

INTERIM REPORT

For the 39-week period ended July 30, 2011

TO MEMBERS AND EMPLOYEES

Agropur **third quarter** sales reached \$886.7 million, up \$50.9 million compared to last year. The Cheese and Functional Products Division's U.S. operations accounted for \$75.6 million of the quarter's improved results, stemming from the December acquisition of Main Street Ingredients, as well as favourable milk and whey product prices. In Canada, Cheese and Functional Products Division milk powder sales volumes rose, while cheese and butter sales fell. Division Natrel milk volumes remained relatively stable in both Canada and the U.S. As for Fine Cheese Division, Bel products continued to perform well. Yogurt sales volumes were steady at Ultima Foods.

Earnings from operations rose 8.1%, a \$5.1 million increase, to reach \$68.0 million. This improvement stemmed primarily from favourable whey product prices reported by Cheese and Functional Products Division in both Canada and the U.S. Newly acquired Main Street Ingredients also contributed to the improved results. After income taxes of subsidiaries and joint ventures, net earnings amounted to \$41.6 million, compared to \$38.1 million last year, an increase of \$3.5 million, or 9.2%.

After nine months, sales totalled \$2.692 billion, thus increasing by \$208.7 million. Net earnings grew 11.7% to \$125.6 million, up by \$13.1 million.

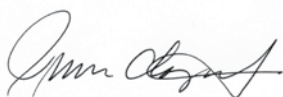
In keeping with the overall results, cash flows from operations rose \$13.2 million, reaching \$195.5 million. Working capital as increased by \$53.5 million since the beginning of the fiscal year, mostly as a result of a \$28.9 million increase in inventories and a drop in accounts payable. The \$25.3 million in patronage dividends paid out last December accounted for part of that drop. The income taxes paid were also a factor.

Investing activities of \$120.2 million included the cost of acquiring Main Street Ingredients and expanding our plant in Lethbridge, Alberta. In terms of activities with members, share redemptions for the period amounted to \$26.4 million.

Over the last nine months, equity reached \$849.9 million, up \$72.4 million.



Serge Riendeau, Chairman



Pierre Claprood, Chief Executive Officer

CONSOLIDATED EARNINGS*

	THIRD QUARTER		39 WEEKS	
	2011	2010	2011	2010
(IN THOUSANDS OF DOLLARS)				
Sales	886,655	835,759	2,691,621	2,482,881
Operating expenses	818,680	772,868	2,491,772	2,296,037
Earnings from operations before the following items	67,975	62,891	199,849	186,844
Depreciation and amortization	23,273	24,178	69,517	69,828
Net financial expenses	570	827	1,650	2,010
Gain on disposal of assets	(58)	(998)	(181)	(922)
Income taxes of subsidiaries and joint ventures	2,579	787	3,237	3,413
Net earnings**	41,611	38,097	125,626	112,515

CONSOLIDATED CASH FLOWS*

	39 WEEKS	
	2011	2010
(IN THOUSANDS OF DOLLARS)		
Operating activities		
Net earnings	125,626	112,515
Items not involving use of funds	69,838	69,781
	195,464	182,296
Change in non-cash items	(53,513)	(65,158)
	141,951	117,138
Financing activities		
Long-term debt	(3,160)	(1,582)
Investing activities		
Business acquisitions, purchase of fixed assets and other assets, net of proceeds	(120,207)	(129,789)
Activities with members and on share capital		
Issuance of shares	29	21
Redemption of shares	(26,430)	(24,760)
	(26,401)	(24,739)
Effect of exchange rate fluctuations on cash position	266	(511)
Net change in cash position	(7,551)	(39,483)

CONSOLIDATED BALANCE SHEET

	July 30	October 30
	2011	2010
(IN THOUSANDS OF DOLLARS)		
Assets		
	UNAUDITED	AUDITED
Current assets	520,821	475,000
Investments	39,991	46,368
Fixed and other assets	744,947	719,489
	1,305,759	1,240,857
Liabilities		
Current liabilities	416,419	426,992
Long-term debt	6,344	3,602
Future income taxes	33,057	32,710
	455,820	463,304
Equity		
Share capital	481,438	507,839
Reserve and others	368,501	269,714
	849,939	777,553
	1,305,759	1,240,857

* Unaudited

** Patronage dividends and income taxes of the Cooperative based on the current net earnings are accounted for at year end.

