

Maple Leaf Foods

STRAIGHT TALK



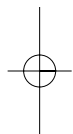
2004 Quarterly Report

MAPLE LEAF FOODS INC.
interim report to shareholders
for the **first quarter** ended March 31, 2004

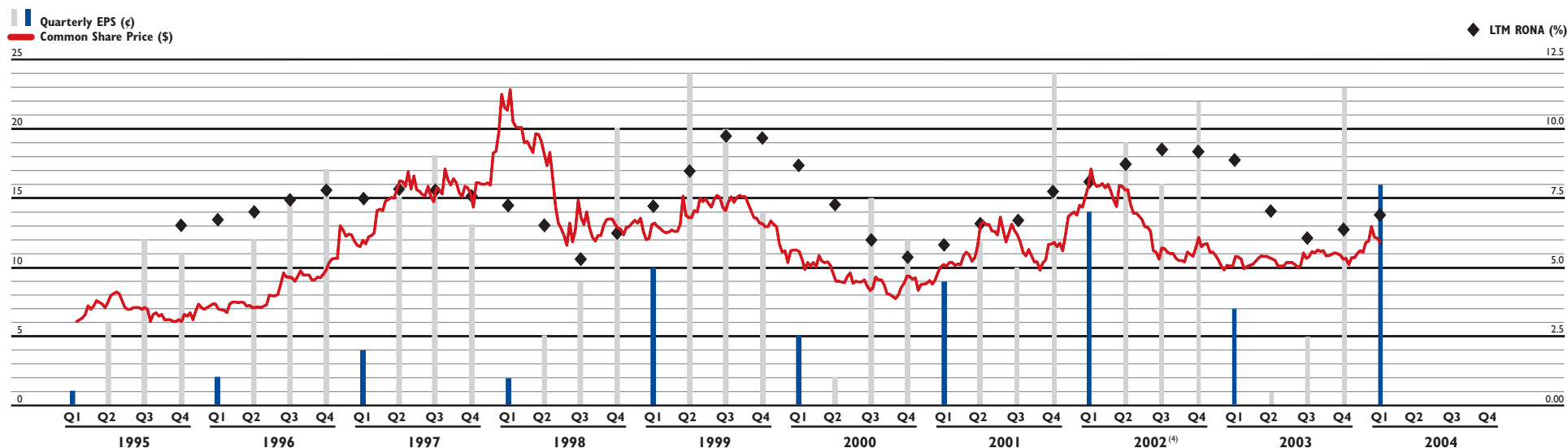


FIRST QUARTER HIGHLIGHTS

- Sales for the quarter of \$1.19 billion compared to \$1.25 billion for the same period last year.
- Earnings from operations before restructuring costs increased to \$48.0 million compared to \$33.2 million last year.
- Net earnings for the first quarter \$19.3 million (\$0.16 per share) compared to \$6.0 million (\$0.04 per share) for the same period last year.
- The Company launched lower carbohydrate alternative products in late 2003, and volume sales growth of *Dempster's Carb Wise* and *Healthy Way Carb Conscious* breads was very strong throughout the first quarter of 2004.
- On April 5, 2004, the Company completed the acquisition of Schneider Corporation for approximately \$500 million.



COMMON SHARE PRICE, RONA (◆)⁽¹⁾, EPS (□)⁽¹⁾ & KEY EVENTS



ANNUAL KEY EVENTS

1995

- Restructuring of meat operations begins
- \$75 mm equity issue (Q3)
- Maple Real Estate sold (Q4)
- \$98 mm special charge (Q2)
- EPS: \$0.30; RONA: 6.5%; Close: \$6.13

1996

- 5 bakery acquisitions completed (Q3)
- Burns/Gainers Meats purchased (Q3)
- Caribbean flour operations sold (Q3)
- EPS: \$0.46; RONA: 7.7%; Close: \$9.25

1997

- Commenced construction of 3 new bakery plants (Q1)
- Canadian flour operations sold (Q1)
- Calgary bakery commissioned
- Meats labour restructuring starts (Q4)
- EPS: \$0.51; RONA: 7.7%; Close: \$15.80

