



We are presenting the results for the second quarter of fiscal 2015, which ended on September 30, 2014.

- Net earnings totalled \$155.7 million, an increase of \$22.4 million or 16.8%.
- Earnings before interest, income taxes, depreciation and amortization (EBITDA) amounted to \$282.2 million, an increase of \$41.8 million or 17.4%.
- Revenues for the quarter amounted to \$2.701 billion, an increase of \$471.0 million or 21.1%.
- Basic earnings per share (EPS) and diluted EPS were \$0.39 for the quarter as compared to basic EPS and diluted EPS of \$0.34 for the corresponding quarter last fiscal year, an increase of 14.7%.

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

<i>(unaudited)</i>	For the three-month periods ended		For the six-month periods ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenues	2,701.3	2,230.3	5,322.1	4,403.9
EBITDA	282.2	240.4	551.1	482.5
Net earnings	155.7	133.3	301.0	270.0
EPS				
Basic	0.39	0.34	0.76	0.69
Diluted	0.39	0.34	0.75	0.68

- In the USA Sector, the average block market¹ per pound of cheese increased by US\$0.38 and the average butter market² price per pound increased by US\$1.21 compared to the same period last fiscal year, increasing revenues. Market factors³, as well as higher selling prices and increased cheese sales volumes, positively impacted EBITDA.
- The Canada Sector EBITDA decreased mainly due to higher ingredients and operational costs, despite the contribution for the quarter of the fluid milk activities of Scotsburn Co-Operative Services Limited, the acquisition of which was completed April 14, 2014 (Scotsburn Acquisition).
- The International Sector EBITDA increased due to the contribution of the Dairy Division (Australia), derived from the acquisition of Warrnambool Cheese & Butter Factory Company Holdings Limited, for which operations have been consolidated since January 21, 2014 (Warrnambool Acquisition), and higher selling prices in export markets.
- The fluctuation of the Canadian dollar versus the US dollar and the Argentinean peso 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 \$0.13 per share payable on December 12, 2014 to common shareholders of record on December 2, 2014.
- On August 5, 2014 the Board of Directors declared a stock dividend of one common share per each issued and outstanding common share, which had the same effect as a two-for-one stock split of the Company's outstanding common shares, paid on September 29, 2014 to shareholders of record as of the close of business on September 19, 2014. The Company's shares began trading on an ex-dividend basis (split basis) on September 30, 2014 and references to common shares, options and related information made herein have been retroactively adjusted to reflect the stock dividend. Refer to Note 7 of the unaudited condensed interim consolidated financial statements for further details.

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.

² "Average butter market" is the average daily price for Grade AA Butter traded on the CME, used as base price for butter.

³ 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, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

Management's Discussion and Analysis

The purpose of this management report is to provide investors with a greater understanding of the Company's business, performance and strategy, as well as to analyze the results and the financial position of the Company for the quarter ended September 30, 2014. 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, 2014 and 2013. 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, 2014 and November 6, 2014, 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, 2014, 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 2014 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.

MEASUREMENT OF RESULTS NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

In certain instances, the Company makes references to terms in evaluating financial performance measures, such as EBITDA, adjusted EBITDA, adjusted net earnings and adjusted earnings per share, that hold no standardized meaning under IFRS. These non-IFRS measurements are therefore not likely to be comparable to similarly titled or described measures in use by other publicly traded companies nor do they indicate that excluded items are non-recurring.

The Company uses EBITDA as a performance measure as it is a common industry measure and reflects the ongoing profitability of the Company's consolidated business operations.

Adjusted EBITDA represents earnings before interest, income taxes, depreciation, amortization, acquisition, restructuring and other costs. Adjusted net earnings is defined by the Company as net earnings prior to the inclusion of acquisition, restructuring, and other costs, net of applicable income taxes, if any. Adjusted earnings per share is defined as adjusted net earnings attributable to shareholders of Saputo Inc. per basic and diluted common share. The most comparable IFRS financial measures to the ones used by the Company are earnings before interest, income taxes, depreciation and amortization, as well as net earnings and earnings per share (basic and diluted).

Adjusted EBITDA, adjusted net earnings and adjusted earnings per share, as used by Management, provide greater precision and comparability with regards to the Company's ongoing operation. They also provide readers with a representation of the activities considered of greater relevance to the Company's financial performance through the inclusion of additional financial information that can be used to identify trends or additional disclosures that provide information into the manner in which the Company is operated. Non-IFRS measures also provide greater comparability to the Company's prior year results.

The table below provides a reconciliation of net earnings and earnings per share to adjusted net earnings and adjusted earnings per share for the quarters in which Management has provided adjusted measures.

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

	March 31, 2014			For the three-month periods ended		
	Total	Per Share		Total	Per Share	
		Basic	Diluted		Basic	Diluted
Net earnings	119.8	0.31	0.31	100.5	0.26	0.25
Acquisition costs ¹	9.2	0.02	0.02	6.1	0.01	0.01
Restucturing costs ¹	19.9	0.05	0.05	22.6	0.06	0.06
Other costs ¹	3.9	0.01	0.01	-	-	-
Adjusted net earnings	152.8	0.39	0.39	129.2	0.33	0.32

¹ Net of income taxes

Management has not excluded items from net earnings and earnings per share for the three and six-month periods ended September 30, 2014 and September 30, 2013 and therefore no adjustments to arrive at adjusted net earnings and adjusted earnings per share are required for these periods.

OPERATING RESULTS

Consolidated revenues for the quarter ended September 30, 2014 amounted to \$2.701 billion, an increase of \$471.0 million or 21.1% in comparison to \$2.230 billion for the corresponding quarter last fiscal year. This increase is partially due to a higher average block market per pound of cheese, as well as a higher average butter market price in the USA Sector as compared to the corresponding quarter last fiscal year. The inclusion of the Dairy Division (Australia) in the International Sector and the Scotsburn Acquisition in the Canada Sector contributed to revenues for the quarter. In addition, higher selling prices in relation to the higher cost of milk in the Canada and International Sectors, as well as higher sales volumes in the USA Sector contributed to this increase. The fluctuation of the Canadian dollar versus the US dollar and Argentinean peso increased revenues by approximately \$17 million.

For the six-month period ended September 30, 2014, revenues totalled \$5.322 billion, an increase of \$918.2 million or 20.8% in comparison to \$4.404 billion for the corresponding period last fiscal year. A higher average block market per pound of cheese and a higher average butter market price in the USA Sector increased revenues as compared to the same period last fiscal year. The inclusion of revenues derived from the Dairy Division (Australia) in the International Sector and the Scotsburn Acquisition in the Canada Sector also contributed to this increase. In the USA and International Sectors, higher selling prices in relation to the higher cost of milk as well as higher selling prices in export markets increased revenues. Additionally, sales volumes were also higher in the USA Sector and added to revenues. The fluctuation of the Canadian dollar increased revenues by approximately \$51 million.

Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA) for the second quarter of fiscal 2015 amounted to \$282.2 million, an increase of \$41.8 million or 17.4% in comparison to \$240.4 million for the same quarter last fiscal year. Included in EBITDA is the contribution of the Dairy Division (Australia) for the quarter. Higher selling prices in export markets increased EBITDA in the International Sector and offset higher ingredients and operational costs. Favourable market factors in the USA Sector also positively affected EBITDA. In the Canada Sector, increased operational costs had a negative impact on EBITDA. The fluctuation of the Canadian dollar had a slightly favourable impact on EBITDA, as compared to the same period last fiscal year.

For the six-month period ended September 30, 2014, EBITDA totalled \$551.1 million, an increase of \$68.6 million or 14.2% in comparison to \$482.5 million for the corresponding period last fiscal year. This increase is partially explained by EBITDA derived from the inclusion of the Dairy Division (Australia) and higher selling prices in the International Sector. In the USA Sector, increased sales volumes and increased efficiencies offset unfavourable market factors as compared to the same period last fiscal year. Increased operational costs in both Canada and International Sectors negatively impacted EBITDA, as compared to the corresponding period last fiscal year. The fluctuation of the Canadian dollar increased EBITDA, as compared to the same period last fiscal year.

OTHER CONSOLIDATED RESULT ITEMS

Depreciation and amortization for the second quarter of fiscal 2015 totalled \$41.4 million, an increase of \$5.7 million, as compared to \$35.7 million for the corresponding period last fiscal year. For the six-month period ended September 30, 2014, depreciation and amortization expense amounted to \$80.3 million, an increase of \$10.3 million, as compared to \$70.0 million for the corresponding period last fiscal year. These increases are essentially related to the additional depreciation and amortization expense from the Warrnambool Acquisition. They also reflect fluctuations in foreign exchange rates between Canadian and US dollars.

Net interest expense for the three and six-month periods ended September 30, 2014 increased by \$1.6 million and \$5.8 million, respectively, in comparison to the same periods last fiscal year. These increases are mainly attributed to a higher level of debt resulting from the Warrnambool Acquisition.

Income taxes for the second quarter of fiscal 2015 totalled \$66.9 million, reflecting an effective tax rate of 30.1% compared to 29.1% for the same quarter last fiscal year. Income taxes for the six-month period ended September 30, 2014 totalled \$132.0 million, reflecting an income tax rate of 30.5% in comparison to 29.1% for the same period last fiscal year. The income tax rate varies and could increase or decrease based on the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates used for tax assets and liabilities by the Company and its affiliates.

Net earnings totalled \$155.7 million for the quarter ended September 30, 2014, compared to \$133.3 million for the same quarter last fiscal year. For the six-month period ended September 30, 2014, net earnings totalled \$301.0 million, as compared to \$270.0 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	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	2,701.3	2,620.8	2,485.9	2,343.2	2,230.3	2,173.5	2,053.3	1,800.6
Adjusted EBITDA ¹	282.2	268.9	277.8	260.0	240.4	242.1	229.7	212.5
Net earnings	155.7	145.3	119.8	144.1	133.3	136.7	100.5	130.0
Adjusted net earnings ¹	155.7	145.3	152.8	144.1	133.3	136.7	129.2	130.0
EPS								
Basic	0.39	0.37	0.31	0.37	0.34	0.35	0.26	0.33
Diluted	0.39	0.36	0.31	0.37	0.34	0.34	0.25	0.33
Adjusted EPS ¹								
Basic	0.39	0.37	0.39	0.37	0.34	0.35	0.33	0.33
Diluted	0.39	0.36	0.39	0.37	0.34	0.34	0.32	0.33

¹ Adjusted EBITDA, 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" included in this report for the definition of these terms.

Consolidated selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2015		2014			
	Q2	Q1	Q4	Q3	Q2	Q1
Market factors ^{1,2}	10	(35)	16	9	(17)	12
US currency exchange ¹	6	7	9	5	4	1

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, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

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	
	2014	2013	2014	2013
	Cash generated from operating activities	269,726	228,229	454,503
Net cash generated from operating activities	201,238	182,317	311,027	301,907
Cash used for investing activities	(45,526)	(45,375)	(138,477)	(96,295)
Cash used for financing activities	(153,496)	(128,947)	(161,345)	(214,865)
Increase (decrease) in cash and cash equivalents	2,216	7,995	11,205	(9,253)

For the three-month period ended September 30, 2014, cash generated from **operating activities** amounted to \$269.7 million in comparison to \$228.2 million for the corresponding quarter last fiscal year, an increase of \$41.5 million. For the six-month period ended September 30, 2014, cash generated from operating activities amounted to \$454.5 million in comparison to \$441.1 million for the corresponding period last fiscal year, an increase of \$13.4 million.

Net cash generated from operating activities for the three-month periods ended September 30, 2014, amounted to \$201.2 million in comparison to \$182.3 million for the corresponding period last fiscal year. This additional liquidity of \$18.9 million is mainly due to an increase in net earnings.

For the six-month period ended September 30, 2014, net cash generated from operating activities amounted to \$311.0 million in comparison to \$301.9 million for the corresponding period last fiscal year. This additional liquidity of \$9.1 million is due to an increase in cash flows generated from operating activities before changes in non-cash operating working capital items of \$75.7 million. This was offset by changes in non-cash operating working capital items of \$62.3 million, mainly caused by a fluctuation in working capital items driven by increases in block price and butter price in the USA Sector.

Investing activities for the three and six-month periods ended September 30, 2014, respectively, consisted of additions to property, plant and equipment in the amount of \$41.7 million and \$74.2 million and payments in relation to the Scotsburn Acquisition for \$3.9 million and \$65.0 million. The \$3.9 million represents the balance of the purchase price paid during the second quarter of fiscal 2015.

Financing activities for the three and six-month periods ended September 30, 2014, respectively, consisted of an increase in bank loans of \$13.6 million and \$44.0 million, net reimbursement of long-term debt of \$57.6 million and \$113.3 million and issuance of shares as part of the stock option plan for a cash consideration of \$9.4 million and \$26.8 million. During the second quarter ended September 30, 2014, the Company paid \$96.0 million in dividends and repurchased share capital for an amount of \$22.9 million.

Liquidity

(in thousands of CDN dollars, except ratio)

	September 30, 2014	March 31, 2014
Current assets	1,970,541	1,895,846
Current liabilities	1,610,916	1,725,094
Working capital	359,625	170,752
Working capital ratio	1.22	1.10

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, 2014	March 31, 2014
Cash and cash equivalents	50,086	39,346
Bank loans	347,253	310,066
Long-term debt	1,677,125	1,789,294
Total equity	3,059,798	2,839,160
Interest-bearing debt-to-equity ratio ¹	0.65	0.73
Number of common shares	391,264,364	390,137,824
Number of stock options	18,899,716	16,896,962

¹ Net of cash and cash equivalents.

