



Saskatchewan Wheat Pool

For Immediate Release

October 22, 2003
Regina, Saskatchewan
Listed: TSX
Symbol: SWP.B

POOL GENERATES BLACK BOTTOM LINE IN THE FOURTH QUARTER

Saskatchewan Wheat Pool generated \$15 million in net earnings and \$23 million in cash flow from operations during its fourth quarter ended July 31, 2003. Traditionally the strongest quarter for the Pool, results from the Agri-products segment more than offset the impact of crop production declines on the Grain Handling and Marketing segment due to drought. The Agri-products segment's EBITDA or earnings before interest, taxes, depreciation and amortization grew 27 per cent relative to last year's fourth quarter.

"I am very pleased with our performance in the fourth quarter, especially considering the devastating impact that the 2002 drought had on the grain industry," Pool CEO Mayo Schmidt said. "The work we have done in the past few years to get this company back in shape has given us a fresh start and these results clearly demonstrate that we can be profitable, given the right growing conditions."

Agri-products sales for the quarter were \$275 million, down slightly from the previous year's fourth quarter primarily due to a shift in sales into the January restructuring period, when a number of producers purchased their agri-products early. However, sales for the full year exceeded last year, growing by \$7 million to \$443 million. EBITDA for the three months was \$32 million up from \$25 million in the fourth quarter last year reflecting strong demand during the growing season for all major product lines. For the full year, EBITDA was \$23.5 million, which compares to \$21.8 million in 2002. The 2002 results included an additional \$5.9 million of service charge revenue associated with an in-house agri-products financing program that has since been outsourced. Excluding those service charges, EBITDA grew 47 per cent due to higher sales volumes in the final six months of the year resulting from an enhanced focus on new pricing strategies, customer solutions and margin improvements, particularly in fertilizer and seed.

The Pool's Grain Handling and Marketing segment shipped 1.2 million tonnes during the quarter compared to 1.6 million tonnes in the fourth quarter of fiscal 2002. Total shipments for the year were 4.8 million tonnes, down 35 per cent from the previous year, a direct result of the 2002 drought that slashed western Canadian production by 45 per cent. While the Pool's share of producer deliveries in Saskatchewan grew by one market share point during the year, the company's overall Prairie market share finished the year at 21.1 per cent compared to 22.8 per cent last year. The decline reflects reductions in Saskatchewan's and Alberta's share of total production and marketings compared to non-drought areas of Manitoba where the Pool's presence is less pronounced.

Fiscal 2003			
(000's of tonnes)			
	F2003	F2002	Increase/ Decrease
Primary Elevator Shipments	4,760	7,316	-35%
Terminal Operations			
Vancouver	822	2,155	-62%
Thunder Bay	1,185	1,232	-4%
Share of Affiliates	424	611	-31%
Total Terminal Operations	2,431	3,998	-39%

Industry exports for the year totaled 12.6 million tonnes, down 37 per cent from the previous year, and only half the level achieved in 2001. Port terminal receipts were down 42 per cent for the industry, 59 per cent through Vancouver. The temporary closure of that port last fall, along with decreased Canadian Wheat Board (CWB) grain shipments from West Coast draw areas, were the primary factors in the 62 per cent decline in receipts at the Pool's Vancouver terminal. Overall, the segment lost \$1.0 million at the EBITDA level for the quarter. For the 12-month period, EBITDA was \$1 million compared to \$28 million in fiscal 2002.

The Agri-food Processing segment generated sales of \$33 million for the quarter, (excluding results from companies sold in 2002) down from \$37 million in the prior year's fourth quarter. Full year sales remained ahead of last year's results from comparable companies at \$130 million versus \$128 million, driven by a 6 per cent sales improvement at Can-Oat Milling. EBITDA for the quarter was \$3.3 million bringing 2003 results to \$15 million, which compares to \$23 million the previous year, after excluding divested companies. Can-Oat's performance remained relatively strong while Prairie Malt Ltd. experienced margin declines due to depleted supplies of quality malt barley in Western Canada, which forced them to source raw commodities from other regions to meet customer demands.