1998

- \$83 mm special charge (Q1)
- Meats labour restructuring resolved (Q2)
- Commence Brandon pork plant (Q2)
- August stock market correction (Q3)
- Roanoke bakery commissioned
- \$91 mm convertible debenture (Q4)
- EPS: \$0.34; RONA: 6.2%; Close: \$14.75

1999

- Bakery turnaround commenced (Q1)
- Franchise operations sold (Q2); Canbrands International sold (Q4)
- Brandon pork plant commenced start-up (Q3)
- Landmark Group (feed and swine operations) purchased (Q4)
- Winnipeg fresh pork operations closed (Q4)
- Launched Six Sigma continuous improvement initiative
- EPS: \$0.77⁽²⁾; RONA: 9.5%⁽²⁾; Close: \$14.00

2000

- Launched Leadership Foundations program
- Hub Meat Packers purchased (Q2)
- Start-up losses at Brandon pork plant reduced in each quarter (Q2)
- \$226 mm debt private placement
- St. Mary's feed mill tower commissioned
- Bakery turnaround successfully continued (Q4)
- Launched Vertical Coordination pork and poultry value chain model (Q4)
- EPS: \$0.34⁽³⁾; RONA: 5.4%; Close: \$7.90

2001

- Winnipeg fresh pork operations purchased (Q1)
- Launched Maple Leaf Prime Naturally (Q2)
- Japanese market disruption (Q3)
- Purchased New York Bagel in U.K. (Q3)
- Purchase remaining 75% of Multi-Marques (Q4)
- \$170 mm equity issue (Q4)
- EPS: \$0.55; RONA: 7.6%; Close: \$10.44

2002

- Purchased remaining 40% of Ben's Bakery (Q2)
- Purchased Olafson's Bakery (Q3)
- Souris feed mill commissioned
- Purchase of Grace Baking Company (Q3)
- US\$ 200 mm of debt private placement (Q4)
- EPS \$0.71; RONA: 9.2%; Close: \$10.70

2003

- Second expansion in Roanoke, Virginia bakery (Q1)
- Launched Dempster's *Stays Fresh to the Last Slice* extended shelf life bread (Q1)
- Launched Maple Leaf Fully Cooked Roasts (Q4)
- EPS: \$0.36⁽⁵⁾; RONA: 6.4%; Close: \$10.50

2004

- Volume sales growth following launch of Dempster's *Carb Wise* and *Healthy Way Carb Conscious* breads
- EPS: \$0.16; LTM RONA: 6.9%; Close: \$11.89

(1) All EPS (□) and RONA (◆) numbers are before restructuring costs; 1995 Q1 and Q2 EPS are pro forma the change of control of the Company and its capital structure effective April 24, 1995.

(2) EPS, excluding unusual items and one-time gains and losses, was \$0.68; RONA calculations exclude these items.

(3) EPS, excluding one-time gain on asset sale was \$0.21.

(4) Pursuant to a change in GAAP, goodwill no longer amortized; goodwill amortization in 2001 was \$10.4 million (\$0.10 per share).

(5) EPS for the year, including restructuring costs in Q1 and Q3, is \$0.27.

TO OUR SHAREHOLDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sales for the first quarter of \$1.19 billion compared to \$1.25 billion for 2003, while earnings from operations before restructuring costs increased to \$48.0 million compared to \$33.2 million last year. Comparisons of earnings from operations exclude \$7.4 million in restructuring costs in the first quarter of 2003. Management believes that this is the most appropriate basis on which to evaluate operating results, as restructuring costs are not representative of ongoing operating earnings. Earnings comparisons are also affected by income related to sales of poultry production quota in both years and a gain related to the wind-up of a pension plan last year. As indicated in the table below, before taking account of these items, earnings from operations increased by 57%.

Earnings from operations before restructuring costs

(\$ millions)	First Quarter		
	2004	2003	Change
Protein Value Chain			
Meat Products Group	10.0	4.4	
Agribusiness Group	16.2	10.2	
Total Protein Value Chain	26.2	14.6	79.5%
Bakery Products Group	17.7	13.3	33.1%
	43.9	27.9	57.3%
Sale of production quota	4.1	0.6	
Pension wind-up gain	—	4.7	
	48.0	33.2	44.6%

Net earnings for the first quarter of \$19.3 million (\$0.16 per share) compared to \$6.0 million (\$0.04 per share) last year. Before accounting for restructuring costs, net earnings last year were \$9.5 million (\$0.07 per share).

