To Our Shareholders

Summary of Results

For the three months ended April 30,1999, Saskatchewan Wheat Pool recorded a net loss of $9.7 million or $0.26 per share compared to a net loss of $0.8 million or $0.03 per share one year earlier. Earnings before interest, taxes, depreciation and amortization (EBITDA) were $9.6 million compared to $16.3 million last year. Prior to interest and taxes, the Pool recorded a loss of $5.1 million for this quarter compared to an earning of $3.7 million in 1998. Cash from operations for the current three month period was $6.1 million or $0.17 per share compared to $7.9 million or $0.27 per share in 1998.

The Pool reported a net loss for the nine months ended April 30, 1999 of $14.2 million or $0.38 per share compared to net earnings of $16.1 million or $0.54 per share in 1998. Prior to last quarter's CSP Foods' restructuring charge, EBITDA was $43.3 million while earnings before interest and taxes were $1.8 million compared to $78.8 million and $42.1 million, respectively, for last year. As a result of cost constraint measures, corporate expenses for the first three-quarters of the year were $17.9 million, 15% below last year. Cash from operations to April 30, 1999 was $25.7 million or $0.69 per share compared to $52.7 million or $1.78 per share a year ago.

Grain Handling and Marketing

Sales for this segment for the first nine months of fiscal 1999 were $1.7 billion, down from $2.2 billion a year earlier, as slow movement of Canadian Wheat Board (CWB) grain continued to exacerbate the gap between year-over-year handling volumes.

Grain handling levels for both the primary elevator system and at port terminals continued the downward trend of the first half of fiscal 1999. Primary elevator volumes for the April 30, 1999 quarter were 1.6 million tonnes, 30% below last year's same quarter. Handling levels at the Pool's own and jointly-owned port terminals for this three month period were 0.9 million tonnes, 46% off last year. In March, Prince Rupert Grain, one of the Pool's port terminal affiliates on the West Coast, shut down operations temporarily due to a lack of grain movement. At April 30, 1999 primary elevator volumes were more than 26% below last year, led by a 37% decrease in Board grains, which represented 61% of all handlings versus 72% a year earlier. Terminal elevator volumes were 38% lower than one year ago.

Given this year's expected lowest CWB export program since the mid-1970's, little recovery is anticipated before year-end. To the end of May 1999, exports of major grains and oilseeds were 17.4 million tonnes, 26% below last year. Board grains (wheat, durum and barley) declined 37% or 7.2 million tonnes. This year's unexpected 1.1 million tonnes in canola exports, primarily to China, partly mitigated the decrease in Board grain shipments. The May numbers improved slightly from a month earlier when Board grains were 41% lower and total exports were down 28%. Although the Pool anticipates some strengthening in volumes for its final quarter of fiscal 1999, both primary elevator and port terminal handlings are expected to finish well below last year's numbers. Primary elevator volumes are forecast to be down at least 20% from the ten-year average, their lowest level since 1988-89. Final port terminal handlings for the year are projected to reach only 5.0 million tonnes, with the Pool's own terminals in Vancouver and Thunder Bay posting their lowest combined total in more than 25 years.

Low commodity prices resulting from large stocks, generally weak demand and subsidies by the United States and the European Union continue to pose significant impediments to any quick recovery for the grain industry. However, with World Trade Organization (WTO) negotiations scheduled to commence this fall, some promising signs are evident. These include favourable discussions to date concerning the People's Republic of China's accession to the WTO as well as the EU's announcement of decreased price supports for its 1999-2000 crop year. Nevertheless, grain analysts estimate that any sustained recovery is likely to be twelve to eighteen months away.

A combination of estimated lower world wheat production for 1999-2000 and similar consumption to this year is expected to lead to a 14% reduction in global wheat stocks. Unfortunately, a high concentration of carryover among the major wheat exporters, particularly the US and the EU, is likely to prevent this reduction from leading to increased prices. Larger available stocks, however, and improved demand, is expected to spur a modest increase in world wheat trade next year. As a result, Canada should see a 3 million tonne increase in wheat exports from this year's 14 to 14.5 million tonnes. With respect to barley and oats, Canadian exports are not expected to differ significantly from this year's level. Canola exports for next year are expected to decrease in line with reduced demand from China and as a result of forecasts of record world oilseed production.

Operating earnings for this segment for the first three-quarters of fiscal 1999 were $0.4 million, down from $36.7 million a year earlier. Primary elevator operations posted its third straight quarterly loss, as reduced CWB grain volumes, chiefly wheat, resulted in lower handling, storage and interest revenues. Similarly, lower port terminal handlings reduced that unit's earnings due to significant decreases in all major revenue categories.

