



Saskatchewan Wheat Pool Inc.

For Immediate Release

October 12, 2005
Regina, Saskatchewan
Listed: SWP:TSX

Strong Fourth Quarter Boosts Full Year Results for the Pool

Saskatchewan Wheat Pool Inc. (the Pool) posted its second consecutive full year profit in fiscal 2005. Strong fourth quarter sales and earnings from its Agri-products and Agri-food businesses and better results from the Grain Handling and Marketing segment quarter-over-quarter were key factors in the Pool's achievement of \$12.1 million in net income for the year.

Fourth Quarter Highlights

- EBITDA for the quarter was \$47.1 million up from \$41.0 million last year.
- Earnings from continuing operations for the quarter were \$25.7 million versus \$20.4 million in the comparable period last year. After excluding one-time items in both periods, fiscal 2005 results were \$23.1 million versus \$12.5 million last year.
- Net income for the quarter was \$29.5 million, up from \$28.8 million in the final quarter of 2004.
- Cash flow from continuing operations was \$41.2 million, a 11.4% increase from the fourth quarter last year when the Pool generated \$37.0 million.
- In May 2005, the Pool retired \$100.0 million of term debt with the net proceeds received from its rights offering. An additional \$42.3 million was retained to support future working capital requirements.
- Total debt declined by 37.5% to \$184.3 million at July 31, 2005 from \$294.9 million a year earlier.
- The debt-to-equity ratio at July 31, 2005 was 33:67, a dramatic improvement from the 61:39 debt-to-equity ratio at July 31, 2004.

Year-end Highlights

- EBITDA for the year was \$70.5 million down from \$87.3 million last year.
- Earnings from continuing operations for the year were \$7.0 million versus \$17.9 million in the comparable period last year. After excluding one-time items in both periods, fiscal 2005 results were \$1.6 million versus \$4.5 million last year.
- Net income for the year was \$12.1 million, up from \$5.0 million in fiscal 2004 and the second consecutive year of positive bottom line results for the Pool.
- Cash flow from continuing operations for 2005 was \$46.7 million and free cash flow (after capital expenditures) was \$33.8 million. These compare to 2004 results of \$58.5 million and \$41.2 million respectively.
- Agri-products sales rose 11.8% year-over-year while EBITDA grew 22.6%.
- Grain shipments rose 7.2% to 6.9 million metric tonnes partially offsetting lower margins caused by poor quality crops and an 11.4% year-over-year decline in Canadian Wheat Board exports.
- The Pool's share of western Canadian grain deliveries for the twelve months grew from 21% to 23%, with the bulk of the increase coming from Saskatchewan producers.

"We are extremely pleased to end fiscal 2005 with a solid financial performance," said President and Chief Executive Officer, Mayo Schmidt. "It caps off an important year for the Pool. The Recapitalization provided the Pool with a foundation upon which we can build on our strengths. We have eliminated the legacy debt that has plagued this organization. We have the liquidity now to allow the company to more

adequately absorb the impact of weather events and to make the operational decisions that will allow us to compete and grow our market share in the future. The entire Pool team is to be commended for their perseverance and commitment to this organization, our customers and our shareholders.”

The following table summarizes one-time items that are included in the Pool's quarterly and year-end financial results.

Saskatchewan Wheat Pool Inc.					
One-time Items – Summary					
Fiscal 2005 (in millions of \$)	October 31	January 31	April 30	July 31	Total
Grain	0.7	0.9	0.0	2.9	4.5
Corporate	0.0	0.0	0.0	0.0	0.0
Total one-time items in EBITDA	0.7	0.9	0.0	2.9	4.5
Total one-time items in EBIT	0.7	0.9	0.0	2.9	4.5
Tax recoveries	0.7	0.7	0.0	0.0	1.4
Tax impact of one-time items	(0.1)	(0.1)	0.0	(0.3)	(0.5)
Total tax impact	0.6	0.6	0.0	(0.3)	0.9
Total one-time items in earnings (loss) from continuing operations	1.3	1.5	0.0	2.6	5.4
	(a)	(b)		(c)	
Fiscal 2004 (in millions of \$)	October 31	January 31	Apr 30	July 31	Total
Grain	0.0	6.5	0.0	3.5	10.0
Corporate	0.0	0.6	1.6	(0.6)	1.6
Total one-time items in EBITDA	0.0	7.1	1.6	2.9	11.6
Provisions	0.0	0.0	0.0	6.2	6.2
Total one-time items in EBIT	0.0	7.1	1.6	9.1	17.8
Tax recoveries	0.0	2.6	0.0	0.0	2.6
Tax impact of one-time items	0.0	(2.6)	(3.2)	(1.2)	(7.0)
Total tax impact	0.0	0.0	(3.2)	(1.2)	(4.4)
Total one-time items in earnings (loss) from continuing operations	0.0	7.1	(1.6)	7.9	13.4
		(d)	(e)	(f)	

