2014 ANNUAL REPORT

OVER THE LAST SEVEN YEARS, WE'VE BEEN REBUILDING OUR COMPANY. NOW WE'RE POISED FOR PROFITABLE GROWTH.

Maple Leaf Foods Inc. is a leading Canadian consumer protein company, making high-quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders Country Naturals® and Mina™. The Company employs approximately 12,000 people across Canada and exports to global markets, including the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

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Financial Highlights

For years ended December 31 (In millions of Canadian dollars, except share information)	2014	2013[i]	2012[i] [ii]	2011[i] [ii]	2010[i]
Consolidated results					
Sales	**3,157**	2,955	3,075	3,082	3,216
Adjusted Operating Earnings (Loss)[iii]	**(75)**	(136)	57	36	49
Net earnings (loss) from continuing operations	**(214)**	(141)	(31)	(47)	(75)
Net earnings[iv]	**710**	496	89	59	29
Return on Net Assets[iii] [v]	**(3.7)%**	(0.2)%	9.4%	9.7%	8.6%
Financial position					
Net assets employed[v] [vi]	**1,729**	2,124	2,101	1,907	1,966
Shareholders' equity[v]	**2,244**	1,581	891	865	924
Net Cash (Debt)[iii] [v]	**486**	(452)	(1,171)	(984)	(902)
Per share					
Adjusted Earnings per Share[iii] [iv]	**(0.58)**	(1.08)	(0.05)	(0.14)	(0.12)
Net earnings (loss) from continuing operations	**(1.51)**	(1.01)	(0.23)	(0.34)	(0.55)
Net earnings[iv]	**5.03**	3.55	0.64	0.43	0.22
Dividends	**0.16**	0.16	0.16	0.16	0.16
Book value[v]	**15.70**	11.27	6.36	6.18	6.60
Number of shares (millions)					
Weighted average	**141.2**	139.9	139.4	138.7	135.6
Outstanding at December 31	**143.0**	140.3	140.0	140.0	140.0

(i) Unless otherwise noted, all figures have been restated for the classification of the Rothsay business and the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements for further information.
(ii) 2012 and 2011 figures have been restated for the impact of adopting the revised International Accounting Standard 19 *Employee Benefits* ("IAS 19"). Refer to Note 32 of the Company's 2013 audited consolidated financial statements for further information.
(iii) Refer to the Non-IFRS Measures on page 28 of the Company's 2014 Management's Discussion & Analysis.
(iv) Attributable to common shareholders.
(v) 2010–2013 have not been restated for the classification of the Rothsay business and the Bakery Products Group as discontinued operations.
(vi) Defined as total assets, less cash, deferred tax assets and non-interest bearing liabilities.

Segmented Operating Results

Protein Group

(In millions of Canadian dollars)	2014	2013[i]	% Change
Meat Products Group			
Sales	**3,135**	2,926	7.1%
Adjusted Operating Earnings (Loss)	**(80)**	(86)	7.0%
Total assets	**1,965**	1,824	7.7%
Agribusiness Group			
Sales	**22**	29	(24.1)%
Adjusted Operating Earnings (Loss)	**9**	(38)	123.7%
Total assets	**212**	196	8.2%
Protein Group			
Sales[ii]	**3,157**	2,955	6.8%
Adjusted Operating Earnings (Loss)[ii]	**(71)**	(124)	42.7%
Total assets[ii]	**2,177**	2,019	7.8%

Business Segments

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

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

(i) Unless otherwise noted, all figures have been restated for the classification of the Rothsay business and the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements for further information.
(ii) Numbers may not add due to rounding.

Message to Shareholders

Michael H. McCain
President and Chief Executive Officer

Dear fellow shareholders,

2014 was a pivotal year for Maple Leaf Foods. We sold our interest in Canada Bread and restructured the Company and leadership to reflect our exclusive focus on the protein market, advanced our network transformation to the point where the finish line is in full view, and managed through the most volatile period of raw material inflation in our Company's history. It was an exhilarating and challenging year and the culmination of a major structural change to our business.

Emerging from this unprecedented year of change will be a different Maple Leaf. We will have a low cost, technologically advanced supply chain combined with a passionate workforce, leading brands and market shares supported by a strong balance sheet. At the same time, the animal protein business has become one of the most exciting and fastest growing segments of the entire global food industry.

From this enviable position, we are aspiring to become the best protein company in the world.

We arrived here after making a series of key strategic decisions about the business that date back a number of years.

Shaping the Business

Seven years ago, we began work on a strategic blueprint for delivering significant and sustainable value to our shareholders. It involved investing to establish the scale and technology required to step-change our productivity and reduce our cost structure. We set forth with an aggressive agenda that included a series of new builds and start-ups, consolidation of plants and distribution centres across the country, and converting from multiple operating systems to one integrated platform.

Our significant investment in the meat business opened the door for us to reshape the rest of the Company. Over the course of the last 18 months, we sold Rothsay, our rendering business, and Olivieri, our pasta business, before completing a $1.66 billion sale of Canada Bread in 2014.

Selling these businesses allowed us to repay our debt, and at the end of 2014, we had approximately $496 million of cash on our balance sheet. Strategically, it meant an exclusive focus on our market leading position in the meat business. We simplified our organizational structure and made a number of leadership changes to support our future requirements.

> “It’s more than a new year for Maple Leaf. This is the first year in many that we have ‘clear air’ – after years of change to our supply chain and our structure, we see a clear future with unbridled opportunity and a vision to become the best protein company in the world.”

The executive team was selected from the Company’s deep bench strength as we drew upon talent with extensive leadership skills as well as operational and industry experience. We also appointed younger leaders to the executive team, and they are bringing new perspectives and ways of doing things. It is a refreshed and invigorated team that is hands-on, highly action oriented and regularly challenges me. At the same time, we bid farewell to three giants in our business – Richard Lan, Scott McCain and Michael Vels – who contributed extensively over their long careers to helping make Maple Leaf the market leader it has become. I am deeply grateful for their commitment, their wisdom and their guidance over the years.

Our restructuring did not distract us from advancing our network transformation – job #1 for the last seven years – or from the confidence that we will hit an annualized Adjusted EBITDA margin of 10% in 2015. We have largely completed the conversion from multiple legacy systems to SAP, providing increased controls and capabilities. We have transformed our manufacturing network with our new 400,000 square foot Heritage plant in Hamilton, Ontario, expansions at three existing facilities, and the closing of seven of a planned eight legacy plants. We consolidated our distribution network and have gone from 19 centres to two, including a newly constructed facility in southwest Ontario. We also consolidated and optimized our product portfolio to be able to efficiently manufacture in this new, high capacity/high technology network and are well positioned to upgrade our product mix.

When we complete the final stage of our transformation – expected in 2015 – we will eliminate the cost burden associated with running a duplicative supply chain and in turn capture the full potential of our investment in technology and scale. It will also mark a major shift from fixing our cost structure to profitably growing our business.

And while we are navigating the details of completing this monumental task, I want to underscore what we will have accomplished. From 2010 through to 2015, we will have invested more than $1 billion to create the leading prepared meats supply chain in the country and be better able to compete with the biggest players on the continent. It signals our long-term commitment to producing great food in Canada, while delivering very attractive returns to our shareholders. We believe that the profitability target we have set for ourselves should be seen as the new floor for what our business can achieve. This is truly a transformation to a more profitable and growth-oriented Maple Leaf Foods.

2014 Recap

Sales in 2014 were $3.2 billion, up 5.8% from 2013, after adjusting for foreign exchange. The increase is largely a result of a pricing action we took in May – our largest ever – to offset significant raw material cost increases.

Adjusted Operating Earnings were a loss of $75.5 million (or $0.58 per share) compared to a loss of $136.5 million in the previous year (or $1.08 per share).

We reduced our losses from 2013, but our results, to a large extent, still reflected the impact of significant change and incremental costs as we complete the final stage of our network transition.

We faced major increases in raw material costs in pork and beef. The pork cut-out (which influences our raw material costs) reached record high levels in 2014. The extraordinary effects of the Porcine Epidemic Diarrhea ("PED") virus on the U.S. hog supply led to significantly higher hog and pork prices. The PED virus has a substantial economic impact because it is highly contagious and survives well in cold weather, resulting in significant mortality rates in piglets. We also incurred costs associated with the enhanced bio-security protocols we introduced in order to prevent any impact at our barns.

While we were successful in recovering our margins in a year of record high pork costs, higher prices impacted demand and volumes in the near term.

We finished the year with a very strong balance sheet, and in early 2015 the Board raised the dividend to bring it within the lower range of consumer packaged goods companies. While a modest move, it reflects the nearing completion of our supply chain strategy and the confidence we have in the business. Once the business is fully stabilized and the growth path identified, we will be in a position to review our capital structure with more rigour. Our intention is to be very purposeful in capital allocation, with a view to maximizing our profitability and, in turn, long-term shareholder value.

As we look ahead, our priorities for 2015 reflect two main themes – completing the plant start-ups and operating them to their full potential, and pursuing opportunities for profitable growth.

With our new assets there is further runway to fully optimize plants and related supply chain efficiencies, particularly at our largest facility in Hamilton. Given its size, the complexity associated with commissioning Heritage is comparable to multiple start-ups within one plant. We are continuing to steadily enhance production at our two major Western Canadian processing plants in Saskatoon and Winnipeg. Overall, we are pleased with the progress and expect returns from these investments consistent with the original business case.

Our second priority is profitable growth. For several years, our focus has been on managing significant change to expand margins and create a sustainable cost base. While we will always manage the business to deliver higher profitability, we also need to re-energize our top-line growth. Our near-term strategies are very much linked to a number of major market trends. There is growing demand, for example, for more natural products, including meat from animals raised without antibiotics. Canada, with its low hog-barn density and leading industry bio-security protocols, has one of the lowest hog mortality rates in the world. This means we are naturally positioned to have a competitive advantage in antibiotic-free meat. Maple Leaf has a growing leadership position in this segment.

"When we complete the final stage of our transformation – expected in 2015 – … it will also mark a major shift from fixing our cost structure to profitably growing our business."

Accelerating Our Sustainability Efforts

We have a bold aspiration to be the best protein company in the world. A critical element of being the best is being sustainable. We have laid a good foundation over the last number of years, which we describe in more detail in the sustainability reports we have posted to www.mapleleafsustainability.com.

The challenge the world faces over the next 50 years is the need to feed two billion more people without relying on the relatively easy solutions of the past – more land and water, rising yields and cheap energy. Sustainability is not an option for the food industry; it is essential for our long-term viability and the future of the planet.

At the same time, consumers are increasingly engaged in wanting to know how their food is raised, processed and brought to market. Issues of health and nutrition, animal welfare and corporate responsibility influence what people buy and from which companies. Deeply embedding sustainability into our business decisions, and underpinning it with aggressive goals and action, is fundamental to our growth.

The challenges – animal welfare, environmental impact, nutrition, accessibility and affordability – are daunting and often competing, but they present exciting opportunities for companies like ours who are prepared to lead, and prepared to change.

My Thanks

We got here through the hard work and conviction of our people. Even those working at our legacy facilities maintained production levels, exceptional food safety and worker safety performance, quality production, efficiency and flexibility, right through to the final day of production. Their pride in their work and the high personal standards they upheld, and never compromised, are truly inspiring.

HOW A YEAR CHANGES EVERYTHING

It is easy to be optimistic about our future, especially when considering how much we have changed the business in the past year:

- We have moved from a multi-line business to a single focused company, powered by leading national and regional brands and market shares
- We have gone from significant debt to approximately $496 million of cash at the end of 2014
- We are completing one of the most expansive supply chain transformations in the North American food industry to increase productivity and financial performance
- We expect to deliver significant margin accretion in 2015 and beyond, as we realize the benefits of several years of change and restructuring to sustain a profitable, highly competitive market position

I am, as ever, grateful to our shareholders. It is our commitment to reward your confidence in our plan, and your patience through its execution, as we finish building the new Maple Leaf Foods.

Sincerely,

Michael H. McCain
President and Chief Executive Officer
February 2015

Message from the Chairman

> "Our Board is committed to strengthening Maple Leaf's position as one of Canada's great food companies."

Your Board of Directors has a duty of care to act in the best interests of Maple Leaf Foods. Our deliberations in 2014 focused on a number of significant activities that have added to the transformation of the Company. In addition to the value creation strategy for the Company's prepared meats business, we made another quantum move with the decision to divest our interest in Canada Bread.

Following a comprehensive review of opportunities to accelerate profitable growth in the Bakery Products Group, ultimately the decision was to sell the Company's shares in Canada Bread. The transaction closed in May 2014 and, at a sale price of $1.66 billion, represented the largest divestiture to date for the Company. The divestitures of our fresh pasta and sauce business (Olivieri) and our rendering and biodiesel business (Rothsay) were also completed in 2013.

These sales allowed the Company to adopt an exclusive focus on the protein market, building on the decision seven years ago to modernize and transition its supply chain to become "best in class". We saw great progress made in 2014 to ensure the journey's planned completion in 2015. With the end in sight, the Board will continue assessing and overseeing Management's plans for leveraging Maple Leaf's enhanced supply chain capabilities.

This will also enable Management and the Board to determine the capital structure that achieves the greatest benefit to the Company and its shareholders.

Early in 2015, we doubled our quarterly dividend as a sign of confidence in the future of the business. We remain committed to ongoing review and adaptation of the capital structure to achieve the greatest, most durable return.

Our Board is committed to strengthening Maple Leaf's position as one of Canada's great food companies, one which will continue to reward shareholders.

I thank my colleagues on the Board and pay special tribute to Ms. Diane McGarry and Dr. Jeffrey Gandz, both of whom are stepping down after serving with distinction for many years. Their contribution has been remarkable and greatly appreciated.

I also welcome our newest member, Ms. Jean Fraser, who brings to the Company experience from a stellar career in corporate law.

To the incredible employees of Maple Leaf Foods, I extend thanks and appreciation for their hard work and dedication during a year of significant change. They are the future of this great Company.

Sincerely,

David L. Emerson
Chairman
February 2015

Corporate Governance and Board of Directors

Corporate Governance

The Board of Directors and Management of the Company are committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of the Company and discharges such responsibility by reviewing, discussing and approving the Company's strategic planning and organizational structure and supervising Management with a view to preserving and enhancing the underlying value of the Company. Management of the business within this process and structure is the responsibility of the Chief Executive Officer and senior management.

The Board has adopted guidelines to assist it in meeting its corporate governance responsibilities. The roles of the Board, the Chief Executive Officer, the Chairman and the individual committees are clearly delineated. Together with the Chairman and the Corporate Governance Committee, the Board assesses its processes and practices regularly to ensure its governance objectives are met.

Composition of the Board of Directors

The Company's directors are very experienced, high calibre business leaders with diverse relevant skills and competencies. The Board of Directors has assessed each of the Company's 10 non-management directors to be independent.

A more comprehensive analysis of the Company's approach to corporate governance matters is included in the Management Proxy Circular for the April 30, 2015 annual meeting of shareholders.

Board of Directors

William E. Aziz, CPA, CA
President and Chief Executive Officer,
BlueTree Advisors II Inc.
(Private management advisory firm)

W. Geoffrey Beattie
Chief Executive Officer,
Generation Capital
(Investment management firm)

Gregory A. Boland
President and Chief Executive Officer,
West Face Capital Inc.
(Investment manager)

John L. Bragg, O.C., LL.D, F.ICD
Chairman, President and
Co-Chief Executive Officer,
Oxford Frozen Foods Limited
(Food manufacturing)

The Honourable David L. Emerson
Chairman, Emerson Services Ltd.
(Privately held professional
services company)

Jean M. Fraser
Corporate Director

Dr. Jeffrey Gandz
Professor Emeritus, Director
and Consultant

Claude R. Lamoureux, O.C., F.ICD, ICD.D
Corporate Director

Michael H. McCain
President and Chief Executive Officer,
Maple Leaf Foods Inc.

Diane E. McGarry
Corporate Director

James P. Olson
Corporate Director

Senior Management and Officers

Committees of the Board of Directors

STANDING COMMITTEES

Audit Committee
D.E. McGarry, Chair
W.E. Aziz
J.L. Bragg
C.R. Lamoureux
J.P. Olson

Corporate Governance Committee
W.G. Beattie, Chairman
G.A. Boland
D.L. Emerson
J. Gandz

Environment, Health and Safety Committee
J. Gandz, Chairman
W.G. Beattie
J.L. Bragg
D.L. Emerson
D.E. McGarry

Human Resources and Compensation Committee
J.P. Olson, Chairman
W.E. Aziz
G.A. Boland
C.R. Lamoureux

Senior Leadership Team

Michael H. McCain
President and Chief Executive Officer

Ben Brooks
Senior Vice-President and General Manager, Fresh Poultry

Rocco Cappuccitti
Senior Vice-President and Corporate Secretary

Chris Compton
Senior Vice-President, Foodservice Sales and Marketing

Curtis E. Frank
Senior Vice-President, Retail Sales

Adam J. Grogan
Senior Vice-President, Marketing and Innovation

Ian V. Henry
Senior Vice-President, People

Randall D. Huffman
Senior Vice-President, Operations and Chief Food Safety Officer

Lynda Kuhn
Senior Vice-President, Sustainability and Public Affairs

Andreas Liris
Chief Information Officer

Gary Maksymetz
Chief Operating Officer

Rory A. McAlpine
Senior Vice-President, Government and Industry Relations

Deborah K. Simpson
Chief Financial Officer

Iain W. Stewart
Senior Vice-President and General Manager, Fresh Pork

Richard Young
Senior Vice-President, Supply Chain and Purchasing

Other Corporate Officers

Nick Boland
Vice-President, Investor Relations

Stephen L. Elmer
Vice-President and Corporate Controller

Glen L. Gratton
Vice-President, Maple Leaf Agri-Farms

Jeremy P. Roberts
Vice-President and Treasurer

Dianne Singer
Assistant Corporate Secretary

2014
FINANCIAL
REVIEW

Management's Discussion and Analysis

February 25, 2015

THE BUSINESS

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a leading Canadian consumer protein company, making high quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders Country Naturals® and Mina™. The Company employs approximately 12,000 people across Canada and exports to global markets, including the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

DIVESTITURE OF 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 Company, Limited ("Canada Bread") owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The Company received gross proceeds of approximately $1,657.0 million (which includes its share of the dividend paid upon closing of the Arrangement) for its 90.0% interest in Canada Bread, resulting in a pre-tax gain of $997.0 million for the year. Upon the sale of the business, the net assets of Canada Bread have been derecognized.

OPERATING SEGMENTS

The Company's results are organized into three segments: Meat Products Group, Agribusiness Group and Bakery Products Group.

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

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

The combination of the Company's Meat Products Group and Agribusiness Group comprises the Protein Group.

The Bakery Products Group was comprised of the Company's 90.0% ownership in Canada Bread, which has been classified as discontinued operations following the announced sale of the Company's interest in Canada Bread in the first quarter of 2014. Refer to Note 25 in the Company's 2014 audited consolidated financial statements for further information.

FINANCIAL OVERVIEW

In 2014, sales from continuing operations[i] increased 6.9% to $3,157.2 million from $2,954.8 million last year, or 5.8% after adjusting for the impact of foreign exchange, due to higher pricing across the Meat Products Group, partially offset by lower volumes.

Adjusted Operating Earnings[i][ii] for the year was a loss of $75.5 million compared to a loss of $136.5 million last year. The Meat Products Group benefited from price increases and improved processing margins, which were partially offset by transitional costs associated with the Value Creation Plan and lower volumes. The Agribusiness Group benefited from improved market conditions. Adjusted Earnings per Share[i][iii] was a loss of $0.58 compared to a loss of $1.08 last year.

Net loss from continuing operations for the year was $213.8 million (loss of $1.51 per basic share attributable to common shareholders[iv]). Excluding one-time financing costs of $98.6 million ($71.2 million after tax) related to the repayment of the Company's long-term notes payable during the second quarter of 2014, net loss from continuing operations after restructuring was $142.6 million compared to a net loss of $141.4 million (loss of $1.01 per share) last year. This amount included $67.6 million ($0.36 per share) of pre-tax expenses related to restructuring and other related costs (2013: $75.2 million or $0.40 per share).

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Non-IFRS Financial Measures of this Management Discussion and Analysis on page 28 for a description and reconciliation of all non-IFRS financial measures.

Notes:

[i] *2013 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Please refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

[ii] *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings from continuing operations adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 28.*

[iii] *Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate ongoing financial operating results. It is defined as basic earnings per share from continuing*

operations attributable to common shareholders, and is adjusted on the same basis as Adjusted Operating Earnings. Please refer to the section entitled Non-IFRS Financial Measures on page 28.

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

SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial information for the three years ended December 31:

($ millions except earnings per share)	**2014**	2013(ii)	2012(ii)
Sales	**$ 3,157.2**	$ 2,954.8	$ 3,075.1
Adjusted Operating Earnings(i)	**$ (75.5)**	$ (136.5)	$ 57.4
Adjusted EBITDA(i)	**$ 14.8**	$ (48.7)	$ 132.8
Adjusted EBITDA %(i)	**0.5%**	(1.6%)	4.3%
Net loss from continuing operations	**$ (213.8)**	$ (141.4)	$ (31.4)
Adjusted Earnings per Share(i)	**$ (0.58)**	$ (1.08)	$ (0.05)
Basic earnings (loss) per share from continuing operations	**$ (1.51)**	$ (1.01)	$ (0.23)
Diluted earnings (loss) per share from continuing operations	**$ (1.51)**	$ (1.01)	$ (0.23)
Total assets(iii)	**$ 2,876.5**	$ 3,599.1	$ 3,243.7
Net Cash (Debt)(i)(iii)	**$ 485.8**	$ (451.7)	$ (1,171.3)
Total long-term liabilities(iii)	**$ 244.8**	$ 990.6	$ 1,742.7
Return on Net Assets ("RONA")(i)(iii)	**(3.7%)**	(0.2%)	9.4%
Cash (used) provided by operating activities(iii)	**$ (362.2)**	$ 260.1	$ 218.1
Cash dividends per share	**$ 0.16**	$ 0.16	$ 0.16

(i) *Refer to the section entitled Non-IFRS Financial Measures starting on page 28 of this document.*

(ii) *Unless otherwise noted, 2013 and 2012 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Refer to Note 25 in the Company's 2014 audited consolidated financial statements.*

(iii) *2013 and 2012 figures have not been restated for the classification of Rothsay and the Bakery Products Group as discontinued operations. Refer to Note 25 in the Company's 2014 audited consolidated financial statements.*

DISCUSSION OF FACTORS IMPACTING THE COMPANY'S OPERATIONS AND RESULTS

Value Creation Plan

In September 2010, the Board of Directors of Maple Leaf Foods approved a comprehensive Value Creation Plan ("the Plan") designed to significantly increase profitability and competitiveness through cost reduction and productivity enhancement. Over the last four years, the Company has been executing against the Plan by reducing product complexity, closing less efficient manufacturing and distribution operations and consolidating production and distribution into a smaller number of efficient scale facilities.

The Plan called for the closure of eight of the Company's manufacturing plants, an expansion of three others, the construction of a new prepared meats processing facility and the consolidation of 17 distribution centres into two. By the end of 2014, the Company has closed six plants, completed expansions at facilities in Saskatoon, Saskatchewan, Winnipeg, Manitoba and Brampton, Ontario and commissioned its new 400,000 square foot prepared meats facility in Hamilton, Ontario.

During the year, the Company opened a new distribution centre to service Central and Eastern Canada. Its current distribution centre in Saskatoon continues to service Western Canada. All other third-party and Company-owned distribution facilities in its network have now been closed as planned.

The Company has standardized product formulations, sizes and specifications and eliminated lower volume, lower value product lines in its prepared meats business. It has largely converted its enterprise resource planning software to SAP, replacing a number of legacy systems into one platform that provides increased controls and capabilities.

The Company expects to realize savings from multiple sources across the organization when the execution of the Plan has been completed in 2015. The majority of the savings are expected to come from:

- Enhanced throughput and productivity from larger scale and new technologies,
- Lower total overhead and reduced labour,
- Improved product yield, reduced waste and better packaging, and
- Reduced distribution costs.

The Company continues to incur transitional costs in executing the Plan, which principally consist of duplicative overhead and start-up costs. It is anticipated that these costs will be eliminated during 2015 as the Plan comes to completion. Successfully completing the network transition is expected to be an important contributor to the Company achieving its target of an Adjusted EBITDA[i] margin of 10.0% in 2015.

[i] *Adjusted EBITDA is calculated as earnings from continuing operations before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 28.*

Capital Investment Plan

Capital investments in the Plan were originally estimated to be approximately $820.0 million between 2010 and 2015. In the second quarter of 2014, the Company reduced its estimate to approximately $710.0 million subsequent to the sale of Canada Bread. This revised estimate includes $620.0 million supporting its prepared meats network and $90.0 million spent to implement SAP, both of which are substantially completed as of December 31, 2014.

Total capital expenditures in 2014 were originally estimated to be $255.0 million. In the second quarter of 2014, the Company reduced its estimate to approximately $215.0 million subsequent to the sale of Canada Bread. Actual capital expenditures excluding discontinued operations were $216.0 million as of December 2014.

During 2015, Management estimates that total capital expenditures will be approximately $120.0 million.

Sustainability

Maple Leaf Foods has adopted a sustainability strategy which is about creating sustainable value for the business by addressing social and environmental needs. In each of the past two years, the Company has published Sustainability Reports describing the milestones and priorities it established in the areas of animal welfare, nutrition, social responsibility and the environment. With the near-completion of its significant transformation in its prepared meats supply chains and a focus on growth in the protein sector, Maple Leaf Foods is embedding sustainability into how it does business.

Maple Leaf Food's Priorities

The Company has defined four priorities and areas of focus:

Advance Nutrition and Health

The Company's goal is to provide consumers with nutritious, sustainable and affordable food, made with more natural ingredients from humanely raised animals. This is achieved by the Company continuing to adhere to the highest standards of food safety, while advancing health and nutrition across its product portfolio and supporting healthy food choices.

Value its People and Communities

In valuing its people, the Company intends to create a culture of empowerment amongst plant and salaried workforces. It will also continue to implement a strategy to build an inclusive culture that encourages and embraces diversity and attracts and develops the best talent.

Food insecurity is a significant issue in Canada and globally. Nationally, one in every eight households experiences some level of food insecurity, affecting one in every six children. Globally, the leading risk to health is hunger and malnutrition. The strategic focus for the Company's Community Outreach program is to support community-based approaches to food insecurity that enable people to lead healthier lives. Maple Leaf Foods will support initiatives that promote dignity and build individual and community capacity and work with partners that seek to achieve sustainable solutions to food insecurity as part of more integrated and holistic interventions. The Company will focus most of its efforts in Canada, but will include global outreach.

Treat Animals Well

As the largest protein company in Canada, the Company believes it has a responsibility for animal care that goes beyond its own supply chain to advocate and share knowledge that elevates practices and regulations across the industry. The Company actively engages in public outreach with consumers, customers, animal rights groups and other stakeholders, so that change can be based on sound science, what is best for the animal and what society expects of Maple Leaf Foods.

Eliminate Waste

The Company will establish goals to reduce its environmental footprint by focusing on three areas:

- Reducing climate change impact through reducing our energy consumption, further fleet efficiencies, purchasing 'green' renewable power and implementing energy reduction technologies
- Reducing waste, including process waste and inefficiencies, packaging, and food waste
- Reducing non-ingredient water usage, including commercial/office use, plant processes and sanitation and implementation of water reduction technologies.

The Company will report on its progress annually through its Sustainability Report beginning in 2015 and through other updates based on progress against priorities.

Fluctuating Input Prices

The following table outlines the change in key commodity prices that affected the Company's business and financial results:

(Unaudited)	As at December 31, 2014[i]	Annual Averages 2014	2013	Change	2012
Pork cutout (US$ per cwt)[ii][v]	**$ 87.26**	**$110.20**	$92.86	18.7%	$88.55
Hog market price per cwt (CAD per cwt)[ii]	**$ 94.80**	**$116.14**	$92.33	25.8%	$85.38
Hog market price per cwt (US$ per cwt)[ii]	**$ 81.58**	**$105.14**	$89.64	17.3%	$85.42
Poultry meat market price (CAD per kg)[iii]	**$ 3.37**	**$ 3.58**	$ 3.51	2.0%	$ 3.52
Poultry live bird cost (CAD per kg)[iii]	**$ 1.63**	**$ 1.61**	$ 1.69	(4.7%)	$ 1.66
Corn (US$ per bushel)[iv]	**$ 3.97**	**$ 4.18**	$ 5.80	(27.9%)	$ 6.95
Soybeans (US$ per bushel)[iv]	**$ 10.48**	**$ 12.46**	$14.06	(11.4%)	$14.68
Oil (US$ per barrel)[iv]	**$ 53.45**	**$ 93.26**	$97.91	(4.7%)	$94.11

(i) *Spot prices for the week ended December 31, 2014 based on CME (Ontario hogs) or WCB (Western Canada hogs) (Source: USDA).*

(ii) *Five-day average of CME or WCB (Source: USDA).*

(iii) *Market price (Source: Express Market Inc.) and Live Cost (Source: Chicken Farmers of Ontario).*

(iv) *Daily close prices (Sources: Bloomberg, CBOT, Minneapolis Wheat Exchange).*

(v) *2012 figures re-stated to reflect the USDA changing to a mandatory reporting system.*

In 2014, U.S. hog herds were negatively impacted by the Porcine Epidemic Diarrhea ("PED") virus which reduced hog supplies and increased prices to record levels, resulting in higher input prices in the prepared meats business. Feed grain prices moderated from prior year levels due to a large corn crop in 2013 followed by a record large crop in 2014. Soymeal prices were at record highs in the third quarter of 2014, as U.S. soybean stocks declined to all-time low levels requiring imports from South America to maintain adequate supplies. Overall reduced feed costs in 2014 had a positive impact on earnings in the hog production business, although this benefit was partially offset by unfavourable impacts of commodity hedging programs.

