



2005 | **2006**
Annual Report

Unlocking Potential



Report from the Board Chair

It was a great pleasure to be the Chair of Saskatchewan Pulse Growers (SPG) this past year. The leadership and professionalism of the Directors and Staff of SPG is second-to-none and as a result much progress was made in 2005-06.

This year SPG has been able to extend our leadership to a national level as SPG Director, Lloyd Affleck was selected to Chair the Pulse Canada Board. This is an important role as it ensures that SPG continues to have a voice in national and international projects and issues. We are confident that our investment in Pulse Canada will continue to return dividends to Saskatchewan producers through market access and development work.

We also continue to work closely with Pulse Canada on other projects such as the Feed Pea Network and through the Pulse Innovation Project whose goal is to increase pulse consumption in North America. It is a big goal but one we are confident can be achieved.

In late December we were able to announce a new joint venture between BASF, SPG and the Crop Development Centre (CDC) in Saskatoon. CLEARFIELD® lentils are the first herbicide-tolerant lentil varieties in Canada, and their development and commercialization is the result of this unique three-way partnership. The signing of a formal distribution agreement in late December 2005 facilitated commercial availability of the CLEARFIELD® lentil technology this past year.

In January, we were able to announce that SPG and the CDC had entered into a new long-term pulse breeding agreement worth

\$21 million over 15 years. This funding, along with the recently opened, \$3-million state-of-the-art pulse research facility on the U of S campus, is expected to meet the crop breeding and research needs of the pulse industry for many years to come. In return, SPG was given exclusive global distribution rights for new varieties of peas, lentils, chickpeas, dry beans, and emerging pulse crops such as fababeans and soybeans.

SPG also provided the CDC with the use of new land and bridge funding for an additional pulse breeding position, bringing the total number of CDC pulse crop breeders to three. We are very pleased to welcome Dr. Bunyamin Tar'an to the breeding team to compliment the work of Dr. Bert Vandenberg and Dr. Tom Warkentin.

Finally, with the support of our staff, the Board modified our Vision statement to be a more accurate reflection of our role in the pulse industry. Our new Vision reads: *Saskatchewan will be an industry leader in the production, processing, and marketing of high quality and high value pulse products for a viable and profitable Canadian pulse industry.*

This has been a very challenging and rewarding year. Saskatchewan pulse producers are well represented by the dedicated and loyal SPG Board. I am confident that we will continue to unlock the potential that is clearly evident in our industry.

Sincerely,

Dean Corbett Board Chair

Executive Director's Report



The past year was one to celebrate. There were many major milestones achieved by the Board and Staff of SPG. It was also a year of collaboration and commitment.

Thanks to the generosity of more than 40 donors, we officially opened the the Pulse Research Addition to the Crop Science Field Lab in November 2005. The new facility is a dream come true for the staff and researchers who make their livelihoods breeding and studying pulse crops. The project began in 2002 when SPG identified the gap in research infrastructure and the need for additional capacity at the University of Saskatchewan.

The new facility provides enhanced capacity and efficiency in breeding, physiology, pathology and agronomic pulse research. The \$3-million project was funded by many partners including \$2.25 from various Federal and Provincial Government sources including \$1.5 million from the Canada-Saskatchewan Agri-Food Innovation Fund and \$750,000 from Western Economic Diversification Canada. The remaining funds have been provided by support from industry and producers.

We were also able to purchase two quarters of land south of Saskatoon to allow for additional pulse research to take place.

Winter marked a time of great change at SPG. In addition to our new commitment with the CDC, and our announcements about CLEAFIELD® lentils, our staff were busy behind the scenes on many other



projects. We were able to move the producer database in-house. This allows SPG to invest check-off dollars wisely as we have reduced the overhead associated with having an external company manage the database for us.

Spring marked the launch of our new website at www.saskpulse.com. The new website is populated with information for many different audiences including: Pulse Days information, electronic editions of *PulsePoint* magazine, production tips, and important information on growing and selling pulses.

The staff at SPG has worked hard to ensure that producers' investments are spent wisely. Through strategic planning with the Board and our partners, we are committed to provide leadership through research, market development and communication in collaboration with all of our stakeholders.

I look forward to continued collaboration between all of our partners.

Garth Patterson Executive Director

A handwritten signature in black ink, consisting of stylized initials and a long horizontal line.

2006 Board of Directors



(Left to Right)

Back Row: Lloyd Affleck,
David Nobbs, John Bennett,
Jim Moen (Vice-Chair)

Front Row: Maurice Berry,
Dean Corbett (Chair),
Barbara Podhorodeski

Board Photo by Nicole Hnatiw

Dean Corbett

Chair

Dean, a third-generation farmer from Macrorie, attended the University of Saskatchewan and the University of Calgary. Before retiring he served as teacher and principal in Daysland, Alberta and Macrorie and

Loreburn, Saskatchewan. He is a baseball coach and President of the Saskatchewan Valley Hockey League.

