

PULSE CROP INDUSTRY

BRYAN SCHLOSSER/Leader-Post

Murad Al-Katib (left), president and CEO of Saskcan Pulse Trading, and Stephen Bodnoff, chairman of Agtech Income Fund, check out the Agtech plant's colour-sorting machine for lentils.

Agtech, Saskcan merge

By BRUCE JOHNSTONE
Leader-Post

Two Regina-based pulse crop processing companies have joined forces to form North America's largest exporter of lentils and peas to the global food and ingredients market, the companies announced Tuesday.

Agtech Income Fund and Saskcan Pulse Trading Inc., both of Regina, have agreed to merge through a \$22-million transaction, in which Agtech will acquire the shares of Saskcan in exchange for two million units of the income fund.

As part of the transaction, Agtech will raise \$14 million through a private placement, which will be used to pay down Saskcan's debt and complete Saskcan's acquisition of a North Dakota pulse processing plant.

Murad Al-Katib, president and CEO of Saskcan, said the merger brings to-

gether Saskcan, which in six years has become the largest processor and exporter of red lentils in the Western Hemisphere, and Agtech, which over 20 years has developed high-end niche markets for green lentils.

Saskcan has three processing plants in Saskatchewan, including one in Regina, with another plant in North Dakota in the process of being acquired. Agtech has one processing plant in Regina at 253 Leonard St. in Ross Industrial Park.

"We've created a financially strong company with five factories in two (countries) and global reach," said Al-Katib, a native of Davidson, who formed the company in 2001 with the Arslan family, which owns Arbel Pulse and Grain Industry of Turkey.

"It is really an unparalleled combination ... in our industry and we're excited about growth potential."

Stephen Bodnoff, chairman of

Agtech Income Fund, said the income trust was created to purchase Agtech Processors of Regina, which was completed in March 2005. Agtech Processors was in the business of sourcing, processing and selling specialty crops for the export market for more than two decades.

"We've been around for more than 21 years," Bodnoff said. "We've gone through the growing pains as everybody does. Finally, after grinding away for 10 years, we've reached a profitable stage."

Now, with this transaction, Agtech is expanding its production capacity and market reach. "As we became strong, and debt-free and profitable, we felt it was time to try this public marketplace out. It's only Step 1 of the expansion ideas we have in mind," Bodnoff said. "It's one more piece of the puzzle."

If the deal is approved by the unitholders, regulatory and stock ex-

change authorities, the new company should be up and running by the end of June. That new company will have combined annual production capacity of 300,000 tonnes.

"We'll have 145 full-time staff, five plants and annual (revenues) will exceed \$100 million," Al-Katib said.

While a new name for the income fund hasn't been chosen yet, Al-Katib said the companies will continue to operate as usual.

"We're going to be rebranding the fund," Al-Katib said.

"But Saskcan and Agtech will continue to operate as companies and brands in the world. Our presence with growers and customers won't change."

Agtech Income Fund is listed on Tier 2 of the TSX Venture Exchange under the symbol AGT.UN. Agtech closed unchanged at \$4.80 per unit at market close Tuesday.