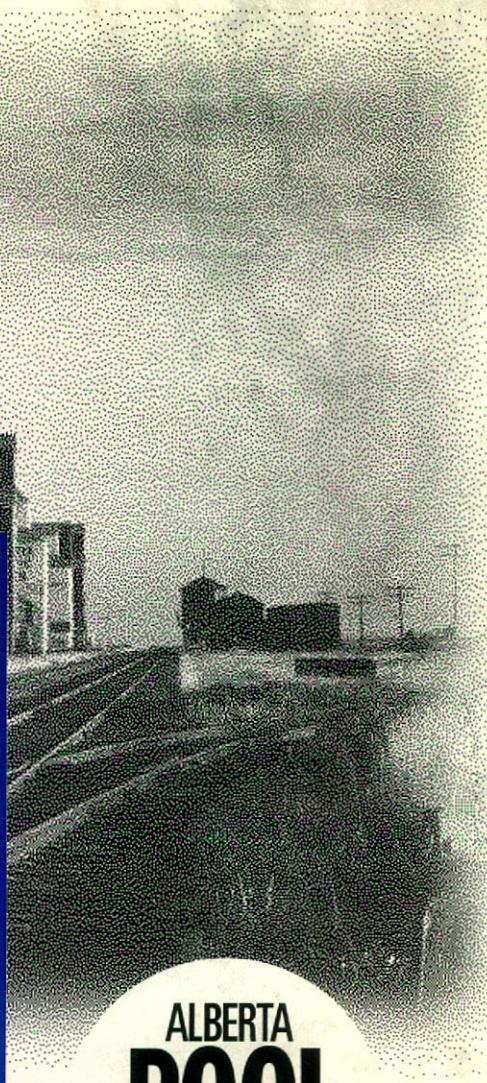
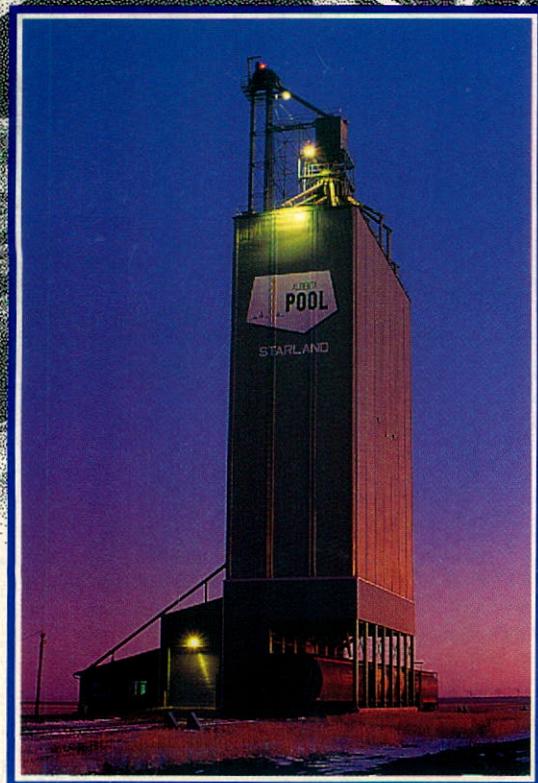


ALBERTA POOL

A Farmer-owned Cooperative



*Annual Report
1993*

HELPING FARMERS FEED THE WORLD

Helping Farmers Feed the World ... that's what Alberta Pool is all about. For 70 years, Alberta Pool employees have been operating with this simple goal in mind. Whether it's the day to day practise of helping a farmer unload his grain at the elevator, providing quality agro products and services, explaining the ins and outs of the futures market, trucking barley to a local feedlot, or loading a vessel destined for overseas markets, the commitment of our people has always been to get products grown by farmers into the hands of customers throughout the world.

Helping Farmers Feed the World ... it's a simple statement for a complex business. But these five words best describe what we do at Alberta Pool. It's a statement our customers, our elected representatives, our members and our staff developed together and it provides a clear sense of direction for our business. In a nutshell it's why Alberta Pool exists; why our people come to work every day; why we go the extra mile to provide our customers with quality service and products.

Helping Farmers Feed the World ... it's no small task, but it's a challenge our farmer-customers tackle every day. We're proud of our association with farmers in Alberta and northeastern British Columbia. And we're proud to be helping farmers feed the world.



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Feed The World*

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WHAT'S INSIDE?

Alberta Pool's 1993 Annual Report looks at the activities of the cooperative during the past crop year and highlights where we're headed in the months to come. Complete financial results for the 1992/93 crop year ending July 31, 1993 are also included.

This year, we've provided additional information on some of the exciting areas of Alberta Pool's business that could benefit your farming operation. If you would like further details on any of the initiatives or services outlined in this report, please call Alberta Pool at:

1-800-332-1416 (in Alberta)

1-403-290-4610 (outside Alberta)

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HIGHLIGHTS AND COMPARISONS

(\$ in 000s)

	1993	1992	1991	1990	1989
Revenue					
Board Grain Margins	\$ 25,265	\$ 40,283	\$ 41,819	\$ 53,076	\$ 53,961
Non-Board Marketing Margins	21,587	18,609	15,682	23,038	20,897
Agro Margins	19,849	21,003	25,337	22,172	23,691
Specialty Crops Margins	1,519	3,039	2,415	2,128	2,643
	68,220	82,934	85,253	100,414	101,192
Terminal Services	57,839	62,263	53,573	49,993	35,088
Storage	13,149	12,820	13,831	11,287	11,348
Interest	10,524	10,157	17,686	19,575	14,567
Other	17,436	15,630	17,927	10,801	9,143
	\$167,168	\$183,804	\$188,270	\$192,070	\$171,338
Net Earnings	\$ 515	\$ 12,263	\$ 7,734	\$ 5,912	\$ 13,241
Capital Expenditures on Properties and Equipment	\$ 14,912	\$ 24,429	\$ 25,069	\$ 31,754	\$ 18,168
Working Capital	\$ 65,240	\$ 52,953	\$ 60,766	\$ 73,489	\$ 89,113
Equity Issued to Members	\$119,136	\$125,602	\$117,077	\$114,318	\$112,991
Other Statistics					
Grain Receipts (tonnes 000s)	4,974	5,948	6,129	5,918	6,036
Number of Licensed Primary Country Elevators	263	264	269	272	276
Licensed Elevator Capacity (tonnes) - Country	1,381,210	1,402,350	1,442,720	1,478,320	1,503,270
Licensed Elevator Capacity (tonnes) - Terminals	481,900	481,980	481,980	481,980	481,980
Total Membership	57,429	58,493	57,967	58,988	60,115
Number of Employees	1,421	1,461	1,458	1,662	1,635

BOARD OF DIRECTORS' REPORT

Overview

What started out as a year of celebration in honour of Alberta Pool's 70th anniversary, quickly turned to a year of uncertainty when unexpected frost and snowfall hit the province in mid-August. Below average production and the poorest quality crop in memory, combined with slower export movement and the continued presence of export subsidies on the world market, created an environment that presented many challenges to Alberta Pool and its farmer-members.

Several developments in the world market had a significant impact on Canada's ability to export grain. An unstable economy in the former Soviet Union resulted in the loss of what had traditionally been one of our strongest customers. The poor volume and low quality of the 1992/93 crop also contributed to slower movement. International customers who traditionally looked to Canada for high quality product explored alternate markets.

At home, financial pressures brought on by an escalating national debt, precipitated wholesale examination of virtually all areas of the Canadian economy. Agricultural programs and policies fell under the microscope through the Regulatory Review process launched by the Federal Government in December 1992. Agriculture was in for some changes and they were coming at a pace never before experienced. In short, we found ourselves operating in an environment as volatile as the year's weather.

Regulatory Review

The federal Regulatory Review process kept Alberta Pool busy in the latter part of the crop year as we participated in numerous discussions on regulatory issues impacting on our business.

Our primary focus was on proposed changes to the Canadian Wheat Board (CWB) and the Canadian Grain Commission (CGC). Alberta Pool participated in discussions on weighing and inspection issues, overages and shrinkages, grade and quality issues, tariffs, licensing and security, CWB quotas and contracts and continental barley marketing among others.

Transportation

The future of Canada's grain transportation system was at the forefront of the Regulatory Review process. With the support of the delegate body, Alberta Pool took part in the consultative process set up by the Federal Government to examine proposed changes to the Western Grain Transportation Act (WGTA).

Alberta Pool was involved in discussions intended to generate increased efficiencies in Canada's grain transportation system. The issues most prominently addressed were branch line rationalization, the structure of the WGTA rate scale, incentive rates, and the contribution of grain to railway costs. Our goal throughout the discussions on efficiencies was to ensure improvements in the transportation system are made and any efficiency gains passed along to producers.

Alberta Pool's submission to the Producer Payment Panel - established by the Federal Government to make recommendations on how to pay out the Crow Benefit - set standards for the Panel to follow. Our position on method of payment remains that all options should be reviewed and any future change in the method of payment should be guided by the six principles previously set forth by the delegate body in 1991. These principles are:

1. Alberta's share of the Crow Benefit will be, to the greatest extent practicable, the same as if the current method of payment were retained;
2. Rail capacity and efficiency will be improved so that producers experience a net revenue gain over the long term;
3. Grain producers will not experience a loss in net revenue;



Front (from left):

T. A. Graham
First Vice-President

R. C. Schmitt
President

J. F. Pearson
Second Vice-President

Back (from left):

N. D. Silver
A. L. D. Pidruchney
A. L. Aasen
D. Nanninga
A. L. Oberg
W. J. Sutherland

4. Impediments to livestock production and secondary processing will be minimized;
5. It is consistent with international obligations;
6. The administration of any producer payment alternative is feasible and cost effective.

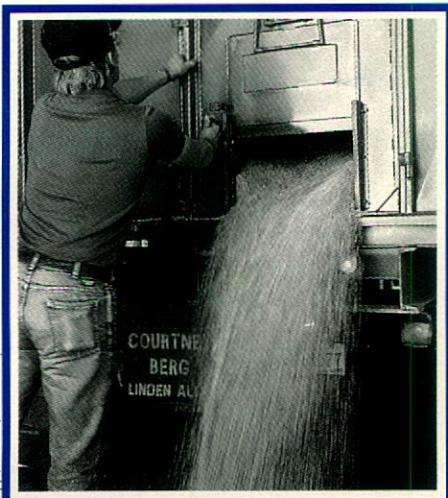
Alberta Pool's submission to the Panel made recommendations in a number of areas. On the issue of dilution, it was noted that the benefit was originally targeted specifically at grain producers and any broadening of the payout beyond Western Canadian grain producers should be questioned. We also recommended any distribution of the Crow Benefit among the provinces be distributed on an historic share basis, to retain Alberta and northeastern B.C.'s share of the Crow Benefit at 28 per cent (\$220 million).