Jim Moen

Vice-Chair

Jim farms 3,200 acres of Pedigreed and commercial seed near Cabri. He has an Agriculture degree and is a member of the Saskatchewan Institute of Agrologists. He has worked as an agrologist in many areas of Saskatchewan and in Africa. He remains active in the Lions Club in Cabri and is on Municipal Council.

Lloyd Affleck

Director

Lloyd, who farms near Beechy, has grown Pedigreed seed for the past 35 years – 20 of which have included pulses. He is currently Chair of the Pulse Canada Board. Lloyd has been active in the community, acting as Trustee with the Outlook School Division and is also a Director on the Canterra Seeds Board. Lloyd was previously a Director with the Saskatchewan Pulse Crop Development Board from 1992 to 1995.

Maurice Berry

Director

Maurice farms in southeast Saskatchewan near Carievale in a family partnership called Berry Farms. In 1988, he completed his three-year Diploma of Agriculture from the University of Saskatchewan. He is currently a Director on the Pulse Canada Board, and is a former RM Councilor. Maurice has been involved in many community organizations over the years.

Barbara Podhorodeski

Director

Barbara and her husband operate a mixed-farming operation near the town of Shipman. She earned her Agriculture degree from the University of Saskatchewan in 1990. She currently represents SPG on the Western Grains Research Foundation Board. She has worked with the PFRA and the Conservation Learning Centre, and is past-Chair of the Saskatchewan Canola Development Commission.

John Bennett

Director

John has farmed in the Biggar area for more than 30 years. He has a no-till operation growing pulses, oilseed and cereals. John is past President of the Saskatchewan Soil Conservation Association (SSCA) and sits on the Board of the Saskatchewan Research Council. He was named SSCA Farmer of the Year in 1993 and Canadian No-Till Farmer of the Year in 2000.

David Nobbs

Director

David farms with his father and his brother on the family farm near Lancer. He is currently employed as General Manager and Director of Canpulse Foods in Kindersley – a special crop exporting and processing plant that primarily deals with lentils and canaryseed. David also has experience in research and sales.

Our Passion is Our Purpose

BACKGROUND

The first Saskatchewan pulse producer organization was formed in 1976. In a 1983 plebiscite, producers voted to institute a mandatory, non-refundable check-off to fund projects to develop the industry. The Saskatchewan Pulse Crop Development Board was born (later known as "Saskatchewan Pulse Growers").

FUNDING

A mandatory, non-refundable check-off of 1% of the gross value of sale is deducted at the first point of sale when a producer sells pulse crops.

BOARD

SPG is directed by a Board of seven elected pulse producers.

PROGRAMS

Communications – Our key communications initiatives include: *PulsePoint* magazine, annual report, website, Pulse Days conference, regional meetings and sponsorship activities.

Market Development – Our efforts focus on developing international and domestic market opportunities for pulses in human diets and livestock rations, in co-operation with Pulse Canada.

Operations – SPG staff members combine industry knowledge and individual expertise to deliver programs as directed by the SPG Board.



Policy – SPG provides leadership on issues such as government investment and regulation, producer security, and crop protection.

Research & Development – Our program provides funding and leadership for ongoing research including: disease management and resistance, genetic improvement and quality assessment, agronomy, weed control, processing and utilization of pulse crops, livestock nutrition and studies that support the Pulse Innovation Project.

Variety Release – SPG provides access to new pulse varieties developed through the CDC Pulse Breeding program by offering Breeder seed without royalties to Select-status seed growers in Saskatchewan and Alberta. Specialty varieties are tendered to specific companies.

SPG STAFF

Executive Director
Garth Patterson

Director of Operations
Joelle Harris

Director of Research
Dr. Kofi Agblor

Commercial Manager
Allison Krahn

Communications Manager
Penny Eaton (on leave),
Jackie Blondeau and
Erin T. Athmer

Office Administrator
Tasha Nett

Controller
Helen Baumgartner

Accounting Clerk
Esther Zvacek and
Melanie Goring

Records Administrator
Shelly Weber

Livestock Nutrition Consultant
Michelle Fleury

Major Milestones:

- November 2005 – Grand Opening of the Pulse Research Addition to the Crop Science Field Lab
- December 2005 – New land purchased for research purposes
- December 2005 – CLEARFIELD® lentil agreement signed by BASF, CDC, and SPG
- January 2006 – 3rd Pulse Breeder (Dr. Bunyamin Tar'an) hired at the CDC
- January 2006 – Producer database moved in-house
- January 2006 – 15-year funding commitment signed with CDC
- January 2006 – Lyle Minogue named the Pulse Promoter of the Year
- January 2006 – Pulse Days 2006 - nearly 900 people attend
- February 2006 – Red Lentil Croppportunity Team report completed
- April 2006 – New website launched
- May 2006 – Faba Bean Croppportunity Team formed
- July 2006 – Lloyd Affleck elected Chair of Pulse Canada Board

OUR VISION

Saskatchewan will be an industry leader in the production, processing, and marketing of high quality and high value pulse products for a viable and profitable Canadian pulse industry.

