recognized consistently with the transactions that generated the distributable profits, under IAS 12 Income Taxes and that under IAS 23 Borrowing Costs, any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale becomes part of general borrowings. The Company adopted these amendments prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of these standards did not have a material impact on the consolidated financial statements.

Employee benefits (amendment)

Beginning January 1, 2019, the Company adopted an amendment to IAS 19 Employee Benefits. The amendment clarifies the effect of a plan amendment, curtailment and settlement on the requirements regarding the asset ceiling. In addition, if a plan amendment, curtailment or settlement occurs, it is mandatory under the amended standard that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. The Company adopted the amendment to IAS 19 prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The amendment to IAS 19 did not have a material impact on the consolidated financial statements.

(c) Accounting Pronouncements Issued But Not Yet Effective

Conceptual Framework

On March 29, 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. This amendment is effective on January 1, 2020. The Company intends to adopt this amendment in its consolidated financial statements for the annual period beginning January 1, 2020. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of a Business

On October 22, 2018, the IASB issued a narrow scope amendment to IFRS 3 Business Combinations. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. This amendment is effective on January 1, 2020. The Company intends to adopt this amendment in its consolidated financial statements for the annual period beginning January 1, 2020. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of Material

On October 31, 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors. These amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of materiality when used in other IFRS standards. These amendments are effective on January 1, 2020. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2020. The extent of the impact of the adoption of these amendments has not yet been determined.

3. ACCOUNTS AND NOTES RECEIVABLE

	As at June 30, 2019	As at June 30, 2018	As at December 31, 2018[(i)]
Trade receivables	**$ 129,381**	$ 109,667	$ 109,945
Less: Allowance for doubtful accounts	**(2,730)**	(1,361)	(1,757)
Net trade receivables	**$ 126,651**	$ 108,306	$ 108,188
Other receivables:			
Commodity taxes receivable	**10,956**	9,350	11,394
Government receivable	**14,024**	12,337	15,753
Other	**10,348**	13,522	10,948
	$ 161,979	$ 143,515	$ 146,283

(i) *Restated, see Note 17(a).*

The aging of trade receivables is as follows:

	As at June 30, 2019	As at June 30, 2018	As at December 31, 2018
Current	**$ 96,013**	$ 88,806	$ 72,605
Past due 0-30 days	**26,013**	16,996	29,830
Past due 31-60 days	**2,399**	1,750	2,677
Past due > 60 days	**4,956**	2,115	4,833
	$ 129,381	$ 109,667	$ 109,945

Trade receivables are impaired when their estimated future cash flows are less than their contractual cash flows. The amount of impairment takes into account the financial condition of the customers, delinquencies in payments, collaterals and credit insurance coverage on the trade receivables.

The Company has a three-year accounts receivable securitization facility (the "Securitization Facility"). The maximum cash advance available to the Company under the Securitization Facility is $110.0 million. The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables. The Company renewed the Securitization Facility subsequent to June 30, 2019. Refer to Note 18 for further details.

As at June 30, 2019, trade accounts receivable being serviced under the Securitization Facility amounted to $150.0 million (June 30, 2018: $146.5 million; December 31, 2018: $127.4 million). In return for the sale of its trade receivables, the Company will receive cash of $110.0 million (June 30, 2018: $110.0 million; December 31, 2018: $96.9 million) and notes receivable in the amount of $40.0 million (June 30, 2018: $36.5 million; December 31, 2018: $30.5 million). The notes receivable are non-interest bearing and are settled 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 June 30, 2019, the Company recorded a net payable amount of $0.0 million (June 30, 2018: $0.0 million net payable; December 31, 2018: $32.5 million net payable) in accounts payable and accruals.

The Securitization Facility requires the sale of trade receivables to be treated as a sale from an accounting perspective and as a result, trade receivables sold under this program are derecognized in the consolidated interim balance sheets as at June 30, 2019, June 30, 2018 and the consolidated annual balance sheet as at December 31, 2018.