During the year, industry primary pork processing margins in North America improved significantly over the prior year, however, remained below the five-year average margin of $5.79 USD per cwt. Additionally, earnings in the prepared meats business were compressed due to increases in raw material costs, particularly bellies, hams, and trims, which outpaced pricing in the first half of the year.

Impact of Currency

The following table outlines the changes in currency rates that have affected the Company's business and financial results:

	As at December 31, 2014	Annual Averages			
		2014	2013	Change	2012
U.S. dollar / Canadian dollar[i]	**$ 1.16**	**$ 1.10**	$ 1.03	6.8%	$ 1.00
Canadian dollar / Japanese yen[i]	**¥ 103.33**	**¥ 95.63**	¥ 94.64	1.0%	¥ 79.89

[i] *Source: Bank of Canada daily noon rates*

During 2014, the Japanese yen declined in value relative to the Canadian dollar by 1.0%, which did not have a material impact on earnings. In general, a decline in the Japanese yen compresses export margins to Japan in the Company's primary pork processing business. The Company ultimately seeks to pass through price increases to offset the impact of currency fluctuations.

The Canadian dollar weakened relative to the U.S. dollar by 6.8% in 2014, which did not have a material impact on earnings. In the short-term, a weaker Canadian dollar expands export margins in the Company's primary pork processing and hog production operations. Conversely, a weaker Canadian dollar increases the cost of raw materials and ingredients in the domestic prepared meats business. The prepared meats business is able to react to changes in input costs through pricing, cost reduction or investment in value-added products. Over the longer-term, a weaker Canadian dollar increases the relative competitiveness of the domestic Canadian packaged goods operation, as imports of competing products from the U.S. become less competitive. Similarly, the Company also has a greater ability to export and expand into the U.S. market.

OPERATING REVIEW

The following table summarizes sales by business segment for the two years ended December 31:

($ millions)	**2014[iii]**	2013[iii]	Change
Meat Products Group	**$ 3,135.4**	$ 2,925.8	7.2%
Agribusiness Group	**21.9**	29.0	(24.6%)
Total Sales[i]	**$ 3,157.2**	$ 2,954.8	6.9%

The following table summarizes Adjusted Operating Earnings by business segment for the two years ended December 31:

($ millions)	**2014[iii]**	2013[iii]	Change
Meat Products Group	**$ (80.4)**	$ (86.2)	$ 5.8
Agribusiness Group	**8.6**	(38.3)	46.9
Protein Group	**$ (71.7)**	$ (124.5)	$ 52.7
Non-Allocated Costs in Adjusted Operating Earnings[ii]	**(3.7)**	(12.0)	8.3
Adjusted Operating Earnings[i]	**$ (75.5)**	$ (136.5)	$ 61.0

[i] *Figures exclude the results of the Bakery Products Group, which are reported as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

[ii] *Non-allocated costs are comprised of expenses not separately identifiable to business segment groups, and do not form part of the measures used by the Company when assessing the segments' operating results. Non-allocated costs for 2013 have been restated on a comparable basis.*

[iii] *May not add due to rounding.*

Meat Products Group

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

Sales in the Meat Products Group for 2014 increased 7.2% to $3,135.4 million, or 6.1% after adjusting for the weaker Canadian dollar that benefited pork exports. The increase was driven by higher values for fresh pork as well as price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material costs. These factors were partially offset by lower volume in the fresh pork business due to lower hog supplies in Western Canada and an anticipated period of lower demand in the prepared meats business in response to the implemented price increases.

Adjusted Operating Earnings for 2014 improved to a loss of $80.4 million compared to a loss of $86.2 million last year, as higher earnings in the fresh pork business were partially offset by lower earnings in the prepared meats businesses.

The fresh pork business experienced higher earnings as the benefit from improved pork processing margins and declining hog input prices more than offset the impact of lower hog supplies in Western Canada. The pork business also benefited from increased yield and labour efficiencies that resulted from manufacturing process improvements.

During the second quarter of 2014, the Company implemented a price increase in its prepared meats business in response to rising raw material costs. This pricing action successfully addressed the increase in input costs by the fourth quarter, however partially offsetting this was an anticipated period of lower demand.

Earnings in the fresh poultry business declined slightly as improved poultry processing margins were offset by increased operational variances and an unfavourable sales mix.

The prepared meats business incurred transitional costs of approximately $97.0 million during the year, an increase from $49.8 million last year. These costs largely relate to duplicative overhead costs from legacy plants scheduled to be closed and commissioning activities at the new prepared meats facility in Hamilton, Ontario, the largest in the Company's network.

Agribusiness Group

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

Agribusiness Group sales in 2014 were $21.9 million compared to $29.0 million last year, as feed sales were impacted by lower pricing in the North American market.

Adjusted Operating Earnings in 2014 increased to $8.6 million from a loss of $38.3 million last year, primarily due to higher market prices for hogs, net of hedging activities, and lower feed costs. These were partially offset by additional costs which were incurred for PED virus prevention.

Non-allocated Costs

In 2014, the expenses included in Adjusted Operating Earnings and not allocated to segmented operating earnings were $3.7 million compared to $12.0 million last year, which was a reflection of lower general and administrative costs as a result of the sale of Canada Bread in the second quarter of 2014 and lower consulting fees.

Non-allocated amounts that are excluded from the computation of Adjusted Operating Earnings in 2014 comprise a $0.5 million gain due to changes in the fair value of biological assets (2013: gain of $13.5 million), a $4.1 million unrealized gain on commodity futures contracts (2013: gain of $0.3 million) and an $8.7 million expense related to the modification of a long-term incentive compensation plan (2013: $0.0 million) as described in Note 27 of the 2014 audited consolidated financial statements.

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

DISCONTINUED OPERATIONS

Discontinued operations for the year ended December 31, 2014 pertain to the Bakery Products Group and transaction costs associated with previous divestitures. Discontinued operations in the year ended December 31, 2013 were restated to include Canada Bread, and also included the Rothsay and Olivieri businesses that were sold during the fourth quarter of 2013.

Sales from discontinued operations for the year ended December 31, 2014 were $567.9 million and related to Canada Bread. Sales from discontinued operations for the year ended December 31, 2013 were $1,738.2 million.

Net earnings from discontinued operations for the year ended December 31, 2014 was $925.7 million. This included $931.3 million in earnings from Canada Bread, primarily due to a pre-tax gain on disposal of $997.0 million. These amounts were offset by residual expenses relating to the divestitures of Rothsay and Olivieri in the prior year. Net earnings from discontinued operations for the year ended December 31, 2013 was $653.6 million. This included $82.9 million in net earnings from Canada Bread, $500.7 million related to Rothsay, including a pre-tax gain on disposal of $526.5 million, and $70.1 million related to Olivieri, including a pre-tax gain on disposal of $79.4 million.

For additional information on discontinued operations please see Note 25 of the Company's 2014 audited consolidated financial statements.

EBITDA MARGIN TARGETS

Subsequent to the sale of the Company's interest in Canada Bread, the Company's Adjusted EBITDA margin target is to achieve 10.0% in 2015, consistent with the previously disclosed Protein Group target.

GROSS MARGIN

Gross margin in 2014 was $218.3 million (6.9% of sales) compared to $180.8 million (6.1% of sales) last year. The increase in gross margin as a percentage of sales is largely attributable to margin expansion in the Meat Products Group. This was driven primarily by a decline in hog input prices during the second half of 2014 in the fresh pork business and price increases implemented in the second quarter of 2014 in the prepared meats business in response to increased raw material and inflationary costs. Negatively impacting margins were transitional costs related to the network transformation initiatives in the prepared meats business. Also included in gross margin was a $13.0 million decrease in the fair value of biological assets, partially offset by a $3.8 million increase in the fair value of unrealized mark-to-market commodity contracts.

The changes in the fair value of biological assets and unrealized and realized (gains) losses on commodity futures contracts have been excluded from Adjusted Operating Earnings, as the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

Selling, general and administrative expense decreased by 1.8% to $297.9 million in 2014, compared to $303.4 million in 2013, representing 9.4% and 10.3% of sales, respectively. The decrease was primarily attributable to a focus on an overall reduction in general and administrative costs following the sale of Canada Bread.

OTHER INCOME (EXPENSE)

Other expense for 2014 was $16.6 million (2013: income of $71.7 million) and included an $11.5 million accelerated depreciation charge on assets that continue to be used to provide services to divested businesses based on revised estimates of useful life. Other income in 2013 primarily consisted of gains on sale of $45.4 million on the sale of the Company's potato processing business, $9.7 million on the sale of certain assets within the Company's turkey agricultural operations, a $4.0 million gain due to a pension curtailment, $4.8 million in recoveries from insurance claims and a $4.7 million gain related to the de-designation of interest rate swaps.

Certain items in other income (expense) are excluded from the calculation of Adjusted EBITDA and Adjusted Earnings per Share as they are not considered representative of ongoing operational activities of the business. Other income (expense) used in the calculation of Adjusted EBITDA and Adjusted Earnings per Share for 2014 is an expense of $1.6 million (2013: income of $7.2 million) and primarily consists of expenses from impairment of assets.

RESTRUCTURING AND OTHER RELATED COSTS

The following table summarizes restructuring and other related cost for the two years ended December 31:

($ thousands)	2014	2013(ii)
MEAT PRODUCTS GROUP		
Management and Organizational Structure Changes		
Severance	**$ 1,282**	$ 2,737
Site closing and other costs	**(32)**	344
Asset impairment and accelerated depreciation	**–**	154
	$ 1,250	$ 3,235
Strategic Value Creation Initiatives		
Severance	**$ (676)**	$ 23,484
Site closing and other costs	**3,043**	476
Asset impairment and accelerated depreciation	**21,446**	25,353
Retention	**12,237**	20,347
	$ 36,050	$ 69,660
Plant Closure		
Severance	**$ (63)**	$ 111
Pension	**–**	460
	$ (63)	$ 571
Total Meat Products Group	**$ 37,237**	$ 73,466

	2014	2013[ii]
NON-ALLOCATED		
Management and Organization Structure Changes		
Severance[i]	**$ 26,417**	$ 1,745
Site closing and other costs	**2,331**	–
Asset impairment and accelerated depreciation	**1,507**	–
Pension	**100**	–
Total Non-Allocated	**$ 30,355**	$ 1,745
Total restructuring and other related costs	**$ 67,592**	$ 75,211

(i) Includes share based payments as described in Note 27 of the Company's 2014 audited consolidated financial statements.

(ii) 2013 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Please refer to Note 25 of the Company's 2014 audited consolidated financial statements.

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management and Organizational Structure Changes

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

Strategic Value Creation Initiatives

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

Plant Closure

The Company's Meat Products Group has recorded restructuring costs related to the closure of a plant located in Ayr, Ontario. This category only includes plant closures not related to the Company's Strategic Value Creation Initiatives described above.

INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for 2014 was $130.8 million compared to $68.9 million in 2013. The increase was due to financing costs of $98.6 million, which was comprised of a $76.3 million early repayment premium to lenders, a $12.7 million financing fee, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings due to the settlement of interest rate swaps that are no longer designated as hedging instruments. These costs were offset by lower interest expense due to the repayment of the Company's outstanding debt in the second quarter of 2014.

INCOME TAXES

The Company's income taxes recoverable relating to continuing operations for 2014 results in an effective tax rate of 25.9% (2013: 26.7%). The lower effective rate of taxes recoverable in 2014 is the result of the lower rates of tax expense applicable to the gains in 2013 on the sales of the potato processing operations and Ontario turkey operations. For 2014, the effective tax rate used in the computation of Adjusted Earnings per Share is 25.2% (2013: 25.4%) on restructuring charges, and 27.0% (2013: 17.8%) on items not considered representative of ongoing operations. The higher effective tax rate in 2014 on items not considered representative of ongoing operations is due to the lower rates of tax expense applicable to the gains in 2013 on the sales of the potato processing operations and Ontario turkey operations.

TRANSACTIONS WITH RELATED PARTIES

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 25 of the Company's 2014 audited consolidated financial statements.

The Company sponsors a number of defined benefit and defined contribution plans. During the year ended December 31, 2014, the Company received $0.7 million (2013: $1.0 million) from the defined benefit pension plans for reimbursement of expenses incurred by the Company to provide services to these plans. During the year ended December 31, 2014, the Company's contributions to these plans were $7.0 million (2013: $40.9 million) which includes $3.7 million (2013: $10.2 million) made by Canada Bread, which has been presented as discontinued operations.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiary, directly or indirectly, including any external director of the Company and/or its subsidiary.

Remuneration of key management personnel of the Company is comprised of the following expenses:

($ thousands)	**2014**(i)	2013(ii)
Short-term employee benefits		
Salaries, bonuses, and fees	**$ 12,350**	$ 12,779
Company car allowances	**298**	466
Other benefits	**183**	3,462
Total short-term employee benefits	**$ 12,831**	$ 16,707
Severance benefits(iii)	**14,193**	–
Post-employment benefits	**946**	1,560
Share-based benefits	**25,076**	10,983
Total remuneration	**$ 53,046**	$ 29,250

(i) *Includes remuneration of Canada Bread key management personnel until the sale of Canada Bread on May 23, 2014.*

(ii) *Includes remuneration of Canada Bread key management personnel.*

(iii) *Includes $5.6 million of share-based compensation.*

During 2014, key management personnel of the Company exercised 1.3 million share options granted under the Maple Leaf Foods Share Incentive Plan for an amount of $15.5 million (2013: $1.8 million).

GOVERNMENT INCENTIVES

During the year ended December 31, 2014, the Company recorded government incentives as a reduction in the cost of related assets totalling $1.3 million. Of this amount, the Company recorded $0.8 million in incentives from the Government of Manitoba for a pilot project converting one of the Company's sow barns to loose housing and recorded other incentives totalling $0.5 million. Additionally, the Company recorded other incentives in earnings totalling $0.2 million.

During 2014, the Company recorded a $5.0 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 2015.

During the year ended December 31, 2013, the Company recorded government incentives in earnings totalling $7.5 million. Of this amount, the Company recorded $5.0 million in incentives from the Canadian government to support the development of renewable energies related to the Rothsay by-product recycling business, which has been presented in discontinued operations. Additionally, the Company received $2.0 million related to incentives from the Government of Manitoba supporting an employment and training program. The Company also recorded other incentives totalling $0.5 million.

During 2013, the Company recorded a $2.0 million interest-free loan from the Canadian government for the purchase of equipment for the bakery in Hamilton, Ontario, related to the Canada Bread operation. The loan was derecognized as part of the sale of Canada Bread.

ACQUISITIONS AND DIVESTITURES

Acquisitions and divestitures relating to continuing operations are as follows:

During the third quarter of 2013, the Company sold certain assets within its Ontario turkey agricultural operations for net proceeds of $46.3 million, resulting in a final pre-tax gain of $9.7 million.

During the third quarter of 2013, the Company sold the remaining assets of a poultry farm and related production quota in Brooks, Alberta, originally purchased on February 1, 2012, and immediately classified as assets held for sale. The Company purchased the operations and production quotas for a cash purchase price of $31.1 million. The acquisition was accounted for as a business combination. In 2012, the Company sold $8.0 million of the production quotas which resulted in a pre-tax gain of $0.5 million. In the second quarter of 2013, the Company sold assets for proceeds of $8.3 million which approximated the carrying value of the assets. In the third quarter of 2013, the Company sold the remaining assets for proceeds of $12.8 million, which resulted in a 2013 pre-tax loss of $0.0 million.

During the third quarter of 2013, the Company sold an investment property located in Aurora, Ontario, for $1.8 million, which resulted in a pre-tax gain of $1.0 million.

During the second quarter of 2013, the Company sold an investment property located in Ayr, Ontario, for $2.0 million, which resulted in a pre-tax gain of $0.2 million.

During the first quarter of 2013, the Company sold all the assets related to its Lethbridge, Alberta, potato processing facility to Cavendish Farms Corporation for net proceeds of $58.1 million resulting in a pre-tax gain of $45.4 million ($38.7 million after-tax) recorded in other income.

Acquisitions and divestitures relating to discontinued operations are as follows:

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

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

During the fourth quarter of 2013, the Company sold all of the net assets of its Olivieri Fresh Pasta and Sauce business to Catelli Foods Corporation for net proceeds of $115.8 million, which resulted in a pre-tax gain of $79.4 million. During the year ended December 31, 2014, the Company recorded a pre-tax adjustment of $1.9 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 year ended December 31, 2014.

During the fourth quarter of 2013, the Company sold substantially all of the net assets of its Rothsay By-product Recycling business to Darling International Inc. for net proceeds of $628.5 million, which resulted in a pre-tax gain of $526.5 million. During the year ended December 31, 2014, the Company recorded an adjustment to the gain on disposal of $5.1 million relating to additional non-cash transaction costs incurred in 2014 associated with the sale.

During the fourth quarter of 2013, the Company sold a bakery in Toronto, Ontario, for gross proceeds of $12.4 million, resulting in a pre-tax gain of $11.4 million.

CAPITAL RESOURCES

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

During the year ended December 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 the closing of the Canada Bread sale on May 23, 2014, the non-revolving component of the credit facility was fully repaid and expired. In addition, the revolving component availability was reduced to $200.0 million and expires on March 31, 2015. This committed facility bears interest at rates based on Banker's acceptance and prime rates for Canadian dollar loans, and U.S. prime rate and LIBOR for U.S. dollar loans. As at December 31, 2014, the Company had not drawn any loans (2013: $255.0 million) and had letters of credit of $21.6 million (2013: $93.8 million) on this facility.

Subsequent to year end, the Company amended its existing $200.0 million committed credit facility by extending the maturity date of the facility to June 30, 2016 using the same syndicate of Canadian, U.S., and international institutions on similar terms and conditions to the pre-existing facility. The committed facility is unsecured and bears interest based on short-term interest rates. The facility is intended to meet the Company's funding requirements for general corporate purposes and to provide appropriate levels of liquidity.

On August 6, 2014, the Company entered a new uncommitted credit facility for issuing up to a maximum of $120.0 million of letters of credit. As at December 31, 2014, $82.3 million of letters of credit had been issued thereon. These letters of credit have been collateralized with cash, as further described in Note 4 of the Company's 2014 audited consolidated financial statements.

Subsequent to the repayment of the outstanding balance of the committed credit facility from the proceeds from the Canada Bread sale, the Company's cash balance as at December 31, 2014, is $496.3 million. The Company has invested in short-term deposits in Canadian financial institutions with long-term debt ratings of A or higher.

To access competitively priced financing and to further diversify its funding sources, the Company operates accounts receivable securitization facilities, under which it has sold certain accounts receivable, with very limited recourse, to an entity owned by an international financial institution with a long-term AA- debt rating. The receivables are sold at a discount to face value based on prevailing money market rates. At the end of 2014, the Company had $156.6 million (2013: $166.4 million) of trade accounts receivable serviced under these facilities. In return for the sale of these receivables, the Company will receive cash of $46.4 million (2013: $50.9 million) and notes receivable in the amount of $110.2 million (2013: $115.5 million). Due to the timing of receipts and disbursements, the Company may, from time to time, record a receivable or payable related to the securitization facility, and as at December 31, 2014, this net payable amounted to $30.4 million (2013: $105.5 million net payable). Excluding discontinued operations the maximum cash advance available to the Company under this program is $110.0 million. These facilities were accounted for as an off-balance sheet transaction under International Financial Reporting Standards ("IFRS").

The Company's securitization and other credit facilities are subject to certain restrictions, including the maintenance of certain covenants. The Company was in compliance with all of the requirements of these facilities during 2014. If these facilities were terminated, the Company would recognize the securitized amounts on the consolidated balance sheet and consider alternative financing if required.

CAPITAL EXPENDITURES

Capital expenditures for 2014 were $233.8 million compared to $385.4 million in 2013. Excluding discontinued operations, capital expenditures were $216.0 million in 2014 compared to $327.3 million in 2013. Spending on the prepared meats network transformation project, which was primarily related to construction of the new meat processing facility in Hamilton, Ontario, was lower than last year as the facility approaches completion.

The Company currently estimates its capital expenditures for the full year of 2015 will be approximately $120.0 million. The decrease compared to 2014 reflects lower spend on the prepared meats transformation as this project nears completion.

CASH FLOW AND FINANCING

Net cash, a non-IFRS measure as described on page 31, was $485.8 million at the end of 2014, compared to net debt of $451.7 million as at December 31, 2013. The increase in cash for the year ended December 31, 2014 is largely due to the proceeds from the Canada Bread sale, partially offset by the repayment of the Company's debt balances and changes in working capital.

Cash Flow from Operating Activities

Cash used in operations for 2014 was $362.2 million compared to cash provided by operations of $260.1 million in 2013. The decrease in cash flow from operations was primarily due to an increase in working capital, lower earnings from continuing operations, and one time payments of $76.3 million and $23.6 million related to the repayment of the Company's senior notes including an early repayment premium and the termination of related swaps respectively. Subsequent to the reduction in the Company's debt levels, Management has restored non-cash working capital in line with historic levels.

Cash Flow from Financing Activities

Cash used in financing activities was $973.7 million for 2014 compared to $320.1 million in 2013, as a result of the repayment of all of the Company's senior notes and outstanding balance on the credit facility.

Cash Flow from Investing Activities

Cash provided by investing activities was $1,330.0 million for 2014 compared to $520.0 million in 2013. The increase was mainly due to the proceeds on the Canada Bread sale of $1,647.0 million, and lower capital expenditures in the year. Cash provided by investing activities in 2013 included the proceeds from the sale of the Rothsay and Olivieri businesses and other non-core assets.

CONTRACTUAL OBLIGATIONS

The following table provides information about certain of the Company's significant contractual obligations as at December 31, 2014. This table presents the undiscounted principal cash flows payable in respect of financial liabilities.

Payments due by fiscal year:

($ thousand)	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due after 3 years	Total
Financial liabilities					
Accounts payable and accruals	$ 275,249	$ –	$ –	$ –	**$ 275,249**
Long-term debt(i)	681	1,005	1,005	9,671	**12,362**
Foreign exchange contracts	2,969	–	–	–	**2,969**
Commodity futures contracts	6,223	–	–	–	**6,223**
Interest rate swaps(i)	4,740	–	7,748	–	**12,488**
Other liabilities	3,982	1,040	862	1,682	**7,566**
	$ 293,844	**$ 2,045**	**$ 9,615**	**$ 11,353**	**$ 316,857**
Commitments					
Contractual obligations including operating leases	83,636	49,138	36,226	136,147	**305,147**
Total	**$ 377,480**	**$ 51,183**	**$ 45,841**	**$ 147,500**	**$ 622,004**

(i) *Does not include contractual interest payments*

As at December 31, 2014, the Company had entered into construction contracts of $27.9 million relating to the prepared meats network transformation project (2013: $158.4 million).

Management is of the opinion that its cash flow, cash on hand, and sources of financing provide the Company with sufficient resources to finance ongoing business requirements and its planned capital expenditure program for at least the next 12 months. Additional details concerning financing are set out in Note 15 and Note 21 of the Company's 2014 audited consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Through the normal course of business the Company is exposed to financial and market risks that have the potential to affect its operating results. In order to manage these risks, the Company operates under risk management policies and guidelines which govern the hedging of price and market risk in the foreign exchange, interest rate, and commodity markets, as well as funding and investing activities.

The Company engages in hedging to manage price and market risk associated with core operating exposures and does not engage in significant trading activity of a speculative nature.

The Company's Risk Management Committee meets frequently to discuss current market conditions, review current hedging programs and trading activity, and approve any new hedging or trading strategies.

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 fair values and notional amounts of derivative financial instruments as at December 31 are shown below:

	2014			2013		
($ thousands)	**Notional amount(i)**	**Fair value Asset**	**Liability**	Notional amount(i)	Fair value Asset	Liability
Cash flow hedges						
Cross-currency interest rate swaps	**$ –**	**$ –**	**$ –**	US$ 313,000	$ 5,903	$ 31,643
Foreign exchange contracts(ii)	**159,032**	**340**	**2,964**	225,714	–	2,854
Commodity future contracts(ii)	**10,879**	**1,339**	**–**	16,509	–	240
Fair value hedges						
Commodity contracts(ii)	**$ 7,990**	**$ 824**	**$ –**	$ 38,747	$ 381	$ –
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ 1,180,000**	**$ –**	**$ 12,488**	$1,180,000	$ –	$ 18,764
Foreign exchange contracts(ii)	**147,489**	**439**	**5**	134,814	–	187
Commodity contracts(ii)	**414,948**	**11,687**	**6,223**	494,445	3,965	2,588
Total fair value		**$ 14,629**	**$ 21,680**		$ 10,249	$ 56,276
Current		**$ 14,629**	**$ 13,932**		$ 8,366	$ 43,548
Non-current		**–**	**7,748**		1,883	12,728
Total fair value		**$ 14,629**	**$ 21,680**		$ 10,249	$ 56,276

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

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

The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding long-term debt) approximate their carrying value due to their short-term nature.

The carrying value of long-term debt as at December 31, 2014 approximates its fair value. The fair value of long-term debt as at December 31, 2013 was $1,035.2 million as compared to its carrying value of $954.0 million on the consolidated balance sheet (refer to Note 15 of the

Company's 2014 audited consolidated financial statements). The fair value of the Company's long-term debt has been classified as Level 2 in the fair value hierarchy and was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

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

Derivatives not designated in a formal hedging relationship are classified as held-for-trading. Net gains (losses) on financial instruments held-for-trading consist of realized and unrealized gains (losses) on derivatives that were de-designated or were otherwise not in a formal hedging relationship.

For the year ended December 31, 2014, the Company recorded a loss of $27.9 million (2013: loss of $10.2 million) on financial instruments held for trading. During 2014, the held-for-trading loss was mainly attributed to a loss in commodity exchange traded contracts which hedge and offset price risk volatility inherent in the hog operational business.

For the year ended December 31, 2014, the pre-tax amount of hedge ineffectiveness recognized in earnings was a loss of $0.2 million (2013: gain of $3.2 million).

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

($ thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange forward contracts	$ –	$ 779	$ –	$ 779
Commodity future contracts	13,850	–	–	13,850
	$ 13,850	**$ 779**	**$ –**	**$ 14,629**
Liabilities:				
Foreign exchange forward contracts	$ –	$ 2,969	$ –	$ 2,969
Commodity future contracts	6,223	–	–	6,223
Interest rate swaps	–	12,488	–	12,488
	$ 6,223	**$ 15,457**	**$ –**	**$ 21,680**

There were no transfers between levels during the year ended December 31, 2014. 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 reassessing categorization at the end of each reporting period.

Capital

The Company's objective is to maintain a cost effective capital structure that supports its long-term growth strategy and maximizes operating flexibility. In allocating capital to investments to support its earnings goals, the Company establishes internal hurdle return rates for capital initiatives. Capital projects are generally financed with internal cash flows and senior debt where required.

The Company typically uses leverage in its capital structure to reduce the cost of capital. The Company's goal is to maintain its primary credit ratios and leverage at levels that are designed to provide continued access to investment-grade credit pricing and terms. The Company measures its credit profile using a number of metrics, some of which are non-IFRS measures, primarily cash and cash equivalents, less long-term debt and bank indebtedness ("net cash (debt)") to earnings before interest, income taxes, depreciation, amortization, restructuring and other related costs ("EBITDA"), and interest coverage.

In addition to senior debt and equity, the Company uses leases and very limited recourse accounts receivable securitization programs as additional sources of financing.

The Company has maintained a stable dividend distribution that is based on a long-term sustainable net earnings base. From time to time, the Company has purchased shares for cancellation pursuant to normal course issuer bids and to satisfy awards under its Share Incentive Plan.

For the year ended December 31, 2014, total equity increased by $602.5 million to $2,244.5 million, largely due to higher net earnings as a result of the gain on sale attributable to Canada Bread. During the same period, total cash and cash equivalents net of debt increased by $937.5 million to a net cash position of $485.8 million.