One-time items primarily include:

- (a) Ontario capital tax refund
- (b) Settlement of a property tax dispute and receipt of a research and development investment tax credit
- (c) Interest income on corporate income tax refunds
- (d) Property taxes rebate and interest income on corporate income tax refund
- (e) Capital refund net of income taxes
- (f) Recovery from sale of interest in Mexican terminal

Consolidated Financial Results – Fourth Quarter

Sales and other operating revenues for the quarter were \$546.7 million, up from \$542.5 million realized during last year's fourth quarter, driven by strong Agri-products and Agri-food sales that grew 15.3% and 9.0% respectively. Grain shipments for the quarter were slightly ahead of last year despite a decline in Canadian Wheat Board exports during the period. Fiscal 2005 sales also reflect significantly lower non-Board grain prices relative to the fourth quarter last year, when non-Board commodity prices were approximately 36.0% higher.

Consolidated earnings before interest, taxes and amortization (EBITDA) were \$47.1 million, up from the \$41.0 million recorded in the final quarter of 2004. All three segments posted improved results on a comparable basis relative to last year's final quarter. The Agri-products segment generated EBITDA of \$34.4 million, up from \$29.7 million quarter-over-quarter. The Grain Handling and Marketing segment earned \$17.2 million in EBITDA compared to \$16.3 million in 2004's fourth quarter. Excluding one-time items included in both years' quarters, EBITDA from Grain Handling and Marketing improved by approximately 12.2% quarter-over-quarter. The Agri-food Processing's EBITDA was \$3.6 million in the final three months, which is an improvement from the \$2.5 million earned in the same period a year earlier.

Prior to interest and taxes, the Pool recorded earnings (EBIT) of \$40.4 million in the quarter. During the last quarter of 2004, EBIT was \$41.0 million. Excluding one-time items in each period, the Pool's fourth quarter EBIT performance exceeded the previous year's quarter by 17.9%.

Interest for the quarter was \$9.9 million compared to \$9.2 million last year. Cash interest expenses were down over 46.2% for the quarter to \$3.4 million compared to \$6.4 million in the final quarter of 2004. This improvement reflects the Pool's substantially lower debt levels in the final quarter of 2005.

The Pool recorded non-cash interest of \$6.5 million in the fourth quarter, which compares to \$2.8 million recorded during the same period of 2004. The variance reflects \$3.9 million of financing costs that would have amortized over three years, but were written off in the fourth quarter when the Pool repaid its \$100.0 million term loan. The remainder of the non-cash interest this quarter relates to approximately \$1.0 million of deferred financing costs for the asset backed operating loan that amortizes quarterly, together with ongoing accretion of the Pool's Senior Subordinated Notes. These two non-cash expenses were partially offset by a decline in accretion related to the debt component of the Pool's Convertible Subordinated Notes, which were retired in March of 2005. Accretion is an accounting concept where discounted debt balances are increased on a systematic basis to eventually equal their face value at maturity.

Earnings from continuing operations for the final three months of fiscal 2005 were up 26.0% to \$25.7 million from \$20.4 million earned in the same period a year ago.

This year's fourth quarter included a \$3.9 million net recovery from discontinued operations, which included the Pool's previously held investments in hog production, aquaculture, and feed milling. The recovery primarily reflects a \$3.8 million after-tax recovery related to filings under the Canadian Agricultural Income Stabilization (CAIS) Program, a joint federal/provincial business risk management program. A portion of the losses incurred by this segment in prior years qualified under this program and were therefore recoverable. Last year, discontinued operations for the quarter reflected a net recovery of \$8.4 million primarily related to corporate taxes resulting from the wind-up of that segment.

Net earnings for the quarter were \$29.5 million primarily reflecting a strong spring selling season and normal weather conditions in the critical May to July growing period. Last year, net earnings were \$28.8 million. Net earnings from continuing operations for the fourth quarter of fiscal 2005 were \$23.1 million, up \$10.6 million from last year's final quarter of \$12.5 million after excluding one-time items in both periods.

Fourth quarter cash flow from continuing operations grew 11.4% to \$41.2 million from \$37.0 million in last year's fourth quarter. The per share amounts reflect the common shares issued pursuant to the rights offering in the Pool's final quarter of 2005. The weighted average shares outstanding at July 31, 2005 were 68.1 million and 11.6 million at July 31, 2004 (after giving effect to the one for twenty share consolidation on March 31, 2005 that formed part of the Recapitalization).

Operating Results - Fourth Quarter

The Pool's Grain Handling and Marketing segment shipped 1.9 million tonnes during the quarter, slightly ahead of shipments in the fourth quarter of 2004. The Pool's shipping performance for the quarter outperformed the western Canadian industry, which experienced a 10.5% decline in shipments of the six major grains in the final three months of the year.