Another area questioned by Alberta Pool was whether funding for any adjustment in the method of payment should be financed with Crow Benefit dollars. It is the position of the Board that Alberta farmers should not be asked to pay for adjustment assistance that is a direct result of a change in government policy. Finally, we disputed the suggestion that Alberta and B.C. farmers compensate the Eastern Prairies for correcting the distortion in east-west freight rate deductions (commonly referred to as back-off pooling). Alberta Pool strongly supports a correction in the back-off pooling account because of the savings it would generate for Alberta and northeastern B.C. producers.

Continental Barley Market

Alberta Pool participated in the Roundtable process established by the Federal Government to examine the role of the Canadian Wheat Board and subsequent proposals to adopt a continental marketing system for barley in Canada. We took a neutral stance on this issue and remained consistent throughout the year: provide farmers with accurate information, give them time to review and understand the information and then let them decide how they want to market their grain by holding a producer plebiscite.

Our primary goal in the Roundtable discussions on continental marketing was to ensure farmers were given accurate information based on sound economic principles so they could make knowledgeable decisions to benefit their business. We made extensive and detailed criticisms of the paper prepared by Dr. Colin Carter - the economist hired by the Federal Government to research the feasibility of a continental market. Most of our comments centred on the methodology used, errors of fact, questionable assumptions and the lack of consultation with Roundtable members prior to public release of the report. Despite our requests for farmer involvement through a plebiscite, a decision was made in Ottawa to implement a continental market for barley on August 1, 1993.



Trade

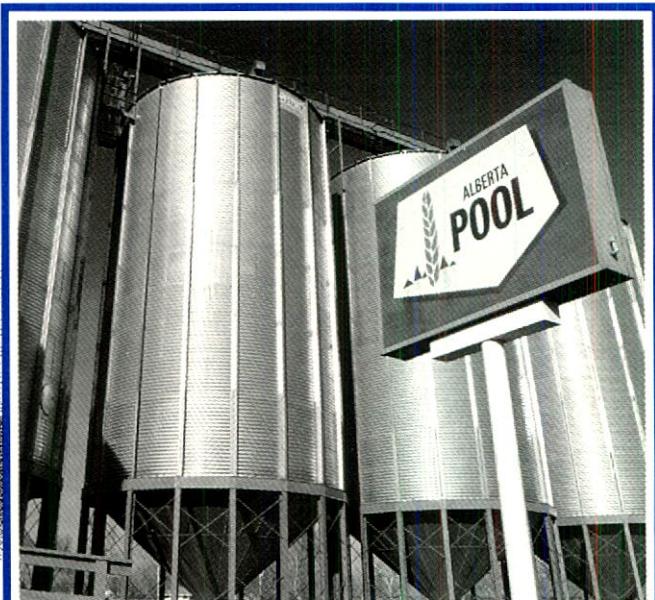
The use of export subsidies by the U.S. and the European Community and the addition of newly targeted countries under the U.S. Export Enhancement Program (EEP) continued to exert tremendous pressure on Canadian exporters and limited their ability to secure sales. With the Canadian government facing income pressures of its own, financial assistance to compete with the massive treasuries of the United States and European Community was non-existent.

In North America, trade relations between Canada and the U.S. and the strength of the Canada-U.S. Free Trade Agreement (CUSTA) were tested on several occasions. U.S. protectionism resulted in accusations of "unfair" Canadian trade practices and challenges to the CUSTA. Two issues of concern to Alberta Pool, were the U.S. decision to target EEP subsidies on sales of wheat to Mexico and any potential action taken by the U.S. under Section 22 of the U.S. Agricultural Adjustment Act.

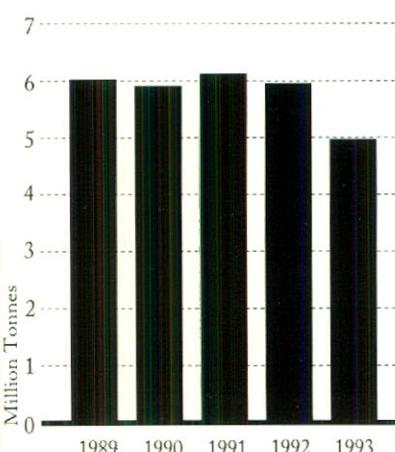
Although it was not the first time Mexico had been targeted under EEP, it was the first allocation since the implementation of the Canada-U.S. Free Trade Agreement. At 1.4 million

tonnes, it was also the single largest allocation ever made to Mexico. Through Prairie Pools, we lobbied the Federal Government to recognize the hurt EEP subsidies cause Canadian farmers by significantly lowering farmer returns and masking legitimate market signals.

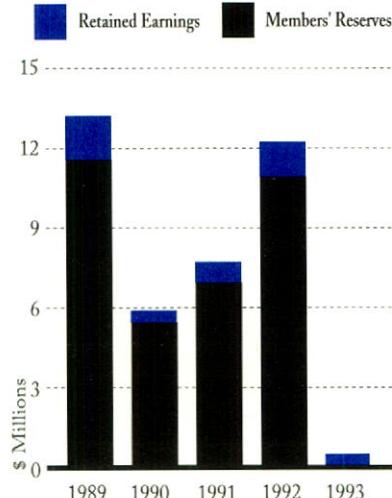
Section 22 of the U.S. Agricultural Adjustment Act allows the United States to impose quota barriers or tariffs on imports found to be hurting U.S. producers. Once again, through Prairie Pools, we strongly urged the Federal Government to defend the interests of Canadian producers and protect our right to export Canadian grain to the U.S. under the rules governing the Canada-U.S. Free Trade Agreement. Alberta Pool continues to push for a level playing field in international trade by calling for an end to the use of export subsidies and harsher penalties for abuse of established trade agreements.



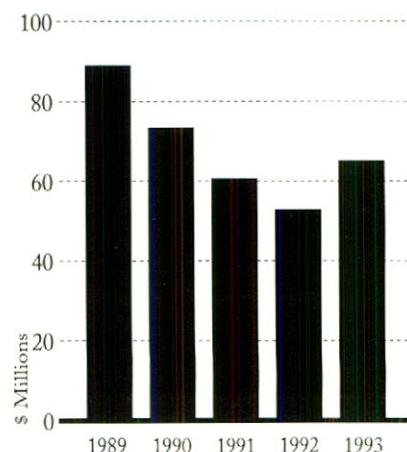
GRAIN HANDLING
1989–1993



ALLOCATION OF EARNINGS
1989–1993



WORKING CAPITAL
1989–1993



The Future of our Country System

During the past year, Alberta Pool took a proactive approach to future planning that entailed taking stock of not only where we are today, but where we want to be in the future.

Together with management, the Board launched an intensive planning process that laid the groundwork for implementation of our Strategic Facilities Plan. Several key factors such as farm income, marketing patterns, transportation changes, customer preferences and the opportunity to reduce system costs were reviewed. Our objective is to reduce overhead costs, operate aggressively in the impending new regulatory environment and be competitive with customized service packages for farmers. Full implementation of the country plan will result in a new style of operating that will prepare Alberta Pool to capitalize on future growth opportunities.

Alberta Pool's strategic facilities plan is an ambitious plan that enables us to move from a system based on facilities to one with a strong focus on efficiencies, competitiveness and the customer. The continued commitment of our members and strong financial returns will allow Alberta Pool to proceed with implementation of the country plan in coming years.

Looking Ahead

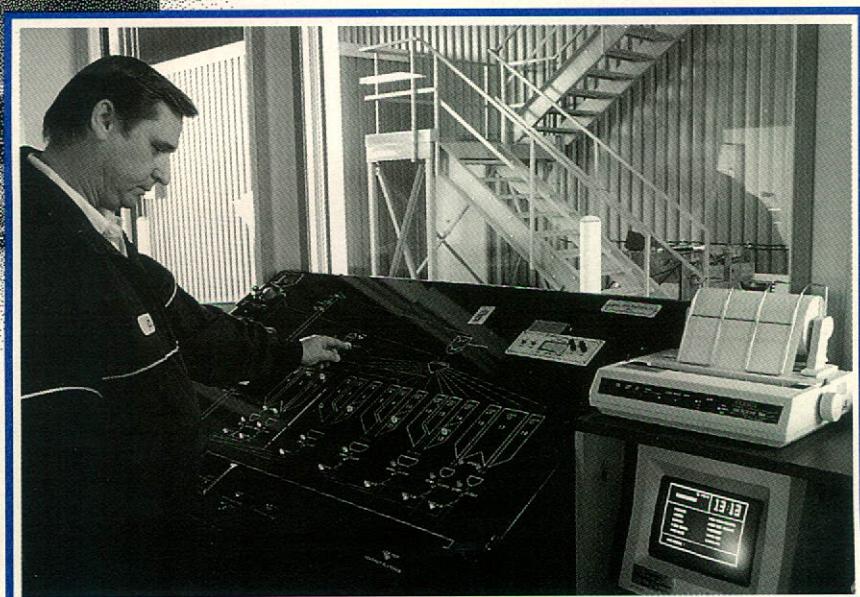
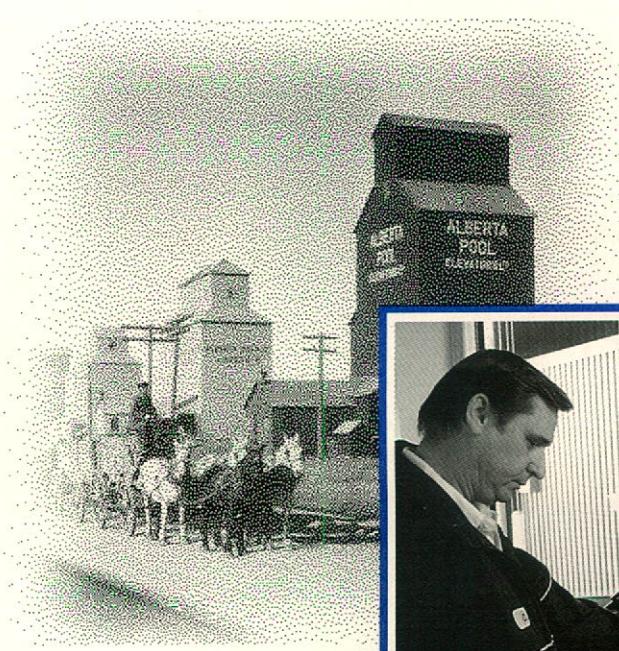
As we look ahead to 1993/94, Alberta Pool's Board remains committed to fulfilling its mission of "Helping Farmers Feed the World." Strong leadership, preparation for regulatory change, reduced operating costs, and the enhancement of customer service will help us achieve this mission.

