3RD QUARTER REPORT – APRIL 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

HIGHLIGHTS

- The Pool experienced its fourth consecutive quarter of operating earnings improvement. The Pool generated $11.9 million in EBITDA for the quarter bringing its nine-month total to $46.4 million. This compares to an EBITDA loss for the first nine months of last year of $5.4 million.

- The Pool also recorded its fourth consecutive quarter of positive cash flow from continuing operations. The Pool generated cash flow from continuing operations of $1.8 million bringing the year-to-date total to $21.5 million.

- During the third quarter, approximately $7.1 million of par value convertible subordinated notes were converted into 15.9 million Class B shares. An additional $1.0 million of convertible notes were exchanged in May, bringing total conversions since March 14, 2003, to $75.7 million or 30% of the $255 million of convertible notes issued during the Pool's restructuring.

- At April 30, 2004, there were 228.9 million Class B shares outstanding. At May 31, there were 231.1 million shares outstanding.

- Subsequent to quarter end, the Pool closed the sale of its hog and feed mill operations to Sterling Pork Farm Ltd. completing its exit from the hog production industry. The Pool will use net proceeds estimated to be approximately $10 million to repay a portion of its senior bank term debt in the fourth quarter. An additional $8 million of subsidiary bank indebtedness and short-term borrowings will be retired in the fourth quarter.

- Subsequent to quarter end, the Pool completed its divestiture of its 50 per cent ownership in a port terminal facility in Manzanillo, Mexico. The Pool will record a one-time recovery of approximately $5 million in the fourth quarter of fiscal 2004 and will record approximately $2 million as operating income in that quarter. There were no significant cash proceeds resulting from the sale of this operation.

Financial Statement Presentation

The Pool completed a financial reorganization effective January 31, 2003. The restructuring has been accounted for using the principles of comprehensive revaluation (fresh start accounting) as required by Generally Accepted Accounting Principles (GAAP). The Pool became a new reporting entity with a new opening balance sheet effective January 31, 2003. The balance sheet in this quarterly report is presented on a post-restructuring basis as at April 30, 2004, April 30, 2003, and July 31, 2003.

The company's consolidated earnings and retained earnings statement and consolidated statement of cash flows include three- and nine-month data for fiscal 2004 *post restructuring.* Fiscal 2003 results are presented for the six months ended January 2003 *prior to the restructuring* and the three months ended April 30, 2003 *post restructuring*. The two 2003 periods cannot be added together to compare to the year-to-date 2004 results because interest, amortization and net earnings are now calculated based on assets and liabilities that were re-valued during the Pool's 2003 balance sheet restructuring. Only Sales and Other Operating

Revenues and Earnings Before Interest, Taxes, Depreciation and Amortization or EBITDA are comparable for the year-to-date reporting period. The three-month results are comparable.

During the quarter, the Pool adjusted its financial statements to reflect its subsequent exit from the hog and feed industries as well as its pending sale of its aquaculture operation at Lake Diefenbaker, Saskatchewan. As a result, these assets are categorized as "assets held for sale" on the Pool's balance sheet. Their combined results from operations will be shown on the income statement under the "net loss from discontinued operations" category (refer to Note 3 in the Notes to the Consolidated Financial Statements for additional information).

Going forward, the Pool will report segmented information for its three core segments, Grain Handling and Marketing, Agri-products and Agri-food Processing.

SUMMARY OF CONSOLIDATED RESULTS

Sales and other operating revenues for the third quarter of fiscal 2004 were $258 million, up 27% from the $204 million reported in the third quarter of 2003. Year-to-date sales were $884 million versus $905 million in the same period last year. Even though the Pool's shipments of Canadian Wheat Board (CWB) commodities were 54% higher than the previous year's period and Agri-Product sales grew 9% year-over-year, lower commodity prices for non-Board grains, including oats, and fewer feed shipments resulted in a slightly negative sales variance for the first nine-months of fiscal 2004.

Earnings before interest, taxes, depreciation and amortization, or EBITDA, were $11.9 million for the third quarter, an improvement of $17.6 million from the third quarter of 2003 when the Pool posted an EBITDA loss of $5.7 million. Year-to-date EBITDA was $46.4 million and compares to a loss for the same period a year ago of $5.4 million. The Pool's Grain and Agri-products segments led the improvement capitalizing on more grain export opportunities and renewed customer confidence in its Agri-products business. The Agri-food segment remained on par with the 2003 year-to-date results.

Interest expense of $10.5 million was recorded in the quarter and included $2.7 million of non-cash accretion (see Note 11). This compares to interest expense of $13.9 million in the third quarter of last year, which included $3.3 million of non-cash amortization. The higher interest in 2003 was partially due to the interest on higher debt levels up to March 14, 2003, the date the financial restructuring was completed. Interest expense for the nine-months ended April 30, 2004 was $29.9 million, $22.2 million of which was cash interest paid.

For the quarter, earnings before interest and taxes (EBIT) were $5.5 million, which compares to a loss before interest and taxes of $11.9 million in the third quarter of 2003. EBIT for the nine-months this year was $28.0 million.

The Pool recorded a net loss from continuing operations of $4.8 million for the quarter or $0.02 per share before accretion. This is a significant improvement from the $27.7 million lost in the third quarter of fiscal 2004 ($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. Including accretion the year-to-date EPS loss was $0.09 per share from continuing operations.

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.

The consolidated net loss was $9.1 million for the quarter and $23.7 million for the nine months ended April 30, 2004. The net loss from continuing operations was $4.8 million for the quarter and $2.4 million for the nine-months ended April 30, 2004.

