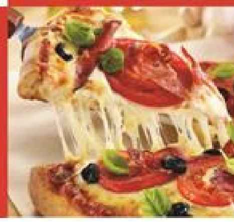
SECOND QUARTER

FISCAL 2013



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We are presenting the results for the second quarter of fiscal 2013, which ended on September 30, 2012.

- Net earnings totalled $129.7 million, an increase of $2.6 million or 2.0%.
- Earnings before interest, income taxes, depreciation and amortization (EBITDA) amounted to $215.6 million, an increase of $2.5 million or 1.2%.
- Revenues for the quarter amounted to $1.745 billion, a decrease of $46.0 million or 2.6%.
- Basic earnings per share (EPS) was $0.66 and diluted EPS was $0.65 for the quarter, as compared to basic EPS of $0.63 and diluted EPS of $0.61 for the corresponding quarter last fiscal year.

(in millions of Canadian (CDN) dollars, except per share amounts)
(unaudited)

	For the three-month periods ended		
	September 30, 2012	September 30, 2011	June 30, 2012
Revenues	**1,745.4**	1,791.4	1,698.3
EBITDA	**215.6**	213.1	203.0
Net earnings	**129.7**	127.1	121.8
EPS			
Basic	**0.66**	0.63	0.61
Diluted	**0.65**	0.61	0.60

- In the United States (US), the average block market[1] per pound of cheese decreased by US$0.26 compared to the same period last fiscal year, decreasing revenues.
- In the US, market factors positively impacted EBITDA by approximately $10 million.
- A better dairy ingredients product mix offset unfavourable dairy ingredients market conditions, positively affecting both revenues and EBITDA of the USA and Canadian dairy products Divisions as compared to the same quarter of fiscal 2012.
- Dairy Products Division (Argentina) EBITDA decreased due to lower sales volumes and selling prices, mainly in the export market.
- The weakening of the Canadian dollar versus the US dollar during the quarter had a positive impact on revenues and EBITDA as compared to the same quarter last fiscal year.
- The Board of Directors approved a dividend of $0.21 per share payable on December 14, 2012 to common shareholders of record on December 4, 2012.

(in millions of CDN dollars, except per share amounts)
(unaudited)

	For the six-month periods ended	
	September 30, 2012	September 30, 2011
Revenues	**3,443.7**	3,430.4
EBITDA	**418.6**	422.7
Net earnings	**251.5**	253.6
EPS		
Basic	**1.27**	1.25
Diluted	**1.25**	1.22

[1] "Average block market" is the average daily price of a 40 pound block of cheddar traded on the Chicago Mercantile Exchange (CME), used as the base price for cheese.

Management's Discussion and Analysis

The goal of the management report is to analyze the results and the financial position of the Company for the quarter ended September 30, 2012. It should be read while referring to our condensed interim consolidated financial statements and accompanying notes for the three and six-month periods ended September 30, 2012 and 2011. The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board. All dollar amounts are in Canadian dollars, unless otherwise indicated. This report takes into account material elements between September 30, 2012 and November 7, 2012, the date of this report, on which it was approved by the Company's Board of Directors. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2012, can be obtained on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of securities laws. These statements are based, among other things, on Saputo's assumptions, expectations, estimates, objectives, plans and intentions as of the date hereof regarding projected revenues and expenses, the economic, industry, competitive and regulatory environments in which the Company operates or which could affect its activities, its ability to attract and retain customers and consumers, as well as the availability and cost of milk and other raw materials and energy supplies, its operating costs and the pricing of its finished products on the various markets in which it carries on business.

These forward-looking statements include, among others, statements with respect to the Company's short and medium term objectives, outlook, business projects and strategies to achieve those objectives, as well as statements with respect to the Company's beliefs, plans, objectives and expectations. The words "may", "should", "will", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "continue", "propose" or "target", or the negative of these terms or variations of them, the use of conditional tense or words and expressions of similar nature, are intended to identify forward-looking statements.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking statements. As a result, the Company cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause actual results to differ materially from current expectations are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the "Risks and Uncertainties" section of the Management's Discussion and Analysis included in the Company's 2012 Annual Report.

Forward-looking statements are based on Management's current estimates, expectations and assumptions, which Management believes are reasonable as of the date hereof, and, accordingly, are subject to changes after such date. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date.

Except as required under applicable securities legislation, Saputo does not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by itself or on its behalf, whether as a result of new information, future events or otherwise.

OPERATING RESULTS

Consolidated revenues for the quarter ended September 30, 2012 amounted to $1.745 billion, a decrease of $46.0 million or 2.6% in comparison to $1.791 billion for the corresponding quarter last fiscal year. This decrease was mainly due to a lower average block market per pound of cheese in the USA Dairy Products Sector and lower sales volumes in the CEA Dairy Products Sector as compared to the corresponding quarter last fiscal year. A more favourable dairy ingredients product mix in the US and higher selling prices in relation to the higher cost of milk in the Canadian Division partially offset this decrease. The fluctuation of the Canadian dollar increased revenues by approximately $7 million.

For the six-month period ended September 30, 2012, revenues totalled $3.444 billion, an increase of $13.3 million or 0.4% in comparison to $3.430 billion for the corresponding period last fiscal year. Higher selling prices in relation to the cost of milk as raw material in the Canadian and Argentinian Divisions, as well as increased sales volumes and a better product mix in the US and Canadian Divisions, partially contributed to this increase. Offsetting this increase was the negative impact of a lower average block market per pound of cheese in the USA Dairy Products Sector, as well as decreased sales volumes in the Argentinian Division, mainly in the export market. The fluctuation of the Canadian dollar increased revenues by approximately $34 million.

Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA) for the second quarter of fiscal 2013 amounted to $215.6 million, an increase of $2.5 million or 1.2% in comparison to $213.1 million for the same quarter last fiscal year. This increase is explained by favourable market factors of approximately $10 million and improved operational efficiencies in the US. These were partially offset by lower selling prices and sales volumes in the Argentinian Division, mainly in the export market. The weakening of the Canadian dollar compared to the US dollar positively impacted EBITDA, as compared to the same period last fiscal year.