Other income for the first quarter increased to \$1.1 million from \$0.3 million last year, primarily due to a gain on the sale of fixed assets in 2004 of \$1.0 million.

Interest expense for the first quarter of \$16.7 million compared to \$16.2 million last year. Although average debt levels were higher than last year, this was mostly offset by lower interest rates.

Cash flow from operating activities for the first quarter of 2004 was a source of funds of \$24.0 million compared to a use of funds of \$67.0 million last year. This significant improvement was due to higher earnings and lower investment in working capital, partially due to a \$20 million increase in the Company's accounts receivable securitization program. Capital expenditures of \$21.1 million were consistent with last year.

MEAT PRODUCTS GROUP

(branded value-added prepared meat products; fresh, frozen and branded value-added pork products; fresh, frozen and branded value-added chicken and turkey products; and global food marketing, distribution and trading)

Meat Products Group sales for the first quarter of 2004 declined to \$678.6 million from \$721.0 million last year primarily due to a reduction in the number of hogs processed. Strong sales increases in the Company's poultry and packaged meats businesses partly offset these sales decreases.

Earnings from operations, before accounting for a \$4.7 million pension wind-up gain last year, increased to \$10.0 million from \$4.4 million in 2003. The primary contributors to this increase in the quarter were improved gross margins on poultry sales and increased earnings from consumer packaged meats. Gross margins in the poultry business were driven by a combination of market share increases in *Maple Leaf Prime Naturally* and improved Canadian market conditions. *Maple Leaf Fully Cooked Roasts*, which was launched in 2003, continued to achieve strong market growth. In addition, significant benefits were realized from improvements in the Atlantic Canada meat processing operations in the quarter. Gross margins from fresh pork declined in line with an approximate 17% quarter over quarter reduction in USDA published North American average pork processor margins. This was partly offset by improvements in the Company's product mix as higher margin, value-added and branded pork sales increased. The profitability of the Company's international operations declined from last year due to weaker pork sales to Japan. Management anticipates strengthening of the Japanese market demand going forward.

AGRIBUSINESS GROUP

(research, development and supply of quality livestock nutrition products and services; pet food; swine production; and animal by-products recycling)

Agribusiness Group sales for the first quarter decreased to \$212.1 million from \$223.0 million last year, primarily due to lower commodity prices, as feed volumes and hog sales increased over the prior year period.

Earnings from operations, before accounting for sales of poultry production quota, increased 59% to \$16.2 million from \$10.2 million last year. Rendering operations benefited from strong volumes, while earnings from animal nutrition increased modestly from last year. Earnings related to hog production increased from last year. Changes made by the Company beginning in 2003 to re-align production costs and contracts to reflect currency fluctuations, coupled with rapidly rising hog prices towards the end of the quarter, began to offset the effects of a stronger Canadian dollar. Management estimates that the Company's effective hog ownership position will decline from 28% in the first quarter to approximately 20% in the second quarter due to hog contract renegotiations.

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 decreased 1% to \$304.0 million compared to \$307.5 million last year, primarily due to the impact of the stronger Canadian dollar on U.S. dollar-denominated sales. After adjusting for this exchange rate effect, sales increased slightly from last year as a result of increased Frozen Bakery sales.

Earnings from operations increased 33% to \$17.7 million compared to \$13.3 million last year, primarily driven by strong increases in Frozen Bakery earnings in North America and the U.K. These operations benefited from improvements in food service and retail product mix, higher volumes and price increases that have mostly offset rising input costs. Fresh Bakery operations realized a modest increase in operating earnings, with product mix and margin improvement in most regions of the country. This performance was somewhat offset by continued inefficiencies in Atlantic Canada bakeries

resulting from the consolidation of production and distribution operations in 2003. Progress was made during the first quarter to address these issues and management expects improving results over the course of the year. During the quarter, wheat prices increased significantly from the same period last year, resulting in higher flour prices; however, price increases implemented by the Company in late 2003 and in the first quarter of 2004 mostly offset these and other increased input costs.