Earnings Per Share from:

	Fiscal 2004		Fiscal 2003*	
	3 Months	9 Months	3 Months	6 Months
	Post Restructuring	**Post Restructuring**	**Post Restructuring**	**Pre Restructuring**
Continuing Operations	(0.02)	(0.01)	(0. 42)	(0.82)
Continuing Operations after accretion	(0.04)	(0.09)	(0.52)	(0.82)
Discontinued Operations	(0.02)	(0.11)	(0.04)	(0.10)
Net Loss	(0.06)	(0.20)	(0.56)	(0.92)

* Note fiscal 2003 EPS shown for 3 months post restructuring and 6 month pre restructuring. No comparative year-to-date EPS is shown for fiscal 2003.

SEGMENT RESULTS

Grain Handling and Marketing

The Pool's Grain Handling and Marketing segment shipped 1.45 million tonnes of grain and oilseeds in the third quarter of fiscal 2004, up 81% from the 0.8 million tonnes shipped in the third quarter last year. Total shipments for the nine-month period were 4.5 million tonnes, a 24% improvement over the same period a year ago. Approximately 62% of those shipments were marketed through the Canadian Wheat Board, which compares to approximately 50% a year ago.

Overall, the Pool's CWB shipments were 54% higher than the previous year, which compares to 52% for the industry as a whole to the end of the third quarter. While the CWB marketed more wheat and barley this year, durum shipments have lagged, accounting for only 16% of their year-to-date sales as opposed to 26% at this time last year.

For non-Board commodities, the Pool's shipments were up 35% for the quarter but down approximately 5% on a year-to-date basis. The decline directly relates to lower feed shipments in 2004 due to a higher quality crop. This year's feed shipments were about half of last year's level when crop quality was extremely poor and, as a result, a higher proportion of the Pool's shipments were to the feed market.

During the quarter, producers delivered approximately 1.4 million tonnes of grain to Pool and AgPro facilities throughout Western Canada, 700,000 tonnes more than was delivered in the third quarter last year. Primary elevator receipts for the nine months were 4.5 million tonnes, which compares to 3.0 million tonnes in the first nine months of 2003. This 49% increase reflects higher production volumes from the previous year's harvest. Market share for Western Canada remained at approximately 21%.

Total port terminal volumes at the Pool's wholly owned export facilities were 0.8 million tonnes in the third quarter, bringing the nine-month total to 2.8 million tonnes versus 1.2 million tonnes in the first nine months of last fiscal year. The volume growth through the Pool's Vancouver terminal reflects higher export volumes to Pacific Rim countries and nine months of normal operation. Last year, a labour dispute shut down the port for the first five months of fiscal 2003. The increase through Thunder Bay reflects higher shipments of both Board and non-board commodities.

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%**

The Pool's pipeline revenue per tonne remained strong during the quarter reflecting the availability of higher-margin export grains as opposed to lower-margin feed grains. Margins were in the range of $20 to $23 per tonne on a year-to-date basis and are expected to remain in that range for the entire fiscal year. Margins on average in fiscal 2003 were approximately $15.50 due to the poor crop quality and decline in export opportunities.

EBITDA from this segment for the quarter was $10.9 million, which compares to a loss of $5.3 million in the same period a year earlier. Last year's quarterly earnings 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. Included in this year's nine-month earnings is a $4 million property tax rebate and $2.8 million in interest revenue received on a tax recovery. In last year's nine-month results, $8.5 million was recorded for grain insurance proceeds.

EBIT for the quarter was $8.2 million, which compares to a loss of $8.1 million in the third quarter of fiscal 2003. For the first nine months of this year, the Pool's Grain Handling and Marketing segment has earning $36.0 million in EBIT.

Agri-products

The Agri-products segment generated quarterly sales of $57.2 million, a 30% improvement over the previous year's quarter driven by higher seed sales that were more than double last year's quarter and an 83% increase in crop protection sales. Last year, a higher percentage of spring sales occurred in the second quarter because farmers secured product early to protect their pre-purchases through the financial restructuring period. This year, a greater percentage of sales were generated in the third quarter with a return to normal business conditions, renewed customer confidence and a more targeted sales approach. Sales for the nine months were $182.2 million, up $15.1 million over the $167.1 million generated in fiscal 2003. Approximately 58% of those sales were through the Pool's retail network; 42% of sales were generated through the Pool's relationship with its jointly owned affiliated Western Co-operator Fertilizer Limited.

For the third quarter of fiscal 2004, EBITDA for the Agri-products segment was $1.3 million, an increase of $3.4 million from the $2.1 million loss in the previous year. EBITDA for the nine-months was $2.4 million versus a loss last year during the same period of $8.1 million. This improvement reflects higher gross margins in all product lines, particularly in seed where increased sales and a change in mix to higher margin products drove the improvement. Fertilizer margins improved as well due to a more disciplined marketing strategy and better discount buying opportunities resulting from the Pool's more stable financial position.

Segment EBIT for the quarter was a loss of $1.1 million. Last year, the Pool generated a loss for the quarter of $4.3 million. Amortization was comparable for both quarters. For the nine months ended April 30, 2004, EBIT was a loss $4.8 million and included amortization charges of $7.2 million.

Agri-food Processing

The Agri-food Processing segment generated sales for the quarter of $26.9 million, which compares to $31.1 million in the third quarter last year. Sales for the nine-month period were $84.2 million, down from $96.2 million in the same period last year. The variance primarily relates to the sale price of oats, which, consistent with other non-Board commodities, has declined year-over-year. Sales volumes at Can-Oat were approximately 5% lower than the previous nine-month period due to a generally softer market. Prairie Malt sales have recovered year-over-year reflecting better supplies of quality malt barley in Western Canada.