For the six-month period ended September 30, 2012, EBITDA totalled $418.6 million, a decrease of $4.1 million or 1.0% in comparison to the $422.7 million for the corresponding period last fiscal year. This decrease is mainly due to lower selling prices and sales volumes in the Argentinean Division, mainly in the export market. Additionally, unfavourable market factors in the US, as well as the decisions rendered by the California Department of Food & Agriculture to increase the cost of milk in California, negatively impacted EBITDA, as compared to the corresponding period last fiscal year. Partially offsetting this negative impact were increases in volume and a favourable dairy ingredients product mix in the Canadian Division, as well as improved operational efficiencies in the USA Dairy Products Sector. The weakening of the Canadian dollar increased EBITDA as compared to the same quarter last fiscal year.

OTHER CONSOLIDATED RESULTS ITEMS

Depreciation and amortization for the second quarter of fiscal 2013 totalled $27.1 million, an increase of $2.1 million as compared to $25.0 million for the corresponding period last fiscal year. For the six-month period ended September 30, 2012, depreciation and amortization expense amounted to $54.3 million, an increase of $4.7 million as compared to $49.6 million for the corresponding period last fiscal year. This increase in depreciation and amortization for both the three and six-month periods reflects variations in the depreciable asset base and fluctuations in foreign exchange between the Canadian and the US dollar.

Net interest expense for the three-month period ended September 30, 2012 decreased by $2.1 million in comparison to the same period last fiscal year. For the six-month period ended September 30, 2012, net interest expense decreased by $2.0 million. Without considering the prior year's $2.3 million unrealized loss in foreign currency denominated intercompany advance in Canada, net interest expense would have been approximately at the same level in both years.

Income taxes for the second quarter of fiscal 2013 totalled $52.4 million, reflecting an effective tax rate of 28.8% compared to 29.2% for the same quarter last fiscal year. Income taxes for the six-month period ended September 30, 2012 totalled $100.0 million, reflecting an income tax rate of 28.4% in comparison to 29.2% for the same period last fiscal year. The income tax rate varies and could increase or decrease based on the amount of taxable income derived and from which source, any amendments to tax laws and income tax rates and changes in assumptions and estimates used for tax assets and liabilities by the Company and its affiliates.

Net earnings totalled $129.7 million for the quarter ended September 30, 2012 compared to $127.1 million for the same quarter last fiscal year. For the six-month period ended September 30, 2012, net earnings totalled $251.5 million as compared to $253.6 million for the same period last fiscal year. These reflect the various factors analyzed in this report.

SELECTED QUARTERLY FINANCIAL INFORMATION

(in millions of CDN dollars, except per share amounts)

Fiscal years	2013		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**1,745.4**	1,698.3	1,703.5	1,796.5	1,791.4	1,639.0	1,481.3	1,534.8
EBITDA	**215.6**	203.0	201.0	207.3	213.1	209.6	194.5	191.1
Net earnings	**129.7**	121.8	(2.6)	129.8	127.1	126.6	100.4	112.1
Adjusted net earnings[1]	**129.7**	121.8	122.4	129.8	127.1	126.6	112.0	112.1
EPS								
Basic	**0.66**	0.61	0.00	0.64	0.63	0.62	0.49	0.55
Diluted	**0.65**	0.60	0.00	0.64	0.61	0.61	0.48	0.54
Adjusted EPS[1]								
Basic	**0.66**	0.61	0.62	0.64	0.63	0.62	0.55	0.55
Diluted	**0.65**	0.60	0.61	0.64	0.61	0.61	0.54	0.54

[1] Adjusted net earnings and adjusted earnings per share (basic and diluted) are non-IFRS measures. Refer to the section "Measurement of Results not in Accordance with International Financial Reporting Standards" on page 7 of the Management's Discussion and Analysis included in the Company's 2012 Annual Report for the definition of these terms.

Consolidated selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2013		2012	
	Q2	Q1	Q4	Q3
Market factors[1 2]	**10**	(14)	(24)	(4)
Inventory write-down	**-**	(3)	-	(4)
US currency exchange[1]	**2**	3	3	-

[1] As compared to same quarter of previous fiscal year.
[2] Market factors include the average block market per pound of cheese and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the relationship between the average block market per pound of cheese and the cost of milk as raw material, as well as the market pricing impact related to sales of dairy ingredients.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

(in thousands of CDN dollars)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Cash generated from operating activities	**218,722**	221,286	**441,341**	344,241
Net cash generated from operating activities	**184,683**	174,448	**329,542**	189,361
Cash used for investing activities	**(31,086)**	(11,828)	**(59,506)**	(7,562)
Cash used for financing activities	**(182,478)**	(122,566)	**(270,126)**	(198,416)
(Decrease) increase in cash and cash equivalents	**(28,881)**	40,054	**(90)**	(16,617)

For the three-month period ended September 30, 2012, cash generated from **operating activities** amounted to $218.7 million in comparison to $221.3 million for the corresponding quarter last fiscal year, a decrease of $2.6 million, mainly attributed to change in non-cash working capital items. This change in non-cash working capital items is mainly attributed to a fluctuation of the average block market in the US. For the six-month period ended September 30, 2012, cash generated from operating activities amounted to $441.3 million in comparison to $344.2 million for the corresponding period last fiscal year, an increase of $97.1 million, mainly attributed to change in non-cash working capital items. This change in non-cash working capital items is mainly attributed to a lower average block market in the US, as well as lower selling prices in the export market. Net cash generated from operating activities for the three and six-month periods ended September 30, 2012 amounted to $184.7 million and $329.5 million, respectively, in comparison to $174.4 million and $189.4 million, respectively, for the corresponding periods last fiscal year. These changes are mainly attributable to the items mentioned above.

Investing activities were mainly comprised of additions to property, plant and equipment in the amount of $29.6 million and $59.2 million for the three and six-month periods ended September 30, 2012, respectively.

Financing activities for the three-month period ended September 30, 2012 consisted of a decrease in bank loans totalling $48.4 million, the issuance of shares as part of the stock option plan for a cash consideration of $5.3 million, the purchase of share capital totalling $60.4 million in accordance with the Company's normal course issuer bid, as well as the payment of $79.0 million in dividends. For the six-month period ended September 30, 2012, financing activities consisted of a decrease in bank loans totalling $88.1 million, the issuance of shares as part of the stock option plan for a cash consideration of $13.1 million, the purchase of share capital totalling $116.2 million in accordance with the Company's normal course issuer bid, and the payment of $79.0 million in dividends.

