
SASKATCHEWAN WHEAT POOL

3RD QUARTER REPORT April 30, 2000

TO OUR SHAREHOLDERS SUMMARY OF RESULTS

For the three months ended April 30, 2000 Saskatchewan Wheat Pool recorded a net loss of \$18.9 million or \$0.50 per share, prior to pre-tax provisions of \$33.3 million and a \$4.2 million pre-tax gain from the Company's sale of its 35% interest in Robin's Foods Inc. The provisions include \$28.2 million in restructuring charges for the business streamlining and cost-reduction initiative announced in March 2000 and a \$5.1 million loss provision related to the Pool's 39% investment in Agro Pacific Industries Ltd. On April 27, 2000 Agro Pacific announced that it had applied for court protection and was proceeding with attempts to restructure its financial obligations. After these provisions and gain on sale, the Pool recorded a net loss of \$36.4 million or \$0.97 per share compared to a net loss of \$9.7 million or \$0.26 per share one year earlier. Prior to provisions and the gain on sale, earnings before interest, securitization, taxes, depreciation and amortization (EBITDA) were \$5.7 million while earnings before interest, securitization and taxes (EBIT) amounted to a loss of \$11.9 million. These compared to EBITDA of \$12.0 million and an EBIT loss of \$2.8 million for the previous year. Cash from operations for the current three month period was \$0.8 million or \$0.02 per share compared to \$6.1 million or \$0.16 per share in 1999.

Prior to the current provisions and gain on sale and the 2nd Quarter provision for SWP Matrix Limited, the Pool reported a net loss for the nine months ended April 30, 2000 of \$44.0 million or \$1.17 per share. After these items, the Company's net loss was \$65.6 million or \$1.75 per share compared to a net loss of \$14.2 million or \$0.38 per share in 1999. EBITDA was \$28.5 million while EBIT was a loss of \$24.9 million. These compared to EBITDA of \$51.1 million and EBIT of \$9.6 million for the first nine months of 1999. Cash from operations was \$15.1 million or \$0.40 per share compared to \$25.7 million or \$0.69 per share one year ago.

Grain Handling and Marketing

Sales for this segment for the first nine months of Fiscal 2000 were \$1.5 billion, down from \$1.7 billion a year earlier.

For the current quarter, grain handling volumes in the Pool's western Canadian primary elevator system exceeded the previous year by 29%, increasing nine month totals for Fiscal 2000 to 6.2 million tonnes, 7% ahead of last year. Grain handled to April 30, 2000 for The Canadian Wheat Board (CWB) comprised 65% of the total, up from last year's 61%. Despite the increase, volumes have remained below expectations due to several factors. Grain deliveries to primary elevators in Saskatchewan have significantly improved from last quarter. However, the CWB has called a larger than normal proportion of grain into Alberta's system for the first nine months of the year. At April 30, 2000, grain deliveries in Alberta were up 23% or approximately 1.5 million tonnes over last year compared to Saskatchewan's increase of only 12% or 1.4 million tonnes. Volumes through the Pool's elevator system in Saskatchewan increased slightly over last year.

Project Horizon is virtually complete and the Company is continuing its consolidation program in Saskatchewan. While the Company remains committed to maintaining customer service during this transition, elevator consolidation is required to ensure an efficient, cost effective grain handling network to meet producers needs in the future.

Terminal elevator volumes for the first nine months of Fiscal 2000 were 4.2 million tonnes, 10% ahead of last year. Year-over-year increases were reported for all facilities except Thunder Bay which was down 28% from 1999 primarily as a result of a decrease in CWB sales through the eastern corridor and some volumes bypassing the port in favour of direct rail shipments to eastern Canada. The Pool's share of grain handled by its jointly owned Prince Rupert terminal showed the largest

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increase, more than 150%, as a result of significantly increased CWB volumes shipped through that location. The Prince Rupert Grain terminal ceased receiving grain at the end of May 2000 and will temporarily shut down. The remainder of this year's CWB export program to the west will be accommodated through the port terminals in Vancouver.

To April 30, 2000, Canadian exports of all major grains were up 22% compared to the previous year. This year's forecast for CWB exports remains at approximately 19 million tonnes or 23% above last year. For the first nine months of the 1999-2000 crop year, CWB exports totalled 14.7 million tonnes, 77% of the projection for the full year and 36% higher than 1999. Prince Rupert continued to show the largest increase in activity, accounting for 2.0 million of the 2.5 million tonne increase in total CWB grain received at the major ports.