The Pool's wholly owned port terminals received approximately 1.2 million tonnes compared to 1.0 million tonnes in the final three months of last year, an 11.2% increase quarter-over-quarter, despite a 10.3% decrease in CWB shipments through Vancouver. Stronger volumes through the Pool's pipeline reflect higher crop production in Saskatchewan and an increase in farmer deliveries and market share in the Pool's primary handling business.

Pipeline margins per tonne (excludes other revenue and one-time items for the quarter) were \$18.40 up from the \$18.38 per tonne generated in the fourth quarter of 2004. Poor grain quality, an issue

throughout the entire fiscal year limited margin potential and challenged export opportunities for the Canadian Wheat Board.

This quarter's segment EBITDA from Grain Handling and Marketing of \$17.2 million included \$2.9 million of one-time items. The Pool recognized approximately \$2.0 million in interest revenue related to manufacturing and processing tax credits for prior year filings as a result of a positive Revenue Canada ruling related to the processing capabilities of the Pool's prairie grain handling network. Last year in the final quarter, the Pool generated \$16.3 million, which included \$3.5 million in positive one-time items. Excluding one-time items in both periods, performance in this segment improved by 12.2% reflecting market share increases on the Prairies, higher grain shipments and increased volumes through the Pool's wholly owned port terminal facilities. Segment EBIT for the quarter was \$14.3 million versus \$14.7 million last year, a \$1.2 million improvement after excluding non-recurring items.

Sales from the Pool's retail agri-products operations combined with its share of revenue from joint venture affiliate, Western Co-operative Fertilizers Limited (WCFL), were \$320.3 million, a 15.3% increase over 2004 fourth quarter sales of \$277.7 million. The Pool's retail operations performed well with a 15.1% increase in fertilizer sales, a 4.3% increase in crop protection product sales and a 16.0% increase in seed sales. WCFL generated sales growth of 36.4% reflecting strong demand for fertilizer due to improved moisture levels and an abbreviated anhydrous ammonia program in the fall that pushed a portion of those sales into the Pool's fourth quarter.

EBITDA from the Agri-products segment for the quarter was \$34.4 million compared to \$29.7 million in the fourth quarter last year, a 15.9% increase. The improvement reflects higher sales volumes in all of the Pool's product lines, particularly fertilizer, higher miscellaneous revenues and a reduction in bad debt expenses. These positive business results more than offset the overall reduction in retail margins caused by heightened competition and lower supplier rebates. Agri-products EBIT was \$31.8 million for the quarter compared to \$27.2 million for the same quarter of fiscal 2004.

For the Agri-food Processing segment, quarterly sales increased by 9.0% to \$28.8 million compared to \$26.4 million in the last quarter of fiscal 2004. Prairie Malt's sales were on par with the previous year's quarter while Can-Oat sales grew 12.8%. Can-Oat's sales growth was attributable to strong demand from destination customers who have begun to respond to changing consumer buying patterns that are driving increased demand for whole grain oat products. This is in contrast to 2004 when industry-wide demand softened temporarily because of the low-carbohydrate diet fad that was popular at the time.

EBITDA for the final quarter of fiscal 2005 for the Agri-food Processing segment reflected an 18.4% increase from Can-Oat. Prairie Malt's earnings improved over the previous year's quarter as a result of lower processing costs and lower barley handling costs. EBITDA for the quarter totaled \$3.6 million compared to \$2.5 million in the same quarter last year and EBIT was \$2.4 million versus \$1.3 million for the same periods.

Twelve-Month Summary of Consolidated Results

Fiscal 2005 consolidated sales and other operating revenues were \$1.39 billion, down \$21.6 million from the \$1.41 billion generated in the previous year. Sales through the Agri-product segment were up 11.8% year-over-year. Agri-food sales grew 7.1% and Grain Handling and Marketing increased shipments by 7.2%. The year-over-year variance reflects lower commodity prices for non-Board grains and oilseeds, which were down on average 19.0% compared to 2004 levels. This impacted the value of consolidated sales for the Grain Handling and Marketing segment. However, it is important to note that the key earnings drivers in that business are volume, exports and crop quality as opposed to commodity prices.

Selling and administrative expenses for fiscal 2005 were \$54.7 million, which compares to \$52.4 million in fiscal 2004. The primary reason for the variance is related to \$2.4 million in Saskatchewan capital taxes that the Pool is now required to pay as a result of becoming a Canada Business Corporation in 2005.

The Pool generated \$70.5 million in EBITDA for 2005, which compares to \$87.3 million in fiscal 2004. The decline was the direct result of crop quality issues and a late harvest that limited supplies of quality commodities in the first quarter of fiscal 2005. Crop production available for fiscal 2005 was average in size but quality was well below average because of an early frost that hit at a critical time in the growing cycle, followed by substantial rains during the harvest period that further reduced the value of the crop. As a result of these two events, a significant portion of the grain that was available to handlers was feed quality. Typically, approximately 10.0% of the wheat grown in Western Canada is feed. Over 45.0% of Saskatchewan's wheat crop graded as feed in fiscal 2005. Margins are lower on feed wheat because it is not cleaned, dried or blended and is typically consumed domestically as opposed to moving into the export market. Limited export opportunities for feed grains challenged the Canadian Wheat Board in fiscal 2005 and, as a result, the Board was only able to secure 14.8 million tonnes of export sales on a target of 16.3 million tonnes for the year.

