



For Immediate Release

March 13, 2002
Regina, Saskatchewan
Listed: TSE
Symbol: SWP.B

Saskatchewan Wheat Pool's core businesses delivers solid performance on Q2 priorities

Saskatchewan Wheat Pool says its financial and operating results for the period ending January 31, 2002 demonstrate the company's commitment to strengthen its balance sheet and maximize its core operations. The Pool's focus on debt reduction has resulted in a \$157 million decline in debt at January 31, 2002 compared to January 31, 2001. In addition, a continued emphasis on driving efficiencies through its network of modern grain-handling and agri-products marketing facilities has resulted in higher quarterly volumes, year-over-year market share growth and a reduction in core operating costs of \$19 million in the first six months of this year.

"Our Board, management and employees are to be commended for their commitment to execution," says Chief Executive Officer, Mayo Schmidt. "In spite of last summer's drought, we shipped more grain through our primary system in the 2nd quarter by maximizing our multi-car loaders and successfully achieving one-third of the volumes tendered through the Canadian Wheat Board. We improved 2nd quarter operating earnings (EBIT) in both our grain handling and retail agri-products operations by exceeding our cost reduction targets. Our front-line employees have embraced our customer service strategies and we have experienced market share growth of 4% in the first six months, bringing our western Canadian market share to 22.3%. And we are seeing the same kind of results at our oat processing operation, Can-Oat Milling which continues to grow its operating earnings each quarter."

Earnings before interest, securitization, taxes, depreciation and amortization (EBITDA) for the 2nd quarter were \$17.7 million compared to \$22.4 million in the previous year's quarter. EBITDA declines in non-controlled affiliates, CanAmera Foods and Western Co-operative Fertilizes Ltd., and the livestock segment were partially offset by Can-Oat's growth and an 8% increase from the Grain segment. Year-to-date EBITDA was \$34.7 million compared to \$53.8 million a year earlier.

The 2nd quarter operating loss, prior to interest, securitization, taxes (EBIT) and provisions was \$1.1 million compared to earnings of \$3.3 million a year earlier. On a year-to-date basis, EBIT was a loss of \$1.9 million compared to earnings of \$15.9 million last year.

The Pool's second quarter loss, prior to provisions and unusual items was \$12.8 million or \$0.34 per share, just \$1.9 million off last year's 2nd quarter results. On a year to date basis, the pre-provision loss was \$28.5 million or \$0.76 per share compared to a \$16.5 million loss last year or \$0.44 per share.

The Pool recorded a number of provisions in its 2nd quarter including: an \$8.5 million gain for the sale of its publishing assets, an \$8.2 million loss on sale for feed assets, and a \$13.5 million impairment in value of CSP Foods Division, which was sold subsequent to the end of the 2nd quarter. All numbers appear after-tax.

The consolidated net loss for the quarter was \$26.0 million or \$0.69 cents per share compared to an \$18.5 million loss or \$0.49 per share in the second quarter of fiscal 2001. On a year-to-date basis, the net loss was \$38.4 million, or \$1.03 per share compared to a \$24.1 million loss or \$0.64 per share for the same period last year.

The Pool's primary shipments for the second quarter were up 40,000 tonnes to 2.2 million tonnes, for a year-to-date total of 4.2 million tonnes. For the first six months, shipments were off by only 2.6%, well ahead of industry shipments that were down 14%. Volume through the Pool's wholly-owned Port terminal in Vancouver were down 4.9%, which compares favourably to the industry which experienced a 13% decline in volumes of the six major grains through the port. Including the Pool's Thunder Bay terminal, total port terminals were down 12.7% on a year-to-date basis.

Grain segment EBITDA for the quarter was \$11.3 million up from \$10.4 million last year while EBIT for the quarter rose by 54% from \$1.7 to \$2.7 million compared to last year. Year-to-date EBITDA was \$22.1 million compared to \$24.4 million, and EBIT was \$5.9 million compared to \$7.2 million last year. The decline reflects a change in commodity mix due to the drought last fall partially offset by significant cost reductions and increased market share.