4. INVENTORIES

	As at June 30, 2019	As at June 30, 2018[(i)]	As at December 31, 2018
Raw materials	**$ 56,987**	$ 36,296	$ 43,455
Work in process	**32,314**	26,189	27,921
Finished goods	**238,834**	207,309	216,520
Packaging	**19,460**	16,384	15,017
Spare parts	**49,205**	40,125	45,988
	$ 396,800	$ 326,303	$ 348,901

(i) *Restated, see Note 17(a).*

For the three months ended June 30, 2019, inventory in the amount of $801.6 million (2018: $686.7 million) was expensed through cost of goods sold.

For the six months ended June 30, 2019, inventory in the amount of $1,507.8 million (2018: $1,310.7 million) was expensed through cost of goods sold.

5. BIOLOGICAL ASSETS

The change in fair value of commercial hog stock for the three months ended June 30, 2019 was a loss of $38.3 million (2018: loss of $20.3 million) and was recorded in cost of goods sold.

The change in fair value of commercial hog stock for the six months ended June 30, 2019 was a loss of $12.0 million (2018: loss of $27.4 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 based on inputs to the valuation techniques used. There were no transfers between levels during the three and six months ended June 30, 2019 and June 30, 2018.

6. ASSETS HELD FOR SALE

Assets held for sale are those relating to a poultry plant and associated quota in Drummondville, Québec.

7. PROVISIONS

	Legal	Environ-mental	Lease make-good	Restructuring and related provisions: Employee related costs	Restructuring and related provisions: Site closing and other costs	Total
Balance as at December 31, 2018[(i)]	**$ 289**	**$ 4,762**	**$ 1,810**	**$ 43,820**	**$ 2,671**	**$ 53,352**
Impact of new IFRS standards[(ii)]	**—**	**—**	**(1,810)**	**—**	**(2,400)**	**(4,210)**
Charges	**—**	**—**	**—**	**1,385**	**2**	**1,387**
Cash payments	**—**	**(25)**	**—**	**(582)**	**(62)**	**(669)**
Non-cash items	**—**	**—**	**—**	**—**	**(5)**	**(5)**
Balance as at March 31, 2019	**$ 289**	**$ 4,737**	**$ —**	**$ 44,623**	**$ 206**	**$ 49,855**
Charges	**—**	**—**	**—**	**624**	**30**	**654**
Reversals	**—**	**—**	**—**	**(3,470)**	**—**	**(3,470)**
Cash payments	**—**	**(4)**	**—**	**(571)**	**(30)**	**(605)**
Non-cash items	**—**	**—**	**—**	**—**	**(98)**	**(98)**
Balance as at June 30, 2019	**$ 289**	**$ 4,733**	**$ —**	**$ 41,206**	**$ 108**	**$ 46,336**
Current						**$ 1,853**
Non-current						**44,483**
Total as at June 30, 2019						**$ 46,336**

(i) *Balance as at December 31, 2018, includes current portion of $3.5 million and non-current portion of $49.9 million.*

(ii) *See Note 2(b).*

	Legal	Environ-mental	Lease make-good	Restructuring and related provisions: Employee related costs	Restructuring and related provisions: Site closing and other costs	Total
Balance as at December 31, 2017	$ 289	$ 4,833	$ 2,228	$ 10,379	$ 2,879	$ 20,608
Charges	—	—	—	2,106	416	2,522
Reversals	—	—	(372)	(1,562)	—	(1,934)
Cash payments	—	(8)	—	(2,233)	(407)	(2,648)
Non-cash items	—	—	—	—	30	30
Balance as at March 31, 2018	$ 289	$ 4,825	$ 1,856	$ 8,690	$ 2,918	$ 18,578
Charges	—	—	—	1,532	977	2,509
Reversals	—	—	—	(59)	(86)	(145)
Cash payments	—	(15)	(27)	(4,486)	(1,131)	(5,659)
Non-cash items	—	—	—	—	29	29
Balance at June 30, 2018	$ 289	$ 4,810	$ 1,829	$ 5,677	$ 2,707	$ 15,312
Current						$ 6,021
Non-current						9,291
Total as at June 30, 2018						$ 15,312

Restructuring and Other Related Costs (Reversals)

During the three months ended June 30, 2019, the Company recorded restructuring and other related reversals of $1.4 million (2018: costs of $1.9 million). Of this amount, $2.8 million related to net reversals of employee related costs, offset by accelerated depreciation of $1.4 million, as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants.