Liquidity

(in thousands of CDN dollars, except ratio)

	September 30, 2012	March 31, 2012
Current assets	**1,356,208**	1,399,464
Current liabilities	**782,798**	902,441
Working capital	**573,410**	497,023
Working capital ratio	**1.73**	1.55

Capital Management

The Company's capital strategy requires a well-balanced financing structure in order to maintain flexibility to implement growth initiatives, while allowing it to pursue disciplined capital investments and maximize shareholder value.

(in thousands of CDN dollars, except ratio and number of shares and options)

	September 30, 2012	March 31, 2012
Cash and cash equivalents	**142,736**	144,137
Bank loans	**79,151**	166,631
Long-term debt	**379,160**	379,875
Shareholders' equity	**2,157,286**	2,105,686
Interest-bearing[1] debt-to-equity ratio	**0.15**	0.19
Number of common shares	**196,953,393**	199,037,565
Number of stock options	**9,665,563**	8,484,524

[1] Net of cash and cash equivalents.

As at September 30, 2012, the Company had $142.7 million in cash and cash equivalents and available bank credit facilities of approximately $629 million, of which $79.2 million were drawn. During the quarter ended September 30, 2012, the Company renewed its North American bank credit facilities until July 2017. See Note 6 to the condensed interim consolidated financial statements for additional information relating to bank loans.

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 is to be determined at the time of their issuance. No preferred shares were outstanding. As at October 31, 2012, 197,010,649 common shares and 9,607,858 stock options were outstanding.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations consist of commitments to repay certain of its long-term debts, as well as certain leases of premises, equipment and rolling stock.

(in thousands of CDN dollars)

	September 30, 2012			March 31, 2012		
	Long-term debt	**Minimum lease**	**Total**	Long-term debt	Minimum lease	Total
Less than 1 year	-	**17,258**	**17,258**	-	17,332	17,332
1-2 years	**110,000**	**14,340**	**124,340**	-	14,598	14,598
2-3 years	**49,160**	**11,493**	**60,653**	159,875	11,465	171,340
3-4 years	**220,000**	**8,273**	**228,273**	-	9,447	9,447
4-5 years	-	**5,702**	**5,702**	220,000	5,746	225,746
More than 5 years	-	**18,259**	**18,259**	-	18,775	18,775
	379,160	**75,325**	**454,485**	379,875	77,363	457,238

BALANCE SHEET

With regards to balance sheet items as at September 30, 2012, compared to those as at March 31, 2012, the variances are the result of normal operational fluctuations.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of off-balance sheet arrangements, guarantees, related-party transactions, accounting standards, critical accounting policies and use of accounting estimates, risks and uncertainties, as well as sensitivity analysis, we encourage you to consult the discussion provided in the Company's 2012 Annual Report (pages 16 to 22 of the Management's Discussion and Analysis).

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to Management in a timely manner so that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer, together with Management, have concluded, after having conducted an evaluation and to the best of their knowledge, that, as of September 30, 2012, no change in the Company's internal control over financial reporting occurred that could have materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

INFORMATION BY SECTOR

CEA Dairy Products Sector

(in millions of CDN dollars)

Fiscal years	**2013**		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**1,020.7**	1,025.0	1,009.6	1,042.2	1,032.5	970.2	921.2	995.2
EBITDA	**122.0**	127.8	121.9	131.9	135.7	125.3	113.0	126.0

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	**2013**		2012	
	Q2	Q1	Q4	Q3
Market factors[1 2]	**-**	-	5	4
Inventory write-down	**-**	(3)	-	-

[1] As compared to same quarter of previous fiscal year.
[2] Market factors include the international market pricing impact related to sales of dairy ingredients.

Revenues

Revenues for the CEA Dairy Products Sector totalled $1.021 billion for the quarter ended September 30, 2012, a decrease of $11.8 million compared to $1.033 billion for the same period last fiscal year. This decrease is mainly attributed to lower selling prices and sales volumes in the export market of the Argentinian Division. Additionally, sales volumes decreased slightly in the Canadian Division, mainly in the fluid milk category, resulting from a decline in consumer milk consumption. These decreases were partially offset by an increase in selling prices in accordance with the cost of milk as raw material and a slightly favourable dairy ingredients product mix in the Canadian Division, as compared to the same period last fiscal year. Sales volumes from the European operations increased slightly, resulting in a minimal contribution to revenues. The strengthening of the Canadian dollar compared to the Argentinian peso decreased revenues by approximately $5 million.

Since the beginning of the fiscal year, revenues from the CEA Dairy Products Sector amounted to $2.046 billion, an increase of $43.0 million in comparison to $2.003 billion for the same period last fiscal year. This is mainly due to increased selling prices in relation to the higher cost of milk in Canada and Argentina, increased sales volumes in Canada during the first quarter, as well as a favourable dairy ingredients product mix. This increase was partially offset by lower sales volumes in Argentina, mainly in the export market. The strengthening of the Canadian dollar decreased revenues by approximately $5 million.

EBITDA

For the quarter ended September 30, 2012, EBITDA totalled $122.0 million, a decrease of $13.7 million or 10.1% compared to $135.7 million for the corresponding quarter last fiscal year. In the Dairy Products Division (Canada), a better product mix and a slightly favourable dairy ingredients product mix were insufficient to offset increased operational costs.

Dairy Products Division (Argentina) EBITDA decreased for the three-month period ended September 30, 2012, due to lower sales volumes and selling prices, mainly in the export market, as well as increases in the cost of milk, and labour and other costs, as compared to the same period last fiscal year.

Dairy Products Division (Europe) EBITDA remained stable for the three and six-month periods ended September 30, 2012, as compared to the same period last fiscal year.

Since the beginning of the fiscal year, EBITDA totalled $249.8 million, a decrease of $11.3 million or 4.3% compared to $261.1 million for the corresponding period last fiscal year. Lower sales volumes and selling prices in Argentina, mainly in the export market, along with an inventory write-down of $2.5 million in the first quarter, contributed to this decrease, offsetting a better product mix and increased sales volumes, as well as a favourable dairy ingredients product mix in Canada.

