Recipe for Success

INTERIM REPORT TO SHAREHOLDERS
FOR THE FIRST QUARTER ENDED
MARCH 31, 2008

Report To Shareholders
Management's Discussion and Analysis

Financial Overview

Financial and operational highlights include:

- Earnings increased in core processed meat and meals business
- Margin decline in the bakery operations due to rising wheat prices
- Significant losses in hog production as grain prices increase
- Good progress on shifting protein operations to higher value business model
- Adjusted earnings per share of $0.04 compared to $0.12 last year

Note: *All earnings measures are defined as earnings from continuing operations before restructuring and other related costs. All earnings per share measures are defined as earnings per share from continuing operations before restructuring and other related costs.*

Operating earnings for the quarter were substantially impacted by continued increases in worldwide prices for wheat, grains and other commodities. These effects, while material, are temporary and are expected to reverse as markets stabilize: through a combination of price increases, some reduction in wheat prices as new crops come to market and livestock price increases as hog supplies tighten. Management fully expects these to be difficult but transitory market conditions. The underlying operations, in particular the value-added meats and bakery businesses, are very well positioned and early successes in the Company's protein restructuring is building a solid base for higher earnings. The Company remains on track to realize the incremental earnings targets from these initiatives and Management continues to be very positive regarding the repositioning and growth in the core business.

Sales for the first quarter decreased 9% to $1.2 billion from $1.3 billion last year due to a decline in sales in the Meat Products Group. This was partially offset by increased sales in the Bakery Products Group.

Earnings from continuing operations before restructuring and other related costs ("Adjusted Operating Earnings") decreased by 34% to $33.1 million for the quarter. Rapid wheat cost increases compressed margins in the Bakery Products Group as price increases have not yet offset rising input costs. Hog production losses also increased sharply as feed prices increased at a faster rate than hog prices. Partly offsetting these effects, margins increased in the value-added meats business due to price increases and favourable markets, and early benefits of the Company's strategic repositioning of the Protein Group were realized.

Also included in earnings for the quarter were certain other items of note, including government support payments of $8.4 million received as part of programs to assist the hog production industry, and initial costs of $6.0 million related to consulting and systems conversions initiatives. Also during the quarter, the average Canadian dollar exchange rates were higher than last year as the Canadian dollar traded above parity before returning to current levels, negatively impacting earnings by approximately $5.5 million.

Earnings per share from continuing operations before restructuring and other related costs ("Adjusted EPS") for the quarter was $0.04, compared to $0.12 last year.

Following is a summary of Adjusted EPS:

	First Quarter	
($ millions)	**2008**	2007
EPS from continuing operations	**$ 0.00**	$ 0.04
Restructuring and other related costs, net of tax (i)	**$ 0.04**	$ 0.08
Adjusted EPS (ii)	**$ 0.04**	$ 0.12
Discontinued operations	**$ 0.00**	$ 0.04
EPS before restructuring and other related costs (ii)	**$ 0.04**	$ 0.16

(i) *Includes the per share impact of restructuring and other related costs net of tax and minority interest.*

(ii) *These are not recognized measures under Canadian GAAP. Management believes that this is the most appropriate basis on which to evaluate results, as restructuring and other related costs are not representative of continuing operations.*

Business Segment Review

Following is a summary of Adjusted Operating Earnings by business segment:

	First Quarter		
($ millions)	**2008**	2007	Change
Meat Products Group	**$ 21.1**	$ 21.4	(1)%
Agribusiness Group [(i)]	**(3.4)**	0.9	
Protein Group	**17.7**	22.3	(21)%
Bakery Products Group	**15.4**	27.6	(44)%
	$ 33.1	$ 49.9	(34)%

(i) *Agribusiness Group excludes the results of the animal nutrition business that are reported as discontinued operations.*

Meat Products Group

(value-added processed packaged meats; chilled meal entrees and lunch kits; value-added pork, poultry and turkey products; and global meat sales.)

Meat Products Group sales for the first quarter declined 15% to $762.5 million from $895.7 million in the prior year, due principally to:

- (i) the impact of exiting certain international trading channels as part of the Company's strategic re-alignment;
- (ii) a decrease in fresh pork wholesale values;
- (iii) devaluation of the U.S. dollar which affects the Company's revenues from fresh pork products;
- (iv) lower consumer packaged meats volume; and
- (v) a decrease in wholesale poultry values.

Adjusted Operating Earnings for the first quarter of $21.1 million were consistent with last year. Consumer packaged meats margins expanded for the quarter as price increases, early benefits from restructuring and improved input costs drove a strong result. However, the effect of foreign exchange and a decline in fresh poultry margins due to higher feed and related live bird costs offset the strong result in the packaged meats business and improved pork processor margins. The Company's strategic repositioning of its protein operations, underway since 2007 and expected to be finalized in 2009, resulted in some early benefits to earnings during the quarter, including reduced overhead from double-shifting the front-end processing at the Brandon pork plant, the closure of a sub-scale poultry facility in Nova Scotia, and reduced administration expenses resulting from combining the businesses in the Meat Products Group.

The Company has made good progress in shifting its protein operations to focus on growth in the higher margin value-added meat and meals businesses. In the quarter, the Company announced it is proceeding with commissioning a second-shift cut operation at the Brandon plant by September 2008 and will close its fresh pork processing plant in Winnipeg. By consolidating these operations in Brandon, significant cost reduction and scale efficiencies will be realized. Concurrently, a major expansion is underway to consolidate value-added ham boning operations at its Lagimodiere Road plant in Winnipeg that will further improve yield and margins in this business. The Company is preparing for the sale of its primary pork processing plant in Burlington, which processes over two million hogs per year. A project to construct a new distribution centre in Saskatoon is also nearing completion that, combined with consolidation of existing warehouses and third-party storage into two western warehouses, is expected to yield distribution savings later in the year.

Agribusiness Group

(swine production and animal by-products recycling)

Agribusiness Group sales for the first quarter decreased 7% to $58.6 million from $62.9 million last year, primarily as a result of lower hog prices. The volume of hogs marketed during the quarter was not significantly different from the prior year.

