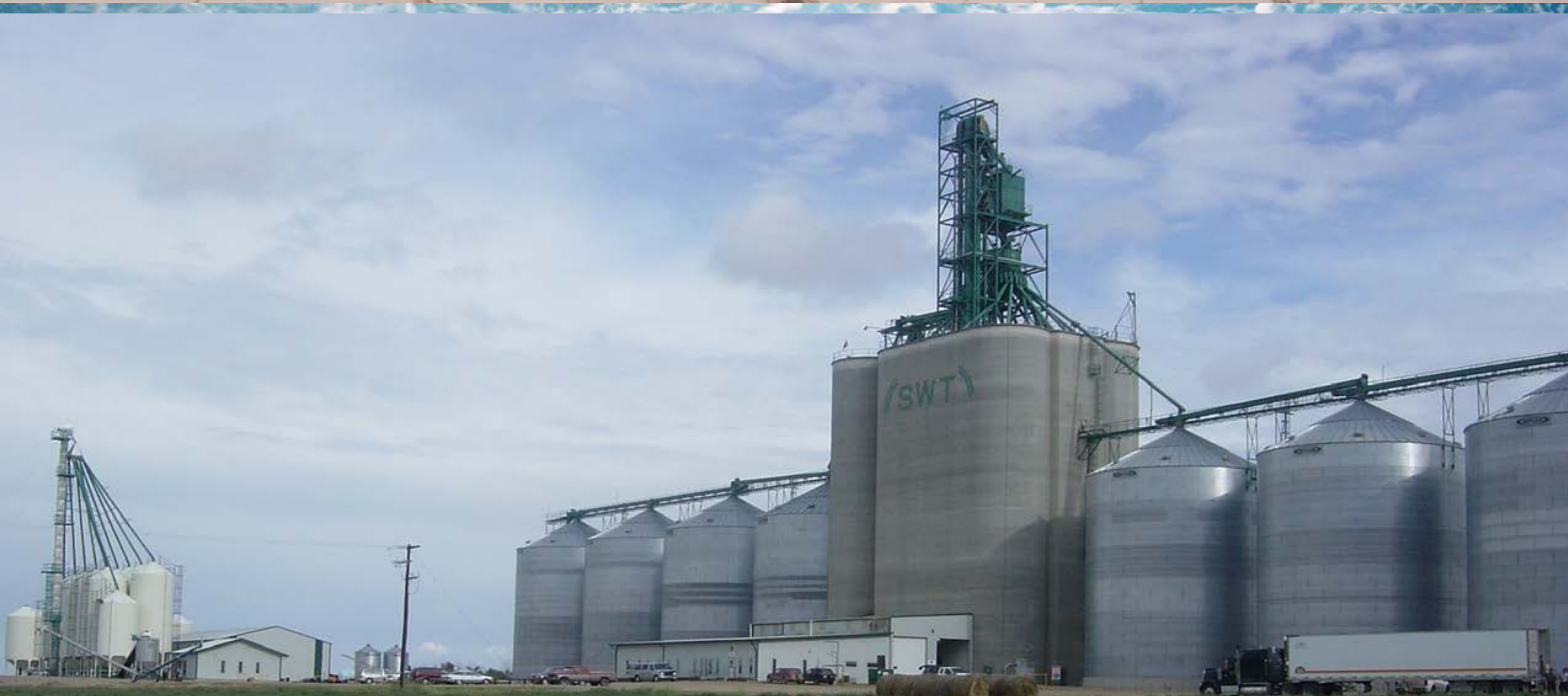
2010-2011
17th ANNUAL REPORT

SOUTH WEST TERMINAL



Box 719
Gull Lake, SK S0N 1A0

TABLE OF CONTENTS

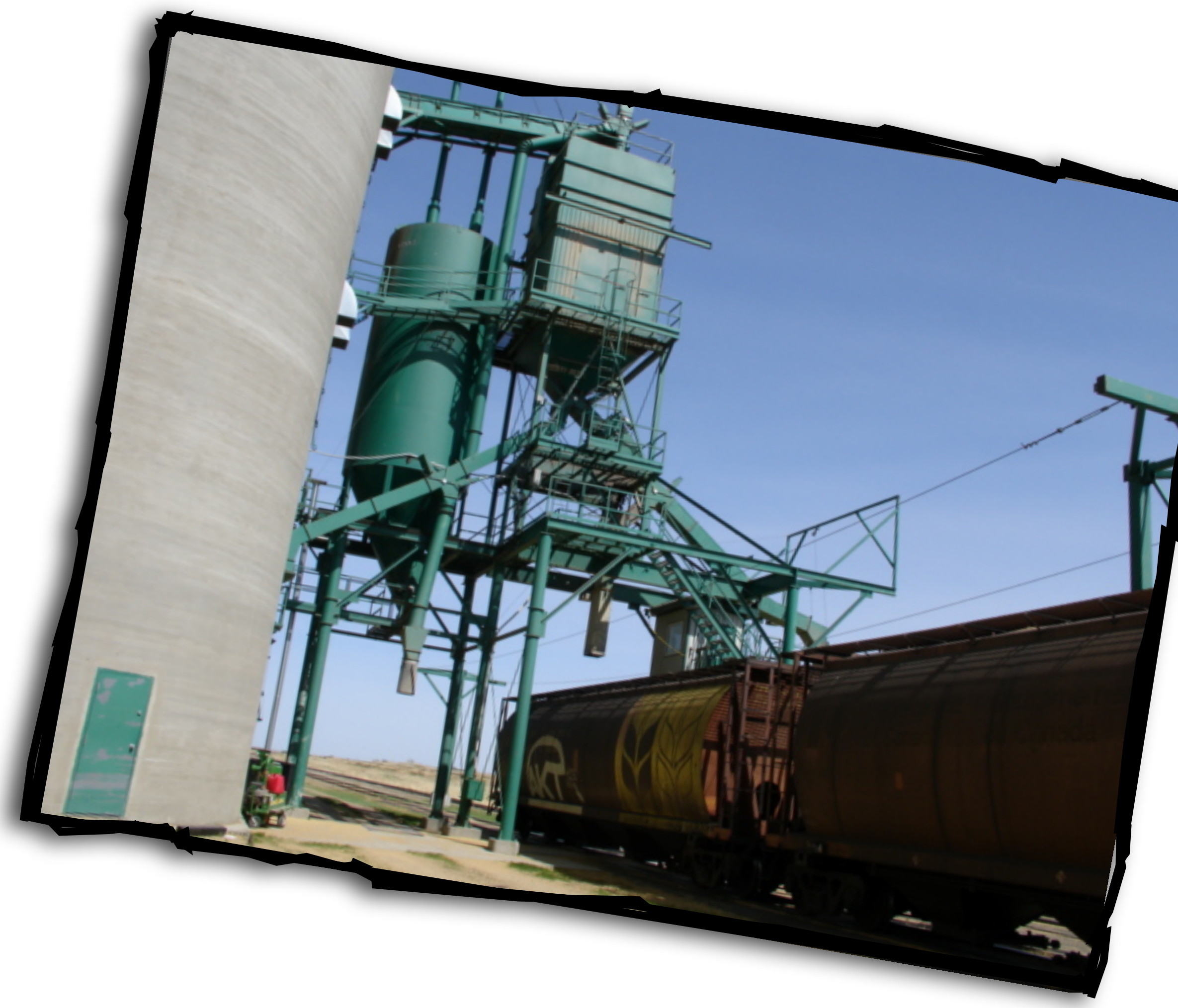
STATEMENT OF PURPOSE

South West Terminal was formed to fill a producer need for grain logistics and crop inputs services in south west Saskatchewan.

South West Terminal, along with our shareholders and partner Cargill, is demonstrating that south west Saskatchewan is great farming country, with great producers, great communities, great people to draw on for staff and great values.

We exist to provide grain producers with innovative, strategic and profit making solutions tailor made for each producer. We understand the challenge and risks of growing crops in the region and we will work side by side with our customers to ensure mutual benefit.

We also exist to give our shareholders high rate of return on their investment with full expectations that we are in this business long term. We exist to provide fulfilling, exciting and rewarding work opportunities for staff. We take pride in the fact our staff work and live in the communities we serve and support the enrichment of all those associated with SWT and our people.



LETTER TO THE SHAREHOLDERS

To the shareholders of SWT:

As we get set to start this new year with enthusiasm and optimism, I want to take this opportunity to say “thank you” for your unbelievable support in 2010/2011. This past year, South West Terminal Ltd. took another stride forward by achieving the best financial results in the Company’s history.

You will notice in this annual report the Company’s vision and mission statements have changed. The Board and management both felt it was time to renew these statements, specifically with a look to the future. In an ever-changing industry, the strategic importance of looking beyond what is happening today cannot be underemphasized. As a management team, we feel extremely lucky to have a Board which is so very focused and committed to the success of this Company

The strong results of this past year can be attributed in large part to rising crop inputs sales, with a year-over-year increase of 21% leading to total 2011 sales of over $38 million. It is an understatement to say this segment of SWT’s business exceeded expectations. The Company’s crop inputs business segment will continue to be a key part of the future growth of this Company; by the time you receive this report, construction will have started on a fourth crop inputs location in Shaunavon. Completion is scheduled for the end of October, allowing us to better serve our customers in that market area.

Grain handlings were also up by 21%, with a total handled of over 277,000 metric tonnes. Growing this segment of the Company’s business however will require an extreme amount of dedication and focus from staff. At an industry level, there are many changes forthcoming. Impending changes to the Canadian Wheat Board’s monopoly could come as soon as August 1st, 2012 and will undoubtedly change the way SWT conducts business. Non-board handlings have already been growing steadily, as evidenced by a 43% increase this past year alone with producers choosing to grow more pulses and canola.