USA Dairy Products Sector

(in millions of CDN dollars)

Fiscal years	2013		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**688.6**	640.4	658.9	722.7	723.7	636.5	528.2	502.9
EBITDA	**90.2**	72.2	75.5	72.7	74.4	80.8	81.4	61.5

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2013		2012	
	Q2	Q1	Q4	Q3
Market factors[1 2]	**10**	(14)	(29)	(8)
Inventory write-down	**-**	-	-	(4)
US currency exchange[1]	**2**	3	3	-

[1] As compared to same quarter of previous fiscal year.
[2] Market factors include the average block market per pound of cheese and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the relationship between the average block market per pound of cheese and the cost of milk as raw material, as well as the market pricing impact related to sales of dairy ingredients.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2013		2012		
	Q2	Q1	Q4	Q3	Q2
Average block market per pound of cheese	**1.750**	1.539	1.522	1.760	2.006
Closing block price[1] per pound of cheese	**2.075**	1.650	1.490	1.563	1.720
Average whey market price[2] per pound	**0.550**	0.500	0.630	0.650	0.590
Spread[3]	**0.060**	0.072	0.017	0.023	0.040
US average exchange rate to Canadian dollar[4]	**0.995**	1.010	1.002	1.023	0.976

[1] Closing block price is the price of a 40 pound block of cheddar traded on the Chicago Mercantile Exchange (CME) on the last business day of each quarter.
[2] Average whey powder market price is based on Dairy Market News published information.
[3] Spread is the average block market per pound of cheese less the result of the average cost per hundredweight of Class III and/or Class 4b milk price divided by 10.
[4] Based on Bank of Canada published information.

Revenues

Revenues for the USA Dairy Products Sector totalled $688.6 million for the quarter ended September 30, 2012, a decrease of $35.1 million compared to the $723.7 million for the corresponding quarter last fiscal year. The average block market per pound of cheese was US$1.75 for the quarter, US$0.26 lower as compared to the same quarter last fiscal year, decreasing revenues by approximately $53 million. Higher sales volumes and a better dairy ingredients product mix offset an unfavourable dairy ingredients market, increasing revenues by approximately $6 million during the quarter. The weakening of the Canadian dollar increased revenues by approximately $12 million.

Since the beginning of the fiscal year, revenues totalled $1.329 billion, a decrease of $31.3 million in comparison to the $1.360 billion for the same period last fiscal year. This decrease is mainly due to a lower average block market per pound of cheese, which decreased revenues by approximately $95 million. Increased sales volumes and a more favourable dairy ingredients product mix offset unfavourable dairy ingredient market conditions and positively affected revenues by approximately $25 million. The weakening of the Canadian dollar increased revenues by approximately $39 million.

EBITDA

For the quarter ended September 30, 2012, EBITDA totalled $90.2 million, an increase of $15.8 million or 21.1% in comparison to $74.4 million for the same quarter last fiscal year. The average block price per pound of cheese increased steadily throughout the quarter, creating a positive effect on the realization of inventories. In addition, the relationship between the average block market per pound of cheese and the cost of milk as raw material was more favourable in comparison to the same period last fiscal year. The average block market per pound of cheese was US$1.75 for the quarter, US$0.26 lower as compared to the same quarter last fiscal year, had an unfavourable impact on the absorption of fixed costs. A better dairy ingredients product mix offset an unfavourable dairy ingredients market, positively contributing to EBITDA as compared to the same quarter in fiscal 2012. These market factors combined had a positive impact of approximately $10 million on EBITDA. Initiatives undertaken in current and prior fiscal years with regards to operational efficiencies, higher sales volumes, a better product mix and lower transportation costs, offset increased promotional and other costs, as well as higher milk costs resulting from the revised milk pricing formula in California. These factors combined increased EBITDA by approximately $4 million in comparison to the same quarter last fiscal year. The weakening of the Canadian dollar versus the US dollar had a positive impact on EBITDA of approximately $2 million.

Since the beginning of the fiscal year, EBITDA totalled $162.3 million, an increase of $7.0 million in comparison to $155.3 million for the corresponding period last fiscal year. Initiatives undertaken in current and prior fiscal years with regards to operational efficiencies, higher sales volumes and a better product mix in both dairy ingredients and cheese, offset increased other costs and the negative impact of higher milk costs resulting from the revised milk pricing formula in California. These factors combined increased EBITDA by approximately $6 million as compared to the same period last fiscal year. Market factors decreased EBITDA by approximately $4 million for the six-month period ended September 30, 2012. The weakening of the Canadian dollar versus the US dollar had a positive impact on EBITDA of approximately $5 million.

Grocery Products Sector

(in millions of CDN dollars)

Fiscal years	**2013**		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**36.1**	32.9	35.0	31.6	35.2	32.3	31.9	36.8
EBITDA	**3.4**	3.1	3.7	2.7	2.9	3.4	0.1	3.6

Revenues

Revenues for the Grocery Products Sector totalled $36.1 million for the quarter, a $0.9 million increase compared to the same quarter last fiscal year. This is mainly due to an increase in sales volumes as compared to the same period last fiscal year.

Since the beginning of the fiscal year, revenues totalled $69.0 million, a $1.5 million increase compared to the same period last fiscal year. This increase is due to higher sales volumes.

EBITDA

EBITDA for the Grocery Products Sector amounted to $3.4 million, a $0.5 million increase compared to the same quarter last fiscal year. This increase is due to higher sales volumes.

For the six-month period ended September 30, 2012, EBITDA amounted to $6.5 million, an increase of $0.2 million in comparison to the same period last fiscal year, mainly due to increased sales volumes.

OUTLOOK

The Dairy Products Division (Canada) continues its efforts to recuperate lost volumes resulting from a challenging Canadian dairy market. Capital investments in the growing specialty cheese and value-added milk categories will continue in order to increase capacity and strengthen the Company's market presence. Also, efforts to pursue additional efficiencies and decrease costs will be maintained by a continual review of overall activities. We have initiated a project to consolidate distribution activities of the Greater Montreal area into one distribution center located in Saint-Laurent, Québec. This new center will comprise the distribution and logistics activities currently being conducted at our Saint-Laurent, Boucherville and Saint-Leonard locations, as well as some administrative offices of the Canadian Division. These changes will be implemented gradually as of the end of fiscal 2013 and should be completed in March 2014.

The Dairy Products Division (Europe) continues to face challenges with respect to obtaining milk supply at prices competitive with the selling price of cheese. Nevertheless, the Division will work towards increasing sales volumes.

