FISCAL 2005

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First Quarter

Message to Shareholders

We are pleased to present the results for the first quarter of fiscal 2005, which ended June 30, 2004.

Net earnings closed at $58.3 million, up 26.5% compared to the same period last year.

All the divisions in our Dairy Products Sector performed well, thereby contributing to the 18% growth in earnings before interest, income taxes, depreciation and amortization (EBITDA[1]), compared to the same period one year earlier. EBITDA in our Grocery Products Sector decreased $1.5 million over the same period last year.

Revenues totalled $1.019 billion, up 24.8% over revenues of $816.8 million posted one year earlier. The rise in the average selling price per pound of cheese on the US market, combined with the increase in sales volumes in Canada, as well as the contribution of our latest acquisition in Argentina during the period, were the driving factors behind the increase in revenues. Our Bakery Division had relatively stable revenues for this period.

In the first quarter of fiscal 2005, the appreciation of the Canadian dollar eroded approximately $0.9 million in net earnings over the first quarter of fiscal 2004.

Outlook

At the outset of the fiscal year, each of the Company's divisions sets a number of growth objectives. These objectives are itemized in the Company's annual report and are reviewed throughout the fiscal year.

More specifically, in Canada, our Dairy Products Sector continues to implement the merger of the two former divisions, Cheese and Milk, into a single unit, in an effort to adopt a global, unified approach to our manufacturing and marketing operations, our logistics and our administrative processes. Some organizational adjustments have recently been made. Certain integration phases have already been planned for systems and services, while other analyses are ongoing. Our Canada-wide program for installation of vending machines to sell our flavoured-milk product line continues to be successful. To date, our fluid milk activities have not generated the expected savings projected by the rationalization initiatives set in motion in fiscal 2004. However, over the forthcoming quarters of fiscal 2005, we anticipate generating total savings in earnings before income taxes of close to $6.5 million, $2.5 million less than what had previously been forecasted.

In Argentina, our analysis and integration program is progressing as expected. It is understood that fiscal 2005 will serve to lay the necessary groundwork for developing our operations in this country with a long-term vision.

In the United States, during the first quarter of fiscal 2005, our Cheese Division enjoyed record levels of average selling prices per pound of cheese, from which we benefited. The market was relatively weak in terms of product demand,

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[1] Measurement of results not in accordance with generally accepted accounting principles
The Company assesses its financial performance based on its EBITDA, this being earnings before interest, income taxes, depreciation and amortization. EBITDA is not a measurement of performance as defined by generally accepted accounting principles in Canada, and consequently may not be comparable to similar measurements presented by other companies.

considering the high selling price levels. Our sales volumes were nevertheless stable compared to the same period last year. Given the record levels of average selling prices per pound of cheese, price increases have been transmitted towards the entire market, specifically for those product categories in which the selling prices are fixed. It is difficult to predict market performance over the coming quarters, but we will continue our efforts towards development.

With respect to our Bakery Division, we are continuing to assess the opportunity to reevaluate the selling prices of our products and are focusing our research and development efforts on certain specific characteristics of current consumer trends towards products with lower fat and trans-fat content. Furthermore, we continue to make progress in our sales efforts in segments other than the retail market.

We are currently analyzing certain acquisition opportunities as part of our objective to become a world-class dairy processor.

Dividends

The Board of Directors revised its policy and raised Company dividends. The quarterly dividend will therefore rise to $0.15 per share from $0.12 per share, for a total of $0.60 per share annually, representing a 25% increase. This dividend will become effective for the dividend payment of September 3, 2004 to shareholders of record on August 19, 2004.

