20th ANNUAL REPORT

2013 2014

1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014

SWT
solid.steady.certain.

ANNUAL REPORT

Gull Lake - Hazenmore - Cabri - Shaunavon

Box 719, Gull Lake, Saskatchewan, Canada S0N 1A0

www.swt.ca

20 YEARS

TABLE OF CONTENTS

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.

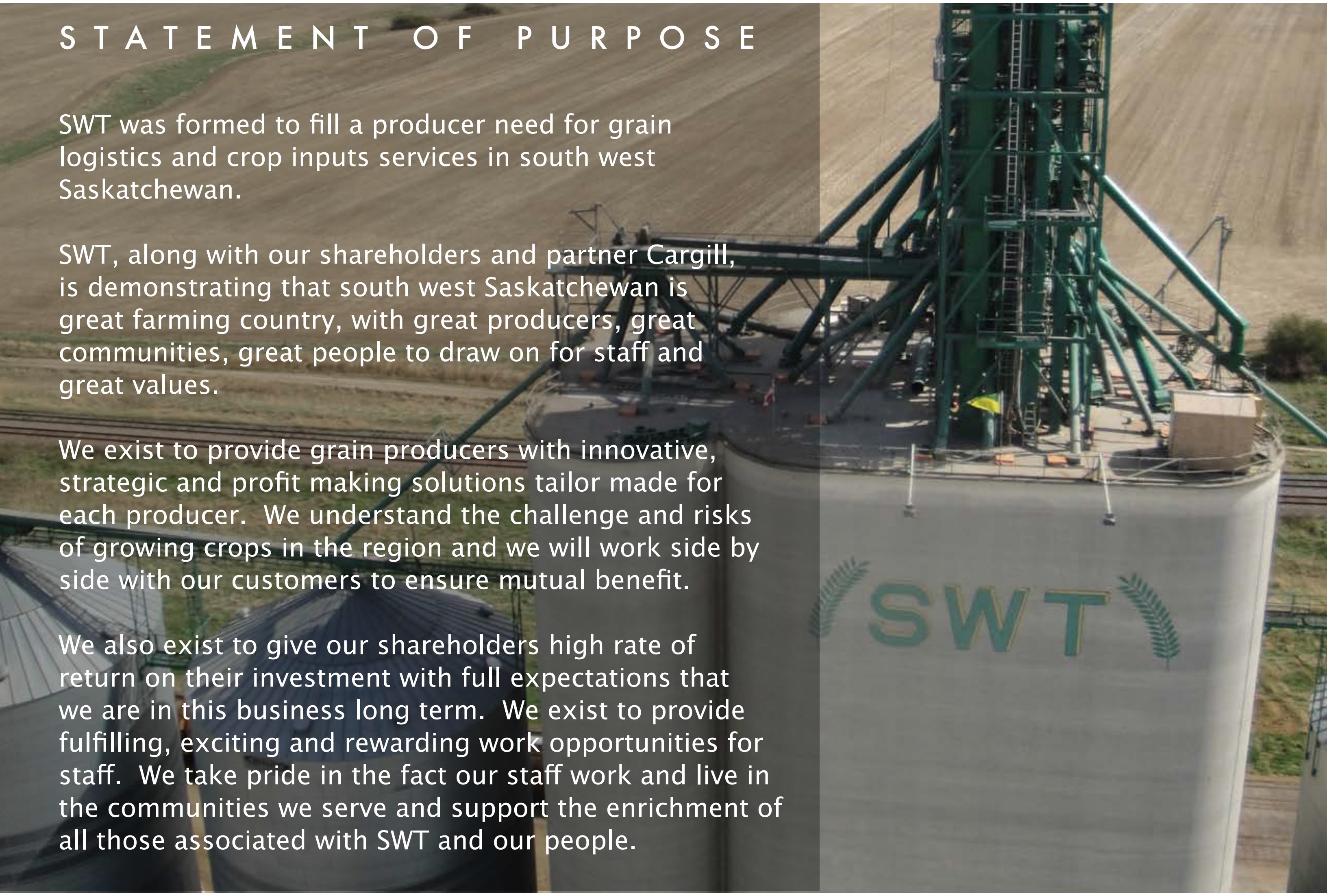
To our staff, we commit to creating a positive, supporting and safe work environment and to invest in your knowledge, skill and personal development to make us the employer of choice in this province.