The Dairy Products Division (Argentina) will continue to seek volume growth in both the domestic and export markets. The Division anticipates an increase in prices and demand for dairy products in the export market for the remainder of the fiscal year. A three-year project has begun to gradually increase manufacturing capacity and face future market growth. Capital expenditures will be part of our normal annual spending. The Division continues to face challenges mitigating the increasing cost of milk as raw material, while remaining competitive with selling prices in the export market. The Division will continue to analyze its operations in order to improve overall efficiencies.

The USA Dairy Products Sector continues to seek opportunities to mitigate the effect of higher milk costs resulting from amendments to the milk pricing formula in California. In addition, the Sector continues to monitor the fluctuating dairy markets in an effort to take appropriate decisions to mitigate the impact on its operations. The Sector will also continue to focus on improving operational efficiencies.

The Grocery Products Sector will continue to focus on increasing sales volumes in the snack-cake category. The main focus continues to be the development of sales in the US market.

Prior to the annual shareholders' meeting of the Company held on July 31, 2012, two directors decided not to renew their mandates. One of them was acting as Lead Director of the Board and Chairman of the Corporate Governance and Human Resources Committee. Consequently, Mr. Pierre Bourgie, who has been a director of the Company for the last 15 years, was appointed in such roles. Additionally, two new directors, Mr. Henry E. Demone and Ms. Annalisa King, were elected to the Board of Directors at the annual shareholders' meeting.

The Company has the intention to purchase by way of a normal course issuer bid (Bid), for cancellation purposes, up to 9,850,532 Common Shares, which represents approximately 5% of its issued and outstanding Common Shares as of October 31, 2012. These purchases will be made in accordance with applicable regulations over a 12-month period beginning on November 15, 2012 and ending on November 14, 2013, subject to regulatory approval. The consideration that the Company will pay for any Common Shares acquired by it on the open market under the Bid will be in cash at the market price of such shares at the time of acquisition. Purchases made by way of private agreements under the Bid would be at a discount to the prevailing market price of the Common Shares at the time of the acquisition, as provided in the relevant exemption order. In connection with the Bid, the Company will establish an automatic purchase plan which enables the Company to provide standard instructions regarding how the Common Shares are to be repurchased during self-imposed blackout periods. The Company believes that the purchase of its own shares may, under appropriate circumstances, be a responsible investment of funds on hand.

Our goal remains to continue to improve overall efficiencies and pursue growth internally and through acquisitions.

Lino Saputo Chairman of the Board	Lino A. Saputo, Jr. Chief Executive Officer and Vice Chairman of the Board

November 7, 2012

NOTICE
The condensed interim consolidated financial statements of Saputo Inc. for the three-month and six-month periods ended September 30, 2012 and 2011 have not been reviewed by an independent auditor.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Revenues	**$ 1,745,372**	$ 1,791,407	**$ 3,443,707**	$ 3,430,402
Operating costs excluding depreciation and amortization (Note 4)	**1,529,757**	1,578,340	**3,025,079**	3,007,707
Earnings before interest, depreciation, amortization and income taxes	**215,615**	213,067	**418,628**	422,695
Depreciation and amortization	**27,083**	24,972	**54,310**	49,581
Operating income	**188,532**	188,095	**364,318**	373,114
Interest on long-term debt	**5,820**	5,791	**11,576**	11,510
Other financial charges (Note 11)	**672**	2,753	**1,273**	3,300
Earnings before income taxes	**182,040**	179,551	**351,469**	358,304
Income taxes	**52,386**	52,471	**99,991**	104,658
Net earnings	**$ 129,654**	$ 127,080	**$ 251,478**	$ 253,646
Earnings per share (Note 9)				
Net earnings				
Basic	**$ 0.66**	$ 0.63	**$ 1.27**	$ 1.25
Diluted	**$ 0.65**	$ 0.61	**$ 1.25**	$ 1.22

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of CDN dollars)
(unaudited)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Net earnings	**$ 129,654**	$ 127,080	**$ 251,478**	$ 253,646
Other comprehensive income (loss):				
Exchange differences arising from foreign currency translation	**(55,253)**	108,110	**(30,744)**	97,825
Other comprehensive income (loss)	**(55,253)**	108,110	**(30,744)**	97,825
Comprehensive income	**$ 74,401**	$ 235,190	**$ 220,734**	$ 351,471

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of CDN dollars, except common shares)
(unaudited)

For the six-month period ended September 30, 2012	Share capital		Reserves				
	Common Shares (in thousands)	Amount	Foreign Currency Translation	Stock Option Plan	Total Reserves	**Retained Earnings**	**Total Shareholders' Equity**
Balance, beginning of period	**199,038**	**$ 629,606**	**$ (29,864)**	**$ 38,836**	**$ 8,972**	**$ 1,467,108**	**$ 2,105,686**
Net earnings	**-**	**-**	**-**	**-**	**-**	**251,478**	**251,478**
Other comprehensive income (loss)	**-**	**-**	**(30,744)**	**-**	**(30,744)**	**-**	**(30,744)**
Comprehensive income							**220,734**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**(78,959)**	**(78,959)**
Stock option plan (Note 8)	**-**	**-**	**-**	**6,716**	**6,716**	**-**	**6,716**
Shares issued under stock option plan	**602**	**13,137**	**-**	**-**	**-**	**-**	**13,137**
Amount transferred from reserves to share capital upon exercise of options	**-**	**2,847**	**-**	**(2,847)**	**(2,847)**	**-**	**-**
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	**-**	**-**	**-**	**1,048**	**1,048**	**-**	**1,048**
Shares repurchased and cancelled	**(2,686)**	**(8,609)**	**-**	**-**	**-**	**(102,467)**	**(111,076)**
Balance, end of period	**196,954**	**$ 636,981**	**$ (60,608)**	**$ 43,753**	**$ (16,855)**	**$ 1,537,160**	**$ 2,157,286**