To provide leadership for an innovative, profitable and sustainable Saskatchewan pulse industry, through research, market development and communication in collaboration with stakeholders.

OUR MISSION

OUR VALUES

At Saskatchewan Pulse Growers we:

- Strive for excellence
- Conduct ourselves with honesty and integrity
- Show respect for the individual
- Act with professionalism

SPG Funded Research Projects 2005-06 (PREPARED BY MANAGEMENT)

PROJECT NAME	RESEARCHER	INSTITUTION	ANTICIPATED COMPLETION DATE
AGRONOMY			
Investigation into the Biology of <i>Stemphylium botryosum</i> , a Potentially New Pathogen in Lentil Production in Saskatchewan	Banniza	Crop Development Centre	Complete
Lower Costs of Production of Chickpea	Nybo	Wheatland Conservation Area	Complete
Additive Effects of Group 2 Herbicides on Crop Tolerance and Re-cropping Restrictions	Johnson	Agriculture & Agri-Food Canada	Complete
Sources of Resistance/Tolerance to <i>Mycosphaerella</i> Blight of Pea	Gossen	Agriculture & Agri-Food Canada	May 31, 2008
Developing Best Management Options to Improve the Indeterminate Growth Habit of Chickpea	Gan	Agriculture & Agri-Food Canada	Complete
Impact of In-crop and Soil Residual Herbicides on Nodulation and Effective Nitrogen Fixation in Field Pea and Chickpea	Walley	University of Saskatchewan	March 31, 2007
Assessing the Benefits of Inoculation at Field Scale - Is Inoculation Necessary on Long-Term Pulse Land?	Walley	University of Saskatchewan	April 30, 2008
Variety Specific Agronomy: Red Lentil Quality	Vandenberg	Crop Development Centre	April 30, 2007
Basal Branching in Field Pea: A Strategy for Reducing Seeding Rates and Increasing Weed Competition	Shirtliffe	University of Saskatchewan	March 31, 2008
Optimizing Lentil and Pea Agronomy for Organic Production	Walley/Shirtliffe	University of Saskatchewan	March 31, 2008
Controlling Indeterminate Lentil Crop Growth Through Nitrogen Supply	Ball	University of Saskatchewan	June 30, 2007
Evaluation of Soybean Varieties and the Effect of Plant Population on an Early Soybean Variety in Southeast Saskatchewan	Chalmers	South East Research Farm Inc.	March 31, 2007
Comparison of Indeterminate and Determinate Early Pinto Bean Varieties to Foliar Fungicide White Mold Control	Chalmers	South East Research Farm Inc.	March 31, 2007
Addressing Quality Issues of Saskatchewan Pulses with Advanced Harvesting Techniques	Nybo	Wheatland Conservation Area Inc.	Complete
Effects of Grain Legumes in No-Till Cropping Systems on Soil Quality and Nitrous Oxide Emissions	McKell	Indian Head Agricultural Research Foundation	March 31, 2008
Using Extra Small Red Lentil Seed as a Cover Crop Following Dry Edible Beans in Ontario	Gillard	University of Guelph	May 31, 2008
Best Management Practices to Improve the Quality Attributes of Red Lentils	Gan	Agriculture & Agri-Food Canada	October 31, 2009
<i>Ascochyta pisi</i> on Field Pea in Saskatchewan: A New Look at an Old Disease and the Implications for Disease Management	Banniza	Crop Development Centre	May 15, 2007
AGRONOMY TOTAL			461,490

BREEDING

Integrated Long Term Strategy for Genetic Improvement of Resistance to <i>Ascochyta</i> Blight and Anthracnose in Lentil	Vandenberg	Crop Development Centre	Complete
Developing Faba Bean as a Feed, Forage and Food Pulse for the Prairies	Vandenberg	Crop Development Centre	March 31, 2007
An International Collaboration for the Development of New and Improved Sources of <i>Ascochyta</i> Resistance in Chickpea	Lulsdorf	Crop Development Centre	Complete
Strategy for Genetic Improvement of <i>Ascochyta</i> Blight Resistance in Chickpea	Warkentin	Crop Development Centre	March 31, 2007
Improving the Quality Profile of Dry Beans for the Canadian Prairies Using Genetic and Metabolomic Approaches	Bett	University of Saskatchewan	March 31, 2007
International Efforts to Develop Doubled-Haploid Technology for Field Pea (<i>Pisum sativum</i> L.) and Lentil (<i>Lens culinaris</i> L.)	Vandenberg	Crop Development Centre	February 28, 2007
Identification and Transfer of Genes Related to Frost Tolerance from <i>Phaseolus angustissimus</i> to <i>Phaseolus vulgaris</i>	Bett	University of Saskatchewan	July 31, 2008