Our core focus will be on grain handling and marketing, but at the same time, we will look for ways to strengthen our business and find new markets for our customers through value-added acquisitions. We also plan to continue our "team approach" to setting objectives and tackling challenges so that together, we have the commitment and desire to provide superior service, strengthen member returns and lead Alberta Pool into the next century.



R.C. Schmitt
President

T.A. Graham
J.F. Pearson
A.L. Aasen
D. Nanninga
A.L. Oberg
A.L.D. Pidruchney
N.D. Silver
W.J. Sutherland



CHIEF EXECUTIVE OFFICER'S REPORT

Overview

Challenge and change. These two themes permeated every area of Alberta Pool's operations during the 1992/93 crop year.

Challenge came in the form of one of the worst crops in Alberta Pool's 70 year history. As with virtually any grain company, success or failure is highly dependent on the volume and quality of the crop. Alberta Pool's core business is handling and marketing grains and oilseeds. Simply put, when prices and volume are low and grain is not moving our income is negatively affected.

Change came in many forms. Massive regulatory changes, changes in our customers' needs, and changes in the way we conduct business. Underlying all this change was the need to reduce our operating costs and generate sufficient earnings to upgrade facilities, enter into new and profitable ventures and strengthen the financial position of our members.

We responded to these economic realities by taking a careful look at the structure of our departments, rethinking how and why we provide the services we do and introducing several innovative approaches to managing our business. The downside of this process came in January when we trimmed our Calgary Office staff by 26 people.

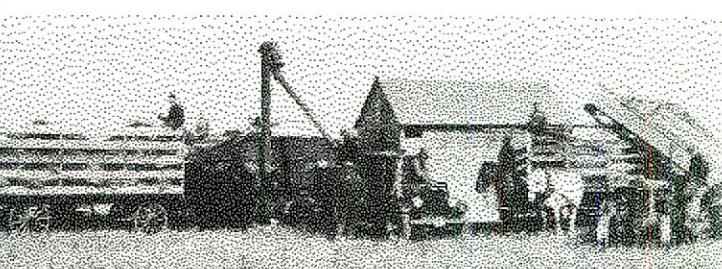
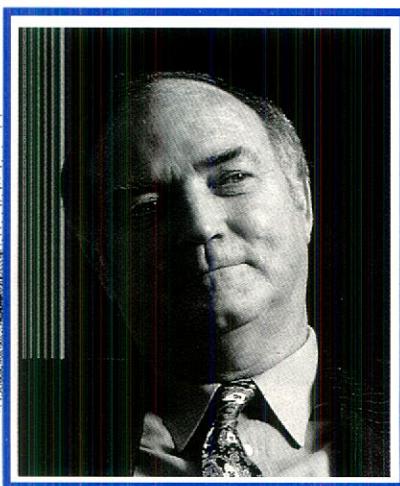
Our net earnings for the year reflect the difficult environment in which we operated, dropping to \$515,000 from \$12.3 million earned in 1991/92. Total volume handled by Alberta Pool's country system also dropped, from 6.0 million tonnes last year to 4.7 million tonnes this year. As a result, our country handling revenue fell \$12.4 million. The division also experienced grade losses in wheat that were partially offset by

improved cut-off results. Other factors affecting our bottom line included extreme price pressure in the export seed business that resulted in lower export seed margins for Alberta Pool.

In spite of our reduced earnings and lower handling, there were some positive developments within our Country and Terminal Divisions. Improvement in demand for domestic seed, fertilizers and chemicals as a result of better weather conditions and lower prices allowed Alberta Pool to achieve a record year in the sale of agro and seed products. Sales of \$167 million surpassed our previous sales record of \$163 million set in 1989/90. Other achievements included a 34 per cent increase in application revenue, a 15 per cent increase in fertilizer volume sold, and a new record in domestic seed sales. Our research and development department also registered five new seed varieties in 1993 - the most ever registered in one year.

Despite sporadic movement, the west coast cleared 17.9 million tonnes - the second highest volume in history. The terminals' biggest challenges related to the poor quality crop, increased blending of feed wheat, and slower export sales.

For the second consecutive year, Pacific Elevators Limited (PEL) terminal in Vancouver outperformed all other terminals in the Port of Vancouver in cars unloaded and tonnes shipped. PEL's total handle reached 3.0 million tonnes - the second highest handle in the terminal's history - and generated net earnings of \$13.4 million. Alberta Pool's Vancouver Terminal finished slightly behind PEL at 2.9 million tonnes despite down time due to the completion of the shipping upgrade. Actual volumes unloaded and shipped at Vancouver Terminal were down from last year but improved results in trading and terminal services, combined with a drop in operating expenses,



Garry Dewar, Chief Executive Officer

allowed Vancouver Terminal to post an improvement in net earnings.

Meeting our customers' needs

Understanding the changing demands of our customers is critical in today's environment. To be successful we must listen to what our customers are saying and respond with services and products they value. Our goal throughout the year was - and continues to be - to service customers and keep them for life by providing effective, efficient grain handling and marketing services.

The introduction of new trucking programs, target marketing at specific locations throughout Alberta and northeastern British Columbia, on-farm grain buying and the introduction of several new production and marketing contracts are just a few examples of how we changed our business to meet customer demands. Today's farmer is looking for advanced commodity trading information, in depth analysis and explanation of the futures market, and personalized up-to-the-minute market information. Alberta Pool is providing it through Pool Commodity Trading Service (PCTS) based in Red Deer. The services offered through PCTS have helped our customers improve their returns by capitalizing on the latest technology and expertise available in the marketplace.

We introduced grain marketing specialists in each region to enhance the volume and expertise of marketing information available to Pool customers. The addition of on-farm grain buyers has also given our customers greater flexibility when it comes time to sell their grain, and the expansion of our trucking fleet has generated more on-farm pick-up opportunities. We also expanded our trucking capabilities to the point where we now average over 300 trucks on the road per week moving grain throughout the province.

The relationship we developed with Heggie Grain Hauling is another good example of how we're chang-

ing the way we do business. Allowing Heggie Grain to source and sell domestic feed grain on behalf of Alberta Pool provides our customers with the personalized, on-farm service they're demanding. The additional hauling capacity and manpower offered by Heggie's trucking fleet has given Alberta Pool's southern Alberta trucking program a competitive advantage and provided noticeable benefits to the customer who now has access to a complete farm service package.

All these initiatives boil down to one thing - we're not waiting for customers to drive into the elevator and drop off their grain. We're going directly to them with innovative products and services that will expand their options and improve their bottom lines.

Securing new markets

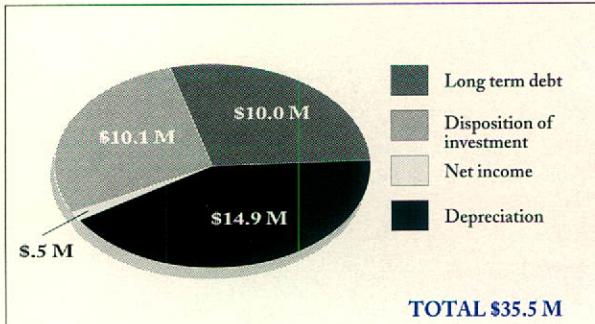
Alberta Pool successfully arranged a number of large supply agreements and strengthened our relationship with some major value-added businesses in Alberta during the past year. These include:

- * An exclusive supply agreement to provide rye to Alberta Distillers Limited (ADL) of Calgary;
- * An agreement with Canada Malt of Calgary to provide 70 per cent of its malt barley requirements;
- * An agreement with Maple Leaf Mills to supply 75 per cent of its wheat requirements; and,
- * A continued association with a major U.S. brewer to develop varieties of malt barley.

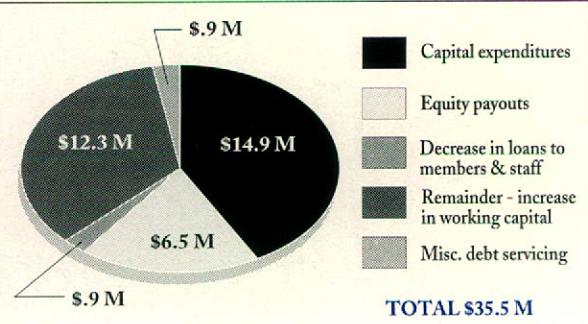
All these agreements guarantee business for Alberta Pool and a significant volume of high-quality product for the end-use customer. They also provide a strong domestic market for Pool customers who grow wheat, rye or barley. We've also hired a new staff person whose key responsibility is to ensure the highest quality product is delivered to our end-use customer.

Our association with these major value-added companies supports Alberta Pool's commitment to get

1992 - 1993 Cash Flow Actual Incoming



1992 - 1993 Cash Flow Actual Outgoing



closer to the end-user and provide stable and growing markets for our customers' grain. These agreements also enhance our marketing capabilities, give us a certain level of predictability, and provide us with a better understanding of the markets in which we operate. Ultimately, the agreements benefit farmers by adding value to the products they produce.

Planning for the future

Alberta Pool operates in an environment influenced by many economic, competitive and regulatory factors largely beyond our ability to control. Changes in this external environment can have a significant impact on the operations of Alberta Pool and present us with both threats and opportunities.

To be prepared for these future threats and opportunities, Alberta Pool must have a clearly-defined path to follow. The continued development of Alberta Pool's strategic facilities plan for both the grain and agro areas of our business provides this necessary direction and builds a sound foundation for the future of the organization.

The strategic facilities plan identifies market areas in which Alberta Pool wants to establish its position through the construction of new facilities. Critical issues like grain volumes, competition, railway service, volume freight discounts and other customer requirements were considered when the plan was established. The days when there was an Alberta Pool elevator in every town are gone. The move is towards larger, more efficient, high throughput facilities with low maintenance and technologically advanced equipment.

Over the next 10 years, the plan will see the country elevator network trimmed from its present size of 257 elevators to about 100, for a decline of about 60 per cent. Many of these facilities will be major new design modular units that will provide greater efficiencies and numerous options for customers. Our newest facility constructed with these concepts in mind opened for business this Spring in the county of Starland.

Construction is under way on a new mega-grain facility in Lloydminster and two other facilities are scheduled for completion this year; one in the Peace River region and one in Camrose.

The biggest benefit of this new strategic

direction is that the increased efficiencies brought by new and improved facilities will allow Alberta Pool to offer premiums on grain and trucking subsidies to facilitate easy delivery. But it won't be easy. Our plan requires a capital investment of \$140 million in new and upgraded facilities. This is a huge investment but one Alberta Pool is committed to achieving.