We are confident SWT’s strong relationships within the industry will ensure its future success. A strong partnership with Cargill enables access to both Vancouver and Thunder Bay port terminals. Competitive challenges and transportation and marketing difficulties will be endured, but we believe the Company is extremely well-positioned to succeed as the new shape of the grain industry in Western Canada begins to take form.

My special thanks go out to the hard-working and very dedicated management and staff of SWT. An extreme level of commitment is required to run an organization as effectively and efficiently as they do. An understanding of the importance of our customers to the viability of SWT is required to ensure everything is done to keep them coming back. Working weekends, early mornings and late evenings is just a small part of the sacrifice made on a regular basis by this great group of people.

My final thanks go out to the people who make SWT such a successful business in Saskatchewan - our producers. Year after year, you continue to support our business. In return, we intend to exceed the goals set forth in our new mission statement - “we commit to learning about your needs and your business to enable us to present you the highest value integrated (grain/agro) solutions to give you the best chance at success”.

Regards

Monty Reich
General Manager

MEET THE STAFF

NAME	TITLE	EMAIL
SWT – GULL LAKE, SK		
MONTY REICH	GENERAL MANAGER	mreich@swt.ca
WARREN MARESCHAL	SALES MANAGER	wmareschal@swt.ca
KEVIN BAUMANN	PLANT MANAGER	kbaumann@swt.ca
JUSTIN ISHERWOOD	ASSISTANT PLANT MANAGER	gradingroom@swt.ca
BRIAN COTE	PLANT OPERATOR	gradingroom@swt.ca
TONY MANDEL	PLANT OPERATOR	gradingroom@swt.ca
TREVOR FROESE	PLANT OPERATOR	gradingroom@swt.ca
TAYLOR DUTTON	PLANT OPERATOR	gradingroom@swt.ca
JORDAN RETZLAFF	PLANT OPERATOR	gradingroom@swt.ca
KENDELL RADTKE	FARM MARKETING REP	kradtke@swt.ca
JAMES BATEMAN	FARM MARKETING REP	jbateman@swt.ca
RON COTE	FARM MARKETING REP	rcote@swt.ca
DEVON LEDUC	MAINTENANCE ASSISTANT	dleduc@swt.ca
TYLER FLYNN	MAINTENANCE ASSISTANT	tflynn@swt.ca
ARLENE DANIEL	MERCHANDISING ASSISTANT	adaniel@swt.ca
JUNE WETHERELT	ADMINISTRATIVE ASSISTANT	jwetherelt@swt.ca
STEPHANIE STUSRUD	ADMINISTRATIVE ASSISTANT	sstusrud@swt.ca
TRACY COWARD	CONTROLLER	tcoward@swt.ca
SHANNON ARMSTRONG	HUMAN RESOURCE ASSISTANT	sarmstrong@swt.ca
DENISE ANDERSON	ASSISTANT ACCOUNTANT	danderson@swt.ca
GULL LAKE CROP INPUTS		
JEFF KIRWAN	CROP INPUTS MANAGER	jkirwan@swt.ca
DAVE ELVISS	LOCATION MANAGER	delviss@swt.ca
RYAN SERVICE	LOCATION ASSISTANT	rservice@swt.ca
JOEL BUTTS	LOCATION ASSISTANT	jbutts@swt.ca
BLAKE NELSON	LOCATION ASSISTANT	bnelson@swt.ca
BRAD WHITE	P.Ag – AGROLOGIST	bwhite@swt.ca
CARLA BENJAMIN	ASSISTANT ACCOUNTANT	cbenjamin@swt.ca
INLAND TERMINAL GROUP		
TRENT WEBER	DIRECTOR OF TRANSPORTATION AND MARKET	trent@itgrp.ca
SWT – HAZENMORE, SK		
CHEYENNE ARNTSEN	LOCATION MANAGER	carntsen@swt.ca
BILL WILSON	FARM MARKETING REP	bwilson@swt.ca
BRODY LOVERIN	FARM MARKETING REP	bloverin@swt.ca
JEFF DASH	LOCATION ASSISTANT	jdash@swt.ca
SWT – CABRI		
CAM WILLIAMSON	LOCATION MANAGER	cwilliamson@swt.ca
AL WARD	FARM MARKETING REP	award@swt.ca
HEATHER CAMPHAUG	FARM MARKETING REP	hcamphaug@swt.ca
BARRY McGUIGAN	LOCATION ASSISTANT	bmcguigan@swt.ca
PRAIRIE GRAIN PRODUCERS		
ROBERT CHAPMAN	MANAGER	rchapman@prairiegrain.ca
AMANDA WARD	ADMINISTRATIVE ASSISTANT	akward@prairiegrain.ca
SHARILEE BEGIN	OFFICE ASSISTANT	pgpoffice@prairiegrain.ca

BOARD OF DIRECTORS

RHETT ALLISON	CHAIRMAN
BRETT MEINERT	VICE-CHAIR
RHONDA UNDSETH	PRESIDENT
ROLAND MONETTE	VICE-PRESIDENT
ERROLL CASTLE	SECRETARY
MURRAY SMITH	
RON TAYLOR	
GENE BUSSE	
DAREN CASWELL	
WAYNE OBERLE	
SHANE LACASSE	
JOHN HIMPE	CARGILL

Committees…

Governance Committee

Rhonda Undseth (Chair)
Shane Lacasse
Murray Smith
John Himpe (Special Invite)
Allen Evesque (Special Invite)

Audit Committee

Murray Smith (Chair)
Brett Meinert
Gene Busse
Roland Monette

Site, Building and EH&S

Ron Taylor (Chair)
Darren Caswell
Erroll Castle
Wayne Oberle

Business Development Committee

Rhett Allison (Chair)
Rhonda Undseth
Erroll Castle
John Himpe
Ron Taylor
Wayne Oberle

Risk Committee

Roland Monette (Chair)
Shane Lacasse
John Himpe and Cargill

ITAC Representative

Brett Meinert
Rhett Allison (Alternate)

LIT Representative

Murray Smith
Brett Meinert (Alternate)

C A R G I L L

Cargill is a large, successful, family-owned food business with its roots in the pioneer farmlands of America's Midwest. Their origins can be traced back to W. W. Cargill's first grain storage facility on the American frontier in 1865. That storage facility sowed the seeds for the flourishing food business that helps to nourish so many around the world.

Today, Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. They are still a privately held company that employs 160,000 people in 67 countries.

Cargill is a sizable shareholder of South West Terminal Ltd. They hold 100% of the 'C' Shares of SWT which represents about 44% of the company. Along with their ownership stake, Cargill also has an Operating Agreement with SWT. Cargill and their employees have been excellent partners of SWT's since our first load of grain was delivered in 1997. Their International experience has been helpful in the development and growth of SWT.

SOUTH WEST TERMINAL LTD. RECOGNITION

2010 SASKBUSINESS TOP 100

Year 2010 Go

Rank	Company	Location	CEO	Employees	Major Shareholders
61	Prairie West Terminal Ltd.	Plenty	Andrew Travers	30	Widely Held
62	Innovation Credit Union	Swift Current	Susan Woods	412	Member Owned
63	North West Terminal Ltd.	Unity	Jason Skinner	45	Widely Held
64	ASL Paving Ltd.	Saskatoon	Wade F. Mitchell	260	101050736 Sask Ltd., 101051017 Sask Ltd.
65	Westridge Group of Companies	Regina	Leon Friesen	110	Leon Friesen, Craig Phillips
66	Rack Petroleum Ltd.	Biggar	Dennis Bulani	45	Dennis Bulani, Lynda Bulani
67	Venmar CES Inc.	Saskatoon	Maury Wawryk	115	Nortek
68	Access Communications Co-operative Ltd.	Regina	Jim Deane	245	Member Owned
69	South West Terminal Ltd.	Gull Lake	Monty Reich	31	Widely Held
70	Information Services Corporation	Regina	Jeff Stusek	273	Government of Saskatchewan
71	Nykolaishen Farm Equipment Ltd.	Kamsack	Ron Nykolaishen	44	Ron Nykolaishen, Theresa Nykolaishen
72	Sundance Holdings Inc.	Carlyle	Garnet Goud, Shelby Goud	52	Garnet Goud, Shelby Goud
73	North Prairie Developments	Saskatoon	John Williams	24	John Williams, Bernice Williams
74	Alliance Energy Group of Companies	Regina	Paul McLellan	230	Privately Held

September 2010 South West Terminal Ltd. was listed among the Top 100 Companies in Saskatchewan.
South West Terminal Ltd. ranked #69.

We are very proud of the companies accomplishments. We are anxiously awaiting for the 2011 ratings to be published.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of South West Terminal Ltd. management and have been prepared in accordance with accounting principles generally accepted in Canada and include amounts based on estimates and judgments. Financial information included elsewhere in this annual report is consistent with the financial statements.

In order for management to fulfill its responsibilities, a system of internal controls has been established to safeguard assets and to properly record daily transactions. Various policies and procedures are maintained to support the accounting and internal control systems that assist in the integrity and reliability of the financial reports.

The Audit Committee of the Board of Directors is composed of directors who are not officers or employees of South West Terminal Ltd. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee has the duty to review critical accounting policies and significant estimates and judgments under lying the financial statements as presented by management; and to approve the fees of the in dependent auditors. The audited financial statements are approved by the Board of Directors on the recommendation of the Audit Committee.

Hergott Duval Stack LLP, an independent firm of Chartered Accountants, provide an objective, independent review of the financial statements. Their report is presented separately. The independent auditors have full and independent access to the Audit Committee to discuss their audit and related matters.