Credit Risk

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

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, food service, industrial, and convenience channels. The Company performs ongoing credit evaluations of new and existing customers' financial condition, and reviews the collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. As at December 31, 2014, the Company did not have any accounts receivable greater than 60 days past due (2013: $0.2 million). The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at December 31, 2014, the Company has recorded an allowance for doubtful accounts of $0.0 million (2013: $0.1 million). Average accounts receivable days sales outstanding for the year is consistent with historic trends.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers, the large number and geographic dispersion of smaller customers, and the operation of the accounts receivable securitization as mentioned previously. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. The Company's two largest customers as at December 31, 2014 comprise approximately 26.3% (2013: 21.1%) of total sales before adjustments for discontinued operations.

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

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by monitoring forecasted and actual cash flows, minimizing reliance on any single source of credit, maintaining sufficient undrawn committed credit facilities and managing the maturity profiles of financial assets and financial liabilities to minimize re-financing risk.

As at December 31, 2014, the Company had available undrawn committed credit of $178.4 million (2013: $701.2 million) under the terms of its principal banking arrangements (refer to Note 15 of the audited consolidated financial statements). These banking arrangements are subject to certain covenants and other restrictions.

Market Risk

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk. In addition, the Company's cash balances are typically invested in short-term interest bearing assets.

The Company manages its interest rate risk exposure by using a mix of fixed and variable rate debt and periodically using interest rate derivatives to achieve the desired proportion of variable to fixed-rate debt.

At December 31, 2014, the Company had no variable rate debt (2013: $259.4 million with a weighted average interest rate of 3.5%). However, the Company is exposed to floating interest rates on its accounts receivable securitization program. As at December 31, 2014, the amount serviced pursuant to this program was $76.6 million at a weighted average interest rate of 2.1% (2013: $156.5 million at a weighted average interest rate of 2.1%). The maximum amount available to the Company under these programs is $110.0 million (2013: $170.0 million).

On March 14, 2014, the Company issued a notice of repayment of its notes payable, with a subsequent repayment on April 14, 2014 (Note 15 of the Company's 2014 audited consolidated financial statements). 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 has been discontinued. This has resulted in a reclassification of $9.6 million from accumulated other comprehensive income, to interest expense and other financing costs during the year ended

December 31, 2014. During the same period, the Company terminated cross-currency interest rate swaps maturing in 2021 and the remaining cross-currency swaps matured in 2014.

At December 31, 2014, the Company had fixed-rate debt of $10.5 million (2013: $699.0 million) with a weighted average notional interest rate of 4.4% (2013: 5.7%). Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net earnings, as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

As at December 31, 2014, 12.0% (2013: 62.7%) of the Company's outstanding debt and revolving accounts receivable securitization program were not exposed to interest rate movements.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that the value of financial instruments or cash flows will fluctuate due to changes in foreign exchange rates. The Company enters into currency derivative agreements to manage its current and anticipated exposures in the foreign exchange markets.

The Company's foreign exchange risk arises primarily from transactions in currencies other than Canadian dollars, U.S. dollar-denominated borrowings, and investments in foreign operations.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposures. The primary currencies to which the Company is exposed to are the U.S. dollar and the Japanese yen.

Commodity Price Risk

The Company is exposed to price risk related to commodities such as live hogs, fuel costs, and purchases of certain other agricultural commodities used as raw materials, including feed grains. The Company may use fixed price contracts with suppliers as well as exchange-traded futures and options to manage its exposure to price fluctuations on operating results.

Derivatives designated as a hedge of an anticipated or forecasted transaction are accounted for either as cash flow or fair value hedges and are managed within the Company's hedge accounting portfolio.

The Company applies the "normal purchases" classification to certain contracts that are entered into for the purpose of procuring commodities to be used in production.

For a comprehensive discussion on the Company's risk management practices and derivative exposures, please refer to Note 21 in the Company's 2014 audited consolidated financial statements.

CHANGE IN FAIR VALUE OF NON-DESIGNATED INTEREST RATE SWAPS

The change in fair value of non-designated interest rate swaps for the year ended December 31, 2014, was a gain of $6.3 million ($4.7 million after-tax) and was recorded in net earnings (2013: gain of $2.0 million ($1.5 million after-tax)).

SHARE CAPITAL

As at December 31, 2014, there were 142,955,989 voting common shares issued and outstanding (2013: 140,256,389). As at February 16, 2015, there were 142,955,989 common shares issued and outstanding.

In each of the quarters of 2014, the Company declared and paid cash dividends of $0.04 per voting common share, representing a total annual dividend of $0.16 per voting common share and aggregate dividend payments of $22.7 million (2013: $22.4 million).

EMPLOYEE BENEFIT PLANS

The cost of pensions and other post-retirement benefits earned by employees is actuarially determined using the projected unit credit method calculated on service and Management's best estimate of salary escalation, retirement ages of employees and expected health care costs. Management employs external experts to advise it when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses. These estimates are determined at the beginning of each year and re-evaluated if changes in estimates and market conditions indicate that there may be a significant effect on the Company's financial statements.

During 2014, the Company recorded a loss of $67.0 million through other comprehensive income related to the re-measurement of plan assets and liabilities. This includes a loss of $102.4 million related to changes in liability assumptions, primarily a change in the discount rate, and a further $21.5 million as a result of changes in other actuarial assumptions, primarily related to a change in mortality rate assumptions. This was partially offset by $57.9 million of returns on plan assets in excess of the discount rate. The above amounts exclude the results of discontinued operations.

During 2013, the Company recorded a gain of $249.3 million through other comprehensive income related to the re-measurement of plan assets and liabilities. This included $103.2 million related to returns on plan assets in excess of the discount rate, $106.8 million related to changes in liability assumptions, primarily an increase in the discount rate, and a further $39.3 million in experience adjustments on the plan obligation. The above amounts exclude the results of discontinued operations.

The Company operates both defined contribution and defined benefit plans. The assets of the defined benefit plans are invested primarily in foreign and domestic fixed

income and equity securities that are subject to fluctuations in market prices. Discount rates used to measure plan liabilities are based on long-term market interest rates. Fluctuations in these market prices and rates can impact pension expense and funding requirements. In 2014, the investment return before expenses on the Company's defined benefit pension plan assets was 10.1% compared to 14.6% in 2013. Also in 2014, long-term market interest rates decreased, impacting the discount rate used to measure the plan liabilities.

The Company's contributions are funded through cash flows generated from operations. Management anticipates that future cash flows from operations will be sufficient to fund expected future cash contributions. Contributions to defined benefit plans during 2014 were $8.1 million, including $1.8 million from discontinued operations.

The Company expects to contribute $10.9 million to the pension plans in 2015, inclusive of defined contribution and multi-employer plans.

SUBSEQUENT EVENT

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

SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information for each quarter in the last three fiscal years:

($ millions except earnings per share)		First Quarter[v]	Second Quarter[v]	Third Quarter[v]	Fourth Quarter[v]	Total[iv][v]
Sales[i]	**2014**	**$ 711.3**	**$ 831.8**	**$ 820.1**	**$ 794.0**	**$ 3,157.2**
	2013	689.4	759.3	757.8	748.3	2,954.8
	2012	741.8	792.6	779.4	761.4	3,075.1
Net earnings (loss) from continuing operations[i]	**2014**	**$ (124.6)**	**$ (39.5)**	**$ (26.7)**	**$ (23.0)**	**$ (213.8)**
	2013	(30.6)	(38.4)	(24.5)	(47.9)	(141.4)
	2012[iii]	(19.8)	(16.7)	(12.2)	17.3	(31.4)
Net earnings (loss)	**2014**	**$ (132.0)**	**$ 898.9**	**$ (26.8)**	**$ (28.2)**	**$ 711.9**
	2013	(14.7)	0.0	15.5	511.4	512.2
	2012[iii]	(5.8)	26.0	26.0	50.3	96.6
Earnings (loss) per share from continuing operations[i]						
Basic[ii]	**2014**	**$ (0.89)**	**$ (0.28)**	**$ (0.19)**	**$ (0.16)**	**$ (1.51)**
	2013	(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
	2012[iii]	(0.14)	(0.12)	(0.09)	0.12	(0.23)
Diluted[ii]	**2014**	**$ (0.89)**	**$ (0.28)**	**$ (0.19)**	**$ (0.16)**	**$ (1.51)**
	2013	(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
	2012[iii]	(0.14)	(0.12)	(0.09)	0.12	(0.23)
Adjusted EPS[ii][vi]	**2014**	**$ (0.24)**	**$ (0.13)**	**$ (0.13)**	**$ (0.08)**	**$ (0.58)**
	2013	(0.24)	(0.25)	(0.19)	(0.41)	(1.08)
	2012[iii]	(0.07)	(0.06)	(0.02)	0.10	(0.05)
Earnings (loss) per share[i]						
Basic[ii]	**2014**	**$ (0.95)**	**$ 6.38**	**$ (0.19)**	**$ (0.20)**	**$ 5.03**
	2013	(0.11)	(0.02)	0.09	3.58	3.55
	2012[iii]	(0.04)	0.17	0.17	0.35	0.64
Diluted[ii]	**2014**	**$ (0.95)**	**$ 6.38**	**$ (0.19)**	**$ (0.20)**	**$ 5.03**
	2013	(0.11)	(0.02)	0.09	3.58	3.55
	2012[iii]	(0.04)	0.17	0.17	0.34	0.64

[i] *2013 and 2012 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

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

(iii) *2012 figures have been restated for the impact of adopting the revised International Accounting Standard 19 Employee Benefits ("IAS 19"). Refer to Note 32 of the Company's 2013 audited annual consolidated financial statements.*

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

(v) *Unless otherwise noted, all figures have been prepared in accordance with IFRS.*

(vi) *Refer to Non-IFRS Financial Measures starting on page 28.*

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

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

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

- transitional costs in the prepared meats business related to executing its network transformation strategy;
- margin expansion in the Meat Products Group due to a lag in pricing in the fresh pork business and price increases implemented in the prepared meats business in the second quarter of 2014;
- lower volume in the prepared meats business;
- improved primary pork processing margins and market values for pork by-products and increased labour and yield efficiencies in the fresh pork business;
- higher pork exports;
- higher market prices for hogs, partly offset by hedging positions in the hog production business;
- lower feed costs in the hog production business;
- changes in fair value of non-designated interest rate swaps, biological assets, and (gains) losses on commodity futures contracts;
- early redemption financing costs;
- restructuring and other related costs;
- the expense related to a modification of a long-term incentive plan, which was a decision made as a result of the then planned sale of Canada Bread;
- adjustments to gain on sale of divested businesses;
- recognition of legal and other professional fees associated with divestitures;
- accelerated depreciation of assets used to support divested businesses; and
- impairment of assets.

Quarterly sales in 2013 were affected by the following significant items:

- lower sales volume in the prepared meats business in the first quarter, that improved for the remainder of the year;
- lower sales volume in the fresh pork business;
- price increases implemented during 2013 at the prepared meats business;
- favourable sales mix in the prepared meats business;
- divestiture of the Company's potato processing facility in the first quarter of 2013;
- impact of a weaker Japanese yen on fresh pork export sales;
- higher market pricing for pork products; and
- divestiture of the Company's poultry agricultural operations in the third quarter of 2013.

Quarterly net earnings from continuing operations in 2013 were affected by the following significant items:

- adverse market conditions that reduced margins in primary pork and poultry processing, and hog production;
- price increases implemented during 2013 in the prepared meats business;
- higher raw material and inflationary costs in the prepared meats business;
- lower sales volume in the prepared meats business in the first quarter, that improved for the remainder of the year;
- lower sales volume in the fresh pork business;
- lower export margins, primarily to the Japanese market, in the fresh pork business;
- transitional costs associated with implementing the prepared meats strategy, including manufacturing and distribution inefficiencies associated with operating parallel legacy facilities;
- lower contributions from hedging programs in the hog production business;

- changes in fair value of non-designated interest rate swaps, biological assets, and gains/losses on commodity futures contracts;
- lower selling, general and administrative expenses;
- restructuring and other related costs;
- divestiture of the Company's potato processing facility during the first quarter of 2013;
- poultry quota assets that were sold in the second quarter of 2013, and subsequent sale in the third quarter of 2013;
- sale of the turkey agricultural operations in the third quarter of 2013;
- gain related to the de-designation of interest rate swaps from a hedge accounting relationship in the third quarter of 2013;
- gain due to a pension curtailment related to the discontinued operations of the Rothsay business in the third quarter of 2013;
- recoveries from insurance claims;
- sale of an investment property in Aurora, Ontario, in the third quarter of 2013; and
- recognition of legal and other professional fees associated with acquisitions and divestitures.

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

SUMMARY OF 2014 FOURTH QUARTER RESULTS

The following is a summary of sales by business segment:

($ millions) (Unaudited)	Fourth Quarter		
	2014	2013	Change
Meat Products Group	**$ 789.7**	$ 743.7	6.2%
Agribusiness Group	**4.3**	4.6	(6.6)%
Total Sales(i)	**$ 794.0**	$ 748.3	6.1%

(i) *2013 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

The following is a summary of Adjusted Operating Earnings by Business Segment:

($ millions) (Unaudited)	Fourth Quarter		
	2014	2013	Change
Meat Products Group	**$ (19.1)**	$ (42.6)	$ 23.6
Agribusiness Group	**5.4**	(10.0)	15.4
Protein Group	**$ (13.7)**	$ (52.6)	$ 38.9
Non-Allocated Costs in Adjusted Operating Earnings(ii)	**–**	(3.4)	3.4
Adjusted Operating Earnings(i)	**$ (13.7)**	$ (56.0)	$ 42.3

(i) *2013 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

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

Sales of $794.0 million for the fourth quarter increased 6.1% from last year, or 5.1% after adjusting for the impacts of foreign exchange, due to higher pricing across the Meat Products Group, offset by lower volumes in the prepared meats business.

Adjusted Operating Earnings for the fourth quarter was a loss of $13.7 million compared to a loss of $56.0 million last year, due to the factors discussed below.

During the second quarter of 2014, the Company implemented a price increase in its prepared meats business in response to rising raw material costs. This pricing action addressed the increase in input costs, however volumes in the quarter continued to be negatively impacted.

The fresh pork business experienced higher earnings as the benefit from declining hog input prices more than offset the impact of lower hog supplies in Western Canada. Earnings in the fresh poultry business were slightly improved over the fourth quarter last year, as improved poultry processing margins more than offset operational variances.

The prepared meats business incurred transitional costs of approximately $24.3 million during the fourth quarter of 2014, in line with the third quarter of 2014 and an increase from $15.3 million in the fourth quarter last year. These costs largely relate to duplicative overhead costs from legacy plants scheduled to be closed and commissioning activities at the new prepared meats facility in Hamilton, the largest in the Company's network.

In the Agribusiness Group, earnings increased primarily due to higher market prices for hogs and lower feed costs.

Net loss from continuing operations for the fourth quarter was $23.0 million (loss of $0.16 per share) compared to net loss from continuing operations of $47.9 million ($0.34 per share) last year. Adjusted Earnings per Share in the fourth quarter of 2014 was a loss of $0.08 compared to a loss of $0.41 last year.

SEASONALITY

The Company is sufficiently large and diversified that seasonal factors within each operation and business tend to offset each other; therefore, in isolation, they do not have a material impact on the Company's consolidated earnings. For example, in general, pork processing margins tend to be higher in the last half of the year when hog prices historically decline and, as a result, earnings from hog production operations tend to be lower. Strong demand for grilled meat products positively affects the fresh and prepared meats operations in the summer, while back-to-school promotions support increased sales of sliced meats and lunch items in the fall. Higher demand for turkey and ham products occurs in the spring and fourth quarter holiday seasons.

ENVIRONMENT

Maple Leaf Foods is committed to maintaining high standards of environmental responsibility and positive relationships in the communities where it operates. It operates within the framework of an environmental policy entitled "Our Environmental Commitment" that is approved by the Board of Directors' Environment, Health and Safety Committee.

The Company's environmental program is monitored on a regular basis by the Committee, including compliance with regulatory requirements and the use of internal environmental specialists and independent, external environmental experts. The Company continues to invest in environmental infrastructure related to water, waste, and air emissions to ensure that environmental standards continue to be met or exceeded, while implementing procedures to reduce the impact of operations on the environment. In 2014, the Company closed a number of facilities as part of its network transition under the Plan. In each case, environmental assessments were done to ensure that environmental matters were appropriately addressed during decommissioning activities.

Expenditures related to current environmental requirements are not expected to have a material effect on the financial position or earnings of the Company. However, there can be no assurance that certain events will not occur that will cause expenditures related to the environment to be significant and have a material adverse effect on the Company's financial condition or results of operations. Such events could include, but not be limited to, additional environmental regulation or the occurrence of an adverse event at one of the Company's locations.

As a large food company, there are health, environmental, and social issues that go beyond short-term profitability that Management believes must shape its business if the Company is to realize a sustainable future. Increasingly, sound environmental sustainability practices are becoming a key component of maintaining a competitive advantage. The Company approved a set of metrics for measuring progress on sustainability for key focus areas such as climate change, water consumption reduction and waste reduction, including food waste and moving toward greater packaging sustainability. These metrics are supported by aggressive targets to reduce the Company's environmental footprint over the next 10 years.

As part of its sustainability initiatives, the Company is pursuing LEED® Gold certification for its new meat processing plant in Hamilton, Ontario. The LEED® verification process is expected to begin in 2015. LEED® stands for Leadership in Energy and Environmental Design and is widely recognized as a green building standard.

RISK FACTORS

The Company operates in the food processing and agricultural businesses, and is therefore subject to risks and uncertainties related to this business that may have adverse effects on the Company's results of operations and financial condition. The following risk factors should be considered carefully. These risk factors, along with other risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information (including any financial outlooks) relating to the Company.

Risks Related to the Business of Maple Leaf Foods

Focus on Protein Business

In 2013 and 2014, the Company sold a majority of its non-protein operations including potato products, rendering services, pasta products and fresh and frozen bakery operations. The Company is primarily a protein business and as a result it is possible that earnings volatility may increase and synergies and economies of scale will be forgone. Each of these factors may have a material adverse effect on the Company's financial condition and results of operations.

Risk of Returning or not Returning Capital to Shareholders

The Company has retained funds realized on the sales of its potato products, rendering services, pasta products and fresh and frozen bakery operations after the repayment of debt. There can be no assurance that the Company will return any funds to shareholders. In addition, if funds are returned to shareholders, there can be no assurance as to the exact mechanism by which such funds will be returned to shareholders. Furthermore, a return of funds or a failure to return funds to shareholders may have a material adverse effect on the Company's share price.

Implementing the Value Creation Plan

The Plan announced in October 2010 is complex, lengthy, and transformational. In particular, the Plan entails the construction of one large-scale facility, and the closure of eight plants, and expansion of three others. The Company has also reconfigured its distribution systems into two large distribution centers. The Plan is close to reaching its completion but considerable work still remains including the transfer of production from two remaining plants to the new large scale plant and the closure of the remaining plant.

There can be no assurance that the Company will be successful in achieving its expected benefits. As with any complex project or plan, events will transpire outside the Company's control that were not anticipated or expected when the Plan was launched. These include: changes in the competitive landscape; changes in foreign exchange rates; and other unforeseen events. If the benefits of the plan are not fully achieved, it could have a material adverse effect on the Company's financial condition and results of operations.

Although the construction of the new plant and the plant expansions are complete, the ramp up of production is not and opportunity exists for increased startup costs; failure to achieve operating cost efficiencies; cost overruns in construction; delays in startup in portions of the project not yet completed; disruptions to service levels during the ramp up; loss of reputation with customers and adverse impacts on the quality of the Company's products; loss of volumes in realignment of product lines; duplicate costs associated with operating a parallel supply chain until legacy facilities are closed down; and competitive pressures resulting in loss of sales during transition periods. Any of these could have a material adverse effect on the Company's financial condition and results of operations.

As a result of these initiatives, the Company's operations will be more concentrated in fewer facilities resulting in the risk that any unforeseen disruption in such facilities could have a greater effect on the operations of the Company as a whole.

Leverage and Availability of Capital

The ability of the Company to secure short-term and long-term financing on terms acceptable to the Company is critical to grow and fund business growth and manage its liquidity. The ability to secure such additional capital on commercially favourable and acceptable terms will, in part be determined by achieving financial objectives of the Plan. The failure or inability of the Company to secure short-term and long-term financing in the future on terms that are commercially reasonable and acceptable to the Company could have a significant impact on the Company's opportunity for growth. Even if the Company does successfully raise additional capital when needed, if it issues equity securities, investors will be diluted, and if it raises additional debt, it will be further leveraged and could be subject to restrictive covenants, such as restrictions on paying dividends or pledge of assets.

Systems Conversion, Standardization and Common Systems

The Company regularly implements process improvement initiatives to simplify and harmonize its systems and processes to optimize performance and reduce the risk of errors in financial reporting. The Company has largely completed an initiative to replace its information systems with SAP, an integrated enterprise-wide computing system. However, there cannot be any guarantee that the implementation will improve current processes or operating results or reduce the risk of errors in financial reporting. Any of these failures could have a material adverse impact on the Company's financial condition and results of operations.

The Company continues to provide, among other things, information technology services to certain of its formerly owned operations under transitional arrangements with the purchasers on a cost recovery basis. The Company has developed a plan to reduce the size and costs of information technology systems to fit its remaining operations at the end of the transitional assistance period. There can be no assurance that the Company will be fully successful in eliminating these costs at the end of the transitional assistance period or that after the reduction the information systems will maintain their accuracy and reliability. Any of these failures could have a material adverse impact on the Company's financial condition and results of operations.

Food Safety and Consumer Health

The Company is subject to risks that affect the food industry in general, including risks posed by food spoilage, accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. The Company's products are susceptible to contamination by disease-producing organisms, or pathogens, such as E. coli, salmonella and listeria. There is a risk that these pathogens, as a result of food processing, could be present in the Company's products. The Company actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing

facilities and distribution systems and by maintaining prudent levels of insurance. However, the Company cannot assure that such systems, even when working effectively, will eliminate the risks related to food safety. The Company could be required to recall certain of its products in the event of contamination or adverse test results or as precautionary measures, similar to other recalls initiated in the past. There is also a risk that not all of the product subject to the recall will be properly identified, or that the recall will not be successful or not be enacted in a timely manner. Any product contamination could subject the Company to product liability claims, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales. Any of these events could have a material adverse impact on the Company's financial condition and results of operations.

Business Acquisitions, Divestitures, and Capital Expansion Projects

While the Company's focus has been integration of existing operations and supply chain optimization, the Company continues to review opportunities for strategic growth through acquisitions. Any acquisitions may involve large transactions or realignment of existing investments, and present financial, managerial and operational challenges, which, if not successfully overcome, may reduce the Company's profitability. These risks include: the diversion of Management's attention from existing core businesses; difficulties integrating or separating personnel, financial, and other systems; adverse effects on existing business relationships with suppliers and customers; inaccurate estimates of the rate of return on acquisitions or investments; inaccurate estimates of fair value made in the accounting for acquisitions and amortization of acquired intangible assets, which could reduce future reported earnings; potential loss of customers or key employees of acquired businesses; and indemnities and potential disputes with the buyers or sellers. Any of these items could materially adversely affect the Company's financial condition and results of operations.

The Company may, from time to time, determine that certain aspects of its operations are not required to be owned to support its core business operations and may seek to sell an operation if it believes it can realize sufficient value from its sale. Such a sale may divert Management's attention from existing core businesses during the sale process, create difficulties in separating personnel, financial, and other systems, and cause adverse effects on existing business relationships with suppliers and customers. Any of these items could materially adversely affect the Company's financial condition and result in a reduction of earnings beyond the earnings of any operation to be sold.

Pension Plan Assets and Liabilities

In the normal course of business, the Company provides post-retirement pension benefits to its employees under both defined contribution and defined benefit pension plan arrangements. The funded status of the plans significantly affects the net periodic benefit costs of the Company's pension plans and the ongoing funding requirements of those plans. Among other factors, changes in interest rates, mortality rates, early retirement rates, and the market value of plan assets can affect the level of plan funding required, increase the Company's future funding requirements, and cause volatility in the net periodic pension cost as well as the Company's financial results. Furthermore, the Company has merged, and is in the process of merging, a number of its defined benefit pension plans. The funding status of the individual plans depends, in part, on whether the mergers are approved. Failure by the regulators to approve the mergers could also result in an increase to the Company's funding requirements. Any increase in pension expense or funding requirements could have a material adverse impact on the Company's financial condition and results of operations.

Hog and Pork Market Cyclicality and Supply

The Company's results of operations and financial condition are partially dependent upon the cost and supply of hogs as well as the selling prices for fresh meat products, both of which are influenced by constantly changing market forces of supply and demand over which the Company has little or no control. These prices, for the most part, are denominated in or related to U.S. dollars, which adds further variability due to fluctuations in exchange rates. The North American primary pork processing markets are highly competitive, with major and regional companies competing in each market. The market prices for pork products regularly experience periods of supply and demand imbalance and are sensitive to changes in industry processing capacity. Other factors that can influence the supply and market price of live hogs include: fluctuations in the size of herds maintained by North American hog suppliers; environmental and conservation regulations; economic conditions; the relative cost of feed for hogs; weather; livestock diseases; and changes to foreign jurisdiction restrictions on drugs, vitamin and feed additives used in hogs raised in Canada. There can be no assurance that all or part of any such increased costs experienced by the Company from time to time can be passed along to consumers of the Company's products directly or in a timely manner or that meat restricted from certain foreign markets can be sold at acceptable prices. The factors described above may also impact the supply of hogs available for processing at the Company's pork processing plants by negatively impacting the financial strength of the various independent farming operations upon which the Company relies to meet its requirements for hogs. Any of these could have a material adverse effect on the Company's financial condition and results of operations.

Livestock

The Company's operations and the demand for the Company's products can be significantly affected by outbreaks of disease among livestock, or attributed to livestock whether it occurs within the Company's production operations or in the operations of third parties.

The Company monitors herd health status and has strict bio-security procedures and employee training programs throughout its hog production system and ensures the animals receive veterinary medications as required. However, there is no guarantee these processes will not fail. In addition, not all livestock procured by the Company may be subject to these processes, as the majority of hog and poultry livestock processed by the Company is purchased from independent third parties. In addition to risks associated with maintaining the health of the Company's livestock, any outbreak of disease elsewhere in the world could reduce consumer confidence in the meat products affected by the particular disease and generate adverse publicity. Accordingly, there can be no assurance that an outbreak of animal disease in Canada or elsewhere will not have a material adverse effect on the Company's financial condition and results of operations.

The Company is increasing its committed sales of raised without antibiotic pork and meat products and in turn expanding the portion of its hog supply raised without antibiotics. Hogs raised without antibiotics have a significantly higher cost of production and command higher prices. If the Company fails to find a market or buyer willing to pay the premium price for raised without antibiotic meat, the meat will have to be sold in conventional channels at the lower price conventionally raised meat commands.

Maple Leaf Foods has developed a comprehensive internal contingency plan for dealing with animal disease occurrences and/or a more broad-based pandemic. It has taken steps to support the Canadian government in enhancing both the country's prevention measures and preparedness plans. There can be no assurance, however, that these prevention measures or plans will be successful in minimizing or containing the impact of an outbreak of animal disease and that such outbreak will not have a material adverse effect on the Company's financial condition and results of operations.

Foreign Currencies

A portion of the Company's revenues and costs are either denominated in or directly linked to other currencies (primarily U.S. dollars and Japanese yen). In periods when the Canadian dollar has appreciated both rapidly and materially against these foreign currencies, revenues linked to U.S. dollars or Japanese yen are immediately reduced, while the Company's ability to change prices or realize natural hedges may lag the immediate currency change. The effect of such sudden changes in exchange rates can have a significant immediate impact on the Company's earnings. Due to the diversity of the Company's operations, normal fluctuations in other currencies do not generally have a material impact on the Company's profitability in the short term due to either natural hedges and offsetting currency exposures (for example, when revenues and costs are both linked to other currencies) or the ability in the near term to change prices of its products to offset adverse currency movements. However, as the Company competes in international markets, and faces competition in its domestic markets from U.S. competitors, significant changes in the Canadian to U.S. dollar exchange rate can have, and have had, significant effects on the Company's relative competitiveness in its domestic and international markets, which can have, and have had, significant effects on the Company's financial condition and results of operations.

Commodities

The Company is a purchaser of, and its business is dependent on, certain commodities in the course of normal operations, such as feed grains, livestock, and energy (oil-based fuel, natural gas, and electricity). Commodity prices are subject to fluctuation and such fluctuations are sometimes severe. The Company may use commodity futures and options for hedging purposes to reduce the effect of changing prices in the short term, but such hedges may not be successful in mitigating this commodity price risk and may, in some circumstances, subject the Company to loss. On a longer-term basis, the Company attempts to manage the risk of increases in commodities and other input costs by increasing the prices it charges to its customers; however, no assurance can be given that customers will continue to purchase the Company's products if prices rise. Any fluctuations in commodity prices that the Company is unable to properly hedge or mitigate could have a material adverse effect on the Company's financial condition and results of operations.