The Grain Handling and Marketing segment reported an improvement in cash earnings for the three month period compared to last year, prior to costs associated with an international transaction of CWB wheat. The Pool, as an Accredited Exporter for the CWB, facilitated a shipment of CWB wheat to Iraq under the United Nation's Food for Oil Program. Iraq rejected portions of the CWB wheat shipment. The Pool incurred expenses related to unloading delays and the transfer of the CWB wheat to alternate buyers, which resulted in estimated additional costs of \$8.2 million on the transaction.

For the first nine months of Fiscal 2000, the segment reported an operating loss of \$13.4 million compared to an earning of \$0.4 million in 1999. Despite higher CWB volumes and improved open market grain margins, primary elevator operations posted lower earnings due to higher depreciation and costs associated with the Iraq transaction.

Lower earnings from terminal elevator operations were mainly attributable to lower Thunder Bay volumes. In addition, as a result of lower than expected volumes, the Pool recorded a small loss for the first nine months of Fiscal 2000 from its 50%-owned import terminal in Mexico.

Nine Month Handling Volumes to April 30

| (millions of tonnes) | <u>1999/00</u> | <u>1998/99</u> |
|-----------------------------|-----------------------|-----------------------|
| Primary Elevator System | <u>6.21</u> | <u>5.82</u> |
| Terminal Operations | | |
| Vancouver - SWP | 1.60 | 1.48 |
| Thunder Bay - SWP | 1.20 | 1.66 |
| Share of Affiliates | <u>1.39</u> | <u>0.66</u> |
| | <u>4.19</u> | <u>3.80</u> |

For Fiscal 2000, the Pool expects primary elevator volumes to increase by approximately 5% based on CWB projections for the year and volumes at the Pool's wholly owned port terminals to decrease by approximately 15%. In light of these volumes, operating results for this segment for the full year are expected to be slightly below last year, with expected improvements in primary elevator operations being more than offset by lower terminal elevator earnings and a loss from the Pool's jointly owned facility in Mexico.

Subsequent to the end of the 3rd Quarter, on May 12, 2000, the Pool announced that it would not participate in a restructured financing arrangement proposed by the European Bank of Reconstruction and Development for EuroPort, Poland. Europort was the ocean port terminal project at Gdansk, Poland in which the Pool held a 53% ownership interest. As a result, the Pool exited the business and sold its shares in the terminal to one of the partners, Strait Crossing Group Ltd. The transaction included discontinuance by the Pool of its \$420,000 US lawsuit against Europort Inc., a shareholder in the project, and discontinuance by that company of its \$75 million US counterclaim. The Pool will record a non-cash provision of approximately \$35 million, after tax, against its 4th Quarter earnings.

Agri-products

Agri-product sales for the first nine months of Fiscal 2000 were 15% below the previous year as a result of lower volumes and selling prices at Western Co-operative Fertilizers and lower fall fertilizer sales in the Pool's retail division. We expect strong sales from the Pool's own retail operations in the last quarter, the busiest season for the agri-products business.

For the first nine months of Fiscal 2000, this segment's operating loss was \$6.6 million compared to a \$6.7 million earning in 1999. The trend from this year's 2nd Quarter continued, with lower earnings from the Pool's retail business resulting from lower sales and higher depreciation expense. In addition, poorer WCFL returns reflected lower volumes and reduced gross margins due to lower selling prices and higher natural gas costs.

In April 2000, Statistics Canada released the results of its survey of farmers' spring seeding plans. Demand for agri-products will remain strong as farmers continue to use inputs to maximize production. Despite low grain prices, intended summerfallow acreage was down only 8% from 1999 and 7% from the five-year average. Some reduction in demand is expected, however,

due to lower canola acreage. Overall, Prairie producers indicated their intentions to decrease acreage for spring wheat (8%), canola (18%) and flax (35%) and increase acreage for durum (39%), barley (24%) and field peas (43%).

Sales and margins for Fiscal 2000 for the Pool's own agri-products operations are expected to be solid. Based on a strong performance from this business unit, despite substantially lower results expected from WCFL, segment earnings are projected to finish only modestly below last year.

Agri-food Processing

Sales for the first nine months of Fiscal 2000 were \$449 million, 10% below 1999, with the largest decreases reported by CanAmera Foods and CSP Foods. At CanAmera, lower revenues resulted from lower selling prices and slightly lower crush volumes while CSP's decrease was attributable to intense competition and a focus on higher margin sales.

