MAPLE LEAF FOODS INC.

Financial Statements

For the Year Ended

December 31, 2014

Independent Auditors' Report

To the Shareholders of Maple Leaf Foods Inc.

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada

February 25, 2015

CONSOLIDATED BALANCE SHEETS

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

Commitments and contingencies (Note 29)

Subsequent event (Note 34)

See accompanying Notes to the Consolidated Financial Statements.

On behalf of the Board:

MICHAEL H. MCCAIN
Director

DIANE MCGARRY
Director

CONSOLIDATED STATEMENTS OF NET EARNINGS

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

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

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

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

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY

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

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

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

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

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial

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

1. THE COMPANY

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a producer of food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders Country Naturals® and Mina™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals and valued-added fresh pork and poultry. The address of the Company's registered office is 6985 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada. The consolidated financial statements of the Company as at and for the year ended December 31, 2014, include the accounts of the Company and its subsidiaries. The principle activities and composition of the Company are further described in Note 28. The Company's results are organized into three segments: Meat Products Group, Agribusiness Group, and Bakery Products Group. During the year ended December 31, 2014, the operations of the Bakery Products Group were sold (Note 25).

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Disposal of business

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

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

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

(e) Use of Estimates and Judgements

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

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

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

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

Long-Lived Assets Valuation

The Company performs impairment testing annually for goodwill and indefinite life intangible assets and, when circumstances indicate that there may be impairment, for

other long-lived assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying Cash Generating Units ("CGUs") for the purpose of impairment testing.

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

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

Measurement of Fair Values

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

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 10, 11, 12, 13 and 21.

Nature of Interests in Other Entities

Management applies significant judgement in assessing the nature of its interest in an unconsolidated structured entity. The Company does not hold any equity interest in the structured entity and based on the terms of the agreements under which the entity is established, the Company does not receive the returns related to their operations and is exposed to limited recourse with respect to losses (Note 28).

Valuation of Inventory

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

Biological Assets

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

Trade Merchandise Allowances and Other Trade Discounts

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

Employee Benefit Plans

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

Income Taxes

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

Provisions

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

Stock-Based Compensation

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

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

Depreciation and Amortization

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Principles of Consolidation

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

All intercompany accounts and transactions have been eliminated on consolidation.

(b) Business Combinations and Goodwill

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

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

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

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

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

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

(c) Fair Value Measurements

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

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

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

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

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

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

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

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

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

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

(e) Translation of Foreign Currencies

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

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

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

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

(f) Financial Instruments

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

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

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

(g) Hedge Accounting

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

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

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

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

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

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

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

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

(h) Cash and Cash Equivalents

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

(i) Inventories

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

(j) Biological Assets

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

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

(k) Impairment or Disposal of Long-Lived Assets

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

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

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

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

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

(l) Property and Equipment

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

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

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

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

(m) Investment Property

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

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

(n) Intangible Assets

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

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

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

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

(o) Employee Benefit Plans

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

Defined Benefit Plans

The Company accrues obligations and costs in respect of employee defined benefit plans. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and Management's best estimate of salary escalation, retirement ages of employees, mortality rates, and expected health care costs. Changes in these assumptions could affect future pension expense. The fair value of plan assets and the present value of the obligation are used to calculate net interest cost or income. The discount rate used to value the defined benefit obligation is based on high-quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations.

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

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

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

Defined Contribution Plans

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

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

Multi-Employer Plans

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

(p) Stock-Based Compensation

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

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

(q) Provisions

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

(r) Revenue Recognition

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

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

(s) Borrowing Costs

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

(t) Government Incentives

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

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

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

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

(u) Income Taxes

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

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

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

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

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

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

(v) Accounting Standards Adopted During the Period

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

Financial Assets and Liabilities

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

Levies

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

Novation of Derivatives and Continuation of Hedge Accounting

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

Annual Improvements to IFRS (2010 - 2012)

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

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

(w) Accounting Pronouncements Issued But Not Yet Effective

Revenue Recognition

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

Employee Benefits

In November 2013, the IASB published amendments to IAS 19 Employee Benefits. The effective date for these amendments is annual periods beginning on or after July 1, 2014. These amendments are to be applied retrospectively. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments to IAS 19 provide simplified accounting in certain situations. If the amount of contribution is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service costs in the period in which the service is rendered, instead of allocating the contributions to the period's service. The Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2015. The Company does not expect the adoption of the amendments to IAS 19 to have a material impact on the Company's consolidated financial statements.

