



Saskatchewan Wheat Pool

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POOL MAINTAINS MOMENTUM THROUGH THE THIRD QUARTER

Strong shipments and solid agri-product sales in the Pool's third quarter led to its fourth consecutive quarter of improved earnings and cash flow over the previous year's period.

Primary shipments for the quarter were 1.45 million tonnes, up 81 per cent over the same quarter last fiscal year. The Pool's shipments of wheat and barley for the first nine months were 54 per cent higher than last year's period and exceeded overall industry shipments, which were up 52 per cent. The company's shipments of non-Board commodities were also up 35 per cent for the quarter.

Seed sales that were more than double last year's quarter and an 83-per-cent increase in crop protection sales drove the Agri-products segment to quarterly sales of \$57.2 million, a 30-per-cent improvement over last year. Producer purchasing patterns have returned to normal, with a greater percentage of sales generated in the third quarter, as opposed to last year's anomaly, when producers secured product in the second quarter.

"This continued momentum is a result of the Pool's strategy to focus on its core businesses," Pool CEO Mayo Schmidt said. "We are on target to exceed our expectations for fiscal 2004. Previously, we were targeting to breakeven excluding the provision we took in the second quarter with respect to our investment in the pork industry. We now believe we are in striking distance of achieving the first positive bottom line for a full fiscal year since 1998."

The Pool's core operations, particularly its agri-products retail locations, are expected to continue performing strongly through to year-end. This, as well as the one-time item that will be recorded in the fourth quarter with respect to the Pool's recent sale of its Mexican grain terminal, is also expected to make a positive contribution to full year results. Additional information can be found in the Pool's Third Quarter Report available on its website at www.swp.com.

EBITDA, or earnings before interest, securitization, taxes, depreciation and amortization, was \$11.9 million, a significant improvement over last year's third quarter, when the Pool posted an EBITDA loss of \$5.7 million. For the nine-month period, EBITDA was \$46.4 million, compared to a loss in the same period a year ago of \$5.4 million. Cash flow from continuing operations was \$1.8 million for the quarter, which compares to an operating cash flow deficiency from continuing operation of \$18.6 million in the third quarter last year. For the first nine-months of fiscal 2004, the Pool generated \$21.5 million in cash flow from continuing operations, reflecting the earnings recovery of the Pool's core businesses. During the third quarter, the Pool generated EBIT, or earnings before interest and taxes, of \$5.5 million, compared to a loss of \$11.9 million for the same time period last year. EBIT for the nine-month period was \$28.0 million.

For the quarter ended April 30, 2004, the Pool recorded a net loss from continuing operations of \$4.8 million or \$0.02 per share before accretion. This is a significant improvement from the \$27.7 million lost in third quarter last year (\$0.42 per share before accretion). For the nine months, the net loss from continuing operations was \$2.4 million or \$0.01 per share prior to accretion.

Subsequent to the quarter end, the Pool finalized its exit from the hog production and feed processing industries, selling its interests in Heartland Pork Management Services, seven rural hog operations and one feed mill to Sterling Pork Farm Ltd. As well, the Pool is in the process of selling its aquaculture operation and expects the sale to close in the coming weeks. The majority of assets previously reported under the "Other" segment have been reclassified on the balance sheet as "assets held for sale" and losses for the segment are reported as "discontinued operations" on the income statement.

The net loss from *discontinued operations* for the quarter was \$4.3 million or \$0.02 per share for the quarter, which compares to a \$2.8 million loss or \$0.04 per share for the same quarter last year. The net loss from *discontinued operations* for the first nine months of fiscal 2004 was \$21.3 million or \$0.11 per share. On a consolidated basis, the net loss was \$9.1 million for the quarter and \$23.7 million for the nine-months ended April 30, 2004.

Segment Results:

EBITDA from the Grain Handling and Marketing segment for the quarter was \$10.9 million, compared to a loss of \$5.3 million in the same period last year. Last year's results included \$1.9 million in grain insurance proceeds. On a year-to-date basis, EBITDA was \$43.4 million compared to \$1.8 million in fiscal 2003. EBIT for the quarter was \$8.2 million, compared to a loss of \$8.1 million in the third quarter last year. For the first nine months EBIT was \$36.0 million.

A focus on higher-margin export grains, as opposed to lower-margin feed grains, helped the Pool maintain strong pipeline margins per tonne. Margins were in the range of \$20 to \$23 per tonne on a year-to-date basis and are expected to average in that range for the entire year. Average margins in fiscal 2003 were approximately \$15.50 given the poor crop quality and reduced export opportunities.