During the six months ended June 30, 2019, the Company recorded restructuring and the other related costs of $1.4 million (2018: costs of $4.0 million). Of this amount, $4.0 million related to accelerated depreciation, offset by $2.8 million related to net reversals of employee related costs, as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining $0.2 million related to other previously announced organizational restructuring initiatives.

8. LONG-TERM DEBT

On April 30, 2019, the Company entered into a new syndicated credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US$265.0 million and CDN$350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility refinanced and replaced the Company's previous $250.0 million and $400.0 million unsecured committed revolving credit facilities, which were due to mature on November 7, 2019 and October 19, 2021, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments, including the construction of its two new manufacturing facilities in London, Ontario and Shelbyville, Indiana, in addition to providing appropriate levels of liquidity and for general corporate purposes. As at June 30, 2019, the Company had drawn $265.0 million in U.S. dollars (CDN$346.8 million), $115.0 million in Canadian dollars and letters of credit of $6.2 million on the Credit Facility (June 30, 2018: $30.0 million in U.S. dollars (CDN$39.4 million), $9.0 million in Canadian dollars and letters of credit of $6.2 million on the previous facility; December 31, 2018: $216.0 million in U.S. dollars (CDN$294.8 million), $80.0 million in Canadian dollars and letters of credit of $6.3 million on the previous two facilities).

The Credit Facility requires the maintenance of certain covenants. As at June 30, 2019, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (June 30, 2018: $125.0 million; December 31, 2018: $125.0 million). As at June 30, 2019, $84.8 million of letters of credit had been issued thereon (June 30, 2018: $71.4 million; December 31, 2018: $72.2 million).

The Company has various government loans on specific projects, with interest rates ranging from non-interest bearing to 2.9% per annum (June 30, 2018: 2.9%; December 31, 2018: 2.9%). These facilities are repayable over various terms from 2022 to 2024. As at June 30, 2019, $8.5 million (June 30, 2018: $9.2 million; December 31, 2018: $8.6 million) was outstanding. All of these facilities are committed.

The following table reconciles the changes in cash flows from financing activities for long-term debt for the period in the respective years:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Total long-term debt, beginning of period	**$ 466,670**	$ 60,754	**$ 383,421**	$ 9,248
Revolving credit facilities - net drawings	**10,621**	(4,298)	**100,621**	45,178
Government loans - repayments	**(185)**	(185)	**(324)**	(324)
Total cash flow from long-term debt financing activities	**$ 10,436**	$ (4,483)	**$ 100,297**	$ 44,854
Foreign exchange revaluation	**(6,901)**	1,259	**(13,604)**	3,285
Other non-cash changes	**90**	100	**181**	243
Total long-term debt, as at June 30	**$ 470,295**	$ 57,630	**$ 470,295**	$ 57,630
Current	**$ 874**	$ 827	**$ 874**	$ 827
Non-current	**469,421**	56,803	**469,421**	56,803
Total long-term debt, as at June 30	**$ 470,295**	$ 57,630	**$ 470,295**	$ 57,630

9. SHARE CAPITAL

Share Repurchase

On May 17, 2019, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 24, 2019 and will terminate on May 23, 2020, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and six months ended June 30, 2019, no shares were purchased for cancellation.

On May 22, 2018, the TSX accepted the Company's notice of intention to commence an NCIB, which allowed the Company to repurchase, at its discretion, up to 7.8 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company were cancelled. The program commenced on May 24, 2018 and was terminated on May 23, 2019 as the Company completed its purchase and cancellation of 4.0 million common shares for $126.6 million at a volume weighted average price of $31.82 per common share. Under this bid during the three and six months ended June 30, 2019, no shares were purchased for cancellation. During the three and six months ended June 30, 2018, 1.0 million shares were purchased for cancellation for $31.0 million at a volume weighted average price paid of $31.11 per common share.

On May 17, 2017, the TSX accepted the Company's notice of intention to commence an NCIB, which allowed the Company to repurchase, at its discretion, up to 8.2 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company were cancelled. The program commenced on May 23, 2017 and was terminated on May 22, 2018 as the Company completed its purchase and cancellation of 3.6 million common shares for $117.3 million at a volume weighted average price of $32.51 per common share. Under this bid during the three months ended June 30, 2018, 0.6 million shares were purchased for cancellation for $17.8 million at a volume weighted average price paid of $29.26 per common share. During the six months ended June 30, 2018, 1.3 million shares were purchased for cancellation for $39.9 million at a volume weighted average price paid of $31.17 per common share.

