19th ANNUAL REPORT

2012-2013

SWT

solid.steady.certain.

Gull Lake - Hazenmore - Cabri - Shaunavon

Box 719, Gull Lake
Saskatchewan, Canada S0N 1A0
www.swt.ca

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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.

STATEMENT OF PURPOSE

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

SWT, 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.

SOUTH WEST TERMINAL LTD. RECOGNITION

TOP 100

SASKATCHEWAN'S TOP 100 COMPANIES OF 2012

2011	2012	Company	CEO/Pres	SK Employees	Employees	City	Major Shareholders
64	52	South West Terminal Ltd.	Monty Reich	47	47	Gull Lake	Widely Held
60	53	Supreme Office Products Ltd.	Brian Mikuliak	187	344	Regina	Doreen Bosche, Diana Giannetta, Derek Bosche
54	54	North Ridge Development Corp.	Walter Mah	150	150	Saskatoon	Walter Mah & Julius Calyniuk
57	55	Saskatchewan Municipal Hail Insurance Assoc.	Rodney Schoettler	112	112	Regina	Policy Holders
68	56	Rack Petroleum Ltd.	Dennis Bulani	48	48	Biggar	Dennis Bulani
65	57	Millsap Fuel Distributors Ltd.	Gus Millsap	65	65	Saskatoon	Gus Millsap
55	58	Stuart Olson Dominion Construction Ltd. (SK only sales)	Don Pearson	132	1,200	Calgary	Publicly Traded
50	59	Vecima Networks Inc.	Surinder Kumar	470	557	Saskatoon	Surinder Kumar, Hugh Wood

September 2012 South West Terminal Ltd. was listed among the Top 100 Companies in Saskatchewan.
South West Terminal Ltd. ranked #52.

BOARD OF DIRECTORS

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

COMMITTEES

Governance & Policy Committee

Rhonda Undseth (Chair)
Shane Lacasse
Murray Smith
Monty Reich

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
Monty Reich

Business Development Committee

Rhett Allison (Chair)
Darren Caswell
Erroll Castle
Ron Taylor
Paul Hazzard
Monty Reich

Risk Committee

Shane Lacasse (Chair)
Roland Monette
Paul Hazzard
Monty Reich

ITAC Representative

Brett Meinert
Rhett Allison (Alternate)

MEET THE STAFF

SENIOR MANAGEMENT TEAM	
MONTY REICH	GENERAL MANAGER
JEFF KIRWAN	CROP INPUTS MANAGER
ROBERT CHAPMAN	GRAIN MANAGER
TRACY MCGONIGAL	CONTROLLER
GRAIN SALES AND PROCUREMENT	
WARREN MARESCHAL	SALES MANAGER
RON COTE	FARM MARKETING REP
HEATHER CAMPHAUG	FARM MARKETING REP
STACEY BREEN	FARM MARKETING REP
AMANDA WARD	FARM MARKETING REP
ARLENE DANIEL	MERCHANDISING ASSISTANT
STEPHANIE STUSRUD	ADMINISTRATIVE ASSISTANT
ASHLEY GIRODAT	ADMINISTRATIVE ASSISTANT
GRAIN PLANT OPERATIONS	
KENDELL RADTKE	PLANT MANAGER
JUSTIN ISHERWOOD	ASSISTANT PLANT MANAGER
KEVIN BAUMANN	PLANT OPERATOR
TONY MANDEL	PLANT OPERATOR
TAYLOR DUTTON	PLANT OPERATOR
JORDAN RETZLAFF	PLANT OPERATOR
RYAN WIEBE	PLANT OPERATOR
CROP INPUTS – ANTELOPE	
DAVE ELVISS	LOCATION MANAGER
RYAN SERVICE	FARM MARKETING REP
KELSEY DUTTON	CROP INPUTS SALES AND MKTG
JOEL BUTTS	LOCATION ASSISTANT
BLAKE NELSON	LOCATION ASSISTANT
BRAD WHITE	P.Ag – AGROLOGIST
CARLA BENJAMIN	ADMINISTRATIVE ASSISTANT

CROP INPUTS – HAZENMORE	
CHEYENNE ARNTSEN	LOCATION MANAGER
BRODY LOVERIN	FARM MARKETING REP
JEFF DASH	FARM MARKETING REP
CLINTON CORCORAN	FACILITY ASSISTANT
BARB CUTLER	ADMINISTRATIVE ASSISTANT
CROP INPUTS – CABRI	
AL WARD	FARM MARKETING REP
JANE JOHNSTON	AGRONOMIST
BARRY McGUIGAN	LOCATION ASSISTANT
KARA SHAW	ADMINISTRATIVE ASSISTANT
CROP INPUTS – SHAUNAVON	
JAMES BATEMAN	LOCATION MANAGER
KATHY WILKINS	ADMINISTRATIVE ASSISTANT
MAINTENANCE	
DEVON LEDUC	MAINTENANCE OPERATOR
TYLER FLYNN	MAINTENANCE OPERATOR
FINANCE AND HUMAN RESOURCES	
SHANNON ARMSTRONG	HUMAN RESOURCE ASSISTANT
DENISE ANDERSON	GRAIN LEAD ACCOUNTANT
DRAKE MAY	ASSISTANT ACCOUNTANT
CORINNA GIBSON	CROP INPUTS LEAD ACCOUNTANT
HEALTH, SAFETY AND QUALITY	
CARMEN MOEN	E,H & S QUALITY COORDINATOR

LETTER TO THE SHAREHOLDERS

We are once again very pleased to present this annual report to our shareholders. Despite all the changes in our industry in the last twelve months, we were able to generate another record-breaking financial result. Our stakeholders' hard work and dedication have not gone unnoticed; we are extremely and equally appreciative of the grower who plants the crop and the employee who may load the resulting grain into a rail car or assist with that same producer's agronomic requirements. Total comprehensive income this year was $5,823,985, an outcome only achievable given the valued contribution of each member of SWT's remarkable team.

This past year the western Canadian agricultural industry experienced perhaps its largest change in a half-century as the Canadian Wheat Board's wheat and barley export monopoly was ended. For the most part, the transition was a smooth one; the planning for this contingency which was first undertaken several years ago was simply accelerated once the federal government signaled its intent to modify the Canada Grain Act. With SWT well-positioned to take advantage of the changes, total revenue almost doubled from $94 million to $185 million, the Company undeterred by a very competitive marketplace. Even though SWT's shipments have historically consisted of over 80% CWB grain, the Company managed to meet its annual volume target of 350,000MT with only a small drop-off in tonnage as compared to the prior year's total of 380,000MT.

Crop nutrient and crop protection product usage continues to rise as growers capitalize on relatively high commodity prices by investing in their crops. SWT's four locations at Gull Lake, Hazenmore, Cabri and Shaunavon have excelled in offering a broad product line-up and the latest in sustainable and profitable agronomic solutions. Our producer customers have responded, evidenced by a sales increase of just under $15 million to a total of over $84 million. Site accessibility remains a critical factor in producer choice, something that we will continue to improve upon as we look to deliver our take on the customer experience to more growers in southwestern Saskatchewan in the future.

Investment in our assets continued with over $2 million expended on new capital projects and improvements last year. We believe our goal of having efficient, modern, safe and effective assets ultimately benefits our customers and employees. As such, a number of projects will be embarked upon this coming year, with particular emphasis on increasing space at our main office and adding an updated liquid fertilizer plant in Shaunavon. Various other upgrades to our grain and crop inputs assets are also expected to occur.

