



MAPLE LEAF FOODS INC.



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INTERIM REPORT TO SHAREHOLDERS

For the Third Quarter Ended September 30, 1999

TO OUR SHAREHOLDERS

We are pleased to report that the Company achieved record third quarter earnings for the quarter ended September 30, 1999.

Financial Results

Sales for the third quarter of \$866 million were up by 3.3% from \$838 million last year. Year-to-date sales of \$2.6 billion were up 10% from \$2.4 billion last year.

Earnings from operations for the third quarter of \$35.7 million were up 42% from \$25.2 million last year. Year-to-date earnings from operations of \$102.1 million were up 82% from \$56.0 million, before a special charge, last year.

Net earnings for the quarter were \$20.3 million (\$0.20 per share) compared to \$7.1 million (\$0.08 per share) last year. Year-to-date net earnings were \$54.3 million (\$0.54 per share), including a \$6.6 million (\$0.07 per share) gain on the sale of the Franchise Operations, compared to \$12.9 million (\$0.14 per share) last year, before a special charge.

Meat Products Group

Meat Products Group sales for the third quarter of \$524 million increased by 4.3% from \$502 million last year. Year-to-date sales of \$1.6 billion were up 13% from \$1.4 billion last year. Earnings from operations for the third quarter of \$13.7 million were up 80% from \$7.6 million last year. Year-to-date earnings from operations were \$48.9 million compared to \$7.8 million last year.

Quarterly operating results were positively impacted by continuing growth of the Company's value-added branded meat products, including Maple Leaf Prime poultry, and strong pork sales into Japan. The Brandon fresh pork facility startup began in September, and is running ahead of schedule. The plant is expected to begin contributing to operating earnings by mid 2000. During the quarter, plans were announced to invest about \$15 million to upgrade and rationalize production in Maple Leaf Consumer Foods' manufacturing facilities, which will significantly reduce manufacturing costs. Maple Leaf Consumer Foods' facilities include the former Maple Leaf Meats packaged meats operations as well as the former facilities of Burns Meats/Gainers and Principal Marques. There will be no special charge related to this project as provisions for anticipated costs were made in previous special charges and acquisition provisions.

Bakery Products Group

Bakery Products Group sales for the third quarter of \$169 million were equal to third quarter sales last year. Year-to-date sales of \$518 million compares to \$493 million last year. Earnings from operations for the third quarter of \$4.1 million compares to \$4.3 million (or \$4.0 million excluding Franchise Operations earnings) last year. Year-to-date earnings from operations were \$6.2 million compared to \$12.4 million last year.

We are encouraged that the turnaround initiatives that have been put in place at Canada Bread are beginning to have some positive impact on financial results. We are also very excited about the excellent sales momentum we are experiencing in our United States par-baked bread bakery operations.

Canada Bread Company, Limited reported a quarter-over-quarter increase in operating earnings of 36%, primarily as a result of improvements in Canada Bread's fresh bakery operations. Frozen bakery operations were adversely impacted during the quarter by short-term operational difficulties offset by continuing growth in pasta earnings. In the United States the loss of some contracted private label bagel business has adversely affected recent earnings. This volume, while profitable, was not core volume for Maple Leaf Bakery. Significant gains continue to be made in sales of par-baked bread products, which increased 20% on a year-to-date basis over last year.

Agribusiness Group

Agribusiness Group sales for the third quarter of \$173 million increased by 3.5% from \$167 million last year. Year-to-date sales of \$507 million were up 4% from \$487 million last year. Earnings from operations of \$18.0 million were up 35% from \$13.3 million last year. Year-to-date earnings from operations of \$47.0 million were up 31% from \$35.9 million last year.

Improvements in the quarter were driven by the Shur-Gain animal feed and nutrition business, primarily in Quebec and Atlantic Canada. In Quebec, earnings improved following the successful downsizing of our investments in hog growing operations. In Atlantic Canada, earnings were favourably impacted by strong increases in fish feed sales. Construction of the new mill tower in St. Marys, 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, however, earnings are expected to improve later this year and in 2000 as incremental production from the new Brandon fresh pork facility contributes to Rothsay's processing volumes.

In September 1999, the Company announced the purchase of Landmark Group Inc. at a total investment of about \$150 million. The transaction closed in early October 1999. Landmark Group has been involved in animal agriculture in Western Canada for more than 40 years. The group includes Landmark Feeds Inc., a leading manufacturer and provider of feed for all species of livestock, and Elite Swine Inc., a Western Canada-based hog marketing, feed and genetics provider to pork producers. The transaction re-establishes the Company in the animal feed and nutrition business in Western Canada, and significantly advances our pork value chain strategy, both in terms of animal nutrition and enhanced relationships between Maple Leaf and hog producers. The Landmark/Maple Leaf pork value chain "vertical coordination" strategy will use a mix of partnerships, between Maple Leaf and hog producers, to aggressively grow the Company's hog supply. This "vertical coordination" system contrasts with US-style "vertical integration" involving corporate ownership of the entire pork value chain.