As at September 30, 2014, the Company had \$50.1 million in cash and cash equivalents and available bank credit facilities of approximately \$900 million, of which \$347.3 million were drawn. See Notes 5 and 6 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

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 are outstanding. As at October 31, 2014, 390,653,736 common shares and 18,874,744 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, 2014			March 31, 2014		
	Long-term debt	Minimum lease	Total	Long-term debt	Minimum lease	Total
Less than 1 year	279,000	23,365	302,365	393,600	24,558	418,158
1-2 years	432,500	18,275	450,775	213,819	17,395	231,214
2-3 years	965,625	14,241	979,866	1,181,875	11,755	1,193,630
3-4 years	-	11,658	11,658	-	8,919	8,919
4-5 years	-	9,121	9,121	-	6,816	6,816
More than 5 years	-	28,450	28,450	-	16,494	16,494
	1,677,125	105,110	1,782,235	1,789,294	85,937	1,875,231

BALANCE SHEET

With regards to balance sheet items as at September 30, 2014, compared to those as at March 31, 2014, the variances are the result of normal operational fluctuations.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of guarantees, related party transactions, accounting standards, critical accounting policies and use of accounting estimates, future standards, new accounting standards adopted, risks and uncertainties, as well as a sensitivity analysis of interest rate and US currency fluctuations, the discussion provided in the Company's 2014 Annual Report can be consulted (pages 17 to 25 of the Management's Discussion and Analysis).

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) 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 CEO and the CFO 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 CEO and the CFO, together with Management, have concluded, after having conducted an evaluation and to the best of their knowledge, that, as at September 30, 2014, 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

Canada Sector

(in millions of CDN dollars)

Fiscal years	2015		2014			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	971.7	949.1	881.4	955.6	920.5	896.0
EBITDA	106.8	113.3	108.9	116.1	116.7	115.7

The Canada Sector includes the Dairy Division (Canada) and the Bakery Division. The Bakery Division represents less than 5% of the Sector's revenues.

Revenues

Revenues for the Canada Sector totalled \$971.7 million for the quarter ended September 30, 2014, an increase of \$51.2 million, as compared to \$920.5 million for the same period last fiscal year. The inclusion of revenues from the Scotsburn Acquisition contributed to this increase in the quarter. Also, in the Dairy Division (Canada), higher selling prices in accordance with the higher cost of milk as raw material in addition to slightly higher sales volumes, partially offset by an unfavourable product mix, increased revenues in comparison to the same quarter last fiscal year.

Since the beginning of the fiscal year, revenues from the Canada Sector amounted to \$1.921 billion, an increase of \$104.2 million in comparison to \$1.817 billion for the same period last fiscal year. The inclusion of revenues from the Scotsburn Acquisition since April 14, 2014 increased revenues during the period. Additionally, higher selling prices in relation to the higher cost of milk, as well as higher sales volumes, positively impacted revenues.

EBITDA

For the quarter ended September 30, 2014, EBITDA totalled \$106.8 million, a decrease of \$9.9 million or 8.4%, as compared to \$116.7 million for the corresponding quarter last fiscal year. In the Dairy Division (Canada), higher ingredient costs, a more competitive environment as well as the delay in the completion of the new distribution center project located in Saint-Laurent, Quebec, negatively affected EBITDA. The Scotsburn Acquisition slightly contributed to EBITDA.

Since the beginning of the fiscal year, EBITDA totalled \$220.1 million, a decrease of \$12.3 million or 5.3%, as compared to \$232.4 million for the corresponding period last fiscal year. Higher ingredient costs, a more competitive environment as well as the delay in the completion of the new distribution center project located in Saint-Laurent, Quebec, negatively affected EBITDA, offsetting the positive contribution from the Scotsburn Acquisition.

USA Sector

(in millions of CDN dollars)

Fiscal years	2015		2014			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,345.1	1,291.9	1,220.0	1,138.0	1,078.6	1,053.3
EBITDA	136.6	117.8	128.1	121.1	107.9	112.6

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2015		2014			
	Q2	Q1	Q4	Q3	Q2	Q1
Market factors ^{1 2}	10	(35)	16	9	(17)	12
US currency exchange ¹	6	7	9	5	4	1

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, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2015		2014			
	Q2	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	2.111	2.161	2.178	1.836	1.735	1.779
Closing block price per pound of cheese ¹	2.208	2.000	2.385	2.000	1.765	1.638
Average butter market price per pound	2.676	2.123	1.832	1.579	1.467	1.610
Closing butter market price per pound ²	2.895	2.500	2.000	1.533	1.610	1.428
Average whey market price per pound ³	0.653	0.660	0.620	0.570	0.580	0.580
Spread ⁴	(0.021)	(0.008)	0.012	0.044	0.041	0.046
US average exchange rate to Canadian dollar ⁵	1.090	1.091	1.104	1.042	1.039	1.023

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 Closing butter market price is the price for Grade AA Butter traded on the CME, on the last business day of each quarter.

³ Average whey market price is based on Dairy Market News published information.

⁴ 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.

⁵ Based on Bank of Canada published information.

The USA Sector includes the Cheese Division (USA) and the Dairy Foods Division (USA).

Revenues

Revenues for the USA Sector totalled \$1.345 billion for the quarter ended September 30, 2014, an increase of \$266.5 million, as compared to \$1.079 billion for the corresponding quarter last fiscal year. A higher average block market per pound of cheese of US\$2.11 in the second quarter of fiscal 2015, as compared to US\$1.73 for the corresponding quarter last fiscal year, and an average butter market price of US\$2.68, as compared to US\$1.47 increased revenues by approximately \$175 million. Higher selling prices in both the Cheese Division (USA) and the Dairy Foods Division (USA), in addition to increased cheese volumes during the quarter, positively affected revenues as compared to the corresponding quarter last fiscal year. The weakening of the Canadian dollar increased revenues by approximately \$53 million.

Since the beginning of the fiscal year, revenues totalled \$2.637 billion, an increase of \$505.1 million in comparison to \$2.132 billion for the same period last fiscal year. A higher average block market per pound of cheese and a higher average butter market price as compared to the same period last fiscal year increased revenues by approximately \$306 million. Higher sales volumes also positively contributed to this increase. The weakening of the Canadian dollar increased revenues by approximately \$123 million.

