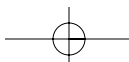
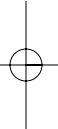
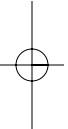
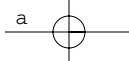


Financial Statements of

The Ontario Wheat Producers' Marketing Board

for the year ended May 31, 2007





Ontario Wheat Producer's Marketing Board 2006 Annual Report

Auditors' Report



Chartered Accountants
and Business Advisors

AUDITORS' REPORT

To the Members of
The Ontario Wheat Producers' Marketing Board

We have audited the statement of financial position of The Ontario Wheat Producers' Marketing Board as at May 31, 2007, the statements of operations and distribution of earnings to producers for the 2006 crop accounts for pool A soft white wheat, pool B hard red winter, pool C hard red spring, pool D hard red spring interim registered varieties, pool E and F soft red and common red wheat and pool G wheat graded feed, and the statements of operations - general fund, cash flows, 2006 net assets invested in forward contracting, unrestricted net assets, net assets invested in capital assets, net assets internally restricted for research and market development and net assets pool reserve for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian 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 financial statements present fairly, in all material respects, the financial position of The Ontario Wheat Producers' Marketing Board as at May 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

RLB LLP

Guelph, Ontario
July 13, 2007

Chartered Accountants
Licensed Public Accountants

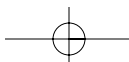
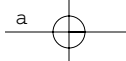


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Statement of Financial Position

as at May 31, 2007

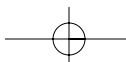
	2007	2006
ASSETS		
CURRENT ASSETS		
Cash	\$ 502,140	\$ 1,279,932
Accounts receivable	2,286,629	4,155,322
Prepaid expenses	41,084	26,418
Prepaid hedge expense	94,639	864,574
Inventory	3,310,490	18,699,173
Open hedge position, future crop years	440,093	-
	6,675,075	25,025,419
INVESTMENTS (Note 3)	9,544,161	3,563,516
LONG-TERM ACCOUNT RECEIVABLE (Note 4)	69,260	69,260
CAPITAL (Note 5)	65,757	65,058
	\$ 16,354,253	\$ 28,723,253
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 7)	\$ 1,601,292	\$ 26,404,335
Accounts payable and accrued liabilities	2,160,635	403,612
Open hedge position, current crop year	64,395	577,332
Deferred research grants	1,050	123,511
Liability to Producers (Note 6)	5,464,730	642,612
	9,292,102	28,151,402
NET ASSETS		
Net assets invested in forward contracting	(2,972,213)	1,216,585
Unrestricted net assets	8,061,669	1,626,996
Net assets invested in capital assets	65,757	65,058
Net assets internally restricted for research and market development	1,906,938	1,669,395
Net assets invested in pool reserve	-	(4,006,183)
	7,062,151	571,851
	\$ 16,354,253	\$ 28,723,253

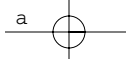
The attached notes are an integral part of these financial statements

APPROVED BY THE BOARD:

.....Director

.....Director





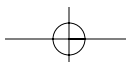
Statement of Operations and Distribution of Earnings to Producers

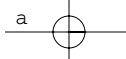
Pool A Soft White

Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	12,858		22,623	
REVENUE				
Sales	\$ 2,350,529		\$ 3,303,733	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	2,350,529	\$ 182.80	3,303,733	\$ 146.04
Interest earned	4,334	0.34	6,294	0.28
	2,354,863	183.14	3,310,027	146.32
EXPENSES				
Inventory adjustment	564	0.04	3,477	0.15
Elevation	61,406	4.78	86,536	3.83
Inspection and treating	9,946	0.77	10,429	0.46
Interest	23,528	1.83	47,654	2.11
Hedging activity	192,216	14.95	(77,389)	(3.42)
Storage	64,274	5.00	50,210	2.22
Other	(8,042)	(0.63)	(7,055)	(0.31)
Transportation	39,069	3.04	-	-
	382,961	29.78	113,862	5.04
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 1,971,902	\$ 153.36	\$ 3,196,165	\$ 141.28
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 1,928,756	\$ 150.00	\$ 3,054,035	\$ 135.00
Final Payment (Note 6)	43,146	3.36	142,130	6.28
	\$ 1,971,902	\$ 153.36	\$ 3,196,165	\$ 141.28