Management's Analysis

The goal of this management report is to analyze the quarter ended June 30, 2004. It should be read in conjunction with the audited consolidated financial statements and accompanying notes for the fiscal year ended March 31, 2004, as well as the Company's management report for the same period. This report takes into account every material element to be considered between June 30, 2004 and August 4, 2004, the date of this report, on which it was approved by the Board of Directors of Saputo Inc. (the "Company" or "Saputo"). This disclosure document contains management's analysis on forward-looking statements. Caution should be used in the interpretation of management's analysis and statements, since management often makes reference to objectives and strategies that contain a certain element of risk and uncertainty. Due to the nature of our business, the risks and uncertainties associated with it could cause the results to differ materially from those stated in such forward-looking statements.

Operating Results

Consolidated revenues for the first quarter of fiscal 2005, ended June 30, 2004, totalled $1.019 billion, up 24.8% over the same period last year. Nearly 53% of the increase in revenues is attributable to our US division enjoying an average selling price per pound of cheese that was 78.5% higher compared to the same period last year. The remaining increase stems from our Canadian and Other Dairy Products Sector, both from increased volumes driven by our two Canadian operations, cheese and fluid milk, and from the contribution to revenues by our activities acquired in Argentina on November 28, 2003.

Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA) for the first quarter of fiscal 2005 stood at $107.0 million, an increase of 18.0% or $16.3 million over the same period last year. Roughly 90% of the increase is the result of an increase in the EBITDA of our Cheese Division (USA), which benefited from the average selling prices per pound of cheese that were well above those of the previous year and from the implementation of operational improvements. The remainder of the increase in consolidated EBITDA came from our Canadian and Other Dairy Products Sector, with an increase of $3.2 million in this first quarter. EBITDA for the Grocery Products Sector declined by $1.5 million. Although our consolidated EBITDA charted a sharp rise, its margin slid this year from 11.1% to 10.5%. This decline was primarily caused by the dilutive impact of our operations in Argentina that contributed to revenues but had few contributing effects on consolidated EBITDA.

Other Consolidated Results Items

Depreciation expense stood at $17.0 million for the first quarter of fiscal 2005, up by almost $0.5 million over the same period last year. This increase is primarily attributable to our new operations in Argentina, acquired on November 28, 2003.

Interest expense decreased by $1.3 million over the quarter ended June 30, 2004 as compared to the same period last year. This reduction is explained primarily by the decrease in interest on long-term debt following repayments made over the last 12 months.

Income taxes totalled $23.3 million, reflecting an effective rate of 28.6%, at the same level as the corresponding period of the previous year.

Net earnings reached $58.3 million, up $12.2 million or a 26.5% increase as compared to the same period last year. This reflects the various factors analyzed above.

Cash and Financial Resources

Over the first quarter of fiscal 2005, **cash generated before changes in non-cash operating working capital items** amounted to $78.4 million, up 15.6% over the $67.8 million reported for the same period last year. This increase comes primarily from the increase in our net earnings. Non-cash operating working capital items used $58.2 million, mainly due to the increased value of inventories in our Cheese Division (USA).

Investment activities used $16.0 million primarily to add fixed assets, as per our annual budget that forecasts fixed-asset additions of $80 million.

Financing activities for the quarter are comprised of $27.5 million in repayment of long-term debt, in accordance with contractual obligations. We also added $6.0 million in bank loans and issued shares for a cash consideration of $7.3 million as part of the Stock Option Plan.

Over the next quarter, we intend to repay the remainder of our Canadian long-term debt of $16.5 million under our initial contractual obligations of February 2001 governing loans issued as part of the acquisition of Dairyworld.

As at June 30, 2004, working capital stood at $353.9 million, compared to $297.2 million as at March 31, 2004. This increase was primarily related to the increased value of inventories during this same period. We intend to reduce the value of our inventories over the next quarters, and we do not foresee any additional working capital requirements over fiscal 2005.

During the three-month period ended June 30, 2004, our interest-bearing debt-to-equity ratio improved and is at 0.36 as at June 30, 2004, compared to 0.39 as at March 31, 2004.

We currently have unused bank credit facilities of $153 million at our disposal that, combined with significant cash flows generated by the Company, are adequate to ensure our growth. Should the need arise, the Company can make additional financing arrangements.