EBITDA

EBITDA totalled \$136.6 million for the quarter ended September 30, 2014, an increase of \$28.7 million or 26.6% in comparison to \$107.9 million for the same quarter last fiscal year. Higher sales volumes in the Cheese Division (USA), in addition to pricing initiatives, operational efficiencies and a decrease in operational costs increased EBITDA as compared to the same quarter last fiscal year. During the quarter, the block price opened at US\$2.00 and closed at US\$2.21, an increase of US\$0.21, compared to opening at US\$1.64 and closing at US\$1.77, an increase of US\$0.13 for the same period last fiscal year. This net difference in the quarter versus the same quarter last fiscal year had a favourable impact on the realization of inventories. The relationship between the average block market per pound of cheese and the cost of milk as raw material was less favourable in comparison to the same period last fiscal year. The average block market per pound of cheese was US\$2.11 for the quarter, US\$0.38 higher as compared to the same quarter last fiscal year, resulting in a favourable impact on the absorption of fixed costs. Conversely, a higher average butter market price as compared to the corresponding quarter last fiscal year negatively affected EBITDA. These market factors combined had a positive impact of approximately \$10 million on EBITDA. The weakening of the Canadian dollar versus the US dollar had a positive impact on EBITDA of approximately \$6 million.

Since the beginning of the fiscal year, EBITDA totalled \$254.4 million, an increase of \$33.9 million in comparison to \$220.5 million for the corresponding period last fiscal year. Market factors decreased EBITDA by approximately \$25 million for the six-month period ended September 30, 2014, resulting mainly from an unfavourable relationship between the average block market per pound of cheese and the cost of milk as raw material, and increased average butter market prices. This was partially offset by the favourable impact on the absorption of fixed costs resulting from a higher average block market per pound of cheese as compared to the same quarter last fiscal year. Higher sales volumes and pricing initiatives in both the Cheese Division (USA) and the Dairy Foods Division (USA) positively impacted EBITDA. The weakening of the Canadian dollar versus the US dollar had a positive impact on EBITDA of approximately \$13 million.

International Sector

(in millions of CDN dollars)

Fiscal years	2015		2014			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	384.5	379.7	384.5	249.5	231.2	224.2
EBITDA	38.7	37.8	40.8	22.8	15.8	13.8

The International Sector includes the Dairy Division (Argentina), the Dairy Division (Australia) and the Dairy Ingredients Division. The Dairy Ingredients Division includes national and export ingredients sales from the North American divisions, as well as cheese exports from these same divisions.

Revenues

Revenues for the International Sector totalled \$384.5 million for the quarter, an increase of \$153.3 million compared to the same quarter last fiscal year. This increase is mainly due to the inclusion of revenues from the Dairy Division (Australia) for the quarter. Revenues from the Dairy Division (Argentina) increased due to higher selling prices in the export market, as well as increased selling prices relating to the higher cost of raw milk. Sales volumes were slightly higher as compared to the same quarter last fiscal year. The Dairy Ingredients Division's revenues also increased as compared to the corresponding quarter last fiscal year due to a combination of higher sales volumes and increased selling prices in the export market, which were partially offset by an unfavourable product mix. The strengthening of the Canadian dollar versus the Argentinean peso negatively impacted revenues by approximately \$41 million, as compared to the same quarter last fiscal year.

Since the beginning of the fiscal year, revenues totalled \$764.2 million, an increase of \$308.8 million in comparison to \$455.4 million for the same period last fiscal year. This increase is mainly due to the inclusion of revenues from the Dairy Division (Australia) for the period. Revenues from the Dairy Division (Argentina) increased due to higher selling prices in the export market, as well as selling prices relating to the higher cost of raw milk. Sales volumes remained stable as compared to the same period last fiscal year. The Dairy Ingredients Division's revenues increased as compared to the corresponding period last fiscal year, resulting from higher sales volumes and increased selling prices in the international market. The strengthening of the Canadian dollar versus the Argentinean peso negatively impacted revenues by approximately \$77 million, as compared to the same period last fiscal year.

EBITDA

EBITDA for the International Sector amounted to \$38.7 million, a \$22.9 million increase compared to the same quarter last fiscal year. This increase is mainly due to the inclusion of EBITDA from the Dairy Division (Australia) for the quarter. EBITDA of the Dairy Division (Argentina) increased, as compared to the corresponding quarter last fiscal year, mainly due to higher selling prices in the export market, offsetting increased operating costs for the quarter. EBITDA for the Dairy Ingredients Division was comparable to the corresponding quarter last fiscal year, as the sector benefitted from higher selling prices in the export market, which were offset by an unfavorable product mix.

Since the beginning of the fiscal year, EBITDA amounted to \$76.5 million, a \$46.9 million increase compared to the same period last fiscal year. This increase is mainly due to the inclusion of EBITDA from the Dairy Division (Australia) for the period. EBITDA of the Dairy Division (Argentina) increased, as compared to the corresponding period last fiscal year, mainly due to higher selling prices in the export market, partially offset by an increase in operational costs. EBITDA for the Dairy Ingredients Division remained stable, as compared to the same period last fiscal year, with higher selling prices in the international market offsetting slightly lower sales volumes and increased operating costs.

OUTLOOK

In the Canada Sector, the Scotsburn Acquisition, completed on April 14, 2014, enables the Dairy Division (Canada) to increase its presence in Atlantic Canada. This acquisition was in line with the Company's continued pursuit of volume growth in the fluid milk category. The Division will continue evaluating opportunities and possible synergies in an effort to improve and expand product offerings to customers during the rest of fiscal 2015. Additionally, the Division will seek opportunities in categories which offer growth potential and for which the Company is well-positioned, namely the value-added milk and specialty cheese categories. Investments in these categories allow the Company to take advantage of coast-to-coast distribution capabilities in order to maximize exposure across Canada.

Innovation continues to be a priority, enabling the sector to offer products that meet the needs of today's consumers. Accordingly, resources are being allocated towards product innovation allowing the sector to forge and secure long-term relationships with both customers and consumers.

During the second quarter, the Company reconsidered the previously announced closure of the Glenwood (Alberta) facility that had been planned for December 2015. The facility will continue its activities. Also during the same period, the Company announced that the Trois-Rivières (Québec) facility will cease operations in September 2015. Its activities will be transferred to other existing facilities.

The Dairy Division (Canada) will complete, in the upcoming quarters of fiscal 2015, the project to consolidate distribution activities of the Greater Montreal Area into one distribution center located in Saint-Laurent, Québec, which was planned for completion in the first quarter of fiscal 2015. This initiative was announced in fiscal 2013 and is a result of the Company's ongoing evaluation of activities aimed at cost reduction and productivity enhancements.

In the USA Sector, we will complete the integration of the Dairy Foods Division (USA) with a primary focus on implementing the Division's processes and systems. The sector intends to capitalize on this Division's national manufacturing and distribution footprint. The Dairy Foods Division (USA) will focus on volume growth by aligning with strong and growing customers and bringing innovative products to market. Additionally, during the remainder of fiscal 2015, we will continue to focus on volume growth in the Cheese Division (USA), with cooperative efforts of our International Sector, geared towards growing the export sales market. The Cheese Division (USA) plans to continue to gain distribution and market share for its premium lines of snack cheeses and flavoured blue cheese offerings. The Company will pursue initiatives to minimize any negative impacts stemming from potential volatile market conditions.