The attached notes are an integral part of these financial statements





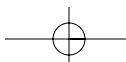
Statement of Operations and Distribution of Earnings to Producers

Pool B Hard Red Winter

Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	24,325		57,027	
REVENUE				
Sales	\$ 4,925,540		\$ 8,601,252	
Inventory, end of year	-		-	
Inventory, beginning of year	-		(7,988)	
	4,925,540	\$ 202.49	8,593,264	\$ 150.69
Interest earned	8,699	0.36	15,865	0.28
	4,934,239	202.85	8,609,129	150.97
EXPENSES				
Inventory adjustment	(14,655)	(0.60)	55,754	0.97
Elevation	127,411	5.24	219,454	3.84
Inspection and treating	58,781	2.42	63,654	1.12
Interest	44,510	1.83	120,128	2.11
Hedging activity	363,629	14.95	(195,085)	(3.42)
Storage	93,470	3.84	250,135	4.39
Other	(8,429)	(0.35)	(2,278)	(0.04)
Transportation	370,300	15.22	337,906	5.93
	1,035,017	42.55	849,668	14.90
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 3,899,222	\$ 160.30	\$ 7,759,461	\$ 136.07
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 3,648,746	\$ 150.00	\$ 6,899,945	\$ 121.00
Protein Payments at Delivery	80,619	3.32	590,068	10.35
Final Payment (Note 6)	169,857	6.98	269,448	4.72
	\$ 3,899,222	\$ 160.30	\$ 7,759,461	\$ 136.07

The attached notes are an integral part of these financial statements



Statement of Operations and Distribution of Earnings to Producers

Pool C Hard Red Spring

Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	9,555		15,575	
REVENUE				
Sales	\$ 2,207,700		\$ 3,122,191	
Inventory, end of year	-		-	
Inventory, beginning of year	-		(119,954)	
	2,207,700	\$ 231.04	3,002,237	\$ 192.76
Interest earned	3,417	0.36	4,333	0.28
	2,211,117	231.40	3,006,570	193.04
EXPENSES				
Inventory adjustment	554	0.06	854	0.05
Elevation	75,108	7.86	80,284	5.15
Inspection and treating	16,634	1.74	17,108	1.10
Interest	17,485	1.83	32,808	2.11
Hedging activity	142,842	14.95	(108,226)	(6.95)
Storage	78,447	8.21	69,430	4.46
Other	(6,289)	(0.66)	(4,126)	(0.26)
Transportation	108,211	11.32	12,075	0.78
	432,992	45.31	100,207	6.44
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 1,778,125	\$ 186.09	\$ 2,906,363	\$ 186.60
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 1,595,755	\$ 167.00	\$ 2,647,703	\$ 170.00
Protein Payments at Delivery	160,190	16.77	258,660	16.60
Final Payment (Note 6)	22,180	2.32	-	-
	\$ 1,778,125	\$ 186.09	\$ 2,906,363	\$ 186.60

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers

Pool D Hard Red Spring Interim Registered Varieties

Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	4,396		6,152	
REVENUE				
Sales	\$ 996,822		\$ 1,209,604	
Inventory, end of year	-		-	
Inventory, beginning of year	-		(2,424)	
	996,822	\$ 226.78	1,207,180	\$ 196.22
Interest earned	1,572	0.35	1,712	0.28
	998,394	227.13	1,208,892	196.50
EXPENSES				
Inventory adjustment	(629)	(0.14)	3,851	0.63
Elevation	29,896	6.80	33,963	5.52
Inspection and treating	6,579	1.50	7,940	1.29
Interest	8,043	1.83	12,960	2.11
Hedging activity	65,710	14.94	(21,046)	(3.42)
Storage	43,692	9.94	36,031	5.86
Other	(1,037)	(0.24)	(1,452)	(0.24)
Transportation	33,157	7.54	4,825	0.78
	185,411	42.17	77,072	12.53
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 812,983	\$ 184.96	\$ 1,131,820	\$ 183.97
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 734,072	\$ 167.00	\$ 996,674	\$ 162.00
Protein Payments at delivery	69,608	15.84	102,823	16.72
Final Payment (Note 6)	9,303	2.12	32,323	5.25
	\$ 812,983	\$ 184.96	\$ 1,131,820	\$ 183.97