Heartland Pork marketed 91,000 hogs during the quarter, bringing full year marketings to 360,000 hogs, which compares to 370,000 last year. The segment produced negative EBITDA for the quarter of \$3 million bringing the negative EBITDA to \$7 million for the year, which compares to earnings of \$4 million last year. The primary reason for the variance was extremely volatile hog prices.

The Pool maintained its commitment to low cost, quality service, achieving cost reductions of \$17 million for the year. The Pool has reduced its cost structure by nearly \$80 million since 2000.

"The Pool has a new beginning," adds Schmidt. "We completed the financial restructuring in March. Even though the August heat reduced western Canadian production by an estimated 15 per cent, we are still seeing the highest crop production levels in almost three years and the quality is very good. Export levels should be substantially higher this year because of strong demand in international markets. We believe we have begun our recovery and assuming good growing conditions next spring the recovery should continue with improved results in each quarter of fiscal 2004."

Financial Statement Presentation

Because of the Pool's recent restructuring and application of fresh start accounting on January 31, 2003, financial statements for prior year periods are no longer directly comparable, as they were prepared on a historical cost basis. The balance sheet is presented on a post-restructuring basis as at July 31, 2003, and January 31, 2003. The company's statements of earnings and cash flow statements, prepared using the principles of fresh start accounting, include:

Post Restructuring:

Three months ended July 31, 2003
Six months ended July 31, 2003

Pre-Restructuring:

Three months ended July 31, 2002
Six months ended January 31, 2003
Twelve months ended July 31, 2002

The cumulative total of the two fiscal 2003 six-month periods are not comparable to fiscal 2002 full year results, given the reorganization and subsequent comprehensive revaluation.

The Pool generated net earnings of \$15 million in the quarter or earnings per share of \$0.07. Cash flow from operations was \$23 million in the final quarter. As a result of fresh start accounting, the Pool became a new reporting entity effective January 31. For the six months beginning February 1, 2003 and ending July 31, the consolidated net loss was \$15.9 million or \$0.27 per share. Cash flow from operations was \$2 million for the same period.

Accounting Policy Change

The Pool adopted the new Canadian Institute of Chartered Accountants (CICA) standard regarding recognition of revenue. This standard applies to the company's and the industry's handling of grains on behalf of the Canadian Wheat Board (CWB). As a result, the Pool's sales and operating revenue no longer reflect CWB gross billings. For CWB grains, the statements of earnings will reflect the tariffs that are received by the Pool on those purchases. For non-Board grains, the gross value of those grains and oilseeds will remain in the Sales and Other Operating Revenue category. It is important to note that this change in accounting policy has no impact on the earnings or retained earnings of the company. The net effect of this change on sales is as follows:

	<u>Fiscal 2003</u>	<u>Fiscal 2002</u>
Gross Billings		
Grain sales and service revenue	\$ 752.8M	\$ 917.2M
Sales and service revenue-other segments	<u>645.4M</u>	<u>1,086.3M</u>
Sales and service revenues	1,398.2M	2,003.5M
CWB gross billings (now excluded)	<u>519.9M</u>	<u>777.9M</u>
Gross Billings	<u>\$1,918.1M</u>	<u>\$2,781.4M</u>
Sales and Other Operating Revenues		
Sales and service revenues	\$1,398.2M	\$2,003.5M
Canadian Wheat Board tariffs	<u>30.9M</u>	<u>50.2M</u>
Total Sales and Other Operating Revenues	<u>\$1,429.1M</u>	<u>\$2,053.7M</u>

The Pool will restate prior quarter sales results in future interim quarterly reports to provide shareholders with comparable sales results by quarter.

EBITDA Presentation

The EBITDA data in this release is intended to provide further insight with respect to the company's financial results, including its results on a segment-by-segment basis, and to supplement its information on sales and net earnings as determined in accordance with Generally Accepted Accounting Principles (GAAP). Similar data may not be provided by other issuers and, if provided, needs to be carefully examined to determine whether it is comparable to the Pool's EBITDA data.