Alberta Pool also made significant strides in implementing its Agro Plan. During the past year, considerable work was accomplished on upgrading and building new agro product warehouses to comply with tougher environmental regulations. We're proud to be part of an industry that has taken steps ahead of government legislation to set strict responsible guidelines to ensure environmental stewardship. Alberta Pool will spend \$10 to \$12 million over the next two to three years to upgrade its existing agro facilities and construct new state-of-the-art agro warehouses. And while the investment doesn't come cheap, it will generate increased efficiencies and provide enhanced services to Pool customers.

Providing value through diversification

Alberta Pool's effort to diversify its operations by acquiring grain-related, Alberta-based businesses continued in 1992/93 with the acquisition of the Demeter Group of Companies of Warner, Alberta. Demeter Agro is a major mustard contractor and processor with assets in Warner, Alberta and Minneapolis, Minnesota. The purchase included an 18,000 tonne grain terminal at Minneapolis which adjoins Demeter's mustard grinding facility. This facility will prove beneficial in enhancing Alberta Pool's malt barley, oats and milling wheat business in the U.S. milling and malting market.

The deal also transferred Demeter's 50 per cent ownership of Alberta Industrial Mustard Company (AIM) to Alberta Pool. AIM is co-owned with UFL Foods Ltd. of Toronto, one of Canada's leading food ingredient technology companies with six plants in Canada and sales in 30 countries.



Our commitment to expand our bean processing business in southern Alberta was reinforced when we approved the construction of a new bean processing facility for the Taber area. When complete, this new facility will allow us to contract an additional 20,000 acres of beans with Southern Alberta growers.

Diversification will continue to play an important role in Alberta Pool's business in coming years. A diversification and business development strategy completed in 1993 calls for Alberta Pool to invest in excess of \$42 million over the next ten to fifteen years. Our goal when examining any future acquisitions is to target further up the value added-chain and get closer to our end-user. Several potential areas for diversification were reviewed last year and this work will be expanded in 1994 to identify future opportunities for the organization.

Letting our people manage change

Without exception, the growth and backbone of Alberta Pool has long been, and continues to be, the effectiveness and daily interaction between our driveway managers and our customers. Specific recommendations coming out of Alberta Pool's 1991 Country Task Force Report indicated a vital need to expand this relationship so it becomes a competitive factor in the future success of the organization.

To this end, we committed the commercial segment of the organization to the process of empowering employees and "supercharging" Alberta Pool to keep customers for life. When complete, this five-stage program will have all staff empowered as a team to meet the short and long-term objectives of our customers. We also devoted considerable effort to communicating with staff, helping them understand our new direction and providing them with business experience and educational opportunities.

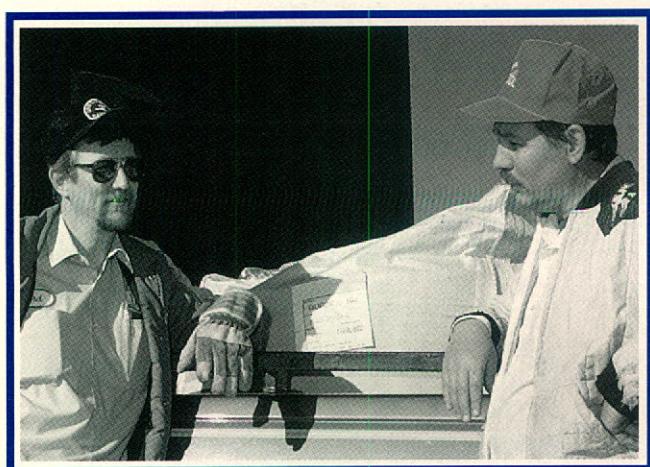
Throughout the year, we've worked towards removing many of the current obstacles faced by our elevator managers and staff throughout the organization. The process of moving the decision-making process down will allow our people to operate more efficiently and effectively so the organization, and ultimately its customers, reap the benefits. I truly believe that a team atmosphere where every employee contributes and has the same input will produce a more satisfied and a more productive workforce. I want all our people to become leaders, regardless of their formal position.

What lies ahead?

My commitment to the Board of Directors and our customers remains unchanged. The handling and marketing of both grain and agro products will continue to receive the majority of our attention but the "value-added" segment of the organization will take on an increasingly critical role. Structural and financial growth will come from an escalation of our high quality products in the value-added food industry and the development of a more processed, consumer-reflected product for the global market. Our primary goal is to meet customers' needs and return more value to our members.

Our business plan for 1993-94 was developed by a team comprised of the Senior Executive, the Board of Directors and employees throughout the organization. The detailed plan and its accompanying objectives will ensure we respond to the needs of our customers by offering the services and products they require to remain competitive and profitable in today's environment. A major focus has been placed on increasing the value of the services and products we offer, reducing costs to ensure we remain competitive in export and domestic markets, and preparing for an environment of changing regulations.

Essentially everything we do at Alberta Pool will be governed by our philosophy to get more value for our customers' products by enhancing customer service and expanding markets both domestically and internationally. Alberta Pool exists for one reason - to help farmers feed the world. This mission will guide us as we work together to meet the challenges and opportunities that lay ahead.



G.J. Dewar
Chief Executive Officer

AFFILIATED COMPANIES

CO-ENERCO - Co-enerco is an intermediate-sized oil and natural gas company with exploration and production activities concentrated in Alberta, southeastern Saskatchewan and northeastern British Columbia. It is a publicly traded corporation owned jointly by the Cooperative Energy Corporation (CEC) and the Federal Government. Approximately 39 cooperatives and credit unions hold shares in CEC. During 1992/93, CEC sold its interest in Co-enerco. The first step in that process was taken in September 1992 with the sale of 60 per cent of CEC's interest in Co-enerco (8.5 million shares) at a price of nearly \$94 million. CEC's remaining 5.3 million shares were sold in February 1993.

DRUMMOND BREWING COMPANY LTD. - Alberta Pool has held a 50 per cent ownership in Drummond Brewing Company Ltd. of Red Deer, Alberta since July of 1991. Drummond is the third largest brewer in Alberta, marketing its products in Alberta, British Columbia, Saskatchewan and Japan. Results for the period ending July 31, 1993 show overall growth in total gallons sold. Volumes in the industry were down from the previous year due to cool and wet weather.

INSURANCE COMPANIES - Canadian Pool Agencies Limited and Pool Insurance Company are jointly owned by the three prairie Pools. Canadian Pool Agencies places insurance on Pool facilities and associated companies, most of it with Pool Insurance Company. Canadian Pool Agencies allocated \$61,510 for distribution to member-patrons in 1992. Pool Insurance Company refunded \$4.8 million to its policy holders.

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PACIFIC ELEVATORS LIMITED - Pacific Elevators Limited, the company that operates Pacific Elevator Terminal in Vancouver, had another successful year in 1992/93. For the second consecutive year, PEL recorded the highest handle of any terminal in the Port of Vancouver at 3.048 million tonnes. Receipts totalled 3.0 million tonnes. Net earnings of \$13.4 million were achieved in spite of several negative factors impacting on activity. Alberta Pool is a 60 per cent owner of PEL.

PRAIRIE SUN GRAINS LTD. - Prairie Sun Grains Ltd., formerly Byers Flour Mill, was purchased by Alberta Pool in the spring of 1991. The mill, located in Camrose, processes high quality wheat and flour for bakeries and other similar institutions, as well as pancake mixes for retail markets. The plant is managed by CSP Foods. Sales volumes were up in the Food Service area during 1992/93 as a result of securing a contract to mill a special coated flour for UFL Foods of Edmonton. Sales volumes to the Consumer, Export and Industrial areas of the business fell, as did revenue from sales. Although earnings decreased, Prairie Sun Grains was one of the few flour mills in Canada to show an operating earning for the past year.

PRINCE RUPERT GRAIN LTD. - The Prince Rupert Grain terminal handles grain for a consortium of grain companies and other western Canadian grain handling organizations. The past year was the second highest year experienced by Prince Rupert Grain with receipts of 4.9 million tonnes (down from last year's receipts of 5.3 million tonnes), and shipments of 4.8 million tonnes. Several monthly and daily records for movement and unloads were set during the year.

WESTERN CO-OPERATIVE FERTILIZERS LIMITED - The fiscal year ended June 30, 1993 saw Western Co-operative Fertilizers Limited (WCFL) achieve net earnings for the year of \$10.5 million and increase its market share by 23.2 per cent. Shipments increased 11 per cent to 721,000 tonnes, with 585,000 tonnes taken by the three prairie Pools. Increases in the price of natural gas during the year negatively impacted WCFL's earnings.

XCAN GRAIN POOL LTD. - XCAN is the export marketing arm for the three Prairie Wheat Pools. During the year ended July 1993, XCAN maintained its distinction as Canada's largest exporter of canola, malting barley, flax, oats, rye, special crops and terminal by-products. XCAN also markets Western feed grains and terminal by-products into the Eastern Canadian and U.S. feed markets. In an intensely competitive market characterized by a significant reduction in Canadian grain exports, XCAN shipped 3.4 million tonnes of these crops in 1993, an increase of 19.5 per cent over the previous year.

Grain Marketing

Innovative grain marketing options offered by Alberta Pool are helping Pool customers get better returns on their grain.

Alberta Pool's operation has always centred around its core business of grain handling and marketing. This hasn't changed for the last 70 years but the options available to customers certainly have.

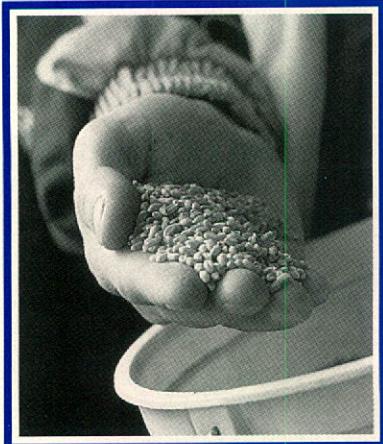
We've responded to the competitive nature of today's marketplace by offering a comprehensive package of grain and oilseed marketing options designed to meet specific customer needs and generate every extra penny out of your crop.

Alberta Pool's Grain Sales department is constantly seeking new markets and new customers in order to reflect the best possible price in the marketplace. Whether it's a newly emerging feed lot in Alberta, or a well-established mill in California, our sales group is in constant contact with end-users, searching for the best bids for your grain.

"Our efforts extend far beyond the traditional role of a grain sales team," explains Russ Crawford, Alberta Pool's Supervisor of Domestic and Export Feed Grain Sales. "By working closely with the Canadian Wheat Board and developing long-term,

mutually beneficial relationships with numerous end-users, we're able to provide a viable and sustainable link to both traditional and new customers alike."