Despite the challenges in the Grain Handling and Marketing segment, the Pool's Agri-Products and Agri-food Processing segments had strong results, generating EBITDA of \$39.3 million and \$16.4 million respectively. For the Agri-products segment, this represented a 22.6% increase over fiscal 2004 results and for Agri-food Processing, a 15.2% increase. Grain Handling and Marketing EBITDA, excluding one-time items, was down approximately \$17.0 million on a full year basis as a result of the quality factors previously mentioned.

Amortization for the twelve months was \$26.5 million compared to \$24.6 million for property, plant and equipment, and certain other long-term assets. Increased amortization year-over-year is reflective of ongoing investment in property, plant and equipment.

Corporate costs for fiscal 2005 were \$22.3 million and \$18.6 million in fiscal 2004. The variance reflects \$2.4 million in new Saskatchewan capital taxes for 2005, along with a \$1.6 million one-time capital refund recorded in 2004.

Interest expense for the year totaled \$37.1 million down from \$39.1 million in 2004. Cash interest expense was \$21.7 million in 2005, which is down \$6.9 million or 24.1% from 2004. The lower cash costs primarily reflect a reduction in short-term borrowings because of lower grain commodity prices year-over-year, in conjunction with the repayment of \$100.0 million of term debt in June of 2005. The \$15.4 million non-cash component included:

- seven months of accretion related to the debt component of Convertible Subordinated Notes that were retired effective March 31, 2005;
- \$3.9 million of financing costs that were incurred during the year and written off in the fourth quarter when the Pool repaid its \$100.0 million term loan,
- a full year of accretion related to the company's Senior Subordinated Notes, and
- approximately \$1.0 million is related to the amortization of deferred financing costs. The un-amortized balance of \$4.1 million at July 31, 2005, will be recognized as a charge to interest expense over the remaining life of the Pool's operating lines which mature March 2008.

Last year, the Pool's non-cash interest expense was \$10.5 million.

The Pool recorded earnings before interest and taxes (EBIT) of \$44.1 million in fiscal 2005 and \$69.0 million in 2004. Excluding one-time items in both years, EBIT was \$39.6 million this year compared to \$51.1 million in 2004.

Earnings from continuing operations for the twelve-month period ended July 31, 2005 was \$7.0 million compared to \$17.9 million in 2004. The Pool recovered approximately \$5.1 million from discontinued operations in 2005. In 2004, the Pool recorded a \$12.9 million loss from discontinued operations associated with its investments in hog production, aquaculture and feed mill operations.

On a net income basis, Saskatchewan Wheat Pool earned \$12.1 million in fiscal 2005 up from \$5.0 million a year earlier. Earnings per share information is summarized below:

Earnings Per Share

	Year ended July 31, 2005	Year ended July 31, 2004
Weighted average shares outstanding (M)	28,103	10,333
Diluted weighted average shares outstanding (M)	28,103	10,333
EPS from continuing operations prior to accretion and inducement premium	0.25	1.74
EPS from discontinued operations after accretion	0.18	(1.25)
EPS from continuing operations after accretion and inducement premium		
- Basic	(1.44)	(0.18)
- Diluted	(1.44)	(0.18)
Total EPS – earnings (loss)		
- Basic	(1.26) ¹	(1.43)
- Diluted	(1.26)	(1.43)

¹ The net loss per share for 2005 reflects non-cash charges to retained earnings of \$13.7 million for the accretion of the equity component of the Convertible Subordinated Notes and a share capital inducement premium of \$33.8 million for Convertible Subordinated Noteholders as part of the Pool's Recapitalization initiative. Noteholders received a premium on their conversion rate (3.5 million of additional shares valued at \$33.8 million) as an inducement to convert their Notes on March 31, 2005.

Grain Handling and Marketing Segment

The Pool shipped 6.9 million tonnes of grains and oilseeds in fiscal 2005, up 7.2% over 2004. A larger crop in Saskatchewan, coupled with strong producer deliveries, more than offset an 11.4% decrease in Canadian Wheat Board exports year-over-year. Approximately 63.7% of Pool shipments for the twelve months were Board grains, which was on par with fiscal 2004. However, CWB shipments dropped off in the final quarter of the year (62.0% in fiscal 2005's Q4 versus 69.5% in fiscal 2004's Q4) reflecting the significant marketing challenges the CWB faced in securing feed grain sales into the international marketplace.