The Company entered into an Automatic Share Purchase Plan ("ASPP") with a broker allowing the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. As at June 30, 2019, an obligation for the repurchase of shares of $15.1 million (June 30, 2018: $29.9 million; December 31, 2018: $0.0 million) was recognized under the ASPP.

Dividends

On July 31, 2019, the Board of Directors approved a dividend of $0.145 per share payable September 30, 2019 to shareholders of record at the close of business on September 6, 2019.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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

The fair values and notional amounts of derivative financial instruments as at June 30 are shown below:

	2019			2018		
	Notional amount[i]	**Fair value**		Notional amount[i]	Fair value	
		Asset[ii]	**Liability[ii]**		Asset[ii]	Liability[ii]
Cash flow hedges						
Foreign exchange contracts	**$ 57,265**	**$ 736**	**$ 19**	$ 56,235	$ 234	$ 1,111
Commodity contracts	**$ —**	**—**	**—**	$ 19,083	—	676
Fair value hedges[iii]						
Foreign exchange contracts	**$ 114,804**	**$ 1,882**	**$ 19**	$ 25,327	$ 29	$ 517
Commodity contracts	**$ 111,834**	**11,431**	**—**	$ 24,530	1,350	—
Derivatives not designated in a formal hedging relationship						
Foreign exchange contracts	**$ 180,213**	**$ 593**	**$ 2,575**	$ 158,085	$ 2,949	$ 274
Commodity contracts	**$ 239,979**	**1,221**	**3,588**	$ 289,319	7,673	—
Total fair value[iv]		**$ 15,863**	**$ 6,201**		$ 12,235	$ 2,578
Current[ii], [v]		**$ 15,863**	**$ 6,201**		$ 12,235	$ 2,578
Non-current[ii]		**—**	**—**		—	—
Total fair value		**$ 15,863**	**$ 6,201**		$ 12,235	$ 2,578

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

(ii) *The current portion of derivative assets and liabilities are recorded in prepaid expenses and other assets and other current liabilities, respectively, in the consolidated interim balance sheets.The long-term portion of derivative assets and liabilities are recorded in other long-term assets and other long-term liabilities, respectively, in the consolidated interim balance sheets.*

(iii) *The carrying amount of the hedged items in the consolidated interim balance sheets are recorded at the inverse of the associated hedging instruments and are equal to the accumulated fair value hedge adjustments less hedge ineffectiveness.*

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

(v) *As at June 30, 2019, the above fair value of current assets has been decreased on the consolidated interim balance sheet by an amount of $3.7 million (June 30, 2018: decrease of $6.4 million; December 31, 2018: decrease of $1.1 million), which represents the excess or deficit 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.*

During the three months ended June 30, 2019, the Company recorded a loss of $0.6 million (2018: gain of $9.4 million) on non-designated financial instruments held for trading.

During the six months ended June 30, 2019, the Company recorded a gain of $13.2 million (2018: gain of $8.1 million) on non-designated financial instruments held for trading.

During the three months ended June 30, 2019, the pre-tax amount of hedge ineffectiveness recognized in other income was a loss of $0.2 million (2018: loss of $0.2 million).

During the six months ended June 30, 2019, the pre-tax amount of hedge ineffectiveness recognized in other income was a loss of $0.2 million (2018: gain of $0.0 million).

The table below sets out fair value measurements of financial instruments using the fair value hierarchy as at June 30, 2019:

	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Foreign exchange contracts	$ —	$ 3,211	$ —	$ 3,211
Commodity contracts	11,431	1,221	—	12,652
	$ 11,431	**$ 4,432**	**$ —**	**$ 15,863**
Liabilities:				
Foreign exchange contracts	$ —	$ 2,613	$ —	$ 2,613
Commodity contracts	3,056	532	—	3,588
	$ 3,056	**$ 3,145**	**$ —**	**$ 6,201**

There were no transfers between levels during the three and six months ended June 30, 2019 and June 30, 2018. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the 2018 annual audited consolidated financial statements. 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.