The Pool offers flexibility in planning with specially designed production and marketing contracts or deferred delivery contracts that allow farmers to lock-in prices for a particular crop even before it's seeded. Customers can also select the best delivery option suited to their needs: self-delivery by truck to an elevator; producer car loading; or on-farm pickup by Alberta Pool at a specified location. The recent addition of on-farm grain buyers whose sole responsibility is to work with our elevator network to purchase grain on the farm is one of the many innovative approaches taken by Alberta Pool to better respond to customers' needs.



"One of the biggest frustrations of marketing grain is trying to get the best price. We've reduced that frustration with our guaranteed minimum price contract," says Crawford. "It's like an insurance policy because it allows you to lock-in a minimum price and pay a modest premium that allows you to capitalize on any price rallies that take the price higher."

And the best part is there aren't any administration charges included in the Alberta Pool contracts. "We do the work for you - free of charge. Our philosophy is that if the service attracts grain handling business for us, then we don't need to charge for the administration of contracts," says Crawford.

Here's a sampling of what the Pool has to offer:

Delivery Options

1. Elevator Delivery - elevator delivery is the most common option. Necessary for most board grains. Storage, blending and acceptance of small lots of grain make elevator delivery a flexible choice.
2. Producer Car - Alberta Pool offers a comprehensive administration and marketing service for farmers wishing to ship grain through producer cars.
3. On-Farm Pick-up - Alberta Pool will arrange to pick-up and transport grain to a specified market.

Payment Options

1. Cash Ticket - a cheque is issued upon settlement of grain delivery.
2. Deferred Settlement - a post-dated cheque is issued for grain delivered. Helps manage tax liability.

Contract Options

1. Forward Price Deferred Delivery - allows a farmer to lock-in a price for a specified amount of grain to be delivered at a specific point in the future.
2. Grain Pricing Order - a contract that instructs Alberta Pool to sell a specific quantity of grain at a target price within a specified time frame. Can be used with all non-board and off-board grains.
3. Guaranteed Minimum Price - available on canola, flax and barley, this contract allows a farmer to deliver his grain, accept today's price and take advantage of any future price rallies - for the price of a premium.
4. Production Contracts - requires a grower to deliver his contracted production to Alberta Pool, guaranteeing a market for his production.
5. Basis Contract - allows a producer to lock-in his basis (the difference between the corresponding futures price and street price) on grain traded on the commodity exchange.

6. Partial Payment Contract - allows a farmer to deliver grain to the elevator but delay final pricing for up to 90 days.
7. Canola Cash Call Contract - Alberta Pool acts as the agent for farmers who want to ship their own producer cars. The futures and basis are locked-in by farmers and Alberta Pool arranges the scheduling of the producer car.
8. Special Crop Production Contract - These production contracts guarantee a market for special crops. They have a price requirement for a specified minimum production per acre.

PCTS - A look at the futures market

For those customers looking to venture into the futures market there's Pool Commodity Trading Service (PCTS). PCTS is a brokerage firm that provides trading services to farmers who want to use the futures market to price their grain. In short, PCTS provides a link between growers and the various commodity markets. But it's much more than just a brokerage firm. PCTS also works directly with farmers in the role of teacher and advisor, helping farmers with marketing plans and teaching them how to use the Commodity Exchange.

During the 1992/93 crop year, PCTS increased its number of active accounts by 36 per cent over the previous year and trading volumes increased accordingly.

If you'd like further information on any of the grain marketing options or contracts offered by Alberta Pool, please talk to your local Pool Manager.

Seed Business Unit

Formed in 1991 to bring all the operational areas of Alberta Pool's seed business into one division, the Seed Business Unit (SBU) located in Camrose has quickly grown to be one of Alberta Pool's most efficient and successful divisions.

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"The Camrose Seed Business Unit was the first division of Alberta Pool's operations to initiate the unit concept," explains SBU Manager Clarence Mastel. "It gives us a much better handle on managing the operations of Alberta Pool's seed business and it allows us to pass along any efficiency gains to producers in the form of better service and new products."

The unit concept afforded by Alberta Pool's SBU has generated efficiency improvements and created several potential opportunities for growth and development. It's also meant better service and better selection for Pool customers domestically and internationally. "This past crop year we increased our domestic sales by

46 per cent and generated increased revenues of 31 per cent," says Mastel. "The biggest growth market has been in the sale of Ultrabred seed which is quickly becoming the brandname of choice among Alberta growers. It's been a goal of our unit to provide farmers with excellent agronomic varieties at reasonable and competitive prices. I think our sales increases show we're hitting the mark."

The primary function of the SBU is the processing and procurement of seed but the unit also provides vital support to Alberta Pool's country system on the retail end of the seed business. Whether it's helping farmers test seed samples, signing contracts for the production of B1602 or accepting tenders for forage seed, the SBU is focused on both the farm customer and the end-user of Canadian grown seed.

Research Plays Vital Role

The SBU also continually seeks new markets for Pool customers both at home and abroad. Part of finding new markets for our customers' seed is an extensive research and development area. Alberta Pool's crop research program began in 1976 and since that time, its role has expanded significantly. Our research program is a mix of in-house breeding and joint venture work with various other Canadian and international plant breeders.

1993 was one of the most successful for the research division, with five new Ultrabred varieties (one barley, three peas, one canola) granted registration - the most ever registered in one year. "Our customers receive the biggest pay off from this effort because they benefit from increased yields and improvements in other important agronomic traits," says Mastel.

International Flavour

Alberta Pool's Seed Business Unit also includes a very reputable and successful international division. The export seed marketing arm of the SBU specializes in finding and servicing niche markets for certified cereals, grass seed, clovers and double recleaned oats for the race horse industry. The group's successes include marketing rye to Korea and Japan, winter wheat to Hawaii, Oats to Japan, and Royal Oats for the race horse market in the Pacific Rim and North America.

Over the years, the division has made a substantial contribution both to Alberta Pool's bottom line and the economic well-being of Pool customers who supply seed for domestic and export sales. "We pursue any market, niche market or otherwise, if we can clearly identify there's a positive return to be realized for

Alberta Pool and our farmer-customers," explains Bert Kinner, Manager of Export Seed Marketing.

The efforts of our international seed division have definitely paid off. Today, Alberta Pool markets seed to 19 different countries throughout the world including the U.S., Western and Eastern Europe, Korea, Japan and Argentina.

The Seed Business Unit has achieved success in both the domestic and international markets by identifying the requirements of the market, developing product to meet the demands of our customers and operating with a genuine commitment to customer satisfaction. If you'd like to learn more about the products and services offered through Alberta Pool's Seed Business Unit, please call (403) 672-1970.

Special Crops No Longer Small Business

A surge in special crop growth throughout the province has meant big advances for Alberta Pool's Special Crops Business Unit and increased revenue for special crop growers.



The shift has been rapid over the past few years. Farmers are no longer just growing wheat and barley. They're trying new crops and looking for new markets. That's where Alberta Pool's Special Crops Business Unit (SCBU) enters the picture.

With more than one full year under its belt, the SCBU stationed in Lethbridge has capitalized on the growing interest among producers in the special crops area. Alberta Pool's SCBU provides farmers with a stable, aggressive, service-oriented source for marketing and processing special crops. Over the course of the last year the unit has taken some big steps towards improving services and options available to farmers in the area of special crops marketing.

Blair Roth, Alberta Pool's Manager of the Special Crops Business Unit says a large part of the Unit's success is a direct result of grower interest and acreage declines in the traditional crops like wheat and barley.

The SCBU contracts acreage on peas, lentils, mustard, safflower, canary seed and spice crops. A significant portion of the acreage is secured through produc-

tion contracts but depending on the commodity, the SCBU often spot-buys through the elevator system. A good example of a commodity that doesn't rely heavily on production contracts is feed peas. A very high percentage of the SCBU's volume of feed peas is secured either through deferred delivery or spot purchases.

Recently, the SCBU integrated the Demeter Agro mustard processing and marketing company into its operations. This has brought a significant market share of the mustard sold throughout the world to Alberta and provided several new value-added mustard processing opportunities for Alberta Pool and its customers.

SCBU staff also devote a lot of time to grower education. It's an area that will continue to be important to any future growth of the special crops market in the province. "It's important to get new growers comfortable with the production system and with other variables associated with growing special crops," says Roth. "Every crop has its own needs. In most cases, they may not appear a lot different on the surface, but in order to optimize production and returns, you need to grow the crop the way it needs to be done, not like you would wheat or barley. You have to take time to learn and also change your mind set and that's where we can help."

During 1992/93, the SCBU increased its total tonnage of special crop commodities purchased by 16 per cent over the previous year and sourced 36 per cent more feed peas. The unit also contracted 48 per cent more acres than in 1991/92. But there's still considerable optimism and room for growth. Roth sees breakthroughs in the research of new pea varieties as one of the biggest potential benefits for the special crops area in the next few years.

"Carneval is the one particular pea variety that has recently been registered that is really exciting," says Roth. "Peas are a hollow-stemmed plant and as yield increases, it's very hard for the plant to stand. But Carneval has excellent standability that will make it much easier to harvest and more appealing to growers."

Another initiative that looks encouraging is a trend among growers to incorporate more lentils into their rotation. "There's a large market for lentils among countries that need a less expensive protein source and lentils are eaten around the world. A large percentage of Alberta-grown lentils are shipped to South America, along with some going to countries in Europe like Greece, Spain, Algeria and Germany.

For more information on Alberta Pool's Special Crops Business Unit call (403) 382-3405.

Bean Business Booming

Alberta Pool's bean business continues to grow thanks to strong international demand, a commitment from growers and the expertise of the staff at Bow Island Bean Plant.

Alberta Pool has been in the business of processing and marketing edible beans since it purchased its one and only bean plant in Bow Island, Alberta in 1978. Since that time, the plant has completed two major expansions and become an integral and profitable part of the company's business activity.

The combination of experienced staff and the reputation for quality earned by southern Alberta bean growers has allowed the Bean Plant to develop an extensive network of customers and secure new markets in North America, Europe, Asia, South America, Africa, Central America and the Pacific Rim. Today, beans grown by southern Alberta farmers are marketed to 62 countries worldwide.

