



MAPLE LEAF FOODS INC.

Interim Report to Shareholders

For the Third Quarter Ended

September 30, 2014

Management's Discussion and Analysis

For the third quarter ended September 30, 2014

October 29, 2014

FINANCIAL OVERVIEW

Maple Leaf Foods Inc. ("the Company") sales from continuing operations⁽ⁱ⁾ of \$820.1 million for the third quarter was an increase of 8.2% from last year, or 7.6% after adjusting for the impact of foreign exchange, due to higher pricing in the Meat Products Group. Sales from continuing operations of \$2,363.2 million for the first nine months increased 7.1%, or 6.1% after adjusting for foreign exchange, due to the same factor.

Adjusted Operating Earnings⁽ⁱⁱ⁾ for the third quarter was a loss of \$19.8 million compared to a loss of \$20.3 million last year. The Meat Products Group benefited from improved pork processing margins and price increases, while impacted by ongoing transitional costs and lower volumes.

For the first nine months, Adjusted Operating Earnings was a loss of \$61.8 million compared to a loss of \$80.4 million last year, with improved processing margins and price increases more than offsetting the ongoing transitional costs in the period.

Adjusted Earnings per Share⁽ⁱⁱⁱ⁾ was a loss of \$0.13 in the third quarter of 2014 compared to a loss of \$0.19 last year. For the first nine months, Adjusted Earnings per Share was a loss of \$0.49 compared to a loss of \$0.66 last year.

Net loss from continuing operations⁽ⁱ⁾ for the third quarter was \$26.7 million (loss of \$0.19 per basic share attributable to common shareholders^(iv)) compared to a loss of \$24.5 million (loss of \$0.18 per share) last year. This included \$14.3 million (\$0.07 per share) of pre-tax expenses related to restructuring and other related costs (2013: \$11.4 million, or \$0.06 per share).

For the first nine months, net loss from continuing operations was \$190.8 million (loss of \$1.35 per share) compared to a net loss of \$93.5 million (loss of \$0.67 per share) last year. This amount included \$56.0 million (\$0.30 per share) of pre-tax expenses related to restructuring and other related costs (2013: \$62.7 million or \$0.33 per share), as well as financing costs of \$98.6 million related to the repayment of the Company's long-term notes payable in April 2014.

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Reconciliation of Non-IFRS Financial Measures at the end of this Management Discussion and Analysis on page 12 for a description and reconciliation of all non-IFRS financial measures.

Notes:

- ⁽ⁱ⁾ 2013 figures have been restated for the classification of the animal by-products recycling operations ("Rothsay") and the Bakery Products Group as discontinued operations. Please refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim 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 12.
- ⁽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 for all 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 12.
- ^(iv) Unless otherwise stated, all per share amounts are basic attributable to common shareholders.

OPERATING REVIEW

The following table summarizes sales by business segment:

(\$ thousands) (Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Meat Products Group	\$ 814,699	\$ 751,509	\$ 2,345,651	\$ 2,182,046
Agribusiness Group ⁽ⁱ⁾	5,398	6,339	17,583	24,420
Total Sales⁽ⁱⁱ⁾	\$ 820,097	\$ 757,848	\$ 2,363,234	\$ 2,206,466

⁽ⁱ⁾ 2013 Agribusiness Group figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

⁽ⁱⁱ⁾ Figures exclude the results from the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

The following table summarizes Adjusted Operating Earnings by business segment:

(\$ thousands) (Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Meat Products Group	\$ (18,220)	\$ (21,624)	\$ (61,312)	\$ (43,568)
Agribusiness Group ⁽ⁱ⁾	(1,610)	1,559	3,252	(28,255)
Protein Group	\$ (19,830)	\$ (20,065)	\$ (58,060)	\$ (71,823)
Non-Allocated Costs in Adjusted Operating Earnings⁽ⁱⁱ⁾	—	(233)	(3,748)	(8,604)
Adjusted Operating Earnings⁽ⁱⁱⁱ⁾	\$ (19,830)	\$ (20,298)	\$ (61,808)	\$ (80,427)

⁽ⁱ⁾ 2013 Agribusiness Group figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

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

⁽ⁱⁱⁱ⁾ Figures exclude the results from the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

Meat Products Group

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

Sales in the Meat Products Group for the third quarter increased 8.4% to \$814.7 million, or 7.8% 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. As expected, the business is experiencing a period of lower demand and volume in response to this pricing action.

For the first nine months, sales increased 7.5% to \$2,345.7 million, or 6.5% after adjusting for the impact of foreign exchange, largely due to the same factors noted above.

Adjusted Operating Earnings for the third quarter improved to a loss of \$18.2 million compared to a loss of \$21.6 million last year, as a result of increased margins in the Meat Products Group, which benefited from price increases in the prepared meats business and higher earnings in the fresh pork business, reflecting increased pork processing margins which more than offset a decline in volume resulting from lower hog supply in Western Canada. Earnings in the poultry business increased slightly as a result of improved poultry processing margins.

The prepared meats business incurred transitional costs of approximately \$25.2 million during the third quarter of 2014, consistent with the second quarter of 2014 and an increase from \$14.6 million in the third quarter last year. These costs largely related to commissioning activities at the new prepared meats facility in Hamilton, the largest in the Company's network, and duplicative overhead costs from legacy plants scheduled to be closed.

For the first nine months, Adjusted Operating Earnings was a loss of \$61.3 million compared to a loss of \$43.6 million last year. The decline in earnings was due to the same factors noted above, including higher transitional costs and increased raw material costs, which had not been fully offset by price increases implemented in the second quarter. Raw material prices continued to remain higher than last year due to the outbreak of disease in hog production herds in the U.S.

Agribusiness Group

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

Agribusiness Group sales for the third quarter declined to \$5.4 million compared to \$6.3 million last year, due to lower pricing on toll feed sales. Sales for the first nine months declined to \$17.6 million from \$24.4 million.

Adjusted Operating Earnings in the third quarter declined to a loss of \$1.6 million compared to a gain of \$1.6 million last year as the hog production operations experienced additional costs related to prevention of the PED virus. In addition, there was a nonrecurring gain in the third quarter last year related to a reversal of a provision for a hog supply arrangement no longer required. For the first nine months, Adjusted Operating Earnings increased to \$3.3 million from a loss of \$28.3 million last year, as the higher market prices for hogs, net of hedging activities, exceeded higher hog production costs.

Non-allocated Costs

There is no amount included in Adjusted Operating Earnings and not allocated to segmented operating earnings in the third quarter of 2014 (2013: an expense of \$0.2 million).

Non-allocated amounts that are excluded from the computation of Adjusted Operating Earnings in the third quarter comprise a \$15.4 million loss due to changes in the fair value of biological assets (2013: gain of \$0.9 million), a \$5.0 million unrealized gain in the third quarter on commodity futures contracts (2013: loss of \$3.7 million), and a second quarter realized loss of \$16.1 million on commodity futures contracts which offset third quarter deliveries (2013: \$0.0 million).

For the first nine months of 2014, the amount included in Adjusted Operating Earnings and not allocated to segmented operating earnings is an expense of \$3.7 million (2013: an expense of \$8.6 million). The 2014 amount and the majority of the 2013 amount (\$7.1 million) are related to corporate costs that are not allocated to any reportable segment.

Non-allocated amounts that are excluded from the computation of Adjusted Operating Earnings for the first nine months of 2014 comprise a \$6.1 million gain due to changes in the fair value of biological assets (2013: loss of \$4.6 million), a \$4.7 million unrealized loss on commodity futures contracts (2013: loss of \$3.7 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 24 of the 2014 third quarter unaudited condensed consolidated interim 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 then planned sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

DIVESTITURE OF CANADA BREAD AND DISCONTINUED OPERATIONS

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread 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 \$999.4 million for the nine months ended September 30, 2014. Upon the sale of the business, the net assets of Canada Bread have been de-recognized from assets held for sale. For the nine months ended September 30, 2014, the Canada Bread operations have been classified as discontinued operations on the Consolidated Statements of Net Earnings (Loss), and are presented as part of Bakery Products Group for segmented reporting.

Discontinued operations for the three and nine months ended September 30, 2014, pertain to the Bakery Products Group and transaction costs associated with previous disposals. Discontinued operations in the three and nine months ended September 30, 2013, were restated to include Canada Bread, as well as the Rothsay and Olivieri businesses that were sold during the fourth quarter of 2013.

There were no sales from discontinued operations for the third quarter of 2014. Sales from discontinued operations for the third quarter of 2013 were \$461.9 million and included \$372.6 million relating to Canada Bread, \$69.3 million related to Rothsay, and \$20.0 million related to Olivieri.

Sales from discontinued operations for the first nine months of 2014 were \$567.9 million related to Canada Bread. Sales from discontinued operations for the first nine months of 2013 were \$1,347.7 million and included \$1,093.9 million related to Canada Bread, \$188.5 million related to Rothsay, and \$65.3 million related to Olivieri.

Net loss from discontinued operations for the third quarter was \$0.1 million related to Canada Bread. Net earnings from discontinued operations for the third quarter of 2013 was \$40.0 million and included \$23.8 million in earnings from Canada Bread, \$15.5 million related to Rothsay, and \$0.7 million related to Olivieri.

Net earnings from discontinued operations for the first nine months of 2014 was \$930.9 million and included \$933.4 million in earnings from Canada Bread, a loss of \$1.9 million from Rothsay, and a loss of \$0.6 million from Olivieri. Net earnings from discontinued operations for the first nine months of 2013 was \$94.3 million and included \$49.4 million in earnings from Canada Bread, \$43.0 million related to Rothsay, and \$1.9 million related to Olivieri.

For additional information on discontinued operations please see Note 22 of the third quarter 2014 unaudited condensed consolidated interim financial statements.

GROSS MARGIN

Gross margin in the third quarter was \$60.1 million (7.3% of sales) compared to \$50.5 million (6.7% 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 the price increases implemented in the second quarter of 2014 in the prepared meats business in response to increased raw material and inflationary costs. In addition margin benefited from higher market prices and lower procurement costs in the fresh pork business, and higher market prices in the poultry business. Negatively impacting margins were ongoing transitional costs related to the network transformation projects in the prepared meats business. Also included in gross margin was an \$8.8 million increase in the fair value of unrealized mark-to-market commodity contracts and a \$16.3 million decrease in the fair value of biological assets.

For the first nine months, gross margin was \$167.4 million (7.1% of sales) compared to \$138.6 million (6.3% of sales) last year. The increase in gross margin was a result of similar factors noted above. Included in gross margin was a \$10.6 million increase in the fair value of biological assets, partially offset by a \$1.0 million decrease in the fair value of unrealized mark-to-market commodity contracts.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

In the third quarter of 2014, selling, general and administrative expense increased by \$0.6 million to \$74.2 million (9.0% of sales) compared to \$73.6 million (9.7% of sales) last year. The increase was primarily driven by the timing of advertising and promotional activities.

For the first nine months of 2014, selling, general and administrative expense increased by 4.1% to \$236.6 million (10.0% of sales) compared to \$227.3 million (10.3% of sales) last year. The increase was largely driven by an \$8.7 million expense related to the modification of a long-term incentive compensation plan, as described in Note 24 of the 2014 third quarter unaudited condensed consolidated interim financial statements. The long-term incentive plan expense is excluded from Adjusted Operating Earnings as this modification was a decision made as a result of the then planned sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

OTHER (EXPENSE) INCOME

Other expense for the third quarter of 2014 was \$5.5 million (2013: income of \$19.2 million) and included a \$5.3 million depreciation charge on assets servicing divested businesses. Other income in 2013 included a gain on the sale of certain assets within the Company's turkey agricultural operations of \$10.6 million, a gain \$4.0 million due to a pension curtailment, and a \$4.7 million gain related to the de-designation of interest rate swaps. Partly offsetting these gains were \$7.1 million of legal and other professional fees, primarily relating to the sale of Rothsay.

For the first nine months, other expense was \$8.1 million (2013: income of \$68.6 million) and included a \$7.1 million depreciation charge on assets servicing divested businesses. Other income in 2013 primarily consisted of a gain on sale of the Company's potato processing business of \$45.4 million and \$10.6 million on the sale of certain assets within the Company's turkey agricultural operations.

Certain items in other (expense) income are excluded from the calculation of Adjusted EBITDA⁽ⁱ⁾ and Adjusted Earnings per Share as they are not considered representative of ongoing operational activities of the business. Other (expense) income used in the calculation of Adjusted Earnings per Share for the third quarter of 2014 is an expense of \$0.3 million (2013: income of \$3.7 million). Other (expense) income used in the calculation of Adjusted Earnings per Share for the first nine months of 2014 is an expense of \$0.7 million (2013: income of \$6.2 million).

⁽ⁱ⁾ Adjusted EBITDA is calculated as earnings from continuing operations before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 12.