Saskatchewan Wheat Pool is a publicly traded agribusiness headquartered in Regina, Saskatchewan. Anchored by a prairie-wide grain handling and agri-products marketing network, the Pool channels prairie production to end-use markets in North America and around the world. These operations are complemented by value-added businesses and strategic alliances, which allow the Pool to leverage its pivotal position between prairie farmers and destination customers. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

CONSOLIDATED BALANCE SHEETS

	As at July 31 2003	As at January 31 2003
(in thousands)		
ASSETS		
Current Assets		
Cash	\$ 1,882	\$ 2,382
Cash in trust	487	13,898
Short-term investments	45,615	29,088
Accounts receivable	222,137	195,729
Inventories	115,972	185,227
Prepaid expenses	9,973	8,469
Future income taxes	1,624	782
	397,690	435,575
Investments	5,020	4,945
Property, Plant and Equipment	291,603	314,413
Other Long-Term Assets	9,368	7,476
Future Income Taxes	80,324	80,324
	\$ 784,005	\$ 842,733
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank indebtedness	\$ 28,192	\$ 15,674
Short-term borrowings	92,920	122,174
Members' demand loans	9,165	6,178
Members' class A shares	1,791	1,797
Accounts payable and accrued liabilities	163,177	181,484
Long-term debt due within one year	7,810	7,155
	303,055	334,462
Long-Term Debt	265,754	273,407
Other Long-Term Liabilities	44,867	47,300
Future Income Taxes	7,553	8,909
Non-Controlling Interest	-	54
	621,229	664,132
Shareholders' Equity		
Share capital	59,417	22,335
Contributed surplus	84	-
Convertible notes - equity component	130,663	156,266
Retained earnings (deficit)	(27,388)	-
	162,776	178,601
	\$ 784,005	\$ 842,733

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	Three months ended July 31 2003 (unaudited)	Pre-reorganization		Pre-reorganization	
		Three months ended July 31 2002 (restated) (unaudited)	Six months ended July 31 2003	Six months ended January 31 2003 (restated)	Twelve months ended July 31 2002 (restated)
(in thousands)					
Gross Billings					
Grain sales and service revenue	\$ 131,026	\$ 178,138	\$ 255,967	\$ 496,805	\$ 917,240
Sales and service revenue - other segments	336,505	408,032	427,700	217,725	1,086,291
Sales and service revenues	467,531	586,170	683,667	714,530	2,003,531
Canadian Wheat Board gross billings	170,275	198,097	264,181	255,717	777,875
	\$ 637,806	\$ 784,267	\$ 947,848	\$ 970,247	\$ 2,781,406
Sales and Other Operating Revenues					
Sales and service revenues	\$ 467,531	\$ 586,170	\$ 683,667	\$ 714,530	\$ 2,003,531
Canadian Wheat Board tariffs	9,240	11,966	14,279	16,668	50,149
	476,771	598,136	697,946	731,198	2,053,680
Cost of Sales and Expenses					
Cost of sales and operating expenses	436,735	544,728	653,124	710,069	1,904,342
Selling and administrative expenses	14,614	17,289	27,204	24,519	76,526
Amortization	5,918	17,026	12,573	25,793	70,937
Loss on disposals	-	7,884	-	-	17,606
Restructuring and other provisions	-	54,360	-	-	54,360
	457,267	641,287	692,901	760,381	2,123,771
Earnings (Loss) Before the Undernoted	19,504	(43,151)	5,045	(29,183)	(70,091)
Non-controlling interest recovery	-	201	53	1,233	867
Earnings (Loss) Before Interest and Taxes	19,504	(42,950)	5,098	(27,950)	(69,224)
Interest expense	9,691	11,773	23,807	23,650	57,761
Securitization expense	-	909	-	3,016	7,796
Loss Before Corporate Taxes	9,813	(55,632)	(18,709)	(54,616)	(134,781)
Recovery of corporate taxes	4,730	14,537	2,800	20,180	42,622
Net Income (Loss)	14,543	(41,095)	(15,909)	(34,436)	(92,159)
Retained Earnings (Deficit), Beginning of Period	(36,449)	(13,327)	-	(54,422)	37,737
Accretion of equity component of convertible subordinated notes	(5,482)	-	(11,479)	-	-
Retained Earnings (Deficit), End of Period	\$ (27,388)	\$ (54,422)	\$ (27,388)	\$ (88,858)	\$ (54,422)
Basic and Diluted Earnings (Loss) Per Share	\$ 0.07	\$ (1.10)	\$ (0.27)	\$ (0.92)	\$ (2.46)

