

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	For the three-month periods ended June 30	
	2017	2016
Revenues	\$ 2,892.1	\$ 2,631.4
Operating costs excluding depreciation and amortization (Note 4)	2,536.9	2,313.2
Earnings before interest, income taxes, depreciation and amortization	355.2	318.2
Depreciation and amortization	53.7	49.3
Interest on long-term debt	7.8	10.7
Other financial charges (Note 9)	2.1	2.0
Earnings before income taxes	291.6	256.2
Income taxes	91.3	79.5
Net earnings	\$ 200.3	\$ 176.7
Net earnings per share (Note 8)		
Basic	\$ 0.52	\$ 0.45
Diluted	\$ 0.51	\$ 0.44

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended June 30	
	2017	2016
Net earnings	\$ 200.3	\$ 176.7
Other comprehensive income (loss):		
<i>Items that may be reclassified to net earnings:</i>		
Exchange differences arising from foreign currency translation	(129.8)	(39.2)
Net unrealized gains on cash flow hedges ¹ (Note 10)	9.0	3.7
Reclassification of gains on cash flow hedges to net earnings ²	(1.1)	(1.6)
Other comprehensive income (loss)	(121.9)	(37.1)
Total comprehensive income	\$ 78.4	\$ 139.6

¹ Net of income taxes of \$3.8 (2016 - \$2.4).

² Net of income taxes of \$0.5 (2016 - \$0.7).

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

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

For the three-month period ended June 30, 2017

	Share capital		Reserves				Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves				
Balance, beginning of year	386,234,311	\$ 871.1	\$ 717.8	\$ (3.0)	\$ 97.9	\$ 812.7	\$ 2,639.1	\$ 4,322.9	\$ -	\$ 4,322.9
Net earnings	-	-	-	-	-	-	200.3	200.3	-	200.3
Other comprehensive income	-	-	(129.8)	7.9	-	(121.9)	-	(121.9)	-	(121.9)
Total comprehensive income	-	-	-	-	-	-	-	78.4	-	78.4
Dividends declared	-	-	-	-	-	-	(57.9)	(57.9)	-	(57.9)
Stock option plan (Note 7)	-	-	-	-	5.9	5.9	-	5.9	-	5.9
Shares issued under stock option plan	460,642	11.1	-	-	-	-	-	11.1	-	11.1
Amount transferred from reserves to share capital upon exercise of options	-	2.2	-	-	(2.2)	(2.2)	-	-	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	0.7	0.7	-	0.7	-	0.7
Shares repurchased and cancelled	(654,900)	(1.4)	-	-	-	-	(27.6)	(29.0)	-	(29.0)
Balance, end of period	386,040,053	\$ 883.0	\$ 588.0	\$ 4.9	\$ 102.3	\$ 695.2	\$ 2,753.9	\$ 4,332.1	\$ -	\$ 4,332.1

For the three-month period ended June 30, 2016

	Share capital		Reserves				Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves				
Balance, beginning of year	392,520,687	\$ 821.0	\$ 613.6	\$ -	\$ 82.1	\$ 695.7	\$ 2,485.1	\$ 4,001.8	\$ 68.0	\$ 4,069.8
Net earnings	-	-	-	-	-	-	176.5	176.5	0.2	176.7
Other comprehensive income	-	-	(39.2)	2.1	-	(37.1)	-	(37.1)	-	(37.1)
Total comprehensive income	-	-	-	-	-	-	-	139.4	0.2	139.6
Dividends declared	-	-	-	-	-	-	(53.1)	(53.1)	-	(53.1)
Stock option plan (Note 7)	-	-	-	-	5.4	5.4	-	5.4	-	5.4
Shares issued under stock option plan	622,506	13.0	-	-	-	-	-	13.0	-	13.0
Amount transferred from reserves to share capital upon exercise of options	-	2.9	-	-	(2.9)	(2.9)	-	-	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	0.9	0.9	-	0.9	-	0.9
Shares repurchased and cancelled	(438,000)	(1.0)	-	-	-	-	(14.7)	(15.7)	-	(15.7)
Balance, end of period	392,705,193	\$ 835.9	\$ 574.4	\$ 2.1	\$ 85.5	\$ 662.0	\$ 2,593.8	\$ 4,091.7	\$ 68.2	\$ 4,159.9

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(in millions of CDN dollars)