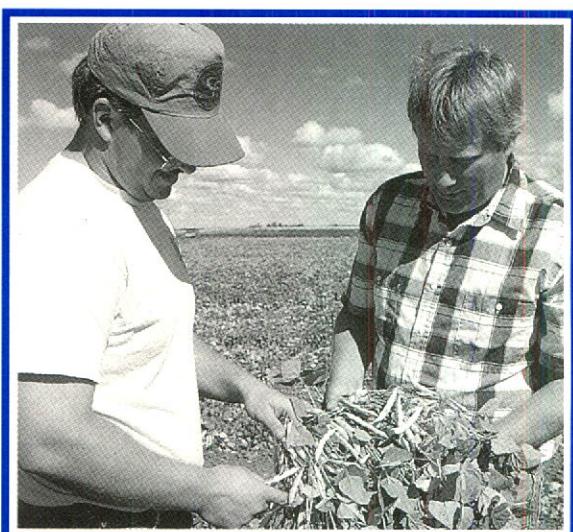
Over 22,000 acres of Small Red, Pinks, Pinto and Great Northern varieties are contracted through the plant each year, generating annual sales of \$12 to \$16 million. The Pool's recent announcement to expand its bean processing capacity by constructing a new facility in the Taber area is expected to increase annual sales to between \$24 and \$32 million over the next five years. The expansion will also allow Alberta Pool's bean operation to contract an additional 22,000 acres and accommodate 200 new contract growers.

Almost 95 per cent of the plant's production is shipped to world markets, making aggressive marketing plans and good customer relations vital to the bean business. An extensive amount of work is currently devoted to expanding exports into the U.S. marketplace - a definite target market for Alberta Pool. "The U.S. is a market that is growing," explains Ed White, Manager of the Bean Processing facility in Bow Island. "One out of six people in the U.S. speak Spanish and the Mexican culture is one that relies on beans as a staple in their diet. We'd definitely like to see more of our product going into this market, particularly into California."

Quality and dependability are the two factors the bean processing facility can guarantee international buyers. "We select only top quality seed and we contract all our production," says White. "In addition to quality on the production side, we also provide dependability too because every aspect of the sale is handled directly through the plant. This includes cleaning, storage, grading, marketing, packaging, documentation and shipping. It all adds up to a high level of product and reliable service for our international customers."

Coordinating the entire bean operation out of one facility also has advantages for bean growers. In addition to an extensive contracting program, White and his staff access quality seed for producers from one of their three Idaho suppliers and provide technical expertise on every aspect of producing a healthy bean crop. White explains that staff are continually upgrading their skills in order to provide the best advice and level of service to Pool customers. "We also help educate growers and strengthen their business by passing along vital information on new techniques and developments in bean crop management through a series of grower seminars," says White.

Another advantage of contracting through Alberta Pool's Bow Island facility is that the entire operation is "vertically integrated." From a producer's standpoint, everything they need is available by walking through the doors of the bean plant office. "The only thing the grower needs to concentrate on is growing the crop. We set the price, we clean, grade and store the product, and we do the leg work to secure markets for their product. Our producers know that if they provide us with quality production, the rest of the business will be taken care of," says White.



Although the entire operation at Bow Island is extremely complex, the Bean Division has proven that success lies not in the magnitude of a business but in its quality. "Our strength has always been our organization and our efficiency," says White. "And of course, the growers in the region. We have the most efficient and mechanized growers in the world and they've made a major contribution to the growth of Alberta Pool's bean business."

For more information on contracting beans through Alberta Pool's bean division, call Ed White at (403) 545-2227

Agro Plan

The continuing implementation of Alberta Pool's Agro Facilities Plan will mean better service and better products for Pool customers.

Alberta Pool will spend \$10 to \$12 million over the next two to three years to upgrade its existing agro facilities and construct new state-of-the-art agro warehouses. And while the investment doesn't come cheap, it will generate increased efficiencies and provide enhanced services to Pool customers.

"Alberta Pool has a very aggressive capital expenditure program planned for the next five years in the agro area," says Country Division Manager Art Froehlich. "Strict regulations governing the storage and handling of crop protection products must be adhered to by 1995 and we've made a corporate commitment to comply with these regulations for the safety and protection of our customers, our staff and our community."

Froehlich explains the warehousing project is a huge undertaking that will dramatically alter the way in which Alberta Pool handles and distributes agro products. "We're moving from over 200 locations that provide agro products and services to less than 100. These changes will have a significant impact not only on Alberta Pool, but the entire industry."

Included in the list of services afforded by the upgraded facilities are quicker turn around time for farmers visiting the facility, better technical advice on crop protection and crop nutrition products, enhanced custom application services utilizing the latest technology, improved product selection, better delivery service directly to the farm and even customized on-farm planning.

Environmental Responsibility High Priority

Increasing public concern about the environment presents a challenge to Alberta Pool to undertake programs that minimize any impact on the environment.

Alberta Pool regards protection of the environment as a high priority in the conduct of its operations. This applies to all activities under the organization's control.

Together, increasing public concern about the environment, new government regulations and harsh penalties for environmental pollution, present a challenge to the organization and farmer members to undertake actions that minimize any impact on the environment. Alberta Pool has responded to this challenge in a proactive manner by implementing environmental programs that ensure protection of both the environment and the public.

"All the policies we've developed to date address responsibility to the environment, sustainable agriculture, ethical and moral business standards and conservation of our resources," explains John Petruic, Alberta Pool's Manager of Environmental Policy and Planning. "We incorporate environmental considerations into the design of our products, facilities, operations and all our long-range plans."

Alberta Pool's recently developed environmental management plan responds to new environmental legislation and helps introduce new policies and procedures to ensure protection of the public and the environment. Throughout the course of the year, several initiatives were developed in an effort to become more environmentally responsible. For example:

- * Environmental impact assessment guidelines for conducting property acquisitions were developed to minimize the possibility of acquired environmental liabilities on new capital projects.
- * A site decommissioning manual and guidelines were developed and implemented at the beginning of 1993. The manual outlines procedures and practices to be taken when Alberta Pool terminates its business activities at a location.
- * We started the process of conducting environmental audits on our facilities to ensure our operations are in compliance with new laws and regulations.
- * We've upgraded and rebuilt warehouses for the storage and handling of agricultural chemicals to meet new industry and government standards which set to come into effect in March 1995. The new standards will ensure Alberta Pool facilities meet all the environmental rules, as well as customer and public expectations for the handling and storage of pesticides.
- * We developed waste management guidelines for managing the disposal of wastes. A major benefit of this program is the savings that can be achieved. For example, this past year our Distribution Services Department saved the organization over \$16,000.00 by recycling toner cartridges used in our printers. Other departments have also incorporated waste saving practices that are resulting in significant savings.
- * Together with the Saskatchewan and Manitoba Pools, we began the development of a farm environmental assessment handbook. The environmental assessment is a formal plan for assessing



and quantifying a farm's environmental performance. The objective is to provide farmers with important information and a valuable management tool to identify environmental concerns, determine compliance with regulations and support financial institution requirements.

Together with employees, industry associations, government agencies and community groups, Alberta Pool has set environmental priorities and developed a consensus on appropriate environmental standards. These standards are Alberta Pool's declaration to the community that we are committed to conducting business in a responsible and safe manner.

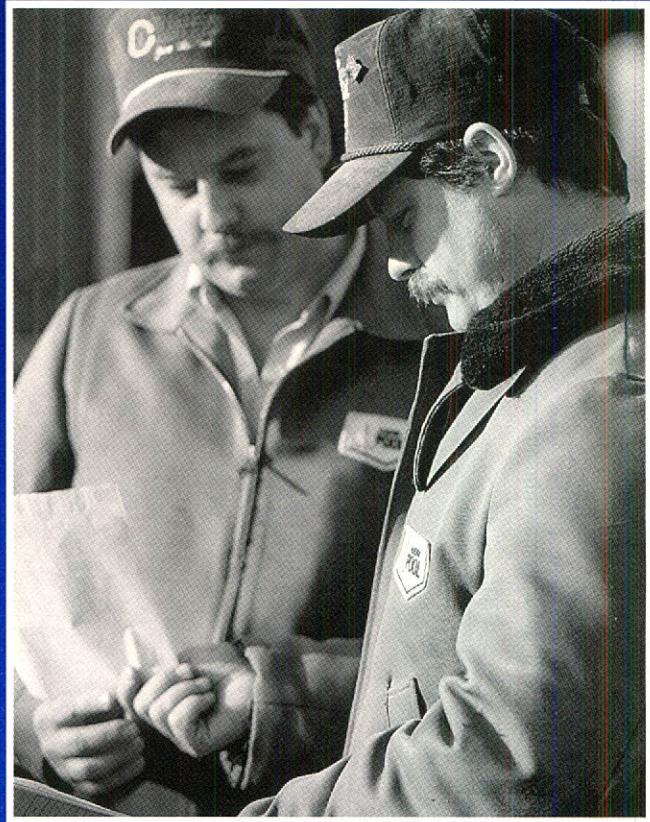
Communication

In today's changing environment communication with customers, staff and the public has taken on an increasingly critical role. Good communication supports organizational goals and leads to business success.

Good two-way communication between Alberta Pool, its customers, its members and its staff remains a high priority within every division. For our customers, the majority of communication takes place on a day to day basis with our country staff. This one-on-one communication is the most effective form of communication available to us to gather information on your changing needs.

In a more formal sense, Alberta Pool communicates with its customers through special focus groups, through the delegate body, through advertising features that provide information on grain marketing options and other programs offered by Pool facilities and through professional publications such as the Alberta Pool "Budget."

The Alberta Pool "Budget" is a weekly newsletter produced and printed in-house by Alberta Pool staff. It



is the vehicle we use to communicate regularly with our members and various publics about the activities of the organization. It contains agricultural information on current trends in world trade, new products and services offered by Alberta Pool, changing government regulations, up-to-date information on crop development, programs or policies that affect your business, and information about other Pool-related business activities. In short, the "Budget" provides you with a wide variety of agricultural-related information that could potentially benefit your farming operation and gives you a clear and concise overview of what's going on in your industry each week.

The Alberta Pool "Budget" is available on request to any Pool customer free of charge. If you'd like to receive the "Budget", please provide the information requested below and mail this form to:

Alberta Pool – Corporate Affairs
Box 2700, 505-2nd Street, S.W.
Calgary, Alberta T2P 2P5

Name: _____

Address: _____

Postal Code: _____

Membership #: _____

MANAGEMENT REPORT

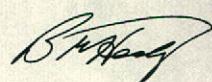
The accompanying consolidated financial statements of Alberta Wheat Pool and its subsidiaries, together with other information contained in this annual report have been prepared by Management, who have full responsibility for them, and approved by the Board of Directors. The statements reflect the results for the year ended July 31, 1993, and the financial status of the organization as at that date.