In spite of the ever-evolving business of agriculture, one thing had remained the same - the SWT logo. And while the Company's original logo is proudly displayed on the front of its grain terminal, it was felt it was time to rebrand ourselves, to reflect the growth and expansion the Company has experienced over the past 16 years. The slogan 'Solid. Steady. Certain.' really embodies what SWT is in an environment with so much change, uncertainty and uneasiness. Our new logo accentuates both of SWT's grain and crop inputs business divisions, yet retains a flavour of the original logo, which was important as to not lose sight of the Company's beginnings. We are very proud of what this Company has achieved but look eagerly forward to what lies ahead and the opportunities which will present themselves.

In the end, our thanks go out to you – the shareholders, producers and customers who support us. Because of your support, SWT has become a place where quality people can build careers and enjoy raising their families in the communities in which we are invested. We will persist in our commitment to the prudent and responsible governance of this company and to continued growth in share value.

Best regards,

Monty Reich
General Manager

AUDITORS REPORT

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
South West Terminal Ltd.

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of South West Terminal Ltd., which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of income and comprehensive income, changes in equity 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 International Financial Reporting Standards, 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.

Auditors' 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 auditors' judgment, 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 auditors consider 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 in our audits 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, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

SASKATOON, SASKATCHEWAN

Ernst + Young LLP

Chartered Accountants

June 18, 2013

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BALANCE SHEET

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2013	March 31, 2012
ASSETS		
Current assets		
Accounts receivable (Note 4)	$ 15,775,599	$ 6,542,087
Inventories (Note 5)	28,500,200	18,267,188
Prepaid expenses	4,653,416	6,611,198
Risk management assets (Note 21)	501,496	29,777
Income taxes receivable	129,861	-
Deferred cash tickets held in trust	23,583	1,524,232
	49,584,155	32,974,482
Long-term investments (Note 6)	1,042,300	1,126,300
Property, plant and equipment (Note 7)	17,635,012	16,570,933
Goodwill	140,000	140,000
	$ 68,401,467	**$ 50,811,715**
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 8)	$ 7,627,047	$ 4,456,331
Accounts payable and accrued liabilities (Note 9)	21,947,776	15,048,417
Income taxes payable	-	693,387
Current portion of long-term debt (Note 10)	1,326,754	424,556
	30,901,577	20,622,691
Long-term debt (Note 10)	5,993,605	4,327,213
Deferred income taxes (Note 11)	700,991	550,053
Deferred revenue (Note 12)	542,239	493,692
	38,138,412	25,993,649
Contingencies (Note 14)		
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	182,690	182,690
Retained earnings	30,080,365	24,635,376
	30,263,055	24,818,066
	$ 68,401,467	**$ 50,811,715**

See accompanying notes

Approved by the Board

Murray E Smith Director

Monette Director

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STATEMENT OF RETAINED EARNINGS

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

YEARS ENDED MARCH 31,

	2013	2012
Revenue	$ 185,024,084	$ 94,339,363
Cost of sales	169,675,985	80,870,862
Gross profit	15,348,099	13,468,501
Expenses		
Depreciation	1,093,993	974,777
Interest on long-term debt and bank indebtedness	421,530	18,287
General and administrative	6,124,810	5,770,649
	7,640,333	6,763,713
Income before income taxes	7,707,766	6,704,788
Income tax expense (recovery) (Note 16)		
Current	1,732,844	1,831,669
Deferred	150,937	(54,634)
	1,883,781	1,777,035
Total comprehensive income	**$ 5,823,985**	**$ 4,927,753**
Basic and diluted income per share (Note 17)	184.40	156.03

See accompanying notes

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STATEMENT OF CHANGES IN EQUITY

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained Earnings	Total
Balance, April 1, 2011	$ 182,690	$ 20,086,619	$ 20,269,309
Total comprehensive income	-	4,927,753	4,927,753
Dividends	-	(378,996)	(378,996)
Balance, March 31, 2012	182,690	24,635,376	24,818,066
Total comprehensive income	-	5,823,985	5,823,985
Dividends	-	(378,996)	(378,996)
Balance, March 31, 2013	**$ 182,690**	**$ 30,080,365**	**$ 30,263,055**

See accompanying notes

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STATEMENT OF CASH FLOWS

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31,

	2013	2012
Cash flows from (used in) operating activities		
Total comprehensive income	$ 5,823,985	$ 4,927,753
Items not affecting cash		
Depreciation	1,093,993	974,777
Deferred income taxes	150,937	(54,634)
Net change in non-cash working capital items:		
Accounts receivable	(9,233,512)	(119,791)
Inventories	(10,233,012)	(6,568,143)
Prepaid expenses	1,957,782	(2,743,024)
Risk management assets	(471,719)	(19,777)
Income taxes receivable	(129,861)	-
Deferred cash tickets held in trust	1,500,649	(1,366,038)
Accounts payable and accrued liabilities	6,899,360	7,388,017
Income taxes payable	(693,387)	119,852
Deferred revenue	48,547	386,868
	(3,286,238)	2,925,860
Cash flows from (used in) investing activities		
Redemption of shares of long-term investments	84,000	-
Return of capital long-term investments	-	200
Purchase of property, plant and equipment	(2,206,980)	(4,685,806)
Proceeds on disposal of property, plant and equipment	48,908	70,468
	(2,074,072)	(4,615,138)
Cash flows from (used in) financing activities		
Repayment of long-term debt	(431,410)	(410,264)
Proceeds from issuance of term debt	3,000,000	3,000,000
Dividends	(378,996)	(378,996)
	2,189,594	2,210,740
Net (decrease) increase in cash during the year	(3,170,716)	521,462
Bank indebtedness, beginning of year	(4,456,331)	(4,977,793)
Bank indebtedness, end of year	**$ (7,627,047)**	**$ (4,456,331)**
Supplemental disclosure of cash flow information		
Interest paid	$ 470,170	$ 247,951
Income taxes paid	2,556,092	1,711,817

See accompanying notes

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SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, Shaunavon 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.

The Company is located in the province of Saskatchewan, Canada and with its head office in Antelope and postal address as Box 719, Gull Lake, Saskatchewan, Canada, S0N 1A0.

2. Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with Part I of the Canadian Institute of Chartered Accountants (CICA) Handbook - International Financial Reporting Standards (IFRS). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Committee (IFRIC).

The consolidated financial statements were approved by the Board of Directors on June 18, 2013.

The consolidated financial statements have been prepared on the historical cost basis, except for certain items which are measured at fair value, as explained in Note 22.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies

The significant policies are detailed as follows:

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, as well as the Company's share of the assets, liabilities, revenues and expenses arising jointly or otherwise from the Company's jointly controlled operations. All such amounts are measured in accordance with the terms of the joint arrangement, which are in proportion to the Company's interest in the jointly controlled assets and operations. The Company has a 50% joint arrangement in respect to a car loading facility at Glenbain, Saskatchewan, where each venturer receives a share of the output from the assets and bears an agreed upon share of the expenses rather than deriving returns from an interest in a separate entity.

Cash and cash equivalents

Cash consists of cash and cash equivalents on hand. Cash equivalents are highly liquid investments with a maturity of less than three months.