Adjusted Operating Earnings for the first quarter were a loss of $3.4 million compared to earnings of $0.9 million last year. Included in 2008 earnings is $8.4 million of government support related to hog production losses in prior periods. Excluding this amount, hog production losses for the period increased by $17.6 million compared to last year. The environment for North American hog producers continues to be very difficult as hog prices have not strengthened despite substantial increases in feed grains, including corn and barley. Canadian hog producers have been further disadvantaged by a stronger Canadian dollar that reduces net revenues for finished hogs. Through its reorganization, Maple Leaf will significantly reduce the number of hogs it produces; reducing its exposure to hog production markets in the second half of the year. The Company marketed 338,000 finished hogs in the quarter compared to 346,000 last year. Included in the 2008 amount were 108,000 hogs related to Alberta and Ontario investments, disposed of in the first quarter, but where the Company has retained and will grow out the remaining hogs that were in process at time of sale. The majority of these hogs are expected to be completed and sold by the end of July 2008.

Other restructuring of hog production operations in Western Canada are materially complete, and the Company benefited from cost reductions in these operations during the quarter, compared to last year. High feed prices and related production losses have begun to result in early herd reductions in North America and in the medium term, this rebalancing of supply and demand is expected to result in higher hog prices, increases in meat prices, and improvements in industry hog production margins.

The Company's rendering operations achieved strong results in the quarter, benefiting from higher soybean and other commodity prices, and improved returns from its biodiesel operations driven by improved plant efficiencies and higher prices. In the first quarter of 2008, the Company completed the purchase of Central By-Products, a rendering business located near London, Ontario, further strengthening its capacity in the Ontario market.

Bakery Products Group

(fresh, frozen and branded value-added bakery products, including frozen par-baked bakery products; and specialty pasta and sauces)

Bakery Products Group sales for the first quarter increased 7% to $382.1 million from $357.5 million last year due to higher selling prices across all the bakery businesses, partly offset by a slight volume decline in the fresh bread business.

Adjusted Operating Earnings for the quarter decreased by 44% to $15.4 million compared to $27.6 million last year. Most of the variance from last year resulted from margin compression as unprecedented and rapid increases in wheat prices and other input costs outpaced price increases the Company implemented in 2007 and March 2008. The price of wheat and other inputs such as fuel have remained high and further price increases may be necessary to restore margins. As any such price increases will not be effective from the beginning of the second quarter, Management expects continued negative impacts on earnings in the short term. However, as price increases take effect margins in the Bakery Products Group should recover towards the end of the year.

In the first quarter of 2008, the Company completed the purchase of Aliments Martel Inc., a leading manufacturer and distributor of sandwiches, meals and sweet goods based in Quebec. This was an important strategic acquisition to increase market share and manufacturing and distribution capacity in the Canada sandwich market, which represents an important growth platform for Maple Leaf. With this acquisition, the Company has become the national leader in the Canadian pre-packaged sandwich market.

Gross Margin

Gross margin decreased $11.5 million to $155.9 million from $167.4 million last year. A major contributing factor to this was margin compression in the Bakery Products Group caused by soaring wheat prices. Margins in the consumer packaged meats business improved over the prior year but this was offset by the deterioration in hog production margins.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $5.3 million to $122.8 million from $117.5 million last year. A driver of the increase was costs of the Company's shared service initiative. To improve its cost structure and provide a platform to support its new integrated protein business model, the Company has embarked on an initiative to consolidate its information technology systems, standardize processes across the group and create a consolidated shared services platform for its North American operations. This initiative is expected to take several years to complete and is expected to require a total capital and operating investment of approximately $170 million over the next three to four years, Management expects this will result in a positive return on investment. Initial costs of the systems conversion and other consulting expenses charged to earnings during the last quarter were $6.0 million.

Restructuring and Other Related Costs

In the first quarter, the Company recorded a charge for restructuring and other related costs of $7.7 million (2007: $12.7 million related to continuing operations). Including full-year amounts charged to earnings during 2006 and 2007, following is a summary of restructuring and other related costs incurred through the first quarter of 2008:

($ millions)	2006	2007	Q1 2008	**Total to-Date**
Protein Group restructuring	$ 27.6	$ 19.6	$ 3.6	**$ 50.8**
Impairment/disposal of Ontario and Alberta hog production assets	18.6	27.0	1.9	**47.5**
Impairment of long-lived hog production assets	—	36.1	—	**36.1**
Goodwill impairment related to retained operations of the animal nutrition business	—	20.7	—	**20.7**
Retention payments	2.0	8.7	0.8	**11.5**
Poultry plant closure	2.3	6.3	0.1	**8.7**
Impairment of a non-core equity investment	7.3	—	—	**7.3**
Bakery plant closure	5.5	3.9	1.3	**10.7**
	63.3	122.3	7.7	**193.3**
Discontinued operations	1.3	2.7	—	**4.0**
Total restructuring	$ 64.6	$ 125.0	$ 7.7	**$ 197.3**
Cash incurred and to be incurred	$ 25.4	$ 23.2	$ 5.6	**$ 54.2**
Non-cash	39.2	101.8	2.1	**143.1**
	$ 64.6	$ 125.0	$ 7.7	**$ 197.3**

The Company estimates total restructuring and other related costs for the period from January 1, 2006 to December 31, 2009, based on information and expectations available as of March 31, 2008, will amount to between $275 million and $325 million (of which the cash outlay is estimated to be $90 million to $110 million). As at March 31, 2008, $197.3 million has been recorded since January 1, 2006.

Cash Flow and Financing

Total debt, net of cash balances, was $965.2 million at the end of the first quarter, compared to $854.8 million as at December 31, 2007 and $1,279.1 million at the end of the first quarter of 2007. The increase from December 2007 was largely due to acquisitions completed in the quarter, a reduction in accounts receivable securitization and capital expenditures. Cash provided by continuing operations was $18.4 million compared to a use of cash of $10.3 million last year, as a result of lower investment in working capital and pensions.

Interest expense for the quarter was $21.7 million compared to $24.6 million last year, largely due to lower average debt balances compared to the first quarter last year and lower short-term interest rates. At March 31, 2008, 69% of indebtedness was not exposed to interest rate fluctuations, compared to 74% in the previous year.