RESTRUCTURING AND OTHER RELATED COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
		(Restated) ⁽ⁱ⁾		(Restated) ⁽ⁱ⁾
MEAT PRODUCTS GROUP				
Management structure changes				
Severance	\$ —	\$ 303	\$ 440	\$ 2,651
Site closing and other costs	—	—	(32)	—
	\$ —	\$ 303	\$ 408	\$ 2,651
Strategic value creation initiatives				
Severance	\$ 682	\$ (1,667)	\$ (919)	\$ 22,201
Site closing and other costs	394	284	(131)	835
Asset impairment and accelerated depreciation	4,062	5,671	17,325	19,266
Retention	1,878	6,744	12,942	15,452
	\$ 7,016	\$ 11,032	\$ 29,217	\$ 57,754
Plant closure				
Severance	\$ —	\$ 8	\$ (63)	\$ 111
Pension	—	36	—	460
	\$ —	\$ 44	\$ (63)	\$ 571
Total Meat Products Group	\$ 7,016	\$ 11,379	\$ 29,562	\$ 60,976
NON-ALLOCATED				
Management structure changes				
Severance	\$ —	\$ —	\$ 421	\$ 1,745
	\$ —	\$ —	\$ 421	\$ 1,745
Organization structure changes				
Severance ⁽ⁱ⁾	\$ 6,965	\$ —	\$ 25,660	\$ —
Asset impairment and accelerated depreciation	306	—	306	—
Pension	\$ —	\$ —	\$ 100	\$ —
	\$ 7,271	\$ —	\$ 26,066	\$ —
Total Non-Allocated	\$ 7,271	\$ —	\$ 26,487	\$ 1,745
Total restructuring and other related costs	\$ 14,287	\$ 11,379	\$ 56,049	\$ 62,721

⁽ⁱ⁾ Includes share based payments as described in Note 24 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management Structure Changes

The Company has recorded restructuring and other related costs pertaining to organizational delayering and changes to its management structure.

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.

Organizational Structure Changes

The Company has recorded restructuring and other related costs related to changes in corporate and management structure that are required following the sale of Canada Bread, as further described in Note 22 of the unaudited condensed consolidated interim financial statements.

Impairment

During the three months ended September 30, 2014 and 2013, the Company did not record any impairments or reversals of impairments of fixed assets through restructuring and other related costs.

During the nine months ended September 30, 2014, the Company recorded \$0.0 million (2013: \$0.2 million) of impairment of fixed assets and reversals of impairment of \$0.0 million (2013: \$0.0 million) through restructuring and related costs.

INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for the third quarter of 2014 was \$2.5 million compared to \$18.7 million last year. The decrease was due to the repayment of the Company's outstanding debt in the second quarter of 2014.

Year to date interest expense and other financing costs was \$128.2 million compared to \$51.4 million last year. 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.

INCOME TAXES

The Company's income tax recoverable relating to continuing operations for the third quarter of 2014 resulted in an effective tax rate of 23.1%, (2013: 26.7%). The lower effective rate of taxes recoverable in 2014 is primarily the result of the lower rate of tax expense applicable to the gain in 2013 on the sale of the Ontario turkey operations. For 2014, the effective tax rates used in the computation of Adjusted Earnings per Share is 26.2% (2013: 24.7%) on restructuring charges, and 25.8% (2013: 23.7%) 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 rate of tax expense applicable to the gain in 2013 on the sale of the Ontario turkey operations.

The Company's income taxes recoverable relating to continuing operations for the nine months ended September 30, 2014, results in an effective tax rate of 25.7%. (2013: 29.4%). 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 the first nine months of 2014, the effective tax rate used in the computation of Adjusted Earnings per Share is 25.8% (2013: 25.5%) on restructuring charges, and 27.5% (2013: 16.2%) 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.

ACQUISITIONS AND DIVESTITURES

Acquisitions and divestitures relating to continuing operations are as follows:

In the third quarter of 2013, the Company sold certain assets within its Ontario turkey agricultural operations for net proceeds of \$47.1 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 it 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 \$12.9 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.

On January 4, 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 \$999.4 million for the nine months ended September 30, 2014.

During the first quarter of 2014, the Company sold a bakery in Toronto, Ontario, that was closed in June 2013, 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 \$78.9 million.

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 fourth quarter of 2013, the Company sold a bakery in Toronto, Ontario that was closed in the first quarter of 2012 for gross proceeds of \$12.4 million, resulting in a pre-tax gain of \$11.4 million.

CAPITAL RESOURCES

The food industry segments in which the Company operates are generally characterized by high sales volume and rapid 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 nine months ended September 30, 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. However, 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 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 September 30, 2014, the Company had drawn letters of credit of \$20.6 million on this facility. 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 September 30, 2014, \$73.1 million of letters of credit had been issued thereon. These letters of credit have been collateralized with cash, as further described in Note 4 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

Subsequent to the repayment of the outstanding balance of the credit facility from the proceeds from the Canada Bread sale, the Company's cash balance as at September 30, 2014, is \$510.2 million. The Company has invested in short-term deposits in Canadian financial institutions with long-term debt ratings of A or higher.

The following table summarizes the Company's debt and available and drawn credit facilities as at September 30:

<i>(\$ millions)</i>	2014	2013
Credit facilities, including AR securitization		
Maple Leaf Foods Inc.	\$ 418.5	\$ 1,181.0
Subsidiaries	—	115.2
Total available	\$ 418.5	\$ 1,296.2
Drawn amount		
Maple Leaf Foods Inc.	\$ 98.3	\$ 933.0
Subsidiaries	—	56.6
Letters of credit	93.7	118.3
Total drawn	\$ 192.0	\$ 1,107.9
% drawn	45.9%	85.5%
<i>(\$ millions)</i>	2014	2013
Other Debt		
Maple Leaf Foods Inc.	\$ 12.1	\$ 714.5
Subsidiaries	—	3.3
Total	\$ 12.1	\$ 717.8

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 the third quarter of 2014, the Company had \$184.8 million (2013: \$175.7 million) of trade accounts receivable serviced under these facilities. In return for the sale of these receivables, the Company will receive cash of \$64.0 million (2013: \$51.7 million) and notes receivable in the amount of \$120.8 million (2013: \$124.0 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 September 30, 2014, this net payable amounted to \$34.5 million (2013: \$112.5 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"). If these facilities were terminated, the Company would recognize the securitized amounts on the consolidated balance sheet and consider alternative financing if required.

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 the third quarter of 2014.

CAPITAL EXPENDITURES

Capital expenditures for the third quarter were \$41.7 million compared to \$108.1 million in 2013. Excluding discontinued operations, capital expenditures were \$41.7 million in the third quarter of 2014 compared to \$89.6 million last year. Spending on base capital and 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.

Year to date capital expenditures were \$202.1 million compared to \$273.5 million last year. Excluding discontinued operations, capital expenditures were \$184.3 million in 2014 compared to \$233.3 million last year, due to similar factors as noted above.

CASH FLOW AND FINANCING

Net Cash (Debt), a non-IFRS measure as described on page 15, was \$500.0 million at the end of the third quarter of 2014, compared to net debt of \$1,133.4 million in 2013, and net debt of \$451.7 million as at December 31, 2013. The increase in cash for the nine months ended September 30, 2014 is largely due to the proceeds from the Canada Bread sale, partially offset by the repayment of the Company's debt balances and change in working capital.

Cash Flow from Operating Activities

Cash provided by operations for the quarter was \$31.4 million compared to \$118.4 million in the third quarter of 2013. The decrease was primarily due to lower earnings and lower cash flow from working capital.

Cash Flow from Financing Activities

Cash used in financing activities was \$1.7 million for the quarter compared to cash provided of \$192.2 million in the third quarter of 2013, as a result of lower net drawing on the Company's credit facility subsequent to sale of Canada Bread.

Cash Flow from Investing Activities

Cash used in investing activities was \$59.1 million for the quarter compared to \$48.2 million in the third quarter of 2013. The increase was mainly due to the purchase of treasury stock offset by lower capital expenditures and proceeds of \$61.7 million from sale of assets in the same quarter last year.

Credit Risk

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

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, foodservice, industrial, and convenience channels. The Company performs ongoing credit evaluations of new and existing customers' financial conditions and reviews the collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. As at September 30, 2014, approximately \$0.0 million (2013: \$0.4 million) of the Company's accounts receivable were greater than 60 days past due. The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at September 30, 2014, the Company has recorded an allowance for doubtful accounts of \$0.0 million (2013: \$0.1 million). There are no significant impaired accounts receivable that have not been provided for in the allowance for doubtful accounts.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers, the large number and geographic dispersion of smaller customers, and the operation of the accounts receivable securitization facility as mentioned previously. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. During the third quarter, the Company's two largest customers comprised approximately 26.7% (2013: 11% from one customer) of total sales before adjustments for discontinued operations. No other sales were made to any one customer that represented in excess of 10% of total sales from continuing operations (2013: 13.2% from one customer). During the nine months ended September 30, 2014, the Company's two largest customers comprised approximately 25.9% (2013: 21.1%) of total sales before adjustments for discontinued operations. The Company reported sales to two customers representing 26.2% of total sales from continuing operations (2013: 13.8% from one customer).

The Company is exposed to credit risk on its notes receivable from a financial institution that holds an equity interest in an unconsolidated structured entity as described in Note 25 of the 2013 annual consolidated financial statements. Management believes that this credit risk is limited by the long-term AA- debt rating held by the counterparty. The Company is exposed to credit risk on its cash and cash equivalents (comprising primarily of deposits and short-term placements with Canadian chartered banks) and non-exchange-traded derivative contracts. The Company mitigates this credit risk by only dealing with counterparties that are major international financial institutions with long-term debt ratings of A or higher. The Company's maximum exposure to credit risk at the balance sheet date consisted primarily of the carrying value of non-derivative financial assets and non-exchange-traded derivatives with positive fair values.

CHANGE IN FAIR VALUE OF NON-DESIGNATED INTEREST RATE SWAPS

In the third quarter of 2014, the Company recorded a gain of \$1.6 million due to changes in the fair value of interest rate swaps. In the third quarter of 2013, the Company recorded a gain of \$0.7 million due to changes in the fair value of interest rate swaps.

On March 14, 2014, the Company issued a notice of repayment for all outstanding U.S. and Canadian denominated notes payable, with a repayment date of April 14, 2014. On the original issuance of the U.S. denominated debt, and in order to hedge against the foreign exchange risk associated with the issuance of U.S. denominated debt, the Company entered into cross-currency interest rate swaps. The cross-currency swaps converted the U.S. denominated fixed-rate notes, into fixed-rate Canadian denominated notes, and were accounted for as cash flow hedges.

As a result of the decision to accelerate the repayment of all outstanding notes the Company has terminated the cross-currency swaps maturing in 2021, and 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 nine months ended September 30, 2014. The remaining cross-currency swaps due to expire in 2014 were terminated in April 2014 for a payment of \$29.6 million.

For the nine months ended September 30, 2014, the Company recorded a gain of \$4.7 million due to changes in the fair value of interest rate swaps. In the nine months of 2013, the Company recorded a gain of \$1.9 million due to changes in the fair value of interest rate swaps.

SHARE CAPITAL

As at October 21, 2014, there were 142,140,489 common shares issued and outstanding.

OTHER MATTERS

On October 29, 2014, the Company declared a dividend of \$0.04 per share payable December 31, 2014, to shareholders of record at the close of business on December 5, 2014. Unless indicated otherwise by the Company in writing on or before the time the dividend is paid, the dividend will be considered an Eligible Dividend for the purposes of the "Enhanced Dividend Tax Credit System".

SUMMARY OF QUARTERLY RESULTS

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

			First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	
Sales⁽ⁱⁱ⁾	2014	\$	711,347	\$ 831,790	\$ 820,097	\$ —	—	
	2013		689,353	759,265	757,848	748,311	2,954,777	
	2012		741,760	792,553	779,356	761,391	3,075,060	
Net earnings (loss) from continuing operations⁽ⁱⁱ⁾	2014	\$	(124,606)	\$ (39,544)	\$ (26,671)	\$ —	—	
	2013		(30,644)	(38,366)	(24,474)	(47,941)	(141,425)	
	2012 ⁽ⁱⁱⁱ⁾		(19,793)	(16,738)	(12,183)	17,300	(31,414)	
Net earnings (loss)⁽ⁱ⁾	2014	\$	(131,994)	\$ 898,855	\$ (26,767)	\$ —	—	
	2013		(14,742)	9	15,521	511,375	512,163	
	2012 ⁽ⁱⁱⁱ⁾		(5,775)	25,988	26,043	50,306	96,562	
Earnings (loss) per share from continuing operations⁽ⁱⁱ⁾								
	Basic ^{(i)(iv)}	2014	\$	(0.89)	\$ (0.28)	\$ (0.19)	\$ —	—
		2013		(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
	2012 ⁽ⁱⁱⁱ⁾		(0.14)	(0.12)	(0.09)	0.12	(0.23)	
	Diluted ^{(i)(iv)}	2014	\$	(0.89)	\$ (0.28)	\$ (0.19)	\$ —	—
	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 ^{(i)(iv)(v)}	2014	\$	(0.24)	\$ (0.13)	\$ (0.13)	\$ —	—
	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⁽ⁱⁱ⁾								
	Basic ^{(i)(iv)}	2014	\$	(0.95)	\$ 6.38	\$ (0.19)	\$ —	—
		2013		(0.11)	(0.02)	0.09	3.58	3.55
	2012 ⁽ⁱⁱⁱ⁾		(0.04)	0.17	0.17	0.35	0.64	
	Diluted ^{(i)(iv)}	2014	\$	(0.95)	\$ 6.38	\$ (0.19)	\$ —	—
	2013		(0.11)	(0.02)	0.09	3.58	3.55	
	2012 ⁽ⁱⁱⁱ⁾		(0.04)	0.17	0.17	0.34	0.64	

⁽ⁱ⁾ Net earnings (loss) and 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.