Accumulated other comprehensive income (loss)

The Company estimates that $0.5 million, net of tax of $0.2 million, of unrealized gains included in accumulated other comprehensive income (loss) will be reclassified into net earnings 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 June 30, 2019, a loss of approximately $0.5 million, net of tax recovery of $0.1 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the period (2018: loss of approximately $0.0 million, net of tax of $0.0 million).

During the six months ended June 30, 2019, a loss of approximately $2.1 million, net of tax recovery of $0.7 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the period (2018: gain of approximately $0.4 million, net of tax of $0.1 million).

As at June 30, 2019, the Company had US$265.0 million (June 30, 2018: US$30.0 million; December 31, 2018: US$216.0 million) drawn on the Credit Facility (see Note 8) that is designated as a net investment hedge of the Company's U.S. operations. Foreign exchange gains and losses on the designated drawings are recorded in shareholder's equity in the foreign currency translation adjustment component of accumulated other comprehensive income and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income (loss).

During the three months ended June 30, 2019, the gain on the net investment hedge recorded in other comprehensive income (loss) was $6.3 million, net of tax of $1.1 million (2018: loss of $1.4 million, net of tax recovery of $0.1 million).

During the six months ended June 30, 2019, the gain on the net investment hedge recorded in other comprehensive income (loss) was $11.5 million, net of tax of $2.1 million (2018: loss of $2.9 million, net of tax recovery of $0.4 million).

11. OTHER INCOME (EXPENSE)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Loss on disposal of property and equipment	**$ (523)**	$ (3,454)	**$ (717)**	$ (4,051)
Net investment property expense	**(532)**	(238)	**(823)**	(225)
Interest income	**—**	8	**2**	146
Legal and other fees on transactions	**(2,586)**	(832)	**(3,375)**	(3,231)
Other legal expense	**(311)**	—	**(719)**	—
Insurance proceeds	**—**	6,923	**—**	6,923
Other	**(329)**	(638)	**(726)**	(647)
	$ (4,281)	$ 1,769	**$ (6,358)**	$ (1,085)

12. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Interest on Bankers' Acceptances, Prime and Libor loans	**$ 4,379**	$ 434	**$ 8,481**	$ 717
Interest on lease obligations	**2,290**	67	**4,525**	130
Interest expense on securitized receivables	**656**	597	**1,346**	1,048
Interest expense on long-term debt	**90**	101	**181**	244
Deferred finance charges	**395**	287	**682**	575
Other interest charges	**743**	380	**909**	805
Interest capitalized	**(431)**	—	**(569)**	—
Write-off of deferred finance fees	**956**	—	**956**	—
	$ 9,078	$ 1,866	**$ 16,511**	$ 3,519

13. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing the net earnings (loss) 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) 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 per share ("EPS"):

	2019			2018		
Three months ended June 30,	**Net (loss) earnings**	**Weighted average number of shares**[(i)]	**EPS**	Net earnings	Weighted average number of shares[(i)]	EPS
Basic	**$ (6,342)**	**123.7**	**$ (0.05)**	$ 34,925	126.0	$ 0.28
Stock options[(ii)]		**—**			2.3	
Diluted	**$ (6,342)**	**123.7**	**$ (0.05)**	$ 34,925	128.3	$ 0.27
Six months ended June 30,						
Basic	**$ 43,762**	**123.6**	**$ 0.35**	$ 62,843	126.1	$ 0.50
Stock options[(ii)]		**1.8**			2.4	
Diluted	**$ 43,762**	**125.4**	**$ 0.35**	$ 62,843	128.5	$ 0.49

(i) *In millions.*

(ii) *Excludes the effect of approximately 3.4 million (2018: 1.5 million) options and performance shares for the three months ended June 30, 2019 and 2.2 million (2018: 0.5 million) for the six months ended June 30, 2019 that are anti-dilutive.*

14. SHARE-BASED PAYMENT

Stock Options

A summary of the status of the Company's outstanding stock options and changes during the six months ended June 30 are presented below:

	2019		2018	
	Options outstanding	**Weighted average exercise price**	Options outstanding	Weighted average exercise price
Outstanding at January 1	**3,976,300**	**$ 25.38**	4,556,400	$ 20.23
Granted	**1,039,200**	**28.38**	717,300	32.50
Exercised	**—**	**—**	(10,200)	20.95
Outstanding at March 31	**5,015,500**	**$ 26.01**	5,263,500	$ 21.90
Exercised	**(137,400)**	**21.62**	(1,327,400)	11.77
Outstanding at June 30	**4,878,100**	**$ 26.13**	3,936,100	$ 25.32
Options currently exercisable	**3,076,500**	**$ 23.93**	2,450,000	$ 22.44

All outstanding stock options vest and become exercisable over a period not exceeding five years (time vesting) from the date of grant. The outstanding options have a term of seven years.