Balance Sheet

With regards to the balance sheet items as at June 30, 2004 that varied significantly compared to those as at March 31, 2004, we should note a $12.7 million increase in receivables, which is related to the increase in our revenues in Canada as well as in the United States. As at June 30, 2004, the value of our inventories grew to $472.9 million, an increase of $52.2 million. This rise is mainly due to activities in our Cheese Division (USA), which, during the first quarter, replenished inventories in several aged cheese categories, and for certain product categories that have lately been in high demand, notably our string cheese. Also, the average price per pound of cheese, which was higher in the first quarter of fiscal 2005 compared to the fourth quarter of fiscal 2004, had an impact on the increase in the value of our inventories. Finally, the current portion of long-term debt dropped from $44.0 million as at March 31, 2004, to $16.5 million as at June 30, 2004, representing the balance payable on our Canadian long-term debt.

Share Capital Information

Share capital authorized by the Company is comprised of an unlimited number of common and preferred shares. The common shares are voting and participating. The preferred shares can be issued in one or more series, and the terms and privileges of each series must be determined at the time of their creation.

	Authorized	Issued as at June 30, 2004	Issued as at July 23, 2004
Common shares	Unlimited	104,200,762	104,218,058
Preferred shares	Unlimited	None	None
Stock options issued and outstanding		5,250,874	5,227,491

Follow-up on Certain Specific Items of the Analysis

For an analysis of off-balance sheet arrangements, guarantees, contractual obligations, related party transactions, accounting standards, critical accounting policies and use of accounting estimates as well as risks and uncertainties, we encourage you to consult the comments provided in the 2004 annual report on pages 34 to 39 of the management's analysis, since there were no notable changes during the first quarter of fiscal 2005.

Information by Sector

Canadian and Other Dairy Products Sector

This sector consists of our Dairy Products Division (Canada) as well as our Dairy Products Division (Argentina).

During the quarter ended June 30, 2004, revenues for the Canadian and Other Dairy Products Sector rose to $607.1 million, an increase of 18.4% or $94.3 million over the same period one year earlier. Approximately $56 million of the increase comes from our Dairy Products Division (Canada), whereas $38 million comes from our Dairy Products Division (Argentina), acquired on November 28, 2003.

In Canada, the rise stems mainly from the growth in sales volumes related to our cheese activities during this first quarter of fiscal 2005, which were well distributed across all of our market segments. Furthermore, our fluid milk activities also gained in sales volumes. Although all product segments contributed to revenue growth, we observed a more significant increase in the juice segment during the first quarter with the contribution of sales of *Sunny Delight*[2] products. Finally, increases in our selling prices due to the increase in the cost of milk as raw material contributed approximately $13 million.

As at June 30, 2004, earnings before interest, income taxes, depreciation and amortization (EBITDA) rose to $55.5 million, up 6.1% over the same period one year earlier. The EBITDA margin for this sector fell to 9.1%, compared to 10.2% the same quarter last year. This drop is mainly due to the dilutive effect of our activities in Argentina, which contribute to revenues but have little contributory effect on EBITDA. Our Canadian cheese activities performed well and enjoyed an increase in sales, which generated an increase in the EBITDA as compared to last year. Also, the prices of by-products on the international markets added approximately $0.8 million during the quarter ended June 30, 2004 compared to the same

[2] Trademark used under licence

period last year. As for the Canadian fluid milk activities, the positive impact expected from the rationalization measures has not materialized. Also, compared to last year, a shortfall of approximately $2 million from these activities is to be noted. On the one hand, subsequent to our rationalization measures, manufacturing performance during the first quarter of fiscal 2005 fell short of the same period last year, resulting in costs of approximately $1 million. On the other hand, we are acting as last-resort processor for excess milk in Western Canada, and the milk surplus that we processed during the first quarter of fiscal 2005 resulted in a net expense of approximately $1 million compared to last year. These last two factors should turn positive in the forthcoming quarters. Although our activities in Argentina contribute to revenues, they currently have a negligible impact on EBITDA, because of the integration phase currently underway.