⁽ⁱⁱ⁾ 2013 and 2012 figures have been restated for the classification of the Rothsay business and The Bakery Products Group as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

⁽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) Refer to Non-IFRS Financial Measures starting on page 12.

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

- favourable commodity prices for fresh pork;
- the benefit of 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 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
- the benefit of a price increase implemented in prepared meats during the third quarter of 2013;

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

- transitional costs in the prepared meats business related to executing its network transformation strategy;
- margin compression in the prepared meats business due to higher raw material, other input, and inflationary costs that were not fully offset by price increases;
- lower volume in the prepared meats business;
- improved primary pork processing margins and market values for pork byproducts 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;
- one-time 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;
- recognition of legal and other professional fees associated with divestitures; and
- the benefit of a price increase implemented in prepared meats during the third quarter of 2013;

Annual 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; and
- higher market pricing for pork products; and divestiture of the Company's poultry agricultural operations in the third quarter of 2013.

Annual net earnings in 2013 were affected by the following significant items:

- gains on sales of the Company's Rothsay and Olivieri businesses in the fourth quarter of 2013;
- adverse market conditions that reduced margins in primary pork and poultry processing, and hog production;
- price increases implemented during 2013 at 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 scheduled to close in 2014;
- 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;
- divestiture of the Company's Rothsay business during the fourth quarter of 2013;
- impairment on 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 is filed on SEDAR and also available on the Company's website at www.mapleleaffoods.com.

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

For the first time beginning on January 1, 2014, the Company adopted certain standards and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

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.

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 beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

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 extent of the impact of the adoption of amendments to IAS 19 has not yet been determined.

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

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. Amendments were made to clarify items including the definition of vesting conditions in IFRS 2 Share-Based Payment, 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. 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

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 September 30, 2014, that has materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, and Net 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 unaudited consolidated interim statements of earnings to Adjusted Operating Earnings for the three and nine months ended, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

(\$ thousands) (Unaudited)	Three months ended September 30, 2014			
	Meat Products Group	Agribusiness Group ⁽ⁱ⁾	Unallocated costs	Consolidated
Net earnings (loss) from continuing operations				\$ (26,671)
Income taxes				(8,011)
Earnings (loss) before income taxes from continuing operations				\$ (34,682)
Interest expense and other financing costs				2,500
Change in the fair value of non-designated interest rate swaps				(1,620)
Other (income) expense	458	(621)	5,617	5,454
Restructuring and other related costs	7,016	—	7,271	14,287
Earnings (loss) from Continuing Operations	\$ (18,220)	\$ (1,610)	\$ 5,769	\$ (14,061)
Decrease (increase) in fair value of biological assets ⁽ⁱⁱ⁾	—	—	15,363	15,363
Realized (gain) loss on commodity futures contracts ⁽ⁱⁱⁱ⁾	—	—	(16,100)	(16,100)
Unrealized (gain) loss on commodity futures contracts ⁽ⁱⁱⁱ⁾	—	—	(5,032)	(5,032)
Adjusted Operating Earnings^(iv)	\$ (18,220)	\$ (1,610)	\$ —	\$ (19,830)

⁽ⁱ⁾ Figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

⁽ⁱⁱ⁾ Refer to Note 7 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets

⁽ⁱⁱⁱ⁾ Realized and unrealized gains/losses on commodity futures contracts are reported within cost of goods sold in the Company's 2014 third quarter unaudited condensed consolidated interim financial statements

^(iv) Figures exclude the results from The Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

Three months ended September 30, 2013

(\$ thousands) (Unaudited)	Meat Products Group	Agribusiness Group ⁽ⁱ⁾	Unallocated costs	Consolidated
Net earnings (loss) from continuing operations				\$ (24,474)
Income taxes				(8,935)
Earnings (loss) before income taxes from continuing operations				\$ (33,409)
Interest expense				18,746
Change in the fair value of non-designated interest rate swaps				(655)
Other (income) expense	(2,030)	(141)	(17,029)	(19,200)
Restructuring and other related costs	11,379	—	—	11,379
Earnings (loss) from Continuing Operations	\$ (21,624)	\$ 1,559	\$ (3,074)	\$ (23,139)
Decrease (increase) in fair value of biological assets ⁽ⁱⁱ⁾	—	—	(894)	(894)
Unrealized (gain) loss on commodity futures contracts ⁽ⁱⁱⁱ⁾	—	—	3,735	3,735
Adjusted Operating Earnings^(iv)	\$ (21,624)	\$ 1,559	\$ (233)	\$ (20,298)

⁽ⁱ⁾ Figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

⁽ⁱⁱ⁾ Refer to Note 7 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets

⁽ⁱⁱⁱ⁾ Realized and unrealized gains/losses on commodity futures contracts are reported within cost of goods sold in the Company's 2014 third quarter unaudited condensed consolidated interim financial statements

^(iv) Figures exclude the results from The Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

Nine months ended September 30, 2014

(\$ thousands) (Unaudited)	Meat Products Group	Agribusiness Group ⁽ⁱ⁾	Unallocated costs	Consolidated
Net earnings (loss) from continuing operations				\$ (190,821)
Income taxes				(66,067)
Earnings (loss) before income taxes from continuing operations				\$ (256,888)
Interest expense and other financing costs				128,243
Change in the fair value of non-designated interest rate swaps				(4,725)
Other (income) expense	985	(1,075)	8,184	8,094
Restructuring and other related costs	29,562	—	26,487	56,049
Earnings (loss) from Continuing Operations	\$ (61,312)	\$ 3,252	\$ (11,167)	\$ (69,227)
Decrease (increase) in fair value of biological assets ⁽ⁱⁱ⁾	—	—	(6,059)	(6,059)
Unrealized (gain) loss on commodity futures contracts ⁽ⁱⁱⁱ⁾	—	—	4,744	4,744
Modification impact to long-term incentive plan ^(iv)	—	—	8,734	8,734
Adjusted Operating Earnings^(v)	\$ (61,312)	\$ 3,252	\$ (3,748)	\$ (61,808)

⁽ⁱ⁾ Figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

⁽ⁱⁱ⁾ Refer to Note 7 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets

⁽ⁱⁱⁱ⁾ Unrealized gains/losses on commodity futures contracts are reported within cost of goods sold in the Company's 2014 third quarter unaudited condensed consolidated interim financial statements

^(iv) Relates to modification and mark-to-market changes of long-term incentive plan are reported within selling, general and administrative expenses on the Company's 2014 third quarter unaudited condensed consolidated interim financial statements

^(v) Figures exclude the results from The Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

(\$ thousands) (Unaudited)	Nine months ended September 30, 2013			
	Meat Products Group	Agribusiness Group ⁽ⁱ⁾	Unallocated costs	Consolidated
Net earnings (loss) from continuing operations				\$ (93,483)
Income taxes				(38,868)
Earnings (loss) before income taxes from continuing operations				\$ (132,351)
Interest expense and other financing costs				51,394
Change in the fair value of non-designated interest rate swaps				(1,930)
Other (income) expense	(46,913)	(709)	(20,951)	(68,573)
Restructuring and other related costs	60,976	—	1,745	62,721
Earnings (loss) from Continuing Operations	\$ (43,568)	\$ (28,255)	\$ (16,916)	\$ (88,739)
Decrease (increase) in fair value of biological assets ⁽ⁱⁱ⁾	—	—	4,569	4,569
Unrealized (gain) loss on commodity futures contracts ⁽ⁱⁱⁱ⁾	—	—	3,743	3,743
Adjusted Operating Earnings^(iv)	\$ (43,568)	\$ (28,255)	\$ (8,604)	\$ (80,427)

⁽ⁱ⁾ Figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

⁽ⁱⁱ⁾ Refer to Note 7 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets

⁽ⁱⁱⁱ⁾ Realized and unrealized gains/losses on commodity futures contracts are reported within cost of goods sold in the Company's 2014 third quarter unaudited condensed consolidated interim financial statements

^(iv) Figures exclude the results from The Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim financial statements.

Adjusted Earnings per Share

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

(\$ per Share) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013 ⁽ⁱ⁾	2014	2013 ⁽ⁱ⁾
Basic earnings (loss) per share from continuing operations	\$ (0.19)	\$ (0.18)	\$ (1.35)	(0.67)
Restructuring and other related costs ⁽ⁱⁱ⁾	0.07	0.06	0.30	0.33
Items included in other income not considered representative of on-going operations ⁽ⁱⁱⁱ⁾	0.02	(0.08)	0.04	(0.35)
Change in the fair value of non-designated interest rate swaps ^(iv)	(0.01)	—	(0.02)	(0.01)
Change in the fair value of unrealized (gain) / loss on commodity futures contracts ^(v)	(0.03)	0.02	0.02	0.02
Change in the fair value of realized (gain) / loss on commodity futures contracts ^(v)	(0.08)	—	—	—
Change in the fair value of biological assets ^(vi)	0.08	(0.01)	(0.03)	0.02
Other financing costs ^(v)	—	—	0.51	—
Modification impact to long-term incentive plan ^(vi)	—	—	0.05	—
Adjusted Earnings per Share^(vii)	\$ (0.13)	\$ (0.19)	\$ (0.49)	(0.66)

⁽ⁱ⁾ 2013 figures have been restated for the classification of the Rothsay business and the Bakery Products Group as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim 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 a \$8.7 million modification and mark-to-market changes of long-term incentive compensation plan as a result of the costs been 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 unaudited consolidated interim statements of earnings to Adjusted EBITDA for the three and nine months ended, as indicated below. Management believes Adjusted EBITDA is useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

(\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013 ⁽ⁱ⁾	2014	2013 ⁽ⁱ⁾
Net earnings (loss) from continuing operations	\$ (26,671)	\$ (24,474)	\$ (190,821)	(93,483)
Income taxes	(8,011)	(8,935)	(66,067)	(38,868)
Earnings (loss) before income taxes from continuing operations	\$ (34,682)	\$ (33,409)	\$ (256,888)	(132,351)
Interest expense and other financing costs	2,500	18,746	128,243	51,394
Items included in other income not representative of on-going operations ⁽ⁱⁱ⁾	5,112	(15,390)	7,406	(62,415)
Restructuring and other related costs	14,287	11,379	56,049	62,721
Change in the fair value of non-designated interest rate swaps, biological assets and unrealized and realized (gains) losses on commodity futures contracts	(7,389)	2,186	(6,040)	6,382
Modification impact to long-term incentive plan ⁽ⁱⁱⁱ⁾	—	—	8,734	—
Depreciation and amortization	24,467	20,053	65,078	57,982
Adjusted EBITDA	\$ 4,295	\$ 3,565	\$ 2,582	(16,287)

⁽ⁱ⁾ 2013 figures have been restated for the classification of the Rothsay business and the Bakery Products Group as discontinued operations. Refer to Note 22 of the Company's 2014 third quarter unaudited condensed consolidated interim 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 a \$8.7 million modification and mark-to-market changes of long-term incentive compensation plan, which was a decision made as a result of the planned 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 2014 third quarter unaudited consolidated interim balance sheets as at the periods indicated below. The Company calculates Net Debt as long-term debt and bank indebtedness, less cash and cash equivalents. Management believes this measure is useful in assessing the amount of financial leverage employed.

(\$ thousands) (Unaudited)	As at September 30, 2014	As at September 30, 2013	As at June 30, 2014 ⁽ⁱ⁾	As at December 31, 2013
Bank indebtedness	\$ —	\$ —	\$ —	(4,408)
Current portion of long-term debt	(330)	(641,306)	(407)	(209,780)
Long-term debt	(9,948)	(892,433)	(9,911)	(744,212)
Sub total	\$ (10,278)	\$ (1,533,739)	\$ (10,318)	(958,400)
Cash and cash equivalents	510,238	400,306	539,610	506,670
Net Cash (Debt)	\$ 499,960	\$ (1,133,433)	\$ 529,292	(451,730)

⁽ⁱ⁾ Per 2014 second quarter unaudited consolidated interim balance sheet.

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 new plant openings; 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's Transition Services Agreement with Grupo Bimbo, S.A.B. de C.V. of Mexico
- 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 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 the 2013 Annual Report. 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. Maple Leaf Foods Inc. is a focused consumer packaged meats company. Headquartered in Toronto, Canada, the Company employs approximately 12,000 people at its operations in Canada, the U.S., and Asia.