EBITDA for the quarter was $2.6 million, which compares to $5.7 million in the third quarter last year. For the nine-months ended April 30, 2004, EBITDA was $11.7 million down slightly from the $12.0 million earned in the same period a year earlier. Sales margins at Can-Oat were off by approximately 5% due to a slightly higher proportion of feed sales relative to finished and primary products sales, which reflects poorer crop quality and somewhat slower demand for oat products due to current dietary trends. Prairie Malt Limited saw earnings and margins improve due to the availability of higher quality malt barley in their local market.

Segment EBIT for the third quarter was $1.3 million versus $4.4 million in the third quarter last year. Amortization charges were similar in both periods. On a year-to-date basis, the Agri-food Processing segment earned EBIT of $7.9 million.

Other

On May 21, 2004, the Pool finalized its sale of the pork business, selling its interests in Heartland Pork Management Services, seven rural-based hog operations and one feed mill to Sterling Pork Farm Ltd. This completes the Pool's exit from the hog and feed processing industries in Western Canada. The Pool is also in the midst of selling its aquaculture operation and expects the sale to be finalized in the next several weeks. The majority of the assets previously reported under the "Other" segment have been re-classified on the balance sheet as "assets held for sale." Losses for the segment are reported as "discontinued operations" on the income statement. While the assets of these businesses have not generated earnings for sometime, the EBITDA expectation in a normal year was estimated to be approximately $15 million.

The $10.7 million provision for long-lived assets recorded in the second quarter is expected to be more than sufficient to cover the book value of the Pool's investment in the hog industry. Should any gain be realized from the sale of these assets after final adjustments are made, the Pool will record that amount in its fourth quarter. The Pool also intends to apply, in the fourth quarter, net proceeds currently estimated at $10 million, to repay a portion of the Company's senior bank term debt. An additional $8 million of subsidiary bank indebtedness and short-term borrowings will be retired in the fourth quarter.

Corporate Information

Total costs for Saskatchewan Wheat Pool remained on par with the previous year even though the company has achieved substantial increases in grain volumes and agri-product sales. This achievement reflects the productivity of its core operations and its ability to take on more business without substantially increasing costs.

Subsequent to quarter-end, the Pool reached a three-year collective agreement with the Grain Services Union that represents 540 rural Pool employees. The contract, which expires January 31, 2006, provides for wage increases from 2% to 3% in each of the three years and gives the company greater flexibility in staffing and in managing its labour costs. On June 10, 2004, 150 GSU head office employees also ratified a three-year contract. Wage increases range from 2% to 2.5% in each of the three years. The contract expires January 31, 2006.

Outlook

This year's spring season began with very dry conditions throughout much of the Prairies. However, heavy rainfalls in May throughout the Pool's primary markets have restored moisture levels in most of the Pool's market regions. Seeding was approximately 90% complete across the Prairies as of June 8, 2004. Germination is, on average, good throughout the Prairies and overall the Pool's retail operations are positioned for a strong fourth quarter. While fertilizer sales are expected to be lower year-over-year as a result of dryness early in the year, a return to seasonal temperatures will promote weed growth, which could result in strong crop protection product sales. Overall, assuming good growing conditions for the remainder of the crop year, the Pool's retail operation is expected to generate strong year-over-year earnings improvements in fiscal 2004.

The outlook for the Grain Handling and Marketing segment remains positive. The Pool is on track to deliver shipments in the range of 6 to 7 million tonnes this fiscal year. Looking to fiscal 2005, current moisture levels to date suggest that Western Canada could generate average production levels. However, it is early in the crop development cycle and actual production levels will be dependent on timely rains and average temperatures throughout the growing season. Should these conditions materialize, the Pool's core operations are well positioned to improve results again in fiscal 2005.

EBITDA from the Pool's Agri-food segment for the full year is expected to be on par with last year's results. Its performance next year is also highly dependent on crop quality and yield.

Overall, the Pool was targeting to breakeven in fiscal 2004 prior to the provision recorded for its investment in the hog industry in the second quarter. The Pool now expects to exceed those results for the full year due to stronger agri-products expectations and the inclusion of one-time items to be recorded in the fourth quarter from the company's sale of its Mexican operations.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Current assets were $471 million at April 30, 2004, up from $439 million at April 30, 2003. Approximately $19 million in assets held for sale have been recorded on the company's balance sheet at April 30, 2004, to reflect the pork, feed and aquaculture assets that have or are expected to be sold shortly. Inventories rose approximately $60 million from April 2003, reflecting an additional 132 000 tonnes of non-Board grain inventory in the Pool's system along with additional crop protection product inventory that the Pool purchased in preparation for the spring season. Accounts receivable were approximately $51 million lower at the end of April this year compared to April 30, 2003, due both to lower prices and levels of grain held on behalf of the CWB. The average price of CWB grain has declined by approximately 30% or over $50 per tonne when comparing the two periods.

Current assets were up $74 million from July 31, 2003. Inventories at April 30 were up $168 million due to seasonally high agri-products and non-Board grain inventories. This was offset by accounts receivable, which were $91 million lower than July 31, principally due to lower prices and levels of grain held on behalf of the CWB.

Current liabilities were $374 million at April 30, 2004, a slight increase from the $359 million at the end of April last year. Accounts payable increased by $35 million, mostly related to agri-products, as the Pool began utilizing more regular accounts payable terms post restructuring. Member loans also increased by $9 million reflecting renewed confidence in the Pool's financial stability. Short-term borrowings decreased by $34 million. Current liabilities were up $71 million from July 2003 primarily related to seasonally higher agri-products payables.