At grant date, each option series is measured at 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 six months ended June 30, 2019 and 2018 are shown in the table below[(i)]:

	Six months ended June 30,	
	2019	2018
Share price at grant date	**$28.05**	$32.20
Exercise price	**$28.38**	$32.50
Expected volatility	**21.3%**	21.4%
Option life (in years)[(ii)]	**4.5**	4.5
Expected dividend yield	**2.1%**	1.6%
Risk-free interest rate[(iii)]	**1.8%**	2.0%

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

(ii) *Expected weighted average life.*

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

There were no stock options granted during the three months ended June 30, 2019 and 2018. Amortization charges relating to current and prior year options during the three months ended June 30, 2019 were $1.1 million (2018: $1.0 million).

The fair value of options granted during the six months ended June 30, 2019 was $4.4 million (2018: $3.9 million). Amortization charges relating to current and prior year options during the six months ended June 30, 2019 were $2.1 million (2018: $1.8 million).

Restricted Share Units and Performance Share Units

A summary of the status of the Company's Restricted Share Units ("RSUs") plans (including Performance Share Units ("PSUs")) and changes during the six months ended June 30 are presented below:

	2019		2018	
	RSUs outstanding	**Weighted average fair value at grant**	RSUs outstanding	Weighted average fair value at grant
Outstanding at January 1	**1,471,662**	**$ 28.48**	1,561,695	$ 25.61
Granted	**460,450**	**26.26**	355,770	30.65
Distributed	**—**	**—**	(69,537)	22.45
Forfeited	**—**	**—**	(3,290)	25.86
Outstanding at March 31	**1,932,112**	**$ 27.95**	1,844,638	$ 26.70
Granted	**6,240**	**34.03**	—	—
Distributed	**(671,658)**	**26.33**	(386,252)	20.56
Forfeited	**(63,609)**	**28.38**	(21,854)	23.29
Outstanding at June 30	**1,203,085**	**$ 28.86**	1,436,532	$ 28.41

The fair value of RSUs and PSUs granted during the three months ended June 30, 2019 was $0.2 million (2018: $0.0 million). Expenses for the three months ended June 30, 2019 relating to current and prior year RSUs and PSUs were $2.8 million (2018: $3.1 million).

The fair value of RSUs and PSUs granted during the six months ended June 30, 2019 was $10.7 million (2018: $9.1 million). Expenses for the six months ended June 30, 2019 relating to current and prior year RSUs and PSUs were $6.6 million (2018: $6.6 million).

The key assumptions used in the valuation of RSUs granted during the six months ended June 30, 2019 and 2018 are shown in the table below[(i)]:

	2019	2018
Expected RSU life (in years)	**3.2**	3.2
Forfeiture rate	**12.8%**	16.3%
Risk-free discount rate	**1.8%**	1.9%

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

Director Share Units

The fair value of director share units expensed during the three and six months ended June 30, 2019 were $0.3 million and $0.7 million (2018: $0.4 million and $0.8 million) respectively.

15. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit and defined contribution plans. During the three and six months ended June 30, 2019, the Company's contributions to these plans were $7.7 million and $15.3 million (2018: $7.1 million and $14.6 million), respectively.

The Company's largest shareholder is McCain Capital Inc. ("MCI") which is beneficially owned or controlled by Mr. Michael H. McCain, Chief Executive Officer and President of the Company. For the three and six months ended June 30, 2019, the Company received services from MCI in the amount of $0.2 million and $0.3 million (2018: $0.1 million and $0.2 million), respectively, which represented the market value of the transactions with MCI. As at June 30, 2019, $0.7 million (June 30, 2018: $0.1 million; December 31, 2018: $0.4 million) was owing to MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS") is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three and six months ended June 30, 2019 and 2018, the Company provided services to MFAS for a nominal amount, which represented the market value of the transactions.