International Trade

The Company exports significant amounts of its products to customers outside of Canada and certain of its inputs are affected by global commodity prices. The Company's international operations are subject to inherent risks, including: change in the free flow of food products between countries; fluctuations in currency values; discriminatory fiscal policies; unexpected changes in local regulations and laws; and the uncertainty of enforcement of remedies in foreign jurisdictions. In addition, foreign jurisdictions could impose tariffs, quotas, trade barriers, and other similar restrictions on the Company's international sales, as well as subsidize competing agricultural products. All of these risks could result in increased costs or decreased revenues, either of which could have a material adverse effect on the Company's financial condition and results of operations.

Regulation

The Company's operations are subject to extensive regulation by government agencies in the countries in which it operates, including: the Canadian Food Inspection Agency; the Ministry of Agriculture in Canada; provincial Ministries of the Environment in Canada; and the United States Department of Agriculture. These agencies regulate the processing, packaging, storage, distribution, advertising, and labeling of the Company's products, including food safety standards. The Company's manufacturing facilities and products are subject to inspection by federal, provincial, and local authorities. The Company strives to maintain compliance with all laws and regulations and maintains all permits and licenses relating to its operations. Nevertheless, there can be no assurance that the Company is in compliance with such laws and regulations, has all necessary permits and licenses, and will be able to comply with such laws and regulations, permits and licenses in the future. Failure by the Company to comply with applicable laws and regulations and permits and licenses could subject the Company to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the Company's financial condition and results of operations. Various governments throughout the world are considering regulatory proposals relating to genetically modified organisms, drug residues in food ingredients, food safety, and market and environmental regulation that, if adopted, may increase the Company's costs. There can be no assurance that additional regulation will not be enacted. In fact, new regulations and standards were enacted to address the risks associated with certain pathogens in response to the Company's August 2008 recall of ready-to-eat meat products. If any of these or other proposals or regulations are enacted, the Company could experience a disruption in the supply or distribution of its products, increased operating costs, and significant additional cost for capital improvements. The Company may be unable to pass on the cost increases associated with such increased regulatory burden to its customers without incurring volume loss as a result of higher prices. Any of these events could have a material adverse effect on the Company's financial condition and results of operations.

Legal Matters

In the normal course of its operations, the Company becomes involved in various legal actions, either as plaintiff or defendant, relating to its commercial relationships, employment matters, product liabilities, in addition to other things. The Company generally believes that the resolution of these claims will not have a material effect on the Company based, in part, on the availability of insurance. However, the final outcome with respect to actions outstanding, pending or with respect to future claims cannot be predicted with certainty. Furthermore, even if any action is settled within insurance limits, this can result in increases to the Company's insurance premiums. Therefore there can be no assurance that their resolution will not have a material adverse effect on the Company's financial condition or results of operations.

Consumer Trends

Success of the Company depends in part on the Company's ability to respond to market trends and produce innovative products that anticipate and respond to the changing tastes and dietary habits of consumers. From time to time certain products are deemed more or less healthy and this can impact consumer buying patterns. The Company's failure to anticipate, identify, or react to these changes or to innovate could result in declining demand and prices for the Company's products, which in turn could have a material adverse effect on the Company's financial condition and results of operations.

Environmental Regulation

The Company's operations are subject to extensive environmental laws and regulations pertaining to the discharge of materials into the environment and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Failure to comply could have serious consequences, such as criminal as well as civil penalties, liability for damages, and negative publicity for the Company. No assurances can be given that additional environmental issues relating to presently known matters or identified sites or to other matters or sites will not require additional expenditures, or that requirements applicable to the Company will not be altered in ways that will require the Company to incur significant additional costs. In addition, certain facilities of the Company have been in operation for many years and, over time, the Company and other prior operators of such facilities may have generated and disposed of waste which is or may be considered to be hazardous. Future discovery of previously unknown contamination of property underlying or in the vicinity of the Company's present or former properties or manufacturing facilities and/or waste disposal sites could require the Company to incur material unforeseen expenses. Occurrences of any such events could have a material adverse effect on the Company's financial condition and results of operations.

Consolidating Customer Environment

As the retail grocery and foodservice trades continue to consolidate and customers grow larger and more sophisticated, the Company is required to adjust to changes in purchasing practices and changing customer requirements. Failure to do so could result in losing sales volumes and market share. The Company's net sales and profitability could also be affected by deterioration in the financial condition of, or other adverse developments in, the relationship with one or more of its major customers. Any of these events could have a material adverse effect on the Company's financial condition and results of operations.

Competitive Industry Environment

The food industry is intensely competitive. In many product categories in which the Company operates there are low barriers to entry. Competition is based on product availability, product quality, price, effective promotions, and the ability to target changing consumer preferences. The Company experiences price pressure from time to time as a result of competitors' promotional efforts and in product categories and markets characterized by low capacity utilization. Increased competition could result in reduced sales, margins, profits, and market share, all of which could have a material adverse effect on the Company's financial condition and results of operations.

Employment Matters

The Company and its subsidiaries have approximately 12,000 full-time and part-time employees, which include salaried and union employees, many of whom are covered by collective agreements. These employees are located in various jurisdictions, each such jurisdiction having differing employment laws. While the Company maintains systems and procedures to comply with the applicable requirements, there is a risk that failures or lapses by individual managers could result in a violation or cause of action that could have a material adverse effect on the Company's financial condition and results of operations. Furthermore, if a collective agreement covering a significant number of employees or involving certain key employees were to expire or otherwise cease to have effect leading to a work stoppage, there can be no assurance that such work stoppage would not have a material adverse effect on the Company's financial condition and results of operations. The Company's success is also dependent on its ability to recruit and retain qualified personnel. The loss of one or more key personnel could have a material adverse effect on the Company's financial condition and results of operations.

Product Pricing

The Company's profitability is dependent, in large part, on the Company's ability to make pricing decisions regarding its products that, on one hand encourage consumers to buy, yet on the other hand recoup development and other costs associated with those products. Products that are priced too highly will not sell and products priced too low will not generate an adequate return. Accordingly, any failure by the Company to properly price its products could have a material adverse effect on the Company's financial condition and results of operations.

Supply Chain Management

Successful management of the Company's supply chain is critical to the Company's success. Insufficient supply of products threatens the Company's ability to meet customer demands while over capacity threatens the Company's ability to generate competitive profit margins. Accordingly, any failure by the Company to properly manage the Company's supply chain could have a material adverse effect on the Company's financial condition and results of operations.

Strategic Risk Management

Successful identification and management of the strategic risks facing the Company from time to time is critical to the Company's success. Failure to properly adapt to changes in strategic risks (such as changes in technology, the food industry, customers, consumers, and competitors, among other things) could have a material adverse effect on the Company's financial condition and results of operations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Long-Lived Assets Valuation

The Company performs impairment testing annually for goodwill and indefinite life 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 Cash Generating Units ("CGUs") for the purpose of impairment testing.

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

The values associated with intangible assets and goodwill involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, and asset lives. These estimates and assumptions could affect the Company's future results if the

current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life intangible assets recognized in future periods.

Measurement of Fair Values

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

When measuring fair value of an asset or liability, the Company uses market observable data to the extent that it is possible. To the extent that these estimates differ from those realized, the measured asset or liability, net earnings, 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 Notes 10, 11, 12, 13 and 21 of the Company's 2014 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, and comprehensive income (loss) will be affected in future periods.

Biological Assets

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

Management uses estimates for some of the inputs into the determination of fair value. To the extent that actual values differ from estimates, biological assets, net earnings and comprehensive income (loss) will be affected in future periods.

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, and comprehensive income (loss) will be affected in future periods.

Employee Benefit Plans

The cost of pensions and other post-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.

Significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and net benefit plan expenses are as follows:

	2014	2013
Weighted average discount rate used to calculate the net benefit plan expense	**4.50%**	3.75%
Weighted average discount rate used to calculate year end benefit obligation	**3.75%**[(i)]	4.50%
Rate of salary increase	**3.50%**	3.50%
Medical cost trend rates	**5.00%**	5.50%

[(i)] *4.25% was used for the plans related to Canada Bread as at February 12, 2014.*

Information about the sensitivity of the plan obligations to changes in assumptions is presented below:

			Increase (decrease) in defined benefit obligation		
Actuarial Assumption *($ thousands)*		**Sensitivity**	**Total pensions**	**Other post-retirement benefits**	**Total**
Period end Discount rate	3.75%	0.25% decrease	$ 35,489	$ 1,706	$ 37,195
		0.25% increase	$ (34,422)	$ (1,542)	$ (35,964)
Rate of salary increase	3.50%	0.50% increase	$ 3,183	N/A	$ 3,183
Mortality	110% of 2014 Private Sector Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B	Increase of 1 year in expected lifetime of plan participants	$ 32,528	$ 1,979	$ 34,507

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, 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, 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, and comprehensive income (loss) in future periods.

Some of the Company's stock-based payment plans are settleable 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, 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, and comprehensive income (loss) in future periods.

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

For the first time beginning on January 1, 2014, the Company adopted certain standards and amendments. As required by IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Financial Assets and Liabilities

Beginning on January 1, 2014, the Company adopted the amendments to IAS 32 Financial Instruments: Presentation on a retrospective basis with restatement. The amendments to IAS 32 clarify when an entity has a legally enforceable right to offset, as well as clarify, when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The adoption of the amendments to IAS 32 did not have a material impact on the Company's consolidated financial statements.

Levies

Beginning January 1, 2014, the Company adopted International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies on a retrospective basis with restatement. This IFRIC is applicable to all levies other than outflows that are within the scope of other standards, fines, or penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payments, as identified by the relevant legislation, occurs. The adoption of IFRIC 21 did not have a material impact on the Company's consolidated financial statements.

Novation of Derivatives and Continuation of Hedge Accounting

Beginning January 1, 2014, the Company adopted IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 Financial Instruments: Recognition and Measurement). The amendments added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when novation that was not contemplated in the original hedging documentation meets specific criteria. The adoption of the amendments to IAS 39 did not have a material impact on the Company's consolidated financial statements.

Annual Improvements to IFRS (2010 - 2012)

Beginning on July 1, 2014, the Company adopted, on a prospective basis, the amendments to IFRS 2 Share-based Payments included in the annual improvements to IFRS (2010-2012). The amendment clarified the terms of vesting conditions. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Revenue Recognition

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

Employee Benefits

In November 2013, the IASB published amendments to IAS 19 Employee Benefits. The effective date for these amendments is annual periods beginning on or after July 1, 2014. These amendments are to be applied retrospectively. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions 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 Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2015. The Company does not expect the adoption of the amendments to IAS 19 to have a material impact on the Company's consolidated financial statements.

Annual Improvements to IFRS (2010 – 2012), (2011 – 2013), and (2012 – 2014) Cycles

In December 2013, the IASB issued narrow-scope amendments to a total of 12 standards as part of its annual improvements process. Amendments were made to clarify items 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. Special transitional requirements have been set for some of these amendments. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2015 and 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Financial Instruments – Recognition and Measurement

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is accumulated and communicated to Management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. The Company's Management, under the direction and supervision of the Company's Chief Executive Officer and Chief Financial Officer, is also responsible for establishing and maintaining internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures as at December 31, 2014, and have concluded that such controls and procedures are effective. There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2014, and ended on December 31, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. On January 1, 2014, the Company adopted the Committee of Sponsoring Organizations new internal control framework ("COSO 2013"), which did not have a material impact on the Company's internal controls over financial reporting and disclosure controls and procedures.

NON-IFRS FINANCIAL MEASURES

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

Adjusted Operating Earnings

Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes from continuing operations adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods

when the underlying asset is sold or transferred. The table below provides a reconciliation of net earnings as reported under IFRS in the audited consolidated statements of earnings to Adjusted Operating Earnings for the years ended, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

	December 31, 2014			
($ thousands)	Meat Products Group	Agribusiness Group	Unallocated costs	Consolidated
Loss from continuing operations				**$ (213,813)**
Income taxes				**(74,556)**
Loss before income taxes from continuing operations				**$ (288,369)**
Interest expense and other financing costs				**130,844**
Change in the fair value of non-designated interest rate swaps				**(6,275)**
Other (income) expense	**4,462**	**(1,313)**	**13,455**	**16,604**
Restructuring and other related costs	**37,237**	**–**	**30,355**	**67,592**
Earnings (loss) from Continuing Operations	**$ (80,381)**	**$ 8,642**	**$ (7,865)**	**$ (79,604)**
Decrease (increase) in fair value of biological assets(i)	**–**	**–**	**(530)**	**(530)**
Unrealized (gain) loss on commodity futures contracts(ii)	**–**	**–**	**(4,087)**	**(4,087)**
Modification impact to long-term incentive plan(iii)	**–**	**–**	**8,734**	**8,734**
Adjusted Operating Earnings(iv)	**$ (80,381)**	**$ 8,642**	**$ (3,748)**	**$ (75,487)**

(i) *Refer to Note 7 of the Company's 2014 audited consolidated financial statements for further details regarding biological assets.*

(ii) *Realized and unrealized gains/losses on commodity futures contracts are reported within cost of goods sold in the Company's 2014 audited consolidated financial statements.*

(iii) *Relates to an $8.7 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

(iv) *Figures exclude the results from the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 25 of the Company's 2014 audited consolidated financial statements.*

	December 31, 2013			
($ thousands)	Meat Products Group	Agribusiness Group	Unallocated costs	Consolidated
Loss from continuing operations				$ (141,425)
Income taxes				(51,500)
Loss before income taxes from continuing operations				$ (192,925)
Interest expense and other financing costs				68,872
Change in the fair value of non-designated interest rate swaps				(2,022)
Other (income) expense	(47,745)	(1,036)	(22,960)	(71,741)
Restructuring and other related costs	73,466	–	1,745	75,211
Earnings (loss) from Continuing Operations	$ (86,192)	$ (38,258)	$ 1,845	$ (122,605)
Decrease (increase) in fair value of biological assets(i)	–	–	(13,540)	(13,540)
Unrealized (gain) loss on commodity futures contracts(ii)	–	–	(315)	(315)
Adjusted Operating Earnings(iii)	$ (86,192)	$ (38,258)	$ (12,010)	$ (136,460)

(i) *Refer to Note 7 of the Company's 2014 audited consolidated financial statements for further details regarding biological assets.*

(ii) *Realized and unrealized gains/losses on commodity futures contracts are reported within cost of goods sold in the Company's 2014 audited consolidated financial statements.*

(iii) *Figures exclude the results from the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 25 of the Company's 2014 audited consolidated financial statements.*

Adjusted Earnings per Share

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

	December 31,	
($ per share)	**2014**	2013[(i)]
Basic earnings (loss) per share from continuing operations	**$ (1.51)**	$ (1.01)
Restructuring and other related costs[(ii)]	**0.36**	0.40
Items included in other income not considered representative of on-going operations[(iii)]	**0.08**	(0.39)
Change in the fair value of non-designated interest rate swaps[(iv)]	**(0.03)**	(0.01)
Change in the fair value of unrealized (gain) loss on commodity futures contracts[(iv)]	**(0.02)**	–
Change in the fair value of biological assets[(iv)]	**–**	(0.07)
Other financing costs[(v)]	**0.50**	–
Modification impact to long-term incentive plan[(vi)]	**0.05**	–
Adjusted Earnings per Share[(vii)]	**$ (0.58)**	$ (1.08)

(i) *2013 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

(ii) *Includes per share impact of restructuring and other related costs, net of tax and non-controlling interest.*

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

(iv) *Includes per share impact of the change in fair value of non-designated interest rate swaps, unrealized and realized (gains) losses on commodity futures contracts and the change in fair value of biological assets, net of tax.*

(v) *Includes a $76.3 million early repayment premium to lenders, $12.7 million in financing costs, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings related to the settlement of interest rate swaps that are no longer designated as hedging instruments.*

(vi) *Relates to an $8.7 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

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

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization

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

	December 31,	
($ thousands)	**2014**	2013[(i)]
Loss from continuing operations	**$ (213,813)**	$ (141,425)
Income taxes	**(74,556)**	(51,500)
Loss before income taxes from continuing operations	**$ (288,369)**	$ (192,925)
Interest expense and other financing costs	**130,844**	68,872
Items included in other income not representative of on-going operations[(ii)]	**14,974**	(64,547)
Restructuring and other related costs	**67,592**	75,211
Change in the fair value of non-designated interest rate swaps, biological assets and unrealized and realized (gains) losses on commodity futures contracts	**(10,892)**	(15,877)
Modification impact to long-term incentive plan[(iii)]	**8,734**	–
Depreciation and amortization	**91,955**	80,587
Adjusted EBITDA	**$ 14,838**	$ (48,679)

(i) *2013 figures have been restated for the classification of the Bakery Products Group as discontinued operations. Refer to Note 25 of the Company's 2014 audited consolidated financial statements.*

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

(iii) *Relates to an $8.7 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

Net Cash (Debt)

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

	December 31,	
($ thousands)	**2014**	2013
Bank indebtedness	**$ –**	$ (4,408)
Current portion of long-term debt	**(472)**	(209,780)
Long-term debt	**(10,017)**	(744,212)
Sub total	**$ (10,489)**	$ (958,400)
Cash and cash equivalents	**496,328**	506,670
Net Cash (Debt)	**$ 485,839**	$ (451,730)

Return on Net Assets

Return on Net Assets is calculated by dividing tax effected earnings from operations (adjusted for items which are not considered representative of the underlying operations of the business) by average monthly net assets. Net assets are defined as total assets less cash, deferred tax assets and non-interest bearing liabilities. Management believes that RONA is an appropriate basis upon which to evaluate long-term financial performance.

FORWARD-LOOKING STATEMENTS

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

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

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

- risks associated with the Company focusing solely on the protein business;
- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with implementing and executing the Value Creation Plan;
- risks associated with the availability of capital;
- risks associated with changes in the Company's information systems and processes;

- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, and capital expansion projects;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;
- impact of a pandemic on the Company's operations;
- the Company's exposure to currency exchange risks;
- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- risks associated with complying with differing employment laws and practices, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- risks associated with pricing the Company's products;
- risks associated with managing the Company's supply chain; and
- risks associated with failing to identify and manage the strategic risks facing the Company.

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are discussed in more detail under the heading "Risk Factors" presented previously in this document. The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future EBITDA margins; capital expenditures; cash costs; and non-cash restructuring charges. These financial outlooks are presented to allow the Company to benchmark the results of the Value Creation Plan. These financial outlooks may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Independent Auditors' Report

To the Shareholders of Maple Leaf Foods Inc.

We have audited the accompanying consolidated financial statements of Maple Leaf Foods Inc., which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013, the consolidated statements of net earnings, other comprehensive income, changes in total equity and cash flow for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated statements present fairly, in all material respects, the consolidated financial position of Maple Leaf Foods Inc. as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada

February 25, 2015

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)	***Notes***	**As at December 31, 2014**	As at December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents	***4***	**$ 496,328**	$ 506,670
Accounts receivable	***5***	**60,396**	111,034
Notes receivable	***28***	**110,209**	115,514
Inventories	***6***	**270,401**	287,786
Biological assets	***7***	**105,743**	95,740
Income and other taxes recoverable	***24***	**–**	43,300
Prepaid expenses and other assets		**20,157**	17,921
Assets held for sale	***8***	**1,107**	5,206
		$ 1,064,341	$ 1,183,171
Property and equipment	***9***	**1,042,506**	1,323,318
Investment property	***10***	**3,312**	12,865
Employee benefits	***11***	**88,162**	117,615
Other long-term assets		**9,881**	16,628
Deferred tax asset	***24***	**74,986**	26,119
Goodwill	***12***	**428,236**	720,798
Intangible assets	***13***	**165,066**	198,578
Total assets		**$ 2,876,490**	$ 3,599,092
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	***15***	**$ –**	$ 4,408
Accounts payable and accruals		**275,249**	649,554
Provisions	***14***	**60,443**	54,853
Current portion of long-term debt	***15***	**472**	209,780
Income taxes payable	***24***	**26,614**	–
Other current liabilities	***16***	**24,383**	47,927
		$ 387,161	$ 966,522
Long-term debt	***15***	**10,017**	744,212
Employee benefits	***11***	**196,482**	174,503
Provisions	***14***	**17,435**	19,603
Other long-term liabilities	***17***	**20,899**	28,744
Deferred tax liability	***24***	**–**	23,516
Total liabilities		**$ 631,994**	$ 1,957,100
Shareholders' equity			
Share capital	***19***	**$ 936,479**	$ 905,216
Retained earnings		**1,228,815**	602,717
Contributed surplus		**79,652**	79,139
Accumulated other comprehensive loss	***18***	**(226)**	(4,593)
Treasury stock		**(224)**	(1,350)
Total shareholders' equity		**$ 2,244,496**	$ 1,581,129
Non-controlling interest		**–**	60,863
Total equity		**$ 2,244,496**	$ 1,641,992
Total liabilities and equity		**$ 2,876,490**	$ 3,599,092

Commitments and contingencies (Note 29)

Subsequent event (Note 34)

See accompanying Notes to the Consolidated Financial Statements.

On behalf of the Board:

MICHAEL H. MCCAIN
Director

DIANE MCGARRY
Director

CONSOLIDATED STATEMENTS OF NET EARNINGS

Years ended December 31, (In thousands of Canadian dollars, except share amounts)	*Notes*	**2014**	2013
			(Restated) *(Note 25)*
Sales		**$ 3,157,241**	$ 2,954,777
Cost of goods sold		**2,938,964**	2,773,934
Gross margin		**$ 218,277**	$ 180,843
Selling, general and administrative expenses		**297,881**	303,448
Loss from continuing operations before the following:		**$ (79,604)**	$ (122,605)
Restructuring and other related costs	*20*	**(67,592)**	(75,211)
Change in fair value of non-designated interest rate swaps	*21*	**6,275**	2,022
Other income (expense)	*22*	**(16,604)**	71,741
Loss before interest and income taxes from continuing operations		**$ (157,525)**	$ (124,053)
Interest expense and other financing costs	*23*	**130,844**	68,872
Loss before income taxes from continuing operations		**$ (288,369)**	$ (192,925)
Income taxes	*24*	**(74,556)**	(51,500)
Loss from continuing operations		**$ (213,813)**	$ (141,425)
Earnings from discontinued operations	*25*	**925,719**	653,588
Net earnings		**$ 711,906**	$ 512,163
Attributed to:			
Common shareholders		**$ 709,931**	$ 496,310
Non-controlling interest		**1,975**	15,853
		$ 711,906	$ 512,163
Earnings per share attributable to common shareholders:	*26*		
Basic and diluted earnings per share		**$ 5.03**	$ 3.55
Basic and diluted earnings (loss) per share from continuing operations		**$ (1.51)**	$ (1.01)
Weighted average number of shares (millions)		**141.2**	139.9

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Years ended December 31, (In thousands of Canadian dollars)	**2014**	2013 *(Restated)* *(Note 25)*
Net earnings	**$ 711,906**	$ 512,163
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Actuarial gains and losses (Net of tax of $17.0 million; 2013: $64.2 million)	**$ (50,869)**	$ 185,073
Total items that will not be reclassified to profit or loss	**$ (50,869)**	$ 185,073
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; 2013: $0.0 million)	**$ (557)**	$ (138)
Change in unrealized gains and losses on cash flow hedges (Net of tax of $1.5 million; 2013: $0.1 million)	**$ 4,125**	$ (840)
Total items that are or may be reclassified subsequently to profit or loss	**$ 3,568**	$ (978)
Other comprehensive income (loss) from continuing operations	**$ (47,301)**	$ 184,095
Other comprehensive income from discontinued operations[(i)] (Net of tax of $1.3 million; 2013: $6.5 million)	**(569)**	29,452
Total other comprehensive income (loss)	**$ (47,870)**	$ 213,547
Comprehensive income	**$ 664,036**	$ 725,710
Attributed to:		
Common shareholders	**$ 662,305**	$ 706,515
Non-controlling interest	**$ 1,731**	$ 19,195

[(i)] *The above amount includes a loss of $3.6 million, net of tax of $1.2 million for the year ended December 31, 2014 (2013: gain of $18.3 million, net of tax of $6.4 million) relating to actuarial gains and losses that will not subsequently be re-classified to profit or loss.*

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY

		Attributable to Common Shareholders							
(In thousands of Canadian dollars)	*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
					(Note 18)				
Balance at December 31, 2013		**$ 905,216**	**$ 602,717**	**$ 79,139**	**$ (4,593)**	**$ –**	**$ (1,350)**	**$60,863**	**$ 1,641,992**
Net earnings		**–**	**709,931**	**–**	**–**	**–**	**–**	**1,975**	**711,906**
Reclassification to assets held for sale	*25*	**–**	**–**	**–**	**799**	**(799)**	**–**	**–**	**–**
Other comprehensive income (loss)		**–**	**(54,083)**	**–**	**3,568**	**2,889**	**–**	**(244)**	**(47,870)**
Dividends declared ($0.16 per share)		**–**	**(22,656)**	**–**	**–**	**–**	**–**	**(3,017)**	**(25,673)**
Stock-based compensation expense		**–**	**–**	**27,501**	**–**	**–**	**–**	**–**	**27,501**
Disposal of business	*25*	**–**	**–**	**–**	**–**	**(2,090)**	**–**	**(59,577)**	**(61,667)**
Exercise of stock options		**31,263**	**–**	**–**	**–**	**–**	**–**	**–**	**31,263**
Shares purchased by RSU trust		**–**	**–**	**–**	**–**	**–**	**(11,000)**	**–**	**(11,000)**
Issuance of treasury stock		**–**	**(1,150)**	**(10,976)**	**–**	**–**	**12,126**	**–**	**–**
Modification of stock compensation plan	*27*	**–**	**(5,944)**	**(16,012)**	**–**	**–**	**–**	**–**	**(21,956)**
Balance at December 31, 2014		**$ 936,479**	**$ 1,228,815**	**$ 79,652**	**$ (226)**	**$ –**	**$ (224)**	**$ –**	**$ 2,244,496**

	Attributable to Common Shareholders							
(In thousands of Canadian dollars)	Share capital	Retained deficit	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
				(Note 18)				
Balance at December 31, 2012	$ 902,810	$ (72,701)	$ 75,913	$ (13,263)	$ –	$ (1,845)	$ 67,085	$ 957,999
Net earnings	–	496,310	–	–	–	–	15,853	512,163
Other comprehensive income (loss)	–	201,535	–	8,670	–	–	3,342	213,547
Dividends declared ($0.16 per share)	–	(22,427)	–	–	–	–	(25,417)	(47,844)
Stock-based compensation expense	–	–	12,604	–	–	–	–	12,604
Exercise of stock options	2,406	–	–	–	–	–	–	2,406
Issuance of treasury stock	–	–	(495)	–	–	495	–	–
Cash settlement of stock compensation	–	–	(14,391)	–	–	–	–	(14,391)
Modification of stock compensation plan	–	–	3,508	–	–	–	–	3,508
Other	–	–	2,000	–	–	–	–	2,000
Balance at December 31, 2013	$ 905,216	$ 602,717	$ 79,139	$ (4,593)	$ –	$ (1,350)	$ 60,863	$ 1,641,992

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

Years ended December 31, (In thousands of Canadian dollars)	*Notes*	**2014**	2013
CASH (USED IN) PROVIDED BY:			
Operating activities			
Net earnings		**$ 711,906**	$ 512,163
Add (deduct) items not affecting cash:			
Change in fair value of biological assets		**(530)**	(13,540)
Depreciation and amortization		**111,375**	141,818
Stock-based compensation		**27,501**	12,604
Deferred income taxes		**(26,533)**	52,847
Income tax current		**59,100**	23,443
Interest expense and other financing costs		**131,630**	68,496
Loss (gain) on sale of long-term assets		**1,018**	(2,643)
Gain on sale of business	*25*	**(1,000,968)**	(605,901)
Gain on sale of assets held for sale		**(1,736)**	(67,640)
Change in fair value of non-designated interest rate swaps		**(6,275)**	(2,022)
Change in fair value of derivative financial instruments		**(4,708)**	117
Impairment of assets (net of reversals)		**2,466**	5,837
Increase in pension liability		**18,794**	15,789
Net income taxes paid		**(1,442)**	(28,537)
Net settlement of financial instruments		**(23,631)**	–
Early repayment premium		**(76,311)**	–
Interest paid		**(43,867)**	(62,949)
Change in provision for restructuring and other related costs		**30,409**	55,497
Settlement of restricted share units		**(21,640)**	–
Other		**(5,741)**	(12,209)
Change in non-cash operating working capital		**(243,035)**	166,955
Cash (used in) provided by operating activities		**$ (362,218)**	$ 260,125
Financing activities			
Dividends paid		**$ (22,656)**	$ (22,427)
Dividends paid to non-controlling interest		**(24,621)**	(5,084)
Net decrease in long-term debt		**(698,889)**	(24,178)
Net payments on the credit facility		**(255,000)**	(255,000)
Exercise of stock options		**31,263**	2,406
Cash settlement of stock options		**–**	(14,391)
Payment of financing fees		**(3,769)**	(1,388)
Cash used in financing activities		**$ (973,672)**	$ (320,062)
Investing activities			
Additions to long-term assets		**$ (259,181)**	$ (361,155)
Acquisition of business	*33*	**–**	(922)
Capitalization of interest expense		**(5,504)**	(15,980)
Adjustment to sale of business	*25*	**(468)**	–
Proceeds from sale of business		**1,647,015**	744,811
Transaction costs on sale of business		**(28,227)**	–
Cash associated with divested business		**(23,011)**	–
Proceeds from sale of long-term assets		**4,224**	12,094
Proceeds from sale of assets held for sale		**6,108**	141,180
Purchase of treasury stock		**(11,000)**	–
Cash provided by investing activities		**$ 1,329,956**	$ 520,028
(Decrease) increase in cash and cash equivalents		**$ (5,934)**	$ 460,091
Net cash and cash equivalents, beginning of period		**502,262**	42,171
Net cash and cash equivalents, end of period	*4*	**$ 496,328**	$ 502,262
Net cash and cash equivalents is comprised of:			
Cash and cash equivalents		**$ 496,328**	$ 506,670
Bank indebtedness		**–**	(4,408)
Net cash and cash equivalents, end of period		**$ 496,328**	$ 502,262

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Years ended December 31, 2014 and 2013

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 consolidated financial statements of the Company as at and for the year ended December 31, 2014, include the accounts of the Company and its subsidiaries. The principle activities and composition of the Company are further described in Note 28. 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 25).

