

Management's statement of responsibility for financial reporting

Management is responsible for the preparation and presentation of the consolidated financial statements and the financial information presented in this annual report.

This responsibility includes the selection of accounting policies and practices and making judgements and estimates necessary to prepare the consolidated financial statements in accordance with generally accepted accounting principles.

Management has also prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the consolidated financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee, which is comprised solely of directors who are not employees of the Company. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues. It also reviews the annual report, the consolidated financial statements and the external auditors' report. The Audit Committee recommends the external auditors for appointment by the shareholders. The external auditors have unrestricted access to the Audit Committee. The consolidated financial statements have been audited by the external auditors, Deloitte & Touche, whose report follows.

*"Camillo Lisio"
(signed)*

Camillo Lisio
President and
Chief Operating Officer

*"Louis-Philippe Carrière"
(signed)*

Louis-Philippe Carrière, CA
Executive Vice-President,
Finance and Administration, and Secretary

Auditors' report to the shareholders of Saputo Group Inc.

We have audited the consolidated balance sheets of Saputo Group Inc. as at March 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*"Deloitte & Touche, LLP"
(signed)*

DELOITTE & TOUCHE, LLP
Chartered Accountants
Laval, Quebec
May 12, 2000

Consolidated statements of earnings

| Years ended March 31 <i>(in thousands of dollars, except per share amounts)</i> | 2000 | 1999 |
|---|---------------------|--------------|
| REVENUE | \$ 1,860,878 | \$ 1,915,637 |
| Cost of sales, selling and administrative expenses | 1,623,933 | 1,724,550 |
| EARNINGS BEFORE INTEREST, DEPRECIATION, AMORTIZATION AND INCOME TAXES | 236,945 | 191,087 |
| Depreciation of fixed assets | 37,785 | 27,051 |
| OPERATING INCOME | 199,160 | 164,036 |
| Interest on long-term debt | 34,184 | 28,589 |
| Other interest, net of interest income | 3,397 | 5,307 |
| EARNINGS BEFORE INCOME TAXES AND AMORTIZATION OF GOODWILL | 161,579 | 130,140 |
| Income taxes <i>(Note 7)</i> | 51,386 | 43,170 |
| EARNINGS BEFORE AMORTIZATION OF GOODWILL | 110,193 | 86,970 |
| Amortization of goodwill | 10,125 | 7,877 |
| NET EARNINGS | \$ 100,068 | \$ 79,093 |
| EARNINGS PER SHARE <i>(Note 8)</i> | | |
| Earnings before amortization of goodwill | | |
| Basic | \$ 2.20 | \$ 1.79 |
| Fully diluted | \$ 2.08 | \$ 1.75 |
| Net earnings | | |
| Basic | \$ 2.00 | \$ 1.63 |
| Fully diluted | \$ 1.89 | \$ 1.59 |

Consolidated statements of retained earnings

| Years ended March 31 <i>(in thousands of dollars)</i> | 2000 | 1999 |
|---|-------------------|-------------|
| RETAINED EARNINGS, BEGINNING OF YEAR | \$ 89,655 | \$ 22,223 |
| Net earnings | 100,068 | 79,093 |
| Dividends | (11,977) | (11,661) |
| RETAINED EARNINGS, END OF YEAR | \$ 177,746 | \$ 89,655 |

Consolidated balance sheets

| As at March 31 <i>(in thousands of dollars)</i> | 2000 | 1999 |
|---|---------------------|--------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 4,310 | \$ – |
| Receivables | 147,188 | 152,997 |
| Inventories | 236,791 | 222,873 |
| Prepaid expenses and other assets | 8,999 | 5,408 |
| | 397,288 | 381,278 |
| FIXED ASSETS <i>(Note 2)</i> | 491,514 | 403,888 |
| GOODWILL, UNAMORTIZED PORTION (COST OF \$497,456) | 475,229 | 281,708 |
| OTHER ASSETS | 9,534 | 5,175 |
| | \$ 1,373,565 | \$ 1,072,049 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Bank overdraft | \$ – | \$ 7,855 |
| Bank loans <i>(Note 3)</i> | 17,585 | 61,659 |
| Accounts payable and accrued liabilities | 169,885 | 159,540 |
| Income taxes | 19,034 | 4,620 |
| Current portion of long-term debt | 40,222 | 49,145 |
| | 246,726 | 282,819 |
| LONG-TERM DEBT <i>(Note 4)</i> | 461,353 | 328,639 |
| DEFERRED INCOME TAXES | 36,592 | 10,658 |
| | 744,671 | 622,116 |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL <i>(Note 5)</i> | 450,632 | 349,488 |
| RETAINED EARNINGS | 177,746 | 89,655 |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENT | 516 | 10,790 |
| | 628,894 | 449,933 |
| | \$ 1,373,565 | \$ 1,072,049 |