As at	June 30, 2017 (unaudited)	March 31, 2017 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 131.1	\$ 250.5
Receivables	904.2	863.2
Inventories	1,189.6	1,172.5
Income taxes receivable	7.7	15.0
Prepaid expenses and other assets	56.8	79.3
	2,289.4	2,380.5
Property, plant and equipment	2,146.4	2,165.5
Goodwill	2,191.6	2,240.5
Intangible assets	666.9	662.3
Other assets	87.6	99.7
Deferred income taxes	41.4	48.1
Total assets	\$ 7,423.3	\$ 7,596.6
LIABILITIES		
Current liabilities		
Bank loans (Note 5)	\$ 121.1	\$ 93.8
Accounts payable and accrued liabilities	949.9	1,008.3
Income taxes payable	44.6	91.3
	1,115.6	1,193.4
Long-term debt (Note 6)	1,400.0	1,500.0
Other liabilities	62.7	68.9
Deferred income taxes	512.9	511.4
Total liabilities	\$ 3,091.2	\$ 3,273.7
EQUITY		
Share capital (Note 7)	883.0	871.1
Reserves	695.2	812.7
Retained earnings	2,753.9	2,639.1
Total equity	\$ 4,332.1	\$ 4,322.9
Total liabilities and equity	\$ 7,423.3	\$ 7,596.6

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended June 30	
	2017	2016
Cash flows related to the following activities:		
Operating		
Net earnings	\$ 200.3	\$ 176.7
Adjustments for:		
Stock-based compensation	6.9	6.3
Interest and other financial charges	9.9	12.7
Income tax expense	91.3	79.5
Depreciation and amortization	53.7	49.3
(Gain) loss on disposal of property, plant and equipment	(0.2)	0.1
Share of joint venture earnings, net of dividends received	8.4	(0.7)
Underfunding of employee plans in excess of costs	0.3	1.2
	370.6	325.1
Changes in non-cash operating working capital items	(120.1)	94.4
Cash generated from operating activities	250.5	419.5
Interest and other financial charges paid	(15.9)	(21.4)
Income taxes paid	(114.8)	(49.5)
Net cash generated from operating activities	119.8	348.6
Investing		
Additions to property, plant and equipment	(74.9)	(64.0)
Additions to intangible assets	(19.1)	(15.0)
Proceeds on disposal of property, plant and equipment	0.6	0.2
Other	(0.1)	(0.9)
	(93.5)	(79.7)
Financing		
Bank loans	36.7	(70.8)
Proceeds from issuance of long-term debt	300.0	300.0
Repayment of long-term debt	(400.0)	(226.0)
Issuance of share capital	11.1	13.0
Repurchase of share capital	(29.0)	(15.7)
Dividends	(57.9)	(53.1)
	(139.1)	(52.6)
(Decrease) increase in cash and cash equivalents	(112.8)	216.3
Cash and cash equivalents, beginning of year	250.5	164.3
Effect of exchange rate changes on cash and cash equivalents	(6.6)	1.0
Cash and cash equivalents, end of period	\$ 131.1	\$ 381.6

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are in millions 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 from Canada, the United States, Argentina and Australia. The address of the Company's head office is 6869 Metropolitan Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements (financial statements) of the Company for the period ended June 30, 2017 comprise the financial results of the Company and its subsidiaries.

The financial statements for the period ended June 30, 2017 have been authorized for issuance by the Board of Directors on August 1, 2017.

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.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these 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, 2017 except for the impact of the adoption of the new standards, interpretations and amendments described below.

These 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 IMPLEMENTED

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

IFRS 2, Share-Based Payment

In June 2016, the IASB issued an amendment to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This amendment is effective for the annual reporting periods beginning on or after January 1, 2018. Management is currently assessing the impact of the adoption of this amendment.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Since then, an amendment was made in July 2014 relating to the classification of financial assets and the use of a single impairment model for all financial instruments.

This amendment, 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 the amendment.

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.

In April 2016, the IASB amended IFRS 15 to comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).

With regards to identifying performance obligations, the amendments clarify how to determine when promises in a contract are 'distinct' goods or services and, therefore, should be accounted for separately. The amendments to licensing guidance clarify when revenue from a license of intellectual property should be recognized 'over time' and when it should be recognized at a 'point in time'. With regards to the principal versus agent assessment, the amendments clarify that the principal in an arrangement controls a good or service before it is transferred to a customer.