The continuing difficult industry conditions have caused the Company to redouble its efforts to reduce costs and to advance strategic initiatives.

The Company has adopted cost reduction measures across its primary and terminal grain operations, resulting in lower salaries and wages, repairs and maintenance, utilities and telecommunications. In the terminal elevator operations, these reduced expenses combined with one-time cost recoveries, have contributed directly to that unit's earnings while, in the primary elevator operations, lower costs have helped to offset increases in data processing related to Y2K and system upgrades. At the end of May 1999, in conjunction with a refocus on oilseed research, the Pool also announced a 30% reduction in staff at its Research and Development Division.

Completion of Project Horizon elevator facilities remains a priority. To date, the Pool has completed and opened six facilities, including its first one in Alberta. Five more facilities, including two in Alberta and one in Manitoba, are scheduled to open by July 31, 1999. The Pool has also made good progress with its elevator consolidation plan announced last September and has re-focused resources to help producers adjust to a new "people-centered" versus "facilities-centered" service network.

The Pool's new inland terminal at Northgate, North Dakota, owned in conjunction with General Mills Inc., opened in November, 1998 and has handled more than 40,000 tonnes of oats since that time.

Internationally, the Pool continues to strengthen its position to take advantage of opportunities in global grain markets. On June 4, 1999, the Company, along with its partner, Julio Gomez Fernandez, officially opened the Comercializadora La Junta (CLJ) Terminal in Manzanillo, Mexico. The import grain facility, which has been under construction for fourteen months, is Mexico's newest and most automated grain unloading facility. As well, construction is now well under way on the Pool's 53%-owned export/import terminal at Gdansk, Poland.

Nine Month Handling Volumes to April 30

	(millions of tonnes)	
	1999	1998
Primary Elevator System	5.82	7.91
Terminal Operations		
Vancouver - SWP	1.48	2.17
Thunder Bay - SWP	1.66	2.35
Share of Affiliates	0.66	1.62
	3.80	6.14

Farm Supplies

Sales for this segment for the first nine months of fiscal 1999 were $286 million, 10% ahead of last year. Higher sales resulted primarily from the expanded operations of CanGro Processors Ltd. (CanGro) partly offset by lower sales for the Pool's retail farm supplies operations due to generally later seeding.

As of the second week in June 1999, Saskatchewan producers had seeded 90% of the 1999 crop. In Alberta, seeding was virtually complete. Although weather conditions have generally been favourable, portions of southeast Saskatchewan and southern Manitoba have received excessive moisture which has interfered with planting. Due to the late date, some producers in these regions are expected to switch to earlier maturing crops such as oats and barley or to simply leave the land in summerfallow.

In April 1999, Statistics Canada released its seeding intentions survey of prairie producers. At the time of the survey, farmers indicated their intentions to increase acreage for spring wheat (10%), flax (26%) and canola (4%) and to decrease acreage for durum (28%), oats (12%) and barley (4%). Western Canadian producers also indicated little change in summerfallow acreage which was projected to remain well below the five-year average.

Operating earnings for the nine month period were $4.7 million compared to $10.8 million a year ago, with the Company's own farm supplies business and CanGro accounting for nearly all of the decrease.

For the quarter just completed, farm input sales for the Pool reached $86 million, down slightly from last year's $90 million. Although later seeding this year has been the main factor in keeping sales to-date off last year's pace, total revenues for this sector will likely be below last year's level due to wet conditions in parts of Saskatchewan and Manitoba. Despite this situation, and with third quarter earnings down only slightly from last year's comparable quarter, the Company still expects favourable full-year results from this business unit which typically reports its highest contribution in the May to July period. Western Co-operative Fertilizers Limited (WCFL), which also reports the majority of earnings in the fourth quarter, should provide good returns as well, comparable to last year.

Markets and margins for the livestock feed industry have been negatively affected this year by low hog prices and generally warmer weather for feedlot owners. Although CanGro continued to show good sales growth in this very competitive prairie market, earnings have been lower than expected as it integrates its existing acquisitions and brings its new North Battleford mill up to full production. In addition, CanGro's results have been reduced by losses from its interest in Agro Pacific Industries Ltd.

Agri-Food Processing

Sales for this segment for the first nine months of fiscal 1999 were $500 million, similar to 1998. Increased sales from last year's purchase of the remaining 66% interest of Can-Oat Group Inc. (Can-Oat) were primarily offset by lower sales revenues at CanAmera Foods (CanAmera).