The attached notes are an integral part of these financial statements

Statement of Operations and Distribution of Earnings to Producers

Pool E and F Soft Red and Common Red

Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	203,392		297,684	
REVENUE				
Sales	\$ 33,124,512		\$ 42,565,689	
Inventory, end of year	-		-	
Inventory, beginning of year	-		(24,354)	
	33,124,512	\$ 162.86	42,541,335	\$ 142.91
Interest earned	72,729	0.36	82,818	0.28
	33,197,241	163.22	42,624,153	143.19
EXPENSES				
Inventory adjustment	(16,812)	(0.08)	9,518	0.03
Elevation	1,659,566	8.16	1,729,848	5.81
Inspection and treating	522,192	2.57	319,187	1.07
Interest	372,168	1.83	627,072	2.11
Hedging activity	3,040,461	14.95	(963,395)	(3.23)
Storage	803,529	3.95	1,887,167	6.34
Other	(112,633)	(0.55)	(33,183)	(0.11)
Transportation	3,439,094	16.90	2,846,099	9.56
	9,707,565	47.73	6,422,313	21.58
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 23,489,676	\$ 115.49	\$ 36,201,840	\$ 121.61
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 18,307,139	\$ 90.01	\$ 36,019,702	\$ 121.00
Final Payment (Note 6)	5,182,537	25.48	182,138	0.61
	\$ 23,489,676	\$ 115.49	\$ 36,201,840	\$ 121.61

The attached notes are an integral part of these financial statements

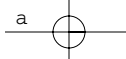
Statement of Operations and Distribution of Earnings to Producers

Pool G Wheat Graded Feed

Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	7,884		1,688	
REVENUE				
Sales	\$ 1,167,787		\$ 190,960	
Inventory, end of year	-		-	
Inventory, beginning of year	-		-	
	1,167,787	\$ 148.13	190,960	\$ 113.13
Interest earned	2,819	0.36	470	0.28
	1,170,606	148.49	191,430	113.41
EXPENSES				
Inventory adjustment	(78)	(0.01)	-	-
Elevation	44,788	5.68	9,556	5.66
Inspection and treating	8,806	1.12	1,493	0.88
Interest	14,426	1.83	3,556	2.11
Hedging activity	117,852	14.95	(5,775)	(3.42)
Storage	30,865	3.92	7,576	4.49
Transportation	33,259	4.22	6,525	3.87
	249,918	31.71	22,931	13.59
EARNINGS DISTRIBUTED TO PRODUCERS	\$ 920,688	\$ 116.78	\$ 168,499	\$ 99.82
EARNINGS DISTRIBUTED AS FOLLOWS:				
Initial plus Interim Payments	\$ 882,981	\$ 112.00	\$ 151,926	\$ 90.00
Final Payment (Note 6)	37,707	4.78	16,573	9.82
	\$ 920,688	\$ 116.78	\$ 168,499	\$ 99.82

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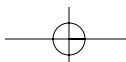
Statement of Operations