This standard and related amendments are effective for annual reporting periods beginning on or after January 1, 2018. Management is currently assessing the impact of the adoption of this standard.

IAS 40, Investment Property

In December 2016, the IASB issued an amendment to IAS 40 clarifying when assets are transferred to, or from investment properties. The amendment clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. This amendment may be applied prospectively or retrospectively.

This amendment is effective for annual reporting periods beginning on or after January 1, 2018. Management is currently assessing the impact of the adoption of this amendment.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued IFRIC 22 which provides an interpretation on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 1. The interpretation applies where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The date of the transaction determines the exchange rate to be used on initial recognition of the related asset, expense or income. This Interpretation provides guidance for when a single payment or receipt is made, as well as for situations where multiple payments or receipts are made and aims to reduce diversity in practice.

This standard is effective for annual reporting periods beginning on or after January 1, 2018. Management is currently assessing the impact of the adoption of this standard.

IFRS 16, Leases

In January 2016, the IASB published a new standard, IFRS 16, Leases. The new standard will eliminate the distinction between operating and finance leases and will bring most leases on the balance sheet for lessees. For lessors, the accounting remains mostly unchanged and the distinction between operating and finance leases is retained.

This standard is effective for annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact of the adoption of this standard.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRIC 23, Uncertainty Over Income Tax Treatments

In June 2017, the IFRS Interpretations Committee issued IFRIC 23 which clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments.

This standard is effective for annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact of the adoption of this standard.

IFRS 10, Consolidated Financial Statements & IAS 28, Investments in Associates

The IASB previously issued a narrow-scope amendment to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 when dealing with the sale or contribution of assets between an investor and its associate or joint venture. The original amendments required a full gain or loss to be recognized where a transaction involved a business or that a partial gain or loss be recognized when a transaction involved assets that did not constitute a business.

The effective date for these amendments has been deferred indefinitely. The impact of adoption of these amendments has not yet been determined.

CONSIDERATIONS FOR THE IMPLEMENTATION OF IFRS 9 AND IFRS 15

IFRS 9 and IFRS 15 are required to be applied for annual reporting periods beginning on or after January 1, 2018. The Company will not be early adopting IFRS 9 or IFRS 15.

IFRS 9 is applicable retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, subject to certain exemptions and exceptions. In general, the main impacts of adopting IFRS 9 are expected to be on classification and measurement of financial assets, the introduction of a new impairment model based on expected losses (rather than incurred loss as per IAS 39, Financial Instruments: Recognition and Measurement), hedge accounting and significant additional disclosure requirements.

The Company is currently evaluating the impact of this standard. The Company's preliminary analysis has not identified any differences that would significantly change the classification and measurement of its financial instruments. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company continues to evaluate the impact of the new standard on the consolidated financial statements but it is not expected to have a significant impact.

IFRS 15 can be applied using one of the following two methods: retrospectively to each prior reporting period presented in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, or retrospectively with the cumulative effect of applying IFRS 15 recognized at the date of initial application. The Company decided to use the second method as its transition method as prescribed under IFRS 15.

The main impacts of adopting IFRS 15 are expected to be on timing of revenue recognition, on whether the Company is acting as the principal or the agent for the shipping and handling activities, on the variable consideration to include in the transaction price such as rebates, incentives and allowances and on consideration on payments made in exchange for a distinct good or service or as a sale incentive, as well as additional disclosures.

Based on the preliminary assessments completed to date, the Company does not expect that the adoption of IFRS 15 will have a material impact on the consolidated financial statements. The impact will result in an increase of revenue and operating costs. Management is in the process of quantifying the accounting impact of the adoption of IFRS 15 and progress made to date is consistent with management's planned timeline.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The following standards were adopted by the Company on April 1, 2017:

IAS 7, Statement of Cash Flows

IAS 7 has been amended to provide additional presentation related to the changes in liabilities arising from financing activities such as: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

This amendment did not impact the Company's financial statements for the three-month period ending June 30, 2017.

IAS 12, Income taxes

IAS 12 has been amended to provide clarification on the requirements relating to the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value.