On behalf of the board

"Lino Saputo"
(signed)

Lino Saputo, Director

"Camillo Lisio"
(signed)

Camillo Lisio, Director

Consolidated statements of cash flows

| Years ended March 31 <i>(in thousands of dollars)</i> | 2000 | 1999 |
|--|------------------|------------|
| CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Net earnings | \$ 100,068 | \$ 79,093 |
| Items not affecting cash | | |
| Depreciation, amortization and other items | 47,910 | 34,997 |
| Deferred income taxes | 28,069 | 14,244 |
| | 176,047 | 128,334 |
| Currency gain on cash held in foreign currency | (82) | (361) |
| Changes in non-cash operating working capital items | (10,363) | (29,763) |
| | 165,602 | 98,210 |
| INVESTING | | |
| Business acquisitions <i>(Note 6)</i> | (2,334) | (13,445) |
| Net additions to fixed assets | (53,115) | (62,624) |
| Other assets | (2,119) | 659 |
| Foreign currency translation adjustment | 22,433 | (32,821) |
| | (35,135) | (108,231) |
| FINANCING | | |
| Bank loans | (44,074) | 39,650 |
| Increase in long-term debt | 96,287 | – |
| Repayment of long-term debt | (145,194) | (56,987) |
| Issuance of share capital | 1,150 | 629 |
| Dividends | (11,977) | (11,661) |
| Foreign currency translation adjustment | (14,576) | 17,854 |
| | (118,384) | (10,515) |
| NET CHANGES IN CASH | 12,083 | (20,536) |
| CURRENCY GAIN ON CASH HELD IN FOREIGN CURRENCY | 82 | 361 |
| (BANK OVERDRAFT) CASH, BEGINNING OF YEAR | (7,855) | 12,320 |
| CASH (BANK OVERDRAFT), END OF YEAR | \$ 4,310 | \$ (7,855) |
| SUPPLEMENTAL INFORMATION | | |
| Interest paid | \$ 28,030 | \$ 28,662 |
| Income taxes paid | \$ 12,963 | \$ 24,715 |

Notes

to the consolidated financial statements

Years ended March 31 *(in thousands of dollars)*

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles used in Canada and take into account the following significant accounting policies:

Consolidated financial statements

The consolidated financial statements include the accounts of Saputo Group Inc. and all its subsidiaries. The operating results of acquired businesses, from their respective acquisition dates, are included in the consolidated statements of earnings.

Inventories

Finished goods and goods in process are valued at the lower of average cost and net realizable value. Raw materials are valued at the lower of cost and replacement value, cost being determined under the first-in, first-out method.

Fixed assets

Fixed assets are stated at cost and are depreciated using the straight-line method over their estimated useful lives or by using the following methods:

| | |
|---|---|
| BUILDINGS | 15 to 40 years |
| FURNITURE, MACHINERY AND EQUIPMENT | 3 to 15 years |
| ROLLING STOCK | 5 to 10 years or based on kilometers traveled |

Goodwill

Goodwill is recorded at cost and amortized under the straight-line method over a maximum period of forty years. Management reviews goodwill on a continuous basis to determine whether there has been a permanent impairment of its value by comparing the carrying amount with future undiscounted operating income

Deferred income taxes

The Company uses the tax allocation method. In accordance with this accounting method, the current tax expense may differ from the accounting tax expense as a result of the timing differences that arise in reporting certain expenses or revenues for financial statement and income tax purposes. The differences are recorded as deferred income taxes and are basically due to depreciation of fixed assets.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

The balance sheet accounts of the self-sustaining companies operating in the United States were translated into Canadian dollars using the exchange rates at the balance sheet dates. Statement of earnings accounts were translated into Canadian dollars using the average exchange rates in effect during the fiscal years. Canadian company debt relating to the financing of the acquisitions of the self-sustaining companies was also converted using the exchange rates at the balance sheet dates. The foreign currency translation adjustment account presented in shareholders' equity represents accumulated foreign currency gains or losses on the Company's net investments in self-sustaining companies operating in the United States. The change in the foreign currency translation account during the year ended March 31, 2000 resulted from the strengthening of the Canadian dollar as compared to the US dollar.