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 is reviewed for collectability at each reporting period. If it is determined that it is probable that the receivable will not be collected, an allowance for doubtful accounts is recognized and bad debt expense is charged to income.

Inventories

Grain inventories are commodity inventories that are readily convertible to cash because of their commodity characteristics, widely available markets, and international pricing mechanisms. Commodity inventories are measured at their fair value less handling costs and any applicable freight, with changes to fair value recognized in cost of sales. Fair value is determined using exchange traded prices. Crop input inventories are valued at the lower of cost or net realizable value determined using the first in, first out ("FIFO") method.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates:

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

On an annual basis, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating business unit to which the asset belongs. Cash generating business units are determined by management based on locations of facilities.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in comprehensive income.

Goodwill

Goodwill is recorded at cost less any accumulated impairment losses. Goodwill 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 reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Company's cash generating unit that is expected to benefit from the synergies of the combination. This cash generating unit is the crop inputs facility located in Hazenmore, Saskatchewan. Impairment is tested annually or more frequently when there is indication that the unit may be impaired. As at March 31, 2013 there is no impairment indication on this goodwill.

If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then reduces the carrying amount of the other assets of the unit on a pro rata basis. An impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Revenue recognition
Revenue from grain sales, elevation and cleaning are recognized at the time of shipment of the grain. The Company records elevation revenue on grain handled for the CWB on the basis of one-half earned on receipt of the grain and one-half recorded at the time of shipment. Transactions in which the Company acts as an agent for the CWB are recorded on a net basis, with only the service fee earned recorded in revenue. Crop input revenues are recognized at the time of delivery to the customer.

Cost of sales
Cost of sales includes net realized and unrealized gains and losses on commodity contracts and exchanged-traded derivatives.

Borrowing costs
Borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset are added to the cost of these assets. Other borrowing costs are expensed.

Taxation
Income tax expense is comprised of current and deferred taxes which are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using enacted or substantially enacted tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change, except when they relate to items recognized directly in other comprehensive income. The Company is taxed at an effective rate of 27% on taxable earnings.

Deferred taxes are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or for different tax entities where the Company intends to settle its current tax assets and liabilities on a net basis or simultaneously.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Financial asset impairment

The Company assesses financial assets, other than those recorded at fair value through profit or loss ("FVTPL"), for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated future cash flows of the asset have been negatively affected.

Objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default or delinquency, disappearance of an active market for the security or prolonged decline in fair value of a security.

Impairment losses on financial assets carried at amortized cost is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. When available for sale financial assets are considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent recovery in the fair value of an impaired available for sale equity instrument is recognized in other comprehensive income.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the reporting date. Carrying values of non-monetary assets and liabilities measured at historical cost reflect the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated to Canadian dollars at the exchange rate at the date the fair value was determined. Translation gains and losses are included in profit or loss.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Financial instruments

All financial instruments are initially recognized at fair value. Transaction costs are included in the initial carrying amount, except in the case of financial assets and liabilities classified as fair value through profit or loss, in which case they are expensed as incurred. The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the instruments were acquired and the item's characteristics. The Company uses settlement date accounting for regular way contracts when recording financial asset transactions. All financial instruments are classified as fair value through profit or loss, loans and receivables, held to maturity, available for sale or other financial liabilities.

Fair value through profit or loss

Financial assets and financial liabilities are classified as FVTPL when the instrument is held for trading or is initially designated as FVTPL. Financial instruments which are purchased for the intention of generating profits in the near term are classified as held for trading. Financial assets and financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized immediately in profit or loss.

The Company has classified the following financial assets FVTPL: Risk management assets.

Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income, calculated using the effective interest rate method, is recognized in profit or loss.

The Company has classified the following financial assets as loans and receivables: Accounts receivable and bank indebtedness.

Held to maturity

Held to maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold until the maturity date, and which are not designated as another category. Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized in profit or loss.

The Company has no financial assets classified as held to maturity.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Available for sale
Available for sale financial assets are non-derivative financial assets that are not classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the financial instrument is disposed of or impaired, at which time it is recognized in earnings.

The Company has classified the following financial assets as available for sale: Long-term investments.

Other financial liabilities
Other financial liabilities are those liabilities which have not been classified as FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, calculated using the effective interest rate method, is recognized in profit or loss.

The Company has classified the following financial liabilities as other financial liabilities: Accounts payable and accrued liabilities and long-term debt.

Fair value hierarchy
The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on the measurement date. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an active market, the Company determines fair value based on internal or external valuation models, such as discounted cash flow analysis or using observable market based inputs (bid and ask price) for instruments with similar characteristics and risk profiles.

The Company classifies fair value measurement recognized in the statement of financial position using a three tier fair value hierarchy, which reflects the significance of inputs used in measuring fair value as follows:
•Level 1 : Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
•Level 2 : Inputs other than quoted prices in active markets (from Level 1) that are observable for the asset or liability, either directly or indirectly; and,
•Level 3 : Valuation techniques that include significant unobservable inputs.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

The fair value of the Company's privately held available for sale securities, as described in Note 6, has not been disclosed because of the unavailability of a quoted market price in an active market. The Company has no plans to dispose these investments and believes that their carrying value equal its fair value.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Use of estimates and judgments

The preparation of the financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, as well as, the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant uses of judgments and estimates are as follows:

(a) Allowance for doubtful accounts and sales adjustments

The Company must make an assessment of whether accounts receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment and other sales adjustments, taking into consideration individual customer credit worthiness, current economic and agronomic trends as well as past experience. If future collections differ from estimates, future earnings would be affected.

(b) Inventory valuation

The Company measures its crop input inventories at the lower of cost and net realizable value. Given that the determination of net realizable value requires management to make estimates with respect to the selling value, costs to make the sale and, in some cases, the cost of completion, there is a certain level of measurement uncertainty. Management uses the assistance of a third party expert to determine the volume of each grade of each commodity in inventory at year end. Assumptions are made based on past experience and actual grading standards may be subject to change. Estimates and assumptions are also required in determination of the fair values of commodity inventories. As such, actual inventory values realized may differ from estimated carrying amounts.

(c) Property, plant and equipment

As part of the capitalization process, management must estimate the expected period of benefit over which capitalized costs should be depreciated. The considerations for estimated useful lives include the timing of technological obsolescence and competitive pressures, as well as historical experience and internal business plans for the projected use of related assets. Given that the expected period of benefit is an estimate, future results could be affected if management's current assessment of its property, plant and equipment's useful lives differs from actual performance.

(d) Impairment of goodwill

Goodwill is assessed for impairment at least annually. The impairment analysis for goodwill requires management to make estimations of future cash flows, terminal values and an assessment of the long-term pre-tax discount rate to be applied to those cash flows.