Port terminal volumes improved by approximately 8.4% year-over-year despite these export challenges. Market share gains across the Prairies supported port terminal volumes as producer confidence grew and deliveries into the primary system increased. The Pool's fiscal 2005 western Canadian market share grew to 23% for the year, a 9.9% or two point increase year-over-year. The Pool realized market share gains in all three Prairie provinces, with the largest gain being recorded in Saskatchewan.

Twelve-Month Volumes (000's)

	F2005	F2004	Increase
Primary Elevator Receipts	6,813	6,170	10%
Primary Elevator Shipments			
Board grains	4,363	4,101	6%
Non-Board grains & oilseeds	2,490	2,290	9%
Total Primary Elevator Shipments	6,853	6,391	7%
Terminal Operations			
Vancouver	2,641	2,571	3%
Thunder Bay	1,493	1,286	16%
Share of Affiliates	715	615	16%
Total Terminal Operations	4,849	4,472	8%

Pipeline margins (gross margin per tonne excluding other revenues and one-time items) in the Grain Handling and Marketing segment averaged \$17.72 per tonne for the year, in line with management's expectations, but below the \$21.00 achieved in fiscal 2004. The decline is related to two key factors. Feed grains represented approximately 27.0% of the Pool shipments in 2005, which is unusually high and compares to approximately 10.0% in fiscal 2004. In addition, because of significant harvest delays in the fall of 2004, the Pool was required to pay premiums to source quality commodities off-farm and incur additional shipping costs due to the temporary lack of supply during that period.

EBITDA for the twelve months was \$37.1 million (\$32.6 million net of one-time items) compared to \$59.7 million (\$49.7 million after one-time items) in fiscal 2004 with the decline directly related to weather events. EBIT was \$25.8 million in fiscal 2005 (\$21.3 million net of one-time items) versus \$50.8 million in 2004 (\$39.8 million net of one time items).

Agri-products Segment

The Pool's Agri-products segment had a strong year. Growing conditions in the spring supported strong sales of all major product lines. Sales totaled \$514.2 million for the segment, up \$54.3 million or 11.8% from the \$459.9 million in sales generated in fiscal 2004. The Pool's retail operations generated sales growth of 8.4% year-over-year. Fertilizer sales grew 9.3%, seed sales were up 13.0% and crop protection product sales improved by 2.7%. Crop protection products and fertilizer represented 84.0% of the Pool's fiscal 2005 retail sales, on par with the previous year. Sales through WCFL were also strong, up 24.3% year-over-year reflecting both volume increases due to strong demand and higher overall pricing year-over-year.

EBITDA from this segment for the year was \$39.3 million and \$32.0 million in 2004. Despite a highly competitive market that pressured retail margins, strong demand, good growing conditions coupled with disciplined marketing strategies drove the earnings improvement in 2005. Segment EBIT for the twelve months ended July 31, 2005 was \$29.3 million, up from \$22.4 million for fiscal 2004.

Agri-food Processing Segment

Sales from the Agri-food Processing segment totaled \$118.5 million compared to \$110.6 million in 2004. Sales for Prairie Malt were up 8.0% year-over-year due to general market improvements and solid customer demand. At Can-Oat Milling, sales were 6.8% higher than 2004 reflecting a 15.3% increase in sales volumes and a 7.4% decrease in sales prices. Can-Oat's sales mix changed relative to fiscal 2004. Sales of finished oat products were 72.6% of the mix last year, while in 2005 they represented over 77.1% of the total sales mix. Feed sales represented only 1.3% of sales volumes in 2005 versus 4.4% in fiscal 2004.

EBITDA from the Agri-food Processing segment for the year was \$16.5 million compared to \$14.3 million in 2004. Despite competitive pressures and the impact of the strong Canadian dollar on Can-Oat margins, strong demand for whole grain oat products led to EBITDA improvement of 10.7% year-over-year. Prairie Malt also experienced strong earnings for the year. Sales volumes were up 21.3% over last year as a result of a plant shutdown in 2004 to allow for repairs and maintenance. Segment EBIT was \$11.3 million for the twelve months ended July 31, 2005 and \$9.2 million in fiscal 2004.

Corporate Expenses

Corporate costs for fiscal 2005 were \$22.3 million, which compares to \$18.6 million in the prior year. The primary reason for the increase related to \$2.4 million in Saskatchewan capital taxes that the Pool is now required to pay as a result of becoming a Canadian Business Corporation in 2005. In addition, in 2004, the Pool received a \$1.6 million one-time capital refund related to one of its investments that reduced corporate costs in that year.

Pension Update

The SWP/GSU pension plan is a closed negotiated cost plan that provides defined benefits that are negotiated between the Pool and Grain Services Union to approximately 1,400 former employees and 600 active employees. In its fiscal 2005, Second and Third Quarter Reports, the company identified an estimated potential deficit of \$1.9 million on a going concern basis and an estimated potential deficit of \$28 million on wind-up as at December 31, 2004.