Six Month Volumes to January 31			
(000's of tonnes)			
	Increase (Decrease)	F2002	F2001
Primary Elevator Shipments	-2.6%	4,170	4,281
Terminal Operations			
Vancouver	-4.9%	1,228	1,291
Thunder Bay	-24.5%	647	857
Share of Affiliates	-39.5%	408	674
Total Terminal Operations	-19.1%	2,283	2,822

A shift in buying patterns by producers, who pre-bought fertilizer in the fall and early winter of 2000 along with lower fertilizer prices this year resulted in agri-product sales declines for both the Pool and Western Co-operative Fertilizers Ltd. However, the Pool's retail operation maintained its EBITDA and EBIT contribution in the three and six months by implementing cost containment strategies. The earnings variances for both periods reflect lower results from Western Co-operative Fertilizers, which suffered from decreased volumes and selling prices for urea and ammonia.

The agri-food segment saw sales increases for both the quarter and six-month periods. Significant improvements in EBITDA and EBIT by Can-Oat Milling and Prairie Malt Limited were reflected in both the quarter and year-to-date periods. However, affiliate CanAmera Foods, which is typically the segment's largest contributor, continued to lag last year. The lack of canola supplies from last year's drought, coupled with low canola crushing margins have had a significant impact on their results this year.

Cash flow from operations in the quarter was \$1.3 million, or \$0.04 per share compared to \$1.9 million or \$0.05 per share in the second quarter last year. For the six months, cash used in operations was \$4.8 million compared to cash generated of \$14.4 million last year. The decline is largely related to the decrease in earnings caused by poorer results from CanAmera and Western Co-operative Fertilizers.

"2002 will continue to be a challenging year for the Canadian agricultural sector due to significant production declines, the uncertainty with weather and the volatility in prices," says Schmidt. "The Pool's management, however, has demonstrated our ability to operate successfully under such conditions and will continue to execute our business plan to restore profitability."

CONSOLIDATED BALANCE SHEETS

	As at January 31		As at July 31
	2002	2001	2001
	(in thousands)		(in thousands)
	(unaudited)	(unaudited) (restated)	(audited)
ASSETS			
Current Assets			
Cash	\$ 1,021	\$ -	\$ 13,238
Note receivable	5,000	-	5,000
Accounts receivable	156,562	240,663	241,410
Inventories	274,055	286,692	271,920
Prepaid expenses	10,454	9,230	13,055
	447,092	536,585	544,623
Investments	11,017	70,946	13,838
Capital Assets	736,257	827,069	797,951
Other Long-Term Assets	192,478	137,748	186,485
	\$ 1,386,844	\$ 1,572,348	\$ 1,542,897
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ -	\$ 13,184	\$ -
Short-term borrowings	23,521	235,712	8,080
Members' demand loans	30,460	37,155	35,204
Accounts payable	203,201	183,010	216,890
Long-term debt due within one year	132,123	21,794	156,514
	389,305	490,855	416,688
Long-Term Debt	480,255	514,693	549,225
Other Long-Term Liabilities	57,426	45,759	75,685
Non-Controlling Interest	2,793	5,641	5,863
	929,779	1,056,948	1,047,461
Shareholders' Equity			
Share capital	457,696	457,703	457,699
Retained Earnings/(Deficit)	(631)	57,697	37,737
	457,065	515,400	495,436
	\$ 1,386,844	\$ 1,572,348	\$ 1,542,897

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	Three months ended January 31		Six months ended January 31	
	2002	2001	2002	2001
	(in thousands)		(in thousands)	
	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited) (restated)
Sales and Other Operating Revenues	\$ 774,064	\$ 827,085	\$ 1,447,402	\$ 1,618,886
Cost of Sales and Expenses				
Cost of sales and operating expenses	735,570	776,129	1,370,910	1,511,393
Selling and administrative expenses	21,127	25,988	42,481	50,669
Depreciation and amortization	18,793	19,168	36,553	37,943
Loss on disposals and impairment	22,723	13,323	17,440	13,323
	798,213	834,608	1,467,384	1,613,328
Earnings (Loss) Before the Undernoted	(24,149)	(7,523)	(19,982)	5,558
Equity earnings (loss) of significantly influenced companies	(24)	(2,490)	36	(3,039)
Non-controlling interest	336	(37)	630	45
Earnings (Loss) Before Interest and Taxes	(23,837)	(10,050)	(19,316)	2,564
Interest expense	14,934	16,584	32,846	32,293
Securitization fees and expense	1,862	2,201	5,614	6,460
Earnings (Loss) Before Corporate Taxes	(40,633)	(28,835)	(57,776)	(36,189)
Recovery of corporate taxes	14,659	10,329	19,408	12,051
Net Earnings (Loss)	(25,974)	(18,506)	(38,368)	(24,138)
Retained Earnings, Beginning of Period				
As previously reported	25,343	76,203	37,737	85,900
Changes in accounting policies				
Income taxes	-	-	-	1,940
Revenue recognition	-	-	-	(6,005)
As restated	25,343	76,203	37,737	81,835
Retained Earnings/(Deficit), End of Period	\$ (631)	\$ 57,697	\$ (631)	\$ 57,697
Earnings (Loss) Per Share	\$ (0.69)	\$ (0.49)	\$ (1.03)	\$ (0.64)