For the first three quarters of Fiscal 2000, operating earnings from this segment, prior to the gain on sale of Robin's Foods, were \$10.1 million, down substantially from 1999's \$20.5 million. Lower results at CanAmera, reduced volumes at Prairie Malt and lower equity earnings from Fletcher's Fine Foods were the primary reasons for the decline. These decreases were partly offset by CSP Food's improved performance. During the quarter, the Pool recognized a pre-tax gain of \$4.2 million on its disposal of its 35% interest in Robin's Foods Inc.

CanAmera's results continued to be negatively affected by poor industry conditions despite improvements in refining, packaging and other value-added operations. Full year results are expected to finish somewhat down from 1999. While prices in the current year have suffered from burdensome supplies of edible oils on the world market, the near-term outlook for oilseed crushing in Canada is more positive with margins expected to benefit from good seed supply and consistent solid demand from North American markets.

Lower equity earnings from Fletcher's for the first nine months of Fiscal 2000 primarily reflected lower margins from its Fresh Pork Division due to a continued shortage of hogs in Western Canada combined with rising hog prices. This trend is expected to keep Fletcher's full year contribution substantially below 1999. Fletcher's has taken several recent steps to improve future earnings:

- Acquisition of a 40% interest in Peace Pork, one of the leading hog producers in Western

Canada, and entrance into a strategic partnership with another major producer, the Quadra Group.

- Development of an alliance with Rocky Mountain Pork, a management services provider to independent hog producers, to identify, promote and develop hog expansion projects on the Prairies.
- On April 19, 2000, the Board of Directors for Fletcher's announced that it had formed a special committee to explore strategic options to maximize shareholder value.

Although its sales have softened somewhat as a result of strong competition, CSP Foods has maintained improved earnings over last year through higher margin sales and aggressive cost management. Both of these factors are expected to place CSP Food's Fiscal 2000 results substantially ahead of 1999.

Livestock Production and Marketing

Nine month sales were \$164 million, 19% over 1999, reflecting higher selling prices for cattle and hogs combined with an increase in the number of hogs marketed. Operating earnings, before the provision of \$5.1 million for Agro Pacific, improved to \$0.7 million compared to last year's \$1.0 million loss.

Despite a 2% decrease in cattle handling volumes, the Pool's livestock business unit reported operating earnings slightly ahead of 1999. Although handling levels for Fiscal 2000 are expected to be lower than the previous year, earnings should remain similar.

At April 30, 2000 Heartland Pork had six of seven hog production units operating and marketed 130,000 hogs for the first nine months of this year compared to 43,000 in 1999. Improved cash earnings from higher handlings and improved prices were more than offset, however, by higher depreciation and amortization expense. The Pool expects cash earnings to continue to improve given increased production levels and the continuation of relatively strong prices.

For the first nine months of Fiscal 2000, CanGro Processors Ltd. recorded slightly improved operating results, a trend expected to carry through to year-end. A significant loss of inventory reported in late April at the company's Saskatchewan aquaculture operation is not expected to negatively affect earnings since the loss was fully insured.

Publishing and Other

Sales and operating earnings for the first nine months of Fiscal 2000 were comparable to last year and are expected to continue this trend for the remainder of the year. The segment recorded operating earnings of \$2.7 million for the first nine months of the year.

Liquidity and Capital Resources

Cash from operations was \$0.8 million for the 3rd Quarter of Fiscal 2000 bringing the nine month total to \$15.1 million compared to \$25.7 million one year earlier. Capital asset additions for the first three quarters of Fiscal 2000 were \$95 million, down 57% from the first nine months of Fiscal 1999. Project Horizon is one year ahead of schedule and accounted for \$54 million of the current year's expenditures. With the recent opening of a sixth elevator in Alberta, the Pool has completed twenty of twenty-two facilities under this program and expects the last two will open in time for this year's harvest. Capital expenditures for Fiscal 2000 are projected to be approximately \$120 million, including the Pool's share of affiliates, and are anticipated to decline to less than one-half of that amount in Fiscal 2001.