Monty Reich
General Manager
June 21, 2011

AUDITORS REPORT

Hergott Duval Stack LLP
CHARTERED ACCOUNTANTS

Suite 1200, 410 - 22nd Street East Saskatoon, SK S7K 5T6
Phone (306) 934-8000 Fax (306) 653-5859 www.hergott.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
South West Terminal Ltd.

We have audited the accompanying consolidated financial statements of South West Terminal Ltd., which comprise the consolidated balance sheets as at March 31, 2011 and March 31, 2010, and the consolidated statements of income and retained earnings and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of South West Terminal Ltd. as at March 31, 2011 and March 31, 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

SASKATOON, SASKATCHEWAN — Hergott Duval Stack LLP

June 14, 2011 — Chartered Accountants

BALANCE SHEET

SOUTH WEST TERMINAL LTD.

CONSOLIDATED BALANCE SHEET

MARCH 31, 2011

	2011	2010
ASSETS		
Current assets		
Deferred cash tickets held in trust	$ 158,194	$ 587,468
Accounts receivable (Note 3)	6,422,296	4,396,954
Inventory	11,699,045	8,817,725
Prepaid expenses and deposits	3,868,174	5,289,283
	22,147,709	19,091,430
Long-term investments (Note 4)	1,126,500	1,126,500
Capital assets (Note 5)	12,930,372	12,531,656
Goodwill	140,000	140,000
	$ 36,344,581	**$ 32,889,586**
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 6)	$ 4,967,793	$ 254,991
Demand loan	-	3,000,000
Accounts payable	7,660,400	7,884,706
Income taxes payable	573,535	749,214
Current portion of long-term debt (Note 7)	409,976	424,838
	13,611,704	12,313,749
Long-term debt (Note 7)	1,752,056	2,131,135
Deferred revenue	106,824	192,170
Future income taxes	604,688	639,749
	16,075,272	15,276,803
Contingencies (Note 9)		
Commitments (Note 10)		
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	182,690	309,022
Retained earnings	20,086,619	17,303,761
	20,269,309	17,612,783
	$ 36,344,581	**$ 32,889,586**

Approved by the Board

M. Lunay L. Smith Director Rhonda Undseth Director

HERGOTT DUVAL STACK LLP

STATEMENT OF RETAINED

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED MARCH 31, 2011

	2011	2010
Revenue		
Sales	$ 70,784,197	$ 55,187,905
Other	2,733,672	2,562,378
	73,517,869	57,750,283
Cost of sales	63,935,446	48,767,191
Gross profit	9,582,423	8,983,092
Expenses		
Amortization	937,759	917,514
General and administrative	4,378,993	4,577,263
Interest on long-term debt	51,209	75,531
	5,367,961	5,570,308
Income before income taxes	4,214,462	3,412,784
Income tax (recovery) (Note 12)		
Current	1,214,001	876,109
Future	(35,061)	(43,651)
	1,178,940	832,458
Net income	**3,035,522**	**2,580,326**
Retained earnings, beginning of year	17,303,761	14,723,435
Dividends	(252,664)	-
Retained earnings, end of year	**$ 20,086,619**	**$ 17,303,761**
Basic and dilutive earnings per share (Note 13)	$ 96.11	$ 81.70

HERGOTT DUVAL STACK LLP

STATEMENT OF CASH FLOWS

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2011

	2011	2010
Cash flows from operating activities		
Net income	$ 3,035,522	$ 2,580,326
Items not affecting cash		
Amortization	937,759	917,514
Future income taxes	(35,061)	(43,651)
Net change in non-cash working capital items:		
Deferred cash tickets held in trust	429,274	608,790
Accounts receivable	(2,025,342)	2,015,410
Inventory	(2,881,320)	(1,938,269)
Prepaid expenses and deposits	1,421,109	(89,081)
Income taxes receivable	-	214,877
Accounts payable	(224,305)	(479,526)
Income taxes payable	(175,679)	749,214
Deferred revenue	(85,346)	(70,600)
	396,611	4,465,004
Cash flows from investing activities		
Purchase of capital assets	(1,400,205)	(1,805,176)
Proceeds on disposal of capital assets	63,729	40,150
	(1,336,476)	(1,765,026)
Cash flows from financing activities		
Repayment of long-term debt	(393,941)	(412,195)
Repayment of demand loan	(3,000,000)	-
Reduction of stated capital on shares	(126,332)	(315,830)
Dividends	(252,664)	-
	(3,772,937)	(728,025)
Net (decrease) increase in cash during the year	(4,712,802)	1,971,953
Bank indebtedness, beginning of year	(254,991)	(2,226,944)
Bank indebtedness, end of year	**$ (4,967,793)**	**$ (254,991)**
Supplemental disclosure of cash flow information		
Interest paid	$ 195,736	$ 172,369
Income taxes paid (recovered)	1,389,680	(277,025)

HERGOTT DUVAL STACK LLP

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

1. Nature of operations

South West Terminal Ltd. (the "Company") was incorporated on April 4, 1994, under the laws of the Province of Saskatchewan, for the purpose of developing, constructing and operating an inland grain terminal near Antelope, Saskatchewan. Grain operations commenced in February 1997. The Company also sells crop inputs from its locations at Antelope, Hazenmore and Cabri, Saskatchewan.

The Company is subject to an agreement with Cargill Limited ("Cargill") which impacts operations. Pursuant to this 25-year investment and operating agreement, Cargill will be consigned all of the Company's grain destined to British Columbia and to the Port of Thunder Bay. This includes grain sold subject to the exclusive marketing rights of the Canadian Wheat Board ("Board Grain"), as well as grains not sold subject to the exclusive marketing rights of the Canadian Wheat Board ("Non-Board Grain"). In addition, Cargill has a right of first refusal to handle all of the Company's Non-Board Grain. The Company also agrees to conform to certain plans and to consult with Cargill on certain operational issues.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

Basis of presentation
These financial statements include the accounts of the Company, as well as the proportionate consolidation of the Company's investment in a joint venture agreement for a car loading facility at Glenbain, Saskatchewan. Under this method, the Company's 50% share of the Joint Venture's assets, liabilities, revenue and expenses are included in these financial statements.

Cash
Cash consists of deposit accounts held in financial institutions.

Deferred cash tickets held in trust
This relates to cash held in trust by the Canadian Wheat Board ("CWB") to cover the Company's deferred grain cheques for Board Grain.

Accounts receivable
Accounts receivable includes grain held for the account of the CWB and CWB prepayment advances. The grain held for the account of the CWB is valued at the CWB's initial prices less freight, handling, and cleaning tariffs.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

2. Significant accounting policies (continued)

Inventory
Inventory of Non-Board Grains is valued on the basis of closing market quotations, less freight and handling. Inventory also reflects accrued gains and losses on open purchase and sales contracts.

The Company enters into derivative contracts, primarily exchange-traded futures, with the objective of managing exposure to adverse price movements in agricultural commodities. The unrealized gains and losses for commodity futures are recognized in income in the period in which they occur. The Company does not use derivative financial instruments for speculative trading purposes.

Crop input inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in, first out ("FIFO") method.

Investments
Investments that the Company does not have a significant interest in are recorded at cost, as described in Note 17. Dividends from these investments are included in income.

Capital assets
Capital assets are recorded at cost. The Company provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	25 years Straight-line
Cleaners	20% Declining balance
Computer hardware and software	3 years Straight-line
Entrance roads	20 years Straight-line
Equipment	25% Declining balance
Office furniture and equipment	15% Declining balance
Plant equipment	5% Declining balance
Railway siding	20 years Straight-line
Terminal	40 years Straight-line
Vehicles	30% Declining balance

Asset retirement obligations
Section 3110 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, Asset Retirement Obligations, requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the capital asset and amortized over the life of the asset. At this time, the Company has determined that there are no significant asset retirement obligations with respect to its assets.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

2. Significant accounting policies (continued)

Impairment of long-lived assets

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Goodwill

Goodwill is recorded at cost and represents the excess of the purchase price over the net identifiable assets acquired as part of the purchase of the Hazenmore, Saskatchewan crop inputs business. Goodwill is not amortized, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is allocated to reporting units and any potential goodwill impairment is identified by comparing the carrying value of the reporting unit with its fair value. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of goodwill to its fair value, based on the fair value of the assets and liabilities of the reporting unit. Any impairment of goodwill is charged to income in the period in which the impairment is determined.

Deferred revenue

The Company has entered into agreements for the lease of space in the grain storage facility. The funds which have been received are being amortized to income over the primary lease term of 15 years, commencing April 1, 1997, the commencement date of the lease term.

Future income taxes

The Company uses the liability method of recording income taxes. This method recognizes the future income tax outflows or inflows that will result whenever the carrying amount of an asset or liability is recovered or settled. The Company also recognizes future income tax assets where it is more likely than not that the tax benefit will be realized.

The Company's future income tax liability relates to the differences in the carrying value of the capital assets and goodwill for accounting purposes as compared to the corresponding carrying value of these items for tax purposes.

Revenue recognition

Revenue from grain sales, elevation and cleaning are recognized at the time of shipment of the grain. Crop inputs revenue is recognized when the product is delivered to customers.

Capital disclosures

The Company discloses: i) the nature of externally-imposed restrictions on capital; ii) whether the restrictions were complied with; and, iii) the consequences if they are not complied with. See Note 16 for related disclosure.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

Financial instrument disclosure, presentation, and fair value measurement

Section 3862 Financial Instruments – Disclosures requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels based upon the transparency of the inputs to the valuation of the financial asset or liability. These levels include:

Level 1 - defined as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - defined as inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - defined as inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Future change in accounting policies

The Accounting Standards Board of the CICA has outlined a strategic plan that includes the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) for public companies. The Company will adopt IFRS on April 1, 2011 and the fiscal year ended March 31, 2012 will be the first year reported under IFRS. The Company's implementation is continuing and the full financial impact of the transition to IFRS is not determinable at this time.