(e) Fair value of financial instruments

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. The methods and assumptions used by management in estimating fair value of the Company's financial instruments are outlined in Note 22. Wherever possible, the Company uses observable inputs, such as quoted prices in active markets, in determining the fair value of financial instruments.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

Future accounting and reporting changes

The IASB has issued new and amended IFRS standards under Part I of the CICA Handbook which are not yet effective for the Company. None of the new or amended standards have been implemented in these consolidated financial statements. The significant changes to the standards are as follows:

- IAS 1 Presentation of Financial Statements: This standard has been revised to require disclosure of other comprehensive income items in two categories - those that will be recycled into income and those that will not. The standard is effective for fiscal years beginning on or after July 1, 2012.
- IFRS 9 Financial Instruments: This standard is the first phase of a multi-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement, and applies to the classification and measurement of financial assets and liabilities. IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that only has two classifications; amortized cost and fair value. These changes will be effective for fiscal years that begin on or after January 1, 2015. Portions of the standard remain in development and the full effect of the standard on the Company's consolidated financial statements will not be known until the project is complete.
- IFRS 10 Consolidated Financial Statements: The new standard is based on the previous consolidation standard (IAS 27), but has revised the definition of control. This may result in a change regarding whether an investee will be consolidated or not. This standard is effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 11 Joint Arrangements: This new standard is based on a previous standard (IAS 31), but defines joint operations and joint ventures separately, with differing accounting treatments. This standard is effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 12 Disclosure of Interest in Other Entities: This is a new standard which outlines the disclosure requirements for all forms of interest in other entities, including interests in joint arrangements, subsidiaries associates, special purpose entities, and unconsolidated structured entities. This standard is effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 13 Fair Value Measurement: This new standard defines fair value, establishes a framework to measure fair value and outlines the disclosure requirements. This standard is effective for fiscal periods beginning on or after January 1, 2013.

The Company has not yet determined the effect, if any, of the above standards on the financial statements.

4. Accounts receivable

	March 31, 2013	March 31, 2012
Accounts receivable relating to grain held on account of the CWB	$ 785,424	$ 1,883,941
Trade and other receivables	15,197,554	4,713,602
Allowance for doubtful accounts	(207,379)	(55,456)
	$ 15,775,599	**$ 6,542,087**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Accounts receivable (continued)

	March 31, 2013	March 31, 2012
Current	$ 13,658,966	$ 5,867,823
30 days	1,012,751	181,205
60 days	71,542	228,175
Over 90 days	1,239,719	320,340
Allowance for doubtful accounts	(207,379)	(55,456)
	$ 15,775,599	**$ 6,542,087**

The Company's receivables have been pledged as security for the operating line of credit under the general security agreement as disclosed in Note 8.

5. Inventories

	March 31, 2013	March 31, 2012
Grain	$ 10,438,170	$ 2,215,537
Crop inputs	18,062,030	16,051,651
	$ 28,500,200	**$ 18,267,188**

The amount of inventory expensed and included in cost of sales is $169,675,985 (2012 - $80,870,862).

The Company's inventories have been pledged as security for the operating line of credit under the general security agreement as disclosed in Note 8.

6. Long-term investments

	March 31, 2013	March 31, 2012
Admiral Grain Co. Inc.	$ 3,800	$ 3,800
Great Western Railway Ltd.	100,000	100,000
Lethbridge Inland Terminal Ltd. ("LIT")	838,500	922,500
Great Sandhills Railway Ltd.	100,000	100,000
	$ 1,042,300	**$ 1,126,300**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Long-term investments (continued)

A portion of the above investment in LIT consists of preferred shares with a cumulative dividend. As at March 31, 2013, the cumulative dividends relating to these shares amounted to $nil (2012 - $121,680). These amounts will be reported as income when these dividends are declared and received.

During the 2013 fiscal year, LIT redeemed 25% of its Class D1 and Class D2 preferred shares at the option of the issuer for issuance cost, resulting in a reduction of cost of $84,000 to the original investment. No gain or loss was recorded on the transaction.

7. Property, plant and equipment

Cost:

	Balance at March 31, 2011	Additions, disposals and transfers	Balance at March 31, 2012	Additions, disposals and transfers	Balance at March 31, 2013
Buildings	$ 4,761,607	$ 1,911,787	$ 6,673,394	$ 5,584	$ 6,678,978
Cleaners	1,011,249	2,320	1,013,569	260,247	1,273,816
Computer hardware and software	469,075	56,990	526,065	83,858	609,923
Entrance roads	398,572	9,318	407,890	16,410	424,300
Equipment	2,096,141	84,749	2,180,890	135,284	2,316,174
Office furniture and equipment	171,201	14,945	186,146	86,004	272,150
Plant equipment	2,900,906	2,555,075	5,455,981	1,537,718	6,993,699
Railway siding	2,727,532	-	2,727,532	31,235	2,758,767
Terminal	5,867,067	12,004	5,879,071	-	5,879,071
Vehicles	989,027	(39,414)	949,613	1,732	951,345
	21,392,377	4,607,774	26,000,151	2,158,072	28,158,223
Land	278,060	7,564	285,624	-	285,624
	$ 21,670,437	**$ 4,615,338**	**$ 26,285,775**	**$ 2,158,072**	**$ 28,443,847**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Property, plant and equipment (continued)

Accumulated depreciation:

	Balance at March 31, 2011	Depreciation	Balance at March 31, 2012	Depreciation	Balance at March 31, 2013
Buildings	$ 970,394	$ 229,391	$ 1,199,785	$ 267,604	$ 1,467,389
Cleaners	948,791	12,741	961,532	37,815	999,347
Computer hardware and software	316,598	70,988	387,586	70,624	458,210
Entrance roads	163,420	20,161	183,581	20,805	204,386
Equipment	1,461,941	164,398	1,626,339	147,254	1,773,593
Office furniture and equipment	122,502	8,425	130,927	14,733	145,660
Plant equipment	1,429,498	74,962	1,504,460	179,099	1,683,559
Railway siding	738,090	136,377	874,467	137,157	1,011,624
Terminal	1,988,665	146,770	2,135,435	146,977	2,282,412
Vehicles	600,166	110,564	710,730	71,925	782,655
	$ 8,740,065	**$ 974,777**	**$ 9,714,842**	**$ 1,093,993**	**$ 10,808,835**

Carrying amount:

	March 31, 2013	March 31, 2012
Buildings	$ 5,211,589	$ 5,473,609
Cleaners	274,469	52,037
Computer hardware and software	151,713	138,479
Entrance roads	219,914	224,309
Equipment	542,581	554,551
Office furniture and equipment	126,490	55,219
Plant equipment	5,310,140	3,951,521
Railway	1,747,143	1,853,065
Terminal	3,596,659	3,743,636
Vehicles	168,690	238,883
	17,349,388	16,285,309
Land	285,624	285,624
	285,624	**285,624**
	$ 17,635,012	**$ 16,570,933**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Property, plant and equipment (continued)

Included in plant and equipment are assets not in use of $nil (2012 - $2,540,000) and therefore no depreciation has been taken on this equipment.

8. Bank indebtedness

The margined RBC operating line of credit has an authorized limit of $17,000,000, bears interest at prime plus .3% and is secured by accounts receivable, inventory and a general security agreement.

9. Accounts payable and accrued liabilities

	March 31, 2013	March 31, 2012
Accrued and other liabilities	$ 10,265,996	$ 6,379,171
Trade accounts payable	7,401,328	4,736,472
Crop inputs customer deposits	4,280,452	3,932,774
	$ 21,947,776	**$ 15,048,417**

10. Long-term debt

	March 31, 2013	March 31, 2012
Farm Credit Canada ("FCC") Advancer loan, with interest at FCC's variable rate less .2%, interest only monthly payments, secured by a general security agreement, due December 2016	$ 5,993,605	$ 3,000,000
FCC term loan, with interest at FCC's variable rate less .5%, repayable in blended monthly instalments of $39,925, secured by a general security agreement, due February 2014	1,326,754	1,751,769
	7,320,359	4,751,769
Less current portion	1,326,754	424,556
	$ 5,993,605	**$ 4,327,213**

At March 31, 2013, the FCC variable rate was 4%.