For the six-month period ended September 30, 2011	Share capital		Reserves				
	Common Shares (in thousands)	Amount	Foreign Currency Translation	Stock Option Plan	Total Reserves	**Retained Earnings**	**Total Shareholders' Equity**
Balance, beginning of period	203,830	$ 617,675	$ (60,930)	$ 33,384	$ (27,546)	$ 1,482,506	$ 2,072,635
Net earnings	-	-	-	-	-	253,646	253,646
Other comprehensive income (loss)	-	-	97,825	-	97,825	-	97,825
Comprehensive income							351,471
Dividends declared	-	-	-	-	-	(71,040)	(71,040)
Stock option plan (Note 8)	-	-	-	4,454	4,454	-	4,454
Shares issued under stock option plan	724	15,550	-	-	-	-	15,550
Amount transferred from reserves to share capital upon exercise of options	-	3,020	-	(3,020)	(3,020)	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	520	520	-	520
Shares repurchased and cancelled	(3,480)	(10,778)	-	-	-	(132,144)	(142,922)
Shares repurchased and not cancelled	(167)	(520)	-	-	-	(6,406)	(6,926)
Balance, end of period	200,907	$ 624,947	$ 36,895	$ 35,338	$ 72,233	$ 1,526,562	$ 2,223,742

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of CDN dollars)

As at	September 30, 2012 *(unaudited)*	March 31, 2012 *(audited)*
ASSETS		
Current assets		
Cash and cash equivalents	**$ 142,736**	$ 144,137
Receivables	**495,724**	487,502
Inventories	**674,632**	712,885
Income taxes	**111**	364
Prepaid expenses and other assets	**43,005**	54,576
	1,356,208	1,399,464
Property, plant and equipment (Note 5)	**1,098,483**	1,105,205
Goodwill	**727,478**	733,527
Trademarks and other intangibles	**332,175**	335,452
Other assets	**18,560**	18,031
Deferred income taxes	**7,136**	7,441
	$ 3,540,040	$ 3,599,120
LIABILITIES		
Current liabilities		
Bank loans (Note 6)	**$ 79,151**	$ 166,631
Accounts payable and accrued liabilities	**556,147**	571,814
Income taxes	**147,500**	163,996
	782,798	902,441
Long-term debt (Note 7)	**379,160**	379,875
Other liabilities	**50,106**	54,486
Deferred income taxes	**170,690**	156,632
	1,382,754	1,493,434
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**636,981**	629,606
Reserves	**(16,855)**	8,972
Retained earnings	**1,537,160**	1,467,108
	2,157,286	2,105,686
	$ 3,540,040	$ 3,599,120

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of CDN dollars)
(unaudited)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 129,654**	$ 127,080	**$ 251,478**	$ 253,646
Adjustments for:				
Stock-based compensation	**4,465**	3,063	**8,771**	6,479
Interest and other financial charges	**6,492**	8,544	**12,849**	14,810
Income tax expense	**52,386**	52,471	**99,991**	104,658
Depreciation and amortization	**27,083**	24,972	**54,310**	49,581
Gain on disposal of property, plant and equipment	**(13)**	(2,134)	**(22)**	(2,184)
Funding of employee plans in excess of costs	**(3,114)**	(1,514)	**(5,475)**	(4,119)
	216,953	212,482	**421,902**	422,871
Changes in non-cash operating working capital items	**1,769**	8,804	**19,439**	(78,630)
Cash generated from operating activities	**218,722**	221,286	**441,341**	344,241
Interest paid	**(602)**	(619)	**(12,821)**	(12,524)
Income taxes paid	**(33,437)**	(46,219)	**(98,978)**	(142,356)
Net cash generated from operating activities	**184,683**	174,448	**329,542**	189,361
Investing				
Business acquisition	**-**	-	**-**	(2,797)
Proceeds on disposal of portfolio investment	**-**	-	**-**	27,720
Additions to property, plant and equipment	**(29,583)**	(24,363)	**(59,230)**	(44,424)
Proceeds on disposal of property, plant and equipment	**432**	12,107	**746**	12,223
Other assets and other liabilities	**(1,935)**	428	**(1,022)**	(284)
	(31,086)	(11,828)	**(59,506)**	(7,562)
Financing				
Bank loans	**(48,423)**	68,826	**(88,142)**	(4)
Issuance of share capital	**5,320**	1,736	**13,137**	15,550
Repurchase of share capital	**(60,416)**	(122,088)	**(116,162)**	(142,922)
Dividends	**(78,959)**	(71,040)	**(78,959)**	(71,040)
	(182,478)	(122,566)	**(270,126)**	(198,416)
(Decrease) increase in cash and cash equivalents	**(28,881)**	40,054	**(90)**	(16,617)
Effect of exchange rate changes on cash and cash equivalents	**(1,206)**	4,806	**(1,311)**	3,221
Cash and cash equivalents, beginning of period	**172,823**	19,235	**144,137**	77,491
Cash and cash equivalents, end of period	**$ 142,736**	$ 64,095	**$ 142,736**	$ 64,095

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(tabular amounts are in thousands of CDN dollars, except information on options and shares)
(unaudited)

NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the "Company") is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP". The Company produces, markets and distributes a wide array of dairy products in Canada, the United States, Argentina and Europe, as well as bakery products in Canada. The address of the Company's head office is 6869 Metropolitain Blvd. East, St-Léonard, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements ("financial statements") of the Company for the period ended September 30, 2012 comprise the financial results of the Company and its subsidiaries.

The financial statements for the period ending September 30, 2012 have been authorized for issuance by the Board of Directors on November 7, 2012.

NOTE 2 BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual report in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed. The accounting policies and methods of computation applied in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended March 31, 2012. These condensed interim consolidated financial statements should be read in conjunction with those audited consolidated financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The IASB made several revisions as part of its continuing improvements project. Below is a summary of the relevant standards affected and a discussion of the amendments.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS, AND AMENDMENTS NOT YET ADOPTED

The Company has not yet determined the impact on the financial statements of the adoption of the revised accounting standards described below.

IFRS 7, Financial Instruments Disclosures and IAS 32, Financial Instruments Presentation
The IASB issued amendments to IFRS 7 and IAS 32 in December 2011, which clarifies the requirements for offsetting financial assets and liabilities including revised disclosure requirements for financial assets and liabilities that are offset. The amendments to IFRS 7 and IAS 32 are effective for annual reporting periods beginning on or after January 1, 2013 and January 1, 2014 respectively.

IFRS 9, Financial Instruments
The IASB issued IFRS 9 in November 2009 with the long-term goal of replacing IAS 39, Financial Instruments: Recognition and Measurement, and is effective for annual reporting periods beginning on or after January 1, 2015. The issuance of this IFRS represents the first phase of the long-term project and provides guidance on the classification and measurement of financial assets and liabilities.