Other Information

Early in the fourth quarter, the Company's 61% owned subsidiary, Canbrands International Ltd. which produces the "Yesterday's News" cat box filler, sold substantially all of its business and assets to Ralston Purina. The Company will record a gain on the sale in the fourth quarter.

Other income for the third quarter of \$9.6 million compares to \$1.5 million last year. The increase is primarily due to earnings from the Company's share of its real estate joint ventures.

The Company has in place a process designed to minimize the effects of the Year 2000 issue on the Company. As at September 30, 1999 the assessment and remediation phase related to the Company's internal computer systems was complete. A process to address the readiness of key third parties such as suppliers and customers is ongoing and will continue for the remainder of the year. Contingency plans have been put in place in certain parts of the Company's operations. 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 December 31, 1999 to shareholders of record on December 17, 1999.

We look forward to continued strong results going forward.

On behalf of the Board:



G.W.F. McCain
Chairman of the Board



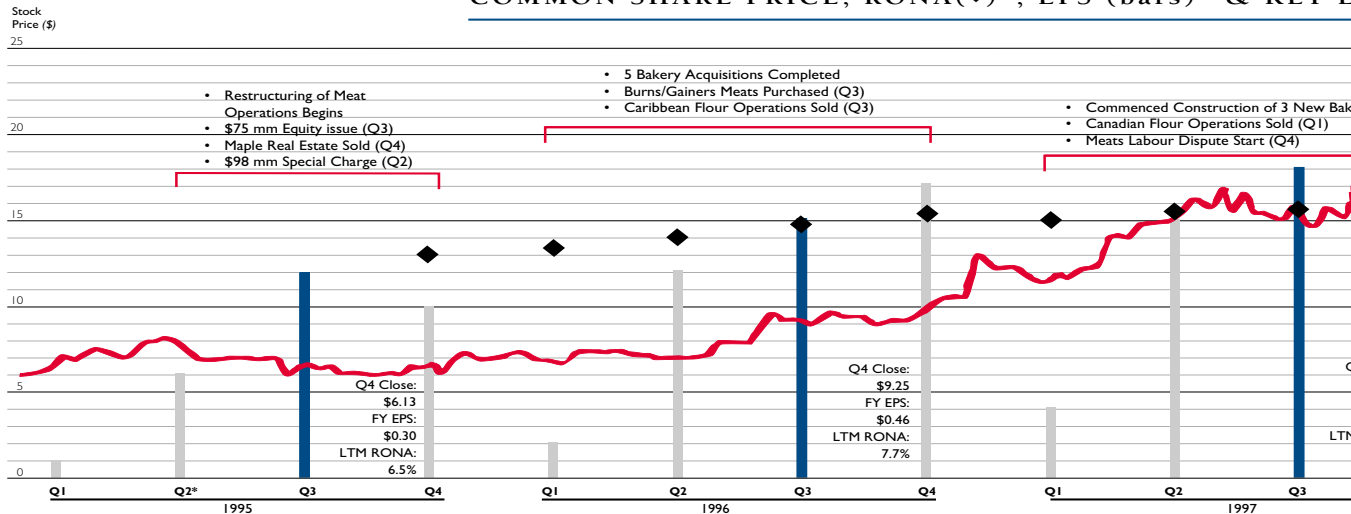
M.H. McCain
President and Chief Executive Officer

November 5, 1999

CONSOLIDATED STATEMENTS OF EARNINGS

<i>In thousands of Canadian dollars, except per share amounts (Unaudited)</i>	Quarter ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
Sales	\$ 866,441	\$ 838,485	\$ 2,631,748	\$ 2,398,635
Earnings from operations, before unusual items	35,721	25,164	102,133	56,018
Unusual items	-	-	-	(82,918)
Earnings (loss) from operations	35,721	25,164	102,133	(26,900)
Other income	9,627	1,516	11,628	6,767
Gain on sale of business	-	-	9,722	-
Earnings (loss) before interest and taxes	45,348	26,680	123,483	(20,133)
Interest expense	10,818	12,855	31,900	35,595
Earnings (loss) before income taxes	34,530	13,825	91,583	(55,728)
Income taxes	12,811	5,627	33,501	(13,718)
Earnings (loss) before minority interest	21,719	8,198	58,082	(42,010)
Minority interest	1,430	1,065	3,738	490
Net earnings (loss) for the period	\$ 20,289	\$ 7,133	\$ 54,344	\$ (42,500)
Earnings (loss) per share	\$ 0.20	\$ 0.08	\$ 0.54	\$ (0.45)
Dividends per share declared	\$ 0.04	\$ 0.04	\$ 0.12	\$ 0.12
Weighted average number of shares (millions)	94.2	93.9	94.2	93.5