The Pool's balance sheet remains solid but continues to be affected by weaker cash flows and earnings during the present difficult industry conditions in western Canadian agriculture. On May 3, 2000, the Dominion Bond Rating Service (DBRS) changed the trends for the Pool's ratings on short-term and long-term debt to negative from stable. At April 30, 2000, the Pool's debt to equity ratio was 61:39 compared to 53:47 one year ago. The current ratio was 1.08 to 1.00, somewhat below last year's 1.22 to 1.00. Both of these ratios are expected to improve to some extent in the 4th Quarter.

At April 30, 2000, the Pool maintained unsecured operating lines of credit and committed facilities totalling \$590 million with five major Canadian financial institutions. At the end of the current quarter, the Pool had drawn \$406 million under these arrangements, \$170 million of which was recorded as long-term debt. One year earlier, a total of \$230 million was outstanding under the Pool's banking arrangements, \$100 million of which was classified as long-term. Total long-term debt at April 30, 2000, was \$563 million, including the current portion of \$17 million. This included bank debt of \$170 million, medium term notes of \$300 million, members' term loans of \$13 million, and the company's proportionate interest in long-term debt

of subsidiaries and joint ventures of \$80 million. This compared to the prior year's total of \$491 million consisting of bank debt of \$100 million, medium term notes of \$300 million, members' term loans of \$9 million and affiliate debt totaling \$82 million.

Outlook

On May 8, 2000, DBRS released its annual report on Canada's grain industry. DBRS cited "three structural changes which are expected to impact the future profitability of companies in ... grain distribution". These three changes were:

- Excess elevator capacity in western Canada.
- Further government deregulation. *On May 10, 2000, the federal government outlined proposed measures to reform Canada's grain handling and transportation system. These proposed measures were expected to be implemented August 1, 2000 and included the establishment of a revenue cap for railways and the introduction of a tendering process by the CWB for grain shipments, commencing with 25% of CWB's program in 2000-2001 and 2001-2002 and increasing to 50% in the subsequent year.*
- An expected reduction in major grain companies due to intense competition.

Clearly, the breadth and depth of change in Canada's grain industry is unprecedented and presents significant challenges as well as opportunities for stakeholders, particularly agribusinesses such as the Pool. SWP welcomes reforms that are aimed at establishing a more commercial system for Canadian grain handling and marketing. However, it is imperative that the federal government implement a process that is less regulated and allows industry players to derive maximize value from the investments they have made in western Canada's grain handling system. The Pool believes that it is well positioned to prosper in this changing environment because of its fundamental strengths, particularly:

- Project Horizon, western Canada's state-of-the-art high throughput system.
- A strong network for sourcing grain in western Canada combined with wholly owned port terminal facilities at both Thunder Bay and Vancouver.
- Good financial health, including a solid balance sheet.
- Significant diversification in agri-food processing and livestock handling and marketing.

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- More than 75 years experience as a dominant agri-business player in western Canada, including providing grain, agri-products and livestock services to farmers and directing and shaping Canadian agricultural policy.
- A farmer based membership in Saskatchewan, Alberta and Manitoba.

To derive maximum benefit from these strengths for its stakeholders, the Pool's new management team has taken the following major steps:

1. Implementation of an extensive business review of the Pool's operating units and affiliated companies. This review is still continuing but has already led to the downsizing and restructuring of corporate and commercial operations, the expansion and acceleration of elevator consolidation, the wind-up of SWP Matrix Limited and the divestiture of the Pool's interests in the Europort terminal project and Robin's Foods Inc.
2. Initiation of a shift in strategic thrust from capital intensive investment to strategic alliances and supply arrangements. Meeting the needs of destination market customers is a priority.
3. Reinforcement of fiscal prudence and accountability throughout the organization. The primary goal is to return the organization to profitability through improved returns, lower costs, increased cash flow and reduced debt.
4. Finalization of the Grain Group executive. On June 19, the Pool appointed Mr. William Hill as the Senior Vice President of the Grain Group. Mr. Hill has held a number of senior positions in the Canadian grain industry, most recently as the Managing Director of Merchandising and Transportation for United Grain Growers. Mr. Frank Burdzy has assumed responsibility for the position of Senior Vice President of Agri-products. Both positions report directly to the CEO. The Pool has also added Mr. Francis Malecha to the role of Vice President, Cereals. Mr. Malecha joins the Pool from General Mills where he managed a portfolio of grain handling and merchandising operations throughout the western United States.

In June, the Board reached a difficult but fiscally responsible decision to not pay a dividend in Fiscal 2000 on the Company's Class B shares. This policy will be reassessed annually.