Estimated principal repayments are as follows:

2014	$ 1,326,754
2017	5,993,605

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SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred income taxes are as follows:

	March 31, 2013	March 31, 2012
Capital assets	$ 677,945	$ 528,117
Goodwill	23,046	21,936
	$ 700,991	**$ 550,053**

12. 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, 2012, the commencement date of the lease term.

13. Interest in joint operations

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

	March 31, 2013	March 31, 2012
a) Share of joint operation's statement of financial position		
Buildings (at cost, less accumulated amortization of $13,249 (2012 - $9,923))	$ 53,287	$ 56,614
Equipment (at cost, less accumulated amortization of $19,753 (2012 - $14,823))	29,741	34,566
b) Share of joint operations revenue and expenses		
Revenue	23,749	69,660
Expenses	15,182	45,968

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Contingencies

At year end, the Company held 5,345 (2012 - 23,368) tonnes of grain inventory, with a value of $1,561,457 (2012 - $2,934,286), 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.

15. 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

	March 31, 2013	March 31, 2012
Issued		
17,583 Class B shares	$ 17,406	$ 17,406
14,000 Class C shares	165,284	165,284
	$ 182,690	**$ 182,690**

During the year, the Company paid dividends on the Class B and Class C shares in the amount of $12 (2012 - $12) per share for a total of $378,996 (2012 - $378,996) by way of cash payment.

16. Income taxes

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

	March 31, 2013	March 31, 2012
Canadian federal and provincial statutory income tax rates	27.00%	28.13%
Anticipated income tax expense	$ 2,081,160	$ 1,886,057
Saskatchewan manufacturing and processing profits tax reduction	(119,264)	(87,732)
Impact of reduction in income tax rates on timing differences	-	(24,290)
Impact of reduction in free reserve	(77,131)	-
Other	(984)	3,000
Income tax expense	**$ 1,883,781**	**$ 1,777,035**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Basic and diluted income 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. The total basic and dilutive weighted average number of common shares for March 31, 2013 is 31,583 (2012 - 31,583).

	March 31, 2013		
	Total comprehensive income	Weighted average common shares	Income per share
Basic and dilutive	$ 5,823,985	31,583	184.40

	March 31, 2012		
	Total comprehensive income	Weighted average common shares	Income per share
Basic and dilutive	$ 4,927,753	31,583	156.03

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Related party transactions

The remuneration of the Company's directors and key management personnel during the period is comprised of:

	March 31, 2013	March 31, 2012
Salaries, board honoraria and short-term benefits	$589,24	$526,765

During the year, services with a value of $119,463 (2012 - $121,963) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 14,376 (2012 - 18,117) tonnes of grain from directors with an aggregate value of $4,448,123 (2012 - $4,251,423) and directors purchased crop inputs in the amount of $2,636,199 (2012 - $2,117,405).

During the year, the Company made sales of Non-Board Grain and received other income from Cargill, a shareholder, in the amount of $14,660,820 (2012 - $4,825,814) and made purchases of product and services in the amount of $54,558,228 (2012 - $33,371,128) from Cargill. Included in accounts payable is $7,631,096 (2012 - $1,122,505) due to Cargill.

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

19. Segment information

The Company's business operations are grouped into two operating 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Segment information (continued)

2013

	Grain Handling	Crop Inputs	Total
Revenues	$ 100,589,002	$ 84,435,082	$ 185,024,084
Cost of goods sold	93,534,053	76,141,932	169,675,985
Earnings before the undernoted	7,054,949	8,293,150	15,348,099
General and administrative	-	-	(6,124,810)
Depreciation	(724,259)	(369,734)	(1,093,993)
Interest on long-term debt	-	-	(421,530)
Income taxes	-	-	(1,883,781)
Net income	$ 6,330,690	$ 7,923,416	5,823,985
Net asset additions	2,134,664	23,407	2,158,071
Total assets	36,197,677	32,203,790	68,401,467
Capital assets	12,462,166	5,172,846	17,635,012
Goodwill and intangible assets	-	140,000	140,000

2012

	Grain Handling	Crop Inputs	Total
Revenues	$ 33,452,447	$ 60,886,916	$ 94,339,363
Cost of goods sold	26,617,224	54,253,638	80,870,862
Earnings before the undernoted	6,835,223	6,633,278	13,468,501
General and administrative	-	-	(5,770,649)
Depreciation	(594,466)	(380,311)	(974,777)
Interest on long-term debt	-	-	(18,287)
Income taxes	-	-	(1,777,035)
Net income	$ 6,240,757	$ 6,252,967	$ 4,927,753
Net asset additions	2,679,765	1,935,573	4,615,338
Total assets	18,687,093	32,124,622	50,811,715
Property, plant and equipment	11,051,760	5,519,173	16,570,933
Goodwill and intangible assets	-	140,000	140,000

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. 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, 2013 was as follows:

Bank indebtedness	$ 7,627,047
Current portion of long-term debt	1,326,754
Long-term debt	5,993,605
Shareholders' equity	30,263,055
	$ 45,210,461

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. As of March 31, 2013, the Company complied with all financial covenants and externally-imposed capital requirements.

21. Financial instrument risk management

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, 2013 was $207,379 (2012 - $55,456).

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instrument risk management (continued)

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 2013, a foreign exchange gain of $141,353 (2012 - $194) was recognized in total comprehensive income.

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 bank indebtedness and long-term debt, which bear interest at floating interest rates.

A 1% change in interest rates relating to the bank indebtedness and long-term debt of the Company would increase or decrease interest expense by approximately $149,000 (2012 - $92,000). 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.

Commodity price risk
Commodity price risk is the risk that the value of inventory and related contracts will fluctuate due to changes in market prices. A change in price and quality will have a direct affect on the value of inventory. As a grain handling facility, the Company has significant exposure to changes in various agricultural commodity prices. Prices for these commodities are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals as well as the weather. A substantial change in prices may affect the Company's comprehensive income and operating cash flows, if not properly managed.

To mitigate the risks associated with the fluctuations in the market price for agricultural commodities, the Company has a policy that non-board grains be hedged, when possible, through the use of purchase and sales contracts. The Company may employ derivative commodity instruments (primarily futures and options) for the purpose of managing its exposure to commodity price risk; however, they are not used for speculative or trading purposes. The Company's actual exposure to these price risks is constantly changing as the Company's inventories and commodity contracts change. The fair value of derivative contracts outstanding at March 31, 2013 resulted in the recognition of a risk management asset of $501,496 (2012 - $29,777).

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instrument risk management (continued)

Liquidity risk

Liquidity risk arises from the possibility the Company will not be able to meet its financial debt 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 as adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the Company. The Company estimates the following repayment of financial liabilities:

Less than 3 months	$ 21,718,583
3 - 12 months	$ 9,182,994
1 - 5 years	$ 7,236,835

22. Classificiation and fair value of financial instruments

The following methods and assumptions were used to estimate fair values of financial instruments:

Accounts receivable and bank indebtedness are classified as loans and receivables and is recognized at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are initially recognized at fair value and subsequently carried at amortized cost .

Long-term investments of privately held available for sale equity securities, as described in Note 2, are classified as available for sale.