The company and the GSU have met 21 times over the past 16 months in an attempt to resolve expected solvency deficit issues. No solution has been found. As a result, the Pool, the GSU and the Plan Trustees sought the guidance of the Office of Superintendent of Financial Institutions ("OSFI"), the federal pension regulator. On September 22, 2005, based on its own financial tests, OSFI restricted withdrawals by eligible individuals to 80% of the value of their benefit. The remaining portion would be paid over the following five-year period assuming the Plan does not wind-up.

On October 4, 2005, all four parties met. The Plan Trustees shared a preliminary actuarial estimate at December 31, 2005, which indicated that the Plan could have a going concern surplus of approximately \$8 million and a solvency deficit of approximately \$50 million. The solvency estimate is based on current rates of return on long-term bonds that are 0.75% lower than those at December 31, 2004. The actual going concern and solvency positions will be established in a formal actuarial valuation as of December 31, 2005. The result of this valuation may vary materially from the above preliminary estimates due to differences between actual and estimated interest rates, asset returns, and other assumptions.

Pension regulations will require any solvency deficit at December 31, 2005 to be addressed over a five-year period through quarterly installments. Assuming a \$50 million deficit, additional contributions would be approximately \$2.8 million per quarter until termination. One or more of the following actions may meet this requirement: amending the plan structure, reducing benefits, increasing employer contributions, or increasing employee contributions. The company has received advice from external counsel that, if the solvency deficiency is not addressed, the likely outcome will be the termination of the Plan.

The company has met all of its financial obligations in accordance with the pension plan text and collective agreement. There is a risk that the company may ultimately be responsible for an increase in contributions required by the formal valuation at December 31, 2005. The Pool's position is that it is not responsible for any payments beyond those negotiated with the GSU.

OUTLOOK

Based on the October 5, 2005 Statistics Canada report, western Canadian production is estimated to be 52.5 million tonnes, which is on par with the five-year average. Production in Saskatchewan is expected to be 29.0 million tonnes, up from 26.1 million tonnes produced for fiscal 2005. Should these estimates hold, this is positive for the Pool because of its dominant market share in Saskatchewan. In Manitoba, production is estimated to be down by 40% year-over-year to 5.0 million tonnes and in Alberta on par at 18.2 million tonnes, relatively unchanged from 18.4 million tonnes last year. The impact of the Manitoba crop situation will not be significant for the Pool given its relatively small presence in that province. Based on October 11, 2005 reports, 70 to 75% of the harvest on the Prairies is complete.

Recent damp weather in certain regions of the Prairies will impact quality, however, it is not expected to damage the crop to the same extent as last year. A complete picture of the quality available in 2006 will be determined once harvest is complete and samples have been tested. Grain movement is expected to improve for the Pool in 2006 given the larger than average crop in Saskatchewan and estimates by the Canadian Wheat Board that they intend to export between 17 and 18 million tonnes, a significant improvement from the 14.8 million tonnes exported in fiscal 2005. Margins too, are expected to improve over fiscal 2005, however, given the probability that some deterioration in the quality of cereal grains will

occur this year, the Pool expects the amount of feed grains shipped in 2006 to be higher than normal. Recent weather conditions in the northern regions could limit fall fertilizer applications. Overall, however, moisture conditions on the Prairies are good and should set the stage for strong fertilizer demand in the spring. Weather conditions throughout the crop cycle are key to the Agri-product segment since the majority of its sales and earnings are generated during the spring and summer months.

Whole grain oat consumption is expected to continue to drive demand for Can-Oat products into 2006 and the Pool will continue to assess expansion opportunities in that business to meet their growing customer base.

**SASKATCHEWAN WHEAT POOL INC.
CONSOLIDATED BALANCE SHEETS**

(in thousands) AS AT JULY 31	2005 (audited)	2004 (audited)
ASSETS		
Current Assets		
Cash	\$ 2,074	\$ 453
Cash in trust	771	1,176
Short-term investments	79,264	25,999
Accounts receivable	127,102	164,234
Inventories	117,416	104,887
Prepaid expenses and deposits	20,737	9,810
Future income taxes	78	1,198
	347,442	307,757
Investments	5,437	5,051
Property, Plant and Equipment	251,489	266,842
Other Long-Term Assets	14,822	8,219
Future Income Taxes	102,670	95,565
	\$ 721,860	\$ 683,434
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank indebtedness	\$ 8,060	\$ 13,089
Short-term borrowings	392	1,501
Members' demand loans	21,476	18,691
Members' Class A shares	-	1,783
Accounts payable and accrued liabilities	115,319	150,745
Long-term debt due within one year	5,461	7,893
	150,708	193,702
Long-Term Debt	148,928	251,930
Other Long-Term Liabilities	37,424	40,980
Future Income Taxes	3,559	5,944
	340,619	492,556
Shareholders' Equity		
Share capital	439,485	81,287
Contributed surplus	243	177
Convertible Subordinated Notes - equity component	-	128,635
Retained earnings (deficit)	(58,487)	(19,221)
	381,241	190,878
	\$ 721,860	\$ 683,434