The company has a $240 million asset-backed revolving credit facility with its bankers to finance working capital needs. The $240 million is adjusted to $275 million during certain months of fiscal 2004. Drawings on the facility at April 30, 2004, were $83 million, excluding $40 million related to letters of credit and similar instruments required to operate an agri-business. Availability under the facility is determined by reference to the level of inventories and accounts receivable. An additional $72 million was available to draw on the facility at April 30, 2004.

During the quarter, a second bank assigned its bank debt to a Canadian investor. This transaction has no impact on the company's current credit agreement with its lenders.

Cash Flow Information

Cash flow from continuing operations was $1.8 million for the three months ending April 30, 2004, which compares to an operating cash flow deficiency from continuing operations in the third quarter last year of $18.6 million. For the first nine-months of fiscal 2004, the Pool generated $21.5 million in cash flow from continuing operations reflecting the earnings recovery in the Pool's core businesses.

The Pool expects its capital expenditures to reach $18 million in fiscal 2004 primarily for maintenance and upgrades of its grain infrastructure. Capital expenditures to date were $5.8 million and the Pool's free cash flow from operations was approximately $16 million.

Long-term Debt

Long-term debt decreased marginally from July 31, 2003, to $263 million at April 30, 2004. Accretion on the senior subordinated notes and the debt component of the convertible subordinated notes totaled $7.7 million. This was offset by the reclassification of $6.6 million of bank debt owed by certain Heartland Pork entities to short-term debt, as well as principal payments by subsidiaries and joint ventures on their debt.

No principal repayments are required on the Pool's $91 million bank term loan until October 2005 and no principal payments are due on the $150 million of senior subordinated notes until they mature in 2008. However, the Pool expects to use approximately $10 million in net proceeds from the sale of its pork and feed assets to repay the term bank debt in the fourth quarter.

Convertible Subordinated Notes

Convertible subordinated notes with a principal value of $255 million were issued under the Pool's financial restructuring initiative. Each $1,000 of notes is convertible, at the option of the holder, into approximately 2,227 Class B shares at any time prior to the November 30, 2008, maturity date. Conversions of the notes to April 30, 2004, were as follows:

	Convertible Notes (par value)	*Class B Shares*
	(in thousands)	
Issued January 31, 2003	$255,000	60,363
Conversions to July 31, 2003	(50,172)	111,744
Outstanding July 31, 2003	204,828	172,107
Conversion to April 30, 2004	(25,510)	56,816
Outstanding April 30, 2004	$179,318	228,923

At maturity, the Pool has the right to convert, subject to certain conditions, the convertible subordinated notes into a single class of voting common shares that represents 90% of the outstanding shares of such class on a fully diluted basis, provided that any payments to or conversions by holders of such notes into Class B non-voting shares prior to maturity proportionately reduces this 90% conversion ratio. Under this provision, the convertible notes that remain outstanding at April 30, 2004, would receive newly created shares on a fully diluted basis, which would represent 63% of the total outstanding shares.

On the April 30, 2004 balance sheet, $125 million of the convertible subordinated notes are recorded as equity and $27 million as debt. The difference between the sum of these amounts and the $179.3 million par value note along with future interest accruals of $114 million is being accreted to November 30, 2008.

The debt component of the convertible notes of $27 million represents the present value of the cash interest, which was expected to be paid in 2006, 2007 and 2008 at the time of the January 31, 2003, restructuring. This interest is payable in cash if the company meets certain threshold tests based on the excess of cumulative EBITDA less cash interest. Fiscal 2003 is the first year included in the calculation. Management now believes that the test will not be met given the sale of its pork and feed assets and the impact of excessive heat on yields and grain volumes available for the 2004 fiscal year. If the payments are not made, the interest is payable on November 30, 2008, at which time, the Pool has the right to and expects to satisfy its interest and principal payment obligations by converting the notes into voting common shares.

The company will maintain its original debt and equity classification and continue to accrete debt and interest expense until such time as the dates have passed and the test has been formally determined. This treatment is in accordance with CICA Emerging Issues Committee Release #70.

RISK MANAGEMENT

As part of its business environment, the Pool faces certain risks, which include weather, strategic, market, financial restriction, regulatory, credit, foreign exchange, property and liability, and environmental risks, as well as those arising from its reliance on computerized business systems. These risks are managed in a variety of ways. Please refer to pages 19 to 22 of Saskatchewan Wheat Pool's 2003 Annual Report for additional information regarding the management of these risk factors.

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; 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.

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 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 company's EBITDA data.

Mayo Schmidt
Chief Executive Officer

Wayne Cheeseman
Chief Financial Officer

June 16, 2004
Saskatchewan Wheat Pool
2625 Victoria Avenue
Regina, Saskatchewan
S4T 7T9
http://www.swp.com

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 *(Note 12b)*	2,713	513	487
Assets held for sale *(Note 3)*	19,402	-	-
Short-term investments *(Note 4)*	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 *(Note 5)*	$ 21,367	$ 15,509	$ 28,192
Short-term borrowings *(Note 6)*	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 *(Note 7)*	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 *(Note 8)*	80,011	28,439	59,417
Contributed surplus	168	-	84
Convertible subordinated notes - equity component *(Note 9)*	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	Three Months Ended April 30 2003 (restated)	Nine Months Ended April 30 2004	Six Months Ended JANUARY 31 2003 (restated)
	(unaudited)	(unaudited)	(unaudited)	(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 *(Note 11)*	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 *(Note 3)*	(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 *(Note 10)*				
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 (unaudited) (restated)	Nine Months Ended April 30 2004 (unaudited)	Six Months Ended January 31 2003 (audited) (restated)
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	Three Months Ended April 30 2003 (restated)	Nine Months Ended April 30 2004	Six Months Ended January 31 2003 (restated)
	(unaudited)	(unaudited)	(unaudited)	(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)