Capital expenditures on plant and equipment for the first quarter decreased to $45.7 million compared to $52.4 million last year. Major capital initiatives during the first quarter of 2008 were the investment in the Brandon fresh pork facility to accommodate a second shift cut operation and the expansion of the Company's value-added ham boning operations at the Lagimodiere Road plant in Winnipeg.

Taxes

The Company's effective tax rate increased from 44.1% in the first quarter 2007 to 57.3% in 2008. The increase in the effective rate was primarily due to (i) a decrease in Canadian federal tax rates enacted in December 2007, offset by (ii) restructuring and other related costs recorded in the first quarter that are deductible at a lower effective tax rate of 29.3%.

Acquisitions and Divestitures

On January 29, 2008 the Company acquired the shares of Aliments Martel Inc., a leading manufacturer and distributor of sandwiches, meals and sweet goods based in Quebec for an initial purchase price of $43.4 million plus contingent consideration of up to $23.0 million based on financial performance over the next three years.

On January 22, 2008, the Company completed the sale of most of its Ontario hog production operations and on January 29, 2008, the Company completed the sale of all of its wholly-owned investments in Alberta. Combined proceeds were $10.2 million. The Company, under the terms of these sales, retained approximately 108,000 hogs in process at time of sale and will finish them to market weight and sell the majority by the end of July 2008.

On January 14, 2008, the Company completed the acquisition of Central By-Products, a by-products recycling business located near London, Ontario, for cash consideration of $18.0 million subject to normal closing adjustments.

Summary of Quarterly Results

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

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Sales	**2008**	**$ 1,203,263**				
	2007	1,316,135	$ 1,318,773	$ 1,301,099	$ 1,273,633	$ 5,209,640
Net earnings (loss) from continuing operations	**2008**	**$ (10)**				
	2007	5,266	$ (6,458)	$ 1,698	$ (23,738)	$ (23,232)
Net earnings (loss)	**2008**	**$ (10)**				
	2007	10,463	$ (1,671)	$ 220,424	$ (22,072)	$ 207,144
Earnings per share:						
Basic from continuing operations (i)	**2008**	**$ 0.00**				
	2007	0.04	$ (0.05)	$ 0.01	$ (0.19)	$ (0.18)
Adjusted EPS from continuing operations (i) (ii)	**2008**	**$ 0.04**				
	2007	0.12	$ 0.13	$ 0.06	$ 0.20	$ 0.51
Total	**2008**	**$ 0.00**				
	2007	0.08	$ (0.01)	$ 1.72	$ (0.16)	$ 1.63
Diluted from continuing operations	**2008**	**$ 0.00**				
	2007	0.04	$ (0.05)	$ 0.01	$ (0.18)	$ (0.18)
Diluted	**2008**	**$ 0.00**				
	2007	0.08	$ (0.01)	$ 1.67	$ (0.15)	$ 1.59

(i) *Does not add due to rounding.*

(ii) *These are not recognized measures under Canadian GAAP. Management believes that this is the most appropriate basis on which to evaluate results, as restructuring and other related costs are not representative of continuing operations.*

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

Changes in Accounting Policy

In May 2007, the Accounting Standards Board issued CICA Handbook Section 3031, "Inventories". The standard introduces changes to the measurement and disclosure of inventory and is consistent with international accounting standards. The Company adopted the measurement provisions of the standard effective January 1, 2008. The adoption of the standard did not have a material impact on the results of operations or measurement of inventory.

In 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation" which replaces Section 3861, "Financial Instruments – Disclosure and Presentation". The new disclosure standards require increased disclosure of risks associated with recognized and unrecognized financial instruments and how those risks are managed. The standards carry forward the former presentation requirements of Section 3861. The Company has complied with the new disclosure requirements beginning in 2008.

In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. The Company has complied with the new disclosure requirements beginning in 2008.

Forward-Looking Statements

This document contains, and the Company's oral and written public communications often contain, forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industries in which the Company operates and beliefs and assumptions made by the Management of the Company. Such statements include, but are not limited to, statements with respect to our objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. Words such as "expect", "anticipate", "intend", "attempt", "may", "will", "plan", "believe", "seek", "estimate" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. The Company does not intend, and the Company disclaims any obligation to update any forward-looking statements, whether written or oral, or whether as a result of new information, future events or otherwise except as required by law.

These forward-looking statements are based on a variety of factors and assumptions including, but not limited to: the condition of the Canadian and United States economies; the rate of appreciation of the Canadian dollar versus the U.S. dollar and Japanese yen; the availability and saleability of prices of livestock, raw materials, energy and supplies; product pricing; the competitive environment and related market conditions; improvement of operating efficiencies; continued access to capital; the cost of compliance with environmental and health standards; adverse results from ongoing litigation; no expected actions of domestic and foreign governments and the general assumption that none of the risks identified under "Risk Factors" in the Company's 2007 Annual Information Form will materialize. These assumptions have been derived from information currently available to the Company including information obtained by the Company from third-party industry analysts.

Actual results may differ materially from those predicted by such forward-looking statements. While the Company does not know what impact any of these differences may have on its business, results of operations, financial condition and the market price of its securities may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking statements are discussed more fully in the Company's Management's Discussion and Analysis which is available on SEDAR at www.sedar.com.

Other Matters

On April 24, 2008, Maple Leaf Foods Inc. declared a dividend of $0.04 per share payable on June 30, 2008 to shareholders of record on June 9, 2008. Unless indicated otherwise in writing at or before the time the dividend is paid, each dividend paid by the corporation in 2008 or a subsequent year is an eligible dividend for the purposes of the "Enhanced Dividend Tax Credit System."

Maple Leaf Foods Inc. is a leading food processing company, headquartered in Toronto, Canada. The Company employs approximately 23,400 people at its operations across Canada and in the United States, the United Kingdom and Asia. The Company had sales of $5.2 billion in 2007.