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

The consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2015.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Disposal of business

The consolidated financial statements have been prepared including the results of businesses that were disposed of during the current and prior years up until the date of sale.

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 businesses up to the date of sale. Comparative balance sheet and cash flow information has not been restated to reflect this.

The results of businesses sold or held for sale have been presented in the Consolidated Statements of Net Earnings and Consolidated Statements of Comprehensive Income (Loss) separately, net of tax. All comparative information presented in the Consolidated Statements of Net Earnings and related information in the notes has been re-stated to reflect this presentation. A full statement of net earnings for each divested business is included in Note 25.

(e) Use of Estimates and Judgements

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

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

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

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

Long-Lived Assets Valuation

The Company performs impairment testing annually for goodwill and indefinite life 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 Cash Generating Units ("CGUs") for the purpose of impairment testing.

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

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

Measurement of Fair Values

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

When measuring fair value of an asset or liability, the Company uses market observable data to the extent that it is possible. To the extent that these estimates differ from those realized, the measured asset or liability, net earnings, 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 Notes 10, 11, 12, 13 and 21.

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 (Note 28).

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, and comprehensive income (loss) will be affected in future periods.

Biological Assets

Biological assets are measured at each reporting date, at fair value less costs to sell, except when fair value cannot be reliably measured. If fair value cannot be reliably measured, biological assets are measured at cost less depreciation and impairment losses. Although a reliable measure of fair value may not be available at the point of initial recognition, it may subsequently become available. In such circumstances, biological assets are measured at fair value less costs to sell from the point at which the reliable measure of fair value becomes available. Gains and losses that arise on measuring biological assets at fair value less costs to sell are recognized in the statement of net earnings 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. Management uses estimates for some of the inputs into the determination of fair value. To the extent that actual values differ from estimates, biological assets, net earnings and comprehensive income (loss) will be affected in future periods.

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, and comprehensive income (loss) will be affected in future periods.

Employee Benefit Plans

The cost of pensions and other post-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, 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, 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, and comprehensive income (loss) in future periods.

Some of the Company's stock-based payment plans are settleable 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, 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, and comprehensive income (loss) in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries from the date that control commences until the date that control ceases. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Non-controlling interest represents the portion of a subsidiary's net earnings and net assets that are attributable to shares of such a subsidiary not held by the Company. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore, no goodwill is recognized as a result of such transactions.

All intercompany accounts and transactions have been eliminated on consolidation.

(b) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date that control is transferred to the Company. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Company's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the excess is negative, a purchase gain is recognized immediately in earnings. Transaction costs, other than those associated with the issue of debt or equity, are recognized in earnings as incurred.

Goodwill is not amortized and is tested for impairment annually in October and as required if events occur that indicate that its carrying amount may not be recoverable. Impairment of goodwill is tested at the CGU group level by comparing the carrying amount to its recoverable amount, consistent with the methodology applied in Note 3(k).

Non-controlling interests that are present ownership interests at the acquisition date, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquired business's identifiable assets. The choice of measurement basis is made on a transaction-by-transaction basis depending on individual factors of the transaction. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in the applicable IFRS.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in net earnings.

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting has not been finalized. These provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(c) Fair Value Measurements

The Company measures certain financial and non-financial assets and liabilities at fair value at each balance sheet date. In addition, fair value measurements are disclosed for certain financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes is determined on such a basis, except for share-based payment transactions, and measurements that have some similarities to fair value but are not fair value, such as net realizable value or value in use.

Assets and liabilities, for which fair value is measured or disclosed in the financial statements, are classified using a three-level fair value hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. Each level is based on the following:

Level 1 – inputs are unadjusted quoted prices of identical assets or liabilities in active markets

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

(d) Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition, and management is committed to the sale, which is expected to be completed within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated once classified as held for sale.

A discontinued operation is a component of the Company's business which can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of earnings and comprehensive income are re-presented as if the operation has been discontinued from the start of the comparative year. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount net of tax as net earnings from discontinued operations in the statements of net earnings.

(e) Translation of Foreign Currencies

The accounts of the Company are presented in Canadian dollars. Transactions in foreign currencies are translated at the actual rates of exchange. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Canadian dollar at the exchange rate for that date. Foreign exchange differences arising on translation are recognized in net earnings, except for financial assets and liabilities designated as hedges of the net investment in foreign operations or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The financial statements of foreign subsidiaries whose unit of measure is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the period-end for assets and liabilities, and the average exchange rates for the period for revenue, expenses, and cash flows. Foreign exchange differences arising on translation are recognized in accumulated other comprehensive income in total equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to the non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to net earnings.

Foreign exchange gains and losses arising from a receivable or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operations, are recognized in other comprehensive income in the cumulate foreign currency translation differences.

(f) Financial Instruments

The Company's financial assets and financial liabilities, upon initial recognition, are measured at fair value and are classified as held for trading, loans and receivables, or other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Held for trading is the required classification for all derivative financial instruments unless they are specifically designated within an effective hedge relationship. Held for trading financial instruments not designated within an effective hedging relationship are measured at fair value with changes in fair value recognized in consolidated statements of net earnings in the period in which such changes arise. Loans and receivables and other financial liabilities are initially recorded at fair value and are subsequently measured at amortized cost.

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, with impairment losses recognized in the consolidated statements of earnings. If, in a subsequent period, the impairment loss decreases, the previously recognized impairment is reversed to the extent of the impairment.

Transaction costs, other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

(g) Hedge Accounting

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

At the inception of a hedging relationship, the Company designates and formally documents the relationship between the hedging instrument and the hedged item, the risk management objective, and its strategy for undertaking the hedge. The documentation identifies the specific asset, liability, or anticipated cash flows being hedged, the risk that is being hedged, the type of hedging instrument used, and how effectiveness will be assessed.

The Company also formally assesses both at inception and at least quarterly thereafter, whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. If a hedge relationship becomes ineffective, it no longer qualifies for hedge accounting and any subsequent change in the fair value of the hedging instrument is recognized in net earnings.

When hedge accounting is appropriate, the hedging relationship is designated as a cash flow hedge, a fair value hedge, or a hedge of foreign currency exposure of a net investment in a self-sustaining foreign operation. In a cash flow hedge, the change in fair value of the hedging instrument is recorded, to the extent it is effective, in other comprehensive income until the hedged item affects net earnings. In a fair value hedge, the change in fair value of the hedging derivative is offset in the consolidated statements of net earnings by the change in fair value of the hedged item relating to the hedged risk.

In a net investment hedge, the change in fair value of the hedging instrument is recorded, to the extent effective, directly in other comprehensive income. These amounts are

recognized in earnings when the corresponding accumulated other comprehensive income (loss) from self-sustaining foreign operations is recognized in earnings. The Company had previously designated certain U.S. dollar-denominated notes payable as net investment hedges of U.S. operations.

Hedge ineffectiveness is measured and recorded in current period earnings in the consolidated statements of earnings. When either a fair value hedge or cash flow hedge is discontinued, any cumulative adjustment to either the hedged item or other comprehensive income is recognized in net earnings, as the hedged item affects net earnings, or when the hedged item is derecognized. If a designated hedge is no longer effective, the associated derivative instrument is subsequently carried at fair value through net earnings without any offset from the hedged item.

Derivatives that do not qualify for hedge accounting are carried at fair value on the consolidated balance sheets, and subsequent changes in their fair value are recorded in the consolidated statements of net earnings.

(h) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash balances, demand deposits, and investments with an original maturity at the date of purchase of three months or less.

(i) Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. The cost of inventory includes direct product costs, direct labour, and an allocation of variable and fixed manufacturing overhead, including depreciation. When circumstances that previously caused inventories to have a write-down below cost no longer exist, or when there is clear evidence of an increase in the net realizable value, the amount of a write-down previously recorded is reversed through cost of goods sold.

(j) Biological Assets

Biological assets consist of live hogs, poultry, and eggs. For the purposes of valuation, these assets are categorized as either parent stock or commercial stock. Parent stock represents animals held and bred for the purpose of generating commercial stock and to replace parent stock nearing the end of its productive cycle. Commercial stock is held for the purposes of further processing or eventual sale, at which point it becomes inventory. The fair value of commercial stock is determined based on market prices of livestock of similar age, breed, and generic merit, less costs to sell the assets, including estimated costs necessary to transport the assets to market. Where reliable market prices of parent stock are not available, they are valued at cost less accumulated depreciation and any accumulated impairment losses. No active liquid market exists for parent stock as they are rarely sold. Hog parent stock is depreciated on a straight-line basis over two to three years, whereas poultry parent stock is depreciated on a straight-line basis over six to eight months.

Biological assets are transferred into inventory at fair value less costs to sell at the point of delivery.

(k) Impairment or Disposal of Long-Lived Assets

The Company reviews long-lived assets or asset groups held and used, including property and equipment and intangible assets subject to amortization, for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Asset groups referred to as CGUs include an allocation of corporate assets and are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. The recoverable amount is the greater of its value in use and its fair value less cost to sell.

Value in use is based on estimates of discounted future cash flows expected to be recovered from a CGU through its use. Management develops its cash flow projections based on past performance and its expectations of future market and business developments. Once calculated, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

An impairment loss is recognized in the consolidated statements of earnings when the carrying amount of any asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated, first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the net carrying amount of the other assets in the CGU on a pro rata basis.

Impairment losses related to long-lived assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no previous impairment loss had been recognized.

(l) Property and Equipment

Property and equipment, with the exception of land, is recorded at cost less accumulated depreciation and any

accumulated impairment losses. Land is carried at cost and not depreciated. For qualifying assets, cost includes interest capitalized during the construction or development period. Construction-in-process assets are capitalized during construction and depreciation commences when the asset is available for use. Depreciation related to assets used in production is recorded in inventory and cost of goods sold. Depreciation related to non-production assets is recorded through selling, general, and administrative expense, and calculated on a straight-line basis, after taking into account residual values, over the following expected useful lives of the assets:

Buildings, including other components	15-40 years
Machinery and equipment	3-10 years

When parts of an item of property and equipment have different useful lives, those components are accounted for as separate items of property and equipment.

(m) Investment Property

Investment property is comprised of properties owned by the Company that are held to either earn rental income or for capital appreciation; or both. The Company's investment properties include land and buildings.

Investment properties are recorded at cost less accumulated depreciation and any accumulated impairment losses, with the exception of land which is recorded at cost less any accumulated impairment losses. The depreciation policies for investment properties are consistent with those for buildings.

(n) Intangible Assets

Intangible assets include computer software, trademarks, customer relationships, poultry production quota, and delivery routes. Definite life intangible assets are measured at cost less accumulated amortization and any net accumulated impairment losses. Amortization is recognized in the consolidated statements of net earnings on a straight-line basis over their estimated useful lives as follows:

Trademarks	10 years
Computer software	3-10 years
Customer relationships	20-25 years

Indefinite life intangibles including trademarks, poultry production quota, and delivery routes are tested for impairment annually in the fourth quarter and otherwise as required if events occur that indicate that the net carrying value may not be recoverable.

Upon recognition of an intangible asset, the Company determines if the asset has a definite or indefinite life. In making this determination, the Company considers the expected use, expiry of agreements, the nature of the asset, and whether the value of the asset decreases over time.

(o) Employee Benefit Plans

The Company provides post-employment benefits through defined benefit and defined contribution plans.

Defined Benefit Plans

The Company accrues obligations and costs in respect of employee defined 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, retirement ages of employees, mortality rates, and expected health care costs. Changes in these assumptions could affect future pension expense. The fair value of plan assets and the present value of the obligation are used to calculate net interest cost or income. The discount rate used to value the defined benefit obligation is based on high-quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations.

Actuarial gains and losses due to changes in defined benefit plan assets and obligations are recognized immediately in accumulated other comprehensive income (loss). When a restructuring of a benefit plan gives rise to both curtailment and settlement of obligations, the curtailment is accounted for prior to or in conjunction with the settlement.

When the calculation results in a net benefit asset, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan (the "asset ceiling"). In order to calculate the present value of economic benefits, consideration is given to minimum funding requirements that apply to the plan. Where it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements for future services, the net defined benefit asset is reduced to the amount of the asset ceiling. The impact of the asset ceiling is recognized in comprehensive income (loss).

When future payment of minimum funding requirements related to past service would result in a net defined benefit asset "surplus" or an increase in a surplus, the minimum funding requirements are recognized as a liability, to the extent that the surplus would not be fully available as a refund or a reduction in future contributions. Re-measurement of this liability is recognized in other comprehensive income (loss) in the period in which the re-measurement occurs.

Defined Contribution Plans

The Company's obligations for contributions to employee defined contribution pension plans are recognized in the

consolidated statement of net earnings in the periods during which services are rendered by employees.

Multi-Employer Plans

The Company participates in multi-employer pension plans which are accounted for as defined contribution plans. The Company does not administer these plans as the administration and the investment of these assets are controlled by a board of trustees consisting of union and employer representatives. The Company's responsibility to make contributions to these plans is established pursuant to collective bargaining agreements. The contributions made by the Company to the multi-employer plans are expensed when due.

(p) Stock-Based Compensation

The Company applies the fair value method of accounting for stock-based compensation. The fair value at grant date of stock options is estimated using the Black-Scholes option-pricing model. The fair value of restricted stock units ("RSUs"), including performance share units ("PSUs"), is measured based on the fair value of the underlying shares on the grant date. Compensation cost is recognized on a straight-line basis over the expected vesting period of the stock-based compensation. The Company estimates the number of units expected to vest at the grant date and revises the estimate as necessary if subsequent information indicates that the actual number of units vesting differs significantly from the original estimate. The fair value of deferred share units ("DSUs") is measured based on the fair value of the underlying shares at each reporting date.

The Company has stock compensations plans which are able to be settled in either cash or equity instruments at the option of the Company. Each grant is accounted for based on the expected settlement method at the time of issue. The expectation is re-evaluated at the end of each reporting period.

(q) Provisions

Provisions are liabilities of the Company for which the amount and/or timing of settlement is uncertain. A provision is recognized in the consolidated financial statements when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(r) Revenue Recognition

The majority of the Company's revenue is derived from the sale of product to retail and foodservice customers, as well as the sale of rendering products and by-products to industrial and agricultural customers. The Company recognizes revenue from product sales at the fair value of the consideration received or receivable, net of estimated returns, and an estimate of sales incentives provided to customers. Revenue is recognized when the customer takes ownership of the product, title has transferred, all the risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, the Company has satisfied its performance obligations under the arrangement, and has no ongoing involvement with the sold product. The value of sales incentives provided to customers are estimated using historical trends and are recognized at the time of sale as a reduction of revenue. Sales incentives include rebate and promotional programs provided to the Company's customers. These rebates are based on achievement of specified volume or growth in volume levels and other agreed promotional activities. In subsequent periods, the Company monitors the performance of customers against agreed upon obligations related to sales incentive programs and makes any adjustments to both revenue and sales incentive accruals as required.

Except for fresh bread, the Company generally does not accept returns of spoiled products from customers. For product that may not be returned, the Company, in certain cases, provides customers with allowances to cover any damage or spoilage, and such allowances are deducted from sales at the time of revenue recognition. In the case of fresh bread, customer returns are deducted from revenue.

(s) Borrowing Costs

Borrowing costs are primarily comprised of interest on the Company's indebtedness. Borrowing costs are capitalized when they are attributable to the acquisition, construction, or production of a qualifying asset. The Company defines qualifying assets as any asset that requires more than six months to prepare for its intended use. Borrowing costs attributable to qualifying assets are calculated using the Company's average borrowing cost excluding the costs associated with the de-recognition of accounts receivables under securitization programs. Borrowing costs that are not attributable to a qualifying asset are expensed in the period in which they are incurred and reported within interest expense in the consolidated statements of net earnings.

(t) Government Incentives

Government incentives are not recognized until there is reasonable assurance that they will be received and the Company will be in compliance with any conditions associated with the incentives. Incentives that compensate the Company for expenses or losses are recognized in earnings with the same classification as the related expense or loss in the same periods in which the expenses or losses are recognized.

Government incentives received with the primary condition that the Company should purchase, construct, or otherwise acquire non-current assets are recognized as a deduction from the associated asset on the balance sheet. The incentive is recognized in earnings over the useful life of the asset as a reduction of the related depreciation expense.

Government incentives that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Company with no future related costs, are recognized in earnings in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government incentive, and is measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(u) Income Taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the consolidated statement of net earnings, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax expense represents the amount of income taxes payable, in respect of the taxable profit for the period, based on tax law that is enacted or substantially enacted at the reporting date, and is adjusted for changes in estimates of tax expense recognized in prior periods. A current tax liability or asset is recognized for income tax payable, or paid but recoverable in respect of all periods to date.

The Company uses the asset and liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In addition, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in both net earnings and comprehensive income (loss) in the period in which the enactment or substantive enactment takes place.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable income will be available to utilize such amounts. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(v) Accounting Standards Adopted During the Period

For the first time beginning on January 1, 2014, the Company adopted certain standards and amendments. As required by IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Financial Assets and Liabilities

Beginning on January 1, 2014, the Company adopted the amendments to IAS 32 Financial Instruments: Presentation on a retrospective basis with restatement. The amendments to IAS 32 clarify when an entity has a legally enforceable right to offset, as well as clarify, when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The adoption of the amendments to IAS 32 did not have a material impact on the Company's consolidated financial statements.

Levies

Beginning January 1, 2014, the Company adopted International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies on a retrospective basis with restatement. This IFRIC is applicable to all levies other than outflows that are within the scope of other standards, fines, or penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payments, as identified by the relevant legislation, occurs. The adoption of IFRIC 21 did not have a material impact on the Company's consolidated financial statements.

Novation of Derivatives and Continuation of Hedge Accounting

Beginning January 1, 2014, the Company adopted IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 Financial Instruments: Recognition and Measurement). The amendments added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when novation that was not contemplated in the original hedging documentation meets specific criteria. The adoption of the amendments to IAS 39 did not have a material impact on the Company's consolidated financial statements.

Annual Improvements to IFRS (2010 - 2012)

Beginning on July 1, 2014, the Company adopted, on a prospective basis, the amendments to IFRS 2 Share-based Payments included in the annual improvements to IFRS

(2010-2012). The amendment clarified the terms of vesting conditions. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

(w) Accounting Pronouncements Issued But Not Yet Effective

Revenue Recognition

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

Employee Benefits

In November 2013, the IASB published amendments to IAS 19 Employee Benefits. The effective date for these amendments is annual periods beginning on or after July 1, 2014. These amendments are to be applied retrospectively. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions 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 Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2015. The Company does not expect the adoption of the amendments to IAS 19 to have a material impact on the Company's consolidated financial statements.

Annual Improvements to IFRS (2010 – 2012), (2011 – 2013), and (2012 – 2014) Cycles

In December 2013, the IASB issued narrow-scope amendments to a total of 12 standards as part of its annual improvements process. Amendments were made to clarify items 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. Special transitional requirements have been set for some of these amendments. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2015 and 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Financial Instruments – Recognition and Measurement

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

4. CASH AND CASH EQUIVALENTS

As at December 31, 2014, the Company had agreements to cash collateralize certain of its letters of credit up to an amount of $120.0 million (2013: $0.0 million), of which $85.8 million (2013: $0.0 million) was deposited with a major financial institution.

5. ACCOUNTS RECEIVABLE

	As at December 31, 2014	As at December 31, 2013
Trade receivables	**$ 20,498**	$ 37,173
Less: Allowance for doubtful accounts	**(4)**	(80)
Net trade receivables	**$ 20,494**	$ 37,093
Other receivables:		
Commodity taxes receivable	**9,539**	27,727
Interest rate swap receivable	**2,308**	8,446
Government receivable	**16,583**	14,727
Insurance receivable	**36**	1,664
Other	**11,436**	21,377
	$ 60,396	$ 111,034

The aging of trade receivables is as follows:

	As at December 31, 2014	As at December 31, 2013
Current	**$ 16,875**	$ 31,273
Past due 0-30 days	**3,623**	5,600
Past due 31-60 days	**–**	84
Past due 61-90 days	**–**	–
Past due > 90 days	**–**	216
	$ 20,498	$ 37,173

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

The Company has sold certain of its trade accounts receivable under securitization programs as described in Note 28. 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 December 31, 2014 and 2013.

6. INVENTORIES

	As at December 31, 2014	As at December 31, 2013
Raw materials	**$ 31,345**	$ 39,302
Work in process	**19,502**	18,662
Finished goods	**169,103**	166,407
Packaging	**22,083**	22,582
Spare parts	**28,368**	40,833
	$ 270,401	$ 287,786

During the year ended December 31, 2014, inventory in the amount of $2,509.4 million (2013: $2,439.5 million) was expensed through cost of goods sold. There were no reversals of previous write-downs recognized.

7. BIOLOGICAL ASSETS

	Hog stock		**Poultry stock**		
	Commercial	**Parent**	**Commercial**	**Parent**	**Total**
Balance at December 31, 2013	**$ 73,345**	**$ 17,748**	**$ 3,112**	**$ 1,535**	**$ 95,740**
Additions and purchases	**254,382**	**5,980**	**47,286**	**2,356**	**310,004**
Depreciation	**–**	**(3,951)**	**–**	**(2,208)**	**(6,159)**
Change in fair value realized	**(10,580)**	**–**	**–**	**–**	**(10,580)**
Change in fair value unrealized	**11,110**	**–**	**–**	**–**	**11,110**
Further processing and sales	**(247,208)**	**–**	**(47,164)**	**–**	**(294,372)**
Balance at December 31, 2014	**$ 81,049**	**$ 19,777**	**$ 3,234**	**$ 1,683**	**$ 105,743**

	Hog stock		Poultry stock		
	Commercial	Parent	Commercial	Parent	Total
Balance at December 31, 2012	$ 50,081	$ 16,144	$ 5,757	$ 6,145	$ 78,127
Additions and purchases	254,661	6,720	52,828	3,557	317,766
Depreciation	–	(5,116)	–	(5,183)	(10,299)
Change in fair value realized	3,123	–	(163)	–	2,960
Change in fair value unrealized	10,580	–	–	–	10,580
Further processing and sales	(245,100)	–	(52,545)	–	(297,645)
Transfers to assets held for sale	–	–	(2,765)	(2,984)	(5,749)
Balance at December 31, 2013	$ 73,345	$ 17,748	$ 3,112	$ 1,535	$ 95,740

Hog stock is comprised of approximately 0.8 million animals as at December 31, 2014 (2013: 0.7 million). During the year, substantially all hog stock was transferred to the Company's primary processing operations.

Poultry stock is comprised of approximately 6.7 million eggs and 0.2 million birds as at December 31, 2014 (2013: 6.5 million eggs and 0.2 million birds). During the year, substantially all poultry stock was transferred to the Company's primary processing operations.

The change in fair value of commercial hog and poultry stock for the year was a gain of $0.5 million as at December 31, 2014 (2013: gain of $13.5 million) recorded in cost of sales.

The fair value measures of commercial hog stock have been categorized as Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels during the year ended December 31, 2014.

The Company uses the market comparison approach to determine the fair value of its commercial hog stock. The valuation model is based on the market price of hog stock of similar age, weight, breed, and genetic make-up. The model is based on the U.S. dollar market price per cut weight and adjusted for foreign exchange, conversion from pounds to kilograms, and specific significant unobservable inputs, including a quality index adjustment and a market conversion factor, as defined below.

The quality index adjustment is a value adjustment based on the relative quality of a processed hog based on the lean yield (being the ratio between muscle and fat content) and total weight. Quality adjustments range from 6.8% to 7.6%. A higher (lower) quality adjustment percentage will result in an increase (decrease) to the fair market value of the commercial hog stock.

The market conversion factor is a market adjustment used to discount the formula from a U.S. market price to a Canadian pricing model. The market conversion factor experiences minimal fluctuation. A higher (lower) market conversion factor will result in an increase (decrease) to the fair market value of the commercial hog stock.

Commercial poultry stock are valued at cost as an indicator of fair value in the case where little biological transformation has taken place since initial cost occurrence or when the impact of the biological transformation on price is not expected to be material.

Where reliable market prices of parent stock are not available, they are valued at cost less accumulated depreciation and any accumulated impairment losses. No active liquid market exists for parent stock as they are rarely sold.

The Company has established environmental policies and procedures which comply with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

The Company's biological asset operations can be affected by outbreaks of disease among livestock. To mitigate this risk, the Company monitors herd health status and has strict bio-security procedures and employee training programs throughout its livestock production operation.

8. ASSETS AND LIABILITIES HELD FOR SALE

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

Investment Properties

As at December 31, 2014, the Company intends to dispose of $1.1 million (December 2013: $5.2 million) of various investment properties it no longer utilizes. Investment properties are included in non-allocated assets for segmented reporting.

Canada Bread Company, Limited

On February 12, 2014, the Company announced that Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") agreed to acquire all of the issued and outstanding common shares of Canada Bread Company, Limited ("Canada Bread"), a subsidiary in which the Company had a 90.0% controlling interest. The assets of Canada Bread were included in the Bakery Products Group for segmented reporting. As at March 31, 2014, Canada Bread was classified as a disposal group held for sale and was de-recognized upon the closing date of the sale on May 23, 2014. The results of Canada Bread, including the related gain on sale, are presented as a discontinued operation as disclosed in Note 25.

Sale of Businesses

During the year ended December 31, 2013, certain assets and liabilities of animal by-product recycling operations ("Rothsay") and the fresh pasta and sauce business ("Olivieri") were transferred to assets held for sale and were subsequently de-recognized upon the sale in the fourth quarter of 2013. Refer to Note 25 for further details.

Turkey Agricultural Operations

During the year ended December 31, 2013, assets related to the Company's turkey agricultural operations in Thamesford, Ontario, were classified as held for sale. The sale of these assets was completed during the third quarter of 2013, for net proceeds of $46.3 million and final pre-tax gain of $9.7 million. Prior to their disposal, the assets of the turkey agricultural operations were included in the Meats Products Group for segmented reporting.

Poultry Farm

These assets related to a poultry farm and related production quotas in Brooks, Alberta, originally purchased on February 1, 2012, and immediately classified as assets held for sale. During the year ended December 31, 2013, the Company sold the poultry farm assets for proceeds of $21.1 million, resulting in a $0.0 million pre-tax gain. Prior to its disposal, the poultry farm assets were included in the Meat Products Group for segmented reporting.

Potato Processing Facility

The assets related to the Company's potato processing facility in Lethbridge, Alberta, were classified as held for sale on December 31, 2012, and the sale of these assets to Cavendish Farms Corporation was completed on January 4, 2013, for proceeds of $58.1 million, resulting in a pre-tax gain of $45.4 million. Prior to its disposal, the assets of the potato processing facility were included in the Meats Product Group for segmented reporting.

Further details on the gain from disposal of assets held for sale is described in Note 22.