1. FINANCIAL REORGANIZATION

The company was subject to a financial reorganization with an effective date of January 31, 2003. The company has accounted for the financial reorganization by using the principles of comprehensive revaluation (fresh start accounting) as required under Canadian generally accepted accounting principles (GAAP). Fresh start accounting necessitated the revaluation of all assets and liabilities of the company at estimated fair values and the elimination of the company's deficit.

At January 31, 2003 the book value of substantially all current assets and current liabilities approximated fair value. The following assets and liabilities required restatement to fair values.

i. Property, plant and equipment – at the fair value supported by future anticipated cash flows
ii. Goodwill and pre-operating costs – at nil in accordance with GAAP
iii. Pension and other employee future benefit plans – at values determined by an independent actuary
iv. Senior subordinated notes – at current trading value
v. Debt component of convertible subordinated notes – at present value of estimated interest payments associated with 2006 - 2008 fiscal years
vi. Future income taxes – at amounts more likely than not to be realized over periods not exceeding five years
vii. Unamortized portion of the costs associated with current and prior lending arrangements reflected as long term assets – at nil
viii. Unamortized portion of the costs associated with prior lending arrangements reflected as prepaid expenses – at nil
ix. Costs of restructuring – written off through the fresh start adjustment
x. Agri-products equipment inventory – at selling prices less disposal costs

An equity value of $178.6 million was calculated in order to establish the January 31, 2003 fresh start consolidated balance sheet. The equity value reflects management's estimate based on the trading value of the company's Class B shares combined with an estimate of the fair value of the non-debt component of the company's convertible subordinated notes. As a result of applying fresh start accounting, the share capital of the company was reduced by $435.4 million, including $88.9 million related to the elimination of the company's deficit.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim consolidated financial statements (interim financial statements) include the accounts of Saskatchewan Wheat Pool, its subsidiaries and affiliated companies and have been prepared in accordance with GAAP. These interim financial statements do not include disclosures normally provided in annual financial statements and should be read in conjunction with the company's fiscal 2003 Annual Report.

Weather conditions are the primary risk in the agri-business industry. Grain volumes, grain quality, the level and mix of crop inputs, and, ultimately, the financial performance of the company are highly dependent upon weather conditions throughout the crop production cycle. Earnings are seasonal, with the fourth quarter traditionally being the strongest quarter for the company.

Use of estimates

Management is required to make estimates and assumptions that affect the amounts reported in the financial statements. Management believes that the estimates are reasonable, however, actual results could differ from these estimates.

Comparative figures

Comparative financial statements for periods prior to January 31, 2003 have been presented pursuant to regulatory requirements. In reviewing the comparative financial statements, readers are reminded that they do not reflect the effects of the financial reorganization or the application of fresh start accounting and as a result are not comparable. Certain prior period amounts have been reclassified in order to conform with current period classifications.

The interim financial statements are based upon accounting principles consistent with those used and described in the annual financial statements, except for the following:

Hedging Relationships - Effective August 1, 2003, in certain areas of the organization not related to the handling and marketing of grain, the company commenced application of the Canadian Institute of Chartered Accountants (CICA) "Accounting Guideline 13". The guideline deals with identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. Hedge accounting is the same period recognition, in income, of the gains, losses, revenues and expenses associated with a hedged item and the hedging instrument. The guideline states that hedge accounting will apply when all of the following criteria are met at inception of the hedge:

- The entity identifies the risk exposure being hedged and designates that hedge accounting will be applied to the hedging relationship.
- The entity has prepared documentation of its risk management objective and strategy for the hedging relationship, the hedging item, the term of the hedge and the method for accessing the effectiveness of the hedge. There also needs to be a method for recognizing in income the gains & losses associated with the hedged items.
- The entity has reasonable assurance that the hedge will be effective. The effectiveness of the hedge should be measurable and assessed regularly.

The effect of applying hedge accounting to these interim financial statements is negligible.

As outlined in the fiscal 2003 Annual Report the company continues to follow the principles of marked to market accounting for inventories in the Grain Handling and Marketing segment.

Handling of certain grains on behalf of the Canadian Wheat Board (CWB)

As described in the fiscal 2003 Annual Report, the company changed its accounting policy regarding the company's and the industry's handling of certain grains on behalf of the CWB. The company now records only the tariff revenue related to handling CWB grains. The company purchases grain from producers on behalf of the CWB and records the related amounts as accounts receivable due from the CWB. The change was made retroactively with restatement of prior periods. The impact of making this change is as follows:

- No impact on net loss or retained earnings (deficit).
- Reduces sales and other operating revenues for the nine months ended April 30, 2004 by $303.2 million (three months ended April 30, 2003 - $88.9, six months ended January 31, 2003 - $239.0 million).
- Reduces costs of sales and operating expenses for the nine months ended April 30, 2004 by $303.2 million (three months ended April 30, 2004 - $88.9, six months ended January 31, 2003 - $239.0 million).
- Increases accounts receivable and correspondingly decreases inventories at April 30, 2004 by $62.0 million (April 30, 2003 - $93.4 million; July 31, 2003 - $112.5 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – April 30, 2004 in thousands of Canadian dollars, except as noted

3. DISCONTINUED OPERATIONS / ASSETS HELD FOR SALE

For the quarter ended April 30, 2004 the company has designated substantially the entire inventory and property, plant and equipment of its Heartland Pork, Heartland Feeds and Aquaculture operations as held for sale in accordance with CICA 3475 "Disposal of Long-Lived Assets and Discontinued Operations". These "assets held for sale" have been reflected as a current asset on the balance sheet. The company is exiting these business lines and will not have any continuing involvement in these operations once the sales are final. Beginning with the April 30, 2004 quarter-end, the results of current and prior periods of these operations have been reclassified as discontinued operations, in accordance with CICA 3475.