CONTIUED ON FOLLOWING PAGE

PROJECT NAME	RESEARCHER	INSTITUTION	ANTICIPATED COMPLETION DATE
Development of Low Phytate Peas	Warkentin	Crop Development Centre	Complete
On-farm Pulse Crop Germplasm Evaluation	Warkentin	Crop Development Centre	March 31, 2009
Adding Value to Lentils Through Improvement of Visual Quality Characteristics	Bett	University of Saskatchewan	March 31, 2007
Pea Genetic Improvement Program	Various public & private breeding programs		Complete
National Gene Deployment Strategy for Control of Common Bacterial Blight for the Canadian Dry Bean Industry	Pauls	University of Guelph	November 31, 2008
Genetic Diversity and Potential Use of Pea Germplasm from Eastern Europe and Eurasia for Genetic Improvement of Canadian Peas	Diederichsen	Agriculture & Agri-Food Canada	Complete
Identification of SNP Markers linked to Ascochyta Resistance in Chickpea for Cultivar Improvement in Canada	Buchwaldt	Agriculture & Agri-Food Canada	July 31, 2008
Collection of Pulse Genetic Resources in Western Ukraine	Diederichsen	Agriculture & Agri-Food Canada	Complete
Improving the Value of Field Peas for Human Consumption Markets	Warkentin	Crop Development Centre	January 31, 2009
Understanding and Improving Carbohydrate Composition to add Value to Lentils	Chibbar	University of Saskatchewan	March 31, 2008
Improving <i>Ascochyta rabiei</i> Resistance in Chickpea	Warkentin	Crop Development Centre	January 31, 2009
2005 Pulse Crop Regional Variety Trials in Saskatchewan	Warkentin	Crop Development Centre	Complete
Pulse Crop Advancement Agreement	Holm	Crop Development Centre	September 30, 2010
Memorandum of Understanding to Hire a Pulse Crop Geneticist	Holm	Crop Development Centre	December 31, 2008
Memorandum of Understanding - Pulse Crop Regional Variety Trials	Warkentin	Crop Development Centre	December 31, 2010
BREEDING TOTAL			2,430,443

VALUE ADDED PROCESSES

Evaluation and Development of Superior Feed Peas Using Chemical, NIR and Net Energy Evaluation	Racz	University of Saskatchewan	March 31, 2008
The Use of Canola, Pea and Flax fractions in Aquafeeds	Drew	University of Saskatchewan	April 30, 2008
Expanding Utilization of Pulses in Meat Processing	Shand	University of Saskatchewan	June 30, 2008
Comparative Analysis of Functional and Wellness Properties of Lentils: Can Lentils Improve Soccer Performance	Chilibeck	University of Saskatchewan	August 31, 2007
Studies on Incorporation of Pulse Flours and Fractions into Pasta and Noodles	Tyler	University of Saskatchewan	Complete
Pea Hull Fibre Fortification of Cereal-based Foods	Dahl	University of Saskatchewan	August 31, 2007
Development and Commercialization of Pulse-Based Pureed Foods	Dahl	University of Saskatchewan	August 31, 2007
Establishing the Digestible Nutrient Content and Rate of Starch Digestion of Peas for Poultry as Affected by Processing and Pea Cultivar	Classen	University of Saskatchewan	February 29, 2009
Enhancing the Economic Value and the Use of Field Peas by the Pork and Feed Industries	Patience	Prairie Swine Centre Inc.	August 31, 2009
Sensory Analysis of Baked Goods and Gluten-Free Products Prepared with Field Pea Starches	Hood	Parrheim Foods	August 31, 2007
Evaluation of Technologies for Production of Edible Snack Foods with Demonstrated Health Benefits from Peas	Arntfield	University of Manitoba	December 31, 2007
Low Glycemic Index (GI) Starch from Canadian Grown Pulses	Liu	Agriculture & Agri-Food Canada	December 31, 2008
Biofunctional and Physicochemical Properties of Pea, Chickpea and Lentil Protein Blends	Boye	Agriculture & Agri-Food Canada	August 31, 2008
Enhancing the Use and Economic Value of Cull Lentils in Swine Diets	Patience	Prairie Swine Centre Inc.	Complete
Development of Low Glycemic Index Breads from Pulses	Jenkins	University of Toronto	March 31, 2009
Enhancing World Markets for Canadian Pulses Through Secondary Processing and Value-Added Research	Malcolmson	Canadian International Grains Institute	May 31, 2010
Zero-Tannin Faba Beans in Nursery, Growing-Finishing Performance, Carcass & Pork Quality Traits	Zijlstra	University of Alberta	December 31, 2006
Equilibrium Moisture Content Characteristics for Red Lentils	Cenkowski	University of Manitoba	July 31, 2007
VALUE ADDED PROCESSES TOTAL			441,425