US Dairy Products Sector

Revenues for the Cheese Division (USA) grew to $370.5 million for the quarter ended June 30, 2004, representing a $107.6 million or 40.9% increase over the $262.9 million posted for the same period one year earlier. For the most part, this increase in sales was due to the average selling price per pound of cheese, which increased US$0.88 compared to last year and generated approximately $116 million in additional revenues. The appreciation of the Canadian dollar created a loss in revenues of approximately $11 million. Sales volumes remained relatively stable compared to last year. The US market did not experience vigorous demand during the first quarter of fiscal 2005, given record price levels. However, the string cheese category once again experienced healthy growth.

EBITDA totalled $44.5 million for the quarter ended June 30, 2004, resulting in a $14.6 million or 48.8% increase compared to $29.9 million for the same period in fiscal 2004. During the quarter, the average selling price per pound of cheese was up US$0.88 compared to the same period last year, which had a positive effect on the absorption of fixed costs. This increase also had a positive effect on the materialization of inventories between March 31, 2004 and June 30, 2004. On the other hand, the relationship between the average selling price per pound of cheese and the cost of milk as raw material had a negative effect. These factors had a net favourable impact representing approximately $14 million in EBITDA. However, the appreciation of the Canadian dollar created a shortfall in EBITDA of $1.7 million. The rest of the favourable effects on EBITDA were due to the continued improvements made to our manufacturing processes.

Grocery Products Sector

Revenues for the Grocery Products Sector totalled $41.3 million during the first quarter of fiscal 2005, similar to the same quarter of last year. With regards to revenues, sales volumes remained unchanged. No significant changes are noted on a geographical basis. During the quarter, we launched new products including *Hop & Go Bite Size*, which caters to consumer groups not previously targeted. We also introduced *Mini ½ Moon Vanilla Caramel*, *Maxi Swiss Rolls* and *Super Passion Flakie*.

EBITDA for the Bakery Division stood at $7.0 million, a $1.5 million decrease compared to the same quarter last year. Several factors contributed to this decrease. On the one hand, as mentioned in our 2004 annual report, the Division must incur an additional amount of approximately $2 million during fiscal 2005 compared to fiscal 2004 for pension fund expenses, which represent approximately $0.5 million in the first quarter of 2005. During the same quarter, promotions tied to the launch of new products, combined with additional discounts and rebates, and supplementary costs for ingredients, resulted in an increase in operating expenses compared to the same period one year earlier.

(signed)
Lino Saputo
Chairman of the Board

(signed)
Lino Saputo, Jr.
President and
Chief Executive Officer

August 4, 2004

NOTICE

The consolidated financial statements of Saputo Inc for the three-month periods ended June 30, 2004 and 2003 have not been reviewed by an external auditor.

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of dollars, except per share amounts)
(unaudited)

	For the three-month periods ended June 30	
	2004	2003
Revenues	**$ 1,018,900**	$ 816,783
Cost of sales, selling and administrative expenses	**911,882**	726,118
Earnings before interest, depreciation and income taxes	**107,018**	90,665
Depreciation of fixed assets	**17,043**	16,542
Operating income	**89,975**	74,123
Interest on long-term debt	**7,870**	9,598
Other interest	**467**	15
Earnings before income taxes	**81,638**	64,510
Income taxes	**23,348**	18,450
Net earnings	**$ 58,290**	$ 46,060
Per share (Note 6)		
Net earnings		
Basic	**$ 0.56**	$ 0.45
Diluted	**$ 0.55**	$ 0.44

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars)
(unaudited)

	2004	2003
Retained earnings, beginning of period	**$ 711,371**	$ 546,667
Net earnings	**58,290**	46,060
Dividends	**(12,502)**	(10,354)
Retained earnings, end of period	**$ 757,159**	$ 582,373

