

CONSOLIDATED BALANCE SHEETS

In thousands of Canadian dollars
(Unaudited)

As at June 30,

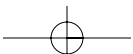
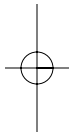
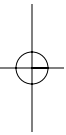
	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,611	\$ 26,731
Accounts receivable	210,984	276,199
Inventories	179,208	201,267
Income and other taxes recoverable	-	11,745
Prepaid expenses	11,059	12,822
	422,862	528,764
Investments in associated companies	68,616	66,018
Property and equipment	592,787	570,777
Other assets	130,493	128,076
Goodwill	228,962	236,298
	\$ 1,443,720	\$ 1,529,933
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness	\$ 8,664	\$ 5,268
Accounts payable and accrued charges	393,179	409,919
Income and other taxes payable	11,454	-
Current portion of long-term debt	482	507
	413,779	415,694
Long-term debt	490,699	705,437
Deferred income taxes	40,443	44,638
Minority interest	76,780	73,725
Shareholders' equity	422,019	290,439
	\$ 1,443,720	\$ 1,529,933

CONSOLIDATED STATEMENTS OF CASH FLOWS

*In thousands of Canadian dollars
(Unaudited)*

Six months ended June 30,

	1999	1998
CASH PROVIDED BY (USED IN):		
Operating activities		
Net earnings (loss) for the period	\$ 34,055	\$ (49,633)
Add (deduct) items not affecting cash:		
Depreciation	31,384	28,164
Amortization	3,950	3,777
Minority interest	2,308	(575)
Deferred income taxes	(2,327)	2,287
Non-cash amounts included in unusual items	-	29,284
Gain on sale of business	(9,722)	
Other	(2,998)	(4,231)
Changes in non-cash operating working capital	(33,482)	(59,801)
	23,168	(50,728)
Financing activities		
Dividends paid	(7,536)	(7,466)
Dividends paid to minority interest	(970)	(929)
Increase in (repayment of) long-term debt	(2,771)	109,518
Convertible debenture interest paid	(3,065)	-
Increase in share capital	648	5,426
Other	1,013	309
	(12,681)	106,858
Investing activities		
Additions to property and equipment	(46,243)	(50,762)
Proceeds from sale of property and equipment	296	3,036
Acquisition of net assets of business	(5,113)	-
Net proceeds from divestiture of business	39,312	10,403
	(11,748)	(37,323)
Net increase (decrease) in cash for the period	(1,261)	18,807
Cash, net of bank indebtedness, beginning of period	14,208	2,656
Cash, net of bank indebtedness, end of period	\$ 12,947	\$ (21,463)





MAPLE LEAF FOODS INC.



MAPLE LEAF FOODS INC.

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INTERIM REPORT TO SHAREHOLDERS

For the Second Quarter Ended June 30, 1999

TO OUR SHAREHOLDERS

The Company achieved record second quarter earnings for the quarter ended June 30, 1999.

Financial Results

Sales for the second quarter of \$896 million were up by 9% from \$822 million last year, in spite of substantially lower commodity prices. Year-to-date sales of \$1.77 billion were up 13% from \$1.56 billion last year.

Earnings from operations for the second quarter of \$37.1 million were up 88% from \$19.8 million last year. Year-to-date earnings from operations of \$66.4 million were up 115% from \$30.9 million, before a special charge, last year.

Net earnings for the quarter were \$23.3 million (\$0.24 per share), including a \$6.6 million (\$0.07 per share) gain on the sale of the Franchise Operations, compared to \$4.3 million (\$0.05 per share) last year. Year-to-date net earnings were \$34.1 million (\$0.34 per share), including the gain on the sale of the Franchise Operations, compared to a loss of \$49.6 million (\$0.53 per share) last year. Net earnings for the first half last year reflect a pre-tax special charge of \$82.9 million.

We are pleased with the financial results for the second quarter, and with the strategic progress that is being made in all of our operating companies. The results to-date are beginning to demonstrate the enormous potential for winning long term through our intense focus on leadership and leadership development.