GENERAL

Saskatchewan Pulse Crop Development Board Don Jaques Memorial Fellowship	University of Saskatchewan	Annual
Dr. Alfred E. Slinkard Scholarship	University of Saskatchewan	Annual
GENERAL TOTAL		40,000
SPG FUNDED RESEARCH PROJECTS 2005-06		TOTAL
		\$3,373,358

A LIST OF PAYEES WILL BE MADE AVAILABLE UPON REQUEST.

HERGOTT DUVAL STACK & PARTNERS LLP

PARTNERS

R. JOE PARKER, BComm CA
THOMAS J. STACK, CA PC Ltd.
BARRY FRANK, CA Prof. Corp.
BLAIR DAVIDSON, CA Prof. Corp.
BERNIE BROUGHTON, CA Prof. Corp.
DAVID W. BALLANTYNE, CBV FCA
CRAIG HERMANN, CA PC Inc.
CAROL MAILLOUX, CA PC Ltd.
EVAN SHOFOROST, CA PC Ltd.
ORLO DREWITZ, CA PC Ltd.
GREG KELLER, CA Prof. Corp.

SENIOR COUNSEL

LEE HERGOTT, BComm CA
MAURICE DUVAL, BComm CA
LYLE ZDUNICH, CA PC Inc.

CHARTERED ACCOUNTANTS

1200 SASKATOON SQUARE
410-22nd STREET EAST
SASKATOON, SASKATCHEWAN
S7K 5T6

TELEPHONE (306) 934-8000
FAX (306) 653-5859
E-MAIL: office@hdsdp.ca
www.hergottduval.sk.ca

To the Board of Directors of **Saskatchewan Pulse Crop Development Board**

We have audited Saskatchewan Pulse Crop Development Board's control as of August 31, 2006, to express an opinion as to the effectiveness of its control related to the following objectives:

- To safeguard agency resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan to achieve its goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial reports.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding agency resources, revenue raising, spending, borrowing and investing.

We used the control framework developed by The Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Saskatchewan Pulse Crop Development Board's control. We did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives reliably.

Saskatchewan Pulse Crop Development Board's management is responsible for effective control related to the objectives described above. Our responsibility is to express an opinion on the effectiveness of control based on our audit.

We conducted our audit in accordance with standards for assurance engagements established by the CICA. Those standards require that we plan and perform an audit to obtain reasonable assurance as to effectiveness



of Saskatchewan Pulse Crop Development Board's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

In our opinion, Saskatchewan Pulse Crop Development Board's control was effective, in all significant respects, related to the objectives stated above as of August 31, 2006, based on the CICA criteria of control framework.

Control can provide only reasonable, not absolute, assurance of achieving objectives reliably for two reasons. First, there are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities and management overriding control. Second, cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance, not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or the degree of compliance with control activities may deteriorate.

SASKATOON, SASKATCHEWAN

November 8, 2006

"HERGOTT DUVAL STACK & PARTNERS LLP"

Chartered Accountants



PARTNERS

R. JOE PARKER, BComm CA
THOMAS J. STACK, CA PC Ltd.
BARRY FRANK, CA Prof. Corp.
BLAIR DAVIDSON, CA Prof. Corp.
BERNIE BROUGHTON, CA Prof. Corp.
DAVID W. BALLANTYNE, CBV FCA
CRAIG HERMANN, CA PC Inc.
CAROL MAILLOUX, CA PC Ltd.
EVAN SHOFOROST, CA PC Ltd.
ORLO DREWITZ, CA PC Ltd.
GREG KELLER, CA Prof. Corp.

SENIOR COUNSEL

LEE HERGOTT, BComm CA
MAURICE DUVAL, BComm CA
LYLE ZDUNICH, CA PC Inc.

1200 SASKATOON SQUARE
410-22ND STREET EAST
SASKATOON, SASKATCHEWAN
S7K 5T6

TELEPHONE (306) 934-8000
FAX (306) 653-5859
E-MAIL: office@hdsdp.ca
www.hergottduval.sk.ca



Saskatchewan Pulse Crop Development Board and Saskatchewan Agri-Food Council

Dear Sirs:

We have made an examination to determine whether the Saskatchewan Pulse Crop Development Board complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended August 31, 2006:

- The Agri-Food Act, 2004
- The Pulse Crop Development Plan Regulations

Our examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures, as we considered necessary in the circumstances.