IFRS 10, Consolidated Financial Statements
The IASB issued IFRS 10 in May 2011 which replaces portions of IAS 27, Consolidated and Separate Financial Statements. This new standard will be effective for annual reporting periods on or after January 1, 2013 and must be applied retroactively. IFRS 10 establishes principles for the preparation and presentation of consolidated financial statements and specifically establishes the criteria for the inclusion of another entity into the set of consolidated financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 13, Fair Value Measurement
The IASB issued IFRS 13 in May 2011 and is effective for annual reporting periods beginning on or after January 1, 2013. This IFRS defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures regarding fair value measurements.

IAS 1, Presentation of Financial Statements
The IASB amended IAS 1 in June 2011 incorporating revisions to reflect new requirements for the presentation of earnings and other comprehensive income within their respective statements. IAS 1 now requires items within other comprehensive income be classified separately within that statement where they will be subsequently reclassified to the statement of earnings. These revisions are effective for annual periods beginning on or after July 1, 2012.

IAS 16, Property, Plant and Equipment
The IASB amended IAS 16 in May 2012 effective for annual reporting periods on or after January 1, 2013 requiring the presentation of spare parts, servicing equipment and stand-by equipment as property, plant and equipment when they meet the definition of property, plant and equipment in accordance with IAS 16. In the event they do not meet the definition, they are required to be presented as inventory.

IAS 19 (Revised), Employee Benefits
The IASB amended IAS 19 in June 2011 in order to eliminate the option of deferring the recognition of gains and losses, to improve disclosure of risks that are assumed by a company that offers a defined benefit plan to its employees and to improve the presentation of changes in assets and liabilities resulting from defined benefit plans including requiring remeasurements to be presented in other comprehensive income. These revisions are effective for fiscal years beginning on or after January 1, 2013.

IAS 34, Interim Financial Reporting
The IASB amended IAS 34 in May 2012 effective for annual reporting periods on or after January 1, 2013 requiring total assets and total liabilities be included in the segmented disclosure information only where the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Changes in inventories of finished goods and work in progress	**$ 31,300**	$ (2,834)	**$ 35,802**	$ (46,795)
Raw materials and consumables used	**1,193,169**	1,289,504	**2,368,876**	2,470,080
Foreign exchange (gain) loss	**(285)**	80	**(818)**	(41)
Employee benefits expense	**177,104**	165,129	**355,851**	329,030
Selling costs	**58,632**	60,814	**123,500**	123,000
Other general and administrative costs	**69,837**	65,647	**141,868**	132,433
Total operating costs	**$ 1,529,757**	$ 1,578,340	**$ 3,025,079**	$ 3,007,707

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

	For the six-month period ended September 30, 2012					
	Land	**Buildings**	**Furniture, machinery and equipment**	**Rolling stock**	**Held for sale**	**Total**
Cost						
As at March 31, 2012	**$ 35,841**	**$ 422,822**	**$ 1,397,380**	**$ 7,278**	**$ -**	**$ 1,863,321**
Additions	**-**	**11,247**	**47,872**	**111**	**-**	**59,230**
Disposals	**(110)**	**(1,091)**	**(2,273)**	**(1,098)**	**-**	**(4,572)**
Foreign currency adjustments	**(165)**	**(3,894)**	**(16,318)**	**(74)**	**-**	**(20,451)**
As at September 30, 2012	**$ 35,566**	**$ 429,084**	**$ 1,426,661**	**$ 6,217**	**$ -**	**$ 1,897,528**
Accumulated depreciation						
As at March 31, 2012	**-**	**142,577**	**611,989**	**3,550**	**-**	**758,116**
Depreciation	**-**	**7,858**	**43,405**	**493**	**-**	**51,756**
Disposals	**-**	**(305)**	**(2,628)**	**(915)**	**-**	**(3,848)**
Foreign currency adjustments	**-**	**(1,029)**	**(5,918)**	**(32)**	**-**	**(6,979)**
As at September 30, 2012	**$ -**	**$ 149,101**	**$ 646,848**	**$ 3,096**	**$ -**	**$ 799,045**
Net book value at September 30, 2012	**$ 35,566**	**$ 279,983**	**$ 779,813**	**$ 3,121**	**$ -**	**$ 1,098,483**

	For the year ended March 31, 2012					
	Land	Buildings	Furniture, machinery and equipment	Rolling stock	Held for sale	Total
Cost						
As at March 31, 2011	$ 35,543	$ 394,883	$ 1,295,769	$ 7,538	$ 11,917	$ 1,745,650
Additions	-	23,208	94,775	604	-	118,587
Disposals	(1)	(15)	(8,986)	(848)	(11,917)	(21,767)
Foreign currency adjustments	299	4,746	15,822	(16)	-	20,851
As at March 31, 2012	$ 35,841	$ 422,822	$ 1,397,380	$ 7,278	$ -	$ 1,863,321
Accumulated depreciation						
As at March 31, 2011	-	125,405	535,187	3,603	2,372	666,567
Depreciation	-	15,837	80,205	800	-	96,842
Disposals	-	(3)	(8,986)	(848)	(2,372)	(12,209)
Foreign currency adjustments	-	1,338	5,583	(5)	-	6,916
As at March 31, 2012	$ -	$ 142,577	$ 611,989	$ 3,550	$ -	$ 758,116
Net book value at March 31, 2012	$ 35,841	$ 280,245	$ 785,391	$ 3,728	$ -	$ 1,105,205

The net book value of property, plant and equipment under construction amounts to $78,078,000 as at September 30, 2012 ($62,386,000 as at March 31, 2012), and consists mainly of machinery and equipment.

For the six-month period ended September 30, 2012, no gain on disposal of property, plant and equipment held for sale was recorded in operating costs excluding depreciation and amortization ($2,095,000 for the six-month period ended September 30, 2011).

NOTE 6 BANK LOANS

The Company has available bank credit facilities providing for unsecured bank loans as follows:

		Available for use			Amount drawn	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency		**September 30, 2012**	March 31, 2012
North America-US Currency	July 2017[1]	147,480	150,000	USD	**$ -**	$ -
North America-CDN Currency	July 2017[1]	363,784	370,000	USD	**55,482**	149,000
Argentina	Yearly[2]	100,608	480,000	ARS	**21,046**	16,958
Germany	Yearly[3]	6,323	5,000	EUR	**1,042**	673
United Kingdom	Yearly[3]	11,108	7,000	GBP	**1,581**	-
		629,303			**$ 79,151**	$ 166,631

[1] Bear monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or LIBOR or banker's acceptance rate plus 0.85% up to a maximum of 2.00% depending on a financial ratio of the Company.
[2] Bear monthly interest at local rate and can be drawn in ARS or USD.
[3] Bear monthly interest at base rate plus 1.50% or LIBOR-EURIBOR plus 1.50%.