9. PROPERTY AND EQUIPMENT

Cost	Land	Buildings	Machinery and equipment	Under construction	Total
Balance at December 31, 2013	**$ 67,653**	**$ 819,480**	**$ 1,501,697**	**$ 308,598**	**$ 2,697,428**
Additions[i]	–	–	–	208,155	208,155
Disposal of property and equipment	(16)	(24,013)	(119,543)	(1,347)	(144,919)
Transfers from under construction	187	179,431	274,021	(453,639)	–
Transfers to investment properties	(407)	(21,117)	(3,544)	–	(25,068)
Transfers to assets held for sale	(29,460)	(210,757)	(566,225)	(39,033)	(845,475)
Interest capitalized	–	–	–	5,252	5,252
Foreign currency translation	124	2,180	8,072	1,132	11,508
Other	–	–	(606)	(764)	(1,370)
Balance at December 31, 2014	**$ 38,081**	**$ 745,204**	**$ 1,093,872**	**$ 28,354**	**$ 1,905,511**
Accumulated depreciation and impairment					
Balance at December 31, 2013	**$ –**	**$ 311,326**	**$ 1,062,784**	**$ –**	**$ 1,374,110**
Depreciation	–	24,791	60,575	–	85,366
Disposal of property and equipment	–	(23,839)	(118,998)	–	(142,837)
Impairment	–	–	1,557	–	1,557
Reversal of impairment	–	(124)	–	–	(124)
Restructuring related write-downs	–	8,056	12,175	–	20,231
Transfers to investment properties	–	(21,111)	(3,353)	–	(24,464)
Transfers to assets held for sale	–	(78,794)	(377,506)	–	(456,300)
Foreign currency translation	–	723	5,349	–	6,072
Other	–	–	(606)	–	(606)
Balance at December 31, 2014	**$ –**	**$ 221,028**	**$ 641,977**	**$ –**	**$ 863,005**
Net at December 31, 2014	**$ 38,081**	**$ 524,176**	**$ 451,895**	**$ 28,354**	**$ 1,042,506**

[i] *Includes accruals of $1.9 million.*

Cost	Land	Buildings	Machinery and equipment	Under construction	Total
Balance at December 31, 2012	$ 75,289	$ 729,168	$ 1,619,862	$ 272,529	$ 2,696,848
Additions[ii]	–	272	12,414	358,016	370,702
Disposal of business	(4,756)	(46,534)	(202,601)	(15,398)	(269,289)
Disposal of property and equipment	(2,793)	(23,065)	(87,542)	(47)	(113,447)
Transfers from under construction	2,385	173,813	146,380	(322,578)	–
Transfers to investment properties	(3,173)	(19,519)	–	–	(22,692)
Interest capitalized	–	120	587	14,501	15,208
Foreign currency translation	269	3,867	13,660	1,902	19,698
Other	432	1,358	(1,063)	(327)	400
Balance at December 31, 2013	$ 67,653	$ 819,480	$ 1,501,697	$ 308,598	$ 2,697,428
Accumulated depreciation and impairment					
Balance at December 31, 2012	$ –	$ 330,074	$ 1,154,597	$ –	$ 1,484,671
Depreciation	–	19,088	109,469	–	128,557
Disposal of business	–	(24,176)	(139,606)	–	(163,782)
Disposal of property and equipment	–	(14,732)	(84,091)	–	(98,823)
Impairment	–	–	3,044	–	3,044
Reversal of impairment	–	(1,388)	–	–	(1,388)
Restructuring related write-downs	–	15,242	9,837	–	25,079
Transfers to investment properties	–	(13,972)	–	–	(13,972)
Foreign currency translation	–	1,173	9,626	–	10,799
Other	–	17	(92)	–	(75)
Balance at December 31, 2013	$ –	$ 311,326	$ 1,062,784	$ –	$ 1,374,110
Net at December 31, 2013	$ 67,653	$ 508,154	$ 438,913	$ 308,598	$ 1,323,318

(ii) *Includes accruals of $24.2 million.*

Borrowing Costs

During the year, borrowing costs of $5.2 million were capitalized (2013: $15.2 million), using an average capitalization rate of 6.7% (2013: 5.4%).

10. INVESTMENT PROPERTY

Investment property is comprised of surplus land and buildings primarily resulting from restructuring activities.

During the year, the Company earned $0.0 million (2013: $0.2 million) of rental revenue from investment properties and recorded operating costs related to investment properties of $2.5 million (2013: $2.7 million), including $1.0 million of discontinued operations (2013: $2.1 million). Rental revenue and related operating costs are recorded in other income unless these amounts were anticipated under a restructuring plan, in which case they are recorded against a related restructuring provision, to the extent that one exists, with any excess then recorded in other income.

The fair value of the Company's investment properties was $7.9 million at December 31, 2014, (2013: $30.5 million) and is determined using the market comparable approach, which reflects recent transaction prices for similar properties and are categorized as a Level 3 in the fair value hierarchy. In estimating the fair value of the properties, the highest and best use of the properties is for utilization in manufacturing operations or redevelopment, which differs from the current use as idle properties. The difference in use arises as these properties have become surplus land and buildings, primarily resulting from restructuring activities, and are therefore no longer utilized in the Company's ongoing operations.

In 2014, the Company obtained external appraisals or opinions of value for a total of $5.3 million of the fair value of the Company's investment properties (2013: $10.5 million). For the other investment properties, the Company determined the fair value based on comparable market information.

The continuity of investment property for the years ended December 31, 2014 and 2013 is as follows:

Cost	**Land**	**Buildings**	**Total**
Balance at December 31, 2013	**$ 6,300**	**$ 29,816**	**$ 36,116**
Transfers from property and equipment	**407**	**24,661**	**25,068**
Transfers to assets held for sale	**(4,331)**	**(22,688)**	**(27,019)**
Disposals	**(16)**	**(247)**	**(263)**
Foreign currency translation	**29**	**18**	**47**
Balance at December 31, 2014	**$ 2,389**	**$ 31,560**	**$ 33,949**

Accumulated depreciation and impairment			
Balance at December 31, 2013	**$ 1,131**	**$ 22,120**	**$ 23,251**
Transfers from property and equipment	**–**	**24,464**	**24,464**
Transfers to assets held for sale	**(1,164)**	**(15,837)**	**(17,001)**
Depreciation	**–**	**81**	**81**
Disposals	**–**	**(176)**	**(176)**
Foreign currency translation	**33**	**(15)**	**18**
Balance at December 31, 2014	**$ –**	**$ 30,637**	**$ 30,637**
Net at December 31, 2014	**$ 2,389**	**$ 923**	**$ 3,312**

Cost	Land	Buildings	Total
Balance at December 31, 2012	$ 6,099	$ 22,993	$ 29,092
Transfers from property and equipment	3,173	19,519	22,692
Transfers to assets held for sale	(2,864)	(10,709)	(13,573)
Disposals	(196)	(2,044)	(2,240)
Foreign currency translation	88	57	145
Balance at December 31, 2013	$ 6,300	$ 29,816	$ 36,116

Accumulated depreciation and impairment			
Balance at December 31, 2012	$ –	$ 17,113	$ 17,113
Transfers from property and equipment	–	13,972	13,972
Transfers to assets held for sale	–	(8,367)	(8,367)
Depreciation	–	184	184
Disposals	–	(1,212)	(1,212)
Impairment	1,124	383	1,507
Foreign currency translation	7	47	54
Balance at December 31, 2013	$ 1,131	$ 22,120	$ 23,251
Net at December 31, 2013	$ 5,169	$ 7,696	$ 12,865

11. EMPLOYEE BENEFITS

The Company sponsors several defined benefit pension plans for Canadian employees which are either final salary plans, career salary plans, service based plans, or a combination thereof. The Company also sponsors a final salary defined benefit pension plan in the U.K. in which membership is closed. These defined benefit plans require contributions to be made to a separately administered fund. Certain retired employees are covered under a post-retirement benefit plan, which reimburses certain medical costs and provides life insurance coverage.

The Canadian plans are governed by the pension laws of the province in which the respective plan is registered. The U.K. plan is governed by the employment laws of the U.K.

The Company's pension funding policy is to contribute amounts sufficient, at a minimum, to meet local statutory funding requirements. For the Company's defined benefit pension plans, local regulatory bodies either define minimum funding requirements or approve funding plans submitted by the Company. From time to time the Company may make additional discretionary contributions taking into account actuarial assessments and other factors. The contributions that have been made to support ongoing plan obligations have been recorded in the respective asset or liability accounts on our consolidated balance sheet. Actuarial valuations for the Company's defined benefit pension plans are completed based on the regulations in place in the jurisdictions where the plans operate.

Information about the Company's defined benefit plans as at December 31, in aggregate, is as follows:

	Other post-retirement benefits	**Total pension**	**2014 Total**	Other post-retirement benefits	Total pension	2013 Total
Accrued benefit obligation:						
Balance, beginning of year	**$ 57,462**	**$ 1,201,340**	**$ 1,258,802**	$ 84,924	$ 1,356,759	$ 1,441,683
Current service cost	**147**	**13,340**	**13,487**	232	21,668	21,900
Interest cost	**2,447**	**47,517**	**49,964**	3,113	50,434	53,547
Benefits paid from plan assets	**–**	**(69,165)**	**(69,165)**	–	(78,067)	(78,067)
Benefits paid directly from the Company	**(3,315)**	**(1,412)**	**(4,727)**	(3,309)	(1,713)	(5,022)
Actuarial (gains) losses – experience	**(675)**	**1,645**	**970**	(22,938)	(14,871)	(37,809)
Actuarial (gains) losses – demographic experience	**1,447**	**20,019**	**21,466**	–	–	–
Actuarial (gains) losses – financial assumptions	**4,354**	**103,012**	**107,366**	(4,560)	(117,594)	(122,154)
Employee contributions	**–**	**3,616**	**3,616**	–	4,633	4,633
Plan amendments	**–**	**540**	**540**	–	–	–
Special termination benefits	**–**	**590**	**590**	–	2,547	2,547
Curtailments	**–**	**(1,030)**	**(1,030)**	–	(5,182)	(5,182)
Settlements	**–**	**(296)**	**(296)**	–	(17,274)	(17,274)
Transfer to assets held for sale	**(1,498)**	**(155,968)**	**(157,466)**	–	–	–
Balance, end of year	**$ 60,369**	**$ 1,163,748**	**$ 1,224,117**	$ 57,462	$ 1,201,340	$ 1,258,802
Unfunded	**$ 60,369**	**$ 27,936**	**$ 88,305**	$ 57,462	$ 31,055	$ 88,517
Funded[(i)]	**–**	**1,135,812**	**1,135,812**	–	1,170,285	1,170,285
Total obligation	**$ 60,369**	**$ 1,163,748**	**$ 1,224,117**	$ 57,462	$ 1,201,340	$ 1,258,802

(i) *Includes wholly and partially funded plans*

	Other post-retirement benefits	**Total pension**	**2014 Total**	Other post-retirement benefits	Total pension	2013 Total
Plan Assets						
Fair value, beginning of year	**$ –**	**$ 1,203,175**	**$ 1,203,175**	$ –	$ 1,130,060	$ 1,130,060
Interest income	**–**	**48,057**	**48,057**	–	41,350	41,350
Actuarial gains (losses)[(ii)]	**–**	**61,551**	**61,551**	–	114,018	114,018
Employer contributions	**–**	**6,992**	**6,992**	–	15,526	15,526
Employee contributions	**–**	**3,616**	**3,616**	–	4,633	4,633
Benefits paid	**–**	**(69,165)**	**(69,165)**	–	(78,067)	(78,067)
Asset transfer to Company defined contribution plan	**–**	**(9,580)**	**(9,580)**	–	–	–
Administrative costs	**–**	**(3,550)**	**(3,550)**	–	(4,593)	(4,593)
Settlements	**–**	**(351)**	**(351)**	–	(19,752)	(19,752)
Transfer to assets held for sale	**–**	**(123,521)**	**(123,521)**	–	–	–
Fair value, end of year	**$ –**	**$ 1,117,224**	**$ 1,117,224**	$ –	$ 1,203,175	$ 1,203,175
Other	**$ –**	**$ (1,427)**	**$ (1,427)**	$ –	$ (1,261)	$ (1,261)
Accrued benefit asset (liability), end of year	**$ (60,369)**	**$ (47,951)**	**$ (108,320)**	$ (57,462)	$ 574	$ (56,888)

(ii) *Return on plan assets greater (less) than discount rate*

Amounts recognized in the consolidated balance sheet consist of:

	As at December 31, 2014	As at December 31, 2013
Employee benefit assets	**$ 88,162**	$ 117,615
Employee benefit liabilities	**196,482**	174,503
	$ (108,320)	$ (56,888)

Pension benefit expense recognized in net earnings from continuing operations:

	2014	2013
		(Restated) (Note 25)
Current service cost – defined benefit	**$ 12,822**	$ 17,517
Current service cost – defined contribution and multi-employer plans	**16,781**	17,514
Net Interest cost	**(782)**	6,989
Administrative costs	**3,483**	3,999
Curtailment (gain)(i)(ii)	**(1,030)**	(4,202)
Special termination benefits(i)	**590**	137
Plan amendments(i)	**540**	–
Settlement loss(ii)	**–**	2,242
Net benefit plan expense(i)	**$ 32,404**	$ 44,196

(i) *Included in restructuring and other related costs in 2014.*

(ii) *2013 includes $4.2 million curtailment gain related to the sale of Rothsay and Olivieri, and $1.8 million related to the final asset and liability transfer on the 2007 sale of Maple Leaf Animal Nutrition as well as $0.5 million of restructuring costs.*

During the year, the Company expensed salaries of $696.1 million (2013: $721.4 million), excluding pension and other post-retirement benefits.

Amounts recognized in other comprehensive income (loss) (before income taxes) from continuing operations:

	2014	2013
		(Restated) (Note 25)
Actuarial gains (losses)	**$ (66,983)**	$ 249,286
	$ (66,983)	$ 249,286

Impact of changes in major assumptions:

Actuarial Assumption		**Sensitivity**	**Increase (decrease) in defined benefit obligation: Total pensions**	**Other post-retirement benefits**	**Total**
Period end Discount rate	3.75%	0.25% decrease	$ 35,489	$ 1,706	$ 37,195
		0.25% increase	$ (34,422)	$ (1,542)	$ (35,964)
Rate of salary increase	3.50%	0.50% increase	$ 3,183	N/A	$ 3,183
Mortality	110% of 2014 Private Sector Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B	Increase of 1 year in expected lifetime of plan participants	$ 32,528	$ 1,979	$ 34,507

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and net benefit plan expense are as follows:

	2014	2013
Weighted average discount rate used to calculate the net benefit plan expense	**4.50%**	3.75%
Weighted average discount rate used to calculate year end benefit obligation	**3.75%**(i)	4.50%
Rate of salary increase	**3.50%**	3.50%
Medical cost trend rates	**5.00%**	5.50%

(i) *4.25% was used for the plans related to Canada Bread as at February 12, 2014.*

Plan assets comprise of:

	December 31, 2014	December 31, 2013
Equity securities	**60%**	62%
Debt securities	**39%**	36%
Other investments and cash	**1%**	2%
	100%	100%

Of the equity securities 29% are a Level 1 on the fair value hierarchy, with the remainder being Level 2. All of the debt securities are a Level 2 on the fair value hierarchy.

Other post-retirement benefits expense from continuing operations:

	2014	2013
		(Restated) (Note 25)
Current service cost	**$ 147**	$ 225
Interest cost	**2,437**	3,031
	$ 2,584	$ 3,256

Measurement dates:	
2014 expense	December 31, 2013
Balance sheet	December 31, 2014

The average expected maturity of the pension obligations is 12.7 years (2013: 12.7 years).

The Company expects to contribute $10.9 million to pension plans in 2015, inclusive of defined contribution plans and multi-employer plans.

Governance and Risk Management

The Company administers its pension plans through its Board of Directors. The Company's Board of Directors has established a governance structure and delegated to the Audit Committee and the Pension Investment Advisory Committee all aspects of the investment of the funds. The Company's Board of Directors has delegated to the Pension Policy and Administration Committee the authority to make amendments to the documents that govern the pension plans of an administrative or compliance nature, that relate to collective bargaining agreements entered into by the Company or that have a minimal financial impact on the plans.

In fulfilling their responsibilities, the Audit Committee and the Pension Investment Advisory Committee may delegate functions or responsibilities to, or otherwise utilize employees of the Company where appropriate. The Audit Committee and the Pension Investment Advisory Committee may rely on independent experts for certain aspects of the funds' operations. The Audit Committee or the Pension Investment Advisory Committee, as appropriate, retain responsibility and utilize suitable personnel for such activities and monitor the activities undertaken by the selected personnel.

The Supplemental Retirement Plan for the Managers of Multi-Marques Inc. is registered in Québec, Canada, and therefore, operates under the regulations established by the Régis des rentes du Québec. As required by the regulations, the plan is administered by the Multi-Marques Pension Committee and is responsible for all aspects of the operations of the Multi-Marques Plan. The Multi-Marques Pension Committee has delegated certain aspects of its responsibilities and powers, regarding the operations of the Multi-Marques Plan, to the Company. After the sale of Canada Bread, as described in Note 25, the Multi-Marques Plan is no longer included in the consolidated financial position of the Company.

The plan assets are invested primarily in well-diversified pooled funds that meet the constraints set out in legislation of the jurisdictions in which the plans operate. Further diversification criteria set out in investment funds' governing documents require the division of investments between equities and fixed income. There are no significant concentrations of risks.

Multi-Employer Plans

The Company contributes to both the Canadian Commercial Workers Industry Pension Plan and until the sale of Canada Bread the Bakery and Confectionery Union and Industry Canada Pension Fund, which are multi-employer defined benefit plans for employees who are members of the United Food and Commercial Workers union and the Canadian Bakery and Confectionery union, respectively. These are large-scale plans for union workers of multiple companies across Canada and the U.S. Adequate information to account for these contributions as a defined benefit plan in the Company's statements is not available due to the size and number of contributing employers in the plan. Included in pension benefit expense is $1.6 million (2013: $2.1 million) related to payments into these plans. The Company expects to contribute $0.7 million into these plans for the 2015 year.

12. GOODWILL

The continuity of goodwill for the years ended December 31, 2014 and 2013 is as follows:

Cost	**December 31, 2014**	December 31, 2013
Opening balance January 1	**$ 826,040**	$ 851,659
Transfers to assets held for sale	**(401,974)**	(33,647)
Foreign currency translation	**4,170**	8,028
Balance	**$ 428,236**	$ 826,040
Impairment losses		
Opening balance January 1	**$ (105,242)**	$ (98,503)
Impairment	**–**	(356)
Transfers to assets held for sale	**108,390**	–
Foreign currency translation	**(3,148)**	(6,383)
Balance	**$ –**	$ (105,242)
Net carrying amounts	**$ 428,236**	$ 720,798

For the purposes of annual impairment testing, goodwill is allocated to the following groups of Cash Generating Units ("CGUs"); being the groups expected to benefit from the synergies of the business combinations in which the goodwill arose:

	As at December 31, 2014	As at December 31, 2013
CGU Groups		
Meat Products	**$ 428,236**	$ 428,236
Canadian Fresh Bakery[(i)]	**–**	173,839
North American Frozen Bakery[(i)]	**–**	118,723
	$ 428,236	$ 720,798

(i) *The goodwill related to Canadian Fresh Bakery and North American Frozen Bakery ("Canada Bread") were disposed of during the year ended December 31, 2014. Refer to Note 25 for further details.*

Annual impairment testing involves determining the recoverable amount of each CGU group to which goodwill is allocated, and comparing this to the carrying value of the CGU group. The measure of the recoverable amount of each CGU group was calculated based on fair value less costs to sell. Fair value is determined based on anticipated net proceeds for CGU groups that are held for disposal. If there was no market information available, fair value was determined by discounting the future cash flows generated from the continuing use of the group. The calculation of the fair value based on discounting the future cash flows was based on the following key assumptions:

- Cash flows were projected based on the Company's long-term business plan. Cash flows for a further perpetual period were extrapolated using the growth rates listed below. These rates do not exceed the long term average growth rate for the countries in which the groups operate. The Company's cash flow projections include estimated benefits from the completion of the Company's Strategic Value Creation Initiatives. Material differences in these estimates could have a significant impact on the determination of the recoverable amount.
- The business plan contains forecasts up to, and including, the year 2015, and was based on past experience of actual operating results in conjuncture with anticipated future growth opportunities. While the forecast does assume some base business expansion, largely related to innovation, the primary engine of growth is strategic in nature and is consistent with the projects and expectations as articulated in the Company's strategic plan.
- Discount rates as shown in the table below were applied in determining the recoverable amount of each CGU group. The discount rate was estimated based on past experience and the weighted average cost of capital of the Company and other competitors in the industry.

	Discount Rate		**Growth Rate**	
CGU Group	**2014**	2013	**2014**	2013
Meat Products	**10.0%**	14.2%	**2.3%**	2.3%
Canadian Fresh Bakery	**N/A**	10.6%	**N/A**	2.3%
North American Frozen Bakery	**N/A**	9.8%	**N/A**	2.6%

The values assigned to the key assumptions represent Management's assessment of future trends in the industries in which the CGU groups operate and are based on both external and internal sources and historical trend data.

13. INTANGIBLE ASSETS

	As at December 31, 2014	As at December 31, 2013
Indefinite life	**$ 66,853**	$ 71,676
Definite life	**98,213**	126,902
Total intangible assets	**$ 165,066**	$ 198,578

Cost	Definite Life				
	Software in use	Software in process	Trademarks	Customer relationships	Total
Balance at December 31, 2013	**$ 123,119**	**$ 21,963**	**$ 8,220**	**$ 14,043**	**$ 167,345**
Additions	**–**	**10,408**	**–**	**–**	**10,408**
Capitalized Interest	**–**	**252**	**–**	**–**	**252**
Transfers to assets held for sale	**(5,807)**	**(1,027)**	**(8,223)**	**(14,431)**	**(29,488)**
Transfers	**31,381**	**(31,381)**	**–**	**–**	**–**
Other	**592**	**764**	**–**	**–**	**1,356**
Effect of movement in exchange rates	**–**	**–**	**3**	**388**	**391**
Balance at December 31, 2014	**$ 149,285**	**$ 979**	**$ –**	**$ –**	**$ 150,264**
Amortization and impairment losses					
Balance at December 31, 2013	**$ 26,982**	**$ –**	**$ 8,035**	**$ 5,426**	**$ 40,443**
Amortization	**25,869**	**–**	**3**	**56**	**25,928**
Transfers to assets held for sale	**(1,392)**	**–**	**(8,041)**	**(5,558)**	**(14,991)**
Other	**592**	**–**	**–**	**–**	**592**
Effect of movement in exchange rates	**–**	**–**	**3**	**76**	**79**
Balance at December 31, 2014	**$ 52,051**	**$ –**	**$ –**	**$ –**	**$ 52,051**
Net at December 31, 2014	**$ 97,234**	**$ 979**	**$ –**	**$ –**	**$ 98,213**

Carrying Amount	Indefinite Life			
	Trademarks	Delivery routes	Quota	Total
Balance at December 31, 2013	**$ 50,947**	**$ 576**	**$ 20,153**	**$ 71,676**
Additions	**–**	**2,172**	**–**	**2,172**
Transfers to assets held for sale	**(4,247)**	**(574)**	**–**	**(4,821)**
Disposals	**–**	**(2,174)**	**–**	**(2,174)**
Balance at December 31, 2014	**$ 46,700**	**$ –**	**$ 20,153**	**$ 66,853**

Cost	Definite Life				
	Software in use	Software in process	Trademarks	Customer relationships	Total
Balance at December 31, 2012	$ 102,889	$ 28,228	$ 8,215	$ 13,143	$ 152,475
Additions	–	12,280	–	–	12,280
Capitalized Interest	–	772	–	–	772
Transfers	18,631	(18,631)	–	–	–
Other	1,599	(686)	–	–	913
Effect of movement in exchange rates	–	–	5	900	905
Balance at December 31, 2013	$ 123,119	$ 21,963	$ 8,220	$ 14,043	$ 167,345
Amortization and impairment losses					
Balance at December 31, 2012	$ 14,035	$ –	$ 7,468	$ 3,514	$ 25,017
Amortization	12,034	–	567	476	13,077
Impairment loss	–	–	–	1,255	1,255
Other	913	–	–	–	913
Effect of movement in exchange rates	–	–	–	181	181
Balance at December 31, 2013	$ 26,982	$ –	$ 8,035	$ 5,426	$ 40,443
Net at December 31, 2013	$ 96,137	$ 21,963	$ 185	$ 8,617	$ 126,902

	Indefinite Life			
Carrying amount	Trademarks	Delivery routes	Quota	Total
Balance at December 31, 2012	$ 52,282	$ 846	$ 28,207	$ 81,335
Additions	–	2,403	–	2,403
Transfer to assets held for sale	–	–	(8,054)	(8,054)
Disposals	(1,335)	(2,673)	–	(4,008)
Balance at December 31, 2013	$ 50,947	$ 576	$ 20,153	$ 71,676

Amortization

Amortization is recorded through cost of goods sold or selling, general, and administrative expenses depending on the nature of the asset.

Borrowing Costs

During the year borrowing costs of $0.3 million (2013: $0.8 million) were capitalized using an average capitalization rate of 6.7% (2013: 5.4%).

Indefinite Life Intangibles

The following table summarizes the indefinite life intangible assets by CGU group:

	As at December 31, 2014	As at December 31, 2013
CGU Groups		
Meat Products	**$ 66,853**	$ 66,853
Canadian Fresh Bakery[(i)]	**–**	4,823
	$ 66,853	$ 71,676

(i) *The intangibles related to Canadian Fresh Bakery were disposed of during the year ended December 31, 2014. Refer to Note 25 for further details.*

The Company performs annual impairment testing on its indefinite life intangible assets. Annual impairment testing, consistent with the impairment testing for goodwill as described in Note 12, involves determining the recoverable amount of each indefinite life intangible asset and comparing it to the net carrying value. The recoverable values of the Company's indefinite life intangible assets are determined as follows:

Trademarks

The recoverable value of trademarks is calculated using the royalty savings approach, which involves present valuing the royalties earned by similar trademarks. The key assumptions used in this determination are:

	2014	2013
Royalty rate range	**0.5 - 2.0%**	0.5 - 2.0%
Growth rate range	**1.65%**	1.0 - 2.0%
Discount rate	**10.0%**	10.0%

Quotas

The recoverable value of quotas is determined based on recent sales of similar quota, as this is an active market and reliable information is readily available.

Delivery Routes

In 2013 the recoverable value of delivery routes was determined based on discounted projected cash flows. In 2014 all delivery routes were disposed of as part of the Canada Bread sale (Note 25).

14. PROVISIONS

	Notes	Legal	Environ-mental	Lease make-good	Restructuring and other related costs[i]	Total
Balance at December 31, 2013		**$ 561**	**$ 12,603**	**$ 4,736**	**$ 56,556**	**$ 74,456**
Charges		**2,191**	**–**	**2,134**	**52,667**	**56,992**
Reversals		**–**	**–**	**–**	**(7,751)**	**(7,751)**
Cash payments		**(502)**	**(177)**	**–**	**(32,474)**	**(33,153)**
Non-Cash Items		**–**	**–**	**–**	**(2,091)**	**(2,091)**
Foreign currency translation		**–**	**(80)**	**104**	**193**	**217**
Transfer to liabilities associated with assets held for sale	**8**	**–**	**(1,316)**	**(2,517)**	**(6,959)**	**(10,792)**
Balance at December 31, 2014		**$ 2,250**	**$ 11,030**	**$ 4,457**	**$ 60,141**	**$ 77,878**
Current						**$ 60,443**
Non-current						**17,435**
Total at December 31, 2014						**$ 77,878**

	Legal	Environ-mental	Lease make-good	Restructuring and other related costs[i]	Total
Balance at December 31, 2012	$ 741	$ 16,071	$ 6,098	$ 29,225	$ 52,135
Charges	–	–	83	74,393	74,476
Reversals	(43)	(3,148)	(1,769)	(7,365)	(12,325)
Cash payments	(137)	(314)	–	(37,667)	(38,118)
Non-cash items	–	–	–	(2,231)	(2,231)
Foreign currency translation	$ –	$ (6)	$ 324	$ 201	$ 519
Balance at December 31, 2013	$ 561	$ 12,603	$ 4,736	$ 56,556	$ 74,456
Current					$ 54,853
Non-current					19,603
Total at December 31, 2013					$ 74,456

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

The following tables provide a summary of provisions recorded in respect of restructuring and other related costs as at December 31, 2014, and December 31, 2013, all on a pre-tax basis.