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

2. FIXED ASSETS

| | 2000 | | | 1999 |
|------------------------------------|------------|--------------------------|----------------|----------------|
| | COST | ACCUMULATED DEPRECIATION | NET BOOK VALUE | NET BOOK VALUE |
| Land | \$ 20,179 | \$ - | \$ 20,179 | \$ 18,378 |
| Buildings | 170,127 | 21,657 | 148,470 | 117,106 |
| Furniture, machinery and equipment | 434,274 | 116,222 | 318,052 | 265,081 |
| Rolling stock | 7,422 | 2,609 | 4,813 | 3,323 |
| | \$ 632,002 | \$ 140,488 | \$ 491,514 | \$ 403,888 |

3. BANK LOANS

The Company has available short-term bank credit facilities providing for bank loans up to a maximum of approximately \$175,000,000. These bank loans are available in Canadian or US dollars and bear interest at rates based on lenders' prime rates or LIBOR.

4. LONG-TERM DEBT

| | 2000 | 1999 |
|---|------------|------------|
| Term bank loan (US\$40,000,000), (US\$77,873,081 in 1999), repayable in December 2001, bearing interest at fluctuating rates based on LIBOR rate plus 0.75% to a maximum of 1.5% depending on the interest-bearing debt to the earnings before interest, depreciation and amortization and income taxes ratio of the Company | \$ 57,976 | \$ 117,440 |
| Term bank loan (US\$170,104,905), bearing interest at fluctuating rates based on LIBOR rate plus 0.5% to a maximum of 1.5% depending on the interest-bearing debt to the earnings before interest, depreciation and amortization and income taxes ratio of the Company | – | 256,536 |
| Term bank loan, repayable in quarterly instalments of \$10,000,000, bearing interest at fluctuating rates based on bankers' acceptances rates plus 0.5% up to a maximum of 1.25%, depending on the interest-bearing debt to the earnings before interest, depreciation and amortization and income taxes ratio of the Company | 80,000 | – |
| Senior notes | | |
| 7.97%, due in November 2006 (US\$30,000,000) | 43,482 | – |
| 8.12%, due in November 2009 (US\$170,000,000) | 246,398 | – |
| 8.41%, due in November 2014 (US\$50,000,000) | 72,470 | – |
| Bonds and other loans, repayable in annual variable instalments, bearing interest at rates from 2.75% to 6.2%, due in 2004 (US\$862,000), (US\$2,505,000 in 1999) | 1,249 | 3,808 |
| | 501,575 | 377,784 |
| Current portion | 40,222 | 49,145 |
| | \$ 461,353 | \$ 328,639 |

Estimated principal payments required in each of the next five years are as follows:

| | |
|------|------------|
| 2001 | \$ 40,222 |
| 2002 | 98,212 |
| 2003 | 251 |
| 2004 | 265 |
| 2005 | 275 |
| | \$ 139,225 |

5. SHARE CAPITAL

Authorized

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

| | 2000 | 1999 |
|---|------------|------------|
| ISSUED | | |
| 51,200,994 common shares (48,630,998 in 1999) | \$ 450,632 | \$ 349,488 |

2,503,000 common shares for an amount of \$99,994,850 were issued during the year in partial consideration for the acquisition of Culinar Inc. In addition, 66,996 common shares for an amount of \$1,149,850 were issued pursuant to the share option plan.

The stated capital of the common shares was reduced by \$55,915,000 on December 18, 1997.

Share option plan

The Company established a share option plan to allow for the purchase of common shares by key employees, officers and directors of the Company. The total number of common shares which may be issued pursuant to this plan will not exceed 3,000,000 common shares. Options may be exercised at a price equal to the closing price of the shares on the day preceding the date of the grant. In general, the options vest at 20% per year and expire ten years from the date of the grant. No compensation expense is recognized for this plan when options are granted. The consideration paid on exercise of options is credited to share capital.