G.W.F. McCain
Chairman of the Board

M.H. McCain
President and Chief Executive Officer

April 24, 2008

Consolidated Balance Sheets

In thousands of Canadian dollars	As at March 31, 2008	As at March 31, 2007	As at December 31, 2007
	(Unaudited)	*(Unaudited) (restated – Note 2(b))*	
ASSETS			
Current assets:			
Cash and cash equivalents	**$ 55,516**	$ 61,564	$ 28,222
Accounts receivable (Note 5)	**204,602**	213,470	202,285
Inventories (Note 6)	**381,902**	389,165	351,064
Future tax asset – current	**38,834**	2,754	25,409
Prepaid expenses and other assets	**15,127**	13,808	16,529
Assets held for sale (Note 4)	**—**	347,490	10,092
	$ 695,981	$ 1,028,251	$ 633,601
Investments in associated companies	**2,558**	6,532	1,207
Property and equipment	**1,160,221**	1,079,242	1,126,727
Other long-term assets	**313,177**	274,879	303,360
Future tax asset – non-current	**31,933**	36,377	22,837
Goodwill	**857,655**	829,799	817,477
Other intangibles	**93,521**	85,624	92,635
	$ 3,155,046	$ 3,340,704	$ 2,997,844
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	**$ 10,206**	$ 11,349	$ 9,845
Accounts payable and accrued charges	**565,328**	590,333	550,528
Income and other taxes payable	**14,577**	22,507	12,881
Other current liabilities	**9,998**	27,220	—
Current portion of long-term debt	**12,523**	78,244	17,945
Liabilities related to assets held for sale (Note 4)	**—**	65,665	—
	$ 612,632	$ 795,318	$ 591,199
Long-term debt	**997,952**	1,251,075	855,281
Future tax liability – non-current	**71,208**	24,380	61,935
Other long-term liabilities	**232,794**	207,898	248,448
Minority interest	**81,039**	83,754	79,554
Shareholders' equity	**1,159,421**	978,279	1,161,427
	$ 3,155,046	$ 3,340,704	$ 2,997,844

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Earnings

In thousands of Canadian dollars, except share amounts *(Unaudited)*	Three months ended March 31, 2008	2007
Sales	**$1,203,263**	$ 1,316,135
Cost of goods sold	**1,047,337**	1,148,772
Gross margin	**$ 155,926**	$ 167,363
Selling, general and administrative expenses	**122,828**	117,503
Earnings from continuing operations before restructuring and other related costs	**$ 33,098**	$ 49,860
Restructuring and other related costs (Note 8)	**(7,722)**	(12,710)
Earnings from continuing operations	**$ 25,376**	$ 37,150
Other income (expense)	**(15)**	467
Earnings from continuing operations before interest and income taxes	**$ 25,361**	$ 37,617
Interest expense	**21,663**	24,591
Earnings from continuing operations before income taxes	**$ 3,698**	$ 13,026
Income taxes	**2,120**	6,216
Earnings (loss) from continuing operations before minority interest	**$ 1,578**	$ 6,810
Minority interest	**1,588**	1,544
Net earnings (loss) from continuing operations	**$ (10)**	$ 5,266
Net earnings from discontinued operations – net of income tax (Note 3)	**—**	5,197
Net earnings (loss)	**$ (10)**	$ 10,463
Basic earnings per share (Note 11)		
From continuing operations	**$ 0.00**	$ 0.04
From discontinued operations	**0.00**	0.04
	$ 0.00	$ 0.08
Diluted earnings per share (Note 11)		
From continuing operations	**$ 0.00**	$ 0.04
From discontinued operations	**0.00**	0.04
	$ 0.00	$ 0.08
Weighted average number of shares (millions)	**127.3**	127.2

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

In thousands of Canadian dollars *(Unaudited)*	Three months ended March 31, 2008	2007
Net earnings (loss)	**$ (10)**	$ 10,463
Other comprehensive income (loss) (Note 10)		
Change in accumulated foreign currency translation adjustment	**6,727**	(886)
Change in net unrealized derivative loss on cash flow hedges	**(3,046)**	5,663
	$ 3,681	$ 4,777
Comprehensive income	**$ 3,671**	$ 15,240

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Retained Earnings

In thousands of Canadian dollars *(Unaudited)*	Three months ended March 31, 2008	2007
Retained earnings, beginning of period	**$ 390,784**	$ 204,415
Net earnings (loss)	**(10)**	10,463
Dividends declared ($0.04 per share; 2007: $0.04 per share)	**(5,186)**	(5,091)
Retained earnings, end of period	**$ 385,588**	$ 209,787

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

In thousands of Canadian dollars *(Unaudited)*	Three months ended March 31, 2008	2007
CASH PROVIDED BY (USED IN):		
Operating activities		
Net earnings (loss) from continuing operations	**$ (10)**	$ 5,266
Add (deduct) items not affecting cash:		
Depreciation and amortization	**35,072**	35,093
Stock-based compensation	**4,263**	3,672
Minority interest	**1,588**	1,544
Future income taxes	**(304)**	(3,411)
Loss (gain) on sale of property and equipment	**81**	(459)
Change in other long-term receivables	**344**	(2,311)
Decrease in net pension asset	**(6,031)**	(16,425)
Asset impairments and change in restructuring provisions	**3,963**	3,721
Other	**3,697**	3,209
Change in non-cash operating working capital	**(24,269)**	(40,172)
Cash provided by (used in) operating activities of continuing operations	**$ 18,394**	$ (10,273)
Cash provided by (used in) operating activities of discontinued operations	**—**	(7,348)
	$ 18,394	$ (17,621)
Financing activities		
Dividends paid	**(5,186)**	(5,091)
Dividends paid to minority interest	**(232)**	(251)
Net increase in long-term debt	**117,524**	71,843
Increase in share capital	**1,597**	2,215
Purchase of treasury stock	**(6,349)**	—
Other	**515**	8,106
Cash provided by financing activities of continuing operations	**$ 107,869**	$ 76,822
Cash provided by (used in) financing activities of discontinuing operations	**—**	(398)
	$ 107,869	$ 76,424
Investing activities		
Additions to property and equipment	**(45,710)**	(52,425)
Proceeds from sale of property and equipment	**8,021**	746
Acquisition of businesses – net of cash acquired (Note 13)	**(61,572)**	(10,803)
Proceeds on disposal of business	**—**	5,470
Purchase of Canada Bread shares	**—**	(6,521)
Other	**(69)**	2,908
Cash used in investing activities of continuing operations	**$ (99,330)**	$ (60,625)
Cash provided by (used in) investing activities of discontinuing operations	**—**	(3,327)
	$ (99,330)	$ (63,952)
Increase (decrease) in cash and cash equivalents	**26,933**	(5,149)
Cash and cash equivalents, beginning of period	**18,377**	55,364
Cash and cash equivalents, end of period	**$ 45,310**	$ 50,215

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Three months ended March 31, 2008 and 2007
(Tabular amounts in thousands of Canadian dollars, unless otherwise indicated)

1. The Company

Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is a leading Canadian-based value-added meat, meals and bakery company, serving wholesale, retail and food service customers across North America and internationally. The Company's results are organized into three segments: Meat Products Group, Agribusiness Group and Bakery Products Group.