Building Foundations

The Company's top priority is the development of leadership values and skills throughout the organization. Over the last two quarters, a wide range of new initiatives have been launched in support of this priority. The capabilities of our people is our most precious resource. We have tremendous talent in the Company, which we have enhanced with some extraordinary new talent from outside where it makes sense. Most significantly, this talent pool is being rigorously challenged to perform at higher levels every day. As well, the Company has intensified the focus on its strategy development based on the enhanced Core 7 Strategic Principles.

Meat Products Group

Meat Products Group sales for the second quarter of \$556 million increased by 14% from \$487 million last year. Year-to-date sales of \$1.08 billion were up 18% from \$917 million last year. Earnings from operations for the second quarter were \$17.4 million compared to a loss of \$1.3 million last year. Year-to-date earnings from operations were \$35.2 million compared to \$0.2 million last year. Results last year were adversely affected by the labour dispute.

Maple Leaf Pork reported satisfactory results, with earnings above last year but below those of the first quarter this year due to seasonality. The new labour agreement for the Winnipeg, Manitoba plant became effective April 1, 1999, and a labour agreement for the Brandon, Manitoba fresh pork facility was ratified in July. The Brandon, Manitoba fresh pork facility is scheduled to open in September 1999.

Maple Leaf Consumer Foods' earnings were substantially improved over last year. Sales of *Ready Crisp* pre-cooked bacon and *Top Dogs* nutritionally superior wieners were strong throughout the quarter. Excellent market share gains were achieved in packaged meats. A new collective labour agreement for the Bartor Road plant in Toronto, Ontario was ratified in July.

Maple Leaf Poultry continued to record improved volumes and profits, principally due to continued growth in *Maple Leaf Prime* branded chicken sales along with improved manufacturing and operating efficiencies.

Maple Leaf Foods International recorded excellent results due to strong demand from global markets, particularly in Asia.

Bakery Products Group

Bakery Products Group sales for the second quarter of \$173 million increased by 4% from \$167 million last year. Year-to-date sales of \$348 million were up 7% from \$324 million last year. Earnings from operations for the second quarter of \$1.9 million declined from \$5.7 million last year. Year-to-date earnings from operations were \$2.2 million compared to \$8.1 million last year. We are confident that the Bakery Products Group's financial results will begin to improve in the second half of the year, and our objective in the years ahead is to far exceed historical performance.

Canada Bread reported an increase in sales in the quarter over last year, however, earnings from operations declined. Canada Bread has been implementing dozens of specific change initiatives to effect a turnaround in results, and to provide a solid foundation for further growth. In the United States, gains continue to be made in sales of core par-baked bread products, where the Company has a leadership market position.

Agribusiness Group

Agribusiness Group sales for the second quarter of \$167 million were even with sales last year. Year-to-date sales of \$334 million were up 5% from \$319 million last year. Earnings from operations of \$17.7 million were up 15% from \$15.4 million last year. Year-to-date earnings from operations of \$29.0 million were up 28% from \$22.6 million last year.

Shur-Gain reported strong earnings gains due to excellent results in both its animal feed and pet food product lines. The Company continues to liquidate its live hog investment in Quebec. Construction of the new mill tower in St. Mary's, Ontario is proceeding on schedule and is expected to be completed by December. Rothsay earnings declined marginally due to the impact of lower commodity prices.

Other Information

The sale of the Company's Franchise Operations was completed during the quarter. Net proceeds of \$39.3 million were realized, and a gain on the sale of \$9.7 million before tax (\$0.07 per share after taxes), was recorded. Other income for the second quarter of \$1.6 million compares to \$1.5 million last year.

The Company has in place a process designed to minimize the effects of the Year 2000 issue on the Company. As at June 30, 1999 the assessment and remediation phase related to the Company's internal computer systems was essentially complete. A process to address the readiness of key third parties such as suppliers and customers is ongoing. It is, however, not possible to be certain that all aspects of the Year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

The Company declared a dividend of \$0.04 per share payable on September 30, 1999 to shareholders of record on September 17, 1999.

We are very pleased with the results for the second quarter, and we are confident the Company will have a good year.