SEGMENTED INFORMATION
(in thousands of dollars)
(unaudited)

	For the three-month periods ended June 30	
	2004	2003
Revenues		
Dairy Products		
Canada and Other	**$ 607,060**	$ 512,789
United States	**370,514**	262,870
	977,574	775,659
Grocery Products	**41,326**	41,124
	$ 1,018,900	$ 816,783
Earnings before interest, depreciation and income taxes		
Dairy Products		
Canada and Other	**$ 55,513**	$ 52,276
United States	**44,482**	29,927
	99,995	82,203
Grocery Products	**7,023**	8,462
	$ 107,018	$ 90,665
Depreciation of fixed assets		
Dairy Products		
Canada and Other	**$ 7,478**	$ 6,939
United States	**8,274**	8,174
	15,752	15,113
Grocery Products	**1,291**	1,429
	$ 17,043	$ 16,542
Operating income		
Dairy Products		
Canada and Other	**$ 48,035**	$ 45,337
United States	**36,208**	21,753
	84,243	67,090
Grocery Products	**5,732**	7,033
	$ 89,975	$ 74,123
Interest	**8,337**	9,613
Earnings before income taxes	**81,638**	64,510
Income taxes	**23,348**	18,450
Net earnings	**$ 58,290**	$ 46,060

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of dollars)
(unaudited)

	For the three-month periods ended June 30	
	2004	2003
Cash flows related to the following activities:		
Operating		
Net earnings	**$ 58,290**	$ 46,060
Items not affecting cash		
Stock based compensation	**1,170**	369
Depreciation of fixed assets	**17,043**	16,542
(Gain) Loss on disposal of fixed assets	**(14)**	5
Future income taxes	**1,885**	4,832
	78,374	67,808
Changes in non-cash operating working capital items	**(58,168)**	(23,979)
	20,206	43,829
Investing		
Business acquisitions	**-**	(38,292)
Additions to fixed assets	**(15,592)**	(26,149)
Proceeds on disposals of fixed assets	**595**	384
Other assets	**(1,024)**	(419)
	(16,021)	(64,476)
Financing		
Bank loans	**5,978**	56,876
Repayment of long-term debt	**(27,512)**	(27,508)
Issuance of share capital for a cash consideration	**7,258**	1,154
Employee future benefits	**400**	250
	(13,876)	30,772
(Decrease) increase in cash	**(9,691)**	10,125
Effect of exchange rate changes on cash	**847**	(1,200)
Cash (bank overdraft), beginning of period	**7,874**	(1,236)
(Bank overdraft) cash, end of period	**$ (970)**	$ 7,689

Supplemental information

Interest paid	**$ 14,415**	$ 16,329
Income taxes paid	**$ 9,342**	$ 31,977

CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

	June 30, 2004 *(unaudited)*	March 31, 2004 *(audited)*
ASSETS		
Current assets		
Cash	$ -	$ 7,874
Receivables	299,734	287,012
Inventories	472,933	420,660
Income taxes	8,442	9,348
Future income taxes	12,249	14,877
Prepaid expenses and other assets	10,587	13,838
	803,945	753,609
Portfolio investment	53,991	53,991
Fixed assets (Note 3)	661,140	661,183
Goodwill	527,268	524,856
Trademarks	26,353	26,076
Other assets (Note 4)	47,414	46,422
Future income taxes	4,807	3,411
	$ 2,124,918	$ 2,069,548
LIABILITIES		
Current liabilities		
Bank overdraft	$ 970	$ -
Bank loans	87,436	82,367
Accounts payable and accrued liabilities	287,849	295,124
Dividends payable	12,502	-
Income taxes	37,018	26,020
Future income taxes	7,793	8,927
Current portion of long-term debt	16,457	43,969
	450,025	456,407
Long-term debt	331,417	327,942
Employee future benefits	14,341	13,941
Future income taxes	116,574	114,429
	912,357	912,719
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	476,520	469,262
Contributed surplus (Note 8)	5,581	4,411
Retained earnings	757,159	711,371
Foreign currency translation adjustment	(26,699)	(28,215)
	1,212,561	1,156,829
	$ 2,124,918	$ 2,069,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(tabular amounts are in thousands of dollars except information on options)
(unaudited)