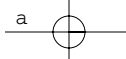
General Fund

Year ended May 31, 2007

	2007	2006
REVENUE		
Licence fees	\$ 3,275,526	\$ 2,505,040
Other	1,529	644
Contract income	76,018	43,860
	3,353,073	2,549,544
EXPENSES		
Salaries	770,990	738,798
Agri-eBusiness	161,138	151,950
Grain Financial Protection	248,624	152,113
Grains and Oilseeds lobby	167,745	114,306
Legal fees	14,103	4,878
Contracted services	158,828	78,460
Audit fees	50,000	53,000
Board members' expenses	130,363	147,711
Employee benefits	134,851	129,901
Office	69,200	107,319
Computer expense	-	7,845
Board members per diem	112,088	120,563
Postage	47,042	32,484
County wheat promotion	46,808	47,564
Delegates' expenses	60,869	67,196
Advertising and promotion	100,640	59,656
Office maintenance	17,345	15,900
Telephone and utilities	20,965	26,037
Travel	45,170	64,894
Equipment maintenance and rentals	17,738	24,798
Office rent	56,133	45,002
Amortization	38,613	19,265
Relocation expense	-	10,808
Bad debt expense	665	2,911
	2,469,918	2,223,359
Operating Income	883,155	326,185
Other transactions		
Investment income, net	3,539,487	49,381
Export expense (Note 12)	(4,560,526)	0
Extraordinary income, investments held for trading (Note 3)	6,873,256	0
Excess of revenue over expenses	\$ 6,735,372	\$ 375,566
Excess of revenue over expenses represented as:		
General Fund	\$ 6,773,985	\$ 394,831
Capital assets (amortization)	(38,613)	(19,265)
	\$ 6,735,372	\$ 375,566

The attached notes are an integral part of these financial statements



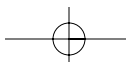


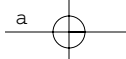
Statement of Cash Flows

Year ended May 31, 2007

	2007	2006
OPERATING ACTIVITIES		
Excess of revenues over expenses, general fund	\$ 6,735,372	\$ 375,566
Amortization of capital assets	38,613	19,265
Change in non-cash working capital (Note 13)	23,516,295	(20,762,246)
	30,290,280	(20,367,415)
INVESTING ACTIVITIES		
Purchase of capital assets	(39,312)	(69,733)
(Increase) decrease in investments	(5,980,645)	2,488,696
	(6,019,957)	2,418,963
FINANCING ACTIVITIES		
Change in net assets for forward contracting	(4,188,798)	(1,851,191)
Change in net assets restricted for research and market development	237,543	8,715
Change in net assets not involving cash	(300,000)	(182,500)
Change in net assets for pool reserve	4,006,183	(4,006,183)
	(245,072)	(6,031,159)
NET CHANGE IN CASH	24,025,251	(23,979,611)
Bank indebtedness, beginning of year	(25,124,403)	(1,144,792)
Bank indebtedness, end of year	\$ (1,099,152)	\$ (25,124,403)
BANK INDEBTEDNESS CONSISTS OF		
Cash	\$ 502,140	\$ 1,279,932
Bank indebtedness	(1,601,292)	(26,404,335)
	\$ (1,099,152)	\$ (25,124,403)

The attached notes are an integral part of these financial statements

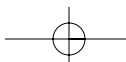




Statement of Net Assets Invested in Forward Contracting Year ended May 31, 2007

	2006 Crop		2005 Crop	
	Amount	Per Tonne	Amount	Per Tonne
Receipts from Producers: Tonnes	178,270		89,445	
Other receipts	73,953		88,089	
	252,223		177,534	
REVENUE				
Sales	\$ 63,608,161		\$ 11,757,986	
Inventory, beginning of year	(18,699,173)		(1,291,540)	
Inventory, end of year	3,310,490		18,699,173	
Hedging activity	(2,816,506)		504,505	
Interest earned	90,190		24,884	
	45,493,162	\$ 180.37	29,695,008	\$ 167.26
EXPENSES				
Inventory adjustment	(42,630)	(0.17)	21,455	0.12
Elevation	1,866,213	7.40	985,063	5.55
Inspection and treating	501,278	1.99	349,608	1.97
Interest	461,520	1.83	188,416	1.06
Storage	1,137,350	4.51	648,115	3.65
Transportation	3,846,506	15.25	1,694,990	9.55
	7,770,237	30.81	3,887,647	21.90
BALANCE, BEFORE WHEAT ACQUIRED	37,722,925		25,807,361	
WHEAT ACQUIRED - producer	28,397,069		12,930,142	
WHEAT ACQUIRED - other	13,514,654		14,829,471	
BALANCE, after wheat acquired	(4,188,798)	(16.61)	(1,952,252)	(11.00)
FORWARD CONTRACTING RESERVE,				
BEGINNING OF YEAR	1,216,585		3,067,776	
	(2,972,213)		1,115,524	
Investment income, net	-		101,061	
FORWARD CONTRACTING RESERVE,				
END OF YEAR	\$ (2,972,213)		\$ 1,216,585	