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

In December 2013, the IASB issued narrow-scope amendments to a total of 12 standards as part of its annual improvements process. Amendments were made to clarify items including disclosure on the aggregation of operating segments in IFRS 8 Operating Segments, measurement of short-term receivables and payables under IFRS 13 Fair Value Measurement, definition of related party in IAS 24 Related Party Disclosures, and other amendments. Special transitional requirements have been set for some of these amendments. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2015 and 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Financial Instruments – Recognition and Measurement

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

4. CASH AND CASH EQUIVALENTS

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

5. ACCOUNTS RECEIVABLE

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

The aging of trade receivables is as follows:

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

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

The Company has sold certain of its trade accounts receivable under securitization programs as described in Note 28. The Company's securitization programs require the sale of trade receivables to be treated as a sale from an accounting perspective and as a result, trade receivables sold under these programs are derecognized in the consolidated balance sheets as at December 31, 2014 and 2013.

6. INVENTORIES

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

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

7. BIOLOGICAL ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

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

8. ASSETS AND LIABILITIES HELD FOR SALE

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

Investment Properties

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

Canada Bread Company, Limited

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

Sale of Businesses

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

Turkey Agricultural Operations

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

Poultry Farm

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

Potato Processing Facility

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

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

9. PROPERTY AND EQUIPMENT

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

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

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

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

Borrowing Costs

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

10. INVESTMENT PROPERTY

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

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

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

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

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

Cost	**Land**	**Buildings**	**Total**
Balance at December 31, 2013	**$ 6,300**	**$ 29,816**	**$ 36,116**
Transfers from property and equipment	**407**	**24,661**	**25,068**
Transfers to assets held for sale	**(4,331)**	**(22,688)**	**(27,019)**
Disposals	**(16)**	**(247)**	**(263)**
Foreign currency translation	**29**	**18**	**47**
Balance at December 31, 2014	**$ 2,389**	**$ 31,560**	**$ 33,949**
Accumulated depreciation and impairment			
Balance at December 31, 2013	**$ 1,131**	**$ 22,120**	**$ 23,251**
Transfers from property and equipment	**–**	**24,464**	**24,464**
Transfers to assets held for sale	**(1,164)**	**(15,837)**	**(17,001)**
Depreciation	**–**	**81**	**81**
Disposals	**–**	**(176)**	**(176)**
Foreign currency translation	**33**	**(15)**	**18**
Balance at December 31, 2014	**$ –**	**$ 30,637**	**$ 30,637**
Net at December 31, 2014	**$ 2,389**	**$ 923**	**$ 3,312**

Cost	Land	Buildings	Total
Balance at December 31, 2012	$ 6,099	$ 22,993	$ 29,092
Transfers from property and equipment	3,173	19,519	22,692
Transfers to assets held for sale	(2,864)	(10,709)	(13,573)
Disposals	(196)	(2,044)	(2,240)
Foreign currency translation	88	57	145
Balance at December 31, 2013	$ 6,300	$ 29,816	$ 36,116
Accumulated depreciation and impairment			
Balance at December 31, 2012	$ –	$ 17,113	$ 17,113
Transfers from property and equipment	–	13,972	13,972
Transfers to assets held for sale	–	(8,367)	(8,367)
Depreciation	–	184	184
Disposals	–	(1,212)	(1,212)
Impairment	1,124	383	1,507
Foreign currency translation	7	47	54
Balance at December 31, 2013	$ 1,131	$ 22,120	$ 23,251
Net at December 31, 2013	$ 5,169	$ 7,696	$ 12,865

11. EMPLOYEE BENEFITS

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

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

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

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

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

(i) *Includes wholly and partially funded plans*

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

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

Amounts recognized in the consolidated balance sheet consist of:

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

Pension benefit expense recognized in net earnings from continuing operations:

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

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

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

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

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

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

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

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

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

Plan assets comprise of:

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

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

Other post-retirement benefits expense from continuing operations:

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

Impact of changes in major assumptions:

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

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

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

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

Governance and Risk Management

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

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

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

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

Multi-Employer Plans

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

12. GOODWILL

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

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

For the purposes of annual impairment testing, goodwill is allocated to the following groups of Cash Generating Units ("CGUs"); being the groups expected to benefit from the

synergies of the business combinations in which the goodwill arose:

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

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

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

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

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

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

13. INTANGIBLE ASSETS

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

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

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

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

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

Amortization

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

Borrowing Costs

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

Indefinite Life Intangibles

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

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

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

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

Trademarks

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

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

Quotas

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

Delivery Routes

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

14. PROVISIONS

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

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

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

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

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

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

15. BANK INDEBTEDNESS AND LONG-TERM DEBT

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

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

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

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

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

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

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

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

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

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

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

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

Details of the four tranches are as follows:

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

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

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

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

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

Required repayments of long-term debt are as follows:

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

16. OTHER CURRENT LIABILITIES

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

17. OTHER LONG-TERM LIABILITIES

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

18. ACCUMULATED OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	Attributable to Common Shareholders			
	Foreign currency translation adjustments(i)	**Unrealized gain (loss) on cash flow hedges**(i)	**Change in actuarial gains and (losses)**(ii)	**Total accumulated other comprehensive income (loss) associated with continuing operations**
Balance at December 31, 2013	**$ 269**	**$ (4,862)**	**$ –**	**$ (4,593)**
Other comprehensive income	**(557)**	**4,125**	**(50,869)**	**(47,301)**
Transfer to retained earnings (deficit)	**–**	**–**	**50,869**	**50,869**
Transfer to held for sale	**1,025**	**(226)**	**–**	**799**
Balance at December 31, 2014	**$ 737**	**$ (963)**	**$ –**	**$ (226)**

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

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

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

The Company estimates that $1.0 million net of tax of $0.3 million of the unrealized gain included in accumulated other comprehensive income (loss) will be reclassified into net earnings within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the year ended December 31, 2014, a loss of approximately $12.5 million, net of tax of $4.4 million, was released to earnings from accumulated other comprehensive loss and included in the net change for the period (2013: loss of approximately $1.9 million, net of tax). The loss is inclusive of $7.1 million, net of tax of $2.5 million related to the terminated cross-currency interest rate swaps as disclosed in Note 21.

19. SHARE CAPITAL

Share Capital

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

Common Shares

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

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

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

Treasury Stock

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

20. RESTRUCTURING AND OTHER RELATED COSTS

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

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

[i] *Includes share-based payments as described in Note 27.*

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management and Organizational Structure Changes

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

Strategic Value Creation Initiatives

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

Plant Closure

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

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Capital

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

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

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

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

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

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

Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There were no transfers between levels during the year ended December 31, 2014. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

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

Credit Risk

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

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

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

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

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

Liquidity risk

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

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

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

[(i)] *Does not include contractual interest payments*

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

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

Market Risk

Interest Rate Risk

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

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

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

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

On March 14, 2014, the Company issued a notice of repayment of its notes payable, with a subsequent repayment on April 14, 2014 (Note 15). On the original issuance of the U.S. denominated debt, and in order to hedge against the foreign exchange risk associated with the issuance of U.S. denominated debt, the Company entered into cross-currency interest rate swaps. The cross-currency swaps converted the U.S. denominated fixed-rate notes, into fixed-rate Canadian denominated notes, and were accounted for as cash flow hedges.

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

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

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

Foreign Exchange Risk

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

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

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

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

Commodity Price Risk

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

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

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

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

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

Non-Designated Interest Rate Swaps

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

22. OTHER INCOME (EXPENSE)

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

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

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

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

(ii) Impairments of assets

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

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

(iii) Depreciation of assets used to support divested businesses

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

23. INTEREST EXPENSE AND OTHER FINANCING COSTS

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

[(i)] *Other financing costs for the year ended December 31, 2014, included costs associated with the repayment of all of the Company's outstanding senior notes including an early repayment premium of $76.3 million, write-off of deferred financing fees of $8.9 million, financing costs associated with the new credit facility of $3.8 million and a release from accumulated other comprehensive income on the de-designation of cross-currency interest rate swaps of $9.6 million.*

24. INCOME TAXES

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

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

Reconciliation of Effective Tax rate

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

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

Income Tax Recognized in Other Comprehensive Income (Loss)