Although operating results will not improve significantly by year-end, the Pool has acted promptly and decisively to improve the future prospects of the organization. While the Company believes that it has made good progress in the last several months, it still has significant work ahead but remains confident in the outcome.

 

Marvin Wiens
President and
Chairman of the Board

Mayo Schmidt
Chief Executive Officer

June 21, 2000

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CONSOLIDATED BALANCE SHEETS

| | (in thousands) As at April 30 | |
|---|----------------------------------|---------------------------|
| | 2000 | 1999 |
| | (unaudited) | (unaudited) (restated) |
| ASSETS | | |
| Current Assets | | |
| Short-term investments | \$ 1,172 | \$ - |
| Accounts receivable | 290,887 | 250,448 |
| Inventories | 407,826 | 431,624 |
| Prepaid expenses | 10,892 | 12,064 |
| | 710,777 | 694,136 |
| Investments | 79,235 | 82,370 |
| Capital Assets | 897,253 | 833,304 |
| Other Long-Term Assets | 134,995 | 143,454 |
| | \$ 1,822,260 | \$ 1,753,264 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Bank indebtedness | \$ 28,665 | \$ 27,441 |
| Short-term borrowings | 242,842 | 144,085 |
| Members' demand loans | 60,417 | 76,641 |
| Accounts payable | 306,304 | 309,621 |
| Long-term debt due within one year | 16,870 | 13,256 |
| | 655,098 | 571,044 |
| Long-Term Debt | 545,638 | 478,156 |
| Other Long-Term Liabilities | 43,976 | 46,855 |
| Non-Controlling Interest | 4,937 | 5,324 |
| | 1,249,649 | 1,101,379 |
| Shareholders' Equity | | |
| Share capital | 457,717 | 457,733 |
| Retained earnings | 114,894 | 194,152 |
| | 572,611 | 651,885 |
| | \$ 1,822,260 | \$ 1,753,264 |

Notes to the Consolidated Financial Statements - (unaudited)

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

Sales and Operating Revenues by Segment and Segment Earnings from Operations have been restated to primarily reflect the movement of CanGro Processors Ltd. from the Agri-products Segment to the Livestock Production and Marketing Segment.

2. Earnings Per Share

Earnings per share are calculated using 37,425,219 Class "B" non-voting shares (1999 – 37,425,063) which is the weighted average number issued and outstanding during the period. Fully diluted earnings per share, which includes 1,747,735 options for Class "B" non-voting shares (1999 – 897,405), are not materially different.

As at June 10, 2000, the following number of Class "B" non-voting shares and options for shares were issued and outstanding: 37,425,219 shares and 1,752,135 options.

3. Provisions for Impairment and Restructuring, Net of Gain on Sale of an Investment

Pre-tax items in this grouping include:

| | For the Nine Month Period Ended April 30 | |
|---|---|----------|
| | 2000 | 1999 |
| Corporate restructuring and accelerated grain system consolidation program | \$ 28,229 | \$ - |
| Provision for dissolution of SWP Matrix Limited | 6,892 | - |
| Provision for impairment in the carrying value of Agro Pacific Industries Ltd. | 5,091 | - |
| Restructuring of CSP Foods' eastern manufacturing plants and warehousing facilities | - | 4,500 |
| Gain on sale of Robin's Foods Inc. | (4,215) | - |
| | \$ 35,997 | \$ 4,500 |

1. Subsequent Events

On May 12, 2000, the Company announced the divestiture of its 53% ownership interest in the ocean port terminal project at Gdansk, Poland. As a result, a pre-tax provision of \$38 million (\$35 million after-tax) will be recorded against fourth quarter earnings.

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**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