Options issued and outstanding as at the year-ends are as follows:

| GRANTING PERIOD | EXERCISE PRICE | 2000 | | 1999 | |
|---------------------------------|-------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| 1998 | \$17.00 | 349,787 | \$ 17.00 | 429,292 | \$ 17.00 |
| 1999 | from \$32.25 to \$37.50 | 278,306 | \$ 36.43 | 316,210 | \$ 36.43 |
| 2000 | \$39.40 | 373,699 | \$ 39.40 | – | – |
| | | 1,001,792 | \$ 30.75 | 745,502 | \$ 25.24 |
| Options exercisable at year-end | | 199,075 | \$ 22.39 | 220,870 | \$ 17.00 |

5. SHARE CAPITAL (cont'd)

Changes in the number of options are as follows:

| | 2000 | | 1999 | |
|------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| Balance at beginning of year | 745,502 | \$ 25.24 | 469,809 | \$ 17.00 |
| Options granted | 422,825 | \$ 39.40 | 350,481 | \$ 36.47 |
| Options exercised | (66,996) | \$ 17.16 | (36,988) | \$ 17.00 |
| Options cancelled | (99,539) | \$ 35.29 | (37,800) | \$ 35.00 |
| Balance at end of year | 1,001,792 | \$ 30.75 | 745,502 | \$ 25.24 |

In addition, 733,741 options to purchase common shares at a price of \$27.00 were granted on April 1, 2000.

6. BUSINESS ACQUISITIONS

Year ended March 31, 2000

On September 15, 1999, the Company acquired for a total consideration of \$283,500,000, all of the issued shares of Culinar Inc., a manufacturer of snack cakes, cookies, fine breads and soups operating in Canada. This acquisition was paid by a cash consideration of \$183,505,150 which was financed in part with a long-term credit facility of \$180,000,000 and by the issuance of 2,503,000 common shares at \$39.95 per share for an amount of \$99,994,850.

On February 28, 2000, the Company also acquired for a cash consideration of \$13,725,000 all of the issued shares of Cayer-JCB Group Inc., a Canadian producer of European cheeses. Liabilities assumed of \$13,729,000 includes bank indebtedness and long-term debt of \$6,689,000.

These acquisitions were recorded using the purchase method of accounting. Goodwill resulting from these acquisitions is amortized under the straight-line method over a period of forty years.

Net assets acquired were the following as at the dates of acquisition:

| | CULINAR INC. | CAYER-JCB GROUP INC. | TOTAL |
|---------------------------------------|-------------------|----------------------|-------------------|
| Cash | \$ 14,737 | \$ 159 | \$ 14,896 |
| Tangible assets | 118,117 | 14,856 | 132,973 |
| Goodwill | 201,721 | 12,439 | 214,160 |
| Total assets | 334,575 | 27,454 | 362,029 |
| Liabilities assumed | 51,075 | 13,729 | 64,804 |
| NET ASSETS ACQUIRED | \$ 283,500 | \$ 13,725 | \$ 297,225 |
| Purchase price | | | \$ 297,225 |
| Long-term financing | | | (180,000) |
| Issuance of share capital | | | (99,995) |
| Cash of acquired businesses | | | (14,896) |
| CASH USED FOR THE ACQUISITIONS | | | \$ 2,334 |

6. BUSINESS ACQUISITIONS (cont'd)

Year ended March 31, 1999

On May 1, 1998, the Company acquired for a cash consideration of \$54,144,000 (US\$37,836,000) all of the issued shares of Avonmore Cheese Inc. and Waterford Food Products, Inc., cheese and by-product producers operating in the United States. This acquisition was financed in part with a long-term credit facility of \$50,014,000 (US\$34,000,000).

On September 1, 1998, the Company acquired all of the issued shares of Riverside Cheese and Butter Inc. for a total consideration of \$6,387,000, payable by the issuance of 17,500 common shares at \$40 per share for an amount of \$700,000 and a cash consideration of \$5,687,144. On September 16, 1998, the Company also acquired the assets of Bari Cheese Ltd. for a total consideration of \$4,987,000, payable by the issuance of 9,250 common shares at \$40 per share for an amount of \$370,000 and a cash consideration of \$4,617,000. These two businesses are Canadian cheese producers.

These acquisitions were recorded using the purchase method of accounting. Goodwill resulting from the acquisition of Riverside Cheese and Butter Inc. is amortized under the straight-line method over a period of forty years.

Net assets acquired were the following as at the dates of acquisition:

| | AVONMORE CHEESE INC. AND WATERFORD FOOD PRODUCTS, INC. | RIVERSIDE CHEESE AND BUTTER INC. | BARI CHEESE LTD. | TOTAL |
|---------------------------------------|---|--|---------------------|------------------|
| Cash | \$ 2,039 | \$ (1,050) | \$ - | \$ 989 |
| Tangible assets | 79,957 | 4,028 | 4,987 | 88,972 |
| Goodwill | - | 4,576 | - | 4,576 |
| Total assets | 81,996 | 7,554 | 4,987 | 94,537 |
| Liabilities assumed | 27,852 | 1,167 | - | 29,019 |
| NET ASSETS ACQUIRED | \$ 54,144 | \$ 6,387 | \$ 4,987 | \$ 65,518 |
| Purchase price | | | | \$ 65,518 |
| Long-term financing | | | | (50,014) |
| Issuance of share capital | | | | (1,070) |
| Cash of acquired businesses | | | | (989) |
| CASH USED FOR THE ACQUISITIONS | | | | \$ 13,445 |