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended January 31		Six months ended January 31	
	2002	2001	2002	2001
	(in thousands)		(in thousands)	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
SALES				
Grain Handling and Marketing	\$ 526,622	\$ 535,277	\$ 967,262	\$ 1,038,087
Agri-products	64,275	75,754	117,228	165,235
Agri-food Processing	162,620	154,027	322,400	306,868
Livestock Production and Marketing	26,134	71,661	54,609	127,404
Publishing and Other	2,217	3,473	5,112	6,640
Intersegment Sales	(7,804)	(13,107)	(19,209)	(25,348)
	\$ 774,064	\$ 827,085	\$ 1,447,402	\$ 1,618,886

SEGMENT EARNINGS FROM OPERATIONS

	Three months ended January 31 2002 (in thousands) (unaudited)				Three months ended January 31 2001 (in thousands) (unaudited) (restated)			
	EBITDA	D&A	Provisions	EBIT	EBITDA	D&A	Provisions	EBIT
Grain Handling and Marketing	\$ 11,250	\$ 8,570	\$ -	\$ 2,680	\$ 10,440	\$ 8,696	\$ 12,153	\$ (10,409)
Agri-products	568	3,155	-	(2,587)	3,234	2,897	-	337
Agri-food Processing	10,558	4,286	21,479	(15,207)	6,427	4,337	-	2,090
Livestock Production and Marketing	(57)	2,420	12,278	(14,755)	6,160	2,852	-	3,308
Publishing and Other	186	57	(11,034)	11,163	645	94	-	551
Segment Results	22,505	18,488	22,723	(18,706)	26,906	18,876	12,153	(4,123)
Reconciling differences:								
Corporate Expenses	(4,827)	305	-	(5,132)	(6,200)	292	1,170	(7,662)
Tax Provision on Equity Earnings	1	-	-	1	1,735	-	-	1,735
Per Financial Statements	\$ 17,679	\$ 18,793	\$ 22,723	\$ (23,837)	\$ 22,441	\$ 19,168	\$ 13,323	\$ (10,050)

SEGMENT EARNINGS FROM OPERATIONS

	Six months ended January 31 2002 (in thousands) (unaudited)				Six months ended January 31 2001 (in thousands) (unaudited) (restated)			
	EBITDA	D&A	Provisions	EBIT	EBITDA	D&A	Provisions	EBIT
Grain Handling and Marketing	\$ 22,069	\$ 16,196	\$ -	\$ 5,873	\$ 24,374	\$ 17,185	\$ 12,153	\$ (4,964)
Agri-products	(159)	6,026	-	(6,185)	6,230	5,702	-	528
Agri-food Processing	18,177	8,560	21,479	(11,862)	18,485	8,510	-	9,975
Livestock Production and Marketing	2,910	5,014	6,995	(9,099)	11,360	5,673	-	5,687
Publishing and Other	589	142	(11,034)	11,481	1,131	193	-	938
Segment Results	43,586	35,938	17,440	(9,792)	61,580	37,263	12,153	12,164
Reconciling differences:								
Corporate Expenses	(8,909)	615	-	(9,524)	(10,190)	680	1,170	(12,040)
Tax Provision on Equity Earnings	-	-	-	-	2,440	-	-	2,440
Per Financial Statements	\$ 34,677	\$ 36,553	\$ 17,440	\$ (19,316)	\$ 53,830	\$ 37,943	\$ 13,323	\$ 2,564