| | (in thousands) Three months ended April 30 | | (in thousands) Nine months ended April 30 | |
|---|--|---------------------|---|---------------------|
| | 2000 (unaudited) | 1999 (unaudited) | 2000 (unaudited) | 1999 (unaudited) |
| Sales and Other Operating Revenues | \$ 730,485 | \$ 767,455 | \$ 2,300,705 | \$ 2,536,896 |
| Cost of Sales and Expenses | | | | |
| Cost of sales and operating expenses | 699,687 | 726,080 | 2,188,622 | 2,398,511 |
| Selling and administrative expenses | 24,457 | 29,436 | 82,042 | 89,384 |
| Depreciation and amortization | 17,648 | 14,765 | 53,450 | 41,456 |
| Provisions for impairment and restructuring, net of gain on sale of an investment | 29,105 | - | 35,997 | 4,500 |
| | 770,897 | 770,281 | 2,360,111 | 2,533,851 |
| Earnings (Loss) Before the Undernoted | (40,412) | (2,826) | (59,406) | 3,045 |
| Equity earnings (loss) of significantly influenced companies | (483) | 95 | (1,538) | 2,113 |
| Non-controlling interest | (127) | (52) | 35 | (32) |
| Earnings (Loss) Before Interest and Taxes | (41,022) | (2,783) | (60,909) | 5,126 |
| Interest expense | 12,554 | 7,774 | 32,735 | 20,545 |
| Securitization expense | 1,952 | 2,349 | 8,047 | 7,822 |
| Earnings (Loss) Before Corporate Taxes | (55,528) | (12,906) | (101,691) | (23,241) |
| Recovery of corporate taxes | 19,177 | 3,240 | 36,059 | 8,999 |
| Net Earnings (Loss) | (36,351) | (9,666) | (65,632) | (14,242) |
| Retained Earnings, Beginning of Period | 151,245 | 203,818 | 180,526 | 208,394 |
| Retained Earnings, End of Period | 114,894 | \$ 194,152 | \$ 114,894 | \$ 194,152 |
| Earnings (Loss) Per Share | \$ (0.97) | \$ (0.26) | \$ (1.75) | \$ (0.38) |

SALES AND OPERATING REVENUES BY SEGMENT

| | (in thousands) Three months ended April 30 | | (in thousands) Nine months ended April 30 | |
|----------------------------------|--|-----------------------------------|---|-----------------------------------|
| | 2000 (unaudited) | 1999 (unaudited) (restated) | 2000 (unaudited) | 1999 (unaudited) (restated) |
| Grain Handling & Marketing | \$ 456,998 | \$ 477,914 | \$ 1,512,336 | \$ 1,688,430 |
| Agri-products | 85,220 | 89,810 | 201,238 | 237,577 |
| Agri-food Processing | 135,060 | 156,257 | 449,417 | 500,172 |
| Livestock Production & Marketing | 58,978 | 50,108 | 164,017 | 137,795 |
| Publishing & Other | 5,283 | 5,417 | 11,862 | 12,146 |
| Intersegment Sales | (11,054) | (12,051) | (38,165) | (39,224) |
| | \$ 730,485 | \$ 767,455 | \$ 2,300,705 | \$ 2,536,896 |

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SEGMENT EARNINGS FROM OPERATIONS

| | (in thousands) Three months ended April 30 2000 | | | | (in thousands) Three months ended April 30 1999 | | | |
|----------------------------------|---|------------------|------------------|--------------------|---|------------------|-------------|-------------------|
| | (unaudited) | | | | (unaudited) (restated) | | | |
| | EBITDA | D&A | Provisions | EBIT | EBITDA | D&A | Provisions | EBIT |
| Grain Handling & Marketing | \$ (2,273) | \$ 7,702 | \$ 20,024 | \$ (29,999) | \$ 2,102 | \$ 5,613 | \$ - | \$ (3,511) |
| Agri-products | 2,232 | 2,798 | - | (566) | 6,234 | 3,502 | - | 2,732 |
| Agri-food Processing | 6,480 | 3,933 | (4,215) | 6,762 | 6,686 | 3,722 | - | 2,964 |
| Livestock Production & Marketing | 2,289 | 2,713 | 5,091 | (5,515) | 813 | 1,620 | - | (807) |
| Publishing & Other | 1,960 | 108 | - | 1,852 | 1,937 | 104 | - | 1,833 |
| SEGMENT RESULTS | 10,688 | 17,254 | 20,900 | (27,466) | 17,772 | 14,561 | - | 3,211 |
| Reconciling Differences: | | | | | | | | |
| Corporate Expenses | (4,969) | 394 | 8,205 | (13,568) | (5,364) | 204 | - | (5,568) |
| Tax Provision on Equity Earnings | 12 | - | - | 12 | (426) | - | - | (426) |
| PER FINANCIAL STATEMENTS | \$ 5,731 | \$ 17,648 | \$ 29,105 | \$ (41,022) | \$ 11,982 | \$ 14,765 | \$ - | \$ (2,783) |