Year-to-Date Volumes (000's)

	F2004	F2003	Increase/ Decrease
Primary Elevator Receipts	4,497	3,009	49%
Primary Elevator Shipments	4,487	3,607	24%
Terminal Operations			
Vancouver	1,876	382	391%
Thunder Bay	939	795	18%
Share of PRG volumes	378	424	(11)%
Total Terminal Operations	3,193	1,601	99%

EBITDA for the Agri-products segment was \$1.3 million for the quarter, compared to a \$2.1 million loss last year. The increase reflects higher margins in all product lines, particularly seed, where increased sales and a focus on higher-margin products drove the improvement, and fertilizer, where a more disciplined marketing strategy and better discount buying opportunities, did the same. EBITDA for the nine months was \$2.4 million versus a loss last year during the same period of \$8.1 million. Segment EBIT for the quarter was a loss of \$1.1 million, compared to last year's EBIT loss of \$4.3 million. On a year-to-date basis, EBIT was a loss of \$4.8 million, reflecting the seasonal weakness typical in the agri-products business in the third quarter. The majority of the earnings in this business are generated in the fourth quarter.

Sales for the quarter in the Agri-food Processing segment were \$26.9 million, compared to \$31.1 million in the third quarter last year. Sales for the nine months were \$84.2 million, down from \$96.2 million in the same period last year. This is primarily due to a decline in the price of oats. Can-Oat Milling recorded sales volumes approximately five per cent lower than the previous nine-month period. Better supplies of quality malt barley have helped Prairie Malt sales recover year-over-year.

Quarterly EBITDA in this segment was \$2.6 million, compared to \$5.7 million last year and on a year-to-date basis was \$11.7 million, which compares to \$12 million a year earlier. This reflects lower sales margins at Can-Oat that were off approximately five per cent due to a slightly higher proportion of feed sales relative to finished and primary products sales - a result of poorer crop quality and somewhat softer demand for oat products. Segment EBIT was \$1.3 million for the quarter, compared to \$4.4 million in the third quarter last year. On a year-to-date basis, the segment earned EBIT of \$7.9 million.

Looking forward, while the spring season started with very dry conditions throughout much of the growing area, heavy rainfalls across the Prairies in May have restored moisture conditions in most of the market regions. The Pool's agri-product retail operations, as well as its grain handling and marketing business, are well poised to take advantage of good growing conditions. Early estimates suggest that, with average precipitation throughout the growing season, western Canadian production could near the five-year average.

Additional information on the Pool's results are included in the quarterly report which will be available on the Pool's web site at www.swp.com, and on the SEDAR site, www.sedar.com today.

**SASKATCHEWAN WHEAT POOL
CONSOLIDATED BALANCE SHEETS
(in thousands)**

	APRIL 30 2004 (unaudited)	APRIL 30 2003 (unaudited)	JULY 31 2003 (audited)
ASSETS			
Current Assets			
Cash	\$ 589	\$ 1,489	\$ 1,882
Cash in trust	2,713	513	487
Assets held for sale	19,402	-	-
Short-term investments	19,556	20,057	45,615
Accounts receivable	131,194	182,339	222,137
Inventories	284,060	224,614	115,972
Prepaid expenses and deposits	12,701	8,864	9,973
Future income taxes	1,078	921	1,624
	471,293	438,797	397,690
Investments	4,947	4,552	5,020
Property, Plant and Equipment	262,178	298,630	291,603
Other Long-Term Assets	3,976	6,798	9,368
Future Income Taxes	80,324	80,324	80,324
	\$ 822,718	\$ 829,101	\$ 784,005
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ 21,367	\$ 15,509	\$ 28,192
Short-term borrowings	89,898	123,459	92,920
Members' demand loans	16,432	7,361	9,165
Members' Class A shares	1,784	1,793	1,791
Accounts payable and accrued liabilities	238,669	203,402	163,177
Long-term debt due within one year	6,172	7,525	7,810
	374,322	359,049	303,055
Long-Term Debt	262,776	265,447	265,754
Other Long-Term Liabilities	39,966	47,674	44,867
Future Income Taxes	6,530	8,781	7,553
	683,594	680,951	621,229
Shareholders' Equity			
Share capital	80,011	28,439	59,417
Contributed surplus	168	-	84
Convertible subordinated notes - equity component	125,000	156,160	130,663
Retained earnings (deficit)	(66,055)	(36,449)	(27,388)
	139,124	148,150	162,776
	\$ 822,718	\$ 829,101	\$ 784,005

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS
(in thousands)