Consolidated Balance Sheets

<i>(In thousands of Canadian dollars)</i>	<i>Notes</i>	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	
ASSETS				
Current assets				
Cash and cash equivalents	4	\$ 510,238	\$ 400,306	\$ 506,670
Accounts receivable	5	52,591	107,436	111,034
Notes receivable	5	120,818	124,005	115,514
Inventories	6	296,229	323,766	287,786
Biological assets	7	111,773	80,590	95,740
Income and other taxes recoverable		35,293	38,317	43,300
Prepaid expenses and other assets		14,396	21,808	17,921
Assets held for sale	8	634	110,838	5,206
		\$ 1,141,972	\$ 1,207,066	\$ 1,183,171
Property and equipment		1,044,959	1,273,264	1,323,318
Investment property		3,191	13,011	12,865
Employee benefits	9	104,260	126,813	117,615
Other long-term assets		10,301	16,634	16,628
Deferred tax asset		701	113,958	26,119
Goodwill	10	428,236	725,545	720,798
Intangible assets	11	176,203	199,576	198,578
Total assets		\$ 2,909,823	\$ 3,675,867	\$ 3,599,092
LIABILITIES AND EQUITY				
Current liabilities				
Bank indebtedness		\$ —	\$ —	\$ 4,408
Accounts payable and accruals		313,652	597,101	649,554
Provisions	12	57,533	36,993	54,853
Current portion of long-term debt	13	330	641,306	209,780
Other current liabilities	14	20,103	15,999	47,927
Liabilities associated with assets held for sale	8	—	18,511	—
		\$ 391,618	\$ 1,309,910	\$ 966,522
Long-term debt	13	9,948	892,433	744,212
Employee benefits	9	148,263	264,924	174,503
Provisions	12	19,051	37,226	19,603
Other long-term liabilities	15	21,942	57,632	28,744
Deferred tax liability		7,501	13,750	23,516
Total liabilities		\$ 598,323	\$ 2,575,875	\$ 1,957,100
Shareholders' equity				
Share capital		\$ 927,012	\$ 902,986	\$ 905,216
Retained earnings		1,307,453	47,148	602,717
Contributed surplus		89,244	91,172	79,139
Accumulated other comprehensive income (loss) associated with continuing operations	16	141	(10,472)	(4,593)
Treasury stock		(12,350)	(1,350)	(1,350)
Total shareholders' equity		\$ 2,311,500	\$ 1,029,484	\$ 1,581,129
Non-controlling interest		—	70,508	60,863
Total equity		\$ 2,311,500	\$ 1,099,992	\$ 1,641,992
Total liabilities and equity		\$ 2,909,823	\$ 3,675,867	\$ 3,599,092

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

Consolidated Statements of Net Earnings (Loss)

(In thousands of Canadian dollars, except share amounts) (Unaudited)	Notes	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
			<i>(Restated)</i>		<i>(Restated)</i>
			<i>(Note 22)</i>		<i>(Note 22)</i>
Sales		\$ 820,097	\$ 757,848	\$ 2,363,234	\$ 2,206,466
Cost of goods sold		759,972	707,347	2,195,850	2,067,910
Gross margin		\$ 60,125	\$ 50,501	\$ 167,384	\$ 138,556
Selling, general and administrative expenses		74,186	73,640	236,611	227,295
Loss from continuing operations before the following:		\$ (14,061)	\$ (23,139)	\$ (69,227)	\$ (88,739)
Restructuring and other related costs	18	(14,287)	(11,379)	(56,049)	(62,721)
Change in fair value of non-designated interest rate swaps	19	1,620	655	4,725	1,930
Other (expense) income	20	(5,454)	19,200	(8,094)	68,573
(Loss) earnings before interest and income taxes from continuing operations		\$ (32,182)	\$ (14,663)	\$ (128,645)	\$ (80,957)
Interest expense and other financing costs	21	2,500	18,746	128,243	51,394
Loss before income taxes from continuing operations		\$ (34,682)	\$ (33,409)	\$ (256,888)	\$ (132,351)
Income taxes		(8,011)	(8,935)	(66,067)	(38,868)
Loss from continuing operations		\$ (26,671)	\$ (24,474)	\$ (190,821)	\$ (93,483)
(Loss) earnings from discontinued operations	22	(96)	39,995	930,915	94,272
Net (loss) earnings		\$ (26,767)	\$ 15,521	\$ 740,094	\$ 789
Attributed to:					
Common shareholders		\$ (26,767)	\$ 12,955	\$ 738,119	\$ (4,436)
Non-controlling interest		—	2,566	1,975	5,225
		\$ (26,767)	\$ 15,521	\$ 740,094	\$ 789
Earnings (loss) per share attributable to common shareholders:	23				
Basic and diluted earnings (loss) per share		\$ (0.19)	\$ 0.09	\$ 5.25	\$ (0.03)
Basic and diluted loss per share from continuing operations		\$ (0.19)	\$ (0.18)	\$ (1.35)	\$ (0.67)
Weighted average number of shares (millions)		141.8	139.9	140.9	139.9

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

Consolidated Statements of Other Comprehensive Income

(In thousands of Canadian dollars) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
		<i>(Restated)</i>		<i>(Restated)</i>
Net (loss) earnings	\$ (26,767)	\$ 15,521	\$ 740,094	\$ 789
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss:				
Change in actuarial gains and losses (Net of tax of \$1.6 million and \$2.6 million; 2013: \$8.5 million and \$44.6 million)	\$ (4,443)	\$ 24,365	\$ (7,274)	\$ 128,706
Total items that will not be reclassified to profit or loss	\$ (4,443)	\$ 24,365	\$ (7,274)	\$ 128,706
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)	\$ (37)	\$ 65	\$ (252)	\$ (154)
Change in unrealized gains and losses on cash flow hedges (Net of tax of \$1.5 million and \$1.5 million; 2013: \$0.3 million and \$0.4 million)	(4,049)	(980)	4,187	(1,127)
Total items that are or may be reclassified subsequently to profit or loss	\$ (4,086)	\$ (915)	\$ 3,935	\$ (1,281)
Other comprehensive income from continuing operations	\$ (8,529)	\$ 23,450	\$ (3,339)	\$ 127,425
Other comprehensive income from discontinued operations ⁽ⁱ⁾ (Net of tax of \$0.0 million and \$1.3 million; 2013: \$0.1 million and \$4.8 million)	—	(104)	(569)	18,476
Total other comprehensive income (loss)	\$ (8,529)	\$ 23,346	\$ (3,908)	\$ 145,901
Comprehensive (loss) income	\$ (35,296)	\$ 38,867	\$ 736,186	\$ 146,690
Attributed to:				
Common shareholders	\$ (35,296)	\$ 36,288	\$ 734,455	\$ 139,454
Non-controlling interest	\$ —	\$ 2,579	\$ 1,731	\$ 7,236

⁽ⁱ⁾ The above amount includes \$0.0 million for the three months ended September 30, 2014 (2013: \$0.9 million) and \$4.4 million for the nine months ended September 30, 2014 (2013: \$13.8 million) relating to actuarial gains and losses that will not subsequently be re-classified to profit or loss.

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Consolidated Statements of Changes in Total Equity

		Attributable to Common Shareholders								
		Share capital	Retained earnings	Contributed surplus	Total accumulated other comprehensive income (loss) associated with continuing operations	Total accumulated other comprehensive income associated with assets held for sale	Treasury stock	Non-controlling interest	Total equity	
<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>		Notes								
<i>(Note 16)</i>										
Balance at December 31, 2013			\$ 905,216	\$ 602,717	\$ 79,139	\$ (4,593)	\$ —	\$ (1,350)	\$ 60,863	\$ 1,641,992
Net earnings			—	738,119	—	—	—	—	1,975	740,094
Re-classification to assets held for sale	22		—	—	—	799	(799)	—	—	—
Other comprehensive income (loss)	16		—	(10,488)	—	3,935	2,889	—	(244)	(3,908)
Dividends declared (\$0.12 per share)			—	(16,951)	—	—	—	—	(3,017)	(19,968)
Stock-based compensation expense			—	—	26,117	—	—	—	—	26,117
Disposal of business	22		—	—	—	—	(2,090)	—	(59,577)	(61,667)
Exercise of stock options			21,796	—	—	—	—	—	—	21,796
Shares purchased by RSU trust			—	—	—	—	—	(11,000)	—	(11,000)
Modification of stock compensation plan	24		—	(5,944)	(16,012)	—	—	—	—	(21,956)
Balance at September 30, 2014			\$ 927,012	\$ 1,307,453	\$ 89,244	\$ 141	\$ —	\$ (12,350)	\$ —	\$ 2,311,500

		Attributable to Common Shareholders								
		Share capital	Retained deficit	Contributed surplus	Total accumulated other comprehensive loss associated with continuing operations	Total accumulated other comprehensive income associated with assets held for sale	Treasury stock	Non-controlling interest	Total equity	
<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>		Notes								
<i>(Note 16)</i>										
Balance at December 31, 2012			\$ 902,810	\$ (72,701)	\$ 75,913	\$ (13,263)	\$ —	\$ (1,845)	\$ 67,085	\$ 957,999
Net earnings (loss)			—	(4,436)	—	—	—	—	5,225	789
Other comprehensive income (loss)	16		—	141,099	—	2,791	—	—	2,011	145,901
Dividends declared (\$0.12 per share)			—	(16,814)	—	—	—	—	(3,813)	(20,627)
Stock-based compensation expense			—	—	10,246	—	—	—	—	10,246
Exercise of stock options			176	—	—	—	—	—	—	176
Issuance of treasury stock			—	—	(495)	—	—	495	—	—
Modification of stock compensation plan			—	—	3,508	—	—	—	—	3,508
Other			—	—	2,000	—	—	—	—	2,000
Balance at September 30, 2013			\$ 902,986	\$ 47,148	\$ 91,172	\$ (10,472)	\$ —	\$ (1,350)	\$ 70,508	\$ 1,099,992

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

Consolidated Statements of Cash Flow

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	Notes	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
CASH (USED IN) PROVIDED BY:					
Operating activities					
Net (loss) earnings		\$ (26,767)	\$ 15,521	\$ 740,094	\$ 789
Add (deduct) items not affecting cash:					
Change in fair value of biological assets		15,363	(894)	(6,059)	4,569
Depreciation and amortization		29,776	35,867	80,069	105,136
Stock-based compensation		6,250	(515)	26,117	10,246
Deferred income taxes		(9,152)	(1,275)	31,287	(23,457)
Income tax current		1,126	7,725	11,069	19,696
Interest expense and other financing costs		2,500	18,715	129,029	52,051
Loss (gain) on sale of long-term assets		222	(1,452)	384	(3,256)
Loss (gain) on sale of business	22	111	—	(1,007,465)	—
Gain on sale of assets held for sale		—	(11,520)	(1,736)	(57,076)
Change in fair value of non-designated interest rate swaps		(1,620)	(655)	(4,725)	(1,930)
Change in fair value of derivative financial instruments		(7,953)	2,353	2,656	3,863
Impairment of assets (net of reversals)		889	115	1,674	5,924
Increase in pension liability		6,265	2,081	12,646	14,710
Net income taxes paid		(112)	(8,941)	(8,727)	(20,978)
Net settlement of financial instruments		—	—	(23,631)	—
Early repayment premium		—	—	(76,311)	—
Interest paid		(2,399)	(17,656)	(41,362)	(49,470)
Change in provision for restructuring and other related costs		1,012	5,955	31,269	47,906
Other		(4,841)	(9,191)	(32,810)	(19,391)
Change in non-cash operating working capital		20,759	82,145	(241,251)	123,719
Cash (used in) provided by operating activities		\$ 31,429	\$ 118,378	\$ (377,783)	\$ 213,051
Financing activities					
Dividends paid		\$ (5,680)	\$ (5,620)	\$ (16,951)	\$ (16,814)
Dividends paid to non-controlling interest		—	(1,271)	(24,621)	(3,813)
Net increase (decrease) in long-term debt		(125)	1,418	(699,139)	910
Net drawings (payments) on the credit facility		—	198,000	(255,000)	312,000
Exercise of stock options		4,124	—	21,796	176
Payment of financing fees		—	—	(3,769)	—
Other		—	(293)	—	—
Cash (used in) provided by financing activities		\$ (1,681)	\$ 192,234	\$ (977,684)	\$ 292,459
Investing activities					
Additions to long-term assets		\$ (48,015)	\$ (108,076)	\$ (223,946)	\$ (273,508)
Acquisition of business	28	—	—	—	(922)
Capitalization of interest expense		—	(3,931)	(5,504)	(11,126)
Adjustment to sale of business	22	—	—	(468)	—
Proceeds from sale of business		—	—	1,647,015	—
Transaction costs		(111)	—	(29,012)	—
Cash associated with divested business		—	—	(23,011)	—
Proceeds from sale of long-term assets		6	2,030	3,261	8,496
Proceeds from sale of assets held for sale		—	61,748	6,108	129,685
Purchase of treasury stock		(11,000)	—	(11,000)	—
Cash provided by (used in) investing activities		\$ (59,120)	\$ (48,229)	\$ 1,363,443	\$ (147,375)
Increase (decrease) in cash and cash equivalents		\$ (29,372)	\$ 262,383	\$ 7,976	\$ 358,135
Net cash and cash equivalents, beginning of period		539,610	137,923	502,262	42,171
Net cash and cash equivalents, end of period	4	\$ 510,238	\$ 400,306	\$ 510,238	\$ 400,306

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

Notes to the Condensed Consolidated Interim Financial Statements

1. THE COMPANY

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a leading Canadian-based value-added meats and meals company, serving wholesale, retail, and foodservice customers across North America and internationally. The address of the Company's registered office is Suite 1500, 30 St. Clair Avenue West, Toronto, Ontario, M4V 3A2, Canada. The condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2014, include the accounts of the Company and its subsidiaries. The Company's results are organized into three segments: Meat Products Group, Agribusiness Group, and Bakery Products Group. During the nine months ended September 30, 2014 the operations of the Bakery Products Group were sold (Note 22).