2. Significant Accounting Policies

The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2007. These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies as were applied in the consolidated financial statements for the year ended December 31, 2007, except for the following:

(a) Accounting changes

(i) In May 2007, the Accounting Standards Board issued CICA Handbook Section 3031, "Inventories". The standard introduces changes to the measurement and disclosure of inventory and is consistent with international financial reporting standards. The Company adopted the measurement provisions of the standard effective January 1, 2008. The adoption of the standard did not have a material impact on the results of operations or measurement of inventory.

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. Included in the cost of inventory are direct product costs, direct labour and an allocation of variable and fixed manufacturing overhead including depreciation.

(ii) In 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation" which replaces Section 3861, "Financial Instruments – Disclosure and Presentation". The new disclosure standards require increased disclosure of risks associated with recognized and unrecognized financial instruments and how those risks are managed. The standards carry forward the former presentation requirements of Section 3861. The Company has complied with the new disclosure requirements beginning in 2008 and the new disclosure requirements are presented in Note 7.

(iii) In October 2006, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. The Company has complied with the new disclosure requirements beginning in 2008 and the new disclosure requirements are presented in Note 7.

(b) The prior period amounts have been adjusted to include a reclassification reflected in the second quarter of 2007 with respect to deferred amounts existing on the adoption date of CICA Handbook Section 3855, "Financial instruments – Recognition and Measurement" of $12.9 million relating to previously terminated cash flow hedges which were reclassified from other assets to accumulated other comprehensive loss in the amounts of $8.7 million, net of future taxes of $4.2 million.

3. Discontinued Operations

On July 20, 2007, the Company sold its animal nutrition business, retaining two mills in Western Canada to meet future requirements of its hog production operations, for gross proceeds of $524.8 million. As a result, the Company has reclassified the portion of its animal nutrition business that has been sold as discontinued operations.

The assets and liabilities of the animal nutrition business reflected in balance sheets prior to the sale date have been classified as held for sale (Note 4). The results of discontinued operations were as follows:

	Three months ended March 31,	
	2008	2007
Sales	**$ —**	$ 145,302
Cost of goods sold	**—**	121,542
Gross margin	**$ —**	$ 23,760
Selling, general and administrative expenses	**—**	12,613
Earnings from operations before restructuring and other related costs	**$ —**	$ 11,147
Restructuring and other related costs	**—**	(409)
Earnings from operations	**$ —**	$ 10,738
Other income	**—**	62
Earnings from operations before interest and income taxes	**$ —**	$ 10,800
Interest expense (i)	**—**	2,349
Earnings before income taxes	**$ —**	$ 8,451
Income taxes	**—**	3,254
Net earnings from discontinued operations	**$ —**	$ 5,197

(i) *In calculating net earnings from discontinued operations, interest expense has been allocated assuming a uniform debt-to-equity ratio.*

4. Assets and Liabilities held for Sale

Assets and liabilities held for sale in 2007 consist of the assets of the animal nutrition business sold on July 20, 2007 (Note 3), and the assets of certain hog production operations in Ontario and Alberta sold in January 2008. Assets and liabilities held for sale consist of the following:

	As at March 31,	
Assets held for sale	**2008**	2007
Accounts receivable	**$ —**	$ 55,748
Inventories	**—**	76,055
Future tax asset – current	**—**	193
Prepaid expenses and other assets	**—**	800
Investments in associated companies	**—**	6,703
Property and equipment	**—**	125,041
Other long-term assets	**—**	3,367
Goodwill	**—**	77,916
Other intangibles	**—**	1,667
	$ —	$ 347,490

Liabilities related to assets held for sale	As at March 31, 2008	2007
Accounts payable and accrued charges	$ —	$ 62,727
Future tax liability – current	—	3,298
Income and other taxes payable	—	(834)
Long-term debt	—	576
Future tax liability – non-current	—	(392)
Other long-term liabilities	—	290
	$ —	$ 65,665

5. Accounts Receivable

Under revolving securitization programs, the Company has sold certain of its trade accounts receivable to financial institutions. The Company retains servicing responsibilities and retains a limited recourse obligation for delinquent receivables. At March 31, 2008, trade accounts receivable being serviced under this program amounted to $200.6 million (2007: $226.2 million).

6. Inventory

	As at March 31, 2008	2007
Raw materials	**$ 56,939**	$ 50,709
Work in process	**66,226**	71,605
Finished goods	**200,274**	208,112
Packaging	**24,351**	25,056
Spare parts	**34,112**	33,683
	$ 381,902	$ 389,165

7. Financial Instruments and Risk Management Activities

CAPITAL

The Company's objective is to maintain a simple and cost-effective capital structure that supports its long-term growth strategy and maximizes operating flexibility. The Company has established clearly defined financial objectives including targets for return on net assets (11.5%) and compound annual earnings per share growth (15%). In allocating capital to investments to support these goals, the Company establishes internal hurdle return rates for all capital initiatives. Projects are generally financed with senior debt, provided the Company's debt management guidelines are met.

The Company uses leverage in its capital structure to reduce the cost of capital. The Company maintains its primary credit ratios and leverage at levels that provide continued access to investment grade credit pricing and terms. The Company measures its credit profile using a number of metrics, primarily net debt to earnings before interest, taxes, depreciation and restructuring and other related costs and earnings before interest, taxes, depreciation and restructuring and other related costs to interest expense. The Company's various credit facilities, all of which are unsecured, are subject to certain financial covenants. As at March 31, 2008, the Company was in compliance with all of these covenants.

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

The Company has maintained a stable dividend distribution that is based on a sustainable net earnings base. From time to time, the Company has purchased shares for cancellation pursuant to normal course issuer bids and to satisfy the awards under its restricted share unit plan, an equity compensation program established in 2006.