Management's responsibility includes ensuring that the financial statements are presented in accordance with generally accepted accounting principles, and that appropriate systems of internal control are in place to provide reasonable assurance as to the reliability of the financial information, as well as the safety of all of the organization's assets. The Board of Directors' approval of the financial statements and related information is carried out principally through its Audit and Finance Committee which reviews them with Management and recommends their approval by the Board.

These consolidated financial statements have been examined by the Members' auditors, Deloitte & Touche, whose report is presented separately. Concurrent with their examination, the auditors had full access to the Audit and Finance Committee on all matters pertaining to the financial presentation and internal controls, as well as other related issues.



G.J. Dewar
Chief Executive Officer



B.W. Healy
Chief Financial Officer

AUDITORS' REPORT

To the Members of Alberta Wheat Pool:

We have audited the consolidated statement of financial position of Alberta Wheat Pool as at July 31, 1993 and the consolidated statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Association as at July 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

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Calgary, Alberta
October 15, 1993


Chartered Accountants

Consolidated Statement of Financial Position

As At July 31, 1993
(000s)

	1993	1992
	\$	\$
ASSETS		
Current Assets		
Cash	4,858	7,179
Accounts receivable	134,923	104,022
Inventories (Note 2)	135,492	86,384
Prepaid expenses	3,929	4,443
	279,202	202,028
Property and Equipment (Note 3)	145,815	145,405
Investments and Memberships (Note 4)	18,209	26,344
Other Assets	518	1,274
	443,744	375,051
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Cash tickets outstanding	22,153	15,955
Short-term loans	148,600	95,631
Accounts payable	42,851	36,561
Current maturity of long-term debt	358	928
	213,962	149,075
Loans From Members, Staff and Co-operatives (Note 5)	49,455	50,384
Long-Term Debt (Note 6)	11,223	1,581
Obligation Under Loan Guarantee (Note 7)	13,200	12,200
Minority Interest	4,177	4,130
	292,017	217,370
MEMBERS' EQUITY		
Equity Issued to Members (Note 8)	119,136	125,602
Retained Earnings	32,591	32,079
	151,727	157,681
	443,744	375,051
APPROVED BY THE BOARD		




Consolidated Statement of Operations and Retained Earnings

For the Year Ended July 31, 1993
(000s)

	1993	1992
	\$	\$
Revenue		
Sales and other operating revenue	868,630	996,351
Cost of sales	701,462	812,547
	167,168	183,804
Expenses		
Human resources	77,482	73,919
Repairs and maintenance	15,220	14,830
Property taxes	9,543	9,383
Other operating	7,956	7,676
Rentals	5,680	5,773
General and administrative	19,350	20,886
Interest	8,272	10,446
Depreciation and amortization	14,887	17,064
	158,390	159,977
Earnings from operations	8,778	23,827
Gain on disposal of investment	2,110	0
Earnings attributable to others	(10,843)	(11,441)
Earnings before provision for income taxes	45	12,386
Recovery of (provision for) income taxes	470	(123)
 NET EARNINGS	 515	 12,263
Less patronage refunds allocated as members' equity	3	10,920
	512	1,343
 Retained earnings, beginning of year	 32,079	 30,736
 Retained earnings, end of year	 32,591	 32,079

Consolidated Statement of Changes in Financial Position

For the Year Ended July 31, 1993
(000s)

	1993	1992
	\$	\$
Working capital provided by (used in):		
Operating Activities		
Earnings from operations	8,778	23,827
Items not affecting cash		
Depreciation and amortization	14,887	17,064
Earnings attributable to others	(10,843)	(11,441)
Provision for obligation under loan guarantee	1,000	1,000
Recovery of (provision for) income taxes	470	(123)
Loss (gain) on sale of property and equipment	97	(846)
Minority interest	47	28
	14,436	29,509
Financing Activities		
Increase (decrease) in long-term debt	9,642	(912)
Members' equity payments	(6,466)	(851)
Decrease in loans from members, staff and co-operatives	(929)	(5,289)
Withholding tax on patronage allocations	0	(1,544)
	2,247	(8,596)
Investing Activities		
Purchase of property and equipment	(14,912)	(24,429)
Decrease (increase) in investments and memberships	9,616	(5,283)
Decrease in other assets	660	211
Proceeds on disposition of property and equipment	240	775
	(4,396)	(28,726)
INCREASE (DECREASE) IN WORKING CAPITAL	12,287	(7,813)
Working capital, beginning of year	52,953	60,766
Working capital, end of year	65,240	52,953
Reconciliation of change in working capital to changes in net short-term financing		
(Increase) decrease in working capital	(12,287)	7,813
Increase (decrease) in non-cash working capital items	73,775	(70,014)
Increase (decrease) in net short-term financing	61,488	(62,201)
Net short-term financing, beginning of year	104,407	166,608
Net short-term financing, end of year	165,895	104,407

Net short-term financing is defined as cash tickets outstanding and short-term loans, net of cash.

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

1. ACCOUNTING POLICIES

Alberta Wheat Pool ("the Association") is incorporated by a special Act of the Alberta Legislature. A significant portion of its transactions is with members of the Association. In preparing its financial statements, the Association follows generally accepted accounting principles. The following is a summary of the significant accounting policies adopted by the Association:

Principles of consolidation

These consolidated financial statements include the accounts of Alberta Wheat Pool and its subsidiaries:

	Percentage Ownership
Western Pool Terminals Ltd.	60%
Pacific Elevators Limited	60%
Alberta Wheat Pool Financial Corporation	100%
Prairie Food Holdings Inc.	100%

All significant inter-company transactions have been eliminated.

Investments and memberships

The Association uses the equity accounting method for recording the carrying value of its investments in certain affiliated companies over which it has significant influence.

Portfolio investments are stated at cost less provisions for permanent decline in value when appropriate.

Property and equipment

Property and equipment are recorded at cost less investment tax credits earned. Depreciation is charged on either a straight-line or a declining balance basis at annual rates varying from 4% to 30%, designed to amortize the cost of the assets over their useful lives.

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Other assets

Goodwill and patent rights are amortized on a straight-line basis over five years.

Recognition of income

Handling revenues related to country and terminal elevators are considered earned at the time that shipments are made from the facilities.

Revenues from grain overages registered in advance at the terminal elevators are recorded at the time of registration.

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

1. ACCOUNTING POLICIES (Continued)

Foreign currency translation

Foreign currency long-term debt financing has been recorded at the rate of exchange in effect at the year-end. Exchange gains and losses on this long-term debt are deferred and included in other assets. The deferred balance is amortized over the term of the debt.

Net earnings

Net earnings are allocated by way of patronage refunds according to the equity targets established by the Board.

Income taxes

The Association follows the tax allocation method of accounting. Taxes otherwise payable for the year have been eliminated primarily through the allocation of tax deductible patronage dividends.

2. INVENTORIES

	1993	1992
	\$	\$
	(000s)	
Grain purchased for delivery to the Canadian Wheat Board, valued at established delivery prices, after deferral of unearned handling revenues	85,024	40,132
Grain valued at cost, with unrealized gains or losses on contracts being deferred until the contracts are closed	2,918	11,474
Other inventories, including seed and agro supplies, valued at the lower of cost and net realizable value	47,550	34,778
	<hr/>	<hr/>
	135,492	86,384

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

3. PROPERTY AND EQUIPMENT

Property and equipment are classified by operating division as follows:

		1993	1992
		\$ (000s)	
	Cost	Accumulated Depreciation	Net Book Value
Country facilities	193,029	123,633	69,396
Terminal operations	138,848	73,909	64,939
Other	26,200	14,720	11,480
	358,077	212,262	145,815
			145,405

During 1993, interest of \$1,376,000 (1992 - \$1,617,000) was capitalized on major projects under construction.

4. INVESTMENTS AND MEMBERSHIPS

	1993	1992
	\$	\$
	(000s)	
Equity investments		
Ridley Grain Ltd.	8,195	9,602
Drummond Brewing Company Ltd.	4,431	4,142
XCAN Grain Pool Ltd.	4,159	3,016
Other	684	680
	17,469	17,440
Portfolio investments and memberships	740	8,904
	18,209	26,344

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5. LOANS FROM MEMBERS, STAFF AND CO-OPERATIVES

Substantially all loans from members, staff and co-operatives are on a demand basis. However, experience has shown that such obligations are outstanding for longer than one year and accordingly they are not included in current liabilities. Interest paid during the year was \$2,925,000 (1992-\$3,609,000).

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

6. LONG-TERM DEBT

	1993	1992
	\$	\$
	(000s)	
Alberta Wheat Pool		
Term loan	10,000	0
9-1/4% notes payable		
(1992 - U.S. \$500,000)	0	592
Western Pool Terminals Ltd.		
6-5/8% mortgage	1,581	1,917
	11,581	2,509
Less current maturity	358	928
	11,223	1,581

Two term facilities totalling \$25,000,000 have been entered into by the Association. By July 31, 1993, a \$10,000,000 draw on the \$15,000,000 revolving term loan facility had taken place. This facility has a one-year revolving period during which interest is payable at prime, bankers' acceptances plus 5/8% or London Inter-Bank Offer Rate plus 5/8%. On an annual basis the revolving period may be extended an additional year or converted to a reducing four-year term loan. Upon conversion to a reducing term loan interest is payable at prime, bankers' acceptances plus 3/4% or London Inter-Bank Offer Rate plus 3/4%. The loan is repayable in quarterly installments of \$562,500 with the balance due at the end of the four-year term.

The mortgage is secured by the property and equipment of Western Pool Terminals Ltd. and is payable in annual instalments of \$463,000, including interest, to 1997.

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Interest on long-term debt was \$125,000 (1992 - \$214,000).

Assuming that the loan is converted to a reducing term loan at the end of the current one-year revolving period, repayments of long-term debt for the next five years ending July 31, are as follows:

1994	\$358,000
1995	\$1,882,000
1996	\$1,907,000
1997	\$1,934,000
1998	\$5,500,000

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

7. COMMITMENTS AND CONTINGENCIES

The Association has guaranteed and is contingently liable for up to \$27,000,000 of the debt owed by affiliated companies. Provisions totalling \$13,200,000 (1992 - \$12,200,000) have been made for this contingent liability. It is management's opinion that no additional loss provision is required at this time. The Association has also undertaken to provide funds to service interest on the debt maturing in August, 1994, with respect to one affiliated company. In addition, the Association has issued letters of credit totalling \$6,000,000 with respect to purchases made by an affiliated company in the normal course of business.