The recent trend in North America towards lower carbohydrate diets did not have a material impact on the bakery operations in the first quarter; however, the Company is beginning to see a softening in the commercial white bread market in the second quarter which management believes is related to reduced carbohydrate diets. The Company is well positioned to face this trend due to its strong market position in whole grain and other healthy bread products, as demand for these products tends to increase in nutritionally sensitive markets. For example, the Canadian market in the whole grains segment increased 7% in the first quarter compared to a decline of 1% in the overall commercial bread category. The Company launched lower carbohydrate alternative products in late 2003, and volume sales growth of *Dempster's Carb Wise* and *Healthy Way Carb Conscious* breads was very strong throughout the first quarter of 2004.

ACQUISITION OF SCHNEIDER CORPORATION

On April 5, 2004 the Company completed the acquisition of Schneider Corporation ("Schneider Foods") for approximately \$500 million, including the assumption of approximately \$95 million of Schneider Foods outstanding debt. The price is subject to closing adjustments that will be finalized by the end of the second quarter.

The acquisition was funded by a combination of existing unused credit facilities, a new short-term bank facility and the assumption of existing debt of Schneider Foods.

In 2003, the Company entered into a short-term credit agreement that provided \$205 million for the purpose of financing part of the purchase price of Schneider Foods. The facility has a maturity date of April 5, 2005

and bears interest based on bankers' acceptance rates for Canadian dollar loans and LIBOR for U.S. dollar loans.

In addition to the bank financing, the Company has entered into a Financing Agreement with the Ontario Teachers' Pension Plan Board (OTPPB). This agreement provides the Company with a standby commitment from OTPPB to purchase, at the Company's option, up to \$150 million of treasury shares at any time until its expiry on April 15, 2005. Pricing of the shares under this arrangement would be at a 6% discount to the market trading price of the Company's common shares prior to an issue.

In 2004, management will assess the impact of the acquisition on the Company's credit ratios and financial position, taking into account both recent earnings and the Schneider Foods contribution to cash flows, and will put in place new long-term debt and, possibly, equity financing, sufficient to ensure that the Company maintains debt ratios that provide access to investment grade debt financing. On a pro forma basis, had the acquisition occurred at the end of the first quarter, selected financial results would have been as follows:

	Actual	Pro Forma (1,2,3)
Net debt/EBITDA	2.6x	3.5x
Interest coverage	3.9x	3.9x
Net debt (millions)	\$694	\$1,194

(1) Assumes the acquisition of Schneider Foods occurred on March 31, 2004;

(2) EBITDA for Maple Leaf Foods and Schneider Foods have been calculated as follows:

- a) Net earnings for the trailing 12 months ended March 31, 2004, adjusted to exclude restructuring costs, net interest expense, income taxes, depreciation and amortization. EBITDA is a non-GAAP earnings measure and does not have a standardized meaning prescribed by GAAP and as such may not be comparable to similar measures presented by other companies;
- b) Earnings for Schneider Foods have been adjusted to reflect reduced future pension expense from purchase accounting adjustments to the recorded pension liability and actuarial assumptions consistent with those used by Maple Leaf Foods;

c) Earnings for Schneider Foods have been adjusted to exclude certain payments and costs arising directly from the acquisition that are not part of normal Schneider operations. No other purchase accounting adjustments have been reflected in these pro forma calculations, as the Company has not completed a preliminary purchase price allocation; and

(3) Assumes annualized interest on additional acquisition debt of \$500 million (including assumption of approximately \$95 million of Schneider Foods' debt) based on current market rates as at the transaction date.

RISK FACTORS

For a detailed analysis of risk factors that affect the Company, please refer to the 2003 Management's Discussion and Analysis included in the 2003 Annual Report to shareholders.

In 2003, avian flu was discovered in poultry breeding barns in Asia, leading to significant culls of flocks and imposition of bans on poultry imports in many Asian countries. Subsequently, testing showed the presence of a significantly less virulent strain in flocks in the U.S. and in British Columbia, which has resulted in a depopulation of birds in affected areas. While this has created a short term poultry supply shortage, provided the outbreak does not spread further throughout Canada, the impact to Maple Leaf Foods is not material.