In the period ended March 31, 2008, total equity decreased by $2.0 million to $1,159.4 million. During the same period, total debt net of cash increased by $110.3 million to $965.2 million.

FINANCIAL INSTRUMENTS

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

Cash and cash equivalents	Designated as held for trading
Accounts receivable	Loans and receivables
Notes and mortgages 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	Various (i)

(i) *The Company has derivative instruments, from time to time, that are classified as held for trading, designated as cash flow hedges and designated as fair value hedges as appropriate.*

Carrying amounts for assets and liabilities classified as held for trading, loans and receivables, other financial liabilities (excluding long-term debt) and all derivative financial instruments approximate their carrying value as such instruments are carried at fair value due to their short-term nature. The fair value of long-term debt as at March 31, 2008 is $1,040.6 million as compared to $1,010.5 million on the balance sheet.

The fair value of the Company's long-term debt was estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair values of the Company's interest rate and foreign exchange derivative financial instruments were estimated using current market measures for interest rates and foreign exchange rates. Commodity futures and options contracts are exchange-traded and fair value was determined based on exchange prices.

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 grocery and foodservice markets. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectibility of its trade and other accounts receivables in order to mitigate any possible credit losses.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the credit quality of the Company's major customers, as well as the large number and geographic dispersion of smaller customers. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. Accounts receivable for the Company's seven largest customers comprise approximately 67% of consolidated accounts receivable at March 31, 2008 whereas the two largest customers comprise approximately 24.2% of consolidated sales.

The Company is exposed to credit risk on its cash and cash equivalents (comprising primarily deposits and short-term placements with Canadian chartered banks) and non-exchange-traded derivatives contracts. The Company mitigates this credit risk by only dealing with counterparties that are major international financial institutions with long-term debt ratings of single A or better.

The Company's maximum exposure to credit risk at the balance sheet date consists 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 and derivative liabilities as at the balance sheet date are as follows:

	As at March 31, 2008				
	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due after 3 years	**Total**
Derivative financial assets					
Foreign exchange forward contracts	$ 5,256	$ —	$ —	$ —	**$ 5,256**
Non-derivative financial liabilities					
Bank indebtedness	10,206	—	—	—	**10,206**
Accounts payable	565,328	—	—	—	**565,328**
Long-term debt	12,523	154,024	205,910	638,019	**1,010,476**
Total	$ 593,313	$ 154,024	$ 205,910	$ 638,019	**$1,591,266**

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

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. The Company has no significant interest bearing assets.

At March 31, 2008, the Company had variable rate debt of $183.5 million with a weighted average interest rate of 5.0%. In addition, the Company is exposed to floating interest rates on its accounts receivable securitization programs. As at March 31, 2008, the amount sold pursuant to these programs was $200.6 million at a weighted average interest rate of 4.3%. It is estimated that, all else constant, a one percentage point increase in interest rates would not materially impact net earnings.

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.

The Company did not have any interest rate swaps outstanding at March 31, 2008. The Company had $260 million of floating-for-fixed interest rate swaps at March 31, 2007 that were designated and accounted for as cash flow hedges. The swaps were terminated upon repayment of the related debt in August 2007.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that the value of financial instruments or cash flows associated with the instruments 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 cross-currency interest rate swaps to mitigate its exposure to changes in exchange rates related to U.S. dollar-denominated debt. These swaps are used primarily to effectively convert fixed-rate U.S. dollar-denominated notes payable to fixed-rate notes denominated in Canadian dollars and are accounted for as cash flow hedges.

The Company also uses cross-currency interest rate swaps to effectively convert fixed-rate U.S. dollar notes payable to floating rate Canadian dollar notes. These swaps are accounted for as fair value hedges.

The following table summarizes the notional amounts and interest rates of the Company's cross-currency interest rate swaps, all of which are designated as a hedging instrument in a hedging relationship:

(In thousands of currency units)

Maturity	Notional amount	Receive rate	Notional amount	Pay rate
	US$		CAD$	
2009	15,000	6.3%	23,273	BA(i) + 2.6%
2009	125,000	6.3%	144,606	6.2%(ii)
2010	75,000	8.5%	110,775	7.7%
2011	177,000	5.2%	231,025	5.4%
2014	100,000	5.6%	138,000	6.0%

(i) *Three-month Canadian bankers' acceptance rate.*

(ii) *Swap notional amounts are not exchanged at inception and maturity. These swaps hedge the coupon payments on USD notes payable by converting the U.S. dollar interest into Canadian dollar interest.*

A portion of the Company's U.S. dollar-denominated notes payable is not swapped into Canadian dollars and is designated as a net investment hedge of its U.S. operations. At March 31, 2008, the amount of notes payable designated as a hedge of the Company's net investment in U.S. operations was US$160.0 million (2007: US$160.0 million). Foreign exchange gains and losses on the designated notes payable are recorded in shareholders' equity in the foreign currency translation component of accumulated other comprehensive income and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income. The loss on the net investment hedge recorded in other comprehensive loss for the quarter ended March 31, 2008 was $6.3 million before taxes (2007: gain of $2.0 million).

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 March 31, 2008, $117.0 million of anticipated foreign currency-denominated sales have been hedged with the underlying foreign exchange forward contracts settling at various dates beginning May 2008 through March 2009. The aggregate fair value of these forward contracts was $3.1 million at March 31, 2008 and was recorded in other current liabilities.

With respect to interest rate, foreign currency and commodity price market risk, sensitivity analyses discussing the effects of reasonably possible changes in relevant risk variables on net earnings and other comprehensive income on an after-tax basis are disclosed below. The periodic effects are determined by relating the reasonably possible changes in the risk variables to the balance of financial instruments at the reporting date.

At March 31, 2008, the Company had fixed-rate debt of $830.5 million with a weighted average interest rate of 6.2%. 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. This is because the Company's debt is carried at amortized cost and the carrying value does not change as interest rates move.

Similar to fixed-rate debt, the fair value of the Company's fixed-pay cross-currency interest rate swaps fluctuates with changes in market interest rates but the associated cash flows do not change and earnings are not affected. The fair value of the Company's cross-currency interest rate swaps designated as cash flow hedges are primarily driven by changes in foreign exchange rates rather than changes in interest rates. It is estimated that, all else constant, a hypothetical one percentage point change in market interest rates would not materially impact other comprehensive income.