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended January 31 2002		Six months ended January 31 2002	
	2001		2001	
	(in thousands)		(in thousands)	
	(unaudited)		(unaudited)	
	(restated)		(restated)	
CASH FROM (USED IN) OPERATING ACTIVITIES:				
Net loss	\$ (25,974)	\$ (18,506)	\$ (38,368)	\$ (24,138)
Add/(deduct) items not involving cash				
Depreciation and amortization	18,793	19,168	36,553	37,943
Loss on disposals and impairment	22,723	13,323	17,440	13,323
Future taxes (recovery)	(15,882)	(12,932)	(21,605)	(14,306)
Equity (earnings)/loss of significantly influenced companies	24	2,490	(36)	3,039
Bank refinancing amortization	3,297	-	6,689	-
Pension and other items	(1,303)	(1,667)	(4,813)	(1,444)
Non-controlling interest	(336)	37	(630)	(45)
Cash flow from (used in) operations	<u>1,342</u>	<u>1,913</u>	<u>(4,770)</u>	<u>14,372</u>
Changes in non-cash working capital items				
Accounts receivable	201,243	135,003	188,891	205,317
Securitization of accounts receivable	(86,248)	-	(115,176)	(209,983)
Inventories	43,037	(37,365)	(10,498)	(33,552)
Securitization of inventories	(2,541)	32,998	965	6,233
Accounts payable	(58,398)	(165,829)	(30,421)	(62,037)
Prepaid expenses	3,055	4,508	1,746	7,544
Changes in non-cash working capital	<u>100,148</u>	<u>(30,685)</u>	<u>35,507</u>	<u>(86,478)</u>
Cash from (used in) operating activities	<u>101,490</u>	<u>(28,772)</u>	<u>30,737</u>	<u>(72,106)</u>
CASH FROM (USED IN) FINANCING ACTIVITIES:				
Proceeds of long-term debt	4,300	138	4,985	6,469
Repayment of long-term debt	(97,351)	(16,751)	(98,612)	(18,471)
Proceeds (repayment) of short-term borrowings	5,411	(43,837)	15,441	94,134
Proceeds (repayment) of members' demand loans	67	(833)	(4,744)	(11,679)
(Decrease) increase in other long-term liabilities	(1,306)	2,537	(1,413)	2,559
Amounts received from minority interest parties of a subsidiary	-	129	-	129
Decrease in share capital	(1)	(3)	(3)	(9)
Cash (used in) from financing activities	<u>(88,880)</u>	<u>(58,620)</u>	<u>(84,346)</u>	<u>73,132</u>
CASH FROM (USED IN) INVESTING ACTIVITIES:				
Capital asset expenditures	(5,022)	(8,603)	(9,298)	(17,419)
Proceeds on sale of capital assets	1,612	4,940	6,367	4,940
Divestitures	22,795	11,000	42,759	11,000
Decrease in investments	2,385	369	2,479	1,210
Decrease (increase) in other long-term assets	132	(3,424)	(915)	(4,743)
Cash from (used in) investing activities	<u>21,902</u>	<u>4,282</u>	<u>41,392</u>	<u>(5,012)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,512	(83,110)	(12,217)	(3,986)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	(33,491)	69,926	13,238	(9,198)
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,021	\$ (13,184)	\$ 1,021	\$ (13,184)
CASH FLOW PER SHARE	\$ 0.04	\$ 0.05	\$ (0.13)	\$ 0.38
Supplemental disclosure of cash (paid) recovered during the period:				
Interest	(11,423)	(17,873)	(24,590)	(31,994)
Income Taxes	22,721	11,746	22,474	11,547

Cash and cash equivalents are comprised of cash and bank indebtedness.

Saskatchewan Wheat Pool is Canada's largest publicly traded agri-business co-operative headquartered in Regina, Saskatchewan. Its core business operations are grain handling and marketing, and agri-product sales. These operations are complemented by livestock, food processing and value-added businesses that allows the Pool to leverage its pivotal position between prairie farmers and destination customers in North America and around the world. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

Shareholder Inquiries:

Colleen Vancha
Director, Investor Relations & Communications
(306) 569-4782, colleen.vancha@swp.com

Media Inquiries:

Shawna Kelly
Director, Communications
(306)-569-4291 shawna.kelly@swp.com

Readers are encouraged to review the Quarterly Report, and Management Discussion and Analysis in conjunction with this release. The Report will be available on www.swp.com at 8:00 a.m. CST, March 13.