In our opinion, the Saskatchewan Pulse Crop Development Board has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended August 31, 2006.

SASKATOON, SASKATCHEWAN

November 8, 2006

"HERGOTT DUVAL STACK & PARTNERS LLP"

Chartered Accountants

AUDITORS' REPORT

To the Members of **Saskatchewan Pulse Crop Development Board**

We have audited the statement of financial position of Saskatchewan Pulse Crop Development Board as at August 31, 2006, and the statements of operations, changes in net assets and cash flows 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 Board as at August 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

SASKATOON, SASKATCHEWAN

November 8, 2006

"HERGOTT DUVAL STACK & PARTNERS LLP"

Chartered Accountants

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2006

ASSETS	2006	2005
Current Assets		
Cash	\$ 454,113	\$ 991,381
Cash - externally restricted (Note 3)	127,902	242,370
Net Pulse Field Lab receivable (Note 3)	-	6,289
Investments	-	1,825,635
Accounts receivable	796,926	689,581
Inventory	10,767	12,627
Prepaid expenses	291,756	53,060
Accrued interest receivable	121,974	100,524
	1,803,438	3,921,467
Capital assets (Note 4)	1,075,025	355,053
Investments - restricted (market value - \$1,900,000)	1,900,000	1,000,000
	\$ 4,778,463	\$ 5,276,520

LIABILITIES


Current Liabilities		
Accounts payable	\$ 811,548	\$ 938,675
Net Pulse Field Lab payable (Note 3)	31,704	-
	843,252	938,675

NET ASSETS

Externally restricted (Note 3)	(113,802)	248,659
Invested in capital assets	1,075,025	355,053
Internally restricted	1,900,000	1,000,000
Unrestricted	1,073,988	2,734,133
	3,935,211	4,337,845
	\$ 4,778,463	\$ 5,276,520

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

APPROVED BY THE BOARD


 DIRECTOR


 DIRECTOR

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF OPERATIONS

YEAR ENDED AUGUST 31, 2006

	2006		2005
	Budget (NOTE 11)	Actual	Actual
REVENUE			
Check-off	\$ 5,200,000	\$ 4,852,436	\$ 5,184,037
Research and development	15,000	20,900	25,500
Extension and communication	187,000	164,303	187,721
Variety release	444,000	494,501	299,878
Interest	100,000	128,336	128,416
Domestic market development	2,000	-	8,000
Policy development	-	22,000	-
	5,948,000	5,682,476	5,833,552
EXPENSES (SCHEDULE 1)			
Research and development	3,750,000	3,373,358	3,113,474
Extension and communication	442,100	384,200	378,364
Variety release	505,000	454,187	333,679
Pulse Canada (NOTE 6)	578,500	578,500	565,288
Directors	200,900	159,480	133,121
Office	696,600	685,642	741,238
Domestic market development	52,000	36,290	41,855
Policy development	50,000	50,992	23,979
	6,275,100	5,722,649	5,330,998
Excess of expenses over revenue	\$ (327,100)	\$ (40,173)	\$ 502,554

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED AUGUST 31, 2006

	Externally Restricted (NOTE 3)	Invested in Capital Assets	Internally Restricted	Unrestricted	2006	2005
NET ASSETS						
Balance, beginning of the year	\$ 248,659	\$ 355,053	\$ 1,000,000	\$ 2,734,133	\$ 4,337,845	3,723,806
Transfer to restricted fund	-	-	900,000	(900,000)	-	-
Excess of expenses over revenue	-	-	-	(40,173)	(40,173)	502,554
Pulse Field Lab						
Contributions	255,091	-	-	-	255,091	1,564,841
Expenditures	(617,552)	-	-	-	(617,552)	(1,453,356)
Purchase of capital assets	-	749,115	-	(749,115)	-	-
Loss on write down of capital assets	-	(1,308)	-	1,308	-	-
Amortization	-	(27,835)	-	27,835	-	-
Balance, end of year	\$ (113,802)	\$ 1,075,025	\$ 1,900,000	\$ 1,073,988	\$ 3,935,211	\$ 4,337,845

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.



SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	2006	2005
Excess of expenses over revenue	\$ (40,173)	\$ 502,554
Items not affecting cash		
Amortization	27,835	13,856
Loss on writedown of capital assets	1,308	6,326
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(107,345)	(393,913)
Inventory	1,860	1,033
Prepaid expenses	(238,696)	(4,616)
Accrued interest receivable	(21,450)	(19,234)
Accounts payable	(127,127)	191,549
Increase in Net Pulse Field Lab payable (NOTE 3)	31,704	-
	(472,084)	297,555

CASH FLOWS FROM INVESTING ACTIVITIES

Funding of Net Pulse Field Lab (Note 3)	(241,704)	-
Proceeds from sales of capital assets	462	-
Purchase of capital assets	(749,577)	(34,111)
Investments	925,635	(85,693)
	(65,184)	(119,804)

Net (decrease) increase in cash during the year	(537,268)	177,751
Cash, beginning of year	991,381	813,630
Cash, end of year	\$ 454,113	\$ 991,381

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

1. NATURE OF ORGANIZATION

The Saskatchewan Pulse Crop Development Board ("the Board") is a non-profit organization which was established in 1984 under the Agri-Food Act of Saskatchewan.