3. Accounts receivable

Accounts receivable is comprised of the following:

	2011	2010
Accounts receivable relating to grain held on account of the CWB	$ 439,242	$ 475,401
Trade and other receivables	5,983,054	3,921,553
	$ 6,422,296	**$ 4,396,954**

HERGOTT DUVAL STACK LLP

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

4. Long-term investments

	2011	2010
Admiral Grain Co. Inc.	$ 4,000	$ 4,000
Great Western Railway Ltd.	100,000	100,000
Lethbridge Inland Terminal Ltd. ("LIT")	922,500	922,500
Great Sandhills Railway Ltd.	100,000	100,000
	$ 1,126,500	**$ 1,126,500**

A portion of the above investment in LIT consists of preferred shares with a cumulative dividend. As at March 31, 2011 the cumulative dividends relating to these shares amounted to $94,800 (2010 - $67,920). These amounts will be reported as income when these dividends are declared and received.

5. Capital assets

	2011			2010
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	$ 4,761,607	$ 970,394	$ 3,791,213	$ 3,470,154
Cleaners	1,011,249	948,791	62,458	74,084
Computer hardware and software	469,075	316,598	152,477	110,734
Entrance roads	398,572	163,420	235,152	234,719
Equipment	2,096,141	1,461,941	634,200	668,006
Office furniture and equipment	171,201	122,502	48,699	57,452
Plant equipment	2,900,906	1,429,498	1,471,408	1,548,333
Railway siding	2,727,532	738,090	1,989,442	2,125,819
Terminal	5,867,067	1,988,665	3,878,402	3,770,898
Vehicles	989,027	600,166	388,861	278,485
	21,392,377	8,740,065	12,652,312	12,338,684
Land	278,060	-	278,060	192,972
	$ 21,670,437	**$ 8,740,065**	**$ 12,930,372**	**$ 12,531,656**

6. Bank indebtedness

The margined operating line of credit has an authorized limit of $12,000,000, bears interest at prime plus .3% and is secured by accounts receivable, inventory and a general security agreement.

HERGOTT DUVAL STACK LLP

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

7. Long-term debt

	2011	2010
FCC term loan with interest at FCC's variable rate less .5%, repayable in blended monthly instalments of $39,926, secured by a general security agreement, due February 2014	$ 2,162,032	$ 2,555,973
Less current portion	409,976	424,838
	$ 1,752,056	**$ 2,131,135**

Principal payments due in each of the next three years are as follows:

2012	$ 409,976
2013	424,558
2014	1,327,498

8. Interest in joint venture

Beginning in 2009, the Company entered into a joint venture arrangement with respect to a car loading facility at Glenbain, Saskatchewan. The Company's proportionate interest in the joint venture, included in these financial statements, is the following:

	2011	2010
Buildings (at cost, less accumulated amortization of $6,596)	$ 59,941	$ 63,268
Equipment (at cost, less accumulated amortization of $9,888)	39,668	44,298

9. Contingencies

The Company is contingently liable to FCC for a letter of guarantee in the amount of $225,000. The amount relates to security issued to FCC as part of a program to have accounts receivable held by FCC instead of the Company.

The program agreement was amended in August 2010, giving FCC full liability for any credit losses on new account balances subsequent to this date. Although the Company is no longer contingently liable for credit losses on new accounts, the letter of guarantee to FCC for $225,000 is maintained until outstanding balances prior to the amendment have been fully collected. The Company's maximum exposure under this agreement is $9,462 (2010 - $942,799).

At year end, the Company held 23,690 (2010 - 34,575) tonnes of grain inventory, with a value of $4,011,971 (2010 - $6,385,005), on behalf of area producers. The Company is contingently liable for the value of this grain. This grain is not included in the Company's inventory.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

10. Commitments

In March 2011, the Board approved the construction of an additional crop inputs operation located at Shaunavon, Saskatchewan with a projected cost of $2,000,000. The project will be funded by existing credit facilities and will consist of a dry fertilizer blending plant, chemical shed and office building.

11. Share capital

Authorized an unlimited number of
Class A 10% voting, non-cumulative, non-participating, preferred shares, convertible to Class B
Class B voting, participating, common shares
Class C non-voting, participating, common shares

	2011	2010
Issued		
17,583 Class B shares	$ 17,406	$ 87,738
14,000 Class C shares	165,284	221,284
	$ 182,690	**$ 309,022**

During the year, the stated capital on the Class B and Class C shares was reduced by $70,332 (2010 - $175,830) and $56,000 (2010 - $140,000) respectively, by way of cash payment.

12. Income taxes

The income tax expense differs from the amount computed by applying Canadian statutory rates to income before taxes for the following reasons:

	2011	2010
Canadian federal and provincial statutory income tax rates	29.63%	30.75%
Anticipated income tax expense	$ 1,248,745	$ 1,049,431
Saskatchewan manufacturing and processing profits tax reduction	(45,000)	(54,645)
Impact of reduction in income tax rates on timing differences	(32,740)	(163,740)
Other	7,935	1,412
Actual income tax expense	**$ 1,178,940**	**$ 832,458**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

13. Basic and dilutive earnings per share

The basic and dilutive earnings per share have been calculated using the weighted average number of common shares outstanding during the year. Since there are not items of a dilutive nature, the basic and dilutive share amounts are the same.

14. Related party transactions

During the year, services with a value of $134,373 (2010 - $155,330) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 13,758 (2010 - 11,584) tonnes of grain from directors with an aggregate value of $3,352,851 (2010 - $3,333,904) and directors purchased crop inputs in the amount of $2,035,266 (2010 - $1,284,039).

During the year, the Company made sales of Non-Board Grain and received other income from Cargill, a shareholder, in the amount of $3,870,948 (2010 - $814,634) and made purchases of product and services in the amount of $25,845,774 (2010 - $20,458,155) from Cargill. Included in accounts receivable is $92,612 (2010 - $105,454) due from Cargill, and included in accounts payable is $3,174,668 (2010 - $1,842,367) due to Cargill.

These transactions are in the normal course of operations and are measured at the exchange amount, which approximates fair value and is the amount of consideration established and agreed to by the related parties.

15. Segmented information

The Company's business operations are grouped into two business segments as follows:

a) Grain handling
This segment consists of the buying, selling, cleaning and blending of grain.

b) Crop inputs
This segment consists of sales of fertilizer, crop protection products, seed and seed treatments.

F I N A N C I A L S T A T E M E N T S

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

15. Segmented information (continued)

Segmented information 2011

	Grain Handling	Crop Inputs	Total
Revenue	**$ 35,495,080**	**$ 38,022,789**	**$ 73,517,869**
Earnings before the undernoted	$ 3,706,675	$ 4,937,989	$ 8,644,664
General and administrative			(4,378,993)
Interest on long-term debt			(51,209)
Income taxes			(1,178,940)
Net income			**$ 3,035,522**
Amortization of capital assets	**$ 682,476**	**$ 255,283**	**$ 937,759**
Net asset additions	**$ 423,435**	**$ 913,041**	**$ 1,336,476**
Total assets	**$ 16,093,381**	**$ 20,251,200**	**$ 36,344,581**
Capital assets	**$ 8,966,461**	**$ 3,963,911**	**$ 12,930,372**
Goodwill and intangible assets	**$ -**	**$ 140,000**	**$ 140,000**

Segmented information 2010

	Grain Handling	Crop Inputs	Total
Revenue	**$ 27,723,583**	**$ 30,026,700**	**$ 57,750,283**
Earnings before the undernoted	$ 4,420,598	$ 3,644,980	$ 8,065,578
General and administrative			(4,577,263)
Interest on long-term debt			(75,531)
Income taxes			(832,458)
Net income			**$ 2,580,326**
Amortization of capital assets	**$ 683,078**	**$ 234,436**	**$ 917,514**
Net asset additions	**$ 28,608**	**$ 1,736,418**	**$ 1,765,026**
Total assets	**$ 20,748,653**	**$ 12,140,933**	**$ 32,889,586**
Capital assets	**$ 9,225,502**	**$ 3,306,154**	**$ 12,531,656**
Goodwill and intangible assets	**$ -**	**$ 140,000**	**$ 140,000**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

16. Capital management

The Company's objectives when managing capital are to continue as a going concern, to protect its ability to meet its ongoing liabilities, and to maximize returns for shareholders over the long-term. Protecting the ability to pay current and future liabilities requires the following internally-determined capital guidelines based on risk management policies. For its own purposes, the Company defines capital as the sum of bank indebtedness, mortgages and loans payable, and shareholders' equity.

The capital structure at March 31, 2011 was as follows:

Bank indebtedness	$ 4,967,793
Current portion of long-term debt	409,976
Long-term debt	1,752,056
Shareholders' equity	20,269,309
Total capital	**$ 27,399,134**

In managing the Company's capital, adjustments may be made to the capital structure in light of external influences such as changing economic conditions, externally-imposed capital requirements or the presence of opportunities for further development. The amount to be paid to shareholders and the nature of financing of new assets are determinations made within the risk-based guidelines established.

There were no changes in the Company's approach to capital management during the year. The Company is subject to the following covenants for its mortgages and loans payable: current ratio is calculated as current assets divided by current liabilities; according to the covenant, the minimum current ratio is 1.1 to 1. Debt to equity ratio is calculated as the total debt divided by total shareholders' equity; according to the covenant, the maximum debt to equity ratio is 2.5 to 1. As of March 31, 2011, the Company complied with all financial covenants and externally-imposed capital requirements.