**SASKATCHEWAN WHEAT POOL INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS (DEFICIT)**

(in thousands) FOR THE PERIODS ENDED	Three Months Ended July 31 2005 (unaudited)	Three Months Ended July 31 2004 (unaudited)	Year Ended July 31 2005 (audited)	Year Ended July 31 2004 (audited)
Sales and Other Operating Revenues	\$ 546,725	\$ 542,488	\$ 1,385,730	\$ 1,407,297
Cost of Sales and Expenses				
Cost of sales and operating expenses	482,950	485,859	1,260,496	1,267,537
Selling and administrative expenses	16,678	15,664	54,704	52,419
Amortization	6,698	6,227	26,460	24,582
Provision recovery	-	(6,216)	-	(6,216)
	506,326	501,534	1,341,660	1,338,322
Earnings Before Interest and Taxes	40,399	40,954	44,070	68,975
Interest expense	9,945	9,192	37,050	39,084
Earnings Before Corporate Taxes	30,454	31,762	7,020	29,891
Corporate tax expense	4,798	11,397	3	11,951
Earnings From Continuing Operations	25,656	20,365	7,017	17,940
Net Recoveries (Losses) From Discontinued Operations	3,872	8,390	5,072	(12,921)
Net Earnings	29,528	28,755	12,089	5,019
Retained Earnings (Deficit), Beginning of Period	(89,759) (a)	(66,055)	(19,221)	(27,388)
Future income tax adjustment	15,578	22,990	15,578	22,990
Future income taxes - Costs of recapitalization	4,742	-	4,742	-
Future income taxes - Other items related to recapitalization	(11,102)	-	(11,102)	-
Share recapitalization costs	(7,474)	-	(12,992)	-
Share recapitalization inducement premium	-	-	(33,846)	-
Accretion of equity component of Convertible Subordinated Notes	-	(4,911)	(13,735)	(19,842)
Retained Earnings (Deficit), End of Period	\$ (58,487)	\$ (19,221)	\$ (58,487)	\$ (19,221)
Basic Earnings (Loss) Per Share				
From Continuing Operations	\$ 0.38	\$ 1.34	\$ (1.44)	\$ (0.18)
Net Earnings (Loss)	\$ 0.44	\$ 2.07	\$ (1.26)	\$ (1.43)
Diluted Earnings (Loss) Per Share				
From Continuing Operations	\$ 0.38	\$ 0.65	\$ (1.44)	\$ (0.18)
Net Earnings (Loss)	\$ 0.44	\$ 0.92	\$ (1.26)	\$ (1.43)

(a) Certain costs with respect to the continuance of the company were reclassified from Share Capital to Retained Earnings (Deficit) at the beginning of the quarter.

**SASKATCHEWAN WHEAT POOL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands) FOR THE PERIODS ENDED	Three Months Ended July 31 2005 (unaudited)	Three Months Ended July 31 2004 (unaudited)	Year Ended July 31 2005 (audited)	Year Ended July 31 2004 (audited)
Cash From (Used in) Operating Activities				
Earnings from continuing operations	\$ 25,656	\$ 20,365	\$ 7,017	\$ 17,940
Add (deduct) items not involving cash				
Amortization	6,698	6,227	26,460	24,582
Future income tax (recovery) provision	2,999	13,570	(1,503)	13,093
Pension	(496)	291	1,107	1,965
Non-cash interest	6,493	2,770	15,361	10,496
Other items	(183)	(17)	(1,783)	(3,331)
Provision recoveries	-	(6,216)	-	(6,216)
Cash flow from continuing operations	41,167	36,990	46,659	58,529
Changes in non-cash working capital items				
Accounts receivable	(3,814)	(33,591)	40,098	54,810
Inventories	148,245	179,174	(12,441)	(1,785)
Accounts payable	(149,436)	(84,077)	(36,476)	(8,582)
Prepaid expenses and deposits	(9,969)	(1,395)	(10,858)	(1,781)
Changes in non-cash working capital - continuing operations	(14,974)	60,111	(19,677)	42,662
Cash from operating activities - continuing operations	26,193	97,101	26,982	101,191
Cash (used in) from operating activities - discontinued operations	(3)	(994)	960	(8,478)
Cash from operating activities	26,190	96,107	27,942	92,713
Cash From (Used in) Financing Activities				
Proceeds of long-term debt	-	-	100,000	-
Repayment of long-term debt	(101,974)	(11,896)	(185,440)	(16,571)
Repayment of short-term borrowings	(16,020)	(81,067)	(1,109)	(91,187)
(Repayment) increase of other long-term liabilities, net	(646)	83	(646)	(2,949)
Proceeds of members' demand loans	650	2,259	2,785	9,526
Repayment of members' Class A shares	-	(1)	(524)	(8)
Increase in share capital	150,106	-	150,125	-
Continuance and rights offering costs	(7,053)	-	(12,406)	-
Refinancing cost	(101)	-	(8,939)	-
Cash used in discontinued operations	-	(3,944)	-	(4,546)
Cash from (used in) financing activities	24,962	(94,566)	43,846	(105,735)
Cash From (Used in) Investing Activities				
Property, plant and equipment expenditures	(3,931)	(11,523)	(12,865)	(17,322)
Proceeds on sale of property, plant and equipment	175	764	1,543	3,909
Divestitures	-	22,135	-	22,135
Decrease (increase) in cash in trust	1,139	1,537	405	(689)
Decrease (increase) in investments	201	(101)	45	(101)
(Increase) decrease in other long-term assets	(516)	162	(1,001)	(526)
Cash from (used in) discontinued operations	-	70	-	(326)
Cash (used in) from investing activities	(2,932)	13,044	(11,873)	7,080
Increase (decrease) in Cash and Cash Equivalents	48,220	14,585	59,915	(5,942)
Cash and Cash Equivalents, Beginning of Period	25,058	(1,222)	13,363	19,305
Cash and Cash Equivalents, End of Period	\$ 73,278	\$ 13,363	\$ 73,278	\$ 13,363
Cash and cash equivalents consist of:				
Cash			\$ 2,074	\$ 453
Short-term investments			79,264	25,999
Bank indebtedness			(8,060)	(13,089)
			\$ 73,278	\$ 13,363
Supplemental disclosure of cash paid during the period from continuing operations:				
Interest paid	\$ (3,994)	\$ (7,086)	\$ (23,386)	\$ (29,624)
Income taxes paid, net	\$ (2,732)	\$ (1,063)	\$ (744)	\$ (725)