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

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

Deferred Tax Assets and Liabilities

Recognized Deferred Tax Asset and Liabilities

Deferred tax assets and liabilities are attributable to the following:

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

Recognized Deferred Tax Assets

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

Unrecognized Deferred Tax Assets

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

Unrecognized Deferred Tax Liabilities

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

25. DISCONTINUED OPERATIONS

Canada Bread Company, Limited

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The Company received proceeds of $1,647.0 million for its 90.0% interest in Canada Bread, resulting in a pre-tax gain of $997.0 million for the twelve months ended December 31, 2014. Upon the sale of the business, the net assets of Canada Bread have been de-recognized from assets held for sale. For the twelve months ended December 31, 2014 and 2013, the Canada Bread operations have been classified as discontinued operations on the Consolidated Statements of Net Earnings, and are presented as part of Bakery Products Group for segmented reporting.

Olivieri Fresh Pasta and Sauce Business

On November 25, 2013, the Company sold substantially all the net assets of its Olivieri fresh pasta and sauce business ("Olivieri"), a component of the Bakery Products Group, to Catelli Foods Corporation. The purchase price was finalized during March 2014. The final net proceeds were $115.8 million, including a pre-tax adjustment in 2014 of $1.9 million and the final gain on sale was $77.6 million. The adjustment to the gain on disposal and its related tax impact is recognized as part of the results of discontinued operations for the twelve months ended December 31, 2014.

Rothsay By-product Recycling Business

On October 28, 2013 the Company sold substantially all of the net assets of its Rothsay animal by-product recycling operations ("Rothsay"), a component of the Agribusiness Group, to Darling International Inc. for net proceeds of $628.5 million, resulting in pre-tax gain of $526.5 million recognized for the year ended December 31, 2013. During the twelve months ended December 31, 2014, the Company recorded an adjustment to the gain on disposal of $5.1 million relating to additional transaction costs incurred associated with the sale.

Following is a summary of earnings from discontinued operations:

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

[i] *The Rothsay and Olivieri operations were sold during 2013.*

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

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

[iv] *Adjustment of prior gain on disposal of discontinued operations includes $2.5 million (2013: $0.0 million) of stock-based compensation granted during 2014.*

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

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

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

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

26. EARNINGS (LOSS) PER SHARE

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

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

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

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

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

(ii) *In millions.*

(iii) *Restated, see Note 25.*

27. SHARE-BASED PAYMENT

Under the Maple Leaf Foods Share Incentive Plan in effect as at December 31, 2014, the Company may grant options to its employees and employees of its subsidiaries to purchase shares of common stock and may grant Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") entitling employees to receive common shares or cash at the Company's option. Options, RSUs, and PSUs are granted from time to time by the Board of Directors on the recommendation of the Human Resources Compensation Committee. The vesting conditions are specified by the Board of Directors and may include the continued service of the employee with the Company and/or other criteria based on measures of the Company's performance.

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

During March 2014, as a result of the planned sale of Canada Bread, the Company modified the terms of the plan to allow for RSUs and PSUs outstanding at that date to be cash settled. The Company also made changes to the performance criteria and vesting period of all RSUs, PSUs, and stock options outstanding at that point in time. This resulted in an additional expense of $6.7 million at the date of modification and $2.0 million on market value adjustment to current share price at the date of sale of Canada Bread. This additional expense was reflected in selling, general, and administrative expenses. Additionally, $23.4 million was reclassified from equity to liabilities.

Stock Options

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

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

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

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

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

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

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

At grant date, each option series is measured for fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the years ended December 31, 2014 and 2013 are shown in the table below.

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

(i) *Weighted average volatility.*

(ii) *Expected weighted average life.*

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

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

Restricted Share Units

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

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

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

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

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

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

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

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

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

Director Share Units

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

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

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

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

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

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

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

28. COMPOSITION OF THE COMPANY

Subsidiary

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

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

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

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

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

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

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

The following is a continuity of non-controlling interests:

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

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

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

Unconsolidated Structured Entity

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

As at December 31, 2014, trade accounts receivable being serviced under these programs amounted to $156.6 million (2013: $166.4 million). In return for the sale of its trade receivables, the Company will receive cash of $46.4 million (2013: $50.9 million) and notes receivable in the amount of $110.2 million (2013: $115.5 million). The notes receivable are non-interest bearing and are adjusted on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the securitization facility. As at December 31, 2014, the Company recorded a net payable amount of $30.4 million (2013: $105.5 million net payable) in accounts payable.