17. Financial instruments

Financial instrument classification

The Company's significant financial assets and liabilities are classified and measured as outlined in the following paragraph.

Deferred cash tickets held in trust and accounts receivable are classified as loans and receivables and are recognized at their amortized cost. The Company's four long-term investments are classified as available for sale, and since these investments do not have a quoted market price in an active market, they have been measured at cost and as such are classified as Level 3 financial instruments. Gains or losses from changes in fair value of available-for-sale financial instruments are recognized as comprehensive income pursuant to Section 1530 of the CICA Handbook. Bank indebtedness, accounts payable, income taxes payable and long-term debt are classified as other financial liabilities and recognized at their amortized cost.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

17. Financial instruments (continued)

Financial risk management

The Company is exposed to a variety of financial risks arising from interest rate fluctuations, the credit quality of its customers, and changes in foreign currency rates and commodity prices. A number of financial instruments are used to mitigate these risks. Derivatives are not used for speculative or trading purposes and their use requires adherence to established practices and parameters.

Financial instrument carrying values and fair values

For all current assets and liabilities the difference between cost and fair value is assumed to be negligible because of the short-term maturities of these items.

The following tables presents, as at March 31, 2011 and 2010, the level within the fair value hierarchy for each of the financial instruments measured at fair value:

	2011		
	Level 1	Level 2	Level 3
Financial assets			
Long-term investments	$ -	$ -	$ 1,126,500

	2010		
	Level 1	Level 2	Level 3
Financial assets			
Long-term investments	$ -	$ -	$ 1,126,500

Currency risk

The Company is exposed to currency risk as a certain portion of sales and expenses are incurred in U.S. dollars resulting in U.S. denominated accounts receivable and accounts payable. These balances are therefore subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Company entered into foreign exchange derivative contracts to mitigate these risks. This strategy minimizes the impact of U.S. dollar fluctuations on the operating results of the Company. In 2011, a foreign exchange gain of $5,955 (2010 - loss of $71,898) was recognized in net earnings.

Interest rate risk

Changes in the future cash flows of financial instruments and the possibility the Company will be unable to refinance existing debt with similar terms represents interest rate risk. The Company's principal exposure to interest rate risk is with respect to its short-term indebtedness and long-term debt, which bear interest at floating interest rates.

A 1% change in interest rates relating to the short-term indebtedness and long-term debt of the Company would increase or decrease interest expense by approximately $72,000. Exposure to interest rate risk is managed through normal operating and financing activities and the Company has not entered into interest rate swaps or similar financial instruments.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

17. Financial instruments (continued)

Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Company's principal exposure to credit risk is in respect of accounts receivable.

In order to reduce the risk on its accounts receivable, the Company has adopted credit policies which mandate performing an ongoing credit review of all our customers and establishing allowances for bad debts when the amounts are not collectible.

The allowance for bad debt as at March 31, 2011 was $19,983 (2010 - $161,189).

Commodity price risk

Price risk is the risk of fluctuations in the value of inventory due to changing market prices or a possible decline in the quality of inventory. Exposure includes, but is not limited to, changes in the commodity prices of fertilizer, oilseeds, and grains. Management controls exist to limit reductions in the value of inventory due to quality loss.

Non-Board Grain is grain that is not shipped for the account of the Canadian Wheat Board. Derivative commodity instruments (primarily futures contracts) are used to reduce market price risk in those instances in which the purchase and sale price of Non-Board Grain are not agreed upon simultaneously. These instruments are not used for speculative or trading purposes, and their use must fall within established corporate guidelines.

Exposure to changing fertilizer prices exists to the degree purchased tonnes are not committed to by way of purchase contracts entered into by customers.

Liquidity risk

Liquidity risk arises from the possibility the Company will not be able to meet its financial obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the Company adequate to make payments as they become contractually due and existing banking arrangements able to support the growth goals of the Company.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") was prepared as of June 22, 2011 and is based on the accompanying financial information that has been prepared using Canadian Generally Accepted Accounting principles ("GAAP"). The reader should note the following is intended to explain the operating results and financial position of South West Terminal Ltd. ("the Company" or "SWT") for the year ended March 31, 2011 and draw comparisons to previous fiscal years. More detailed explanations of certain technical issues may be found in the March 31, 2011 consolidated financial statements and accompanying notes, which, in any case, should be read in conjunction with this MD&A.

1. Business Segment Performance

1.1 Grain Handling

Grain Handling For the years ended March 31 ($thousands-except tonnes)	**2011**	2010	Better (Worse)
Total Revenue	**35,495**	27,724	7,771
Cost of Sales	**31,106**	22,620	-8,486
Gross Profit	**4,389**	5,104	-715
Operating, General and Administrative Expenses	**2,684**	3,222	538
Total Grain Shipped (tonnes)	**277,675**	219,922	57,753
Board Grain (tonnes)	**182,378**	165,327	17,051
Non-Board Grain (tonnes)	**95,297**	54,595	40,702

Total revenue from grain handling for the year ended March 31, 2011 was $35,495,080, an increase of $7,771,497 compared with the previous year. Contributing to the increase in revenue for the year ended March 31, 2011 was an increase in Yellow Pea values and an increase in Lentil handlings over the previous year.

Overall there was a 57,753 tonne increase in the Company's shipments for the year ended March 31, 2011. SWT aggressively pursued Canadian Wheat Board ("CWB") deliveries. With the CWB having a very strong high quality durum program, SWT was able to attain this grain and take full advantage of the increased shipping opportunities. In an effort to re-establish relationships with past customers, higher trucking premiums were paid to compete with those being offered by area competitors, while non-CWB ("non-board") grains received similar focus in comparison to last year.

The Company's shipments of non-board grains in the year ended March 31, 2011 increased 40,702 tonnes compared to the previous year. Shipments of Yellow Peas and Lentils attributed to the increase in non-board volume with Lentils doubling over the previous year. The average price per tonne of non-board grains sold during the period ending March 31, 2011 was $269.47 per tonne, while for the same period in the previous year it was $341.37 per tonne.

The Company's shipments of board grains in the fiscal year ended March 31, 2011 increased by 17,051 tonnes compared to the previous year. The Company's ability to supply the CWB with the appropriate quality and its preferred location made it one of the first choices when it came to executing the CWB's high quality durum sales program. Durum volumes increased substantially, but wheat took a sharp drop with only moving half as much as the year previous. Poor rail car movement attributed to the decline in wheat.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

Expenses related to grain handling for the year ended March 31, 2011 decreased $538,524 primarily due to a bad debt incurred in the prior year, and a decrease in professional and contract services.

1.2 Crop Inputs

Crop Inputs For the years ended March 31 ($thousands)	**2011**	2010	Better (Worse)
Total Revenue	**38,023**	30,027	7,996
Cost of Sales	**32,830**	26,147	-6,683
Gross Profit	**5,193**	3,880	1,313
Operating, general and Administrative Expenses	**1,695**	1,335	-340
Operating Highlights			
Seed Sales	**1,417**	1,279	138
Crop Nutrient Sales	**13,928**	10,767	3,161
Crop Protection Sales	**20,821**	17,810	3,011

Total revenue from crop inputs for the year ended March 31, 2011 was $38,022,789, an increase of $7,996,089 compared with the previous fiscal year. All product lines experienced increases, with the Company taking a major step forward with regard to crop protection sales. SWT continued to develop its market presence through its existing facilities.

Sales of crop nutrients experienced a significant increase of $3,160,783, rising to $13,928,241 in the fiscal year ended March 31, 2011. Price increases over the previous year and a significant increase in tonnes shipped out attributed to the large sales increase. The average price per tonne of crop nutrients sold during the year ending March 31, 2011 was $444.05 per tonne, while for the previous year it was $426.02 per tonne.

Seed sales continued to climb slightly by an increase of $138,849 in the year ended March 31, 2011. Bagged seed volumes increased over years previous and a continued effort to provide growers with options of bulk seed like Metcalfe barley and Strongfield durum kept seed sales on the rise.

Sales of crop protection products increased by $3,010,899 to $20,820,586 for the year ended March 31, 2011 compared to the prior year. Many products were devalued over the year previous, but the continued growth of SWT's crop inputs businesses in Gull Lake, Hazenmore and Cabri generated the revenue increase. SWT's ability to provide innovative crop protection solutions that other competitors cannot has attributed over the increased sales.

Expenses related to crop inputs for the year ended March 31, 2011 increased $340,255 compared with the previous fiscal year. The growth in staffing to cover a broader customer area is responsible for a portion of the increase, however higher transaction processing fees can also be blamed as customers continue to try to take advantage of reward programs and the payment flexibility offered by credit card companies. Another area of increased cost was repair and maintenance expense.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

2. Consolidated Financial Results

2.1 Gross Profit and Net Revenue from Services, EBITDA and EBIT

Selected Consolidated Financial Information For the years ended March 31 ($thousands- except per share figures)	**2011**	2010	2009
Total Revenue	**73,518**	57,750	57,058
Operating, general and	**4,379**	4,577	4,408
EBITDA	**5,203**	4,406	2,063
Depreciation and Amortization	**938**	918	888
EBIT	**4,265**	3,488	1,175
Interest on long-term debt	**51**	76	21
Provision for income taxes			
Current portion	**1,214**	876	381
Future portion	**-35**	-44	-185
Income for the period	**3,035**	2,580	959
Earnings per share	**96.11**	81.70	30.37
Total Assets	**36,345**	32,890	32,854
Total Long-Term Financial Liabilities	**1,752**	2,131	2,582
Return of Capital per Share			
Class B	**4.00**	10.00	10.00
Class C	**4.00**	10.00	10.00
Dividend Declared			
Class B	**8.00**	-	-
Class C	**8.00**	-	-

The Company's total revenue from sales and services for the 2011 fiscal year increased by $15,767,586 over the previous fiscal year. The reasons for the variance are discussed above under "Business Segment Performance".