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended July 31 2003 (unaudited)	Pre-reorganization	Six months ended July 31 2003	Pre-reorganization	
		Three months ended July 31 2002 (restated) (unaudited)		Six months ended January 31 2003 (restated)	Twelve months ended July 31 2002 (restated)
(in thousands)					
SALES					
Grain Handling and Marketing	\$ 147,051	\$ 205,078	\$ 283,737	\$ 530,392	\$ 1,015,597
Agri-products	275,448	284,955	319,347	123,198	435,938
Agri-food Processing	33,394	96,938	64,495	65,142	545,010
Other	28,029	26,661	45,177	30,460	107,797
Intersegment sales	(7,151)	(15,496)	(14,810)	(17,994)	(50,662)
	\$ 476,771	\$ 598,136	\$ 697,946	\$ 731,198	\$ 2,053,680

SEGMENT EARNINGS FROM OPERATIONS

	Three months ended July 31 2003 (unaudited) (in thousands)			Pre-reorganization Three months ended July 31 2002 (unaudited) (in thousands)			
	EBITDA	Amortization	EBIT	EBITDA	Amortization	Loss/(Gain) or Provisions	EBIT
Grain Handling and Marketing	\$ (1,070)	\$ 1,865	\$ (2,935)	\$ 6,598	\$ 8,256	\$ 24,600	\$ (26,258)
Agri-products	31,559	2,266	29,293	24,869	3,030	-	21,839
Agri-food Processing	3,255	1,200	2,055	9,333	2,863	7,412	(942)
Other	(3,253)	587	(3,840)	(2,372)	2,283	472	(5,127)
Segment Results	30,491	5,918	24,573	38,428	16,432	32,484	(10,488)
Corporate expenses	(5,069)	-	(5,069)	(2,108)	594	29,760	(32,462)
Per Financial Statements	\$ 25,422	\$ 5,918	\$ 19,504	\$ 36,320	\$ 17,026	\$ 62,244	\$ (42,950)

SEGMENT EARNINGS FROM OPERATIONS

	Pre-reorganization					
	Six months ended July 31 2003 (in thousands)			Six months ended January 31 2003 (in thousands)		
	EBITDA	Amortization	EBIT	EBITDA	Amortization	EBIT
Grain Handling and Marketing	\$ (6,393)	\$ 4,605	\$ (10,998)	\$ 7,169	\$ 14,883	\$ (7,714)
Agri-products	29,423	4,404	25,019	(5,926)	3,677	(9,603)
Agri-food Processing	8,926	2,492	6,434	6,327	2,542	3,785
Other	(5,312)	1,072	(6,384)	(1,873)	4,438	(6,311)
Segment Results	26,644	12,573	14,071	5,697	25,540	(19,843)
Corporate expenses	(8,973)	-	(8,973)	(7,854)	253	(8,107)
Per Financial Statements	\$ 17,671	\$ 12,573	\$ 5,098	\$ (2,157)	\$ 25,793	\$ (27,950)