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



* 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

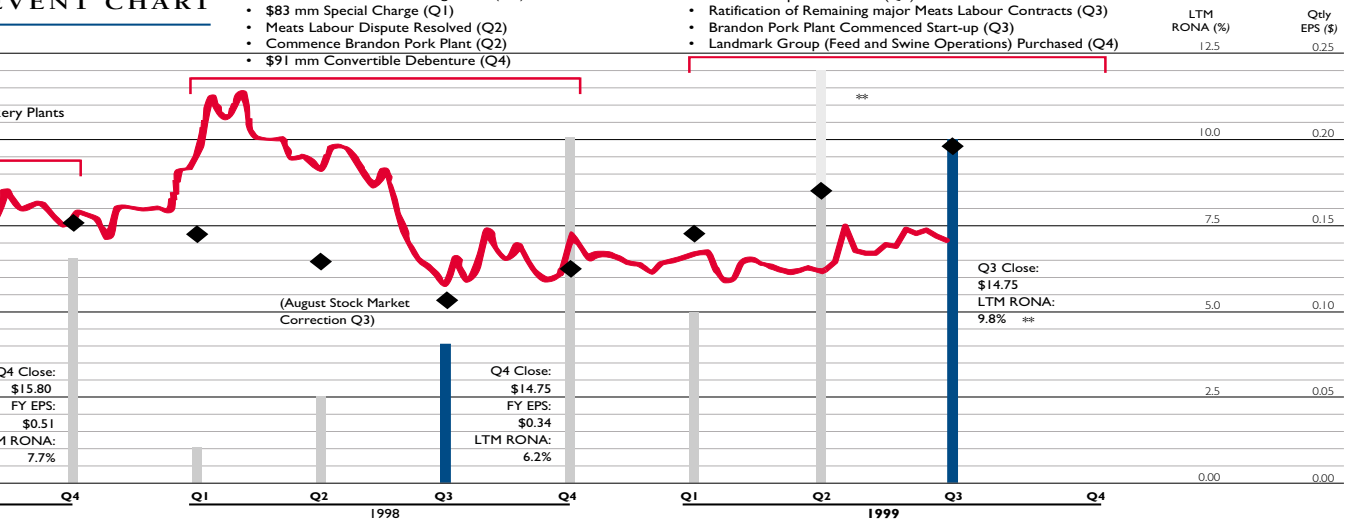
SEGMENTED FINANCIAL INFORMATION

<i>In thousands of Canadian dollars (Unaudited)</i>	Quarter ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
Sales				
Meat Products Group	\$ 523,717	\$ 502,175	\$ 1,606,857	\$ 1,418,896
Bakery Products Group	169,429	168,888	517,720	492,890
Agribusiness Group	173,295	167,422	507,171	486,849
	\$ 866,441	\$ 838,485	\$ 2,631,748	\$ 2,398,635
Earnings from Operations, before unusual items				
Meat Products Group	\$ 13,686	\$ 7,599	\$ 48,897	\$ 7,757
Bakery Products Group	4,071	4,280	6,232	12,352
Agribusiness Group	17,964	13,285	47,004	35,909
	\$ 35,721	\$ 25,164	\$ 102,133	\$ 56,018

EVENT CHART

- Canada Bread Restructuring Starts (Q1)
- \$83 mm Special Charge (Q1)
- Meats Labour Dispute Resolved (Q2)
- Commence Brandon Pork Plant (Q2)
- \$91 mm Convertible Debenture (Q4)

- Franchise Operations Sold (Q2)
- Ratification of Remaining major Meats Labour Contracts (Q3)
- Brandon Pork Plant Commenced Start-up (Q3)
- Landmark Group (Feed and Swine Operations) Purchased (Q4)



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

CONSOLIDATED BALANCE SHEETS

In thousands of Canadian dollars
(Unaudited)

As at September 30,

1999 1998

ASSETS

Current assets:

Cash and cash equivalents	\$ 37,564	\$ 101,805
Accounts receivable	209,890	205,641
Inventories	179,950	195,375
Prepaid expenses	13,828	15,268
	441,232	518,089
Investments in associated companies	70,065	67,299
Property and equipment	593,762	568,968
Other assets	146,059	125,965
Goodwill	231,724	235,564
	\$ 1,482,842	\$ 1,515,885

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Bank indebtedness	\$ 6,587	\$ 7,194
Accounts payable and accrued charges	358,952	398,700
Income and other taxes payable	19,187	173
Current portion of long-term debt	560	539
	385,286	406,606
Long-term debt	538,158	709,499
Deferred income taxes	39,639	32,433
Minority interest	77,965	74,721
Shareholders' equity	441,794	292,626
	\$ 1,482,842	\$ 1,515,885