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

Earnings before interest, taxes, depreciation and amortization, or EBITDA, for the year ending March 31, 2011 were $5,203,430 compared to $4,405,829 in the prior year. As mentioned previously, increased shipping of durum and increased input purchases capitalizing on supplier programs spurred earnings.

Total operating, general and administrative expenses for the twelve months ended March 31, 2011 decreased $198,270 due primarily to the year over year decrease in bad debt expense. Repairs and maintenance on the grain side was also down due to a number of projects which were completed in the fiscal year ended March 31, 2010, earlier than scheduled in the Company's preventative maintenance plan.

Earnings before interest and taxes, or EBIT, for the year ended March 31, 2011 were $4,265,671 compared to $3,488,315 in the previous fiscal year.

Depreciation and amortization expense increased $20,245 in the twelve months ended March 31, 2011 compared with the same period in the previous year. The new chemical shed at the Gull Lake location contributed $13,107 to the total and was primarily responsible for the overall increase.

2.2 Interest Expenses

Interest Expenses For the years ended March 31 (in thousands)	**2011**	2010	Better (Worse)
Interest on:			
Long-term debt	**51**	76	25
Short-term debt	**376**	291	-85

Short-term interest costs for the 2010-2011 fiscal year increased compared to the previous fiscal year. More short-term financing charges was due to customers continuing take advantage of reward programs and the payment flexibility offered by credit card companies as mentioned above.

Long-term interest costs decreased compared to the prior year as the Company paid off a $3,000,000 advancer loan at FCC in December 2010 as cash flow allowed. Also, no new long term debt was added in the fiscal year ending March 31, 2011 and prior years long term debt was paid down.

2.3 Net Income for the Period

Net income of $3,035,522 ($96.11 earnings per share) for the 2010-2011 fiscal year was $455,196 better than the $2,580,326 ($81.70 earnings per share) of the previous year.

Selected Semi-Annual Financial Information For the periods ended ($thousands-except per share amounts)	**March 31, 2011**	September 30 ,2010 (unaudited)	March 31, 2010	September 30, 2009 (unaudited/restarted)
Total Revenue	**33,432**	40,086	26,129	31,621
Net Income	**2,772**	264	2,149	431
Earnings per share	**87.74**	8.37	68.06	13.64

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

Figures were restated for the period ending September 30, 2009 due to a change in accounting policy regarding revenue recognition.

SWT's business is highly dependent upon weather, and consequently variations occur based on crop yields, commodity prices, and the general state of the farm economy.

The Company's grain handling revenues follow the fluctuations associated with market demand and the ability to match product quality with available market sales. The fluctuations in demand for cereal grains are typically consistent throughout the year limited only by sales opportunities and world product demand. The CWB allocates shipping to the industry based on the shipping needs of export consumers. As for non-board shipping, SWT works closely with growers and end users in order to execute a sale. There are many moving parts in executing a sale, as the Company must be able to secure the grain from the growers in a timely fashion to minimize price exposure and must have the grain in the elevator in order to meet the shipping requirements by the railroad and the end user. The Company made a concerted effort to buy grain from growers in order to increase sales targets. The Company has secured many relationships with end users who are continually looking for the quality of the product SWT provides in its shipments.

The Company's crop inputs revenues follow the seasonal activities associated with grain production in Saskatchewan. Sales of crop inputs peak in May through July, corresponding with the growing season.

3. Liquidity and Capital Resources

3.1 Sources and Uses

3.1.1 Working Capital

Current assets were $22,147,709 for the year ended March 31, 2011, an increase of $3,056,279 as compared with the previous fiscal year. The increase in assets for the year is mainly due to higher grain and crop inputs inventory levels. The increase in accounts receivable balances restricted our cash flow balance resulting in a decrease in prepaid amounts at the end of the current fiscal year.

Current liabilities were $13,611,704 for the twelve months ended March 31, 2011, up $1,297,955 from the previous fiscal year largely due to an increase in the revolving credit line as the Company generated negative cash flows from its operating activities. For the year ended March 31, 2011, bank indebtedness and short-term borrowings increased by $4,712,802. Accounts payable decreased by $224,306 compared to the prior year due to in part to lower trade payables, smaller amounts owed to producers for contracted grain delivered but not settled, and producers choosing not to defer payment for delivered grain to the following calendar year.

Working capital was $8,536,005 at the end of the 2010-2011 fiscal year compared to $6,777,681 for the prior fiscal year. Higher inventories of grain in the terminal and of fertilizer, chemical and seed account for the bulk of the difference.

The Company is contingently liable to FCC for a letter of guarantee in the amount of $225,000.

3.1.2 Cash Flow

Cash flow from continuing operations was ($4,712,802) for the year ended March 31, 2011. At the end of the previous fiscal year, the Company's cash flow from continuing operations was $1,971,953. The major component of a decrease in cash flow was the repayment of a $3,000,000 FCC demand loan in the year. Other factors include a higher amount of cash tied up in accounts receivable at the end of the year and higher inventory balances than the previous fiscal year.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

3.1.3 Capital Requirements

Several new projects are currently being contemplated - one of a large nature has just begun since year-end, as Shaunavon has been identified as the next location to set up a Crop Inputs location. A budget of $2,000,000 has been approved for this particular project. Management anticipates that $500,000 of this will come from working capital and the FCC demand loan paid off last year will be drawn down when needed to supply the remainder of financing for this project. The Company will also continue to pursue smaller acquisitions as it sees fit in the short-term.

SWT also engages in a capital maintenance program. In the previous fiscal year the Company expended $157,804 for such capital maintenance. In the year ended March 31, 2011, the Company's repairs and maintenance expenditures amounted to $129,395 as work was completed on its grain and fertilizer handling systems. Only routine maintenance and inspection on our fertilizer plant has been underway since year-end in the amount of $5,000. Capital maintenance expenditures made by the Company are typically financed through working capital.

The Company's operating capital requirements generally fluctuate throughout the year - as a participant in the CWB's PIP program, SWT's borrowings peaked in late winter as opportunities arise to pre-purchase crop inputs inventories at attractive prices. In the year ending March 31, 2011 the Company's borrowings against its line of credit peaked in February 2011 at $5,890,000. _

The Political landscape with a majority Conservative government is going to impact the agriculture industry. As a stated policy objective of the government, elimination of the CWB monopoly has been targeted for August 1, 2012. Many operations of the CWB will undoubtedly change and one change SWT believes could impact our capital requirements is the PIP program. This type of financing may not be offered or available which will require SWT to finance purchases using commercially available lines of credit.

3.2 Off-Balance Sheet Obligations and Arrangements

As of the date of this MD&A the Company had no off-balance sheet arrangements.

3.3 Outstanding Share Data

The issued and outstanding shares of SWT Terminal at March 31, 2011 are summarized in the following table.

Class of Shares	Number of issues and outstanding Shares
B	17,583
C	14,000

4. Semi-Annual Results

The Company's total revenues from sales and services for the semi-annual period ended March 31, 2011 increased by $7,302,327 as compared with the previous year. The variance is a result of more spring pre-seeding burn-off having occurred due to attractive glyphosate prices and seed treatment sales in addition to the revenue attributable to the maturation of the Company's existing agri-retail businesses.

Total revenue from grain handling in the last six months of the fiscal year was up $3,621,809 compared with the same six months of the previous year. Total revenue from crop inputs in the last six months of the fiscal year increased by $3,680,518 compared with the same semi-annual period of the previous year.

Total operating, general and administrative expenses for the semi-annual period ended March 31, 2011 decreased $90,873 over the previous year.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

Net income of $2,774,138 for the six month period ended March 31, 2011 was $624,665 higher than the $2,149,473 in the same period of the previous fiscal year.

5. Risks

The Company faces certain risks, including weather, commodity prices, credit and foreign currency. SWT manages these risks through a combination of insurance, derivative financial instruments and operating practices.

5.1 Weather Risks

The effects of weather conditions in a relatively confined geographic market area present a significant operating risk for the Company. Poor weather conditions can have a materially adverse effect on both grain handling volumes and the sale of crop inputs.

5.2 Commodity Price Risks

For non-board grains and oilseeds purchased, the Company faces price risk between the time that grain is purchased and the time it is sold. Where practical, purchases of grain are hedged by SWT on regulated futures markets using futures contracts. Because of the size of futures contracts traded and certain time constraints, it may not be possible to be fully hedged at all times. Specialty crops cannot be hedged on a futures market as no regulated markets exist for these commodities. Where practical, The Company ensures that purchase contracts are matched to sales contracts to eliminate risk of this nature.

5.3 Crop Input Price Risks

The Company also faces the risk of price depreciation between the time crop inputs are purchased and sold.

5.4 Credit Risks

South West Terminal is exposed to credit risk in relation to credit provided to its customers that purchase crop inputs. Defaults by these customers could have a materially adverse effect on the financial results of the Company.

SWT is also exposed to credit risk in relation to credit provided to customers that purchase non-board grains. Defaults by these customers could have a materially adverse effect on the financial results of the Company.

To mitigate these risks SWT adheres to credit policies which, along with any outstanding accounts, are reviewed on a monthly basis.