For the first three-quarters of this year, Agri-Food Processing recorded a 25% increase in operating earnings, chiefly due to a strong performance by Fletcher's Fine Foods Ltd. (Fletcher's).

Lower volumes and pressure on crushing margins were responsible for a significant reduction in CanAmera's operating earnings for this three-month period versus last year. Factors chiefly responsible for the erosion of margins are:

* China's purchase of large quantities of canola seed from Canada while, at the same time, enforcing import duties on vegetable oils.

* A return to more normal palm oil production.

* Projected record world production of oilseeds.

* Reduced deliveries of canola this spring by producers.

This trend is expected to continue into CanAmera's traditionally lower second quarter, leaving the Pool's fiscal 1999 share of earnings from this affiliate slightly below last year.

Increased earnings from Fletcher's reflected increased ownership and good results in both its Prepared Foods and Fresh Pork Divisions. Although daily processing at its Red Deer slaughtering plant is currently between 6,000 and 7,000 hogs, Fletcher's is pursuing initiatives to increase this level to 16,000 hogs.

Can-Oat and CSP Foods continued to under-perform, both reporting lower results for the current three-month period compared to a year earlier. The Pool expects the fourth quarter to also reflect this trend. Management continues to pursue markets and strategies to improve future years' earnings for these two business units and remains confident about their longer-term prospects.

Can-Oat remains focused on expanding human consumption markets for its Saskatoon facility while CSP Foods continues to adhere to its turnaround strategy put in place last year, including its restructuring plans announced this past January.

Livestock Marketing

Sales for this segment for the first nine months of fiscal 1999 were $96 million, 9% higher than 1998's $88 million, due to higher average sales value of cattle and commencement of the Pool's hog production business. Operating earnings for the same period were $1.2 million, down from $4.5 million a year earlier, with livestock earnings exceeding losses from hog operations. Although returns from hogs operations have improved from earlier months as a result of strengthening prices, full-year results for this segment are anticipated to be in a loss position given livestock's traditionally slow May-July period.

Cattle handling volumes for the first three-quarters of fiscal 1999 were down 3% compared to the previous year and are expected to finish lower for the year.

To date, hog sales have originated from two of six completed facilities with sales from the remaining four production units expected to begin next fiscal year. Although the Company does not anticipate approving the construction of further new facilities of this type in the foreseeable future, it is actively pursuing other alliances intended to increase hog production in Western Canada.

Publishing and Other

Sales for this segment for the first nine months of fiscal 1999 were $12 million, down slightly from last year, while operating earnings decreased to $2.6 million from $3.3 million. The main factors for the earnings decrease were higher printing and staffing costs for The Western Producer.

Liquidity and Capital Resources

Cash from operations was $6.1 million for the third quarter of fiscal 1999 bringing the nine month total to $25.7 million compared to $52.7 million one year earlier. Capital asset additions and acquisitions for the first three-quarters of fiscal 1999 totaled $238 million, of which $103 million related to Project Horizon. In addition to Project Horizon, capital funds were primarily spent on the Pool's pork production facilities, construction of affiliated port terminals in Manzanillo, Mexico and Gdansk, Poland, and CanGro's acquisitions in the fall of 1998.

Key financial indicators at April 30, 1999 showed little change from the second quarter. The debt to equity ratio remained at 53:47, compared to 40:60 one year ago. The current ratio improved moderately to 1.22 to 1.00 from 1.13 to 1.00 at January 31, 1999 but remained below April 30, 1998's level of 1.36 to 1.00.

On June 16, the Pool declared an annual dividend of $0.40 per Class B share payable on September 1 to shareholders of record on July 30, 1999.

Year 2000

The Company commenced its Year 2000 program in May 1996. This program involves identifying operating and information systems and equipment which are affected by Year 2000 issues and taking remedial action, primarily:

* Repairing ongoing applications.

* Replacing certain applications with custom solutions which are being developed primarily to support improved business processes but which will also be Year 2000 ready.

* Replacing other applications with new vendor-supplied Year 2000 compliant packages, including human resources and financial accounting and reporting systems.

The majority of costs will be capitalized and amortized in accordance with the Company's policy for information technology upgrades. The overall program also includes testing of key systems in a forward dated environment, contingency planning for business interruption, and contacting key suppliers and customers to ascertain their Year 2000 readiness.

The Year 2000 program is supervised by a Year 2000 Governance Group which is chaired by a senior executive.