2. BASIS OF PREPARATION

(a) Statement of Compliance

The unaudited condensed consolidated interim financial statements (or "consolidated financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein, consistent with the Company's 2013 annual audited consolidated financial statements, except for new standards adopted during the period as described in Note 3(a).

The consolidated financial statements were authorized for issue by the Board of Directors on October 29, 2014.

(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.

The results of businesses sold or held for sale have been presented in the Consolidated Statements of Earnings (Loss) and Consolidated Statements of Comprehensive Income separately, net of tax. All comparative information presented in the Consolidated Statements of Earnings (Loss) and related information in the notes has been re-stated to reflect this presentation. A full statement of earnings for each divested business is included in Note 22.

The Consolidated Balance Sheets include the assets of divested businesses up until the date of sale. From the point of time when Management determines that the carrying amount of a business will be recovered through a sale transaction rather than continuing use, the assets and liabilities of that business are presented as assets held for sale, and liabilities associated with assets held for sale. The Consolidated Statements of Cash Flow include the cash flows of divested business up to the date of sale. Comparative balance sheet and cash flow information has not been re-stated to reflect this.

(e) Use of Estimates and Judgements

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

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

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

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

Long-lived Assets Valuation

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

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

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

Measurement of Fair Values

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

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the Company's 2013 annual audited consolidated financial statements.

Nature of Interests in Other Entities

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

Valuation of Inventory

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

Biological Assets

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

Trade Merchandise Allowances and Other Trade Discounts

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

Employee Benefit Plans

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

Income Taxes

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

Provisions

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

Stock-based Compensation

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

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

Depreciation and Amortization

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements should be read in conjunction with the Company's 2013 annual audited consolidated financial statements. These consolidated financial statements have been prepared in accordance with IFRS using the same accounting policies as were applied in the 2013 annual consolidated financial statements, except for new accounting standards adopted during the nine months ended September 30, 2014, as described below:

(a) 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 34 Interim Financial Reporting and IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

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.

(b) 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 beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

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 extent of the impact of the adoption of amendments to IAS 19 has not yet been determined.

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

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. Amendments were made to clarify items including the definition of vesting conditions in IFRS 2 Share-Based Payment, 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. 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 September 30, 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 \$81.6 million (2013: \$0.0 million) was deposited with a major financial institution.

5. ACCOUNTS AND NOTES RECEIVABLE

Components of Accounts Receivable are as follows:

	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
Trade receivables	\$ 12,991	\$ 48,407	\$ 37,173
Less: Allowance for doubtful accounts	(4)	(93)	(80)
Net trade receivables	\$ 12,987	\$ 48,314	\$ 37,093
Other receivables:			
Commodity taxes receivable	15,714	25,409	27,727
Interest rate swap receivable	2,452	6,571	8,446
Government receivable	13,621	9,676	14,727
Insurance receivable	180	1,892	1,664
Other	7,637	15,574	21,377
	\$ 52,591	\$ 107,436	\$ 111,034

The aging of trade receivables is as follows:

	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
Current	\$ 12,777	\$ 46,624	\$ 31,273
Past due 0-30 days	190	1,265	5,600
Past due 31-60 days	24	168	84
Past due 61-90 days	—	36	—
Past due > 90 days	—	314	216
	\$ 12,991	\$ 48,407	\$ 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.

Under revolving securitization programs, the Company has sold certain of its trade accounts receivable to an entity owned by a financial institution. The Company retains servicing responsibilities for these receivables. As at September 30, 2014, trade accounts receivable being serviced under these programs amounted to \$184.8 million (2013: \$175.7 million). In return for the sale of its trade receivables, the Company will receive cash of \$64.0 million (2013: \$51.7 million) and notes receivable in the amount of \$120.8 million (2013: \$124.0 million). The notes receivable are non-interest bearing and are adjusted on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the securitization facility. As at September 30, 2014, the Company recorded a net payable amount of \$34.5 million (2013: \$112.5 million net payable) in accounts payable.

The Company's securitization programs require the sale of trade receivable to be treated as a sale from an accounting perspective and as a result, trade receivables sold under these programs are derecognized in the consolidated balance sheets as at September 30, 2014 and 2013.

6. INVENTORIES

	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
Raw materials	\$ 33,624	\$ 38,899	\$ 39,302
Work in process	23,547	22,478	18,662
Finished goods	189,469	194,716	166,407
Packaging	20,852	22,751	22,582
Spare parts	28,737	44,922	40,833
	\$ 296,229	\$ 323,766	\$ 287,786

During the three months ended September 30, 2014, inventory in the amount of \$621.7 million (2013: \$639.6 million) was expensed through cost of goods sold.

During the nine months ended September 30, 2014, inventory in the amount of \$1,832.9 million (2013: \$1,887.4 million) was expensed through cost of goods sold.

7. BIOLOGICAL ASSETS

The change in fair value of commercial hog and poultry stock for the three months ended September 30, 2014, was a loss of \$15.4 million (2013: gain of \$0.9 million) and was recorded in cost of goods sold.

The change in fair value of commercial hog and poultry stock for the nine months ended September 30, 2014, was a gain of \$6.1 million (2013: loss of \$4.6 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels during the nine months ended September 30, 2014.

8. ASSETS AND LIABILITIES HELD FOR SALE

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

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 22.

Investment Properties

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

Poultry Farm

These assets relate 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. The poultry farm assets were included in the Meat Products Group for segmented reporting. During the three months ended September 30, 2013, the Company sold the remaining poultry farm assets for proceeds of \$12.9 million.

Further details on the gain on disposal of assets held for sale is described in Note 20.

Rothsay

On October 28, 2013, the Company sold its animal by-product recycling operations ("Rothsay") to Darling International Inc. for gross proceeds of \$644.5 million. The Rothsay operations were reported as part of the Agribusiness Group. At September 30, 2013, the Rothsay operations were classified as discontinued operations. The results of Rothsay are presented as a discontinued operation as disclosed in Note 22.

Turkey Agricultural Operations

Assets related to the Company's turkey agricultural operations in Thamesford, Ontario, were classified as held for sale as at June 30, 2013. The sale of these assets were completed during the third quarter ended September 30, 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.

Further details on the gain from disposal of assets held for sale is described in Note 20.

	As at September 30, 2014		As at September 30, 2013		As at December 31, 2013		
	Investment Properties	Total	Rothsay	Investment Properties	Total	Investment Properties	Total
ASSETS HELD FOR SALE							
Current assets							
Accounts receivable	\$ —	\$ —	\$ 2,849	\$ —	\$ 2,849	\$ —	\$ —
Inventories	—	—	9,372	—	9,372	—	—
Prepaid expenses and other assets	—	—	188	—	188	—	—
	\$ —	\$ —	\$ 12,409	\$ —	\$ 12,409	\$ —	\$ —
Property and equipment	—	—	79,264	—	79,264	—	—
Investment property	634	634	—	5,320	5,320	5,206	5,206
Goodwill	—	—	13,845	—	13,845	—	—
Total assets held for sale	\$ 634	\$ 634	\$ 105,518	\$ 5,320	\$ 110,838	\$ 5,206	\$ 5,206
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE							
Current Liabilities							
Accounts payable and accruals	\$ —	\$ —	\$ 18,511	\$ —	\$ 18,511	\$ —	\$ —
Total liabilities associated with assets held for sale	\$ —	\$ —	\$ 18,511	\$ —	\$ 18,511	\$ —	\$ —
Net assets associated with assets held for sale	\$ 634	\$ 634	\$ 87,007	\$ 5,320	\$ 92,327	\$ 5,206	\$ 5,206

9. EMPLOYEE BENEFITS

For the three months ended September 30, 2014, the Company recorded expenses of \$9.5 million (2013: \$14.5 million) related to pension and other post-retirement benefits, of which \$0.0 million is related to discontinued operations (2013: \$3.6 million).

For the nine months ended September 30, 2014, the Company recorded expenses of \$33.3 million (2013: \$47.8 million) related to pension and other post-retirement benefits, of which \$5.6 million is related to discontinued operations (2013: \$11.9 million).

10. GOODWILL

The continuity of goodwill for the nine months ended September 30, 2014 and 2013 is as follows:

Cost	September 30, 2014	September 30, 2013
Opening balance January 1	\$ 826,040	\$ 851,659
Foreign currency translation	4,170	3,168
Transfer to assets held for sale	(401,617)	(28,178)
Balance	\$ 428,593	\$ 826,649
Impairment losses		
Opening balance January 1	\$ (105,242)	\$ (98,503)
Impairment	—	(357)
Transfer to assets held for sale	108,033	—
Foreign currency translation	(3,148)	(2,244)
Balance	\$ (357)	\$ (101,104)
Net carrying amounts	\$ 428,236	\$ 725,545

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 September 30, 2014	As at September 30, 2013	As at December 31, 2013
CGU Groups			
Meat Products	\$ 428,236	\$ 428,235	\$ 428,236
Canadian Fresh Bakery ⁽ⁱ⁾	—	173,839	173,839
North American Frozen Bakery ⁽ⁱⁱ⁾	—	118,001	118,723
Fresh Pasta ⁽ⁱ⁾	—	5,470	—
	\$ 428,236	\$ 725,545	\$ 720,798

⁽ⁱ⁾ The goodwill related to fresh pasta ("Olivieri") was disposed of during the year ended December 31, 2013.

⁽ⁱⁱ⁾ Reclassified to assets held for sale during the three months ended March 31, 2014, and subsequently sold during the three months ended June 30, 2014.

11. INTANGIBLE ASSETS

	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
Indefinite life	\$ 66,853	\$ 73,109	\$ 71,676
Definite life	109,350	126,467	126,902
Total intangible assets	\$ 176,203	\$ 199,576	\$ 198,578

Indefinite Life Intangibles

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

	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
CGU Groups			
Meat Products	\$ 66,853	\$ 66,853	\$ 66,853
Canadian Fresh Bakery ⁽ⁱ⁾	—	6,256	4,823
	\$ 66,853	\$ 73,109	\$ 71,676

⁽ⁱ⁾ Reclassified to assets held for sale during the three months ended March 31, 2014, and subsequently sold during the three months ended June 30, 2014.

12. PROVISIONS

	Notes	Legal	Environ- mental	Lease make- good	Restructuring and other related costs ⁽ⁱ⁾	Total
Balance at December 31, 2013⁽ⁱⁱ⁾		\$ 561	\$ 12,603	\$ 4,736	\$ 56,556	\$ 74,456
Charges		91	—	16	18,998	19,105
Reversals		—	—	—	(1,573)	(1,573)
Cash payments		(413)	(3)	—	(9,983)	(10,399)
Foreign currency translation		—	—	104	193	297
Transfer to liabilities associated with assets held for sale	8	—	(1,316)	(2,517)	(6,959)	(10,792)
Balance at March 31, 2014		\$ 239	\$ 11,284	\$ 2,339	\$ 57,232	\$ 71,094
Charges		—	—	—	13,512	13,512
Reversals		—	—	—	(280)	(280)
Cash payments		—	(117)	—	(4,134)	(4,251)
Balance at June 30, 2014		\$ 239	\$ 11,167	\$ 2,339	\$ 66,330	\$ 80,075
Charges		—	—	—	10,331	10,331
Reversals		—	—	—	(412)	(412)
Cash payments		(89)	(44)	—	(7,655)	(7,788)
Non-Cash Items		—	—	—	(5,622)	(5,622)
Balance at September 30, 2014		\$ 150	\$ 11,123	\$ 2,339	\$ 62,972	\$ 76,584
Current						\$ 57,533
Non-current						19,051
Total at September 30, 2014						\$ 76,584
		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		—	—	—	39,003	39,003
Reversals		—	(3,114)	—	(161)	(3,275)
Cash payments		(23)	(15)	—	(9,264)	(9,302)
Non-cash items		—	—	(109)	(1,811)	(1,920)
Balance at March 31, 2013		\$ 718	\$ 12,942	\$ 5,989	\$ 56,992	\$ 76,641
Charges		—	—	28	11,845	11,873
Reversals		—	—	—	(2,579)	(2,579)
Cash payments		(25)	(143)	—	(11,581)	(11,749)
Non-cash items		—	—	112	(81)	31
Balance at June 30, 2013		\$ 693	\$ 12,799	\$ 6,129	\$ 54,596	\$ 74,217
Charges		—	—	29	11,176	11,205
Reversals		(43)	—	—	(2,171)	(2,214)
Cash payments		(7)	(75)	—	(9,138)	(9,220)
Non-cash items		—	—	156	75	231
Balance at September 30, 2013		\$ 643	\$ 12,724	\$ 6,314	\$ 54,538	\$ 74,219
Current						\$ 36,993
Non-current						37,226
Total at September 30, 2013						\$ 74,219

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

⁽ⁱⁱ⁾ Balance at December 31, 2013, includes current portion of \$54.9 million and non-current portion of \$19.6 million.