5.5 Foreign Exchange Risks

A portion of the Company's board and non-board grains are sold into the export market and priced in U.S. dollars. As a result, an appreciation of the Canadian Dollar against the U.S. Dollar could have an adverse effect on SWT's financial results. The Company limits its exposure to changes in foreign currency exchange rates by ensuring corresponding purchase and sales transactions are completed within a relatively short timeframe.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

5.6 Political Risks

The impending elimination of the CWB monopoly by the newly elected federal Conservative government puts SWT at risk in the marketing of wheat, durum and malt barley. SWT believes that our customers, employees, facilities and strong reputation in the south west corner of Saskatchewan puts us in a very competitive position. Although SWT may be at a market power disadvantage to others in the marketplace, our famer-owned and directed operation and our efficiencies can be very beneficial to our success in the future. The Company continues to explore and develop contingency plans with our strong relationships in the industry. Our relationship with Cargill, offers the ability to have access to both ports and worldwide marketing expertise, helping SWT address many of the risks associated with the elimination of the CWB monopoly.

6. Other Matters

6.1 Related Party Transactions

Cargill Ltd. ("Cargill") has invested $1,400,000 in SWT by purchasing 14,000 Class C, non-voting shares. The Company has entered into a 25-year grain handling agreement with Cargill which will terminate in January, 2022. The terms of that grain handling agreement are confidential. For the fiscal year ended March 31, 2011 Cargill purchased $3,870,948 of grain from the Company at commercial rates and terms. For the fiscal year ended March 31, 2011 SWT purchased $25,845,774 of crop inputs from Cargill at commercial rates and terms.

The Company provides crop production and grain handling services to related parties including members of the Board of Directors in the normal course of the Company's business at commercial rates and terms. During the year, services with a value of $134,373 (2010- $155,330) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 13,758 (2010-11,584) tonnes of grain from directors with an aggregate value of $3,352,851 (2010- $3,333,904) and directors purchased crop inputs in the amount of $2,035,266 (2010-$1,284,039)

6.2 Accounting Policy Changes

In June 2009, the CICA amended Handbook Section 3862 Financial Instruments - Disclosures in order to align Canadian GAAP with International Financial Reporting Standard ("IFRS") 7 Financial Instruments: Disclosures. This Section has been amended to include additional disclosure requirements about the fair value measurement of financial instruments. This Section now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels based upon the transparency of the inputs to the valuation of the financial asset or liability. These levels include:

Level 1 - defined as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - defined as inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - defined as inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The impact to the Company of this amended Section relates to disclosure only and did not impact the financial results of the Company.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

6.3 Future Accounting Policy Changes

In February 2008, the Accounting Standards Board announced that 2011 is the changeover date for publicly accountable enterprises to replace Canadian GAAP with International Financial Reporting Standards. The date applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company will be taking measures to accommodate the transition to IFRS that the Company is required to report under starting in the 2012 fiscal year. The Company will be adopting IFRS and is finalizing the IFRS adoption plan that consists of three primary phases as outlined below.

Transition rollout	Description	Status
Phase one Initial information and diagnostic impact assessment	This phase incorporates research of new standards and evaluation of the differences between IFRS vs. Canadian GAAP including initial assessments of IFRS 1 "first time adoption of IFRS" and the exemptions and exceptions available	Initial research of IFRS standards, review of conversion factors and training has been underway since 2010. The Company has identified the key differences between IFRS and Canadian GAAP that will likely have an impact to the Company based on the GAAP standards that exist today. Phase one is completed.
Phase two Detailed diagnosis, analysis and design	This phase investigates in further detail how the conversion will impact the financial results and presentation of the Company including the incorporation of policy development, detailed data analysis, impact on note disclosure and selection of available exemptions and exceptions for first time adoption. Ongoing communication and training will continue	Phase two is currently in progress as the Company incorporates detailed analyses and data collection to the identified key areas from stage one including selection of exemptions and exceptions available for first time adoption. It is expected that phase two will combine with phase three as standards continue to change and knowledge of IFRS expands. Phase two is substantially completed.
Phase three Execution	Preparation of IFRS financial statements and note disclosures.	To be prepared for the first semi-annual report ending September 30, 2011

The transition to IFRS will result in additional accounting and reporting changes. The initial analysis of IFRS versus Canadian GAAP has identified the following differences as having a potentially significant impact on the consolidated financial statements. The Company has currently not quantified the impact of adopting IFRS.

Any changes in accounting policies will be applied retrospectively.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

Accounting Policy	Differences in Accounting Treatment
Presentation and disclosure	The Company must present a classified balance sheet under IFRS to highlight the current and non-current portion of the assets and liabilities based on liquidity. The Company may elect an exemption to keep the presentation format of the balance sheet the same as under Canadian GAAP but disclosure in the notes and MD&A of certain assets and liabilities will change under IFRS.
Impairment of long-lived assets	IFRS requires under IAS 36 that all property and equipment is reviewed annually for impairment where there are indications that the carrying value may not be recoverable. The method of estimating impairment under IFRS is different than the current impairment tests being used under Canadian GAAP and impairment may be recognized more frequently. Currently the Company has no recorded impairment losses and has not yet completed its assessment of the effect of the potential impact.
Borrowing costs	Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are those that necessarily take a substantial period of time to prepare for their intended use. The costs of our Shaunavon project will be capitalized and depreciated over the useful life of the assets under IFRS rules. All other borrowing costs are recognized in the consolidated statement of income in the period in which they occur.
Income taxes	Various changes in accounting policy under IFRS may also impact the corresponding deferred tax asset or liability. The impact of the changes will depend on the net amount of all differences in accounting policy.
Property, plant and equipment	IFRS requires separate amortization of major components of an asset. The Company has identified one major component that will be amortized differently under IFRS. This requirement is less explicit under Canadian GAAP; therefore depreciation expense will be different under IFRS.
Investments	IFRS requires that all investments will have to be recorded at fair market value including those that don't have a quoted market value. Currently the Company has three material investments carried on the balance sheet at original cost value under the Canadian GAAP rules.

6.4 IFRS 1 exemptions and elections

The Company will apply the following exemption and elections under IFRS 1 – First-time Adoption of International Financial Reporting Standards:

1. SWT will not be electing, in its opening transition date, to measure items of property, plant and equipment or investment properties at a deemed cost instead of the actual cost that would be determined under IFRS. The deemed cost of an item may be either fair value at the date of transition or a previous GAAP revaluation.
2. SWT will elect under IAS 23 to allow applying borrowing costs prospectively from the Company's date of transition to IFRS.
3. The Company may elect, on transition to IFRS, to either restate all past business combinations in accordance with IFRS 3 – Business Combinations or to apply an elective exemption from applying IFRS 3 to past business combinations. This would apply to the Hazenmore location. The elective exemption will be chosen by SWT as long as specific requirements are met under IFRS such as: maintaining the classification of the acquirer and the acquiree, recognizing or derecognizing certain acquired assets or liabilities as required under IFRS and re-measuring certain assets and liabilities at fair value.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS

6.5 Financial Instruments

SWT does not use any financial instruments, with the exception of futures contracts which are discussed above under Section 5 – "Risks".

7. Use of Non-GAAP Terms

The EBIDTA and EBIT data provided in this MD&A is intended to provide further insight with respect to the Company's financial results and to supplement its information on earnings (losses) as determined in accordance with GAAP. Such measures do not have any standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

8. Forward-looking Information

Certain statements in this report may constitute forward-looking statements. The results or events predicted in these statements may differ materially from actual results or events. These forward-looking statements can generally be identified by the use of statements that include phrases such as "believe", " expect", "anticipate", "intend", "plan", "likely", "will" or similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements are based on the Company's current expectations and its projections about future events. However, whether actual results and developments will conform to the Company's expectations and projections is subject to a number of risks and uncertainties, including, among other things, the risks and uncertainties associated with poor weather conditions, agricultural commodity prices, financial leverage, additional funding requirements, international trade and political uncertainty, competition, domestic regulation, environmental risks, diseases and other livestock industry risks, acceptance of generically modified products, labour disruptions, dependence on key personnel, technological advances, credit and foreign exchange risk. These are not necessarily all of the important facts that could cause actual results to differ materially from those expressed in any of the Company's forward-looking statements. Other known and unpredictable factors could also harm its results. Consequently, there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

KEN LOGAN MEMORIAL SCHOLARSHIP

The Ken Logan Memorial Scholarship is a scholarship in memory of one of the founding members of South West Terminal Ltd. - Ken Logan. The scholarship program has been available for students since 2000. This scholarship is available to graduates in the Gull Lake and Hazlet area. Students who plan on attending post secondary school for Agriculture or Business are eligible. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration. Each resume is considered by three board of directors from South West Terminal Ltd. along with school and staff members. Once the decision is made the student will be rewarded with a $1,000 scholarship.