SEGMENT EARNINGS FROM OPERATIONS

	Pre-reorganization			
	Twelve months ended July 31 2002 (in thousands)			
	EBITDA	Amortization	Loss/ (Gain) or Provisions	EBIT
Grain Handling and Marketing	\$ 27,655	\$ 32,961	\$ 24,600	\$ (29,906)
Agri-products	21,827	11,659	(7,818)	17,986
Agri-food Processing	35,376	15,111	28,991	(8,726)
Other	4,449	9,701	(3,567)	(1,685)
Segment Results	89,307	69,432	42,206	(22,331)
Corporate expenses	(15,628)	1,505	29,760	(46,893)
Per Financial Statements	\$ 73,679	\$ 70,937	\$ 71,966	\$ (69,224)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Pre-reorganization		Six months ended July 31 2003	Pre-reorganization	
	Three months ended July 31 2003 (unaudited)	Three months ended July 31 2002 (restated) (unaudited)		Six months ended July 31 2003	Six months ended January 31 2003 (restated)
(in thousands)					
Cash From (Used In) Operating Activities:					
Net income (loss)	\$ 14,543	\$ (41,095)	\$ (15,909)	\$ (34,436)	\$ (92,159)
Add (deduct) items not involving cash					
Amortization	5,918	17,026	12,573	25,793	70,937
Loss on disposals	-	7,884	-	-	17,606
Future income tax recovery	(1,922)	(16,498)	(1,747)	(22,827)	(48,482)
Pension	558	(1,798)	983	760	(8,552)
Interest accretion and bank refinancing amortization	2,362	2,145	5,693	5,616	12,046
Non-controlling interest recovery	-	(201)	(53)	(1,233)	(867)
Other items and provisions	1,351	47,236	316	(77)	46,145
Cash flow from (used in) operations	22,810	14,699	1,856	(26,404)	(3,326)
Changes in non-cash working capital items					
Accounts receivable	(44,049)	6,098	(32,205)	27,704	192,915
Securitization of accounts receivable	-	6,301	-	(8,875)	(123,555)
Inventories	108,642	93,414	68,107	8,531	12,991
Securitization of inventories	-	3,745	-	14,277	7,451
Accounts payable	(41,431)	(51,023)	(16,189)	(31,931)	(24,303)
Prepaid expenses	(1,109)	(273)	(1,540)	(991)	2,412
Changes in non-cash working capital	22,053	58,262	18,173	8,715	67,911
Cash from (used in) operating activities	44,863	72,961	20,029	(17,689)	64,585
Cash From (Used in) Financing Activities					
Proceeds of long-term debt	-	-	-	72,969	5,488
Repayment of long-term debt	(1,768)	(82,858)	(11,766)	(2,966)	(227,363)
Proceeds (repayment) of short-term borrowings	(30,538)	(25,404)	(29,253)	4,917	(135)
Increase (repayment) of members' demand loans	1,804	(2,093)	2,987	(18,446)	(10,580)
Repayment of members' shares	(2)	(5)	(6)	(11)	(7)
Decrease in other long-term liabilities	(706)	(3,966)	(1,716)	(260)	(4,358)
Cash from (used in) financing activities	(31,210)	(114,326)	(39,754)	56,203	(236,955)
Cash From (Used in) Investing Activities					
Property, plant and equipment expenditures	(1,381)	(882)	(2,426)	(3,357)	(12,389)
Proceeds on sale of property, plant and equipment	2,219	3,525	11,972	1,390	12,752
Divestitures	-	68,368	-	-	153,622
Decrease (increase) in cash in trust	26	-	13,411	(13,898)	-
Decrease in investments	-	-	378	3,168	2,553
(Increase) decrease in other long-term assets	(1,249)	2,309	(101)	(6,201)	(1,226)
Cash from (used in) investing activities	(385)	73,320	23,234	(18,898)	155,312
Increase (Decrease) in Cash and Cash Equivalents	13,268	31,955	3,509	19,616	(17,058)
Cash and Cash Equivalents, Beginning of Period	6,037	(35,775)	15,796	(3,820)	13,238
Cash and Cash Equivalents, End of Period	\$ 19,305	\$ (3,820)	\$ 19,305	\$ 15,796	\$ (3,820)

Cash and cash equivalents consist of cash, short-term investments and bank indebtedness.

Supplemental disclosure of cash (paid) recovered during the year:

Interest	(8,845)	(10,245)	(27,250)	(11,439)	(44,924)
Securitization	-	(1,509)	-	(3,016)	(8,396)
Income taxes (paid) recovered	(3,082)	(2,223)	(3,271)	(3,419)	19,575

This release contains forward looking statements that involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such statements. Important factors that could affect these statements include, without limitation, producers' decisions regarding total planted acreage, crop selection, and utilization levels of farm inputs such as fertilizers and crop protection products; weather conditions, including drought; Canadian grain export levels; changes in government policy and transportation deregulation; world agricultural commodity prices and markets; changes in competitive forces including pricing pressures; and global political and economic conditions, including grain subsidy actions of the United States and European Union.

A conference call for investors and the media has been scheduled for 12:00 p.m. (CST), 2:00 p.m. (EST), by calling (416) 695-5259 five minutes prior to the call. Given demands on Mr. Schmidt's schedule, media representatives are encouraged to participate on that call. Opportunities for individual interviews following the call will be very limited.

The Pool's financial statements, notes and management discussion and analysis will be available on SEDAR (www.sedar.com) in the coming days.

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