Risk management assets consist of exchange-traded derivatives. They are classified as held for trading and the fair value is based on closing market quotations.

Fair value hierarchy

The Company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the Company can access at the measurement date. Included in this level are: risk management assets.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data. The Company has no level 2 financial instruments.

Level 3: The measurements in this category depend upon inputs that are less observable, not available, or for which observable inputs do not justify most of the instruments' fair value. The Company has no level 3 financial instruments.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

South West Terminal Ltd.

Annual Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") was prepared as of June 19, 2013 and is based on the accompanying financial information that has been prepared using International Financial Reporting Standards ("IFRS"). 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, 2013 and draw comparisons to previous fiscal years. More detailed explanations of certain technical issues may be found in the March 31, 2013 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)	2013	2012	Better (Worse)
Total Revenue	100,589	33,452	67,137
Cost of Sales	93,534	26,617	(66,917)
Gross Profit	7,055	6,835	220
Operating, General and Administrative Expenses	3,201	3,607	406
Total Grain Shipped (tonnes)	354,727	381,631	(26,904)
Board Grain (tonnes)	106,710	315,887	(209,177)
Non-Board Grain (tonnes)	248,017	65,744	182,273

Total revenue from grain handling for the year ended March 31, 2013 was $100,589,002, an increase of $67,136,555 compared with the previous year. The majority of the increase in revenue for the year ended March 31, 2013 was an increase in tonnes handled of non-board grains. The average market prices of most grains gained strength throughout the year, this also attributed to the increase in overall revenue. The value of Canadian Wheat Board grains ("CWB grains") are not accounted as part of total revenue, only the associated handling fees are attributed to the total revenues.

Overall there was a 26,904 tonne decrease in the Company's shipments for the year ended March 31, 2013. With the removal of the CWB's monopoly on wheat and barley on August 1, 2012, SWT went into the new year with a goal of 350,000MT in a year where the most uncertainty existed. There were many questions as to whether growers would sell consistently in a truly open market and how the competitive landscape would unfold. There were also concerns with how the railroads would react without the CWB managing logistics. Despite these challenges and uncertainties, SWT achieved its goal by shipping 354,727MT in the year.

The Company's shipments of non-board grains in the year ended March 31, 2013 increased 182,273 tonnes compared to the previous year. As previously mentioned, the removal of the CWB's monopoly contributed to the large increase of non-boards, as all wheat and barley shipments were classified as non-boards as of August 1st, 2012. The average price per tonne of non-board grains sold during the period ending March 31, 2013 was $394.67 per tonne, while for the same period in the previous year it was $357.54 per tonne.

The Company's shipments of board grains in the fiscal year ended March 31, 2013 decreased by 209,177 tonnes compared to the previous year. The Company's ability to supply the CWB with wheat and barley was dramatically altered with the end of CWB monopoly. Growers were presented more options in a free marketing environment, thus dramatically affecting the amount of CWB grains shipped in the fiscal year after August 1, 2012

Expenses related to grain handling for the year ended March 31, 2013 decreased $387,035 primarily due to a decrease in CWB shipments thus resulting in less tendering discounts and performance expenses included in the general and administrative expenses.

1.2 Crop Inputs

Crop Inputs For the years ended March 31 ($thousands)	2013	2012	Better (Worse)
Total Revenue	84,435	60,887	23,548
Cost of Sales	76,142	54,254	(21,888)
Gross Profit	8,293	6,633	1,660
Operating, general and administrative expenses	2,924	2,163	(761)
Operating Highlights			
Seed Sales	3,612	3,731	(119)
Crop Nutrient Sales	37,516	25,411	12,105
Crop Protection Sales	34,658	24,778	9,880
Supplier Rebates on Cost	8,649	6,967	1,682

Total revenue from crop inputs for the year ended March 31, 2013 was $84,435,082, an increase of $23,548,166 compared with the previous fiscal year. All product lines experienced increases, with the Company continuing to take major steps forward with regards to crop protection and crop nutrient sales. SWT continued to develop its market presence through its four fully operational facilities.

Sales of crop nutrients experienced a significant increase of $12,105,325, rising to $37,516,140 in the fiscal year ended March 31, 2013. 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, 2013 was $646.00 per tonne, while for the previous year it was $610.55 per tonne.

Seed sales fell slightly by a decrease of $118,753 in the year ended March 31, 2013. With the large increase in bagged seed volumes of canola the previous year, the Company continued its efforts to provide growers with options of bulk cereal grain, in turn, keeping seed sales stable.

Sales of crop protection products increased by $9,880,209 to $34,657,854 for the year ended March 31, 2013 compared to the prior year. Continued growth of SWT's crop inputs businesses in Gull Lake, Hazenmore, Cabri and a full year of Shaunavon, generated the revenue increase. In management's view, SWT's ability to provide innovative crop protection solutions that other the competitors cannot has attributed to the increased sales.

Expenses related to crop inputs for the year ended March 31, 2013 increased $760,845 compared with the previous fiscal year. The continued growth in staffing to cover a broader customer area and a full year of expenses for the new Shaunavon location is responsible for a portion of the increase, however transaction processing fees continue to increase as customers continue to try to take advantage of reward programs and the payment flexibility offered by credit card companies.

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)	**2013**	2012
Total Revenue	**185,024**	94,339
Operating, general and administrative expenses	**6,125**	5,771
EBITDA	**9,223**	7,698
Depreciation and amortization	**1,094**	975
EBIT	**8,129**	6,723
Interest on long-term debt	**421**	18
Provision for income taxes		
Current portion	**1,733**	1,763
Future portion	**151**	(55)
Income for the period	**5,824**	4,928
Earnings per Share	**184.40**	156.03
Total Assets	**68,401**	50,812
Total Long-Term Financial Liabilities	**5,994**	4,327
Return of Capital per share		
Class B	-	-
Class C	-	-
Dividend Declared		
Class B	**12.00**	12.00
Class C	**12.00**	12.00

The Company's total revenue from sales and services for the 2013 fiscal year increased by $90,684,721 over the previous fiscal year. The reasons for the variance are discussed above under "Business Segment Performance".

Earnings before interest, taxes, depreciation and amortization, or EBITDA, for the year ending March 31, 2013 were $9,223,289 compared to $7,697,855 in the prior year. Solid margins on grains and increased input purchases capitalizing on supplier programs increased earnings.

Total operating, general and administrative expenses for the twelve months ended March 31, 2013 increased $354,161 due in large part to the full year of operations at the new Shaunavon location. Overall increase in staff, short term interest and general increase of operational expenses contributed to the increase in expenses.

Earnings before interest and taxes, or EBIT, for the year ended March 31, 2013 were $8,129,296 compared to $6,723,075 in the previous fiscal year.

Depreciation and amortization expense increased $119,216 in the twelve months ended March 31, 2013 compared with the same period in the previous year. The capital improvements to the terminal at Gull Lake was the primary reason for the overall increase to depreciation and amortization.

2.2 Interest Expenses

Interest Expenses For the years ended March 31 (in thousands)	**2013**	2012	Better (Worse)
Interest on:			
Long-term debt	**213**	18	(195)
Short-term debt	**209**	257	48

Short-term interest costs for the 2012-2013 fiscal year decreased $238,729 compared to the previous fiscal year. The elevator upgrade was reclassified from short-term financing to long term once completed in May 2012.