16. GEOGRAPHIC AND CUSTOMER PROFILE

Information About Geographic Areas

Property and equipment, investment property and right of use assets located outside of Canada was $45.1 million as at June 30, 2019 (June 30, 2018: $18.1 million; December 31, 2018: $29.6 million). Of this amount, $44.5 million (June 30, 2018: $17.9 million; December 31, 2018: $29.4 million) was located in the U.S. and $0.6 million (June 30, 2018: $0.2 million; December 31, 2018: $0.2 million) was located in Japan. Goodwill of $187.8 million (June 30, 2018: $188.1 million; December 31, 2018: $195.2 million) was attributed to operations outside of Canada.

Revenues earned outside of Canada for the three months ended June 30, 2019, were $256.8 million (2018: $238.2 million). Of the total amount earned outside of Canada, $98.2 million (2018: $90.4 million) was earned in the U.S. and $92.4 million (2018: $90.2 million) was earned in Japan. Revenue by geographic area is determined based on the shipping location.

Revenues earned outside of Canada for the six months ended June 30, 2019, were $493.5 million (2018: $453.0 million). Of the total amount earned outside of Canada, $191.4 million (2018: $171.7 million) was earned in the U.S. and $179.1 million (2018: $169.1 million) was earned in Japan. Revenue by geographic area is determined based on the shipping location.

Information About Major Customers

For the three months ended June 30, 2019, the Company reported sales to two customers representing 11.0% and 10.0% (2018: two customers representing 12.6% and 10.6%) of total sales. No other sales were made to any one customer that represented in excess of 10% of total sales.

For the six months ended June 30, 2019, the Company reported sales to two customers representing 11.0% and 10.3% (2018: two customers representing 12.4% and 11.1%) of total sales. No other sales were made to any one customer that represented in excess of 10% of total sales.

17. BUSINESS COMBINATION

(a) 2018 Acquisitions

VIAU Food Products Inc.

On November 13, 2018, the Company acquired 100% of the outstanding shares of VIAU Food Products Inc. ("VIAU"), a privately held Canadian market leader in premium Italian cooked, dry-cured and charcuterie meats, for a purchase price of $215.0 million. The Company financed the transaction using a combination of drawings on existing credit facilities and equity.

Recognized goodwill is attributable to VIAU's assembled workforce combined with its considerable expertise, product development knowledge and skills. No portion of goodwill is deductible for tax purposes.

The fair value of consideration transferred for the acquisition of VIAU consists of the following:

	Purchase price November 13, 2018
Agreed-upon purchase price	$ 215,000
Working capital adjustments	(12,790)
Reduction for liabilities assumed	(4,456)
Total consideration	**$ 197,754**
Consideration paid in cash	$ 168,953
Consideration paid in common shares	$ 28,801

During the second quarter of 2019, the Company finalized amounts recorded in the business combination which resulted in the following adjustments to the preliminary purchase price allocation:

	November 13, 2018		
	Preliminary amounts	**Adjustments**	**Final amounts**
Current Assets			
Cash	$ 6,930	$ —	$ 6,930
Accounts receivable	12,383	(353)	12,030
Inventories	32,096	—	32,096
Prepaid expenses and other assets	1,566	—	1,566
Non-current assets			
Property and equipment	85,579	—	85,579
Goodwill	17,601	17,599	35,200
Intangible assets	81,632	(4,800)	76,832
Current liabilities			
Accounts payable and accruals	(19,877)	—	(19,877)
Current income tax liabilities	(11,186)	(199)	(11,385)
Other current liabilities	(1,294)	—	(1,294)
Non-current liabilities			
Other long-term liabilities	(3,123)	—	(3,123)
Deferred tax liability	(5,400)	(11,400)	(16,800)
Total net assets acquired	**$ 196,907**	**$ 847**	**$ 197,754**

Cericola Farms Inc.

On October 22, 2018, the Company acquired two poultry plants and associated supply from Cericola Farms Inc. ("Cericola"), a privately held Canadian company. The purchase price of the assets was $80.0 million, with a put/call option to purchase a third processing facility for a purchase price of $40.0 million, exercisable within three years. The Company financed the transaction using existing credit facilities. The acquisition has been accounted for as a business combination.