8. EQUITY ISSUED TO MEMBERS

	1993			1992		
	\$			\$		
	(000s)					
	Reserves	Surplus	Total	Reserves	Surplus	Total
Balance, beginning of year	75,512	50,090	125,602	82,517	34,560	117,077
Add patronage refunds allocated as members' equity	0	0	0	10,920	0	10,920
Deduct withholding tax on patronage allocations	0	0	0	(1,544)	0	(1,544)
Add (deduct) transfers from Reserves to Surplus	(4,522)	4,522	0	(15,940)	15,940	0
	70,990	54,612	125,602	75,953	50,500	126,453
Deduct equity distribution	(32)	(5,642)	(5,674)	0	0	0
Deduct estates and compassionate payments	(240)	(552)	(792)	(441)	(410)	(851)
Balance, end of year	70,718	48,418	119,136	75,512	50,090	125,602

The reserve plan consists of the members' initial membership fees plus any earnings allocated to members that have not been paid in cash.

The surplus plan account includes the amount by which each member's equity exceeds their individual reserve target amount. These accounts are eligible to be paid out in any year when the Association has distributable equity.

Notes to the Consolidated Financial Statements

For the Year Ended July 31, 1993

9. LEASE COMMITMENTS

The Association leases a variety of equipment under various operating leases which will be in effect until July 31, 1998. Future lease payments aggregate \$4,190,000 as follows:

1994	\$1,980,000
1995	\$1,264,000
1996	\$821,000
1997	\$93,000
1998	\$32,000

10. RELATED PARTY TRANSACTIONS

The Association operates as a cooperative and, as such, conducts a substantial portion of its business activities with related parties consisting primarily of the Association's shareholder members and companies owned or significantly influenced by the Association together with other western Canadian cooperatives. In addition to transactions with members, including grain purchases and sale of farm products, the Association acquires from and sells to other related parties certain other goods and services in the normal course of business.

11. PENSION PLANS

The Association has defined benefit pension plans covering substantially all of its employees. The most recent actuarial valuation of the Association's obligation was made as of January 1, 1993, and indicates an obligation of \$66,983,000 (1992 - \$60,088,000). The assets at market value at July 31, 1993, are \$67,206,000 (1992 - \$61,415,000).

12. SUBSEQUENT EVENT

On August 16, 1993, the Association acquired certain assets of a group of companies whose primary business is mustard processing for a consideration of \$1,043,000.

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13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's method of presentation.

DELEGATES 1993-94

District One

101	Sauer, Richard	Maleb
102	Lindeman, Brian	Milk River
103	Zobell, John W.	Raymond
104	Neilson, Thomas	Cardston
105	Bennett, Burnell	Taber
106	Simanton, Vern	Foremost
107	Zeinstra, John	Picture Butte
108	Jacobson, Lynn	Enchant

District Two

201	Paulsen, Howard	Stavely
202	Williams, S. Evan	Vulcan
203	Monner, Michael	Milo
204	Smith, Gary	High River
205	Groeneveld, George	Blackie
206	Moulton, Gordon	Hussar
207	Bird, Lionel M.	Carstairs
208	Duhn, Robert L.	Delacour

District Three

301	Fischer, Marvin A.	Hilda
302	Bamber, Robert D.	Esther
303	Skriver, Gordon	Tilley
304	Smillie, Gordon R.	Bassano
305	Axelsen, Eric	Drumheller
306	McNaughton, Mel	Rumsey
307	Gordon, Maxwell	Craigmyle
308	Kloberdanz, John	Kirriemuir

District Four

401	Degenhardt, Terry-Lee	Hughenden
402	Jackson, Edward	Irma
403	Haydu, Richard	Paradise Valley
404	Ulan, Walter	Blackfoot
405	Anderson, Allen O.	Minburn
406	Loveseth, Kevin	Viking
407	Ponto, Robert	Galahad
408	Thomas, Harvey R.	Alliance

District Five

501	Farmer, Richard	Acme
502	Parry, Brian	Three Hills
503	Schaefer, Vernon F.	Innisfail
504	Hoppins, Dennis	Huxley

District Five (continued)

505	Scheerschmidt, Douglas	Stettler
506	Northey, Robert E.	Red Deer
507	Hilman, Perry	Red Deer
508	Doupe, Ronald P.	Ponoka

District Six

601	Lawrence, John A.	Clandonald
602	Gordeyko, Pat	Two Hills
603	Ziegler, Arden	Vegreville
604	Fedun, David	Andrew
605	Galloway, Peter W.	Ft. Saskatchewan
606	Forcade, Loenard	Legal
607	Severin, Dwayne M.	St. Paul
608	Shalka, Kenneth R.	Fort Kent

District Seven

701	Lunty, Donald W.	Forestburg
702	Holmberg, James S.	Rosalind
703	Rasmuson, Earl	Gwynne
704	Loov, Bill	Bluffton
705	Rude, Lars E.	Tofield
706	Appleby, Kenneth	Tofield
707	Besler, Richard	Thorsby
708	Hagman, Earl	Mayerthorpe

District Eight

801	Feniak, Robert	Warspite
802	Ewaskow, Russel F.	Thorhild
803	Jenkins, Charles L.	Grassland
804	Trueblood, Brian	Dapp
805	Miller, Lawrence L.	Barrhead
806	Adolphson, Norman	Valleyview
807	Blanchette, Rene	Girouxville
808	Gunning, John	Peace River

District Nine

901	Woronuk, Brian	Rycroft
902	Balderston, Gilbert	Sexsmith
903	Harris, Peter	Beaverlodge
904	Smolik, Garry	Dawson Creek
905	Vander Linden, Dale	Clayhurst
906	Moskalyk, Ralph G.	Fairview
907	Anderson, Leonard	Grimshaw
908	Fedeyko, William S.	High Level

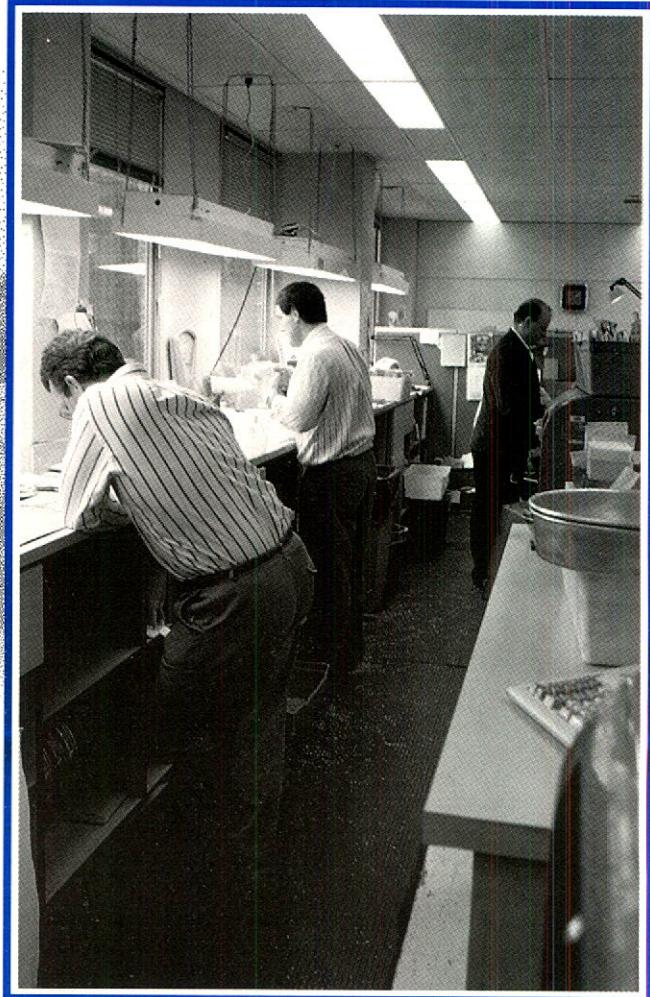
CORPORATE PROFILE

Alberta Pool is a farmer-owned cooperative. It handles and markets grain, oilseeds and specialty crops for its farmer-members both domestically and internationally. A broad range of farm supplies and services are offered to farmers through Pool agro centres and elevators.

Alberta Pool is a world leader in developing grain handling technology and has introduced new, improved crop varieties to benefit farmers and develop new markets. Through its ownership of diversified companies such as Demeter Agro of Lethbridge, Prairie Sun Grains Ltd. of Camrose and a 50 percent ownership in Drummond Brewing Company Ltd. of Red Deer, Alberta Pool also plays an active role in the value-added food industry in the province.

For 70 years, Alberta Pool has made a significant contribution to the rural economy of Alberta. As the province's largest cooperative, the Pool contributes to the provincial economy by paying over seven million dollars in taxes annually to local communities and also issues close to one billion dollars annually to farmers who deliver grain to Pool facilities.

Organized in 1923, Alberta Pool today has 57,429 members and employs 1,421 people in Alberta, northeastern British Columbia, Vancouver and Winnipeg. Since its creation, the Pool has handled close to 177 million tonnes and returned \$359 million to its member-owners.



CORPORATE INFORMATION

Board of Directors

R.C. Schmitt
President
Milk River

T.A. Graham
First Vice-President
Spirit River

J.F. Pearson
Second Vice-President
Donalda

A.L. Aasen
Rainer

D. Nanninga
Barrhead

A.L. Oberg
Forestburg

A.L.D. Pidruchney
Myrnam

N.D. Silver
Huxley

W.J. Sutherland
High River

J.R. Anderson
Corporate Secretary

Management Executive

G.J. Dewar
Chief Executive Officer

R.E. Butler
General Manager
Terminal Operations

B.D. DuPont
Director
Human Resources

A.K. Froehlich
General Manager
Country Division

B.W. Healy
Chief Financial Officer

D.V. Riddell
Director
Corporate Affairs

M.M. Thomas
Manager
Corporate Planning

Legal Counsel
MacKimmie Matthews

Auditors
Deloitte & Touche

Bankers
Bank of Montreal
Toronto Dominion Bank

Calgary Office

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505 - 2 Street S.W.
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T2P 2P5

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Facsimile: (403) 290-5550

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Telephone: (403) 538-0140
Facsimile: (403) 539-3033

Region II Office

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398 St. Albert Road
St. Albert, Alberta
T8N 5J9

Telephone: (403) 460-3400
Facsimile: (403) 460-7113

Region III Office

Suite 203, 4406 Gaetz Avenue
Red Deer, Alberta
T4N 3P5

Telephone: (403) 341-4044
Facsimile: (403) 341-4949

Region IV Office

2802-5 Avenue North
Lethbridge, Alberta
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Facsimile: (403) 320-6877

Our Commitment to the Environment - To support our corporate commitment to environmental responsibility and conservation of our resources, this year's Annual Report is recyclable. It was printed with a vegetable-based ink containing canola oil that performs exceptionally well and produces brighter, cleaner colours. At Alberta Pool, we incorporate environmental considerations into all our operations, including the production of this Annual Report.





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