This amendment did not impact the Company's financial statements for the three-month period ending June 30, 2017.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods ended June 30	
	2017	2016
Changes in inventories of finished goods and work in process	\$ (36.7)	\$ 35.3
Raw materials and consumables used	1,994.2	1,749.4
Foreign exchange loss	3.3	0.3
Employee benefits expense	332.0	301.0
Selling costs	88.0	74.8
Other general and administrative costs	156.1	152.4
Total	\$ 2,536.9	\$ 2,313.2

For the three-month period ended June 30, 2017, a write-down of \$0.9 million was included as an expense in "Operating costs excluding depreciation and amortization" under the caption "Changes in inventories of finished goods and work in process" (\$1.0 million for the three-month period ended June 30, 2016). Certain prior year's figures have been reclassified to conform to the current presentation.

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	June 30, 2017	March 31, 2017
North America-USA	December 2021 ¹	259.3	200.0 USD	\$ -	\$ -
North America-Canada	December 2021 ¹	388.9	300.0 USD	14.3	-
Argentina	Yearly ²	132.2	102.0 USD	46.3	46.2
Argentina	Yearly ³	102.2	1,310.0 ARS	37.4	23.9
Australia	Yearly ⁴	24.9	25.0 AUD	-	-
Australia	Yearly ⁵	97.2	75.0 USD	23.1	23.7
		1,004.7		\$ 121.1	\$ 93.8

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 the Company credit ratings.

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

³ Bear monthly interest at local rate and can be drawn in ARS.

⁴ Bear monthly interest at Australian Bank Bill Rate plus 0.85%.

⁵ Bear monthly interest at LIBOR or Australian Bank Bill Rate plus 0.75% and can be drawn in AUD or USD.

NOTE 6 LONG-TERM DEBT

	June 30, 2017	March 31, 2017
Unsecured bank term loan facilities		
Obtained December 2012 and due in December 2019 (\$850 million) ¹	\$ 200.0	\$ 600.0
Unsecured senior notes ²		
2.65%, issued in November 2014 and due in November 2019 (Series 1)	300.0	300.0
2.20%, issued in June 2016 and due in June 2021 (Series 2)	300.0	300.0
2.83%, issued in November 2016 and due in November 2023 (Series 3)	300.0	300.0
1.94%, issued in June 2017 and due in June 2022 (Series 4)	300.0	-
	\$ 1,400.0	\$ 1,500.0
Current portion	-	-
	\$ 1,400.0	\$ 1,500.0
Principal repayments are as follows:		
Less than 1 year	\$ -	\$ -
1-2 years	-	-
2-3 years	500.0	900.0
3-4 years	300.0	-
4-5 years	300.0	300.0
More than 5 years	300.0	300.0
	\$ 1,400.0	\$ 1,500.0

¹ 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 the Company credit ratings, and can be drawn in CAD or USD. Effective February 4, 2013, the Company entered into an interest rate swap to fix its rate, which matured on December 30, 2016. As at June 30, 2017, US\$148.5 million was drawn and its foreign currency risk was offset with a cross currency swap (US\$452.9 million as at March 31, 2017).

² Interest payments are semi-annual.

On June 12, 2017, the Company issued \$300.0 million Series 4 medium term notes with an annual interest rate of 1.94% payable in equal semi-annual instalments, maturing on June 13, 2022, pursuant to its medium term note program expiring in January 2019.

NOTE 7 SHARE CAPITAL

	June 30, 2017	March 31, 2017
ISSUED		
386,040,053 common shares (386,234,311 common shares at March 31, 2017)	\$ 883.0	\$ 871.1

SHARE OPTION PLAN

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

	June 30, 2017		June 30, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	17,850,014	\$ 29.00	16,903,824	\$ 24.41
Options granted	3,908,023	\$ 46.29	4,218,934	\$ 41.40
Options exercised	(460,642)	\$ 24.21	(622,506)	\$ 20.93
Options cancelled	(123,389)	\$ 31.97	(128,514)	\$ 31.77
Balance, end of period	21,174,006	\$ 32.28	20,371,738	\$ 27.99

The exercise price of the options granted in fiscal 2018 is \$46.29, which corresponds to the weighted average market price for the five trading days immediately preceding the date of grant (\$41.40 in fiscal 2017).

The weighted average fair value of options granted in fiscal 2018 was estimated at \$7.68 per option (\$6.94 in fiscal 2017), using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2017	March 31, 2017
Weighted average:		
Risk-free interest rate	1.10 %	0.81 %
Expected life of options	5.4 years	5.4 years
Volatility ¹	18.89 %	20.01 %
Dividend rate	1.26 %	1.34 %

¹ The expected volatility is based on the historic share price volatility over a period similar to the life of the options.