All of the discontinued operations are located in Saskatchewan and consist of seven pork barns, one feedmill operation and one aquaculture operation. Together the operations make up substantially all of the "other segment" for financial reporting purposes. The company decided to exit these business lines because of disappointing operating results and industry risks. The pork industry in particular has been under significant pressure for some time, primarily the result of the prolonged cyclical downturn, the strengthening Canadian dollar and increased domestic consumption of beef in response to Bovine Spongiform Encephalopathy (BSE).

The breakdown of discontinued operations presented in the consolidated statements of earnings and retained earnings is as follows:

	Three months ended April 30 2004	Three months ended April 30 2003
Sales and service revenues	$ 24,230	$ 17,147
Loss before corporate taxes	$ (4,316)	$ (2,704)
Corporate tax expense	(29)	(89)
Net loss from discontinued operations	$ (4,345)	$ (2,793)

		Pre-reorganization
	Nine months ended April 30 2004	Six months ended January 31 2003
Sales and service revenues	$ 49,976	$ 29,859
Impairment of long-lived assets	$ (10,700)	-
Loss before corporate taxes	$ (21,165)	$ (7,214)
Corporate tax (expense) recovery	(146)	3,355
Net loss from discontinued operations	$ (21,311)	$ (3,859)

On May 21, 2004, subsequent to the April 30, 2004 quarter-end, the company closed the sale of its Heartland Pork and Heartland Feeds operations. The sale of these operations, which will be reflected in the fourth quarter, will result in the retirement of approximately $8 million in bank indebtedness and short-term borrowings of these subsidiaries. In addition, approximately $10 million of proceeds will be used to pay down the senior term loan in accordance with the company's credit agreements.

The company currently estimates that the loss from discontinued operations for the year ended July 31, 2004 will be marginally better than the $21.3 million loss posted to the end of the third quarter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – April 30, 2004 in thousands of Canadian dollars, except as noted

4. SHORT-TERM INVESTMENTS

	April 2004	April 2003	July 2003
Saskatchewan Wheat Pool short-term investments	$ -	$ -	$ -
Subsidiaries' and proportionate share of joint ventures' short-term investments	19,556	20,057	45,615
Total	$ 19,556	$ 20,057	$ 45,615

5. BANK INDEBTEDNESS

	April 2004	April 2003	July 2003
Saskatchewan Wheat Pool bank indebtedness	$ 17,745	$ 13,064	$ 23,471
Subsidiaries' and proportionate share of joint ventures' bank indebtedness	3,622	2,445	4,721
Total	$ 21,367	$ 15,509	$ 28,192

6. SHORT-TERM BORROWINGS

As part of the restructuring, the company established a $240 million asset backed revolving credit facility with its bankers, secured by accounts receivable, to the extent of drawings on the securitization program, and a first charge on the company's assets. The $240 million limit is adjusted to $275 million during certain months of fiscal 2004. The facility matures July 31, 2005. Interest is payable monthly at prime plus 3%.

At April 30, 2004 the company had outstanding letters of credit and similar instruments of $40.4 million related to operating an agri-business (April 30, 2003 - $20.2 million; July 31, 2003 - $25.0 million). These instruments effectively reduce the amount of cash that can be drawn on the revolving credit facility.

At April 30, 2004 availability under the revolving credit facility was $72.1 million (April 30, 2003, - $69.1 million; July 31, 2003 - $42.5 million).

Subsidiaries and proportionate share of joint ventures' short-term borrowings consist of bank operating loans, which are secured by inventories, accounts receivable and property, plant and equipment. The company does not guarantee nor does it have responsibility for the repayment of the subsidiaries' or joint ventures' loans.

	April 2004	April 2003	July 2003
Saskatchewan Wheat Pool short-term borrowings	$ 82,630	$ 122,934	$ 92,920
Subsidiaries' and proportionate share of joint ventures' short-term borrowings	7,268	525	-
Total	$ 89,898	$ 123,459	$ 92,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – April 30, 2004 in thousands of Canadian dollars, except as noted

7. LONG-TERM DEBT

	April 2004	April 2003	July 2003
Senior secured bank term loan	$ 90,600	$ 90,600	$ 90,600
Senior subordinated notes	130,421	123,995	125,491
Convertible subordinated notes – debt component	26,731	23,068	23,935
Members' term loans	4,244	4,679	4,676
Subsidiaries and proportionate share of joint ventures' debt	16,952	30,630	28,862
	268,948	272,972	273,564
Portion due within one year			
Members' term loans	949	996	1,280
Subsidiaries and proportionate share of joint ventures' debt	5,223	6,529	6,530
	6,172	7,525	7,810
Total long-term debt	$ 262,776	$ 265,447	$ 265,754

(a) Senior Secured Bank Term Loan

- Interest is payable monthly at 8% until the commencement of blended monthly principal and interest payments of approximately $1.5 million.
- Blended payments to begin October 1, 2005.
- Balloon principal payment due July 31, 2008.
- Secured by a first ranking charge on the company's assets.
- In accordance with the credit agreement with the company's bankers, net proceeds received from the sale of certain property, plant and equipment is required to be repaid to reduce the loan outstanding.