	Severance	Site closing and other cash costs	Retention	Total restructuring and other related costs
Balance at December 31, 2013	**$ 27,824**	**$ 12,124**	**$ 16,608**	**$ 56,556**
Charges	**32,098**	**4,306**	**16,263**	**52,667**
Reversals	**(5,125)**	**(67)**	**(2,559)**	**(7,751)**
Cash payments	**(13,215)**	**(4,723)**	**(14,536)**	**(32,474)**
Non-cash items	**(4,015)**	**3,153**	**(1,229)**	**(2,091)**
Foreign currency translation	**(29)**	**222**	**–**	**193**
Transfer to liabilities associated with assets held for sale	**(2,765)**	**(2,691)**	**(1,503)**	**(6,959)**
Balance at December 31, 2014	**$ 34,773**	**$ 12,324**	**$ 13,044**	**$ 60,141**

	Severance	Site closing and other cash costs	Retention	Pension	Total restructuring and other related costs
Balance at December 31, 2012	$ 14,996	$ 11,490	$ 561	$ 2,178	$ 29,225
Charges	44,480	7,792	22,075	46	74,393
Reversals	(5,529)	(769)	(1,067)	–	(7,365)
Cash payments	(26,421)	(6,244)	(5,002)	–	(37,667)
Non-cash items	612	(660)	41	(2,224)	(2,231)
Foreign currency translation	(314)	515	–	–	201
Balance at December 31, 2013	$ 27,824	$ 12,124	$ 16,608	$ –	$ 56,556

15. BANK INDEBTEDNESS AND LONG-TERM DEBT

	December 31, 2014	December 31, 2013
Bank indebtedness *(b), (c)*	**$ –**	$ 4,408
Revolving term facility *(b)*	**$ –**	$ 255,000
Notes payable:		
due 2014 (US$98.0 million and CAD$105.0 million) *(a), (d)*	**–**	208,894
due 2015 (CAD$90.0 million) *(a), (e)*	**–**	89,330
due 2015 (CAD$7.0 million) *(a), (f)*	**–**	7,000
due 2016 (US$7.0 million and CAD$20.0 million) *(a), (d)*	**–**	27,228
due 2020 (CAD$30.0 million) *(a), (f)*	**–**	29,689
due 2021 (US$213.0 million and CAD$102.5 million) *(a), (f)*	**–**	327,399
Other *(g)*	**10,489**	9,452
	$ 10,489	$ 953,992
Less: Current portion	**472**	209,780
Long-term debt	**$ 10,017**	$ 744,212

The revolving term facility require the maintenance of certain covenants. As at December 31, 2014, the Company was in compliance with all of these covenants.

(a) 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.

(b) On March 31, 2014, the Company amended its existing revolving credit facility to include additional shorter-term financing. This facility included a revolving component with an availability of $1,050.0 million and a non-revolving component of $330.0 million. This facility can be drawn in Canadian or U.S. dollars, and bears interest at rates based on Banker's acceptance of prime rates for Canadian dollar loans, and U.S. prime rate and LIBOR for U.S. dollar loans.

Upon the closing of the Canada Bread sale on May 23, 2014, the non-revolving component of the credit facility was fully repaid and expired. The revolving component availability has been reduced to $200.0 million and will expire on March 31, 2015. As at December 31, 2014, the Company had drawn nil loans (2013: $255.0 million) and letters of credit of $21.6 million (2013: $93.8 million) on this facility.

Subsequent to year end, the Company amended its existing $200.0 million credit facility by extending the maturity of the facility to June 30, 2016. Refer to Note 34 to these consolidated financial statements.

(c) In 2013, the Company had a demand operating line of credit of £5.0 million ($8.8 million) to provide short-term funding for its U.K. operations. As at December 31, 2013, £2.5 million ($4.4 million) was outstanding on the line of credit and has been classified as bank indebtedness. The balance was derecognized upon the closing of the Canada Bread sale on May 23, 2014.

(d) In December 2004, the Company issued $500.0 million of notes payable. The notes were issued in five tranches of U.S. and Canadian dollar-denominations, with maturity dates from 2011 to 2016 and bearing interest at fixed annual coupon rates.

In December 2011, the Company repaid US$207.0 million of notes payable, bearing interest at 5.2% per annum. Through the use of cross-currency interest rate swaps, the Company effectively converted US$177.0 million of these notes payable into Canadian dollar-denominated debt bearing interest at an annual fixed rate of 5.4%. The cross-currency swaps were settled in December 2011.

On April 14, 2014, the Company fully repaid the remaining notes payable, as further described in note (a).

(e) In April 2010 and May 2010, the Company issued CAD$75.0 million of notes payable, bearing interest at 6.08% per annum and CAD$15.0 million of notes payable, bearing interest at 5.76% per annum, respectively. The notes payable have a maturity date of April 2015. On April 14, 2014, the Company fully repaid the notes payable, as further described in note (a).

(f) In December 2010, the Company issued notes payable in tranches of U.S. and Canadian dollar-denominations, with maturity dates from 2015 to 2021 and bearing interest at fixed annual coupon rates. The Company received proceeds of CAD$37.0 million in December 2010 and US$213.0 million and CAD$102.5 million in January 2011. Interest was payable semi-annually.

Details of the four tranches are as follows:

Principal	Original Maturity Date[(i)]	Annual Coupon
CAD$7.0 million	2015	4.9%
CAD$30.0 million	2020	5.9%
CAD$102.5 million	2021	5.9%
US$213.0 million	2021	5.2%

[(i)] *On April 14, 2014, the Company fully repaid the notes payable, as further described in note (a).*

(g) The Company has other various lending facilities, with interest rates ranging from non-interest bearing to 2.9% per annum. These facilities are repayable over various terms from 2022 to 2024. As at December 31, 2014, $10.5 million (2013: $23.9 million) was outstanding, of which nil (2013: $14.5 million) was in respect to letters of credit. All of these facilities are committed.

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 December 31, 2014, $82.3 million of letters of credit had been issued thereon. These letters of credit have been collateralized with cash, as further described in Note 4 of the consolidated financial statements.

(h) The Company's estimated average effective cost of borrowing for 2014 was approximately 7.0% (2013: 5.7%) after taking into account the impact of interest rate hedges.

Required repayments of long-term debt are as follows:

2015	$ 681
2016	1,005
2017	1,005
2018	1,005
2019	1,005
Thereafter	7,661
Total long-term debt	**$ 12,362**

16. OTHER CURRENT LIABILITIES

	Notes	**As at December 31, 2014**	As at December 31, 2013
Derivative instruments	*21*	**$ 13,932**	$ 43,548
Liability for stock-based compensation	*27*	**6,469**	–
Other		**3,982**	4,379
		$ 24,383	$ 47,927

17. OTHER LONG-TERM LIABILITIES

	Notes	**As at December 31, 2014**	As at December 31, 2013
Derivative instruments	*21*	**$ 7,748**	$ 12,728
Other		**13,151**	16,016
		$ 20,899	$ 28,744

18. ACCUMULATED OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	Attributable to Common Shareholders			
	Foreign currency translation adjustments[(i)]	**Unrealized gain (loss) on cash flow hedges[(i)]**	**Change in 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	**(557)**	**4,125**	**(50,869)**	**(47,301)**
Transfer to retained earnings (deficit)	**–**	**–**	**50,869**	**50,869**
Transfer to held for sale	**1,025**	**(226)**	**–**	**799**
Balance at December 31, 2014	**$ 737**	**$ (963)**	**$ –**	**$ (226)**

	Attributable to Common Shareholders			
	Foreign currency translation adjustments[(i)]	Unrealized gain (loss) on cash flow hedges[(i)]	Change in actuarial gains and (losses)[(ii)]	Total accumulated other comprehensive income (loss) associated with continuing operations
Balance at December 31, 2012	$ (8,976)	$ (4,287)	$ –	$ (13,263)
Other comprehensive income	9,245	(575)	201,535	210,205
Transfer to retained earnings (deficit)	–	–	(201,535)	(201,535)
Balance at December 31, 2013	$ 269	$ (4,862)	$ –	$ (4,593)

(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 $1.0 million net of tax of $0.3 million of the unrealized gain 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 year ended December 31, 2014, a loss of approximately $12.5 million, net of tax of $4.4 million, was released to earnings from accumulated other comprehensive loss and included in the net change for the period (2013: loss of approximately $1.9 million, net of tax). The loss is 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 21.

19. SHARE CAPITAL

Share Capital

(thousands of shares)	**Common Shares 2014**	2013	**Treasury Stock 2014**	2013
On issue at January 1	**140,142**	139,885	**114**	159
Distributions under stock compensation plans	**642**	45	**(642)**	(45)
Exercise of share options	**2,699**	212	**–**	–
Purchase of treasury stock	**(540)**	–	**540**	–
Balance at December 31	**142,943**	140,142	**12**	114

Common Shares

The authorized share capital consists of an unlimited number of common shares, an unlimited number of non-voting common shares, and an unlimited number of preference shares. These shares have no par value.

The holders of common shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On May 1, 2014, shareholders of the Company reconfirmed the Shareholder Rights Plan (the "Rights Plan"). While the Rights Plan was entered into on December 5, 2011, it required reconfirmation by shareholders of the Company at the May 2014 annual meeting in order to remain in effect. The Rights Plan will expire if it is not reconfirmed by shareholders at the 2017 annual meeting, unless it is otherwise terminated pursuant to its terms before that time.

Treasury Stock

Treasury stock is comprised of shares purchased by a trust in order to satisfy the requirements of the Company's Share Incentive Plan, as described in Note 27.

20. RESTRUCTURING AND OTHER RELATED COSTS

	2014	2013 *(Restated) (Note 25)*
MEAT PRODUCTS GROUP		
Management and Organizational Structure Changes		
Severance	**$ 1,282**	$ 2,737
Site closing and other costs	**(32)**	344
Asset impairment and accelerated depreciation	**–**	154
	$ 1,250	$ 3,235
Strategic Value Creation Initiatives		
Severance	**$ (676)**	$ 23,484
Site closing and other costs	**3,043**	476
Asset impairment and accelerated depreciation	**21,446**	25,353
Retention	**12,237**	20,347
	$ 36,050	$ 69,660
Plant Closure		
Severance	**$ (63)**	$ 111
Pension	**–**	460
	$ (63)	$ 571
Total Meat Products Group	**$ 37,237**	$ 73,466

	2014	2013 *(Restated) (Note 25)*
NON-ALLOCATED		
Management and Organization Structure Changes		
Severance[(i)]	**$ 26,417**	$ 1,745
Site closing and other costs	**2,331**	–
Asset impairment and accelerated depreciation	**1,507**	–
Pension	**100**	–
Total Non-Allocated	**$ 30,355**	$ 1,745
Total restructuring and other related costs	**$ 67,592**	$ 75,211

(i) *Includes share-based payments as described in Note 27.*

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management and Organizational Structure Changes

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

Strategic Value Creation Initiatives

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

Plant Closure

The Company's Meat Products Group has recorded restructuring costs related to the closure of a plant located in Ayr, Ontario. This category only includes plant closures not related to the Company's Strategic Value Creation Initiatives described above.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Capital

The Company's objective is to maintain a cost effective capital structure that supports its long-term growth strategy and maximizes operating flexibility. In allocating capital to investments to support its earnings goals, the Company establishes internal hurdle return rates for capital initiatives. Capital projects are generally financed with internal cash flows and senior debt where required.

The Company typically uses leverage in its capital structure to reduce the cost of capital. The Company's goal is to maintain its primary credit ratios and leverage at levels that are designed to provide continued access to investment-

grade credit pricing and terms. The Company measures its credit profile using a number of metrics, some of which are non-IFRS measures, primarily cash and cash equivalents, less long-term debt and bank indebtedness ("net cash (debt)") to earnings before interest, income taxes, depreciation, amortization, restructuring and other related costs ("EBITDA"), and interest coverage.

The Company's various credit facilities, all of which are unsecured, are subject to certain financial covenants. As at December 31, 2014, the Company was in compliance with all of these covenants.

In addition to senior debt and equity, the Company uses leases and very limited recourse accounts receivable securitization programs as additional sources of financing.

The Company has maintained a stable dividend distribution that is based on a long-term sustainable net earnings base. From time to time, the Company has purchased shares for cancellation pursuant to normal course issuer bids and to satisfy awards under its Share Incentive Plan.

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 fair values and notional amounts of derivative financial instruments as at December 31 are shown below:

	2014			2013		
	Notional amount[(i)]	**Fair value Asset**	**Fair value Liability**	Notional amount[(i)]	Fair value Asset	Fair value Liability
Cash flow hedges						
Cross-currency interest rate swaps	**$ –**	**$ –**	**$ –**	US$ 313,000	$ 5,903	$ 31,643
Foreign exchange contracts[(ii)]	**159,032**	**340**	**2,964**	225,714	–	2,854
Commodity contracts[(ii)]	**10,879**	**1,339**	**–**	16,509	–	240
Fair value hedges						
Commodity contracts[(ii)]	**$ 7,990**	**$ 824**	**$ –**	$ 38,747	$ 381	$ –
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ 1,180,000**	**$ –**	**$ 12,488**	$ 1,180,000	$ –	$ 18,764
Foreign exchange contracts[(ii)]	**147,489**	**439**	**5**	134,814	–	187
Commodity contracts[(ii)]	**414,948**	**11,687**	**6,223**	494,445	3,965	2,588
Total fair value		**$ 14,629**	**$ 21,680**		$ 10,249	$ 56,276
Current		**$ 14,629**	**$ 13,932**		$ 8,366	$ 43,548
Non-current		**–**	**7,748**		1,883	12,728
Total fair value		**$ 14,629**	**$ 21,680**		$ 10,249	$ 56,276

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

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

The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding long-term debt) approximate their carrying value due to their short-term nature.

The carrying value of long-term debt as at December 31, 2014 approximates its fair value. The fair value of long-term debt as at December 31, 2013, was $1,035.2 million as compared to its carrying value of $954.0 million on the consolidated balance sheet (refer to Note 15). The fair value of the Company's long-term debt has been classified as Level 2 in the fair value hierarchy and was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

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

Derivatives not designated in a formal hedging relationship are classified as held-for-trading. Net gains (losses) on financial instruments held-for-trading consist of realized and unrealized gains (losses) on derivatives that were de-designated or were otherwise not in a formal hedging relationship.

For the year ended December 31, 2014, the Company recorded a loss of $27.9 million (2013: loss of $10.2 million) on financial instruments held for trading. During 2014, the held-for-trading loss was mainly attributed to a loss in commodity exchange traded contracts which hedge and offset price risk volatility inherent in the hog operational business.

For the year ended December 31, 2014, the pre-tax amount of hedge ineffectiveness recognized in earnings was a loss of $0.2 million (2013: gain of $3.2 million).

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

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ –	$ 779	$ –	$ 779
Commodity future contracts	13,850	–	–	13,850
	$ 13,850	**$ 779**	**$ –**	**$ 14,629**
Liabilities:				
Foreign exchange contracts	$ –	$ 2,969	$ –	$ 2,969
Commodity future contracts	6,223	–	–	6,223
Interest rate swaps	–	12,488	–	12,488
	$ 6,223	**$ 15,457**	**$ –**	**$ 21,680**

There were no transfers between levels during the year ended December 31, 2014. 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 reassessing categorization at the end of each reporting period.

The risks associated with the Company's financial instruments and policies for managing these risks are detailed below.

Credit Risk

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

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, food service, industrial, and convenience channels. The Company performs ongoing credit evaluations of new and existing customers' financial condition, and reviews the collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. As at December 31, 2014, the Company did not have any accounts receivable greater than 60 days past due (2013: $0.2 million). The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at December 31, 2014, the Company has recorded an allowance for doubtful accounts of $0.0 million (2013: $0.1 million). Average accounts receivable days sales outstanding for the year is consistent with historic trends.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers, the large number and geographic dispersion of smaller customers, and the operation of the accounts receivable securitization as mentioned previously. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. The Company's two largest customers as at December 31, 2014 comprise approximately 26.3% (2013: 21.1%) of total sales before adjustments for discontinued operations.

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

sheet date consisted primarily of the carrying value of non-derivative financial assets and non-exchange-traded derivatives with positive fair values.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The contractual undiscounted principal cash flows payable in respect of financial liabilities as at the balance sheet date, were as follows:

	December 31, 2014				
	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due after 3 years	Total
Financial liabilities					
Accounts payable and accruals	$ 275,249	$ –	$ –	$ –	$ 275,249
Long-term debt[(i)]	681	1,005	1,005	9,671	12,362
Foreign exchange contracts	2,969	–	–	–	2,969
Commodity futures contracts	6,223	–	–	–	6,223
Interest rate swaps[(i)]	4,740	–	7,748	–	12,488
Other liabilities	3,982	1,040	862	1,682	7,566
Total	**$ 293,844**	**$ 2,045**	**$ 9,615**	**$ 11,353**	**$ 316,857**

(i) *Does not include contractual interest payments*

The Company manages liquidity risk by monitoring forecasted and actual cash flows, minimizing reliance on any single source of credit, maintaining sufficient undrawn committed credit facilities and managing the maturity profiles of financial assets and financial liabilities to minimize re-financing risk.

As at December 31, 2014, the Company had available undrawn committed credit of $178.4 million (2013: $701.2 million) under the terms of its principal banking arrangements (refer to Note 15). These banking arrangements are subject to certain covenants and other restrictions.

Market Risk

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk. In addition, the Company's cash balances are typically invested in short-term interest bearing assets.

The Company manages its interest rate risk exposure by using a mix of fixed and variable rate debt and periodically using interest rate derivatives to achieve the desired proportion of variable to fixed-rate debt.

At December 31, 2014, the Company had no variable rate debt (2013: $259.4 million with a weighted average interest rate of 3.5%). However, the Company is exposed to floating interest rates on its accounts receivable securitization program. As at December 31, 2014, the amount serviced pursuant to this program was $76.6 million at a weighted average interest rate of 2.1% (2013: $156.5 million at a weighted average interest rate of 2.1%). The maximum amount available to the Company under these programs is $110.0 million (2013: $170.0 million).

On March 14, 2014, the Company issued a notice of repayment of its notes payable, with a subsequent repayment on April 14, 2014 (Note 15). 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 has been discontinued. This has resulted in a reclassification of $9.6 million from accumulated other comprehensive income, to interest expense and other financing costs during the year ended December 31, 2014. During the same period, the Company terminated cross-currency interest rate swaps maturing in 2021 and the remaining cross-currency swaps matured in 2014.

At December 31, 2014, the Company had fixed-rate debt of $10.5 million (2013: $699.0 million) with a weighted average notional interest rate of 4.4% (2013: 5.7%). Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net earnings, as the Company's debt is carried at amortized cost and the carrying value does not change as interest rates change.

As at December 31, 2014, 12.0% (2013: 62.7%) of the Company's outstanding debt and revolving accounts receivable securitization program were not exposed to interest rate movements.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that the value of financial instruments or cash flows will fluctuate due to changes in foreign exchange rates.

The Company's foreign exchange risk arises primarily from transactions in currencies other than Canadian dollars, U.S. dollar-denominated borrowings, and investments in foreign operations.

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposures. The primary currencies to which the Company is exposed to are the U.S. dollar and the Japanese yen. Qualifying foreign currency forward contracts are accounted for as cash flow hedges. As of December 31, 2014, $159.0 million (2013: $225.7 million) of anticipated foreign currency denominated sales and purchases have been hedged with underlying foreign exchange forward contracts settling at various dates beginning January 2015. The aggregate fair value of these forward contracts was a loss of $2.6 million at December 31, 2014 (2013: loss of $2.9 million) that was recorded in accumulated other comprehensive income with an offsetting amount recorded in other current liabilities. The Company also holds foreign exchange contracts for $147.5 million (2013: $134.8 million) related to anticipated foreign currency denominated sales and purchases that are not held in a qualifying hedge relationship.

It is estimated that, all else constant, an adverse hypothetical 10% change in the value of the Canadian dollar against all relevant currencies would result in a change in the fair value of the Company's foreign exchange forward contracts of $16.8 million, with an offsetting change in net earnings of $0.7 million and in other comprehensive income (loss) of $16.1 million.

Commodity Price Risk

The Company is exposed to price risk related to commodities such as live hogs, fuel costs, and purchases of certain other agricultural commodities used as raw materials, including feed grains. The Company may use fixed price contracts with suppliers as well as exchange-traded futures and options to manage its exposure to price fluctuations.

The Company uses futures to minimize the price risk assumed under forward priced contracts with suppliers. This includes futures contracts that are designated and accounted for as fair value hedges as well as non-designated instruments.

The Company also uses futures to minimize the price risk of anticipated or forecasted transactions which are accounted for as cash flow hedges.

Changes in the fair value of the cash flow hedging derivatives are recorded in other comprehensive income to the extent the hedge is effective in mitigating the exposure to the related anticipated transaction, and subsequently reclassified to earnings to offset the impact of the hedged items when they affect earnings. The aggregate fair value of these futures contracts was a gain of $1.3 million as at December 31, 2014 (2013: loss of $0.2 million) that was recorded in accumulated other comprehensive income with an offsetting amount recorded in other current liabilities.

It is estimated that, all else constant, an adverse hypothetical 10% change in market prices of the underlying commodities would result in a change in the fair value of underlying outstanding derivative contracts of $8.9 million, with an offsetting change in net earnings of a loss of $9.3 million and in other current liabilities a loss of $0.6 million. These amounts exclude the offsetting impact of the commodity price risk inherent in the transactions being hedged.

Non-Designated Interest Rate Swaps

The change in fair value of non-designated interest rate swaps for the year ended December 31, 2014, was a gain of $6.3 million ($4.7 million after-tax) and was recorded in net earnings (2013: gain of $2.0 million ($1.5 million after-tax)).

22. OTHER INCOME (EXPENSE)

	Notes	2014	2013
			(Restated) (Note 25)
(Loss) gain on sale of property and equipment		**$ (1,688)**	$ 514
Gain on sale of investment properties		**350**	323
Recovery from insurance claims		**–**	4,803
Gain on sale of assets and liabilities held for sale[(i)]		**–**	56,207
Adjustment of prior gain on acquisition	*33*	**–**	(985)
Net investment property loss		**(1,268)**	(438)
Hedge ineffectiveness		**157**	3,239
De-designation of interest rate swaps	*21*	**–**	4,748
Impairment of assets[(ii)]		**(2,287)**	(2,361)
Reversals of impairment of assets[(ii)]		**89**	2,148
Legal settlements		**170**	–
Depreciation of assets used to support divested businesses[(iii)]		**(11,508)**	–
Pension curtailment		**–**	4,040
Legal and other fees on acquisition and disposals		**–**	(2,616)
Interest income		**3,344**	–
Adjustment of provisions		**(4,220)**	–
Property tax rebate		**1,771**	2,455
Other		**(1,514)**	(336)
		$ (16,604)	$ 71,741

(i) Gain on sale of assets and liabilities held for sale

Gain (loss) on sale of assets and liabilities held for sale recorded by the Company related to the following:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Net proceeds	**Gain (loss)**	Net proceeds	Gain (loss)
Potato processing facility	**$ –**	**$ –**	$ 58,067	$ 45,388
Poultry farm	**–**	**–**	21,134	(35)
Turkey agricultural operations	**–**	**–**	46,278	9,696
Investment properties held for sale	**–**	**–**	3,337	1,158
Total	**$ –**	**$ –**	$ 128,816	$ 56,207

(ii) Impairments of assets

Impairments and reversals recorded by the Company related to the following:

	2014	2013
		(Restated) (Note 25)
Impairments:		
Property and equipment	**$ 1,522**	$ 182
Assets held for sale	**–**	1,823
Goodwill	**–**	356
Other assets	**765**	–
Total impairments	**$ 2,287**	$ 2,361
Reversal of impairments		
Investment properties	**$ –**	$ (760)
Property and equipment	**(89)**	(1,388)
Total reversal of impairments	**$ (89)**	$ (2,148)

(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 current and previous years, the Company has revised the estimated useful life of these assets, resulting in a depreciation charge in excess of cost recoveries.

23. INTEREST EXPENSE AND OTHER FINANCING COSTS

	2014	2013 (Restated) (Note 25)
Interest expense on long-term debt	**$ 13,237**	$ 42,500
Interest on bankers' acceptances and prime loans	**9,143**	18,785
Interest expense on interest rate swaps	**5,985**	21,319
Interest income on interest rate swaps	**(5,044)**	(17,421)
Net interest expense on non-designated interest rate swaps	**6,684**	8,059
Interest expense on securitized receivables	**1,821**	2,083
Deferred finance charges	**3,113**	3,582
Other interest charges	**2,831**	4,234
Interest capitalized	**(5,504)**	(15,657)
Other financing costs[i]	**98,578**	1,388
	$ 130,844	$ 68,872

[i] *Other financing costs for the year ended December 31, 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.*

24. INCOME TAXES

The components of income tax expense from continuing operations were as follows:

	2014	2013 (Restated) (Note 25)
Current tax expense		
Current year	**$ 3,536**	$ 1,240
	$ 3,536	$ 1,240
Deferred tax expense		
Origination and reversal of temporary differences	**$ (75,494)**	$ (53,185)
Adjustment for prior periods	**(2,598)**	–
Change in tax rates	**–**	445
	$ (78,092)	$ (52,740)
Total income tax expense	**$ (74,556)**	$ (51,500)

Reconciliation of Effective Tax rate

Income tax expense varies from the amount that would be computed by applying the combined federal and provincial statutory income tax rates as a result of the following:

	2014	2013
		(Restated) (Note 25)
Income tax expense according to combined statutory rate of 26.5% (2013: 26.5%)	**$ (76,418)**	$ (51,125)
Increase (decrease) in income tax resulting from:		
Deferred tax expense relating to changes in tax rates	**–**	38
Tax rate differences in other jurisdictions	**408**	407
Manufacturing and processing credit	**2,050**	1,376
Share-based compensation	**1,212**	3,698
Non-taxable gains	**(1,965)**	(5,911)
Non-deductible expenses	**1,140**	1,905
Unrecognized income tax benefit of losses	**411**	–
Other	**(1,394)**	(1,888)
	$ (74,556)	$ (51,500)

Income Tax Recognized in Other Comprehensive Income (Loss)

	2014	2013
		(Restated) (Note 25)
Derivative instruments[(i)]	**$ 1,549**	$ (92)
Pension adjustments[(i)]	**(16,980)**	64,213
	$ (15,431)	$ 64,121

(i) *Derivative and pension adjustments exclude amounts related to discontinued operations of $0.1 million (2013: $0.1 million) and $1.3 million (2013: $6.4 million), respectively. Refer to Note 25 for further details.*

Deferred Tax Assets and Liabilities

Recognized Deferred Tax Asset and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	2014	2013
Deferred tax assets:		
Tax losses carried forward	**$ 47,411**	$ 28,454
Accrued liabilities	**39,376**	39,813
Employee benefits	**9,565**	–
Other	**734**	1,568
	$ 97,086	$ 69,835
Deferred tax liabilities:		
Property and equipment	**$ 7,673**	$ 46,694
Cash basis farming	**8,822**	3,862
Employee benefits	**–**	4,152
Goodwill and other intangible assets	**5,605**	10,213
Other	**–**	2,311
	$ 22,100	$ 67,232
Classified in the consolidated financial statements as:		
Deferred tax asset	**$ 74,986**	$ 26,119
Deferred tax liability	**–**	(23,516)
	$ 74,986	$ 2,603

Recognized Deferred Tax Assets

The Company has recognized deferred tax assets in the amount of approximately $47.4 million (2013: $28.5 million), relating primarily to tax losses carried forward in Canada (2013: by subsidiaries in the U.K. and Canada). These deferred tax assets are based on the Company's estimate that it (and at December 31, 2013: it and the relevant subsidiaries) will earn sufficient taxable profits to fully utilize these tax losses in the appropriate carry over periods.

Unrecognized Deferred Tax Assets

The Company has no unrecognized deferred tax assets. At December 31, 2013, the Company had unrecognized deferred tax assets in the amount of approximately $39.0 million relating primarily to tax losses carried forward in the U.S. and Canada.

Unrecognized Deferred Tax Liabilities

Deferred tax is not recognized on the unremitted earnings of subsidiaries and other investments, as the Company is in a position to control the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future. There is no unrecognized temporary difference as at December 31, 2014 (2013: $60.1 million).

25. 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 gain of $997.0 million for the twelve months ended December 31, 2014. Upon the sale of the business, the net assets of Canada Bread have been de-recognized from assets held for sale. For the twelve months ended December 31, 2014 and 2013, the Canada Bread operations have been classified as discontinued operations on the Consolidated Statements of Net Earnings, and are presented as part of Bakery Products Group for segmented reporting.

Olivieri Fresh Pasta and Sauce Business

On November 25, 2013, the Company sold substantially all the net assets of its Olivieri fresh pasta and sauce business ("Olivieri"), a component of the Bakery Products Group, to Catelli Foods Corporation. The purchase price was finalized during March 2014. The final net proceeds were $115.8 million, including a pre-tax adjustment in 2014 of $1.9 million and the final gain on sale was $77.6 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 twelve months ended December 31, 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 pre-tax gain of $526.5 million recognized for the year ended December 31, 2013. During the twelve months ended December 31, 2014, the Company recorded an adjustment to the gain on disposal of $5.1 million relating to additional transaction costs incurred associated with the sale.