1 - Accounting Policies

The unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles used in Canada and applied in the same manner as the most recently audited financial statements. The unaudited consolidated financial statements do not include all the information and notes required according to generally accepted accounting principles for annual financial statements, and should therefore be read with the audited consolidated financial statements and the notes included in the Company's annual report for the year ended March 31, 2004.

2 - Foreign Currency Translation

The balance sheet accounts of the self-sustaining companies operating in the United States and Argentina were translated into Canadian dollars using the exchange rates at the balance sheet dates. Statement of earnings accounts were translated into Canadian dollars using the average monthly exchange rates in effect during the periods. The foreign currency translation adjustment account presented in shareholders' equity represents accumulated foreign currency gains or losses on the Company's net investments in self-sustaining companies operating in the United States and Argentina. The change in the foreign currency translation account for the period principally resulted from the decrease in value of the Canadian dollar as compared to the US dollar.

Foreign currency accounts of Canadian companies were translated into Canadian dollars using the exchange rates at the balance sheet date for current assets and liabilities and the prevailing exchange rates at the time of transactions for income and expenses. Gains or losses resulting from this translation are included in the statement of earnings.

	For the three-month periods ended June 30	
	2004	2003
Foreign exchange gain	**$ 163**	$ 188

3 - Fixed Assets

	June 30, 2004			March 31, 2004		
	Cost	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Land	**$ 31,924**	**$ -**	**$ 31,924**	$ 33,932	$ -	$ 33,932
Buildings	**250,529**	**58,157**	**192,372**	253,394	56,013	197,381
Furniture, machinery and equipment	**702,477**	**274,783**	**427,694**	677,945	258,036	419,909
Rolling stock	**10,897**	**4,782**	**6,115**	10,714	4,375	6,339
Held for sale	**3,035**	**-**	**3,035**	3,622	-	3,622
	$ 998,862	**$ 337,722**	**$ 661,140**	$ 979,607	$ 318,424	$ 661,183

Fixed assets held for sale represent mainly machinery, equipment and buildings of the Canadian Dairy Products Sector that will be disposed of as a result of certain plant closures.

4 - Other Assets

	June 30, 2004	March 31, 2004
Net accrued pension plan asset	**$ 39,169**	$ 37,517
Other	**8,245**	8,905
	$ 47,414	$ 46,422

5 - Employee Pension and Other Benefit Plans
The Company provides defined benefit and defined contribution plans as well as other benefit plans such as health insurance, life insurance and dental plans to eligible employees and retired employees. Pension and other benefit plan obligations are affected by factors such as interest rates, adjustments arising from plan amendments, changes in assumptions and experience gains or losses. The costs are based on a measurement of the pension and other benefit plan obligations and the pension fund assets.

Total benefit costs for the three-month periods ended June 30 are as follows:

	2004	2003
Pension plans	**$ 2,668**	$ 1,726
Other benefit plans	**418**	456
	$ 3,086	$ 2,182

6 - Earnings per Share
Basic earnings per share have been calculated using the weighted average number of common shares outstanding during each period: 103,969,656 shares for the three-month period ended June 30, 2004 and 103,500,036 for the corresponding period in 2003.

Diluted earnings per share for the three-month period ended June 30, 2004 have been calculated using 105,436,306 common shares, being the sum of the weighted average number of outstanding shares as at June 30, 2004 (103,969,656 shares) and the potentially dilutive shares that could be issued following the exercise of options granted under the Company's share option plan (1,466,650 shares).

Diluted earnings per share for the three-month period ended June 30, 2003 have been calculated using 104,435,982 common shares, being the sum of the weighted average number of outstanding shares as at June 30, 2003 (103,500,036 shares) and the potentially dilutive shares that could be issued following the exercise of options granted under the Company's share option plan (935,946 shares).