The mission of the Board is to provide leadership for an innovative, profitable and sustainable Saskatchewan pulse industry, through research, market development and communication, in collaboration with stakeholders.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared to reflect the following significant accounting policies:

Investments

Investments are recorded at the lower of cost and fair market value.

Inventory

Inventory is stated at the lower of cost and net realizable value.

Capital assets

Land and equipment are stated at cost. Equipment is amortized using the declining balance method at a rate of 20 to 50%. On acquisitions and disposals of equipment during the year, amortization is calculated at one-half the annual rate.

Appropriation of funds

The Board of Directors has approved the appropriation of certain funds generated from operations to be set aside to be used in the future as an operating reserve. The amounts of these appropriations and the appropriated balances are accounted for and disclosed separately in the financial statements as internally restricted funds.

Revenue recognition

Check-off are recognized at the time of settlement.

Government assistance and grants are recognized as related costs are incurred.

Pledges related to the fundraising effort for the Pulse Field Lab are recognized when collected as a direct increase to the externally restricted net asset fund.

Research contributions and donations are recognized in these financial statements in the period defined in the terms and conditions of the respective agreements.

The organization follows the deferral method of accounting for contributions. Externally restricted contributions other than those related to the Pulse Field Lab capital project are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is assured.

Income taxes

No provision for income taxes has been made in these financial statements as the organization is exempt from income tax under Section 149 (1) of the Income Tax Act.



SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should underlying assumptions change, the estimated net recoverable amount could change by a material amount.

Management periodically reviews the carrying value of the capital assets to ensure that the carrying value can be recovered from future cash flows. Management also periodically reviews the useful lives of the capital assets to determine, in their judgement, an adequate charge against income for amortization expense.

3. EXTERNALLY RESTRICTED

In 2002, the Board launched a capital fundraising campaign to raise \$1.5 million to expand pulse research facilities at the University of Saskatchewan. This represents approximately 50% of the estimated \$3 million required to fund the establishment of a Pulse Field Lab Facility ("the

Facility"). The remaining funding was provided by the Saskatchewan Agriculture Food & Rural Revitalization Agri-Food Innovation Fund.

While construction of the Facility was complete as of August 31, 2006, some lab equipment remains to be purchased. Fundraising efforts of the Board contributed \$1,178,611 toward project costs to the end of August 31, 2006.

In addition to project management, communications, and fundraising support, the Board has committed to funding \$750,000 for the Facility, of which \$446,258 has been received from industry, while another \$224,267 has been pledged to August 31, 2006. To the extent that the full \$750,000 is not funded by the fundraising campaign efforts, the Board will contribute the funds necessary to meet the fundraising target, provided that the funds are required to complete the Facility. The total potential liability of the Board, when considering the above pledges and amounts received, is expected to be under \$80,000.

Included in the net pulse field lab payable amount of \$31,704, are accounts receivable and accounts payable of \$250 and \$31,954 respectively, which were outstanding as at August 31, 2006. The Board has also advanced \$210,000 to pay costs incurred which will be reimbursed when pledges are received. As of August 31, 2006, there is \$127,902 which has been restricted for the Facility.

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

4. CAPITAL ASSETS

	2006		2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 153,292	\$ 68,102	\$ 85,190	\$ 52,053
Land	989,835	-	989,835	303,000
	\$ 1,143,127	\$ 68,102	\$ 1,075,025	\$ 355,053

5. FINANCIAL INSTRUMENTS

The carrying value of current financial assets and current financial liabilities are considered to approximate their fair market value unless otherwise disclosed.

6. PULSE CANADA

Pulse Canada is a national organization comprised of the pulse trade and pulse grower organizations from Alberta, Saskatchewan, Manitoba and Ontario. Saskatchewan Pulse Grower payments comprise approximately 70% of Pulse Canada's revenue from growers and the trade in Canada. Approximately half of Pulse Canada's revenue in 2005-2006 was received from federal sources. Pulse Canada's key activities include:

- encouraging tariff reduction
- acting on non-tariff trade barriers and trade issues (peas to India and China)
- developing pulse quality profiles, and developing an international initiative to standardize quality measurement
- increasing access to crop protection products
- representing the pulse industry to the federal government regarding research funding, programs and regulations