The attached notes are an integral part of these financial statements



Statement of Unrestricted Net Assets

Year ended May 31, 2007

	2007		2006	
BALANCE, BEGINNING OF YEAR	\$	1,626,996	\$	1,484,398
Excess of revenue over expenses		6,773,985		394,831
Purchase of capital assets		(39,312)		(69,733)
Transfer to research		(300,000)		(182,500)
BALANCE, END OF YEAR	\$	8,061,669	\$	1,626,996

Statement of Net Assets Invested in Capital Assets

Year ended May 31, 2007

	2007		2006	
BALANCE, BEGINNING OF YEAR	\$	65,058	\$	14,590
Purchase of capital assets		39,312		69,733
Amortization expense		(38,613)		(19,265)
BALANCE, END OF YEAR	\$	65,757	\$	65,058

The attached notes are an integral part of these financial statements

Statement of Net Assets
Internally Restricted for Research and Market Development
Year ended May 31, 2007

	<u>2007</u>		<u>2006</u>	
BALANCE, BEGINNING OF YEAR	\$	1,669,395	\$	1,660,680
Research and market development revenue		326,567		239,190
Research and market development expense		(389,024)		(467,682)
Transfer from Operations - General Fund		300,000		182,500
Investment income, net		-		54,707
BALANCE, END OF YEAR	\$	1,906,938	\$	1,669,395

The attached notes are an integral part of these financial statements

Ontario Wheat Producer's Marketing Board 2006 Annual Report

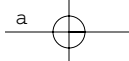
Statement of Net Assets

Pool Reserve

Year ended May 31, 2007

	<u>2007</u>	<u>2006</u>
BALANCE, BEGINNING OF YEAR	\$ (4,006,183)	\$ -
Revenue	-	-
Expenses		(4,006,183)
Transfer to pool expense	4,006,183	
BALANCE, END OF YEAR	\$ -	\$ (4,006,183)

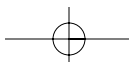
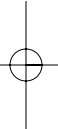
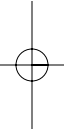
The attached notes are an integral part of these financial statements



Ontario Wheat Producers' Marketing Board

Notes to the Financial Statements

for the year ended May 31, 2007



1. Act of Incorporation and Mandate

The Ontario Wheat Producers' Marketing Board ("Wheat Board") was established in 1958 by a vote of Ontario wheat producers. According to the Farms Products Marketing Act regulation 442, all wheat grown in the Province of Ontario shall be marketed through the Wheat Board or one of its programs. The Wheat Board purchases wheat from producers in Ontario and sells to the domestic market as well as to foreign markets.

As an agricultural organization, the Wheat Board is exempt from income taxes under Section 149 (1) (e) of the Income Tax Act.

2. Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, revenue and expense. Actual results could differ from these estimates. The Wheat Board has adopted early recognition of the new accounting standards (sections 3855 and 3865) issued by the Canadian Institute of Chartered Accountants (CICA) affecting the presentation and disclosure of Financial Instruments and Hedge Accounting. Summarized below are the policies considered significant for the Wheat Board.

Revenue

Revenue from wheat sales is recognized in the accounts under the terms and value defined in the sales contract. Sales are recognized when the contract has been signed and the inventory has been committed.

License fee revenue is recognized for board declared wheat on the date of delivery. For direct marketed wheat, license fee revenue is recognized on the date of sale.

Inventory

The wheat inventories are valued at the lower of the contracted price or market price.

Capital assets

Capital assets are stated at cost. Amortization is calculated using the straight-line method at the following annual rates; the half-year rule is applied in the year of acquisition.