(b) Senior Subordinated Notes

- Interest is payable monthly into a trust and distributed quarterly. Prior to July 31, 2005, interest is at 8% of the face value; thereafter interest is at 12%. The face value at April 30, 2004 is $150 million (April 30, 2003 and July 31, 2003 - $150 million).
- No principal payments are required until maturity on November 29, 2008.
- The company may redeem the Notes prior to maturity at a premium ranging from 106% of the principal at any time prior to January 1, 2005 to 101% after December 31, 2006.
- Secured by a second ranking charge against the company's assets – subordinate to the revolving credit facility and the senior secured bank term loan and ranking equally with the members' demand loans and members' term loans.

(c) Convertible Subordinated Notes

- At the time of the January 31, 2003 restructuring the company separated the Convertible Subordinated Notes into their debt and equity components, according to their substance. The debt component was estimated at the present value of the cash interest expected to be paid in accordance with the threshold test mentioned below. The company is accreting up to the face value of that initial estimate through monthly present value adjustments (accretion) to interest expense and debt.
- Interest accrues at 9%. No payment of interest is required prior to July 31, 2005. Interest may become payable after the end of each of the fiscal years 2006 – 2008, provided that certain cumulative consolidated EBITDA less consolidated cash interest and securitization threshold tests are met. Any interest not paid will continue to accrue. Annual interest payments are limited to a maximum of the interest accruing on the notes during each of the fiscal years 2006 – 2008.
- The company believes that two events have occurred such that the threshold tests will not be met, thereby negating the payment of interest in 2006, 2007 and 2008. First, the grain segment had reduced EBITDA in the current year resulting from the drought associated with the 2003 crop. Second, the company has divested of Heartland Pork and Heartland Feeds in May 2004. Both items adversely impact the test. However, in accordance with CICA "Emerging Issues Committee" release 70, the company will maintain its original debt equity classification of the Convertible Subordinated Notes and will continue to accrete interest to debt and interest expense using it original estimates until the threshold test dates have passed and the test is formally determined.
- Secured by a third ranking charge against the company's assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – April 30, 2004 in thousands of Canadian dollars, except as noted

- Convertible by the holder into Class B non-voting shares of the company at the rate of approximately 2,227.2 shares per $1,000 of Note principal at any time prior to November 30, 2008 (subject to adjustment in certain events, such as a share consolidation or share split.
- On November 30, 2008 the company has the right to convert, subject to certain conditions, the Convertible Subordinated Notes (including accrued interest) into shares of a single class of voting common shares of the company that represent 90% of the outstanding shares of such class on a fully diluted basis, provided that any conversions by holders of such notes into Class B non-voting shares prior to maturity proportionately reduce this ratio. Under this provision the convertible subordinated notes that remain outstanding at April 30, 2004 would receive approximately 63% of these newly created shares on a fully diluted basis.
- During the nine months ended April 30, 2004, $25.5 million face value of 9% Notes (since inception - $75.7 million) were converted at the holder's option into 56.8 million class B non-voting shares (since inception – 168.6 million) leaving $179.3 million of face value outstanding.

(d) Other

The sale of certain collateral for proceeds in excess of $10 million would necessitate a partial redemption of, first, the senior subordinated notes until redeemed in full and, secondly, the proceeds would be applied to the convertible subordinated notes.

Members' term loans are secured and consist of one-year to seven-year loans with Class A shareholders and employees. Interest is payable semi-annually at interest rates which vary from 5.1% to 9.0%.

The subsidiaries' and the proportionate share of joint ventures' debts bear interest at fixed and variable rates and mature in years 2005 to 2007. The debts are primarily secured by certain assets and some are subject to meeting certain covenants.

The company does not guarantee nor does it have responsibility for the repayment of the subsidiaries' or joint venturers' debts.

8. SHARE CAPITAL

The following table summarizes the Class B non-voting share capital for the nine-month periods ended April 30, 2004 and April 30, 2003.

	Issued and outstanding	
	# Shares	**$ Amount**
Balance at January 31, 2003 – post-reorganization	60,363	$ 22,335
Convertible notes converted to Class B shares in the period	18,789	6,104
Balance at April 30, 2003	79,152	28,439
Convertible notes converted to Class B shares in the period	92,955	30,978
Balance at July 31, 2003	172,107	59,417
Convertible notes converted to Class B shares in the period	56,816	20,594
Balance at April 30, 2004	228,923	$ 80,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – April 30, 2004 in thousands of Canadian dollars, except as noted

9. CONVERTIBLE SUBORDINATED NOTES – EQUITY COMPONENT

The company issued $255 million of Convertible Subordinated Notes as part of the January 31, 2003 financial restructuring. These Convertible Subordinated Notes are classified on the balance sheet into their debt and equity components. The table below provides a continuity of the equity component.