In March 2004, the U.S. hog industry filed petitions for an investigation of Canadian pork and hog exports with the U.S. Department of Commerce and the U.S. International Trade Commission, including a request to have countervailing and anti-dumping duties imposed on hogs exported from Canada to the U.S. The Company believes these actions are without merit and is participating with its producer partners to oppose any such protectionist trade measures.

CHANGE IN SEGMENTED PRESENTATION

As an integral part of its vertical coordination strategy, the Company enters into contracts with hog producers to purchase hogs at prices established with reference to certain cost of production benchmarks.

Prior to 2004, the Company included the impact of cost of production contracts with hog producers in the Meat Products Group as increases or decreases in hog procurement

costs. However, as these contracts are included in the calculation of the Company's disclosed effective hog ownership position, management has determined that it is more appropriate to include the impact of these contracts in the Agribusiness Group operating results. Comparative amounts have been restated to reflect this change in presentation. The effect on segmented earnings for each quarter in 2003 can be found on the Company's web site at www.mapleleaf.com.


OTHER MATTERS

Maple Leaf Foods declared a dividend of \$0.04 per share payable on June 30, 2004 to shareholders of record on June 11, 2004.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. Refer to the Company's Annual Report, management

proxy circular, annual information form and other filings with the Ontario Securities Commission and Toronto Stock Exchange for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements.



G.W.F. McCain
Chairman of the Board



M.H. McCain
President and Chief Executive Officer

April 28, 2004

CONSOLIDATED BALANCE SHEETS

In thousands of Canadian dollars	As at March 31,		As at December 31,
	2004	2003	2003
ASSETS	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Current assets:			
Cash and cash equivalents	\$ 46,085	\$ 122,009	\$ 38,908
Accounts receivable (note 2)	226,256	240,514	242,306
Inventories	292,118	275,568	259,758
Future tax asset	4,352	9,616	4,854
Prepaid expenses and other assets	12,407	16,421	9,355
	581,218	664,128	555,181
Investments in associated companies	56,209	66,550	58,189
Property and equipment	795,972	770,172	802,332
Other long-term assets	179,453	167,460	171,262
Future tax asset	31,591	17,125	29,906
Goodwill and other intangible assets	531,918	474,681	531,851
	\$ 2,176,361	\$ 2,160,116	\$ 2,148,721
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued charges	\$ 509,296	\$ 479,046	\$ 501,997
Income and other taxes payable	5,079	18,691	12,212
Current portion of long-term debt	4,400	10,013	4,959
	518,775	507,750	519,168
Long-term debt	736,051	765,472	730,627
Future tax liability	56,246	46,063	50,397
Other long-term liabilities	35,907	17,905	35,274
Minority interest	70,734	93,405	70,068
Shareholders' equity	758,648	729,521	743,187
	\$ 2,176,361	\$ 2,160,116	\$ 2,148,721

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

CONSOLIDATED STATEMENTS OF EARNINGS

In thousands of Canadian dollars, except per share amounts (<i>Unaudited</i>)	Quarter ended March 31,	
	2004	2003
Sales	\$ 1,194,731	\$ 1,251,464
Earnings from operations, before restructuring costs	48,002	33,248
Restructuring costs	—	(7,422)
Earnings from operations	48,002	25,826
Other income (note 3)	1,096	312
Earnings before interest and income taxes	49,098	26,138
Interest expense	16,726	16,176
Earnings before income taxes	32,372	9,962
Income taxes	11,298	3,327
Earnings before minority interest	21,074	6,635
Minority interest	1,743	653
Net earnings for the period	\$ 19,331	\$ 5,982
Earnings per share (basic and diluted) (Note 4)	\$ 0.16	\$ 0.04
Dividends per share declared	0.04	0.04
Weighted average number of shares (millions)	113.2	113.0

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

In thousands of Canadian dollars, except per share amounts (<i>Unaudited</i>)	Quarter ended March 31,	
	2004	2003
Retained earnings, beginning of period	\$ 74,982	\$ 63,758
Net earnings for the period	19,331	5,982
Dividends declared (\$0.04 per share; 2003: \$0.04 per share)	(4,528)	(4,525)
Convertible debenture charge	(1,216)	(1,209)
Premium on repurchase of share capital	—	(592)
Retained earnings, end of period	\$ 88,569	\$ 63,414