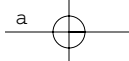
Office equipment	15% in years 1 to 6, 10% in year 7
Computer hardware	50%
Computer software	100%
Leasehold Improvements	amortized over 15 years

Financial instruments

In applying new standards, section 3855, financial instruments are classified as loans and receivables, held to maturity or held for trading. Investments held for trading are measured at fair value with gains and losses recognized in income in the period they arise. The long-term receivable and held to maturity investments are measured at cost. Section 3865 is applied to qualified items designated as being part of a hedging relationship allowing for the recognition of gains, losses, revenues and expenses associated with these items to be recognized in the same period when they would otherwise be recognized in different periods.

Deferred research grant

Deferred research grants represent grants received in advance and relate to a future year. The revenue has been deferred and will be recognized in the appropriate fiscal year.



2. Significant Accounting Policies (continued)

Foreign currency translation

Purchased futures contracts are translated into Canadian dollars at exchange rates prevailing at the date of purchase. Gains and losses generated through the liquidation of futures and options are translated into Canadian dollars at exchange rates prevailing at the date of liquidation. Exchange adjustments resulting from the translation of these transactions are allocated to the appropriate pool account. Other income and expenses are translated at the daily exchange rates in effect during the year.

Monetary assets and liabilities denominated in United States dollars are translated at the exchange rate in effect at the balance sheet date. Exchange adjustments arising from conversion of foreign currency denominated monetary assets or liabilities are recorded in appropriate pool or forward contract accounts.

Cash forward contracts

The Wheat Board enters into cash forward contracts with producers to purchase wheat at a contracted price on a defined delivery date. The position taken by the Wheat Board as a result of the cash forward contracts is hedged through the sale of futures contracts that approximate the price, quantity and delivery term. Any gains or losses relating to the cash forward contracts or the designated futures are recognized upon the closure of the cash forward contract.

Futures and options

In order to manage its exposure to currency and price risks, the Wheat Board uses futures and options. Premiums received on the settlement of futures and options, relating to the current crop year, are included in the revenue of each pool or forward contract account. Premiums paid on the settlement of futures and options, relating to the current crop year are included in the expenditures of each pool or forward contract account. The premiums paid or received on settlement of futures and options, relating to future crop years, are deferred and recognized in the appropriate crop year.

The Wheat Board formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the statement of financial position or to specific firm commitments or forwarded transactions. The Wheat Board also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective. Realized and unrealized gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under current assets or liabilities on the statement of financial position and recognized in income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

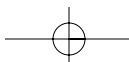
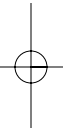
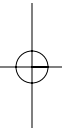
Interest and bank charges

Interest expense and charges incurred by the Wheat Board and interest revenue earned are calculated on an accrual basis. Interest expenses and revenues related to the operation of the pools and forward contract programs are allocated to the separate pools and forward contract account on the basis of relative tonnage.

General and administrative expenses

Beginning with the 2003 crop year, the Wheat Board has discontinued the policy of allocating license fee revenues and indirect administrative costs to the various pool accounts and forward contract for cash account based on tonnage.

The intent of the change is that the license fees will be set to cover Administration, Marketing Programs, Research and Market Development activities, and other producer programs to the benefit of all producers.



3. Investments and extraordinary income

Investments are comprised of 210,939 shares, with a market value on May 31, 2007 of \$9,544,161 and are classified as held for trading. In March 2007, the issuing company went public, the 82,670 shares were split 3 for 1 and 37,071 shares were redeemed for \$921,751. The remaining 210,939 shares were converted into three series of common shares; 70,313 outstanding in each series. These series have lock up periods expiring September 16, 2007; March 14, 2008; September 10, 2008. (2006 - federal and provincial bonds classified as available for sale - \$4,080,189).

4. Long-term Account Receivable

The long-term receivable is to be repaid by Agri-eBusiness Group Inc. over a 5-year period commencing in 2008. There is no interest being charged on this amount.

5. Capital Assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office & computer equipment	\$118,587	\$62,610	\$55,977	\$54,553
Leasehold improvements	10,867	1,087	9,780	10,505
	\$129,454	\$63,697	\$65,757	\$65,058

6. Liability to Producers

The liability to producers comprises the final payment per pool. The final payment has been approved by the Board of Directors of the Wheat Board and is subject to approval by the Ministry of Agriculture Canada.