As a result of last fiscal year's capital expenditures at a Midwest facility, the sector is beginning to benefit from lower operational costs, in addition to benefitting from the closures in May and July 2014 of two plants as announced in March 2014. With similar objectives, the sector will continue to evaluate opportunities to improve efficiencies in both manufacturing and distribution facilities across the US, as well as monitor fluctuations in dairy markets and take appropriate decisions to mitigate the impact on operations.

The International Sector continues to pursue sales volume growth in existing markets, as well as develop additional international markets from its Argentinean operations for which capacity has increased over the last two years. Also, the sector will pursue growth of cheese export sales volumes from the Cheese Division (USA). The inclusion of the Dairy Division (Australia) has provided the International Sector an additional platform to seek long-term growth as a dairy player on a global scale. We intend to accelerate growth in Australia, by making necessary capital investments and devoting resources to increase manufacturing capacity, grow milk intake and create new opportunities. The sector will continue to evaluate overall activities in an effort to improve efficiencies.

The Company has the intention to purchase by way of a normal course issuer bid (Bid), for cancellation purposes, up to 19,532,686 common shares, which represents approximately 5% of its issued and outstanding common shares as of October 31, 2014. A copy of the notice with respect to the Bid may be obtained without charge upon request to the Secretary of the Company. These purchases will be made in accordance with applicable regulations over a 12-month period beginning on November 17, 2014 and ending on November 16, 2015, 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 in all sectors and pursue growth internally and through acquisitions.

(signed) Lino Saputo
Lino Saputo
Chairman of the Board

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

November 6, 2014

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	
	2014	2013	2014	2013
Revenues	\$ 2,701,263	\$ 2,230,326	\$ 5,322,063	\$ 4,403,860
Operating costs excluding depreciation and amortization (Note 4)	2,419,088	1,989,938	4,770,996	3,921,376
Earnings before interest, depreciation, amortization and income taxes	282,175	240,388	551,067	482,484
Depreciation and amortization	41,360	35,700	80,307	69,978
Interest on long-term debt	13,674	12,978	28,292	25,891
Other financial charges (Note 9)	4,487	3,583	9,401	5,963
Earnings before income taxes	222,654	188,127	433,067	380,652
Income taxes	66,926	54,830	132,029	110,607
Net earnings	\$ 155,728	\$ 133,297	\$ 301,038	\$ 270,045
Attributable to:				
Shareholders of Saputo Inc.	\$ 154,436	\$ 133,297	\$ 298,731	\$ 270,045
Non-controlling interest	1,292	-	2,307	-
	\$ 155,728	\$ 133,297	\$ 301,038	\$ 270,045
Earnings per share (Note 8)				
Net earnings				
Basic	\$ 0.39	\$ 0.34	\$ 0.76	\$ 0.69
Diluted	\$ 0.39	\$ 0.34	\$ 0.75	\$ 0.68

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	
	2014	2013	2014	2013
Net earnings	\$ 155,728	\$ 133,297	\$ 301,038	\$ 270,045
Other comprehensive income (loss):				
<i>Items that may be reclassified to net earnings:</i>				
Exchange differences arising from foreign currency translation	112,659	(61,360)	5,857	18,486
Net unrealized gains (losses) on cash flow hedges ¹ (Note 10)	261	(1,719)	541	5,392
Reclassification of gains on cash flow hedges to net earnings ²	-	-	(4,004)	-
Other comprehensive income (loss)	112,920	(63,079)	2,394	23,878
Comprehensive income	\$ 268,648	\$ 70,218	\$ 303,432	\$ 293,923
Attributable to:				
Shareholders of Saputo Inc.	\$ 267,356	\$ 70,218	\$ 301,609	\$ 293,923
Non-controlling interest	1,292	-	1,823	-
	\$ 268,648	\$ 70,218	\$ 303,432	\$ 293,923

¹ Net of income taxes (recovery) of \$90 and \$186 for the three and six-month periods ended September 30, 2014, respectively (2013 - (\$597) and \$1,874).

² Net of income taxes recovery of \$1,716 for the six-month periods ended September 30, 2014 (2013 - nil).

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

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

For the six-month period ended September 30, 2014											
	Share capital		Reserves				Retained Earnings	Total	Non-Controlling Interest	Total Equity	
	Common Shares (in thousands)	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves					
Balance, beginning of period	390,138	\$ 703,111	\$ 183,321	\$ 1,528	\$ 57,433	\$ 242,282	\$ 1,830,911	\$ 2,776,304	\$ 62,856	\$ 2,839,160	
Net earnings	-	-	-	-	-	-	298,731	298,731	2,307	301,038	
Other comprehensive income	-	-	5,857	(2,979)	-	2,878	-	2,878	(484)	2,394	
Comprehensive income	-	-	-	-	-	-	-	301,609	1,823	303,432	
Dividends declared	-	-	-	-	-	-	(95,971)	(95,971)	-	(95,971)	
Stock option plan (Note 7)	-	-	-	-	8,742	8,742	-	8,742	-	8,742	
Shares issued under stock option plan	1,894	26,767	-	-	-	-	-	26,767	-	26,767	
Amount transferred from reserves to share capital upon exercise of options	-	5,633	-	-	(5,633)	(5,633)	-	-	-	-	
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	2,942	2,942	-	2,942	-	2,942	
Shares repurchased and cancelled	(693)	(1,297)	-	-	-	-	(21,602)	(22,899)	-	(22,899)	
Shares repurchased and not cancelled	(75)	(141)	-	-	-	-	(2,234)	(2,375)	-	(2,375)	
Balance, end of period	391,264	\$ 734,073	\$ 189,178	\$ (1,451)	\$ 63,484	\$ 251,211	\$ 2,009,835	\$ 2,995,119	\$ 64,679	\$ 3,059,798	

For the six-month period ended September 30, 2013											
	Share capital		Reserves				Retained Earnings	Total	Non-Controlling Interest	Total Equity	
	Common Shares (in thousands)	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves					
Balance, beginning of period	393,238	\$ 663,275	\$ (5,730)	\$ (3,660)	\$ 47,439	\$ 38,049	\$ 1,604,348	\$ 2,305,672	\$ -	\$ 2,305,672	
Net earnings	-	-	-	-	-	-	270,045	270,045	-	270,045	
Other comprehensive income	-	-	18,486	5,392	-	23,878	-	23,878	-	23,878	
Comprehensive income	-	-	-	-	-	-	-	293,923	-	293,923	
Dividends declared	-	-	-	-	-	-	(85,820)	(85,820)	-	(85,820)	
Stock option plan (Note 7)	-	-	-	-	7,814	7,814	-	7,814	-	7,814	
Shares issued under stock option plan	1,280	16,194	-	-	-	-	-	16,194	-	16,194	
Amount transferred from reserves to share capital upon exercise of options	-	3,264	-	-	(3,264)	(3,264)	-	-	-	-	
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	796	796	-	796	-	796	
Shares repurchased and cancelled	(5,914)	(10,124)	-	-	-	-	(129,866)	(139,990)	-	(139,990)	
Shares repurchased and not cancelled	(212)	(363)	-	-	-	-	(4,811)	(5,174)	-	(5,174)	
Balance, end of period	388,392	\$ 672,246	\$ 12,756	\$ 1,732	\$ 52,785	\$ 67,273	\$ 1,653,896	\$ 2,393,415	\$ -	\$ 2,393,415	