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars (<i>Unaudited</i>)	Quarter ended March 31,	
	2004	2003
CASH PROVIDED BY (USED IN):		
Operating activities		
Net earnings for the period	\$ 19,331	\$ 5,982
Add (deduct) items not affecting cash:		
Depreciation	26,304	24,685
Stock-based compensation	625	12
Minority interest	1,743	653
Future income taxes	5,956	819
Increase in pension asset	(5,087)	(7,550)
Undistributed losses of associated companies	443	407
Gain on sale of property and equipment	(1,049)	(132)
Other	(3,082)	(1,685)
Change in other long-term receivables	(655)	59
Change in non-cash operating working capital	(20,487)	(90,254)
	24,042	(67,004)
Financing activities		
Dividends paid	(4,528)	(4,525)
Dividends paid to minority interest	(234)	(664)
Increase in long-term debt	9,000	75,113
Decrease in long-term debt	(3,035)	(9,954)
Convertible debenture interest paid	(1,370)	(1,370)
Increase in share capital	277	1,289
Shares repurchased for cancellation	—	(1,200)
Other	463	464
	573	59,153
Investing activities		
Additions to property and equipment	(21,115)	(20,252)
Proceeds from sale of property and equipment	3,674	446
Change in other investments, net	515	(7,460)
Other	(512)	260
	(17,438)	(27,006)
Increase (decrease) in cash and cash equivalents	7,177	(34,857)
Cash and cash equivalents, beginning of period	38,908	156,866
Cash and cash equivalents, end of period	\$ 46,085	\$ 122,009

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

SEGMENTED FINANCIAL INFORMATION

In thousands of Canadian dollars (<i>Unaudited</i>)	Quarter ended March 31,	
	2004	2003
Sales		
Meat Products Group	\$ 678,633	\$ 720,968
Agribusiness Group	212,125	222,995
Bakery Products Group	303,973	307,501
	\$ 1,194,731	\$ 1,251,464
Earnings from Operations, Before Restructuring Costs*		
Meat Products Group	\$ 9,985	\$ 9,075
Agribusiness Group	20,275	10,895
Bakery Products Group	17,742	13,278
	\$ 48,002	\$ 33,248
Capital Expenditures		
Meat Products Group	\$ 6,701	\$ 9,619
Agribusiness Group	2,738	4,560
Bakery Products Group	11,676	6,073
	\$ 21,115	\$ 20,252
Depreciation		
Meat Products Group	\$ 10,490	\$ 10,313
Agribusiness Group	5,067	4,493
Bakery Products Group	10,747	9,879
	\$ 26,304	\$ 24,685

In thousands of Canadian dollars	As at March 31,		As at December 31,
	2004	2003	2003
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Total Assets			
Meat Products Group	\$ 683,577	\$ 701,654	\$ 666,489
Agribusiness Group	582,899	516,677	555,693
Bakery Products Group	696,934	715,025	716,463
Non-allocated assets	212,951	226,760	210,076
	\$ 2,176,361	\$ 2,160,116	\$ 2,148,721

* Prior to 2004, the Company included the impact of cost of production contracts with hog producers in the Meat Products Group. Management of the Company decided that it is more appropriate to include these impacts in the Agribusiness Group operating results. Therefore, 2003 segmented operating earnings before restructuring costs have been restated to reflect this change in presentation and make them comparable with 2004.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(For the quarters ended March 31, 2004 and March 31, 2003)

(Tabular amounts in thousands of Canadian dollars except share amounts)

1. 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, 2003. 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, 2003.

a) Hedging Relationships

As discussed in note 2(m)(i) of the annual consolidated financial statements for the year ended December 31, 2003, the Company is in compliance with CICA Accounting Guideline 13.

b) Accounting for Asset Retirement Obligations

In March 2003, the CICA issued a new accounting standard, Section 3110, "Accounting for Asset Retirement Obligations". The new standard requires companies to record the fair value of an asset retirement obligation as a liability in the period in which they incur a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development and/or normal use of the asset.