January 31, 2003 fair value – post fresh start	$ 156,266
Accretion of equity component of convertible subordinated notes	5,997
Conversions in the three-month period ended April 30, 2003 with a face value of $8.4 million (see note 8)	(6,104)
April 30, 2003 carrying value	156,159
Accretion of equity component of convertible subordinated notes	5,482
Conversions in the three-month period ended July 31, 2003 with a face value of $41.8 million (see note 8)	(30,978)
July 31, 2003 carrying value	130,663
Accretion of equity component of convertible subordinated notes	14,931
Conversions in the nine-month period ended April 30, 2004 with a face value of $25.5 million (see note 8)	(20,594)
April 30, 2004 carrying value	$ 125,000

10. EARNINGS PER SHARE

	Three months ended April 30 2004	Three months ended April 30 2003
Net loss from continuing operations	$ (4,796)	$ (27,659)
Net loss from discontinued operations (Numerator – discontinued operations)	(4,345)	(2,793)
Net loss	$ (9,141)	$ (30,452)
Net loss from continuing operations	$ (4,796)	$ (27,659)
Less:		
Accretion of equity component of convertible subordinated notes	(4,858)	(5,997)
Numerator – Continuing operations	$ (9,654)	$ (33,656)
Net loss	$ (9,141)	$ (30,452)
Less:		
Accretion of equity component of convertible subordinated notes	(4,858)	(5,997)
Numerator – Net loss	$ (13,999)	$ (36,449)
Denominator for basic and diluted per share amounts:		
Weighted average number of shares outstanding	221,933	65,247
Basic and diluted loss per share:		
Continuing operations	$ (0.04)	$ (0.52)
Discontinued operations	$ (0.02)	$ (0.04)
Net loss	$ (0.06)	$ (0.56)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – April 30, 2004 in thousands of Canadian dollars, except as noted

	Nine months ended April 30 2004	Pre-reorganization Six months ended January 31 2003
Net loss from continuing operations	$ (2,425)	$ (30,577)
Net loss from discontinued operations (Numerator – discontinued operations)	(21,311)	(3,859)
Net loss	$ (23,736)	$ (34,436)
Net loss from continuing operations	$ (2,425)	$ (30,577)
Less:		
Accretion of equity component of convertible subordinated notes	(14,931)	-
Numerator – Continuing operations	$ (17,356)	$ (30,577)
Net loss	$ (23,736)	$ (34,436)
Less:		
Accretion of equity component of convertible subordinated notes	(14,931)	-
Numerator – Net loss	$ (38,667)	$ (34,436)
Denominator for basic and diluted per share amounts:		
Weighted average number of shares outstanding	198,426	37,425
Basic and diluted loss per share:		
Continuing operations	$ (0.09)	$ (0.82)
Discontinued operations	$ (0.11)	$ (0.10)
Net loss	$ (0.20)	$ (0.92)

The potentially dilutive effect of the conversion of the 9% convertible notes and the exercise of options related to stock option plans were not included in the calculation of diluted loss per share as the result would be anti-dilutive.

11. INTEREST EXPENSE

	Three months ended April 30 2004	(Restated) Three months ended April 30 2003
Saskatchewan Wheat Pool interest	$ 7,786	$ 10,396
Saskatchewan Wheat Pool non-cash accretion and amortization	2,670	3,331
Subsidiaries and proportionate share of joint ventures' interest	19	229
Total interest	$ 10,475	$ 13,956

	Nine months ended April 30 2004	Pre-reorganization (Restated) Six months ended January 31 2003
Saskatchewan Wheat Pool interest	$ 22,057	$ 19,998
Saskatchewan Wheat Pool non-cash accretion and amortization	7,726	5,616
Subsidiaries and proportionate share of joint ventures' interest	109	759
Total interest	$ 29,892	$ 26,373

12. GUARANTEES AND CONTINGENCIES

a) Banking letters of credit and similar instruments – see note 6.

b) Under the terms of an agreement, a financial institution provides credit for the purchase of crop inputs to customers of the company. Loans under the program are secured by a general security agreement granted by the customer covering the crop and farm assets.

   The company collects loan payments from producer customers in trust for this financial institution and forwards collections the next business day.

   Under the agreement, the company has agreed to fund loan losses in excess of a credit loss reserve. The company expects a certain amount of loan losses in excess of the credit loss reserve and records an allowance provision against these expected losses. At April 30, 2004, $57.7 million was outstanding under the program ($49.5 million – 2004 crop year, $8.2 million – 2003 crop year). Past due amounts are currently $3.8 million, all of which relate to the 2003 crop year program.

c) The company has an investment in Western Co-operative Fertilizers Limited (WCFL). WCFL holds a further interest in Canadian Fertilizers Limited (CFL). In late 2003, CFL received a letter from the Canada Revenue Agency (CRA) as a result of an audit of its 1997 to 2000 taxation years. The CRA has taken the position that deductions by CFL for certain management fees paid under contract to a shareholder of CFL should not be allowed.

   The CRA has not yet formally reassessed CFL and discussions with the CRA are ongoing. CFL believes that the position of the CRA lacks merit and that the tax dispute will be resolved with no material impact on its shareholders. However, if the issue cannot be resolved in favor of CFL, the total exposure to the company as a result of its interest in CFL could reach $5.2 million.

13. SUBSEQUENT EVENTS

On June 15, 2004 the company divested of its 50% ownership in Comercializadora La Junta, S.A. de C.V. ("CLJ"), a port terminal in Manzanillo, Colima, Mexico. As a result of the sale, the company will no longer be responsible for certain long term liabilities that were recognized in 2002 when the company wrote-off its investment in this operation. As a result of this sale, the company will record approximately $5 million as a one-time recovery and will record approximately $2 million as operating income in the fourth quarter of fiscal 2004. There were no significant cash proceeds resulting from the sale of this operation.

See note 3 regarding the sale of Heartland Pork and Heartland Feeds subsequent to the April 30, 2004 quarter-end.