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of CDN dollars)

As at	September 30, 2014 (unaudited)	March 31, 2014 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 50,086	\$ 39,346
Receivables	837,484	807,409
Inventories	980,521	933,232
Income taxes	29,912	30,867
Prepaid expenses and other assets	72,538	84,992
	1,970,541	1,895,846
Property, plant and equipment	1,953,361	1,928,761
Goodwill	1,985,746	1,954,691
Trademarks and other intangibles	492,359	484,830
Other assets	89,556	79,968
Deferred income taxes	14,021	12,796
Total assets	\$ 6,505,584	\$ 6,356,892
LIABILITIES		
Current liabilities		
Bank loans (Note 5)	\$ 347,253	\$ 310,066
Accounts payable and accrued liabilities	878,872	897,222
Income taxes	105,791	124,206
Current portion of long-term debt (Note 6)	279,000	393,600
	1,610,916	1,725,094
Long-term debt (Note 6)	1,398,125	1,395,694
Other liabilities	50,940	48,396
Deferred income taxes	385,805	348,548
Total liabilities	\$ 3,445,786	\$ 3,517,732
EQUITY		
Share capital (Note 7)	734,073	703,111
Reserves	251,211	242,282
Retained earnings	2,009,835	1,830,911
Equity attributable to shareholders of Saputo Inc.	2,995,119	2,776,304
Non-controlling interest	64,679	62,856
Total equity	\$ 3,059,798	\$ 2,839,160
Total liabilities and equity	\$ 6,505,584	\$ 6,356,892

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of CDN dollars)

(unaudited)

	For the three-month periods		For the six-month periods	
	ended September 30		ended September 30	
	2014	2013	2014	2013
Cash flows related to the following activities:				
Operating				
Net earnings	\$ 155,728	\$ 133,297	\$ 301,038	\$ 270,045
Adjustments for:				
Stock-based compensation	6,186	5,332	13,835	10,565
Interest and other financial charges	18,161	16,561	37,693	31,854
Income tax expense	66,926	54,830	132,029	110,607
Depreciation and amortization	41,360	35,700	80,307	69,978
Loss (gain) on disposal of property, plant and equipment	81	(361)	(957)	(414)
Share of joint venture earnings	(2,266)	-	(2,532)	-
Under(Over)funding of employee plans compared to costs	829	(3,953)	1,658	(5,263)
	287,005	241,406	563,071	487,372
Changes in non-cash operating working capital items	(17,279)	(13,177)	(108,568)	(46,303)
Cash generated from operating activities	269,726	228,229	454,503	441,069
Interest and other financial charges paid	(11,449)	(10,756)	(33,542)	(31,647)
Income taxes paid	(57,039)	(35,156)	(109,934)	(107,515)
Net cash generated from operating activities	201,238	182,317	311,027	301,907
Investing				
Business acquisition	(3,900)	-	(64,979)	-
Additions to property, plant and equipment	(41,709)	(47,420)	(74,157)	(97,507)
Proceeds on disposal of property, plant and equipment	11	369	1,373	449
Other	72	1,676	(714)	763
	(45,526)	(45,375)	(138,477)	(96,295)
Financing				
Bank loans	13,633	48,929	44,021	72,830
Proceeds from issuance of long-term debt	-	-	110,000	-
Repayment of long-term debt	(57,625)	(38,636)	(223,263)	(78,079)
Issuance of share capital	9,366	6,353	26,767	16,194
Repurchase of share capital	(22,899)	(59,773)	(22,899)	(139,990)
Dividends	(95,971)	(85,820)	(95,971)	(85,820)
	(153,496)	(128,947)	(161,345)	(214,865)
Increase (decrease) in cash and cash equivalents	2,216	7,995	11,205	(9,253)
Effect of exchange rate changes on cash and cash equivalents	(96)	(438)	(465)	1,169
Cash and cash equivalents, beginning of period	47,966	27,536	39,346	43,177
Cash and cash equivalents, end of period	\$ 50,086	\$ 35,093	\$ 50,086	\$ 35,093

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 Australia as well as bakery products in Canada. The address of the Company's head office is 6869 Metropolitan 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, 2014 comprise the financial results of the Company and its subsidiaries.

The financial statements for the period ended September 30, 2014 have been authorized for issuance by the Board of Directors on November 6, 2014.

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. On August 5, 2014 the Board of Directors declared a stock dividend of one common share per each issued and outstanding common share, which had the same effect as a two-for-one stock split of the Company's outstanding common shares, paid on September 29, 2014 to shareholders of record as of the close of business on September 19, 2014. The Company's shares began trading on an ex-dividend basis (split basis) on September 30, 2014 and references to common shares, options and related information made herein have been retroactively adjusted to reflect the stock dividend.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

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, 2014, except for the impact of the adoption of the new standards, interpretations and amendments described below.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements.

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

The IASB continues to make revisions as part of its improvements project. Below are a summary of the relevant standards affected and a discussion of the amendments.

IFRS 2, Share-based Payment

The IASB has amended the definitions of market and vesting conditions and added definitions for performance and service conditions. Vesting conditions are now defined as either service conditions or performance conditions. The amendments also clarify certain other requirements for performance, service, market and non-vesting conditions.

These amendments are effective for annual reporting periods beginning on or after July 1, 2014. Management is still evaluating the impact of these requirements but the adjustments, if any, resulting from these amendments are not likely to be material.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 3, Business Combinations

The IASB amended IFRS 3 to clarify that contingent consideration in a business combination, whether an asset or liability, should continue to be measured at fair value at each reporting date regardless of whether the contingent consideration is considered a financial instrument within the scope of IFRS 9 or IAS 39 and regardless of whether it is considered a non-financial asset or liability (changes in fair value shall be included in net earnings).

These amendments are effective for annual reporting periods beginning on or after July 1, 2014. Management does not believe these amendments will have a material impact on the Company's financial statements.

IFRS 8, Operating Segments

The IASB amended IFRS 8 to require an entity to disclose the judgements in applying the aggregation criteria found in paragraph 12. The standard now requires a brief description of the operating segments that have been aggregated in the present manner and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

IFRS 8 has also been amended to clarify that an entity only needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker.