The following tables provide a summary of provisions recorded in respect of restructuring and other related costs as at September 30, 2014, and September 30, 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	10,801	216	7,981	18,998
Reversals	(1,536)	(37)	—	(1,573)
Cash payments	(3,573)	(3,130)	(3,280)	(9,983)
Foreign currency translation	(29)	222	—	193
Transfer to liabilities associated with assets held for sale	(2,765)	(2,691)	(1,503)	(6,959)
Balance at March 31, 2014	\$ 30,722	\$ 6,704	\$ 19,806	\$ 57,232
Charges	8,907	56	4,549	13,512
Reversals	(280)	—	—	(280)
Cash payments	(1,916)	(347)	(1,871)	(4,134)
Balance at June 30, 2014	\$ 37,433	\$ 6,413	\$ 22,484	\$ 66,330
Charges	7,647	424	2,260	10,331
Reversals	—	(30)	(382)	(412)
Cash payments	(4,210)	(198)	(3,247)	(7,655)
Non-cash items	(5,622)	—	—	(5,622)
Balance at September 30, 2014	\$ 35,248	\$ 6,609	\$ 21,115	\$ 62,972

	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	37,876	1,281	213	(367)	39,003
Reversals	(161)	—	—	—	(161)
Cash payments	(7,972)	(1,129)	(163)	—	(9,264)
Non-cash items	(116)	228	(112)	(1,811)	(1,811)
Balance at March 31, 2013	\$ 44,623	\$ 11,870	\$ 499	\$ —	\$ 56,992
Charges	2,739	22	9,084	—	11,845
Reversals	(2,171)	(392)	(16)	—	(2,579)
Cash payments	(9,271)	(1,275)	(1,035)	—	(11,581)
Non-cash items	(81)	—	—	—	(81)
Balance at June 30, 2013	\$ 35,839	\$ 10,225	\$ 8,532	\$ —	\$ 54,596
Charges	1,065	3,200	6,911	—	11,176
Reversals	(2,087)	(5)	(79)	—	(2,171)
Cash payments	(5,340)	(1,166)	(2,632)	—	(9,138)
Non-cash items	75	—	—	—	75
Balance at September 30, 2013	\$ 29,552	\$ 12,254	\$ 12,732	\$ —	\$ 54,538

13. LONG-TERM DEBT

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.

During the three months ended March 31, 2014, the Company amended its existing revolving credit facility to include additional shorter-term financing. This facility included a revolving component with an availability of \$1,050.0 million and a non-revolving component of \$330.0 million. This facility 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 September 30, 2014, the Company had drawn letters of credit of \$20.6 million on this facility.

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

14. OTHER CURRENT LIABILITIES

	<i>Notes</i>	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
Derivative instruments	<i>19</i>	\$ 12,011	\$ 14,470	\$ 43,548
Liability for stock-based compensation	<i>24</i>	5,745	—	—
Other		2,347	1,529	4,379
		\$ 20,103	\$ 15,999	\$ 47,927

15. OTHER LONG-TERM LIABILITIES

	<i>Notes</i>	As at September 30, 2014	As at September 30, 2013	As at December 31, 2013
Derivative instruments	<i>19</i>	\$ 8,666	\$ 46,099	\$ 12,728
Other		13,276	11,533	16,016
		\$ 21,942	\$ 57,632	\$ 28,744

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

Attributable to Common Shareholders				
	Foreign currency translation adjustments ⁽ⁱ⁾	Unrealized gain (loss) on cash flow hedges ⁽ⁱⁱ⁾	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	345	2,219	714	3,278
Transfer to retained earnings	—	—	(714)	(714)
Transfer to held for sale	1,025	(226)	—	799
Balance at March 31, 2014	\$ 1,639	\$ (2,869)	\$ —	\$ (1,230)
Other comprehensive (loss) income	(560)	6,017	(3,545)	1,912
Transfer to retained earnings	—	—	3,545	3,545
Balance at June 30, 2014	\$ 1,079	\$ 3,148	\$ —	\$ 4,227
Other comprehensive loss	(37)	(4,049)	(4,443)	(8,529)
Transfer to retained earnings	—	—	4,443	4,443
Balance at September 30, 2014	\$ 1,042	\$ (901)	\$ —	\$ 141

Attributable to Common Shareholders				
	Foreign currency translation adjustments ⁽ⁱ⁾	Unrealized gain (loss) on cash flow hedges ⁽ⁱⁱ⁾	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 (loss)	656	(1,351)	62,084	61,389
Transfer to retained earnings	—	—	(62,084)	(62,084)
Balance at March 31, 2013	\$ (8,320)	\$ (5,638)	\$ —	\$ (13,958)
Other comprehensive income	3,662	1,609	53,897	59,168
Transfer to retained earnings	—	—	(53,897)	(53,897)
Balance at June 30, 2013	\$ (4,658)	\$ (4,029)	\$ —	\$ (8,687)
Other comprehensive (loss) income	(415)	(1,370)	25,118	23,333
Transfer to retained earnings	—	—	(25,118)	(25,118)
Balance at September 30, 2013	\$ (5,073)	\$ (5,399)	\$ —	\$ (10,472)

⁽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 (loss) within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount. During the three months ended September 30, 2014, a loss of approximately \$1.9 million, net of tax of \$0.6 million was released to earnings from accumulated other comprehensive loss and is included in the net change for the period (2013: loss of approximately \$2.7 million, net of tax).

During the nine months ended September 30, 2014, a loss of approximately \$13.6 million net of tax of \$4.7 million, inclusive of \$7.1 million net of tax of \$2.5 million related to the terminated cross-currency interest rate swaps as disclosed in Note 19, was released to earnings from accumulated other comprehensive loss and is included in the net change for the period (2013: loss of approximately \$2.1 million, net of tax).

17. SHARE CAPITAL

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 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.

18. RESTRUCTURING AND OTHER RELATED COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
		(Restated) (Note 22)		(Restated) (Note 22)
MEAT PRODUCTS GROUP				
Management structure changes				
Severance	\$ —	\$ 303	\$ 440	\$ 2,651
Site closing and other costs	—	—	(32)	—
	\$ —	\$ 303	\$ 408	\$ 2,651
Strategic value creation initiatives				
Severance	\$ 682	\$ (1,667)	\$ (919)	\$ 22,201
Site closing and other costs	394	284	(131)	835
Asset impairment and accelerated depreciation	4,062	5,671	17,325	19,266
Retention	1,878	6,744	12,942	15,452
	\$ 7,016	\$ 11,032	\$ 29,217	\$ 57,754
Plant closure				
Severance	\$ —	\$ 8	\$ (63)	\$ 111
Pension	—	36	—	460
	\$ —	\$ 44	\$ (63)	\$ 571
Total Meat Products Group	\$ 7,016	\$ 11,379	\$ 29,562	\$ 60,976
NON-ALLOCATED				
Management structure changes				
Severance	\$ —	\$ —	\$ 421	\$ 1,745
	\$ —	\$ —	\$ 421	\$ 1,745
Organization structure changes				
Severance ⁽ⁱ⁾	\$ 6,965	\$ —	\$ 25,660	\$ —
Asset impairment and accelerated depreciation	306	—	306	—
Pension	—	—	100	—
	\$ 7,271	\$ —	\$ 26,066	\$ —
Total Non-Allocated	\$ 7,271	\$ —	\$ 26,487	\$ 1,745
Total restructuring and other related costs	\$ 14,287	\$ 11,379	\$ 56,049	\$ 62,721

⁽ⁱ⁾ Includes share based payments as described in Note 24.

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management Structure Changes

The Company has recorded restructuring and other related costs pertaining to organizational delayering and changes to its management structure.

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.

Organizational Structure Changes

The Company has recorded restructuring and other related costs related to changes in corporate and management structure that are required following the sale of Canada Bread, as further described in Note 22.

Impairment

During the three months ended September 30, 2014 and 2013, the Company did not record any impairments or reversals of impairments of fixed assets through restructuring and other related costs.

During the nine months ended September 30, 2014, the Company recorded \$0.0 million (2013: \$0.2 million) of impairment of fixed assets and reversals of impairment of \$0.0 million (2013: \$0.0 million) through restructuring and related costs.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

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

On March 14, 2014, the Company issued a notice of repayment of its notes payable, with a subsequent repayment on April 14, 2014 (Note 13).

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

As a result of the decision to accelerate the repayment of all outstanding notes, hedge accounting on all of the cross-currency interest rate swaps 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 nine months ended September 30, 2014. During the same period, the Company terminated cross-currency interest rate swaps maturing in 2021, and the remaining cross-currency swaps maturing in 2014.

During the three months ended September 30, 2014, \$0.0 million was reclassified from accumulated other comprehensive income to interest and other financing costs associated with cross-currency interest rate swaps.

There have been no other material changes to the Company's risk and risk management activities since December 31, 2013.

Financial Instruments

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

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

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

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

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

	2014			2013		
	Notional amount ⁽ⁱ⁾	Fair value		Notional amount ⁽ⁱ⁾	Fair value	
		Asset	Liability		Asset	Liability
Cash flow hedges						
Cross-currency interest rate swaps	US\$ — \$	— \$	—	US\$ 313,000 \$	— \$	37,717
Foreign exchange contracts ⁽ⁱⁱ⁾	103,718	406	1,550	80,454	362	—
Commodity future contracts ⁽ⁱⁱ⁾	7,671	—	170	—	—	—
Fair value hedges						
Commodity contracts ⁽ⁱⁱ⁾	\$ 20,069 \$	— \$	359 \$	23,513 \$	— \$	1,305
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	\$ 1,180,000 \$	— \$	14,038 \$	920,000 \$	— \$	18,866
Foreign exchange contracts ⁽ⁱⁱ⁾	138,191	2,591	691	105,512	125	—
Commodity contracts ⁽ⁱⁱ⁾	611,087	502	3,869	346,556	—	2,681
Total fair value	\$ 3,499 \$	\$ 20,677		\$ 487 \$	\$ 60,569	
Current	\$ 3,499 \$	\$ 12,011		\$ 487 \$	\$ 14,470	
Non-current	—	8,666		—	46,099	
Total fair value	\$ 3,499 \$	\$ 20,677		\$ 487 \$	\$ 60,569	

⁽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 as at September 30, 2014, approximate their carrying value due to their short-term nature.

The fair value of long-term debt as at September 30, 2013, was \$1,589.4 million as compared to its carrying value of \$1,533.7 million on the consolidated balance sheet. The fair value of the Company's long-term debt has been classified as Level 2 in the fair value hierarchy and was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

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

Derivatives not designated in a formal hedging relationship are classified as held for trading. Net gains (losses) on financial instruments held for trading consist of realized and unrealized gains (losses) on derivatives that were de-designated or were otherwise not in a formal hedging relationship. During the three months ended September 30, 2014, the Company recorded a gain of \$3.1 million (2013: loss of \$0.7 million) on financial instruments held for trading.

During the nine months ended September 30, 2014, the Company recorded a loss of \$33.5 million (2013: loss of \$6.3 million) on financial instruments held-for-trading.

During the three months ended September 30, 2014, the pre-tax amount of hedge ineffectiveness recognized in earnings was a loss of \$0.2 million (2013: gain of \$1.1 million).

During the nine months ended September 30, 2014, the pre-tax amount of hedge ineffectiveness recognized in earnings was a loss of \$0.1 million (2013: gain of \$3.1 million).

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

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange forward contracts	\$ —	\$ 2,997	\$ —	2,997
Commodity future contracts	502	—	—	502
	\$ 502	\$ 2,997	\$ —	3,499
Liabilities:				
Foreign exchange forward contracts	\$ —	\$ 2,241	\$ —	2,241
Commodity future contracts	4,398	—	—	4,398
Interest rate swaps	—	14,038	—	14,038
	\$ 4,398	\$ 16,279	\$ —	20,677

There were no transfers between levels during the nine months ended September 30, 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 re-assessing categorization at the end of each reporting period.

Non-designated Interest Rate Swaps

The change in fair value of non-designated interest rate swaps for the three months ended September 30, 2014, was a gain of \$1.6 million (\$1.2 million after-tax) and was recorded in net earnings (loss) (2013: gain of \$0.7 million (\$0.5 million after-tax)).

The change in fair value of non-designated interest rate swaps for the nine months ended September 30, 2014, was a gain of \$4.7 million (\$3.5 million after-tax) and was recorded in net earnings (loss) (2013: gain of \$1.9 million (\$1.4 million after-tax)).