On behalf of the Board:



G.W.F. McCain
Chairman of the Board



M.H. McCain
President and Chief Executive Officer

August 9, 1999

CONSOLIDATED STATEMENTS OF EARNINGS

In thousands of Canadian dollars, except per share amounts (Unaudited)

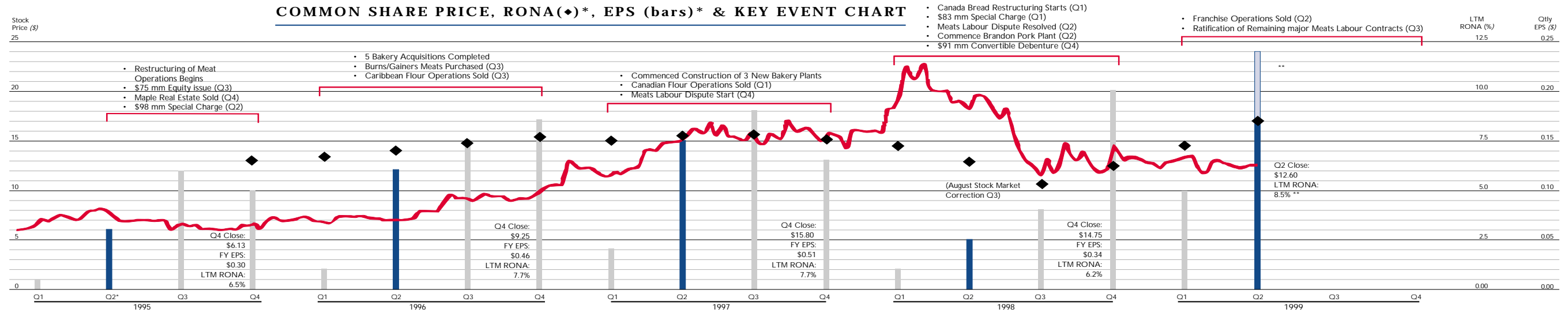
	Quarter ended June 30,		Six months ended June 30,	
	1999	1998	1999	1998
Sales	\$ 895,882	\$ 821,548	\$ 1,765,307	\$ 1,560,150
Earnings from operations, before unusual items	37,068	19,764	66,412	30,854
Unusual items	-	-	-	(82,918)
Earnings (loss) from operations	37,068	19,764	66,412	(52,064)
Other income	1,578	1,517	2,001	5,251
Gain on sale of business	9,722	-	9,722	-
Earnings (loss) before interest and taxes	48,368	21,281	78,135	(46,813)
Interest expense	10,339	12,175	21,082	22,740
Earnings (loss) before income taxes	38,029	9,106	57,053	(69,553)
Income taxes	13,632	3,552	20,690	(19,345)
Earnings (loss) before minority interest	24,397	5,554	36,363	(50,208)
Minority interest	1,101	1,291	2,308	(575)
Net earnings (loss) for the period	\$ 23,296	\$ 4,263	\$ 34,055	\$ (49,633)
Earnings (loss) per share	\$ 0.24	\$ 0.05	\$ 0.34	\$ (0.53)
Dividends per share declared	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.08
Weighted average number of shares (millions)	94.2	93.4	94.2	93.3

SEGMENTED FINANCIAL INFORMATION

In thousands of Canadian dollars (Unaudited)

	Quarter ended June 30,		Six months ended June 30,	
	1999	1998	1999	1998
Sales				
Meat Products Group	\$ 555,688	\$ 487,180	\$ 1,083,140	\$ 916,721
Bakery Products Group	172,872	166,766	348,291	324,002
Agribusiness Group	167,322	167,602	333,876	319,427
	\$ 895,882	\$ 821,548	\$ 1,765,307	\$ 1,560,150
Earnings from Operations, before unusual items				
Meat Products Group	\$ 17,445	\$ (1,314)	\$ 35,211	\$ 158
Bakery Products Group	1,885	5,659	2,161	8,072
Agribusiness Group	17,738	15,419	29,040	22,624
	\$ 37,068	\$ 19,764	\$ 66,412	\$ 30,854

COMMON SHARE PRICE, RONA(♦)*, EPS (bars)* & KEY EVENT CHART



* All EPS (bars) and RONA (♦) numbers, are before Special Charges; 1995 Q1 and Q2 EPS are pro forma the change of control of the Company and its capital structure effective April 24, 1995

** Gain on sale of Franchise Operations was \$0.07 per share; 1999 RONA calculations exclude this gain