Following is a summary of earnings from discontinued operations:

		2014				2013			
Years ended December 31,	***Note***	**Canada Bread**	**Olivieri**	**Rothsay**	**Total**[(i)]	Canada Bread	Olivieri	Rothsay	Total
Sales		**$ 567,861**	**$ –**	**$ –**	**$ 567,861**	$1,453,586	$78,407	$206,194	$1,738,187
Cost of goods sold		**439,710**	**–**	**–**	**439,710**	1,148,633	64,749	138,959	1,352,341
Gross margin		**$ 128,151**	**$ –**	**$ –**	**$ 128,151**	$ 304,953	$13,658	$ 67,235	$ 385,846
Selling, general, and administrative expenses		**80,322**	**–**	**–**	**80,322**	180,744	11,327	5,674	197,745
Operating Earnings before the following:		**$ 47,829**	**$ –**	**$ –**	**$ 47,829**	$ 124,209	$ 2,331	$ 61,561	$ 188,101
Restructuring and other related costs		**(2,612)**	**–**	**–**	**(2,612)**	(17,953)	–	–	(17,953)
Gain on disposal of discontinued operations[(ii)(iii)]		**996,994**	**–**	**–**	**996,994**	–	79,424	526,477	605,901
Adjustment of prior gain on disposal of discontinued operations[(iv)]		**–**	**(1,866)**	**(5,135)**	**(7,001)**	–	–	–	–
Other income (expense)		**(1,582)**	**–**	**–**	**(1,582)**	6,254	–	87	6,341
Earnings (loss) before interest and income taxes from discontinued operations		**$1,040,629**	**$(1,866)**	**$(5,135)**	**$1,033,628**	$ 112,510	$81,755	$588,125	$ 782,390
Interest expense and other financing costs		**786**	**–**	**–**	**786**	970	–	42	1,012
Earnings (loss) before income taxes from discontinued operations		**$1,039,843**	**$(1,866)**	**$(5,135)**	**$1,032,842**	$ 111,540	$81,755	$588,083	$ 781,378
Income taxes		**108,505**	**(140)**	**(1,242)**	**107,123**	28,658	11,699	87,433	127,790
Net earnings (loss) from discontinued operations		**$ 931,338**	**$(1,726)**	**$(3,893)**	**$ 925,719**	$ 82,882	$70,056	$500,650	$ 653,588
Attributed to:									
Common shareholders		**$ 929,326**	**$(1,689)**	**$(3,893)**	**$ 923,744**	$ 74,377	$62,805	$500,650	$ 637,832
Non-controlling interest		**2,012**	**(37)**	**–**	**1,975**	8,505	7,251	–	15,756
		$ 931,338	**$(1,726)**	**$(3,893)**	**$ 925,719**	$ 82,882	$70,056	$500,650	$ 653,588
Earnings per share from discontinued operations attributable to common shareholders:	***26***								
Basic and diluted earnings per share from discontinued operations					**$ 6.54**				$ 4.56
Weighted average number of shares (millions)					**141.2**				139.9

(i) *The Rothsay and Olivieri operations were sold during 2013.*

(ii) *Included in the gain on disposal of discontinued operations is $8.5 million of stock compensation expenses for the year ended December 31, 2014.*

(iii) *Gain, net of tax, attributable to common shareholders $894.5 million (2013: $515.9 million) for the year ended December 31, 2014.*

(iv) *Adjustment of prior gain on disposal of discontinued operations includes $2.5 million (2013: $0.0 million) of stock-based compensation granted during 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 net earnings for all periods presented.

	2014			2013			
Twelve months ended December 31,	**Canada Bread**	**Olivieri**	**Total**[(i)]	Canada Bread	Olivieri	Rothsay	Total
Operating cash flows	**$ (41,059)**	**$ 160**	**$ (40,899)**	$184,333	$ 4,143	$ 67,601	$256,077
Financing cash flows[(ii)]	**(246,583)**	**–**	**(246,583)**	(51,145)	–	–	(51,145)
Investing cash flows	**1,584,833**	**(468)**	**1,584,365**	(23,170)	115,578	616,268	708,676
Net cash flows	**$1,297,191**	**$(308)**	**$1,296,883**	$110,018	$119,721	$683,869	$913,608

(i) *The Rothsay operation was sold during 2013, and had no cash flows for 2014.*

(ii) *Includes intercompany dividends that are eliminated on consolidation.*

26. 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 year.

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 year, adjusted for the effects of potentially dilutive stock options.

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

	Attributable to Common Shareholders					
	2014			2013[(iii)]		
Years ended December 31,	**Net earnings (loss)**	**Weighted average number of shares**[(ii)]	**EPS**	Net earnings (loss)	Weighted average number of shares[(ii)]	EPS
Basic						
Continuing operations	**$ (213,813)**	**141.2**	**$ (1.51)**	$ (141,522)	139.9	$ (1.01)
Gain on sale of business, net of tax	**894,528**	**141.2**	**6.33**	515,936	139.9	3.69
Discontinued operations before gain on sale of business	**29,216**	**141.2**	**0.21**	121,896	139.9	0.87
	$ 709,931	**141.2**	**$ 5.03**	$ 496,310	139.9	$ 3.55
Stock options[(i)]	**–**	**–**	**–**	–	–	–
Diluted						
Continuing operations	**$ (213,813)**	**141.2**	**$ (1.51)**	$ (141,522)	139.9	$ (1.01)
Gain on sale of business	**894,528**	**141.2**	**6.33**	515,936	139.9	3.69
Discontinued operations before gain on sale of business	**29,216**	**141.2**	**0.21**	121,896	139.9	0.87
	$ 709,931	**141.2**	**$ 5.03**	$ 496,310	139.9	$ 3.55

(i) *Excludes the effect of approximately 4.8 million options and restricted share units (2013: 6.4 million) to purchase common shares that are anti-dilutive.*

(ii) *In millions.*

(iii) *Restated, see Note 25.*

27. SHARE-BASED PAYMENT

Under the Maple Leaf Foods Share Incentive Plan in effect as at December 31, 2014, 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 at that point in time. This resulted in an additional expense of $6.7 million at the date of modification and $2.0 million on market value adjustment to current share price at the date of sale of Canada Bread. This additional expense was reflected in selling, general, and administrative expenses. Additionally, $23.4 million was reclassified from equity to liabilities.

Stock Options

A summary of the status of the Company's outstanding stock options and changes as at years ended December 31, 2014 and 2013, and changes during these years are presented below:

	2014		2013	
	Options outstanding	**Weighted average exercise price**	Options outstanding	Weighted average exercise price
Outstanding at January 1	**4,679,800**	**$11.60**	2,601,000	$11.36
Granted	**1,161,000**	**20.28**	2,345,500	11.85
Exercised	**(2,699,600)**	**11.58**	(212,300)	11.36
Forfeited	**–**	**–**	(50,400)	11.72
Expired	**–**	**–**	(4,000)	13.50
Outstanding December 31	**3,141,200**	**$14.83**	4,679,800	$11.60
Options currently exercisable	**1,980,200**	**$11.63**	1,519,100	$11.36

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

The number of options outstanding at December 31, 2014, is as follows:

	Options Outstanding			**Options currently exercisable**		**Options subject to timing vesting only**	
Range of exercise prices	**Number outstanding**	**Weighted average exercise price**	**Weighted average remaining term of options (in years)**	**Number exercisable**	**Weighted average exercise price**	**Number outstanding**	**Weighted average exercise price**
$11.36 to $20.28	**3,141,200**	**$14.83**	**5.28**	**1,980,200**	**$11.63**	**1,161,000**	**$20.28**

The number of options outstanding at December 31, 2013, is as follows:

	Options outstanding			Options currently exercisable		Options subject to timing vesting only	
Range of exercise prices	Number outstanding	Weighted average exercise price	Weighted average remaining term of options (in years)	Number exercisable	Weighted average exercise price	Number outstanding	Weighted average exercise price
$11.36 to $11.85	4,679,800	$11.60	2.40	1,519,100	$11.36	3,160,700	$11.72

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 years ended December 31, 2014 and 2013 are shown in the table below.

	2014	2013
Share price at grant date	**$ 19.87**	$ 11.82
Exercise price	**$ 20.28**	$ 11.85
Expected volatility[(i)]	**24.78%**	26.53%
Option life (in years)[(ii)]	**4.5**	4.5
Expected dividend yield	**0.81%**	1.35%
Risk-free interest rate[(iii)]	**1.69%**	1.42%

(i) *Weighted average volatility.*

(ii) *Expected weighted average life.*

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

There were 1,161,000 (2013: 2,345,500) stock options issued during the year ended December 31, 2014. The fair value of options granted during the year was $4.5 million (2013: $5.1 million), of this amount $1.5 million (2013: $nil) was included in restructuring and other related costs as a non-cash item (Note 20). Amortization charges relating to current and prior year options were $4.7 million (2013: $4.6 million).

Restricted Share Units

The Company has one plan under which RSUs may be granted to employees. The awards granted under the Restricted Share Unit Plan (adopted in 2006) are satisfied either by shares to be purchased on the open market by a trust established for that purpose, or cash at the option of the Company on the time of vesting.

The RSUs are subject to both time vesting and performance vesting. The performance vesting is based on the achievement of specified stock performance targets relative to a North American index of food stocks or on Company performance relative to predetermined targets. Under the 2006 Plan for units granted prior to 2011, between 0.5 and 1.5 common shares in the capital of the Company can be distributed to each RSU as a result of the performance of the Company against the target levels required for vesting. For units granted in 2011 and after, one common share of the Company may be distributed to each RSU, and these units vest strictly over time. The 2011 and thereafter grants also included a grant of PSUs. These PSUs provide the holder with up to two RSUs based on the achievement of Company performance targets. All outstanding RSUs under the 2006 Plan vest over a period of one and a half to three years from the date of grant. As at December 31, 2014, there were no units outstanding related to 2011 issuances.

A summary of the status of the Company's RSU plans (including PSUs) as at December 31, 2014 and 2013 and changes during these periods is presented below:

	2014		2013	
	RSUs outstanding	**Weighted average fair value at grant**	RSUs outstanding	Weighted average fair value at grant
Outstanding at January 1	**2,746,000**	**$11.17**	3,587,172	$11.23
Granted	**1,299,436**	**18.28**	1,318,450	11.35
Exercised	**(1,857,624)**	**13.20**	(982,775)	11.39
Forfeited	**(180,643)**	**11.22**	(194,072)	11.22
Expired	**(686,910)**	**10.99**	(982,775)	11.39
Outstanding December 31	**1,320,259**	**$15.37**	2,746,000	$11.17

Of the RSUs exercised, the Company settled 1,215,394 (2013: 909,300) units in cash rather than equity instruments. Commencing from the date of modification the Company has accounted for the 2014 amount as cash-settled awards. As a result of the terms of modification the amount of this liability is fixed as at the date of sale of Canada Bread. The remainder of the Company's outstanding RSUs are accounted for as equity-settled.

The fair value of RSUs and PSUs granted in 2014 was $23.1 million (2013: $13.7 million). Expenses for the year ended December 31, 2014, relating to current and prior year RSUs and PSUs, including the modification impacts and a mark-to-market adjustment on the related liability outlined above, were $28.7 million (2013: $7.6 million); of this amount $11.0 million (2013: $nil) was included in discontinued operations (Note 25) and $4.1 million (2013: $nil) was included in restructuring and other related costs as a non-cash item (Note 20).

The key assumptions used in the valuation of fair value of RSUs granted during the year are shown in the table below[(i)].

	2014	2013
Expected RSU life (in years)	**1.60**	3.30
Forfeiture rate	**2.5%**	8.6%
Risk-free discount rate	**1.1%**	1.2%

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

Director Share Units

If an eligible Director elects to receive his or her retainer and fees as common shares of the Corporation, the Company purchases shares at market rates on behalf of the participating Directors.

Prior to 2013, if an eligible Director elected to receive his or her fees and retainer in the form of DSUs, each DSU had a value equal to the market value of one common share of the Company at the time the DSU is credited to the Director. DSUs attract dividends in the form of additional DSUs at the same rate as dividends on common shares of the Company. The value of each DSU is measured at each reporting date and is equivalent to the market value of a common share of the Company at the reporting date.

In 2013, the Company adopted a new Share Purchase and Deferred Share Unit Plan (the "2013 DSU Plan"), which replaced the Company's existing Share Purchase and Deferred Share Unit Plan (the "2002 DSU Plan"). The 2002 DSU Plan only allows for DSUs to be satisfied in cash, whereas the 2013 DSU Plan allows the Company the flexibility to satisfy DSUs in common shares, either issued from treasury or purchased by the Company on the open market. DSUs outstanding under the 2002 DSU Plan will be governed by the terms of the 2002 DSU Plan, unless a participant elected in writing that his or her DSUs outstanding under the 2002 DSU Plan are to be governed by the 2013 DSU Plan.

The fair value of director share units expensed during the year ended December 31, 2014 was $1.3 million (2013: $1.1 million).

A summary of the status of the Company's outstanding DSUs as at December 31, 2014 and 2013, and changes during these years is presented below:

	2014		2013	
Units Outstanding	**2013 DSU Plan**	**2002 DSU Plan**	2013 DSU Plan	2002 DSU Plan
Outstanding at January 1	**326,900**	**18,725**	–	441,531
Additions: granted	**66,757**	**–**	40,022	40,289
Additions: dividends reinvested	**3,269**	**168**	2,578	1,534
Exercised	**–**	**–**	–	(180,329)
Transfer between plans	**–**	**–**	284,300	(284,300)
Outstanding, end of year	**396,926**	**18,893**	326,900	18,725
Value of liability at December 31[(i)]	**$ –**	**$ 373**	$ –	$ 485

(i) *Value of liability is only applicable to 2002 plan.*

28. COMPOSITION OF THE COMPANY

Subsidiary

In 2013, the consolidated financial statements of the Company included a 90.0% controlling interest in Canada Bread Company, Limited ("Canada Bread" or the "Subsidiary"). Canada Bread is a publicly traded company incorporated in Canada with wholly owned operations across North America and the U.K. that manufacture and distribute fresh and frozen bakery products.

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). Upon the sale of the business, the net assets of Canada Bread were de-recognized. For the year ended December 31, 2014, the Canada Bread operations have been classified as discontinued operations on the Consolidated Statements of Net Earnings, and are presented as part of Bakery Products Group for segmented reporting (Note 25).

The financial information before inter-company eliminations of Canada Bread is provided below:

As at December 31,	**2013**[(i)]
Cash	$ 325,062
Other current assets	139,509
Non-current assets	674,077
Total assets	$ 1,138,648
Bank Indebtedness	$ 4,408
Other current liabilities	432,543
Non-current liabilities	79,364
Total liabilities	$ 516,315
Total shareholders' equity	$ 622,333

(i) Upon the sale of Canada Bread in 2014, the net assets of Canada Bread were de-recognized.

Year ended December 31,	**2014**	2013
Sales from continuing operations	**$ 567,861**	$ 1,453,586
Net earnings from continuing operations	**$ 19,751**	$ 85,043
Net loss from discontinued operations	**–**	72,513
Net earnings	**$ 19,751**	$ 157,556
Other comprehensive income (loss)	**(569)**	33,424
Total comprehensive income	**$ 19,182**	$ 190,980
Attributed to non-controlling interest:		
Net earnings	**$ 1,975**	$ 15,756
Total comprehensive income (loss)	**1,918**	19,098

Year ended December 31,	**2014**	2013
Operating activities	**$ (41,219)**	$ 188,976
Financing activities	**(246,583)**	(51,145)
Investing activities	**(9,841)**	92,408
Increase (decrease) in cash and equivalents	**$ (297,643)**	$ 230,239

The following is a continuity of non-controlling interests:

	Canada Bread and other minority interests
Balance at December 31, 2013	**$ 60,863**
Net earnings	**1,975**
Other comprehensive loss	**(244)**
Dividends declared	**(3,017)**
Disposal of business	**(59,577)**
Balance at December 31, 2014	**$ –**

	Canada Bread and other minority interests
Balance at January 1, 2013	$ 67,085
Net earnings	15,853
Other comprehensive income	3,342
Dividends declared	(25,417)
Balance at December 31, 2013	$ 60,863

The Company's financial results attributed to non-controlling interest is further detailed in the Consolidated Statements of Changes in Total Equity.

Unconsolidated Structured Entity

The Company has sold certain of its trade accounts receivable to an unconsolidated structured entity owned by a financial institution, under revolving securitization programs. The Company retains servicing responsibilities for these receivables. The structured entity finances the purchase of these receivables by issuing senior debt instruments to the financial institution, short-term mezzanine notes back to the Company, and an equity interest held by the financial institution.

As at December 31, 2014, trade accounts receivable being serviced under these programs amounted to $156.6 million (2013: $166.4 million). In return for the sale of its trade receivables, the Company will receive cash of $46.4 million (2013: $50.9 million) and notes receivable in the amount of $110.2 million (2013: $115.5 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 December 31, 2014, the Company recorded a net payable amount of $30.4 million (2013: $105.5 million net payable) in accounts payable.

The Company's maximum exposure to loss due to its involvement with a structured entity is equal to the current carrying value of the interest in the notes receivable due from the structured entity. The maximum potential loss that could be borne by subordinated interests in the structured entity is a $1.5 million equity interest (2013: $2.0 million). The Company has not recognized any income or losses with its interest in an unconsolidated structured entity for the year ended December 31, 2014 or 2013.

In 2014, the securitization agreements were renewed with substantially the same terms and conditions, with an expiry date of September 2016.

29. COMMITMENTS AND CONTINGENCIES

(a) The Company has been named as a defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. Management is of the opinion that the outcome of

these uncertainties will not have a material adverse effect on the Company's financial position.

(b) In the normal course of business, the Company and its subsidiaries enter into sales commitments with customers, and purchase commitments with suppliers. These commitments are for varying terms and can provide for fixed or variable prices. With respect to certain of its contracts, the Company provided letters of credit to guarantee third party obligations in the amount of $5.2 million (2013: $5.2 million). The Company believes that these contracts serve to reduce risk, and does not anticipate that losses will be incurred on these contracts.

(c) The Company has entered into a number of construction contracts as a part of its Value Creation Plan related to the construction of new and expansion of existing facilities. Contract commitments at the end of 2014 were $27.9 million (2013: $158.4 million).

(d) The Company has lease, rent, and other commitments that require minimum annual payments as follows:

2015	$ 85,427
2016	50,178
2017	37,088
2018	26,715
2019	21,846
Thereafter	88,387
	$309,641

During the year ended December 31, 2014, an amount of $42.6 million was recognized as an expense in earnings in respect of operating leases (2013: $45.7 million) including $7.3 million in discontinued operations.

30. 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 25.

The Company sponsors a number of defined benefit and defined contribution plans. During the year ended December 31, 2014, the Company received $0.7 million (2013: $1.0 million) from the defined benefit pension plans for reimbursement of expenses incurred by the Company to provide services to these plans. During the year ended December 31, 2014, the Company's contributions to these plans were $7.0 million (2013: $40.9 million) which includes $3.7 million (2013: $10.2 million) made by Canada Bread, which has been presented as discontinued operations.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiary, directly or indirectly, including any external director of the Company and/or its subsidiary.

Remuneration of key management personnel of the Company is comprised of the following expenses:

	2014[(i)]	2013[(ii)]
Short-term employee benefits		
Salaries, bonuses, and fees	**$12,350**	$12,779
Company car allowances	**298**	466
Other benefits	**183**	3,462
Total short-term employee benefits	**$12,831**	$16,707
Severence benefits[(iii)]	**14,193**	–
Post-employment benefits	**946**	1,560
Share-based benefits	**25,076**	10,983
Total remuneration	**$53,046**	$29,250

(i) *Includes remuneration of Canada Bread key management personnel until the sale of Canada Bread on May 23, 2014.*

(ii) *Includes remuneration of Canada Bread key management personnel.*

(iii) *Includes $5.6 million of share-based compensation.*

During 2014, key management personnel of the Company exercised 1.3 million share options granted under the Maple Leaf Foods Share Incentive Plan for an amount of $15.5 million (2013: $1.8 million).

31. GOVERNMENT INCENTIVES

During the year ended December 31, 2014, the Company recorded government incentives as a reduction in the cost of related assets totalling $1.3 million. Of this amount, the Company recorded $0.8 million in incentives from the Government of Manitoba for a pilot project converting one of the Company's sow barns to loose housing and recorded other incentives totalling $0.5 million. Additionally, the Company recorded other incentives in earnings totalling $0.2 million.

Additionally, during 2014, the Company recorded a $5.0 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 2015.

During the year ended December 31, 2013, the Company recorded government incentives in earnings totalling $7.5 million. Of this amount, the Company recorded $5.0 million in incentives from the Canadian government to support the development of renewable energies related to the Rothsay by-product recycling business, which has been presented in discontinued operations. Additionally, the

Company received $2.0 million related to incentives from the Government of Manitoba supporting an employment and training program. The Company also recorded other incentives totalling $0.5 million.

Additionally, during 2013, the Company recorded a $2.0 million interest-free loan from the Canadian government for the purchase of equipment for the bakery in Hamilton, Ontario, related to the Canada Bread operation. The loan was derecognized as part of the sale of Canada Bread.

32. 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 the Company's hog production. In the prior year, the Agribusiness Group was also comprised of the animal by-product recycling operations which were sold during the fourth quarter of 2013. The Company has presented the animal by-product recycling operations as a discontinued operation for the comparative periods. Refer to Note 25 for further details.

(c) The Bakery Products Group was comprised of the Company's 90.0% (2013: 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. In the prior year, the Bakery Products Group also included a fresh pasta and sauces business, which was sold during the fourth quarter of 2013. Additionally, during 2014, the Company sold it's 90.0% ownership interest in Canada Bread. As a result, the Bakery Products Group has been classified as discontinued operations as at and for the year ended December 31, 2014 and 2013. Refer to Note 8 and Note 25 for further details on the disposal activity of the Bakery Products Group. The Bakery segment information for comparative periods has also been restated to show allocations of corporate costs outside of Canada Bread as non-allocated costs.

(d) Non-allocated costs are comprised of expenses not separately identifiable to business segment groups 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. As a result of the Company's decision to sell its 90.0% interest in Canada Bread, prior year segments have been restated to show costs associated with the Bakery Products Group that are not charged to Canada Bread as non-allocated costs.

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	**2014**	2013 (Restated) (Note 25)
Sales			
Meat Products Group		**$3,135,376**	$2,925,772
Agribusiness Group[i]		**21,865**	235,199
Bakery Products Group[i]		**567,861**	1,531,993
Total sales		**$3,725,102**	$4,692,964
Sales from discontinued operations	*25*	**(567,861)**	(1,738,187)
Sales from continuing operations		**$3,157,241**	$2,954,777
Earnings (loss) before restructuring and other related costs and other income			
Meat Products Group		**$ (80,381)**	$ (86,192)
Agribusiness Group[i]		**8,642**	23,303
Bakery Products Group[i]		**47,829**	126,540
Non-allocated costs		**(7,865)**	1,845
Total earnings (loss) before restructuring and other related costs and other income		**$ (31,775)**	$ 65,496
Earnings (loss) before restructuring and other related costs and other income from discontinued operations	*25*	**(47,829)**	(188,101)
Earnings (loss) before restructuring and other related costs and other income from continuing operations		**$ (79,604)**	$ (122,605)
Capital expenditures			
Meat Products Group		**$ 206,958**	$ 318,995
Agribusiness Group[i]		**9,063**	17,917
Bakery Products Group[i]		**17,789**	48,473
		$ 233,810	$ 385,385
Depreciation and amortization			
Meat Products Group		**$ 86,027**	$ 69,111
Agribusiness Group[i]		**5,928**	14,748
Unallocated[ii]		**14,278**	–
Bakery Products Group[i]		**5,142**	57,959
		$ 111,375	$ 141,818

(i) *The prior year results of the animal by-product recycling operations, Fresh Pasta and Sauces businesses and Canada Bread are included in the comparative results of the Agribusiness Group and Bakery Products Group respectively.*

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

	As at December 31, 2014	As at December 31, 2013
Total assets		
Meat Products Group	**$1,965,280**	$1,823,866
Agribusiness Group(i)	**211,516**	195,537
Bakery Products Group(i)	**–**	1,169,669
Non-allocated assets	**699,694**	410,020
	$2,876,490	$3,599,092
Goodwill		
Meat Products Group	**$ 428,236**	$ 428,236
Bakery Products Group(i)	**–**	292,562
	$ 428,236	$ 720,798

(i) *The prior year results as at December 31, 2013, of the Agribusiness Group and Bakery Products Group include assets and goodwill from the animal by-product recycling operations, Fresh Pasta and Sauces, and Canada Bread businesses, respectively.*

Information About Geographic Areas

Property and equipment and investment property located outside of Canada was $0.2 million at December 31, 2014. No goodwill was attributed to operations outside of Canada.

Property and equipment and investment property located outside of Canada was $112.9 million at December 31, 2013. Of the total amount located outside of Canada, $57.6 million was located in the U.S. and $55.0 million was located in the U.K. Goodwill attributed to operations located outside of Canada was $61.9 million, as at December 31, 2013 all of which was attributed to operations in the U.S.

Revenues earned outside of Canada for the year ended December 31, 2014, were $812.7 million (2013: $978.4 million), of which $144.4 million (2013: $365.9 million) has been reclassified to net earnings from discontinued operations. Of the total amount earned outside of Canada, $324.6 million (2013: $435.9 million) was earned in the U.S., $275.5 million (2013: $236.1 million) was earned in Japan, and $56.4 million (2013: $137.9 million) was earned in the U.K.

Information About Major Customers

During the year ended December 31, 2014, the Company reported sales to two customers representing 13.9% and 12.4% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group and Bakery Products Group. The Company reported sales to two customers representing 15.5% 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.

During the year ended December 31, 2013, the Company reported sales to two customers representing 11.0% and 10.1% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group and Bakery Products Group. The Company reported sales to one customer representing 13.5% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.

33. BUSINESS COMBINATION

On December 14, 2012, the Company acquired specific assets and liabilities held by The Puratone Corporation, Pembina Valley Pigs Ltd., and Niverville Swine Breeders Ltd., (collectively "Puratone"), privately held entities engaged in hog production. The net assets recognized in the December 31, 2012, financial statements were based on a provisional assessment of the fair value while the Company negotiated the final purchase price and finalized the valuation of the assets and liabilities acquired. The valuation was completed in March 2013 and the Company agreed on a final acquisition purchase price of $45.4 million, an increase of $0.9 million from the provisional amount of $44.5 million recorded for the year ended December 31, 2012. The Company settled the transaction in cash. The acquisition date fair value of the net identifiable assets remains consistent with the provisional value.

34. SUBSEQUENT EVENT

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

Corporate Information

Capital Stock

The Company's authorized capital consists of an unlimited number of voting common shares, an unlimited number of non-voting common shares and an unlimited number of preferred shares issuable in series. At December 31, 2014, 142,955,989 voting common shares were issued and outstanding. There were 750 shareholders of record of which 715 were registered in Canada, holding 95.33% of the issued voting shares.

Ownership

As at December 31, 2014, the Company's largest shareholder is McCain Capital Inc., holding 46,777,283 voting shares representing 32.7% of the total issued and outstanding shares. Michael H. McCain beneficially owns and controls 100% of McCain Capital Inc. and has beneficial ownership or control of 46,777,283 common shares or 32.7% of the common shares. The remainder of the issued and outstanding shares are publicly held.

Corporate Office

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Annual Meeting

The annual meeting of shareholders of Maple Leaf Foods Inc. will be held on Thursday, April 30, 2015 at 11:00 a.m. at the
MaRS Discovery District
101 College Street
Toronto, Ontario
Canada

Dividends

The declaration and payment of quarterly dividends are made at the discretion of the Board of Directors. Anticipated payment dates in 2015: March 31, June 30, September 30 and December 31.

Shareholder Inquiries

Inquiries regarding dividends, change of address, transfer requirements or lost certificates should be directed to the Company's transfer agent:

Computershare Investor Services Inc.
100 University Avenue
8th Floor, North Tower
Toronto, Ontario
M5J 2Y1
Canada
Tel: (514) 982-7555
or 1-800-564-6253
(toll-free North America)
or service@computershare.com

Company Information

For Investor Relations, please call (905) 285-5898.

For copies of annual and quarterly reports, the annual information form and other disclosure documents, please contact our Senior Vice-President and Corporate Secretary at (905) 285-5000.

Transfer Agent and Registrar

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Auditors

KPMG LLP
Toronto, Ontario, Canada

Stock Exchange Listings and Stock Symbol

The Company's voting common shares are listed on the Toronto Stock Exchange and trade under the symbol "MFI".

Rapport Annuel

Si vous désirez recevoir un exemplaire de la version française de ce rapport, veuillez écrire à l'adresse suivante :
Secrétaire de la société,
Les Aliments Maple Leaf Inc.,
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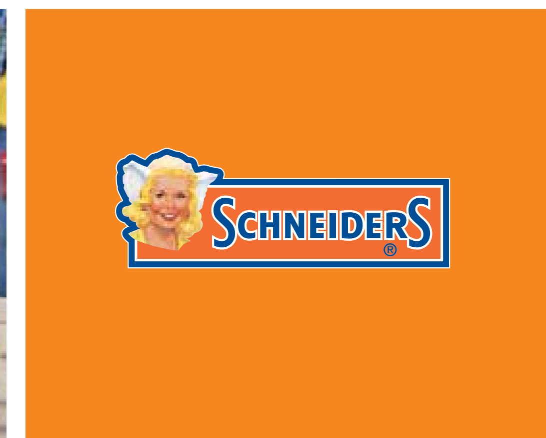

At Maple Leaf Foods, we want to be a force for positive change, creating economic value through addressing environmental and societal needs.

To learn more about our sustainability initiatives, please visit:
mapleleaffoods.com/about-us/sustainability

For more investor information, please visit:
mapleleaffoods.com/investors

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