Companies are also required to record a corresponding amount as an asset that is depreciated as a charge to earnings over the life of the asset. Companies are required to adopt Section 3110 for fiscal years beginning on January 1, 2004. The Company has assessed the impact of this new standard and determined there is no material impact.

c) Comparative Figures

Certain 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2004

2. ACCOUNTS RECEIVABLE

Under revolving securitization programs, the Company has sold, with limited recourse, certain of its trade accounts receivable to financial institutions. The Company retains servicing responsibilities and assumes limited recourse obligations for delinquent receivables. At March 31, 2004, trade accounts receivable amounting to \$201.7 million (March 31, 2003: \$180.1 million) had been sold under these programs.

3. OTHER INCOME

	Quarter ended March 31,	
	2004	2003
Gain on sale of property and equipment	\$ 1,049	\$ 132
Rental income	102	58
Dividends received	—	39
Loss from associated companies	(12)	(82)
Gain (loss) on real estate operations	(43)	165
	\$ 1,096	\$ 312

4. EARNINGS PER SHARE

The following table sets forth the calculation of basic and diluted earnings per share.

	Quarter ended March 31,	
	2004	2003
Numerator:		
Net earnings	\$ 19,331	\$ 5,982
Convertible debenture charge	(1,216)	(1,209)
Earnings available to common shareholders	\$ 18,115	\$ 4,773
Weighted average number of shares (millions)	113.2	113.0
Earnings per share (basic and diluted)	\$ 0.16	\$ 0.04

5. DERIVATIVES

In the ordinary course of business, the Company enters into derivative financial instruments to reduce underlying fair value and cash flow risks associated with foreign currency, interest rates and commodity prices. If the Company had not entered into these contracts, operating earnings would have been higher by \$0.4 million and interest expense would have been lower by \$3.7 million for the first quarter of 2004.

6. ACQUISITION OF SCHNEIDER CORPORATION

On April 5, 2004, the Company completed the acquisition of Schneider Corporation ("Schneider Foods") for approximately \$500 million, including the assumption of approximately \$95 million of Schneider Foods outstanding debt. The acquisition price is subject to closing adjustments that will be finalized by the end of the second quarter.

The acquisition was funded by a combination of existing unused credit facilities, a new short-term bank facility and the assumption of existing debt of Schneider Foods.

The Company entered into a Credit Agreement with a syndicate of banks on March 1, 2004. The amount of the syndicated facility provides for an amount up to \$205 million for the purpose of financing part of the purchase price and any required repayments of existing Schneider indebtedness. The facility has a maturity date of April 5, 2005 and bears interest based on bankers' acceptance rates for Canadian dollar loans and LIBOR for U.S. dollar loans.

In addition to the bank financing, the Company has entered into a Financing Agreement with the Ontario Teachers' Pension Plan Board (OTPPB). This agreement provides the Company with a standby commitment from OTPPB to purchase, at the Company's option, up to \$150 million of treasury shares at any time until its expiry on April 15, 2005. Pricing of the shares under this arrangement would be at a 6% discount to the market-trading price of the Company's common shares prior to an issue.

In 2004, management will assess the impact of the acquisition on the Company's credit ratios and financial position, taking into account both recent earnings and the Schneider Foods contribution to cash flows, and will put in place new long-term debt and, possibly, equity financing, sufficient to ensure that the Company maintains debt ratios that provide access to investment grade debt financing.

CORPORATE INFORMATION

SHAREHOLDER INQUIRIES

Inquiries regarding dividends, change of address, transfer requirements or lost certificates should be directed to the Company's transfer agent:
Computershare Trust Company of Canada
Stock and Bond Transfer Department
100 University Avenue
Toronto, Ontario M5J 2Y1
Tel: (514) 982-7270
or 1-800-564-6253

COMPANY INFORMATION

Please visit our website at www.mapleleaf.com

For public and investment analyst inquiries, please contact our Vice-President, Public and Investor Relations at (416) 926-2000

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.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario M5J 2Y1
Tel: (514) 982-7270
or 1-800-564-6253

AUDITORS

KPMG LLP
Toronto, Ontario

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".

MAPLE LEAF FOODS INC.
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