20. OTHER INCOME (EXPENSE)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
			<i>(Restated)</i>		<i>(Restated)</i>
			<i>(Note 22)</i>		<i>(Note 22)</i>
Gain (loss) on sale of property and equipment		\$ (222)	\$ 1,536	\$ (1,054)	\$ 1,673
Gain on sale of investment properties		—	—	350	323
Recovery from insurance claims		—	2,568	—	4,803
Gain on sale of assets and liabilities held for sale ⁽ⁱ⁾		—	11,520	—	57,076
Adjustment of prior gain on acquisition	28	—	—	—	(985)
Net investment property (loss) income		(538)	(247)	(987)	204
Hedge ineffectiveness		(89)	1,038	(21)	3,041
De-designation of interest rate swaps	19	—	4,748	—	4,748
Impairment of assets ⁽ⁱⁱ⁾		(622)	(115)	(1,407)	(2,472)
Reversals of impairment of assets ⁽ⁱⁱ⁾		—	—	—	760
Legal settlements		—	—	170	—
Depreciation of assets used to support divested businesses ⁽ⁱⁱⁱ⁾		(5,309)	—	(7,079)	—
Pension curtailment		—	4,040	—	4,040
Legal and other fees on acquisition and disposals		—	(7,146)	—	(7,146)
Interest Income		1,280	—	2,014	—
Other		46	1,258	(80)	2,508
		\$ (5,454)	\$ 19,200	\$ (8,094)	\$ 68,573

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

	Three months ended September 30, 2014		Three months ended September 30, 2013	
	Net proceeds	Gain (loss)	Net proceeds	Gain (loss)
Poultry farm	\$ —	\$ —	\$ 12,851	\$ (35)
Turkey agricultural operations	—	—	47,147	10,565
Investment properties held for sale	—	—	1,750	990
Total	\$ —	\$ —	\$ 61,748	\$ 11,520

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
	Net proceeds	Gain (loss)	Net proceeds	Gain (loss)
Potato processing facility	\$ —	\$ —	\$ 58,067	\$ 45,388
Poultry Farm	—	—	21,134	(35)
Turkey agricultural operations	—	—	47,147	10,565
Investment properties held for sale	—	—	3,337	1,158
Total	\$ —	\$ —	\$ 129,685	\$ 57,076

(ii) Impairments of assets

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
		(Restated)		(Restated)
		(Note 22)		(Note 22)
Impairments:				
Property plant and equipment	\$ 248	\$ 115	\$ 818	\$ 293
Assets held for sale	—	—	—	1,823
Goodwill	—	—	—	356
Other Assets	374	—	589	—
Total impairments	\$ 622	\$ 115	\$ 1,407	\$ 2,472
Reversal of impairments				
Investment properties	\$ —	\$ —	\$ —	\$ 760

(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.

21. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
			(Restated)		(Restated)
			(Note 22)		(Note 22)
Interest expense on long-term debt	\$	111	\$ 10,997	\$ 13,215	\$ 31,213
Interest on bankers' acceptances and prime loans		—	5,781	9,143	14,702
Interest expense on interest rate swaps		—	5,330	5,985	15,989
Interest income on interest rate swaps		—	(4,079)	(5,044)	(12,803)
Net interest expense on non-designated interest rate swaps		1,680	2,067	5,040	6,200
Interest expense on securitized receivables		505	561	1,381	1,626
Deferred finance charges		49	788	3,064	2,339
Other interest charges		155	909	2,385	2,931
Interest capitalized		—	(3,608)	(5,504)	(10,803)
Other financing costs ⁽ⁱ⁾		—	—	98,578	—
		\$ 2,500	\$ 18,746	\$ 128,243	\$ 51,394

⁽ⁱ⁾ Other financing costs for the nine months ended September 30, 2014, included costs associated with the repayment of all of the Company's outstanding senior notes including an early repayment premium of \$76.3 million, write-off of deferred financing fees of \$8.9 million, financing costs associated with the new credit facility of \$3.8 million and a release from accumulated other comprehensive income on the de-designation of cross-currency interest rate swaps of \$9.6 million.

22. DISCONTINUED OPERATIONS**Canada Bread Company, Limited**

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The Company received proceeds of \$1,647.0 million for its 90.0% interest in Canada Bread, resulting in a pre-tax gain of \$999.4 million for the nine months ended September 30, 2014. Upon the sale of the business, the net assets of Canada Bread have been de-recognized from assets held for sale. For the nine months ended September 30, 2014, the Canada Bread operations have been classified as discontinued operations on the Consolidated Statements of Net Earnings (Loss), and are presented as part of Bakery Products Group for segmented reporting.

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 \$(0.5) million. The adjustment to the gain on disposal and its related tax impact is recognized as part of the results of discontinued operations for the nine months ended September 30, 2014.

Rothsay By-product Recycling Business

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

Following is a summary of earnings from discontinued operations:

	Three months ended September 30,															
	Notes	2014				2013										
		Canada Bread	Olivieri	Rothsay	Total ⁽ⁱ⁾	Canada Bread	Olivieri	Rothsay	Total							
Sales	\$	—	\$	—	\$	—	\$	—	\$	372,579	\$	20,014	\$	69,348	\$	461,941
Cost of goods sold		—		—		—		—		289,914		16,044		46,521		352,479
Gross margin	\$	—	\$	—	\$	—	\$	—	\$	82,665	\$	3,970	\$	22,827	\$	109,462
Selling, general, and administrative expenses		—		—		—		—		44,694		3,041		1,824		49,559
Operating Earnings before the following:	\$	—	\$	—	\$	—	\$	—	\$	37,971	\$	929	\$	21,003	\$	59,903
Restructuring and other related costs		—		—		—		—		(3,714)		—		—		(3,714)
Gain on disposal of discontinued operations ⁽ⁱⁱⁱ⁾		(111)		—		—		—		(111)		—		—		—
Adjustment of prior gain on disposal of discontinued operations ^(iv)		—		—		—		—		—		—		—		—
Other income (expense)		—		—		—		—		(744)		—		(95)		(839)
Earnings (loss) before interest and income taxes from discontinued operations	\$	(111)	\$	—	\$	—	\$	(111)	\$	33,513	\$	929	\$	20,908	\$	55,350
Interest expense and other financing costs		—		—		—		—		(73)		—		42		(31)
Earnings (loss) before income taxes from discontinued operations	\$	(111)	\$	—	\$	—	\$	(111)	\$	33,586	\$	929	\$	20,866	\$	55,381
Income taxes		(15)		—		—		(15)		9,788		239		5,359		15,386
Net earnings (loss) from discontinued operations	\$	(96)	\$	—	\$	—	\$	(96)	\$	23,798	\$	690	\$	15,507	\$	39,995
Attributed to:																
Common shareholders	\$	(96)	\$	—	\$	—	\$	(96)	\$	21,418	\$	621	\$	15,507	\$	37,546
Non-controlling interest		—		—		—		—		2,380		69		—		2,449
	\$	(96)	\$	—	\$	—	\$	(96)	\$	23,798	\$	690	\$	15,507	\$	39,995
Earnings per share from discontinued operations attributable to common shareholders:	23															
Basic and diluted earnings per share from discontinued operations					\$	—								\$	0.27	
Weighted average number of shares (millions)						141.8										139.9

Nine months ended September 30,	Note	2014				2013			
		Canada Bread	Olivieri	Rothsay	Total ⁽ⁱ⁾	Canada Bread	Olivieri	Rothsay	Total
Sales		\$ 567,861	\$ —	\$ —	\$ 567,861	\$ 1,093,925	\$ 65,263	\$ 188,476	\$ 1,347,664
Cost of goods sold		439,710	—	—	439,710	870,464	53,227	125,379	1,049,070
Gross margin		\$ 128,151	\$ —	\$ —	\$ 128,151	\$ 223,461	\$ 12,036	\$ 63,097	\$ 298,594
Selling, general, and administrative expenses		80,322	—	—	80,322	133,569	9,468	5,174	148,211
Operating Earnings before the following:		\$ 47,829	\$ —	\$ —	\$ 47,829	\$ 89,892	\$ 2,568	\$ 57,923	\$ 150,383
Restructuring and other related costs		(2,612)	—	—	(2,612)	(15,168)	—	—	(15,168)
Gain on disposal of discontinued operations ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾		999,445	—	—	999,445	—	—	—	—
Adjustment of prior gain on disposal of discontinued operations ^(iv)		—	(468)	(2,488)	(2,956)	—	—	—	—
Other income (expense)		(1,582)	—	—	(1,582)	(5,136)	—	(43)	(5,179)
Earnings (loss) before interest and income taxes from discontinued operations		\$ 1,043,080	\$ (468)	\$ (2,488)	\$ 1,040,124	\$ 69,588	\$ 2,568	\$ 57,880	\$ 130,036
Interest expense and other financing costs		786	—	—	786	615	—	42	657
Earnings (loss) before income taxes from discontinued operations		\$ 1,042,294	\$ (468)	\$ (2,488)	\$ 1,039,338	\$ 68,973	\$ 2,568	\$ 57,838	\$ 129,379
Income taxes		108,905	160	(642)	108,423	19,583	660	14,864	35,107
Net earnings (loss) from discontinued operations		\$ 933,389	\$ (628)	\$ (1,846)	\$ 930,915	\$ 49,390	\$ 1,908	\$ 42,974	\$ 94,272
Attributed to:									
Common shareholders		\$ 931,377	\$ (591)	\$ (1,846)	\$ 928,940	\$ 44,451	\$ 1,717	\$ 42,974	\$ 89,142
Non-controlling interest		2,012	(37)	—	1,975	4,939	191	—	5,130
		\$ 933,389	\$ (628)	\$ (1,846)	\$ 930,915	\$ 49,390	\$ 1,908	\$ 42,974	\$ 94,272
Earnings per share from discontinued operations attributable to common shareholders:	23								
Basic and diluted earnings per share from discontinued operations					\$ 6.60				\$ 0.64
Weighted average number of shares (millions)					140.9				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 nine months ended September 30, 2014.

⁽ⁱⁱⁱ⁾ Gain, net of tax, attributable to common shareholders is \$0.1 million loss (2013: \$0.0 million) for the three months ended September 30, 2014, and \$899.7 million (2013: \$0.0 million) for the nine months ended September 30, 2014.

^(iv) Adjustment of prior gain on disposal of discontinued operations includes \$2.5 million (2013: \$0.0 million) of stock-based compensation paid to Management as a result of the successful completion of the transaction.

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

The net cash flows provided by (used in) the discontinued operations are as follows:

Three months ended September 30,	2014			2013			
	Canada Bread	Olivieri	Total ⁽ⁱ⁾	Canada Bread	Olivieri	Rothsay	Total
Operating cash flows	\$ (111)	\$ —	\$ (111)	\$ 61,590	\$ 4,821	\$ 22,199	\$ 88,610
Financing cash flows	—	—	—	(14,861)	392	93	(14,376)
Investing cash flows	—	—	—	(8,891)	(300)	(6,185)	(15,376)
Net cash flows	\$ (111)	\$ —	\$ (111)	\$ 37,838	\$ 4,913	\$ 16,107	\$ 58,858

Nine months ended September 30,	2014			2013			
	Canada Bread	Olivieri	Total ⁽ⁱ⁾	Canada Bread	Olivieri	Rothsay	Total
Operating cash flows	\$ (83,695)	\$ (160)	\$ (83,855)	\$ 154,855	\$ 5,106	\$ 45,992	\$ 205,953
Financing cash flows	(30,192)	—	(30,192)	(39,491)	1,155	93	(38,243)
Investing cash flows	1,587,794	(468)	1,587,326	(22,825)	(856)	(9,623)	(33,304)
Net cash flows	\$ 1,473,907	\$ (628)	\$ 1,473,279	\$ 92,539	\$ 5,405	\$ 36,462	\$ 134,406

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

23. EARNINGS (LOSS) PER SHARE

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

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

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

Three months ended September 30,	Attributable to Common Shareholders					
	2014			2013 ⁽ⁱⁱⁱ⁾		
	Net earnings (loss)	Weighted average number of shares ⁽ⁱⁱ⁾	EPS	Net earnings (loss)	Weighted average number of shares ⁽ⁱⁱ⁾	EPS
Basic						
Continuing operations	\$ (26,671)	141.8	\$ (0.19)	\$ (24,591)	139.9	\$ (0.18)
Gain on sale of business, net of tax	(96)	141.8	—	—	—	—
Discontinued operations before gain on sale of business	—	141.8	—	37,546	139.9	0.27
	\$ (26,767)	141.8	\$ (0.19)	12,955	139.9	\$ 0.09
<i>Stock options⁽ⁱ⁾</i>						
	—	—	—	—	—	—
Diluted						
Continuing operations	\$ (26,671)	141.8	\$ (0.19)	\$ (24,591)	139.9	\$ (0.18)
Gain on sale of business	(96)	141.8	—	—	—	—
Discontinued operations before gain on sale of business	—	141.8	—	37,546	139.9	0.27
	\$ (26,767)	141.8	\$ (0.19)	12,955	139.9	\$ 0.09

⁽ⁱ⁾ Excludes the effect of approximately 6.3 million options and restricted share units (2013: 8.9 million) to purchase common shares that are anti-dilutive.