These amendments are effective for annual reporting periods beginning on or after July 1, 2014. Management is still analyzing the impact of these amendments but does not expect any significant adjustments to its financial statements.

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. Several amendments have been made to this standard since that date including amendments made in July and August 2014 relating to the classification of financial assets and the use of a single impairment model for all financial instruments.

These amendments, along with the adoption of the standard, are effective for annual reporting periods beginning on or after January 1, 2018. Management is currently evaluating the impact of the adoption of this standard, including amendments.

IFRS 13, Fair Value

The IASB amended the basis for conclusion in IFRS 13 to clarify that the issuance of IFRS 13 (and related amendments to IAS 39, Financial Instruments: Recognition and Measurement) does not require discounting of short-term receivables and payables if they are not significant.

This amendment is effective for annual reporting periods beginning on or after July 1, 2014 and is not expected to materially impact the Company's financial statements.

IFRS 15, Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers with its goal to provide a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This new standard will supersede current revenue recognition guidance in IAS 18, Revenue, IAS 11, Construction Contracts and IFRIC 13, Customer Loyalty Programmes.

The objective of this standard is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognizing revenue when performance obligations are satisfied. In certain instances, transfer of assets that are not related to the entity's ordinary activities will also be required to follow some of the recognition and measurement requirements of the new model. The standard also expands current disclosure requirements.

This standard is effective for annual reporting periods beginning on or after January 1, 2017. Management is currently assessing the impact of the adoption of this standard.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IAS 19, Employee Benefits

IAS 19 has been amended to clarify that employee (or third party) contributions that are independent of the number of years of service can be deducted from the service cost in the period that the service is rendered and not necessarily allocated over periods of service. Other contributions made by employees (or third parties) are to be attributed to the periods of service using the plan's contribution formula or on a straight line basis.

This amendment is effective for annual reporting periods beginning on or after July 1, 2014 and is not expected to impact the Company's financial statements.

IAS 24, Related Party Transactions

IAS 24 clarifies that a management entity providing key management personnel services to a reporting entity is also considered a related party of the reporting entity. Therefore the amounts paid by the reporting entity in relation to those services must also be included in the amounts disclosed in the related party transactions note. Disclosures of the components of the services provided are not required.

This amendment is effective for annual reporting periods beginning on or after July 1, 2014 and is not expected to impact the Company's financial statements.

IAS 40, Investment Property

The IASB amended this standard to clarify that this standard and IFRS 3, Business Combinations are not mutually exclusive and the application of both standards may be required in the event of an asset acquisition. An entity will need to determine whether the asset acquired meets the definition of investment property while also determining whether the transaction constitutes a business acquisition under IFRS 3.

This amendment is effective for annual reporting periods beginning on or after July 1, 2014 and is not expected to impact the Company's financial statements.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE PERIOD

The following standards were adopted by the Company on April 1, 2014:

IAS 36, Impairment of Assets

In May 2013, the IASB published amendments to IAS 36 no longer requiring the disclosure of the recoverable amounts of each cash generating unit or group of units to which a significant portion of the overall carrying amount of goodwill (or other intangibles with indefinite useful lives) has been allocated. The IASB clarified that this requirement is only applicable in the event of an impairment loss or reversal of an impairment loss.

This amendment did not impact the Company's financial statements for the three and six-month periods ended September 30, 2014.

IAS 39, Financial Instruments: Recognition and Measurement

In June 2013, the IASB published amendments to IAS 39 providing relief from the cessation of hedge accounting where derivatives being used in hedging arrangements are novated under certain circumstances. Previously under IAS 39, novation of derivatives resulted in the cessation of hedge accounting.

This amendment did not impact the Company's financial statements for the three and six-month periods ended September 30, 2014.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods		For the six-month periods	
	ended September 30		ended September 30	
	2014	2013	2014	2013
Changes in inventories of finished goods and work in process	\$ (50,985)	\$ 36,977	\$ (27,162)	\$ (870)
Raw materials and consumables used	2,000,965	1,536,092	3,880,695	3,094,903
Foreign exchange (gain) loss	(1,023)	1,110	(5,076)	381
Employee benefits expense	259,078	226,393	512,098	453,106
Selling costs	74,037	63,629	143,163	128,945
Other general and administrative costs	137,016	125,737	267,278	244,911
	\$ 2,419,088	\$ 1,989,938	\$ 4,770,996	\$ 3,921,376

NOTE 5 BANK LOANS

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

Credit Facilities	Maturity	Available for use			Amount drawn	
		Canadian Currency Equivalent	Base Currency	September 30, 2014	March 31, 2014	
North America-USA	July 2019 ¹	224,000	200,000 USD	\$ 19,040	\$ 95,073	
North America-Canada	July 2019 ¹	336,000	300,000 USD	172,060	80,285	
Argentina	Yearly ²	185,609	1,404,000 ARS	85,124	79,487	
Australia	Yearly ³	153,900	157,201 AUD	71,029	55,221	
		899,509		\$ 347,253	\$ 310,066	

¹ Bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1% or LIBOR or banker's acceptance rate plus 0.85% up to a maximum of 2% depending on a financial ratio of the Company. The term of this facility was extended from July 2017 to July 2019 in April 2014.

² Bear monthly interest at local rate and can be drawn in ARS or USD.

³ Bear monthly interest at Australian Bank Bill Rate plus 0.85% (AUD drawdowns) or LIBOR plus 0.75% (USD drawdowns).

NOTE 6 LONG-TERM DEBT

	September 30, 2014	March 31, 2014
Unsecured bank term loan facility		
Obtained October 2013 and due in December 2016 (\$500,000,000) ¹	\$ 453,125	\$ 374,375
Obtained December 2012 and due in December 2016 (US tranche \$350,000,000) ²	98,000	179,644
Obtained December 2012 and due in December 2016 (CDN tranche \$850,000,000) ²	850,000	850,000
Unsecured senior notes ³		
8.41%, issued in November 1999 and due in November 2014 (US\$50,000,000)	56,000	55,275
5.34%, issued in June 2009 and due in June 2014	-	110,000
5.82%, issued in June 2009 and due in June 2016	220,000	220,000
	\$ 1,677,125	\$ 1,789,294
Current portion	279,000	393,600
	\$ 1,398,125	\$ 1,395,694
Principal repayments are as follows:		
Less than 1 year	\$ 279,000	\$ 393,600
1-2 years	432,500	213,819
2-3 years	965,625	1,181,875
3-4 years	-	-
4-5 years	-	-
More than 5 years	-	-
	\$ 1,677,125	\$ 1,789,294

¹ Bears monthly interest at rates ranging from lender's prime plus a maximum of 1%, or bankers' acceptance rates plus 0.85% up to a maximum of 2%, depending on a financial ratio of the Company.