Work is proceeding essentially as planned, with program completion scheduled for September 30, 1999. At this time, the Company does not anticipate any critical issues which will have a material adverse effect on its financial condition or its results from operations.

Outlook

To April 30, 1999, low handling volumes have caused substantial earnings reductions for the Pool's core grain handling and marketing segment. Although some improvement in grain movement is anticipated to July 31, 1999, the Company expects financial results for fiscal 1999 to finish at or somewhat below breakeven. Looking forward to fiscal 2000, the Pool will have completed a number of major projects in grain handling and marketing, farm supplies and livestock operations and expects next year's earnings to benefit from these investments.

Although this year's results are clearly disappointing, they highlight the dependence of the Pool and other western Canadian grain companies on global agricultural markets and prices. However, despite the present difficult industry conditions, the Pool believes that the long-term fundamentals in agri-food are strong. Future expanding food markets are expected to be driven by double-digit world population growth and rising incomes in developing countries. These markets should present significant opportunities for the Pool which is strategically positioning itself as the leader in securing western Canada's high quality raw commodities and processing them for end users.

Leroy Larsen
President and
Chairman of the Board

D.K. Loewen
Chief Executive Officer

June 16, 1999

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Consolidated Balance Sheets

	(in thousands) As at April 30 1999 (unaudited)	1998 (unaudited) (restated)
Current Assets		
Short-term investments	**$ -**	$ 1,755
Notes receivable	**3,906**	4,839
Accounts receivable	**246,542**	291,333
Inventories	**431,624**	457,735
Prepaid expenses	**12,064**	21,296
	694,136	776,958
Investments	**82,370**	61,851
Capital Assets	**833,304**	558,856
Other Long-Term Assets	**143,454**	106,920
	$ 1,753,264	$ 1,504,585
Current Liabilities		
Bank indebtedness	**$ 27,441**	$ 86,005
Short-term borrowings	**144,085**	50,607
Members' demand loans	**76,641**	87,548
Accounts payable	**309,621**	332,839
Long-term debt due within one year	**13,256**	12,378
	571,044	569,377
Long-Term Debt	**478,156**	215,647
Other Long-Term Liabilities	**46,855**	34,618
Non-Controlling Interest	**5,324**	4,005
	1,101,379	823,647
Shareholders' Equity		
Share capital	**457,733**	457,750
Retained earnings	**194,152**	223,188
	651,885	680,938
	$ 1,753,264	$ 1,504,585

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada. The consolidated financial statements include the accounts of Saskatchewan Wheat Pool and its affiliated companies.

Restatements

The Consolidated Statements of Cash Flow have been restated to reflect new recommendations required by the Canadian Institute of Chartered Accountants. Equity earnings of significantly influenced companies are reflected within Segment Earnings (Losses) on a pre-tax basis. These equity earnings are reflected net of tax within the Consolidated Statements of Earnings and Retained Earnings.

2. Earnings Per Share

Earnings per share are calculated using 37,425,063 Class "B" non-voting shares (1998 - 29,690,009) which is the weighted average number issued and outstanding during the period. Fully diluted earnings per share are not materially different.

3. Provision for Restructuring

This provision relates to the restructuring of CSP Foods' eastern manufacturing and warehousing facilities announced in January, 1999.

Consolidated Statements of Earnings and Retained Earnings

	(in thousands) Three months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)	(in thousands) Nine months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)
Sales & Other Operating Revenues	**$ 767,455**	$ 1,037,054	**$ 2,536,896**	$ 3,068,074
Cost of Sales & Expenses				
Cost of sales & operating expenses	**726,080**	988,425	**2,398,511**	2,898,363
Selling & administrative expenses	**29,436**	30,145	**89,384**	84,333
Depreciation & amortization	**14,765**	12,597	**41,456**	36,728
Interest expense	**7,774**	4,987	**20,545**	14,721
Securitization expense	**2,349**	2,564	**7,822**	7,124
	780,404	1,038,718	**2,557,718**	3,041,269
Provision for Restructuring (Note 3)	**-**	-	**(4,500)**	-
Earnings (Loss) from Operations	**(12,949)**	(1,664)	**(25,322)**	26,805
Equity Earnings of Significantly Influenced Companies	**95**	453	**2,113**	1,004
Non-Controlling Interest	**(52)**	(106)	(32)	(423)
Earnings (Loss) Before Corporate Taxes	**(12,906)**	(1,317)	**(23,241)**	27,386
(Recovery of) Provision for Corporate Taxes	**(3,240)**	(487)	**(8,999)**	11,276
Net Earnings (Loss)	**(9,666)**	(830)	**(14,242)**	16,110
Retained Earnings, Beginning of Period	**203,818**	224,018	**208,394**	207,078
Retained Earnings, End of Period	**$ 194,152**	$ 223,188	**$ 194,152**	$ 223,188
Earnings (Loss) per Share (Note 2)	**$ (0.26)**	$ (0.03)	**$ (0.38)**	$ 0.54