SASKATCHEWAN WHEAT POOL INC.
SEGMENTED FINANCIAL INFORMATION
SALES
(in thousands)

	Three Months Ended July 31 2005 (unaudited)	Three Months Ended July 31 2004 (unaudited)	Year Ended July 31 2005 (audited)	Year Ended July 31 2004 (audited)
SALES				
Grain Handling and Marketing	\$ 200,885	\$ 239,715	\$ 766,107	\$ 855,380
Less: Sales to Discontinued Operations	-	(409)	-	(6,116)
Grain Handling and Marketing	200,885	239,306	766,107	849,264
Agri-products	320,319	277,736	514,238	459,942
Agri-food Processing	28,763	26,400	118,486	110,638
Intersegment sales	(3,242)	(954)	(13,101)	(12,547)
	\$ 546,725	\$ 542,488	\$ 1,385,730	\$ 1,407,297

SASKATCHEWAN WHEAT POOL INC.
SEGMENTED FINANCIAL INFORMATION
SEGMENTED EARNINGS FROM OPERATIONS
(in thousands)

	(unaudited) Three months ended July 31, 2005			(unaudited) Three months ended July 31, 2004			
	EBITDA	Amortization	EBIT	EBITDA	Amortization	Provision Recoveries	EBIT
Grain Handling and Marketing	\$ 17,154	\$ (2,827)	\$ 14,327	\$ 16,272	\$ (2,571)	\$ 1,000	\$ 14,701
Agri-products	34,381	(2,612)	31,769	29,654	(2,406)	-	27,248
Agri-food Processing	3,621	(1,259)	2,362	2,534	(1,250)	-	1,284
Segment Results	55,156	(6,698)	48,458	48,460	(6,227)	1,000	43,233
Corporate expenses	(8,059)	-	(8,059)	(7,495)	-	5,216	(2,279)
Per Financial Statements	\$ 47,097	\$ (6,698)	\$ 40,399	\$ 40,965	\$ (6,227)	\$ 6,216	\$ 40,954

	(audited) Year ended July 31, 2005			(audited) Year ended July 31, 2004			
	EBITDA	Amortization	EBIT	EBITDA	Amortization	Provision Recoveries	EBIT
Grain Handling and Marketing	\$ 37,111	\$ (11,348)	\$ 25,763	\$ 59,652	\$ (9,902)	\$ 1,000	\$ 50,750
Agri-products	39,251	(10,000)	29,251	32,010	(9,576)	-	22,434
Agri-food Processing	16,448	(5,112)	11,336	14,275	(5,104)	-	9,171
Segment Results	92,810	(26,460)	66,350	105,937	(24,582)	1,000	82,355
Corporate expenses	(22,280)	-	(22,280)	(18,596)	-	5,216	(13,380)
Per Financial Statements	\$ 70,530	\$ (26,460)	\$ 44,070	\$ 87,341	\$ (24,582)	\$ 6,216	\$ 68,975

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, weather conditions; producer's decisions regarding total planted acreage, crop selection, and utilization levels of farm inputs such as fertilizers and pesticides; 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.

-30-

*Media Inquires: Susan Cline 569-6948
Investor Inquiries: Colleen Vancha 569-4782*