	Post-reorganization			Pre-reorganization
	Three Months Ended April 30 2004 (unaudited)	Three Months Ended April 30 2003 (restated) (unaudited)	Nine Months Ended April 30 2004 (unaudited)	Six Months Ended JANUARY 31 2003 (restated) (audited)
Gross Billings				
Grain sales and service revenue	\$ 164,637	\$ 124,840	\$ 586,338	\$ 496,805
Sales and service revenue - other segments	82,072	74,149	263,634	187,866
Sales and service revenues	246,709	198,989	849,972	684,671
Canadian Wheat Board gross billings	147,798	93,906	391,782	255,717
Gross Billings	\$ 394,507	\$ 292,895	\$ 1,241,754	\$ 940,388
Sales and Other Operating Revenues				
Sales and service revenues	\$ 246,709	\$ 198,989	\$ 849,972	\$ 684,671
Canadian Wheat Board tariffs	11,646	5,039	34,424	16,668
	258,355	204,028	884,396	701,339
Cost of Sales and Expenses				
Cost of sales and operating expenses	233,565	197,887	801,265	677,928
Selling and administrative expenses	12,893	11,833	36,755	23,085
Amortization	6,352	6,170	18,355	21,355
	252,810	215,890	856,375	722,368
Earnings (Loss) Before Interest and Taxes	5,545	(11,862)	28,021	(21,029)
Interest expense	10,475	13,956	29,892	26,373
Loss Before Corporate Taxes	(4,930)	(25,818)	(1,871)	(47,402)
Recovery of corporate taxes (expense)	134	(1,841)	(554)	16,825
Net Loss From Continuing Operations	(4,796)	(27,659)	(2,425)	(30,577)
Net Loss From Discontinued Operations	(4,345)	(2,793)	(21,311)	(3,859)
Net Loss	(9,141)	(30,452)	(23,736)	(34,436)
Retained Earnings, Beginning of Period	(52,056)	-	(27,388)	(54,422)
Accretion of equity component of convertible subordinated notes	(4,858)	(5,997)	(14,931)	-
Retained Earnings, End of Period	\$ (66,055)	\$ (36,449)	\$ (66,055)	\$ (88,858)
Earnings Per Share				
From Continuing Operations	\$ (0.04)	\$ (0.52)	\$ (0.09)	\$ (0.82)
From Discontinued Operations	\$ (0.02)	\$ (0.04)	\$ (0.11)	\$ (0.10)
From Net Loss	\$ (0.06)	\$ (0.56)	\$ (0.20)	\$ (0.92)

SEGMENTED FINANCIAL INFORMATION
(in thousands)

	Post-reorganization			Pre-reorganization
	Three Months Ended April 30 2004 (unaudited)	Three Months Ended April 30 2003 (restated) (unaudited)	Nine Months Ended April 30 2004 (unaudited)	Six Months Ended January 31 2003 (restated) (audited)
SALES				
Grain Handling and Marketing	\$ 180,239	\$ 136,687	\$ 635,252	\$ 530,392
Less: Sales to Discontinued Operations	(1,571)	(1,855)	(5,707)	(5,531)
Grain Handling and Marketing - Restated	178,668	134,832	629,545	524,861
Agri-products	57,180	43,899	182,206	123,198
Agri-food Processing	26,903	31,101	84,238	65,142
Intersegment sales	(4,396)	(5,804)	(11,593)	(11,862)
	\$ 258,355	\$ 204,028	\$ 884,396	\$ 701,339

SEGMENTED EARNINGS
(in thousands)

Segment Earnings - Three Months Results

	(unaudited)			Post-reorganization (unaudited and restated)		
	Three Months Ended April 30, 2004			Three Months Ended April 30, 2003		
	EBITDA	Amortization	EBIT	EBITDA	Amortization	EBIT
Grain Handling and Marketing	\$ 10,882	\$ 2,651	\$ 8,231	\$ (5,323)	\$ 2,740	\$ (8,063)
Agri-products	1,331	2,406	(1,075)	(2,136)	2,138	(4,274)
Agri-food Processing	2,587	1,295	1,292	5,671	1,292	4,379
Segment Results	14,800	6,352	8,448	(1,788)	6,170	(7,958)
Corporate expenses	(2,903)	-	(2,903)	(3,904)	-	(3,904)
Per Financial Statements	\$ 11,897	\$ 6,352	\$ 5,545	\$ (5,692)	\$ 6,170	\$ (11,862)