Sales and Operating Revenues by Segment

	(in thousands) Three months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)	(in thousands) Nine months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)
Grain Handling & Marketing	**$ 478,169**	$ 748,732	**$ 1,688,430**	$ 2,244,001
Farm Supplies	**107,378**	104,720	**286,344**	261,457
Agri-Food Processing	**156,257**	162,648	**500,172**	501,724
Livestock Marketing	**38,479**	29,693	**96,002**	87,728
Publishing and Other	**5,417**	5,674	**12,146**	12,621
Intersegment Sales	**(18,245)**	(14,413)	**(46,198)**	(39,457)
	$ 767,455	$ 1,037,054	**$ 2,536,896**	$ 3,068,074

Earnings from Operations

	(in thousands) Three months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)	(in thousands) Nine months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)
Grain Handling & Marketing	**$ (3,512)**	$ 1,718	**$ 414**	$ 36,705
Farm Supplies	**1,557**	3,334	**4,736**	10,751
Agri-Food Processing - before provision for restructuring	**2,844**	5,895	**20,251**	16,155
- provision for restructuring	-	-	**(4,500)**	-
Livestock Marketing	**539**	1,339	**1,157**	4,497
Publishing and Other	**1,833**	1,984	**2,606**	3,252
	3,261	14,270	**24,664**	71,360
Corporate Expenses	**(5,566)**	(7,653)	**(17,922)**	(21,091)
Interest Expense	**(7,774)**	(4,987)	**(20,545)**	(14,721)
Securitization Expenses	**(2,349)**	(2,564)	**(7,822)**	(7,124)
Tax Provision on Equity Earnings	**(426)**	(277)	**(1,584)**	(615)
Non-Controlling Interest	**(52)**	(106)	**(32)**	(423)
	$ (12,906)	$ (1,317)	**$ (23,241)**	$ 27,386

Consolidated Statements of Cash Flow

	(in thousands) Nine months ended April 30 1999 (unaudited)	1998 (unaudited) (restated)
Cash From (Used In) Operating Activities		
Net Earnings (Loss)	**$ (14,242)**	$ 16,110
Add/(Deduct) Items Not Involving Cash		
Depreciation & amortization	**41,456**	36,728
Provision for restructuring	**2,381**	-
Deferred taxes (recovery)	**(1,846)**	459
Equity earnings of significantly influenced companies	**(2,113)**	(1,004)
Non-controlling interest	**32**	423
Cash Flow From Operations	**25,668**	52,716
Changes in Non-Cash Working Capital Items		
Accounts receivable	**58,389**	59,191
Inventories	**(102,094)**	(128,503)
Accounts payable	**21,276**	(22,334)
Prepaid expenses	**1,598**	(10,917)
Net Cash From (used in) Operating Activities	**4,837**	(49,847)
Cash From (Used In) Financing Activities		
(Repayment of)/Proceeds from Short-Term Borrowings	**(15,116)**	25,109
Repayment of Members' Demand Loans	**(7,399)**	(2,712)
Dividends Paid	**(14,969)**	(11,829)
Increase in Other Long-Term Liabilities	**(2,432)**	(1,215)
Proceeds from Long-Term Debt	**263,284**	(3,798)
Increase in Non-Controlling Interest	**1,050**	1,903
Share Capital Issued	**46**	113,711
Share Issuance Costs	**-**	(2,632)
Cash From Financing Activities	**224,464**	118,537
Cash From (Used In) Investing Activities		
Increase in Capital Assets	**(223,644)**	(100,326)
Business Acquisitions	**(14,856)**	(42,950)
Increase in Investments	**(3,099)**	(19,345)
Increase in Other Long-Term Assets	**(21,133)**	(10,704)
Cash Used in Investing Activities	**(262,732)**	(173,325)
Decrease in Cash and Cash Equivalents*	**(33,431)**	(104,635)
Cash and Cash Equivalents, Beginning of Period*	**9,896**	25,224
Cash and Cash Equivalents, End of Period*	**$ (23,535)**	$ (79,411)
Cash Flow per Share	**$ 0.69**	$ 1.78

* Cash and cash equivalents are comprised of short-term investments, notes receivable and bank indebtedness.