- supporting research into the health benefits of pulses
- increasing opportunities for pulses as feed ingredients
- working with key groups to improve transportation of pulses



SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2006

7. RESEARCH AND DEVELOPMENT GRANTS

The Board of Directors has approved future funding for several research and development projects. Amounts committed to these projects in each of the next five years, assuming the terms of the contracts are fulfilled, are as follows:

2007	\$ 3,203,604
2008	2,640,286
2009	2,227,305
2010	1,555,145
2011	70,000

8. LEASE COMMITMENTS

A five-year lease agreement, which expires in 2011, exists with the Saskatchewan Opportunities Corporation for the premises at 411 Downey Road, Saskatoon, Saskatchewan; multi-year agreements exist with various suppliers of office equipment. Yearly rental payments due in each of the next five years are as follows:

2007	\$ 64,448
2008	67,665
2009	63,616
2010	62,062
2011	61,938

9. GOVERNMENT GRANTS

Included in accounts receivable is \$20,000 that is eligible to be recovered through a grant from the Saskatchewan Council for Community Development Inc. for expenditures relating to the Project: Market Risk Management Tools for Green Lentils. The maximum funding for expenditures relating to the Project that will be granted is \$89,216, providing all criteria are met. As eligible expenditures for this project are incurred, the funding for this project will be recognized to fund these costs. This project will be concluded by March 2007.

10. CASH ADVANCE PROGRAM

Effective December 1, 2005, the Cash Advance Program agreements from 1999 to 2001 were assigned to the Manitoba Corn Growers Association Inc. ("MCGA"). Based on this agreement, the Board transfers all obligations to the MCGA and will incur no additional liabilities with respect to the related cash advances issued during these years.

11. BUDGETED FIGURES

These figures are based on the budget as presented at the Annual General Meeting held on January 9, 2006, and subsequently reallocated as approved by the Board of Directors, and have been reclassified to conform to the financial statement presentation.

SCHEDULE I

SASKATCHEWAN PULSE CROP DEVELOPMENT BOARD

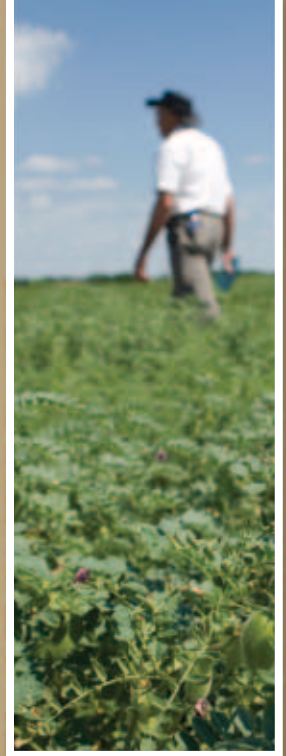
SCHEDULE OF EXPENSES

YEAR ENDED AUGUST 31, 2006

	2006		2005
	Budget (NOTE 11)	Actual	Actual
RESEARCH AND DEVELOPMENT			
Agronomy	\$ 455,375	\$ 461,490	\$ 503,758
Breeding	2,345,916	2,430,443	1,943,802
Value added processes	400,488	441,425	625,914
General	40,000	40,000	40,000
Available for new projects	508,221	-	-
	3,750,000	3,373,358	3,113,474
EXTENSION AND COMMUNICATION			
Communications	214,930	192,019	169,170
Crop production week	174,670	159,201	178,873
Extension meetings	22,500	17,411	15,442
Field day	17,000	4,073	12,015
Other	13,000	11,496	2,864
	442,100	384,200	378,364
VARIETY RELEASE	505,000	454,187	333,679
PULSE CANADA (NOTE 6)	578,500	578,500	565,288
DIRECTORS			
Communications	16,400	13,658	3,669
Election	23,000	-	-
Honoraria	60,000	58,199	58,862
Travel	60,500	52,545	49,318
Other	41,000	35,078	21,272
	200,900	159,480	133,121
OFFICE			
Communications	15,700	13,646	14,892
Contract work	103,500	101,879	142,773
Fundraising	5,000	4,202	22,917
Office	107,800	105,152	91,864
Salaries and benefits	407,000	407,194	441,253
Travel	35,900	35,070	16,198
Other	21,700	18,499	11,341
	696,600	685,642	741,238
DOMESTIC MARKET DEVELOPMENT	52,000	36,290	41,855
POLICY DEVELOPMENT	50,000	50,992	23,979
	\$ 6,275,100	\$ 5,722,649	\$ 5,330,998

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.





SASKATCHEWAN
pulse
Growers

Saskatchewan Pulse Growers

104-411 Downey Road

Saskatoon, SK S7N 4L8

Canada

Telephone: 306-668-5556

Fax: 306-668-5557

Email: pulse@saskpulse.com

Website: www.saskpulse.com