For cross-currency interest rate swaps designated as cash flow or fair value hedges of foreign exchange risk, changes in the fair values of the hedged item and the hedging instruments attributable to foreign exchange rate movements offset completely in the income statement in the same period. As a consequence, these financial instruments are not exposed to foreign exchange risks with an effect on net earnings or other comprehensive income. The Company is therefore only exposed to foreign exchange risks from foreign exchange forward contracts some of which are designated as cash flow hedges.

It is estimated that, all else constant, a 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 $20.0 million, a change in net earnings after tax of $5.4 million and a change in other comprehensive income of $7.8 million after-tax.

Commodity Price Risk

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

Derivatives designated as a hedge of an anticipated or forecast transaction are accounted for as cash flow hedges. Changes in the fair value of the 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 Company also uses futures to minimize the price risk assumed under forward priced contracts with suppliers. The intent of the strategy is to make the forward priced commodities cost close to the cash market purchases at the date of delivery. The futures contracts are designated and accounted for as fair value hedges.

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

It is estimated that, all else constant, a hypothetical 10% change in market prices of its commodity derivatives contracts would result in a change in the fair value of such contracts of $5.9 million, a change in net earnings after-tax of $1.6 million and a change in other comprehensive income of $3.1 million. These amounts exclude the offsetting impact of the commodity price risk inherent in the transactions being hedged.

The fair values and notional amounts of derivative financial instruments by designated hedge type are shown below:

	2008			**2007**		
	Notional Amount	**Fair Value Asset**	**Fair Value Liability**	Notional Amount	Fair Value Asset	Fair Value Liability
Cash flow hedges						
Cross-currency interest rate swaps	**US$477,000**	**$ —**	**$ 127,805**	US$477,000	$ —	$ 95,813
Interest rate swaps	**—**	**—**	**—**	US$260,000	—	7,318
Foreign exchange forward contracts	**$117,018**	**—**	**3,080**	$105,800	1,391	—
Commodity futures contracts	**54,800**	**2,175**	**—**	—	—	—
Fair value hedges						
Cross-currency interest rate swaps	**US$ 15,000**	**$ 140**	**$ 8,107**	US$ 75,000	$ —	$ 33,214
Commodity futures contracts	**$ 28,700**	**355**	**—**	$ 5,824	72	—
Derivatives not in a formal hedging relationship						
Foreign exchange forward contracts	**$ 35,559**	**$ —**	**$ 2,176**	$ 28,317	$ 135	$ —
Commodity futures contracts	**34,640**	**1,071**	**—**	23,921	—	289
Total		**$ 3,741**	**$ 141,168**		$ 1,598	$ 136,634
Current		**$ 3,601**	**$ 9,888**		$ 1,598	$ 27,509
Non-current		**140**	**131,280**		—	109,125
Total		**$ 3,741**	**$ 141,168**		$ 1,598	$ 136,634

During the quarter, the Company recorded a net loss of $0.3 million net of taxes on financial instruments held for trading.

Net gains (losses) on financial instruments held for trading consists of realized and unrealized gains (losses) on derivatives which were de-designated or were otherwise not in a formal hedge relationship.

For the quarters ended March 31, 2008 and 2007, the amount of hedge ineffectiveness recognized in earnings was not material.

8. Restructuring and Other Related Costs

During the first quarter of 2008, the Company recorded restructuring and other related costs of $7.7 million ($5.5 million after-tax). The majority of these costs related to contract terminations in the Company's hog operations in Alberta and closure of a bagel facility in Toronto, Ontario. The balance of restructuring and other related costs relate to a variety of ongoing restructuring projects in the meat products and bakery groups.

During the first quarter of 2007, the Company recorded restructuring and other related costs of $13.1 million ($9.8 million after-tax). The majority of these costs related to the sale of the Company's European seafood and convenience businesses, further costs related to the closure of a poultry plant in Nova Scotia and the closure of a fresh bakery in British Columbia.

The following table provides a summary of costs recognized and cash payments made in respect of the above-mentioned restructuring initiatives on a pre-tax basis:

	Severance	Site closing	Asset impairment and accelerated depreciation	Retention	Pension	Total
Balance at December 31, 2007	$ 9,711	$ 2,034	$ —	$ 5,529	$ —	$17,274
Charges	1,284	3,516	1,280	842	800	7,722
Cash payments	(1,092)	(730)	—	(517)	—	(2,339)
Non-cash items	—	—	(1,280)	—	(800)	(2,080)
Balance at March 31, 2008	**$ 9,903**	**$ 4,820**	**$ —**	**$ 5,854**	**$ —**	**$20,577**

9. Shareholders' Equity

Shareholders' equity consists of the following:

	Three months ended March 31, 2008	2007 (restated – Note 2(b))
Share capital	**$ 799,778**	$ 771,911
Retained earnings	**385,588**	209,787
Contributed surplus	**42,201**	33,811
Accumulated other comprehensive loss (Note 10)	**(31,742)**	(37,230)
Treasury stock (i)	**(36,404)**	—
	$1,159,421	$ 978,279

(i) *During the first quarter 2008, the Company repurchased 494,000 common shares through a trust for cash consideration of $6.3 million for the purpose of funding grants under the Restricted Share Unit Plan.*

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of the following:

	Three months ended March 31,	
	2008	2007
		(restated – Note 2(b))
Balance at the beginning of the period – net (i)	**$ (35,423)**	$ (9,809)
Transition adjustment as of January 1, 2007	**—**	(32,198)
Adjusted balance at the beginning of the period	**$ (35,423)**	$ (42,007)
Change in accumulated foreign currency translation adjustment – net (i)	**6,727**	(886)
Change in unrealized derivative loss on cash flow hedges – net (ii)	**(3,046)**	5,663
Other comprehensive income for the period	**$ 3,681**	$ 4,777
Balance at end of period	**$ (31,742)**	$ (37,230)

(i) *Balance at the beginning of the current period is net of tax of $5.7 million. The change in accumulated foreign currency translation adjustment is net of taxes of $nil for the three months ended March 31, 2008 (2007: $nil).*

(ii) *Change in unrealized derivative loss on cash flow hedges is net of tax of $1.6 million for the three months ended March 31, 2008 (2007: $1.8 million).*

The Company estimates that $8.8 million of net unrealized derivative loss included in accumulated other comprehensive loss will be reclassified into net earnings within the next twelve months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flows hedges and the actual amount reclassified could differ from this estimated amount. During the quarter, a gain of approximately $1.8 million net of taxes of $1.0 million was released to income from accumulated other comprehensive loss, which is included in the net change for the period.