The amount of goodwill deductible for tax purposes is $6.2 million.

The fair value of consideration transferred for the two poultry plants and associated supply acquired from Cericola Farms consists of the following:

	Purchase price
	October 22, 2018
Agreed-upon purchase price	$ 80,000
Cash deposit on purchase of third processing facility	(20,185)
Working capital adjustments	226
Total consideration paid in cash	**$ 60,041**
Consideration paid in cash	$ 59,815
Consideration payable	$ 226

During the second quarter of 2019, the Company finalized amounts recorded in the business combination which resulted in the following adjustments to the preliminary purchase price allocation:

	October 22, 2018		
	Preliminary amounts	**Adjustments**	**Final amounts**
Current Assets			
Accounts receivable	$ 5,748	$ (99)	$ 5,649
Inventories	980	—	980
Prepaid expenses and other assets	56	—	56
Non-current assets			
Property and equipment	17,702	281	17,983
Goodwill	6,688	(441)	6,247
Intangible assets	31,910	—	31,910
Current liabilities			
Accounts payable and accruals	(3,269)	485	(2,784)
Total net assets acquired	**$ 59,815**	**$ 226**	**$ 60,041**

The Field Roast Grain Meat Company, SPC

On January 29, 2018, the Company acquired 100% of the outstanding shares of The Field Roast Grain Meat Company, SPC ("Field Roast Grain Meat Co."), a privately held U.S. based corporation engaged in the production and distribution of premium grain-based protein and vegan cheese products, for a purchase price of $140.2 million. The Company financed the transaction using a combination of cash-on-hand and drawings on existing credit facilities.

Recognized goodwill is attributable to Field Roast Grain Meat Co.'s leadership position in the fast-growing plant-based protein market combined with its considerable expertise, product development knowledge and skills. No portion of goodwill is deductible for tax purposes.

The fair value of consideration transferred for the acquisition of Field Roast Grain Meat Co. consists of the following:

	Purchase price
	January 29, 2018
Agreed-upon purchase price	$ 147,906
Working capital adjustments	(1,787)
Reduction for liabilities assumed	(5,949)
Total consideration	**$ 140,170**
Consideration paid in cash	$ 138,755
Contingent consideration paid in cash	$ 1,415

During the fourth quarter of 2018, the Company finalized amounts recorded in the business combination which resulted in the following adjustments to the preliminary purchase price allocation:

	January 29, 2018		
	Preliminary amounts	**Adjustments**	**Final amounts**
Current Assets			
Cash	$ 375	$ —	$ 375
Accounts receivable	3,302	—	3,302
Inventories	6,332	863	7,195
Income and other taxes recoverable	336	—	336
Prepaid expenses and other assets	354	—	354
Non-current assets			
Property and equipment	5,080	—	5,080
Goodwill	137,777	(50,944)	86,833
Intangible assets	—	66,558	66,558
Current liabilities			
Accounts payable and accruals	(9,634)	—	(9,634)
Other current liabilities	(638)	—	(638)
Non-current liabilities			
Other long-term liabilities	(2,212)	—	(2,212)
Deferred tax liability	(902)	(16,477)	(17,379)
Total net assets acquired	**$ 140,170**	**$ —**	**$ 140,170**

The consolidated interim balance sheet as at June 30, 2018 has been re-stated to reflect the adjustments to the purchase price allocation above.

(b) Transaction Costs

During the three months ended June 30, 2019, the Company recorded legal and other transaction costs of $2.6 million (2018: $0.8 million) that have been excluded from the consideration paid and have been recognized as an expense in other income (expense).

During the six months ended June 30, 2019, the Company recorded legal and other transaction costs of $3.4 million (2018: $3.2 million) that have been excluded from the consideration paid and have been recognized as an expense in other income (expense).

18. SUBSEQUENT EVENT

On July 19, 2019, the Company amended the Securitization Facility by extending the maturity to July 19, 2022 under similar terms and using the same financial institution with a long-term debt rating of AA-. The maximum cash advance available to the Company under the amended facility has increased from $110.0 million to $120.0 million.