Segment Earnings - Nine and Six Months Results

	(unaudited)			Pre-reorganization (audited and restated)		
	Nine Months Ended April 30, 2004			Six Months Ended January 31, 2003		
	EBITDA	Amortization	EBIT	EBITDA	Amortization	EBIT
Grain Handling and Marketing	\$ 43,380	\$ 7,331	\$ 36,049	\$ 7,169	\$ 14,883	\$ (7,714)
Agri-products	2,356	7,170	(4,814)	(5,926)	3,677	(9,603)
Agri-food Processing	11,741	3,854	7,887	6,327	2,542	3,785
Segment Results	57,477	18,355	39,122	7,570	21,102	(13,532)
Corporate expenses	(11,101)	-	(11,101)	(7,244)	253	(7,497)
Per Financial Statements	\$ 46,376	\$ 18,355	\$ 28,021	\$ 326	\$ 21,355	\$ (21,029)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Post-reorganization			Pre-reorganization
	Three Months Ended April 30 2004 (unaudited)	Three Months Ended April 30 2003 (restated) (unaudited)	Nine Months Ended April 30 2004 (unaudited)	Six Months Ended January 31 2003 (restated) (audited)
Cash From (Used in) Operating Activities				
Net loss from continuing operations	\$ (4,796)	\$ (27,659)	\$ (2,425)	\$ (30,577)
Add(deduct) items not involving cash				
Amortization	6,352	6,170	18,355	21,355
Future income taxes (recovery)	(608)	175	(477)	(19,244)
Pension	552	425	1,749	760
Interest accretion and bank refinancing amortization	2,670	3,331	7,726	5,616
Other items and provisions	(2,379)	(1,032)	(3,389)	(77)
Cash flow from (used in) continuing operations	1,791	(18,590)	21,539	(22,167)
Changes in non-cash working capital items				
Accounts receivable	37,629	10,714	88,401	27,699
Securitization of accounts receivable	-	-	-	5,402
Inventories	(140,290)	(43,879)	(180,959)	10,386
Accounts payable	59,451	27,465	75,495	(31,854)
Prepaid expenses and deposits	7,346	45	(386)	(555)
Changes in non-cash working capital - continuing operations	(35,864)	(5,655)	(17,449)	11,078
Cash (used in) from operating activities - continuing operations	(34,073)	(24,245)	4,090	(11,089)
Cash (used in) from operating activities - discontinued operations	(6,182)	(589)	(7,484)	(6,600)
Cash (used in) from operating activities	(40,255)	(24,834)	(3,394)	(17,689)
Cash From (Used in) Financing Activities				
Proceeds of long-term debt	-	-	-	72,969
Repayment of long-term debt	(921)	(9,827)	(4,675)	(2,624)
Proceeds (repayment) of short-term borrowings	23,150	1,497	(10,120)	4,917
Payment of other long-term liabilities, net	141	(1,010)	(3,032)	(260)
Increase (repayment) of members' demand loans	2,675	1,183	7,267	(18,446)
Repayment of members' shares	(3)	(4)	(7)	-
Decrease in share capital	-	-	-	(11)
Cash (used in) provided by discontinued operations	(108)	(383)	(602)	(342)
Cash from (used in) financing activities	24,934	(8,544)	(11,169)	56,203
Cash From (Used in) Investing Activities				
Property, plant and equipment expenditures	(2,235)	(1,016)	(5,799)	(3,255)
Proceeds on sale of property, plant and equipment	2,174	9,733	3,145	1,390
Increase in cash in trust	17,191	13,385	(2,226)	(13,898)
Decrease in investments	-	378	-	3,168
(Increase) decrease in other long-term assets	(328)	847	(688)	(6,382)
Cash provided by (used in) discontinued operations	95	292	(396)	79
Cash from (used in) investing activities	16,897	23,619	(5,964)	(18,898)
Increase (decrease) in Cash and Cash Equivalents	1,576	(9,759)	(20,527)	19,616
Cash and Cash Equivalents, Beginning of Period	(2,798)	15,796	19,305	(3,820)
Cash and Cash Equivalents, End of Period	\$ (1,222)	\$ 6,037	\$ (1,222)	\$ 15,796

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

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

Interest	(7,805)	(21,261)	(22,166)	(14,162)
Income Taxes (paid) recovered	4,008	(29)	432	(3,190)

EBITDA Data

The EBITDA data provided herein is intended to provide further insight with respect to the company's financial results and to supplement its information on earnings (loss) as determined in accordance with Generally Accepted Accounting Principles. 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 company's EBITDA data.

FORWARD LOOKING INFORMATION

Certain statements in this Management's Discussion and Analysis are forward-looking and reflect the Pool's expectations regarding future results of operations, financial condition and achievements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of the Pool to be materially different from any future results, performance and achievements expressed or implied by those forward-looking statements. A number of factors could cause actual results to differ materially from expectations, including, but not limited to: producers' decisions regarding total seeded acreage, crop selection and utilization levels of farm inputs such as fertilizers and pesticides; weather conditions; Canadian grain export levels; changes in government policy and transportation deregulation; world agricultural commodity prices and markets; changes in competitive forces including pricing pressures; changes in labour, pension and employee benefit expenses; and global political and economic conditions, including grain subsidy actions of the United States and the European Union.

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