11. Earnings Per Share

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

	Three months ended March 31,					
	2008			2007		
	Net Earnings	**Weighted Average Number of Shares (ii)**	**EPS**	Net Earnings	Weighted Average Number of Shares (ii)	EPS
Basic						
Continuing operations	**$ (10.0)**	**127.3**	**$ 0.00**	$ 5,267	127.2	$ 0.04
Discontinued operations	**—**	**127.3**	**0.00**	5,196	127.2	0.04
	$ (10.0)	**127.3**	**$ 0.00**	$ 10,463	127.2	$ 0.08
Stock options (i)	**—**	**2.8**	**0.00**	—	2.2	0.00
Diluted						
Continuing operations	**$ (10.0)**	**130.1**	**$ 0.00**	$ 5,267	129.4	$ 0.04
Discontinued operations	**—**	**130.1**	**0.00**	5,196	129.4	0.04
	$ (10.0)	**130.1**	**$ 0.00**	$ 10,463	129.4	$ 0.08

(i) *Excludes the effect of approximately 7.6 million options and restricted stock units (2007: 11.6 million) to purchase common shares that are anti-dilutive.*

(ii) *In millions.*

12. Pensions and Other Post-Retirement Benefits

During the quarter, the Company recorded income of $1.8 million related to net benefit plan income, including post-retirement benefit costs (2007: $3.9 million).

13. Acquisitions and Divestitures

(a) On January 29, 2008, the Company acquired the shares of Aliments Martel Inc., a leading manufacturer and distributor of sandwiches, meals and sweet goods based in Quebec for an initial purchase price of $43.4 million plus contingent consideration of up to $22.6 million based on financial performance over the next three years. The Company has not yet finalized the purchase equation for this acquisition.

(b) On January 14, 2008, the Company purchased the assets of Central By-Products ("CBP"), a rendering business located near London, Ontario for $18.0 million. The Company has allocated $7.2 million to the net identifiable assets of CBP at the acquisition date and $10.8 million to goodwill. The Company has not yet finalized the purchase equation for this acquisition.

(c) On February 26, 2007, the Company acquired 100% ownership in Pâtisserie Chevalier Inc. ("Chevalier") for $8.4 million. Chevalier is a producer of single-portion snack cake products in Quebec. The Company has finalized the purchase equation allocating $6.5 million of the purchase price to the identifiable net tangible assets of Chevalier at the acquisition date, $0.6 million to intangible assets and $1.3 million to goodwill.

(d) In the first quarter, the Company sold most of its Ontario hog production operations and all of its wholly-owned production investments in Alberta. The loss on these disposals had previously been recognized in the fourth quarter of 2007.

14. Supplemental Cash Flow Information

	Three months ended March 31,	
	2008	2007
Interest paid	**$ 6,494**	$ 15,207
Net income taxes paid	**9,694**	11,890

15. Segmented Financial Information

The Company's operations are classified into the following three primary business segments, which have been used for the operating segment disclosures for all years presented:

(a) The Meat Products Group comprises value-added processed packaged meats; chilled meal entrees and lunch kits; value-added pork, poultry and turkey products; and global meat sales.

(b) Agribusiness Group includes the Company's animal by-products recycling and hog production operations. Results and financial position of the animal nutrition business sold in 2007 and previously disclosed in the Agribusiness Group are disclosed as discontinued operations (Note 3).

(c) Bakery Products Group comprises the Company's 88.0% ownership in Canada Bread Company, Limited, a producer of fresh and frozen par-baked bakery products, and fresh pasta and sauces.

	Three months ended March 31,	
	2008	2007
Sales to customers		
Meat Products Group	**$ 762,545**	$ 895,735
Agribusiness Group	**58,594**	62,895
Bakery Products Group	**382,124**	357,505
	$1,203,263	$ 1,316,135
Earnings from operations before restructuring and other related costs		
Meat Products Group	**$ 21,141**	$ 21,364
Agribusiness Group	**(3,431)**	917
Bakery Products Group	**15,388**	27,579
	$ 33,098	$ 49,860
Capital expenditures		
Meat Products Group	**$ 33,095**	$ 36,718
Agribusiness Group	**2,899**	2,640
Bakery Products Group	**9,716**	13,067
	$ 45,710	$ 52,425
Depreciation and amortization		
Meat Products Group	**$ 18,026**	$ 17,386
Agribusiness Group	**3,834**	4,888
Bakery Products Group	**13,212**	12,819
	$ 35,072	$ 35,093

	As at March 31, 2008	As at March 31, 2007	As at December 31, 2007
	(Unaudited)	*(Unaudited)*	
Total assets			
Meat Products Group	**$ 1,600,376**	$ 1,595,010	$ 1,560,244
Agribusiness Group	**302,566**	670,324	302,999
Bakery Products Group	**907,432**	821,038	823,137
Non-allocated assets	**344,672**	254,332	311,464
	$ 3,155,046	$ 3,340,704	$ 2,997,844
Goodwill			
Meat Products Group	**$ 429,835**	$ 451,530	$ 450,929
Agribusiness Group	**12,842**	19,872	2,058
Bakery Products Group	**414,978**	358,397	364,490
	$ 857,655	$ 829,799	$ 817,477

Corporate Information

Shareholder Inquiries
Inquiries regarding dividends, change of address, transfer requirements or lost certificates should be directed to the Company's transfer agent:
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For copies of annual and quarterly reports, annual information form and other disclosure documents, please contact our Senior Vice-President, Transactions and Administration and Corporate Secretary at (416) 926-2000.

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Stock Exchange Listing and Stock Symbol
The Company's voting common shares are listed on The Toronto Stock Exchange and trade under the symbol "MFI".

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Printed in Canada