Long-term interest costs increased compared to the prior year as the Company added long term debt to finance assets, such as the elevator expansion and Shaunavon location.

2.3 Net Income for the Period

Net income of $5,823,985 ($184.40 earnings per share) for the 2012-2013 fiscal year was $896,232 better than the $4,927,753 ($156.03 earnings per share) of the previous year.

2.4 Summary of Semi-Annual Financial Information

Selected Semi-Annual Financial Information For the periods ended ($thousands – except per share amounts)	March 31, 2013	September 30, 2012 (unaudited)	March 31, 2012	September 30, 2011 (unaudited)
Total Revenue	185,024	86,732	94,339	54,906
Net Income	5,824	3,563	4,928	2,010
Earnings per share	184.40	112.83	156.03	63.65

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. 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. With the continued strength in the farm economy, sales of crop inputs continue to grow at a fast pace.

3. Liquidity and Capital Resources

3.1 Sources and Uses

3.1.1 Working Capital

Current assets were $49,584,155 for the year ended March 31, 2013, an increase of $16,609,673 as compared with the previous fiscal year. The increase in current assets for the year is mainly due to higher grain and crop inputs inventory levels. The increase in accounts payable balances enhanced our cash flow balance allowing the Company to purchase more inventory. Accounts receivable also contributed to the increase due to the length of time it takes to receive payment from customers in a non-board grain environment compared to when the wheat and durum were handled by the Canadian Wheat Board and electronically transmitted unload information and electronically transferred funds.

Current liabilities were $30,901,577 for the twelve months ended March 31, 2013, up $10,278,886 from the previous fiscal year largely due to the increased accounts payable balances with an increase in crop inputs and grain inventory at the end of the fiscal year. Accounts payable increased by $6,899,359 compared to the prior year also due to the increase in business activities at the end of the fiscal year. For the year ended March 31, 2013, the current portion of long term debt also increased by $902,198 because one of the Company's loans term is up for renewal this coming year.

Working capital was $18,682,578 at the end of the 2012-2013 fiscal year compared to $12,351,791 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.

3.1.2 Cash Flow

Cash flow from continuing operations was ($3,286,238) for the year ended March 31, 2013. At the end of the previous fiscal year, the Company's cash flow from continuing operations was $2,925,860. The major component of a decrease in cash flow was the increase in inventory and accounts receivable in the post CWB monopoly environment.

3.1.3 Capital Requirements

Several new projects were completed early in the fiscal year as extensive repairs and rebuilds were completed on the elevator at Gull Lake. The elevator project and Shaunavon were financed from the FCC advancer loan. There is also $150,000 to be spent this fiscal year on a new liquid fertilizer plant in Shaunavon and $800,000 to increase the grading room and add additional office space at Gull Lake, with intentions of financing these expenditures through working capital. The Company will also continue to pursue smaller acquisitions as it sees fit in the short-term.

SWT also engages in a base capital maintenance program. In the previous fiscal year the Company expended $248,894 for such capital maintenance. In the year ended March 31, 2013, the Company's repairs and maintenance expenditures amounted to $266,454 as work was completed on its grain and fertilizer handling systems. There is $793,000 of base capital maintenance dollars set aside this upcoming fiscal year to continue in the upgrade at all facilities and projects. 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 SWT's borrowings peaked in late fall as supplier program payments became due for crop inputs inventory, but customer payments were delayed until harvest was completed. In the year ending March 31, 2013 the Company's borrowings against its RBC line of credit peaked in October 2012 at $9,960,000.

With the elimination of the CWB's monopoly on wheat, durum and malt on August 1, 2012, SWT's financing requirements increased. Many operations of the CWB changed and one change was the elimination of the Prepayment of Inventory Program. This type of financing is not available with most commercial transactions, meaning SWT is required to finance purchases using commercially available lines of credit through arrangements already in place with RBC and FCC.

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, 2013 are summarized in the following table.

Class of Shares	Number of issued 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, 2013 increased by $58,859,051 as compared with the previous year. The variance is largely a result of grain sales in a non-board environment shown at the value of the grain received versus only the handling of the grain being shown as revenue when the Canadian Wheat Board owned the grain.

Total revenue from grain handling in the last six months of the fiscal year was up $55,786,131 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 $3,072,920 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, 2013 increased $179,319 over the previous year.

Net income of $2,260,604 for the six month period ended March 31, 2013 was $656,856 lower than the $2,917,460 in the same period of the previous fiscal year. This is direct reflection of the elimination of the CWB's monopoly on August 1, 2012 thus reflecting a lower margin on non board grain versus CWB grains

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 and Durum 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

SWT 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. As of August 1, 2012, SWT's exposure to credit risk in relation to credit provided to customers that purchase board grains, increased with the elimination of the CWB's monopoly. 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 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.

5.6 Political Risks

The elimination of the CWB monopoly put 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 farmer-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 access 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, 2013, Cargill purchased $14,660,820 of grain from the Company at commercial rates and terms. For the fiscal year ended March 31, 2013, SWT purchased $54,558,228 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 $119,463 (2012- $121,963) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. The Directors of SWT sit on various committees within the Company and assist in the implementation of long term strategies and vision of the Company. The Company purchased 14,376 (2012-18,117) tonnes of grain from directors with an aggregate value of $4,448,123 (2012- $4,251,423) and directors purchased crop inputs in the amount of $2,636,199 (2012-$2,117,405) at commercial rates and terms.

6.2 Financial Instrument Classification

All financial instruments are initially recognized at fair value. Transaction costs are included in the initial carrying amount, except in the case of financial assets and liabilities classified as fair value through profit or loss, in which case they are expensed as incurred. The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the instruments were acquired and the item's characteristics. The Company uses settlement date accounting for regular way contracts when recording financial asset transactions. All financial instruments are classified as fair value through profit or loss, loans and receivables, held to maturity, available for sale or other financial liabilities.

Fair value through profit or loss
Financial assets and financial liabilities are classified as fair value through profit or loss ("FVTPL") when the instrument is held for trading or is initially designated as FVTPL. Financial instruments which are purchased for the intention of generating profits in the near term are classified as held for trading. Financial assets are financial liabilities at FVTPL are stated a fair value, with any gains or losses arising on remeasurement recognized immediately in profit or loss.

The Company has classified the following financial assets FVTPL: Risk management assets.

Loans and receivables
Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income, calculated using the effective interest rate method, is recognized in profit or loss.

The Company has classified the following financial assets as loans and receivables: Accounts receivable and bank indebtedness.

Held to maturity
Held to maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold until the maturity date, and which are not designated as another category. Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized in profit or loss.

The Company has no financial assets classified as held to maturity.

Available for sale
Available for sale financial assets are non-derivative financial assets that are not classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the financial instrument is disposed of or impaired, at which time it is recognized in earnings.

The Company has classified the following financial assets as available for sale: Long-term investments.

Other financial liabilities
Other financial liabilities are those liabilities which have not been classified as FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, calculated using the effective interest rate method, is recognized in profit or loss.

The Company has classified the following financial liabilities as other financial liabilities: Accounts payable and accrued liabilities and long-term debt.

7. Use of Non-IFRS 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 under IFRS. Such measures do not have any standardized meanings prescribed by IFRS 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.