A compensation expense of \$5.9 million (\$4.9 million net of taxes) relating to stock options was recorded in the statement of earnings for the three-month period ended June 30, 2017 and \$5.4 million (\$4.5 million net of taxes) was recorded for the three-month period ended June 30, 2016.

NOTE 8 NET EARNINGS PER SHARE

	For the three-month periods ended June 30	
	2017	2016
Net earnings	\$ 200.3	\$ 176.7
Non-controlling interest	-	0.2
Net earnings attributable to shareholders of Saputo Inc.	\$ 200.3	\$ 176.5
Weighted average number of common shares outstanding	386,058,128	392,739,402
Dilutive options	5,227,637	5,731,784
Weighted average diluted number of common shares outstanding	391,285,765	398,471,186
Basic net earnings per share	\$ 0.52	\$ 0.45
Diluted net earnings per share	\$ 0.51	\$ 0.44

When calculating diluted net earnings per share for the three-month periods ended June 30, 2017, 3,895,077 options were excluded from the calculation because their exercise price is higher than the average market value of common shares for the period (4,185,557 options were excluded for the three-month period ended June 30, 2016).

NOTE 9 OTHER FINANCIAL CHARGES

	For the three-month periods ended June 30	
	2017	2016
Finance costs	\$ 2.9	\$ 2.3
Finance income	(0.8)	(0.3)
	\$ 2.1	\$ 2.0

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 June 30, 2017 and March 31, 2017. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	June 30, 2017		March 31, 2017	
	Fair value	Carrying value	Fair value	Carrying value
Cash flow hedges				
Commodity derivatives (Level 2)	\$ 5.2	\$ 5.2	\$ (1.6)	\$ (1.6)
Foreign exchange derivatives (Level 2)	(10.3)	(10.3)	3.2	3.2
Derivatives not designated in a formal hedging relationship				
Equity forward contracts (Level 2)	(2.2)	(2.2)	5.1	5.1
Commodity derivatives (Level 2)	1.5	1.5	0.1	0.1
Long-term debt (Level 2)	\$ 1,404.1	\$ 1,400.0	\$ 1,520.5	\$ 1,500.0

NOTE 11 SEGMENTED INFORMATION

The Company reports under three geographic sectors. The Canada Sector consists of the Dairy Division (Canada). The USA Sector consists of the Cheese Division (USA) and the Dairy Foods Division (USA). The International Sector consists of the Dairy Division (Argentina) and the Dairy Division (Australia).

As of April 1, 2017, the Canada Sector includes national and export revenues of ingredients manufactured in Canada. The USA Sector includes national ingredient revenues, and export ingredient and cheese revenues of products manufactured in the USA. Prior to April 1, 2017, these figures were presented in the Dairy Ingredients Division as part of the International Sector. Accordingly, certain prior year's figures have been reclassified to conform to the current presentation.

Management has aggregated the Cheese Division (USA) and the Dairy Foods Division (USA) due to similarities in long-term average returns and correlated market factors driving pricing strategies that affect the operations of both divisions. The divisions within the International Sector have been combined due to similarities in global market factors and production processes.

	For the three-month periods ended June 30	
	2017	2016
Revenues		
Canada	\$ 999.2	\$ 997.1
USA	1,578.3	1,391.0
International	314.6	243.3
	\$ 2,892.1	\$ 2,631.4
Earnings before interest, income taxes, depreciation and amortization		
Canada	\$ 117.0	\$ 112.3
USA	196.5	187.5
International	41.7	18.4
	\$ 355.2	\$ 318.2
Depreciation and amortization		
Canada	\$ 13.6	\$ 14.1
USA	32.5	29.5
International	7.6	5.7
	\$ 53.7	\$ 49.3
Financial charges, net	9.9	12.7
Earnings before income taxes	291.6	256.2
Income taxes	91.3	79.5
Net earnings	\$ 200.3	\$ 176.7

EXHIBIT TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CALCULATION OF EARNINGS COVERAGE RATIO

The following table sets forth the earnings coverage ratio for the 12-month period ended June 30, 2017:

Earnings coverage ratio	28.51 times
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The earnings coverage ratio is equal to net earnings (before interest on long-term debt, other financial charges and incomes taxes) for the applicable period divided by interest on long-term debt and other financial charges for the applicable period.