² Bear monthly interest at rates ranging from lender's prime plus a maximum of 1% or LIBOR or bankers' acceptance rates plus 0.85% up to a maximum of 2%, depending on a financial ratio of the Company. Effective February 4, 2013, the Company entered into an interest rate swap to fix its rate for the total term of the US dollar tranche and for \$700,000,000 of the Canadian dollar tranche unsecured bank term loan facility. The effective fixed interest rate is 1.58% (plus applicable spread) for the Canadian dollar tranche and 0.31% (plus applicable spread) on the US dollar tranche.

³ Interest payments are semi-annual.

NOTE 7 SHARE CAPITAL

Issued

	September 30, 2014	March 31, 2014
391,264,364 common shares (390,137,824 common shares at March 31, 2014)	\$ 734,073	\$ 703,111

Stock Dividend

On August 5, 2014, the Board of Directors declared a stock dividend of one common share per each issued and outstanding common share, which had the same effect as a two-for-one stock split of the Company's outstanding common shares. The dividend on the common shares was paid on September 29, 2014 to shareholders of record as of the close of business on September 19, 2014. The additional common shares were issued on September 29, 2014. The total number of common shares issued presented above reflects retroactively the impact of the two-for-one stock split.

Share Option Plan

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

	September 30, 2014		September 30, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	16,896,962	\$ 18.26	16,751,862	\$ 15.39
Options granted	4,125,652	\$ 27.74	4,130,538	\$ 25.55
Options exercised	(1,894,340)	\$ 14.13	(1,280,894)	\$ 12.65
Options cancelled	(228,558)	\$ 24.53	(288,398)	\$ 20.76
Balance, end of period	18,899,716	\$ 20.66	19,313,108	\$ 17.67

The exercise price of the options granted in fiscal 2015 is \$27.74, which corresponds to the weighted average market price for the five trading days immediately preceding the date of grant (\$25.55 in fiscal 2014).

The weighted average fair value of options granted in fiscal 2015 was estimated at \$5.46 per option (\$5.77 in fiscal 2014), using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2014	March 31, 2014
Weighted average:		
Risk-free interest rate	1.71%	1.34%
Expected life of options	5.3 years	5.5 years
Volatility	23.43%	26.96%
Dividend rate	1.82%	1.66%

A compensation expense of \$4,395,000 (\$3,735,000 net of taxes) and \$8,742,000 (\$7,414,000 net of taxes) relating to stock options was recorded in the statement of earnings for the three and six-month periods ended September 30, 2014, respectively. A compensation expense of \$3,829,000 (\$3,258,000 net of taxes) and \$7,814,000 (\$6,676,000 net of taxes) was recorded for the three and six-month periods ended September 30, 2013, respectively.

NOTE 8 EARNINGS PER SHARE

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2014	2013	2014	2013
	Net earnings attributable to shareholders of Saputo Inc.	\$ 154,436	\$ 133,297	\$ 298,731
Weighted average number of common shares outstanding	391,605,878	390,003,378	391,105,299	391,610,506
Dilutive options	6,277,303	5,016,004	5,867,328	5,320,562
Weighted average diluted number of common shares outstanding	397,883,181	395,019,382	396,972,627	396,931,068
Basic earnings per share	\$ 0.39	\$ 0.34	\$ 0.76	\$ 0.69
Diluted earnings per share	\$ 0.39	\$ 0.34	\$ 0.75	\$ 0.68

When calculating diluted earnings per share for the three and six-month periods ended September 30, 2014, no options were excluded from the calculation since their exercise price is lower than the average market value of common shares for the period (4,042,962 options were excluded for the three and six-month periods ended September 30, 2013).

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

NOTE 9 OTHER FINANCIAL CHARGES

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2014	2013	2014	2013
	Finance costs	\$ 4,607	\$ 3,688	\$ 9,594
Finance income	(120)	(105)	(193)	(229)
	\$ 4,487	\$ 3,583	\$ 9,401	\$ 5,963

NOTE 10 FINANCIAL INSTRUMENTS

The Company has determined that the fair value of certain of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable and accrued liabilities. The table below shows the fair value and the carrying value of other financial instruments as at September 30, 2014 and March 31, 2014.

	September 30, 2014		March 31, 2014	
	Fair value	Carrying value	Fair value	Carrying value
Cash flow hedges				
Interest rate swaps (Level 2)	\$ (1,944)	\$ (1,944)	\$ (2,671)	\$ (2,671)
Foreign currency derivatives (Level 2)	(921)	(921)	140	140
Derivatives not designated in a formal hedging relationship				
Currency swaps (Level 2)	\$ 7	\$ 7	\$ 3	\$ 3
Commodity futures contracts (Level 2)	738	738	162	162
Long-term debt	1,689,819	1,677,125	1,808,190	1,789,294

NOTE 11 SEGMENTED INFORMATION

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2014	2013	2014	2013
Revenues				
Canada	\$ 971,706	\$ 920,536	\$ 1,920,824	\$ 1,816,584
USA	1,345,102	1,078,570	2,637,037	2,131,891
International	384,455	231,220	764,202	455,385
	\$ 2,701,263	\$ 2,230,326	\$ 5,322,063	\$ 4,403,860
Earnings before interest, depreciation, amortization and income taxes				
Canada	\$ 106,820	\$ 116,662	\$ 220,136	\$ 232,359
USA	136,612	107,943	254,383	220,537
International	38,743	15,783	76,548	29,588
	\$ 282,175	\$ 240,388	\$ 551,067	\$ 482,484
Depreciation and amortization				
Canada	\$ 15,120	\$ 13,759	\$ 28,245	\$ 26,868
USA	21,891	20,733	43,723	40,734
International	4,349	1,208	8,339	2,376
	\$ 41,360	\$ 35,700	\$ 80,307	\$ 69,978
Financial charges, net	18,161	16,561	37,693	31,854
Earnings before income taxes	222,654	188,127	433,067	380,652
Income taxes	66,926	54,830	132,029	110,607
Net earnings	\$ 155,728	\$ 133,297	\$ 301,038	\$ 270,045

NOTE 12 BUSINESS ACQUISITION

Scotsburn Co-Operative Services Limited

On April 14, 2014, the Company completed the acquisition of the fluid milk activities of Scotsburn Co-Operative Services Limited based in Atlantic Canada. Its operations consist of manufacturing, selling, marketing, distributing and merchandising of products such as fluid milk, cream, sour cream, ice cream mix and cottage cheese, mainly under the *Scotsburn* brand. The preliminary allocation of the purchase price is presented below. The final allocation will be completed by March 31, 2015.

		Scotsburn Co-Operative Services Limited	
Assets acquired	Inventories	\$	5,132
	Prepaid expenses and other assets		777
	Property, plant and equipment		22,455
	Goodwill		23,651
	Trademarks and other intangibles		14,973
Liabilities assumed	Accounts payable and accrued liabilities		(2,009)
Net assets acquired and total consideration paid		\$	64,979

Goodwill reflects the value assigned to expected future synergies and an assembled workforce.