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

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

29. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

30. RELATED PARTY TRANSACTIONS

The Company had a 90.0% controlling interest in Canada Bread, a publicly traded subsidiary that was consolidated into the Company's results and presented as a discontinued operation, until its sale in May 2014. Transactions between the Company and its consolidated entities have been eliminated in these consolidated financial statements. Subsequent to the sale of this controlling interest, Canada Bread ceased to be a related party of the Company and the Company is no longer consolidating the results and the related balance sheet of Canada Bread, as discussed in Note 25.

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

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

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

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

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

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

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

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

31. GOVERNMENT INCENTIVES

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

Additionally, during 2014, the Company recorded a $5.0 million interest-free loan from the Canadian government to support the upgrade of the Company's prepared meats manufacturing network and supply chain. The loan is repayable over a period of 10 years beginning in 2015.

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

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

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

32. SEGMENTED FINANCIAL INFORMATION

Reportable Segmented Information

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

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

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

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

(d) Non-allocated costs are comprised of expenses not separately identifiable to business segment groups and are not part of the measures used by the Company when assessing the segment's operating results. These costs include general expenses related to the bakery business, changes in fair value of biological assets, unrealized gains or losses on commodity contracts, and realized gains on commodity contracts that relate to delivery in future periods. As a result of the Company's decision to sell its 90.0% interest in Canada Bread, prior year segments have been restated to show costs associated with the Bakery Products Group that are not charged to Canada Bread as non-allocated costs.

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

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

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

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

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

(i) *The prior year results as at December 31, 2013, of the Agribusiness Group and Bakery Products Group include assets and goodwill from the animal by-product recycling operations, Fresh Pasta and Sauces, and Canada Bread businesses, respectively.*

Information About Geographic Areas

Property and equipment and investment property located outside of Canada was $0.2 million at December 31, 2014. No goodwill was attributed to operations outside of Canada.

Property and equipment and investment property located outside of Canada was $112.9 million at December 31, 2013. Of the total amount located outside of Canada, $57.6 million was located in the U.S. and $55.0 million was located in the U.K. Goodwill attributed to operations located outside of Canada was $61.9 million, as at December 31, 2013 all of which was attributed to operations in the U.S.

Revenues earned outside of Canada for the year ended December 31, 2014, were $812.7 million (2013: $978.4 million), of which $144.4 million (2013: $365.9 million) has been reclassified to net earnings from discontinued operations. Of the total amount earned outside of Canada, $324.6 million (2013: $435.9 million) was earned in the U.S., $275.5 million (2013: $236.1 million) was earned in Japan, and $56.4 million (2013: $137.9 million) was earned in the U.K.

Information About Major Customers

During the year ended December 31, 2014, the Company reported sales to two customers representing 13.9% and 12.4% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group and Bakery Products Group. The Company reported sales to two customers representing 15.5% and 11.1% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.

During the year ended December 31, 2013, the Company reported sales to two customers representing 11.0% and 10.1% of total sales before adjustments for discontinued operations. These revenues were reported in both the Meat Products Group and Bakery Products Group. The Company reported sales to one customer representing 13.5% of total sales from continuing operations. No other sales were made to any one customer that represented in excess of 10% of total sales.

33. BUSINESS COMBINATION

On December 14, 2012, the Company acquired specific assets and liabilities held by The Puratone Corporation, Pembina Valley Pigs Ltd., and Niverville Swine Breeders Ltd., (collectively "Puratone"), privately held entities engaged in hog production. The net assets recognized in the December 31, 2012, financial statements were based on a provisional assessment of the fair value while the Company negotiated the final purchase price and finalized the valuation of the assets and liabilities acquired. The valuation was completed in March 2013 and the Company agreed on a final acquisition purchase price of $45.4 million, an increase of $0.9 million from the provisional amount of $44.5 million recorded for the year ended December 31, 2012. The Company settled the transaction in cash. The acquisition date fair value of the net identifiable assets remains consistent with the provisional value.

34. SUBSEQUENT EVENT

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