7- Share Capital

Authorized
The authorized share capital of the Company consists of an unlimited number of common and preferred shares. The common shares are voting and participating. The preferred shares may be issued in one or more series, the terms and privileges of each series to be determined at the time of their creation.

	June 30, 2004	March 31, 2004
Issued		
104,200,762 common shares (103,777,730 at March 31, 2004)	**$ 476,520**	$ 469,262

423,032 common shares for an amount of $7,258,610 were issued during the three-month period ended June 30, 2004 pursuant to the share option plan.

82,564 common shares for an amount of $1,153,559 were issued during the three-month period ended June 30, 2003 pursuant to the share option plan.

Share Option Plan
The Company established a share option plan to allow for the purchase of common shares by key employees, officers and directors of the Company. The total number of common shares which may be issued pursuant to this plan cannot exceed 14,000,000 common shares. Options may be exercised at a price equal to the closing quoted value of the shares on the day preceding the grant date. The options vest at 20% per year and expire ten years from the grant date.

7- Share Capital (cont'd)

Options issued and outstanding as at the period's end are as follows:

		June 30, 2004		March 31, 2004	
Granting period	Exercise price	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price
1998	$8.50	**98,544**	**$ 8.50**	125,249	$ 8.50
1999	from $16.13 to $18.75	**197,150**	**$ 18.26**	226,180	$ 18.28
2000	$19.70	**330,348**	**$ 19.70**	400,164	$ 19.70
2001	$13.50	**656,553**	**$ 13.50**	793,069	$ 13.50
2002	from $19.00 to $23.00	**891,701**	**$ 19.13**	994,783	$ 19.13
2003	$30.35	**867,013**	**$ 30.35**	891,072	$ 30.35
2004	$22.50	**1,257,489**	**$ 22.51**	1,315,063	$22.50
current	$33.05	**952,076**	**$33.05**	-	-
		5,250,874	**$ 17.42**	4,745,580	$ 20.96
Options exercisable at the end of the period		**2,098,836**	**$19.55**	1,566,785	$ 18.12

Changes in the number of options are as follows:

	June 30, 2004	
	Number of options	**Weighted average exercise price**
Balance at beginning of period	**4,745,580**	**$ 20.96**
Options granted	**984,055**	**$ 33.05**
Options exercised	**(423,032)**	**$ 17.55**
Options cancelled	**(55,729)**	**$ 9.91**
Balance at end of period	**5,250,874**	**$ 17.42**

The Company began prospectively expensing the fair value of stock options granted since April 1, 2002.

The fair value of share purchase options awarded in the current period was estimated at $9.75 per option ($6.31 in the corresponding period), using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2004	March 31, 2004
Risk-free interest rate:	**3.5%**	4.9%
Expected life of options:	**7½ years**	7½ years
Volatility:	**27%**	27%
Dividend rate:	**1.8%**	1.7%

The exercise price of these options is $33.05 ($22.50 for the corresponding period), which corresponds to the closing quoted value of the shares on the day preceding the grant date.

A compensation expense of $1,170,000 ($1,034,000 after income taxes) for stock options granted during the period was recorded in the statement of earnings for the three-month period ended June 30, 2004 and $369,000 ($328,000 after income taxes) was recorded for the three-month period ended June 30, 2003.

The effect of this expense on basic and diluted earnings per share was $0.01 for the three-month period ended June 30, 2004, and $0.003 for the three-month period ended June 30, 2003.

8 - Contributed Surplus

	June 30, 2004	Year ended March 31, 2004
Contributed surplus, beginning of period	**$ 4,411**	$ 1,475
Stock based compensation	**1,170**	2,936
Contributed surplus, end of period	**$ 5,581**	$ 4,411

9 - Comparative Figures

Certain of the prior period's comparative figures have been reclassified to conform to the current period's presentation.