The 2011 Ken Logan Memorial Scholarship was awarded to Dayton Potter

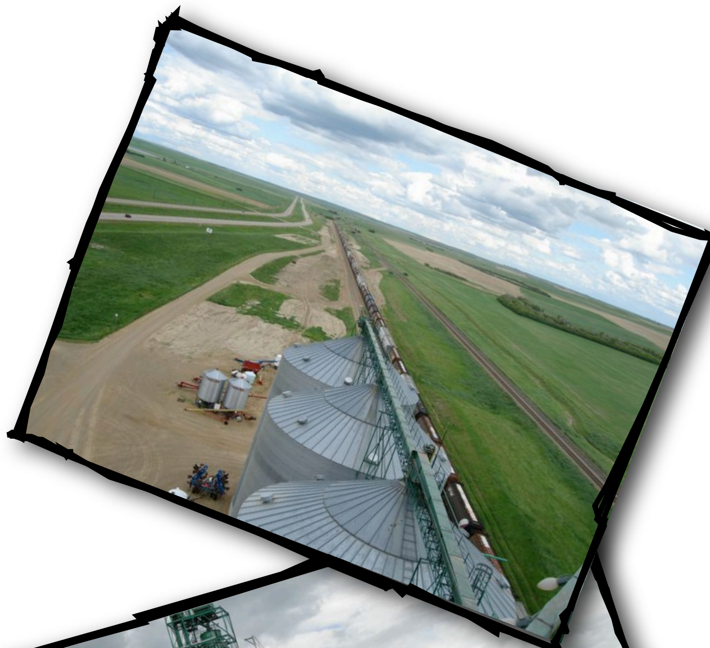
GRATTON MURRAY MEMORIAL SCHOLARSHIP

The Gratton Murray Memorial Scholarship is a scholarship in memory of one of the founding members of South West Terminal Ltd. - Gratton Murray. This scholarship is available to graduates in the Shaunavon area. Students who plan on attending post secondary school for Agriculture or Business are eligible. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration. Each resume is considered by three board of directors from South West Terminal Ltd. along with school and staff members. Once the decision is made the student will be rewarded with a $1,000 scholarship.

The 2011 Gratton Murray Memorial Scholarship was awarded to Karl Wilkins

COMMUNITY INVOLVEMENT

Gull Lake Ladies Bonspiel
Christ the Redeemer Parish
Gull Lake History Book
Bronco Hall of Fame
SC Broncos Adopt a School
Notre Dame College
Gull Lake Intiation Hockey Tournament
Hazenmore Rec Club Playground
Cabri Mens Bonspiel
SCWHA
Swift Current Minor Hockey Assoc.
Warrens Funeral Home
SPCA
Autumn House
Canadian Diabetes Assoc
Arthritis Society
Cabri School
Cabri Ice Centre
Run for the Hills
Saskatchewan Abilities Council
Eastend Golf & Curl
Gull Lake Ducks Unlimited
Cabri Swimming Pool
Cabri Regional Park
Gull Lake Recreational Complex
The Sandhill Roping Club
Kincaid Central School Yearbook
Pee Wee AA Broncos
Gull Lake Minor Hockey
Gull Lake Swimming Pool
Maverick School
P.A.L.S Multiple 4H Club
Cabri Community Ventures
Abbey Ducks Unlimited
Kincaid & District Playschool



VISION STATEMENT

To be recognized as the most trusted, dependable and considerate grain and crop input company in providing profit making solutions to producers in South West Saskatchewan.

We are proud to be a small business based in Saskatchewan.

MISSION STATEMENT

To our producers, we commit to learning about your needs and your business to enable us to present you the highest value integrated (grain/agro) solutions to give you the best chance at success.

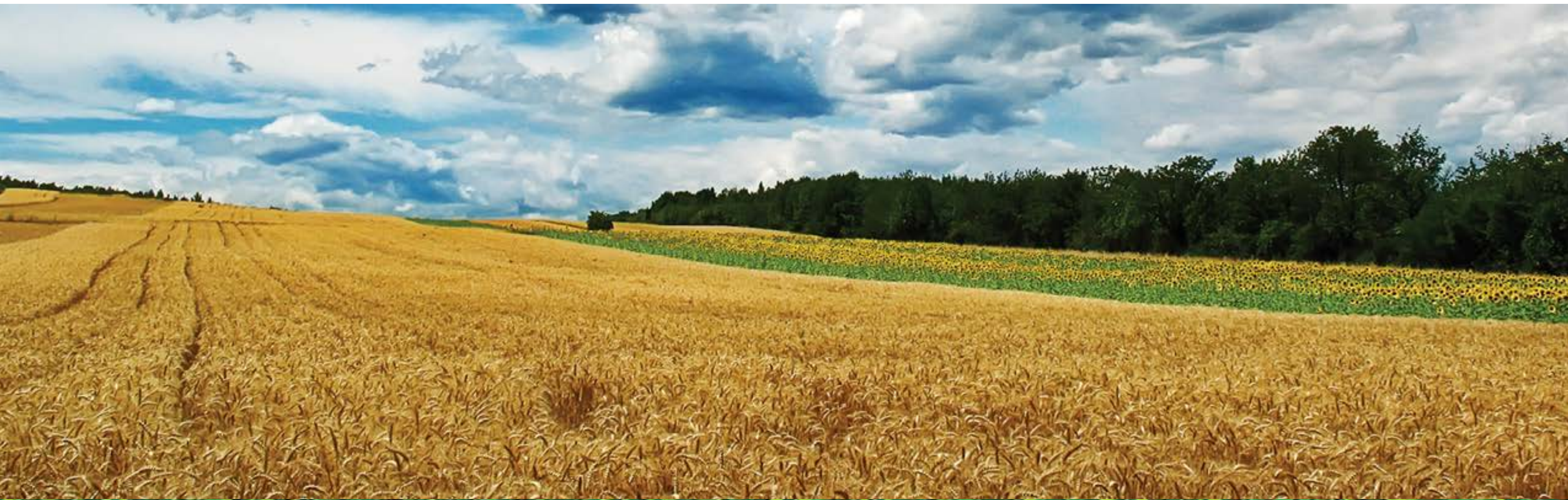
To our staff, we commit to creating a positive, supporting and safe work environment and to invest in your knowledge, skill and personal development to make us the employer of choice in this province.

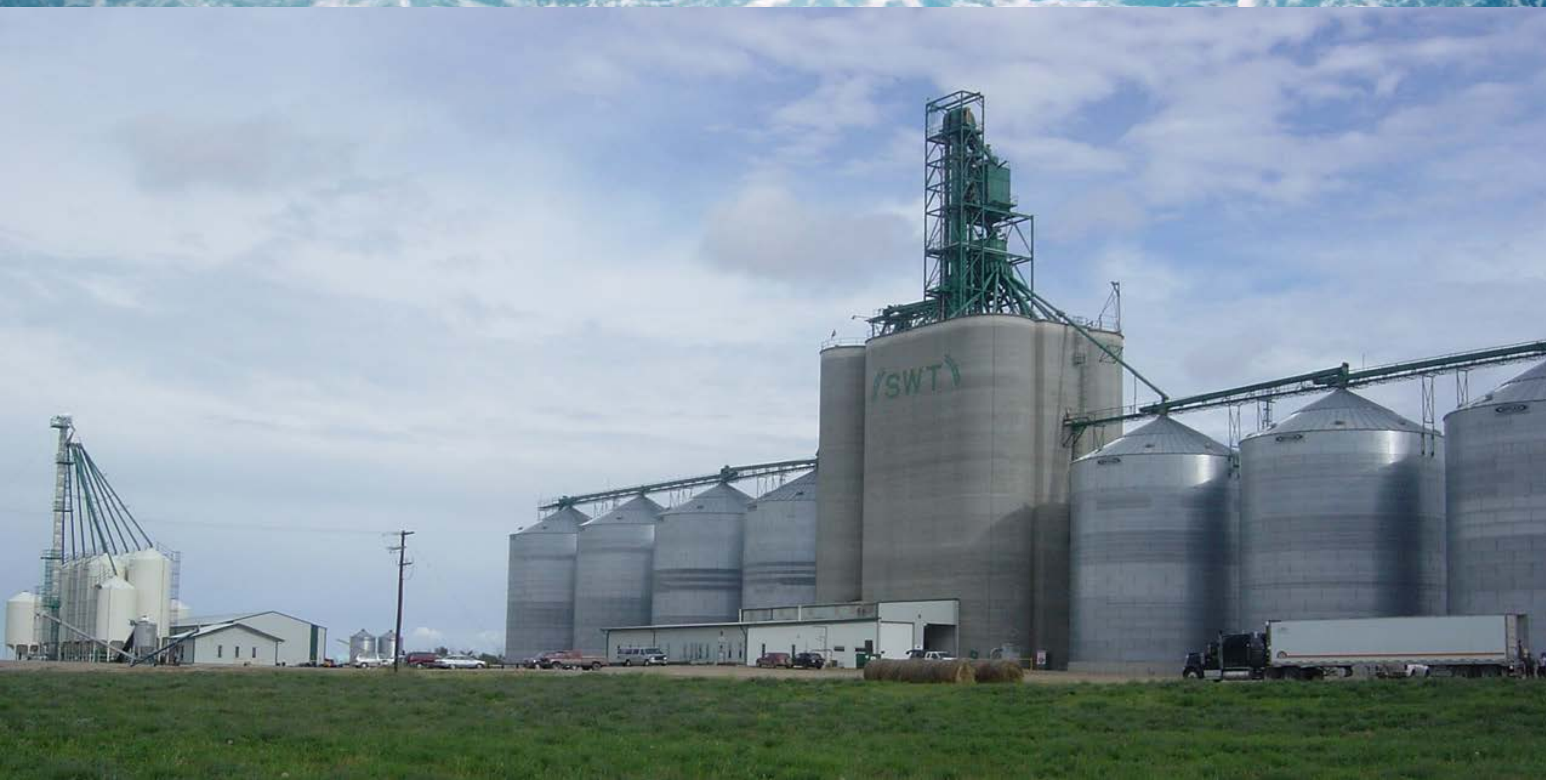
To our communities, we commit to being a responsible and considerate corporate citizen, being vigilant to community needs and proactive in ones concerns and stewardship regarding safety of people and the environment.

To our suppliers, we commit to being honest and open in our relationship and are true to our word. We are committed to helping our mutual businesses grow as we work together to make producers and shareholders more profitable.

To our end-user customers, we commit to making and keeping promises in quality, timeliness, documentation and safety. We also commit to strive for mutual benefit in all our dealings.

And to our shareholders, we commit to prudent responsible governance of the company and continual growth in share value.




SWT