⁽ⁱⁱ⁾ In millions.

⁽ⁱⁱⁱ⁾ Restated, see Note 22.

Nine months ended September 30,	Attributable to Common Shareholders					
	2014			2013 ⁽ⁱⁱⁱ⁾		
	Net earnings (loss)	Weighted average number of shares ⁽ⁱⁱ⁾	EPS	Net earnings (loss)	Weighted average number of shares ⁽ⁱⁱ⁾	EPS
Basic						
Continuing operations	\$ (190,821)	140.9	\$ (1.35)	\$ (93,578)	139.9	\$ (0.67)
Gain on sale of business, net of tax	899,724	140.9	6.39	—	—	—
Discontinued operations before gain on sale of business	29,216	140.9	0.21	89,142	139.9	0.64
	\$ 738,119	140.9	\$ 5.25	\$ (4,436)	139.9	\$ (0.03)
Stock options ⁽ⁱ⁾	—	—	—	—	—	—
Diluted						
Continuing operations	\$ (190,821)	140.9	\$ (1.35)	\$ (93,578)	139.9	\$ (0.67)
Gain on sale of business	899,724	140.9	6.39	—	—	—
Discontinued operations before gain on sale of business	29,216	140.9	0.21	89,142	139.9	0.64
	\$ 738,119	140.9	\$ 5.25	\$ (4,436)	139.9	\$ (0.03)

⁽ⁱ⁾ Excludes the effect of approximately 6.3 million options and restricted share units (2013: 8.9 million) to purchase common shares that are anti-dilutive.

⁽ⁱⁱ⁾ In millions.

⁽ⁱⁱⁱ⁾ Restated, see Note 22.

24. SHARE-BASED PAYMENT

Under the Maple Leaf Foods Share Incentive Plan in effect as at September 30, 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. This resulted in an additional expense of \$6.7 million on vesting date and \$2.0 million on market value adjustment to current share price. This additional expense was reflected in selling, general, and administrative expenses. Additionally, \$23.4 million was re-classified from equity to liabilities.

Stock Options

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

	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	—	—	2,345,500	11.85
Exercised	(82,800)	11.48	(15,700)	11.36
Forfeited	—	—	—	—
Expired	—	—	—	—
Outstanding at March 31	4,597,000	\$ 11.60	4,930,800	\$ 11.59
Granted	—	—	—	—
Exercised	(1,440,900)	11.61	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Outstanding at June 30	3,156,100	\$ 11.60	4,930,800	\$ 11.59
Granted	1,161,000	20.28	—	—
Exercised	(360,400)	11.44	—	—
Forfeited	—	—	—	—
Expired	—	—	(4,000)	13.50
Outstanding September 30	3,956,700	\$ 14.16	4,926,800	\$ 11.59
Options currently exercisable	2,795,700	\$ 11.60	850,000	\$ 11.36

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

At grant date, each option series is measured for fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the nine months ended September 30, 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 dividends	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 stock options issued during the three and nine months ended September 30, 2014. The fair value of options granted during the three and nine months ended September 30, 2014, were \$4.5 million, of this amount \$1.5 million was included in restructuring and other related costs as a non-cash item (Note 18). Amortization charges relating to current and prior year options during the three and nine months ended September 30, 2014, were \$1.6 million and \$4.2 million respectively.

There were no options granted during the three months ended September 30, 2013. The fair value of options granted during the nine months ended September 30, 2013, was \$5.1 million. Amortization charges relating to current and prior year options for the three and nine months ended September 30, 2013, were \$1.2 million and \$3.7 million respectively.

Restricted Share Units

A summary of the status of the Company's RSU plans (including PSUs) as at September 30, 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	—	—	1,303,500	11.32
Exercised	—	—	—	—
Forfeited	(23,800)	11.17	—	—
Expired	—	—	(83,250)	10.18
Outstanding at March 31	2,722,200	\$ 11.17	4,807,422	\$ 11.27
Granted	642,230	17.17	—	—
Exercised	(1,215,394)	11.15	(73,475)	10.18
Forfeited	(156,843)	11.23	(17,967)	10.91
Expired	(686,910)	10.99	—	—
Outstanding at June 30	1,305,283	\$ 14.21	4,715,980	\$ 11.30
Granted	657,206	19.45	17,650	13.70
Exercised	—	—	—	—
Forfeited	—	—	(6,000)	11.65
Expired	—	—	—	—
Outstanding at September 30	1,962,489	\$ 15.97	4,727,630	\$ 11.30

The fair value of RSUs and PSUs granted during the three months ended September 30, 2014, was \$12.1 million (2013: \$0.4 million). Expenses for the three months ended September 30, 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 \$5.2 million (2013: a reduction of expense of \$2.0 million), of this amount \$0.0 million was included in discontinued operations (Note 22) and \$4.1 million was included in restructuring and other related costs as a non-cash item (Note 18).

The fair value of RSUs and PSUs granted during the nine months ended September 30, 2014, was \$23.1 million (2013: \$13.7 million). Expenses for the nine months ended September 30, 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 \$26.8 million (2013: \$6.8 million), of this amount \$11.0 million was included in discontinued operations (Note 22) and \$4.1 million was included in restructuring and other related costs as a non-cash item (Note 18).

The key assumptions used in the valuation of fair value of RSUs granted during the nine months ended September 30, 2014 and 2013 are shown in the table below⁽ⁱ⁾.

	2014	2013
Expected RSU life (in years)	2.67	3.30
Forfeiture rate	7.5%	8.6%
Risk-free discount rate	1.2%	1.2%

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

Director Share Units

The fair value of director share units expensed during the three and nine months ended September 30, 2014, were \$0.4 million and \$1.1 million respectively.

25. RELATED PARTY TRANSACTIONS

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

The Company sponsors a number of defined benefit and defined contribution plans. During the three months ended September 30, 2014, the Company received \$0.2 million (2013: \$0.3 million) from the defined benefit pension plans for the reimbursement of expenses incurred by the Company to provide services to these plans. During the three months ended September 30, 2014, the Company's contributions to these plans were \$2.2 million (2013: \$9.7 million), which includes \$0.0 million (2013: \$2.5 million) made by Canada Bread, which has been presented as discontinued operations.

During the nine months ended September 30, 2014, the Company received \$0.6 million (2013: \$0.8 million) from the defined benefit pension plans for reimbursement of expenses incurred by the Company to provide services to these plans. During the nine months ended September 30, 2014, the Company's contributions to these plans were \$19.2 million (2013: \$28.8 million) which includes \$3.7 million (2013: \$7.4 million) made by Canada Bread, which has been presented as discontinued operations.

26. GOVERNMENT INCENTIVES

During the three months ended September 30, 2014, the Company recorded government incentives totalling \$0.2 million.

During the three months ended September 30, 2013, the Company recorded government incentives totalling \$1.6 million. This amount related to incentives from the Canadian government to support renewable energies related to the Rothsay by-product recycling business, which has been presented in discontinued operations.

During the nine months ended September 30, 2014, the Company recorded government incentives 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. The Company also recorded other incentives totalling \$0.5 million.

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

During the nine months ended September 30, 2013, the Company recorded government incentives totalling \$7.2 million. Of this amount, the Company recorded \$4.8 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 \$0.4 million.

Also during the nine months ended September 30, 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 sold as part of the sale of Canada Bread.

27. SEGMENTED FINANCIAL INFORMATION

Reportable Segmented Information

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

- (a) The Meat Products Group is comprised of value-added processed packaged meat, chilled meal entrées and lunch kits, and primary pork and poultry processing.
- (b) The Agribusiness Group is comprised of the Company's hog production. In the prior year, the Agribusiness Group 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 22 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 the first quarter of 2014, the Company reached an agreement to sell its 90.0% ownership interest in Canada Bread, which was disposed of during the three months ended June 30, 2014. As a result, the Bakery Products Group has been classified as discontinued operations as at and for the three months ended September 30, 2014 and for the nine months ended September 30, 2014. Refer to Note 8 and Note 22 for further details on the disposal activity of the Bakery Products Group. The Bakery segment information for comparative periods has also been re-stated 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	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
			(Restated)		(Restated)
			(Note 22)		(Note 22)
Sales					
Meat Products Group		\$ 814,699	\$ 751,509	\$ 2,345,651	\$ 2,182,046
Agribusiness Group ⁽ⁱ⁾		5,398	75,687	17,583	212,896
Bakery Products Group ⁽ⁱ⁾		—	392,593	567,861	1,159,188
Total sales		\$ 820,097	\$ 1,219,789	\$ 2,931,095	\$ 3,554,130
Sales from discontinued operations	22	—	(461,941)	(567,861)	(1,347,664)
Sales from continuing operations		\$ 820,097	\$ 757,848	\$ 2,363,234	\$ 2,206,466
Earnings before restructuring and other related costs and other income					
Meat Products Group		\$ (18,220)	\$ (21,624)	\$ (61,312)	\$ (43,568)
Agribusiness Group ⁽ⁱ⁾		(1,610)	22,562	3,252	29,668
Bakery Products Group ⁽ⁱ⁾		—	38,900	47,829	92,460
Non-allocated costs		5,769	(3,074)	(11,167)	(16,916)
Total earnings before restructuring and other related costs and other income		\$ (14,061)	\$ 36,764	\$ (21,398)	\$ 61,644
Earnings before restructuring and other related costs and other income from discontinued operations	22	—	(59,903)	(47,829)	(150,383)
Earnings before restructuring and other related costs and other income from continuing operations		\$ (14,061)	\$ (23,139)	\$ (69,227)	\$ (88,739)
Capital expenditures					
Meat Products Group		\$ 38,865	\$ 92,257	\$ 179,488	\$ 231,463
Agribusiness Group ⁽ⁱ⁾		2,813	3,591	4,782	11,436
Bakery Products Group ⁽ⁱ⁾		—	12,228	17,789	30,609
		\$ 41,678	\$ 108,076	\$ 202,059	\$ 273,508
Depreciation and amortization					
Meat Products Group		\$ 22,774	\$ 17,428	\$ 60,961	\$ 49,847
Agribusiness Group ⁽ⁱ⁾		1,693	4,043	4,117	12,295
Unallocated ⁽ⁱⁱ⁾		5,309	—	9,849	—
Bakery Products Group ⁽ⁱ⁾		—	14,396	5,142	42,994
		\$ 29,776	\$ 35,867	\$ 80,069	\$ 105,136

⁽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 September 30, 2014	As at September 30, 2013	As at December 31, 2013
Total assets			
Meat Products Group	\$ 2,031,004	\$ 1,798,777	\$ 1,823,866
Agribusiness Group ⁽ⁱ⁾	205,083	282,061	195,537
Bakery Products Group ⁽ⁱ⁾	—	1,014,807	1,169,669
Non-allocated assets	673,736	580,222	410,020
	\$ 2,909,823	\$ 3,675,867	\$ 3,599,092
Goodwill			
Meat Products Group	\$ 428,236	\$ 428,235	\$ 428,236
Bakery Products Group ⁽ⁱ⁾	—	297,310	292,562
	\$ 428,236	\$ 725,545	\$ 720,798

⁽ⁱ⁾ *The prior year results as at September 30, 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 September 30, 2014. No goodwill was attributed to operations outside of Canada.

Property and equipment and investment property located outside of Canada was \$106.8 million at September 30, 2013. Of the total amount located outside of Canada, \$58.0 million was located in the U.S. and \$48.5 million was located in the U.K. Goodwill attributed to operations located outside of Canada was \$60.1 million, all of which was attributed to operations in the U.S.

Revenues earned outside of Canada for the three months ended September 30, 2014, were \$166.0 million (2013: \$266.7 million), of which \$0.0 million (2013: \$88.0 million) has been reclassified to net earnings (loss) from discontinued operations. Of the total amount earned outside of Canada, \$68.0 million (2013: \$63.6 million) was earned in Japan, \$60.1 million (2013: \$129.3 million) was earned in the U.S., and \$0.0 million (2013: \$32.8 million) was earned in the U.K. Revenue by geographic area is determined based on the shipping location.

Revenues earned outside of Canada for the nine months ended September 30, 2014, were \$646.9 million (2013: \$759.0 million), of which \$144.4 million (2013: \$273.7 million) has been reclassified to net earnings (loss) from discontinued operations. Of the total amount earned outside of Canada, \$270.8 million (2013: \$361.3 million) was earned in the U.S., \$203.9 million (2013: \$170.9 million) was earned in Japan, and \$56.4 million (2013: \$103.3 million) was earned in the U.K.

Information About Major Customers

During the three months ended September 30, 2014, the Company reported sales to two customers representing 15.5% and 11.2% of total sales. These revenues were reported in the Meat Products Group. No other sales were made to any one customer that represented in excess of 10% of total sales.

During the three months ended September 30, 2013, the Company reported sales to one customer representing 11.0% 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 13.2% 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 nine months ended September 30, 2014, the Company reported sales to two customers representing 13.2% and 12.7% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group and Bakery Products Group. The Company reported sales to two customers representing 15.1% and 11.1% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.

During the nine months ended September 30, 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 13.8% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.

28. 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.



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Printed in Canada