7. INCOME TAXES

The provision for income taxes is comprised of the following:

| | 2000 | 1999 |
|--|-----------|-----------|
| Provision using basic income tax rates | \$ 60,283 | \$ 52,059 |
| Decrease resulting from: | | |
| Manufacturing and processing tax credits | (6,440) | (5,757) |
| Non-deductible or non-taxable items | (2,457) | (3,132) |
| | \$ 51,386 | \$ 43,170 |

8. EARNINGS PER SHARE

Basic earnings per share have been calculated using the weighted average number of common shares outstanding during each fiscal year.

Fully diluted earnings per share for the year ended March 31, 2000 have been calculated using 52,936,527 common shares, being the sum of the number of common shares outstanding as at March 31, 2000 (51,200,994 shares) and the shares that may be issued following the exercise of options granted under the Company's share option plan (1,735,533 shares).

Fully diluted earnings per share for the year ended March 31, 1999 have been calculated using 49,798,325 common shares, being the sum of the number of common shares outstanding and the shares that may be issued following the exercise of options granted under the Company's share option plan.

9. PENSION PLANS

The estimated net value of the pension plan assets amounted to \$115,000,000 on December 31, 1999 (\$3,078,000 as at December 31, 1998) and the estimated actuarial valuation of the accrued pension obligations was \$93,000,000 at the same date (\$2,909,000 as at December 31, 1998).

10. COMMITMENTS RELATED TO LEASES

The Company carries some of its operations in premises leased until the year 2005 and has also entered into lease agreements for equipment and rolling stock ending in 2006. The minimum annual lease payments required for the next five years are as follows:

| | |
|------|-----------|
| 2001 | \$ 6,112 |
| 2002 | 4,624 |
| 2003 | 2,302 |
| 2004 | 948 |
| 2005 | 156 |
| | \$ 14,142 |

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial instruments

The fair value of cash and equivalents, receivables, accounts payable and accrued liabilities corresponds to their carrying value due to their short-term maturity.

The fair value of senior notes, estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions, approximates the carrying value.

The fair value of the other long-term debt also approximates the carrying value.

b) Credit risk

The Company grants credit to its customers in the normal course of business. Credit valuations are performed on a regular basis and the financial statements take into account an allowance for bad debts. The Company does not have any credit risk concentration.

c) Interest rate risk

The short-term bank credit facilities and long-term bank loans bear interest at fluctuating rates.

In October 1999, the Company entered into an interest swap contract at a rate of 6.38% to hedge against exposures to increases in interest rates. As at March 31, 2000, this contract covers US\$40,000,000 of debt and expires in December 2001. The estimated fair value of this contract is US\$330,000 as at March 31, 2000.

d) Currency risk

In the normal course of Canadian operations, the Company enters into certain foreign currency transactions. The Company manages its currency risks by occasionally entering into foreign currency contracts. Outstanding foreign currency contracts as at the balance sheet date are not material.

The majority of the Company's operations are carried out in the United States. The cash flows from US operations constitute a natural hedge against the exchange risk related to debt expressed in US dollars.

12. SEGMENTED INFORMATION

As a result of the acquisition of Culinar Inc. in September 1999, the Company now operates in two reportable segments, the dairy products sector and the grocery products sector.

The dairy products sector principally includes the production and distribution of cheeses. The activities of this segment are carried out in Canada and the United States.

The grocery products sector includes all non-dairy products manufactured by the Company. These products are classified in four categories, snack cakes, cookies, fine breads and soups. The activities of this segment are carried out in Canada.

These operating segments are managed separately because each segment represents a strategic business unit that offers different products and serves different markets. The Company measures performance based on geographic operating income and segment operating income on a stand alone basis.

The accounting policies of the segments are the same as those described in Note 1 relating to significant accounting policies. The Company does not make any intersegment sales.