SEGMENT EARNINGS FROM OPERATIONS

| | (in thousands) Nine months ended April 30 2000 | | | | (in thousands) Nine months ended April 30 1999 | | | |
|----------------------------------|--|------------------|------------------|--------------------|--|------------------|-----------------|-----------------|
| | (unaudited) | | | | (unaudited) (restated) | | | |
| | EBITDA | D&A | Provisions | EBIT | EBITDA | D&A | Provisions | EBIT |
| Grain Handling & Marketing | \$ 10,407 | \$ 23,806 | \$ 26,916 | \$ (40,315) | \$ 17,103 | \$ 16,689 | \$ - | \$ 414 |
| Agri-products | 2,307 | 8,939 | - | (6,632) | 14,687 | 8,018 | - | 6,669 |
| Agri-food Processing | 21,789 | 11,728 | (4,215) | 14,276 | 31,773 | 11,305 | 4,500 | 15,968 |
| Livestock Production & Marketing | 8,115 | 7,443 | 5,091 | (4,419) | 2,776 | 3,801 | - | (1,025) |
| Publishing & Other | 3,084 | 347 | - | 2,737 | 2,876 | 270 | - | 2,606 |
| SEGMENT RESULTS | 45,702 | 52,263 | 27,792 | (34,353) | 69,215 | 40,083 | 4,500 | 24,632 |
| Reconciling Differences: | | | | | | | | |
| Corporate Expenses | (17,617) | 1,187 | 8,205 | (27,009) | (16,549) | 1,373 | - | (17,922) |
| Tax Provision on Equity Earnings | 453 | - | - | 453 | (1,584) | - | - | (1,584) |
| PER FINANCIAL STATEMENTS | \$ 28,538 | \$ 53,450 | \$ 35,997 | \$ (60,909) | \$ 51,082 | \$ 41,456 | \$ 4,500 | \$ 5,126 |

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CONSOLIDATED STATEMENTS OF CASH FLOWS

| | (in thousands) | |
|--|----------------------------|---------------------------|
| | Nine months ended April 30 | |
| | 2000 | 1999 |
| | (unaudited) | (unaudited) (restated) |
| Cash From (Used In) Operating Activities: | | |
| Net loss | \$ (65,632) | \$ (14,242) |
| Add/(deduct) items not involving cash | | |
| Depreciation and amortization | 53,450 | 41,456 |
| Provisions for impairment and restructuring, net of gain on sale of an investment | 32,325 | 2,381 |
| Recovery of deferred taxes | (6,216) | (1,846) |
| Equity/(earnings) loss of significantly influenced companies | 1,538 | (2,113) |
| Pension and other items | (350) | - |
| Non-controlling interest | (35) | 32 |
| Cash flow from operations | 15,080 | 25,668 |
| Changes in non-cash working capital items | | |
| Accounts receivable | (47,646) | 54,483 |
| Inventories | (143,552) | (102,094) |
| Accounts payable | 21,714 | 21,276 |
| Prepaid expenses | 2,347 | 1,598 |
| Cash (used in)/from operating activities | (152,057) | 931 |
| Cash From (Used In) Financing Activities: | | |
| Proceeds of long-term debt | 89,289 | 273,222 |
| Repayment of long-term debt | (8,400) | (9,938) |
| Proceeds/(repayment) of short-term borrowings | 156,100 | (15,116) |
| Repayment of members' demand loans | (11,328) | (7,399) |
| Dividends | (14,970) | (14,969) |
| Increase/(decrease) in other long-term liabilities | 3,697 | (2,432) |
| Amounts (paid to)/received from minority interest parties of a subsidiary | (102) | 1,050 |
| (Decrease)/increase in share capital | (15) | 46 |
| Cash from financing activities | 214,271 | 224,464 |
| Cash From (Used In) Investing Activities: | | |
| Increase in capital assets | (95,388) | (223,644) |
| Divestitures/(business acquisitions) | 6,740 | (14,856) |
| Decrease/(increase) in investments | 313 | (3,099) |
| Increase in other long-term assets | (4,265) | (21,133) |
| Cash Used In Investing Activities | (92,600) | (262,732) |
| Decrease in Cash and Cash Equivalents* | (30,386) | (37,337) |
| Cash and Cash Equivalents, Beginning of Period* | 2,893 | 9,896 |
| Cash and Cash Equivalents, End of Period* | \$ (27,493) | \$ (27,441) |
| Cash Flow Per Share | \$ 0.40 | \$ 0.69 |

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

SASKATCHEWAN WHEAT POOL
3RD QUARTER REPORT