LYCEUM THEATRE COMMUNITY PARTNERSHIP FUNDRAISER

VOLUME 104 - No. 11 "Serving Gull Lake, the Bench and Beyond" TUESDAY, MARCH 19, 2013
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ALL SMILES! Jeff Kirwan of South West Terminal presents Lyceum Theatre board president, Ted Sells with a cheque for $40,000. The money ($32,000) was raised at the SWT Sportsman Dinner and Auction held on March 9 in Gull Lake. Another $8,000 was given as a corporate donation by SWT. Pictured (L-R): Carla Benjamin, Warren Mareschal, Ted Sells, Jeff Kirwan, Kelsey Dutton, Corinna Gibson and Denise Anderson. PHOTO BY KATE WINQUIST

Goal achieved!

BY KATE WINQUIST

You did it, Gull Lake!

The Lyceum Theatre has raised the required $100,000 to pay for the new 3D digital movie system that was installed last summer thanks to the latest donation of $40,000 from South West Terminal.

The money was raised at SWT's Sportsman Dinner and Auction held on March 9, which featured guest speakers Weston Dressler, Scott Schultz and Rod Pederson.

Pederson, who is the Voice of the Riders on CKRM Radio said, "We do this to benefit these communities - in this case it's the Lyceum Theatre. Plus we like to spread goodwill of the Riders and meet new fans."

The three speakers were auctioned off at the beginning of the evening to see which table they would sit at. Both Dressler and Pederson fetched $600 each, while one table forked over $1000 for the former Rider great and 2007 Grey Cup Champion, Schultz.

Gordie Cameron auctioned off a PBR Package which brought in $2200; a CFL Package worth $7,700 and a 3 Jersey Special which featured local products Dustin Stevenson, Justin Spagrud and Craig Harvey. The jerseys brought in another $3,300.

Over the past few months local community organizations, corporations and individuals have given generously to this important community initiative.

"I am so excited and overwhelmed to be part of a caring community, that when asked to help everyone does. It has been an amazing journey to watch history be made in Gull Lake and I'm honoured to be part of it." said Lyceum Theatre manager Belinda Yorke. "What a great community and caring people! Thanks to all. You're truly amazing!"

The SWT crew with Dave DeMars (#9) from D&D Contracting and Dan McPhee (#36) from Southern Pressure Testers who paid $3,300 for the 3 local jerseys.

SILENT AUCTION ITEMS ...

Swift Current Bronco Sticks	**$725**	Signed Roughrider Football	**$420**
Jaydee Remote Control Tractor	**$660**	Moen Signed Jersey	**$700**
Family Weekend Package	**$350**	Hartnell Signed Jersey	**$600**
Spa Package	**$350**	Coffey Signed Jersey	**$1200**
Ladies Watch	**$250**	Price Signed Jersey	**$1000**
Ladies Workout Wear	**$400**	Lowry Signed Jersey	**$350**
Durant Signed Print	**$270**	Eberle Signed Jersey	**$1000**
Dressler Signed Print	**$550**	Elmwood Golf Package	**$1270**
		Hockey & Homemade Pie	**$120**

Weston Dressler and Scott Schultz were the featured speakers at the SWT Sportsman Dinner and Auction. PHOTO BY DONNA HOLTBY

COMMUNITY INVOLVEMENT

Swift Current U16 Boys Soccer Team
Abbey Arena DU
Abbey Community Centennial
Abbey Skins Bonspiels
Aneroid Multiple 4-H Club
Autumn House Independent Living
Cabri Ice Centre
Cabri River Rats
Cabri's 100th Celebration
Children's Wish Foundation
Chinook School Division Golf Tournament
Consul Skating Rink
Gull Lake Ducks Unlimited
Eastend Golf & Curl Classic
Field of Dreams Dinner
Frenchman River Gospel Jam
Frontier Flyers
Gull Lake Ladies Bonspiel
Gull Lake Curling Club
Gull Lake Kinsmen
Gull Lake School
Gull Lake Skating Club
Gull Lake Van Inc.
JDRF
Kincaid Maroons
Kinsmen Telemiracle
Lyceum Theatre

Mankota Rodeo Club
Maverick School Coffee House & Auction
Moose Jaw Strikers Ball Team
Nathan Benson - Canada Wide Science Fair
Off the Lease Luncheon
Piapot Ladies Night Out
Run for the Hills
Sandhill Roping Club
Hole Sponsor - Carson Energy Services
Shaunavon Ranch Rodeo
Shrine Circus
Southwest Cyclones
Fox Valley Sr Girls Volleyball Team
STARS
Swift Current Broncos
The Royal Canadian Legion
Tompkins Skating Rink
T-Rex Discovery
Success 100 year Centennial
Curling Team Wood
Busse Golf Tournament
PeeWee AA Broncos
SC Broncos Adopt a school
Harvest Classic Golf tournament
Lancer & District Centennial
Gull Lake Grad 2013 Committee

SWT
solid.steady.certain.

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 school and staff members. Once the decision is made the student will be rewarded with a $1,000 scholarship.

The 2013 Ken Logan Memorial Scholarship was awarded to Braydon Otto

The 2013 Ken Logan Memorial Scholarship was awarded to

Braydon Otto

Presenting the award is Rhett Allison

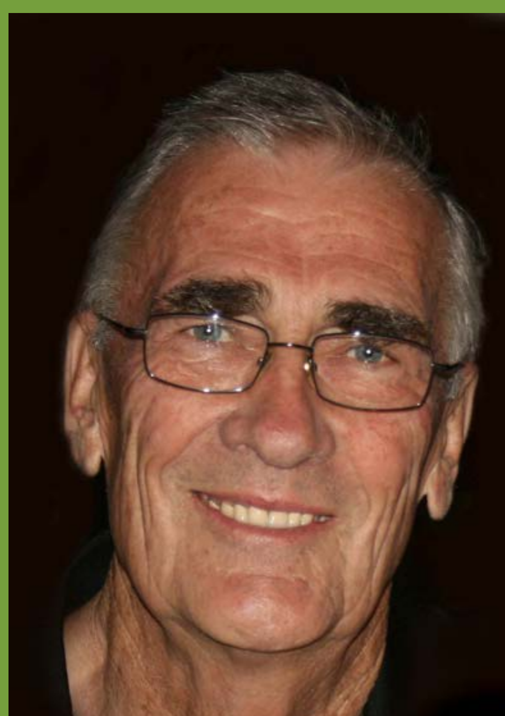
GRATTON MURRAY MEMORIAL SCHOLARSHIP

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 school and staff members. Once the decision is made the student will be rewarded with a $1,000 scholarship.

The 2013 Gratton Murray Memorial Scholarship was awarded to Joelle Frederick



Gratton Murray (1937-2009)

The 2013 Gratton Murray Memorial Scholarship was awarded to

Joelle Frederick

and was presented by Brett Meinert

CAMERON WILLIAMSON MEMORIAL SCHOLARSHIP

The Cameron Williamson Memorial Scholarship is a scholarship in memory of the South West Terminal Ltd. Cabri Location Manager - Cameron Williamson.

This is the first year the scholarship program was made available to the graduates of the Cabri and Abbey 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 school and staff members. Once the decision is made the student from will be rewarded with a $1000 scholarship.

The 2013 Cameron Williamson Memorial Scholarship was awarded to both $500 Clinton Stuart

Cameron Williamson (1964-2012)

The 2013 Cameron Williamson Memorial Scholarship

was awarded to both **Clinton Stuart** and **Jameson Jackson**

and was presented by Monty Reich

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2012 - 2013

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