12. SEGMENTED INFORMATION (cont'd)

Information on operating segments

| | 2000 | | | 1999 | | |
|--|------------|---------------|--------------|------------|---------------|--------------|
| | CANADA | UNITED STATES | TOTAL | CANADA | UNITED STATES | TOTAL |
| REVENUE | | | | | | |
| Dairy products | \$ 528,466 | \$ 1,186,136 | \$ 1,714,602 | \$ 521,146 | \$ 1,394,491 | \$ 1,915,637 |
| Grocery products | 146,276 | – | 146,276 | – | – | – |
| | \$ 674,742 | \$ 1,186,136 | \$ 1,860,878 | \$ 521,146 | \$ 1,394,491 | \$ 1,915,637 |
| EARNINGS BEFORE INTEREST, DEPRECIATION, AMORTIZATION AND INCOME TAXES | | | | | | |
| Dairy products | \$ 81,539 | \$ 134,188 | \$ 215,727 | \$ 77,744 | \$ 113,343 | \$ 191,087 |
| Grocery products | 21,218 | – | 21,218 | – | – | – |
| | \$ 102,757 | \$ 134,188 | \$ 236,945 | \$ 77,744 | \$ 113,343 | \$ 191,087 |
| DEPRECIATION OF FIXED ASSETS | | | | | | |
| Dairy products | \$ 9,108 | \$ 23,739 | \$ 32,847 | \$ 8,402 | \$ 18,649 | \$ 27,051 |
| Grocery products | 4,938 | – | 4,938 | – | – | – |
| | \$ 14,046 | \$ 23,739 | \$ 37,785 | \$ 8,402 | \$ 18,649 | \$ 27,051 |
| OPERATING INCOME | | | | | | |
| Dairy products | \$ 72,431 | \$ 110,449 | \$ 182,880 | \$ 69,342 | \$ 94,694 | \$ 164,036 |
| Grocery products | 16,280 | – | 16,280 | – | – | – |
| | \$ 88,711 | \$ 110,449 | \$ 199,160 | \$ 69,342 | \$ 94,694 | \$ 164,036 |
| INTEREST | | | 37,581 | | | 33,896 |
| EARNINGS BEFORE INCOME TAXES AND AMORTIZATION OF GOODWILL | | | 161,579 | | | 130,140 |
| INCOME TAXES | | | 51,386 | | | 43,170 |
| EARNINGS BEFORE AMORTIZATION OF GOODWILL | | | 110,193 | | | 86,970 |
| AMORTIZATION OF GOODWILL | | | 10,125 | | | 7,877 |
| NET EARNINGS | | | \$ 100,068 | | | \$ 79,093 |

12. SEGMENTED INFORMATION (cont'd)

| | 2000 | | | 1999 | | |
|---------------------------------------|------------|---------------|--------------|------------|---------------|--------------|
| | CANADA | UNITED STATES | TOTAL | CANADA | UNITED STATES | TOTAL |
| TOTAL ASSETS | | | | | | |
| Dairy products | \$ 243,597 | \$ 814,807 | \$ 1,058,404 | \$ 181,050 | \$ 890,999 | \$ 1,072,049 |
| Grocery products | 315,161 | – | 315,161 | – | – | – |
| | \$ 558,758 | \$ 814,807 | \$ 1,373,565 | \$ 181,050 | \$ 890,999 | \$ 1,072,049 |
| NET BOOK VALUE OF FIXED ASSETS | | | | | | |
| Dairy products | \$ 97,636 | \$ 316,714 | \$ 414,350 | \$ 88,259 | \$ 315,629 | \$ 403,888 |
| Grocery products | 77,164 | – | 77,164 | – | – | – |
| | \$ 174,800 | \$ 316,714 | \$ 491,514 | \$ 88,259 | \$ 315,629 | \$ 403,888 |
| NET ADDITIONS TO FIXED ASSETS | | | | | | |
| Dairy products | \$ 13,278 | \$ 36,742 | \$ 50,020 | \$ 11,797 | \$ 50,827 | \$ 62,624 |
| Grocery products | 3,095 | – | 3,095 | – | – | – |
| | \$ 16,373 | \$ 36,742 | \$ 53,115 | \$ 11,797 | \$ 50,827 | \$ 62,624 |
| GOODWILL, UNAMORTIZED PORTION | | | | | | |
| Dairy products | \$ 20,980 | \$ 255,373 | \$ 276,353 | \$ 8,927 | \$ 272,781 | \$ 281,708 |
| Grocery products | 198,876 | – | 198,876 | – | – | – |
| | \$ 219,856 | \$ 255,373 | \$ 475,229 | \$ 8,927 | \$ 272,781 | \$ 281,708 |

13. COMPARATIVE FIGURES

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