NOTE 7 LONG-TERM DEBT

	September 30, 2012	March 31, 2012
Unsecured senior notes[1]		
8.41%, issued in November 1999 and due in November 2014 (US$50,000,000)	**$ 49,160**	$ 49,875
5.34%, issued in June 2009 and due in June 2014	**110,000**	110,000
5.82%, issued in June 2009 and due in June 2016	**220,000**	220,000
	$ 379,160	$ 379,875

[1] Interest payments are semi-annual.

NOTE 8 SHARE CAPITAL

Issued

	September 30, 2012	March 31, 2012
196,953,393 common shares (199,037,565 common shares at March 31, 2012)	**$ 636,981**	$ 629,606

Share Option Plan

Changes in the number of outstanding options for the six-month periods are as follows:

	September 30, 2012		September 30, 2011	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**8,484,524**	**$ 25.92**	8,674,238	$ 22.62
Options granted	**1,884,991**	**$ 42.96**	1,244,780	$ 43.22
Options exercised	**(602,228)**	**$ 21.81**	(723,690)	$ 21.49
Options cancelled	**(101,724)**	**$ 27.72**	(119,984)	$ 22.76
Balance, end of period	**9,665,563**	**$ 29.48**	9,075,344	$ 25.46

The exercise price of the options granted in fiscal 2013 is $42.96, which corresponds to the weighted average market price for the five trading days immediately preceding the date of grant ($43.22 in fiscal 2012).

NOTE 8 SHARE CAPITAL (CONT'D)

The weighted average fair value of options granted in fiscal 2013 was estimated at $10.26 per option ($8.96 in fiscal 2012), using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2012	March 31, 2012
Weighted average:		
Risk-free interest rate	**1.63%**	2.65%
Expected life of options	**5.5 years**	5 years
Volatility	**28.28%**	21.66%
Dividend rate	**1.76%**	1.24%

A compensation expense of $3,446,000 ($3,037,000 net of taxes) and $6,716,000 ($5,910,000 net of taxes) relating to stock options was recorded in the statement of earnings for the three and six-month periods ended September 30, 2012, respectively. A compensation expense of $2,314,000 ($2,048,000 net of taxes) and $4,454,000 ($3,944,000 net of taxes) was recorded for the three and six-month periods ended September 30, 2011, respectively.

NOTE 9 EARNINGS PER SHARE

	For the three-month periods ended September 30		**For the six-month periods ended September 30**	
	2012	2011	**2012**	2011
Net earnings	**$ 129,654**	$ 127,080	**$ 251,478**	$ 253,646
Weighted average number of common shares outstanding	**197,449,628**	202,764,706	**198,241,384**	203,307,448
Dilutive options	**2,949,343**	3,618,019	**3,041,645**	3,868,083
Weighted average diluted number of common shares outstanding	**200,398,971**	206,382,725	**201,283,029**	207,175,531
Basic earnings per share	**$ 0.66**	$ 0.63	**$ 1.27**	$ 1.25
Diluted earnings per share	**$ 0.65**	$ 0.61	**$ 1.25**	$ 1.22

When calculating diluted earnings per share for the three and six-month periods ended September 30, 2012, 3,082,711 options were excluded from the calculation since their exercise price is higher than the average market value of common shares for the periods (1,230,855 options for the three and six-month periods ended September 30, 2011).

Shares purchased under the normal course issuer bid were excluded from the calculation of earnings per share as of the date of purchase.

NOTE 10 SEGMENTED INFORMATION

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Revenues[1]				
Dairy Products				
CEA	**$ 1,020,661**	$ 1,032,521	**$ 2,045,697**	$ 2,002,689
USA	**688,565**	723,728	**1,328,980**	1,360,257
	1,709,226	1,756,249	**3,374,677**	3,362,946
Grocery Products	**36,146**	35,158	**69,030**	67,456
	$ 1,745,372	$ 1,791,407	**$ 3,443,707**	$ 3,430,402
Earnings before interest, depreciation, amortization and income taxes				
Dairy Products				
CEA	**$ 122,020**	$ 135,749	**$ 249,799**	$ 261,084
USA	**90,165**	74,437	**162,332**	155,283
	212,185	210,186	**412,131**	416,367
Grocery Products	**3,430**	2,881	**6,497**	6,328
	$ 215,615	$ 213,067	**$ 418,628**	$ 422,695
Depreciation and amortization				
Dairy Products				
CEA	**$ 13,662**	$ 13,126	**$ 27,357**	$ 25,980
USA	**11,727**	10,436	**23,559**	20,817
	25,389	23,562	**50,916**	46,797
Grocery Products	**1,694**	1,410	**3,394**	2,784
	$ 27,083	$ 24,972	**$ 54,310**	$ 49,581
Operating income				
Dairy Products				
CEA	**$ 108,358**	$ 122,623	**$ 222,442**	$ 235,104
USA	**78,438**	64,001	**138,773**	134,466
	186,796	186,624	**361,215**	369,570
Grocery Products	**1,736**	1,471	**3,103**	3,544
	$ 188,532	$ 188,095	**$ 364,318**	$ 373,114
Financial charges, net	**6,492**	8,544	**12,849**	14,810
Earnings before income taxes	**182,040**	179,551	**351,469**	358,304
Income taxes	**52,386**	52,471	**99,991**	104,658
Net earnings	**$ 129,654**	$ 127,080	**$ 251,478**	$ 253,646

[1] Revenues are attributable to countries based upon manufacturing origin.

NOTE 11 OTHER FINANCIAL CHARGES

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2012	2011	**2012**	2011
Finance costs	**$ 743**	$ 528	**$ 1,523**	$ 1,165
Finance income	**(71)**	(35)	**(250)**	(125)
Unrealized loss on a foreign currency denominated intercompany advance	**-**	2,260	**-**	2,260
	$ 672	$ 2,753	**$ 1,273**	$ 3,300