	2007	2006
Wheat pool A – Soft White	\$ 43,146	\$ 142,130
Wheat pool B – Hard Red Winter	169,857	269,448
Wheat pool C – Hard Red Spring	22,180	-
Wheat pool D – Hard Red Spring Interim Registered Varieties	9,303	32,323
Wheat pool E and F – Soft Red & Common Red	5,182,537	182,138
Wheat pool G – Wheat Graded Feed	37,707	16,573
	\$ 5,464,730	\$ 642,612

7. Credit Facilities

The Wheat Board can borrow to fund operations under its operating line. The available operating line fluctuates during the year depending on the need for funds and was \$12 million at May 31, 2007.

The operating line bears interest at prime rate minus 0.50%. The Wheat Board has pledged equipment, inventory, accounts receivable and all personal property acquired in the future under a general security agreement as security for these facilities.

8. Initial Payment Guarantee

A portion of the initial payment to producers participating in the pools is guaranteed by the federal government under the Agricultural Marketing Programs Act.

9. Crop Forward Contracting for Cash Account

The balance after wheat acquired is mainly the result of basis and hedging gains and losses combined with non-fulfillment of delivery on cash forward contracts. Futures are sold to hedge the Wheat Board's position on the cash forward contracts.

The nature of the forward contracting program will result in residual gains or losses in the cash forward contracting for cash account. The Wheat Board has determined that gains should be set aside as a reserve to offset future losses.

10. Employee Benefits

The Wheat Board offers a defined contribution post retirement benefit plan to its employees. The total expense for the Wheat Board's defined contribution plan is \$40,174 (2006 - \$40,127).

11. Financial Instruments

i) The Wheat Board's recognized financial instruments consist of accounts receivable, accounts payable and accrued liabilities, bank indebtedness and liability to producers. The fair value of these financial instruments approximate their carrying value.

ii) Foreign currency risk

The Wheat Board's exposure to currency risk lies in its cash forward contracts with producers. Cash forward contracts are denominated in Canadian dollars but are hedged with wheat futures denominated in United States dollars.

To manage the currency risk, the Wheat Board purchases foreign exchange futures to protect itself from potential exchange losses. The open positions at May 31, 2007 are comprised of contracts expiring between September 2007 and March 2008 with a combined hedge value of USD \$458,140.

iii) Price risk

The Wheat Board entered into cash forward contracts with producers for the crop years 2007 and 2008 wheat in the amount of CDN \$8,121,224 in fiscal years 2007 and 2008.

The Wheat Board has hedged its exposure through the sale of wheat futures or cash forward sales. The open positions at May 31, 2007 have a hedge value of USD (\$106,988).

iv) Credit risk

The major concentration of credit risk arises from the Wheat Board's accounts receivable. The majority of the accounts receivable are from organizations in the agricultural and food processing industry. The Wheat Board manages the risk through evaluation and monitoring processes.

12. Export expense

The Wheat Board incurred expenses relating to sales contracts for exporting wheat to India and Egypt. These costs were a result of unforeseen circumstances and were remunerated to meet contractual obligations.

13. Additional Information to the Statement of Cash Flows

Change in non-cash working capital

	2007	2006
Decrease (increase) in accounts receivable	\$ 1,868,693	\$ (2,783,622)
Increase in prepaid expenses	(14,666)	(3,268)
Decrease (increase) in prepaid hedge expense	769,935	(675,116)
Decrease (increase) in inventories	15,388,683	(17,252,911)
(Decrease) increase in open positions, current crop year	(512,937)	449,408
(Increase) decrease in open positions, future crop years	(440,093)	303,769
Increase in accounts payable and accrued liabilities	1,757,023	84,306
(Decrease) increase in deferred research grants	(122,461)	94,936
Increase (decrease) in liability to producers	4,822,118	(979,748)
	\$ 23,516,295	\$ (20,762,246)

During the year, the Wheat Board paid interest of \$934,826 (2006-\$1,025,339) and received interest of \$275,912 (2006 - \$505,842).