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

1984	2012	2013	Company	CEO/President	SK Employees	Employees	City	Major Shareholders
	34	34	Meadow Lake Mechanical Pulp Inc.	Peter Wardhana	160	160	Meadow Lake	N/P
	52	35	South West Terminal Ltd.	Monty Reich	45	45	Gull Lake	Widely Held
	38	36	Maple Farm Equipment	L.T. (Larry) Hilworth	233	233	Yorkton	Larry Hilworth, Ralph Ager, Cervus Corp. LLP, G & B Pries, Kevin Hitchings, Dale Reynolds, Jim Kelley
64	42	37	Driving Change Automotive Group Ltd. (DCAG)	Trevor Boquist	149	231	Regina	Trevor Boquist
72	28	38	Siemens Transportation Group Inc.	Erwen Siemens	266	1,635	Saskatoon	Erwen Siemens
	39	39	DLR Mann Investments Ltd.	Roger Mann	236	236	Prince Albert	Roger Mann, Robert Mann, Laura Mann
21	33	40	The Hill Companies	Paul J. Hill	327	708	Regina	Paul J. Hill
37	50	41	Weyburn Inland Terminal Ltd.	Rob Davies	62	62	Weyburn	Widely Held

September 2013 South West Terminal Ltd. was listed among the Top 100 Companies in Saskatchewan.
South West Terminal Ltd. ranked #35.

BOARD OF DIRECTORS

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

COMMITTEES

Policy, Governance & Nominating Committee

- Darren Caswell (Chair)
- Ron Taylor
- Wayne Oberle
- Warren Martinussen

Audit & Finance Committee

- Shane Lacasse (Chair)
- Gene Busse
- Murray Smith
- Warren Martinussen

Risk Committee

- Rolland Monette (Chair)
- Erroll Castle
- Paul Hazzard

Executive Committee

- Rhett Allison (Chair)
- Brett Meinert
- Rhonda Undseth
- Rolland Monette
- Erroll Castle

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
HEATHER CAMPHAUG	FARM MARKETING REP
RON COTE	FARM MARKETING REP
AMANDA WARD	FARM MARKETING REP
STACEY BREEN	FARM MARKETING REP
ARLENE DANIEL	MERCHANDISING 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
RYAN WIEBE	PLANT OPERATOR
DALTON FERRISS	PLANT OPERATOR
GORDON WILLSON	PLANT OPERATOR

CROP INPUTS – ANTELOPE	
DAVE ELVISS	LOCATION MANAGER
KELSEY DUTTON	CROP INPUTS SALES AND MKTG
RYAN SERVICE	FARM MARKETING REP
BLAKE NELSON	FACILITY ASSISTANT
JOEL BUTTS	FACILITY ASSISTANT
CARLA BENJAMIN	ADMINISTRATIVE ASSISTANT
BRAD WHITE	P.Ag – AGROLOGIST

CROP INPUTS – HAZENMORE	
CHEYENNE ARNTSEN	LOCATION MANAGER
BRODY LOVERIN	FACILITY ASSISTANT
JEFF DASH	FACILITY ASSISTANT
BARB SWITZER	ADMINISTRATIVE ASSISTANT

CROP INPUTS – CABRI	
CHEYENNE ARNTSEN	LOCATION MANAGER
AL WARD	FARM MARKETING REP
JANE JOHNSTON	AGRONOMIST
BARRY McGUIGAN	FACILITY ASSISTANT
JIM WALLIS	FACILITY ASSISTANT
KARA SHAW	ADMINISTRATIVE ASSISTANT
BONNIE HALEY	ADMINISTRATIVE ASSISTANT

CROP INPUTS – SHAUNAVON	
JAMES BATEMAN	LOCATION MANAGER
JEFF GILBERT	FACILITY ASSISTANT
DAMON WILKINS	FACILITY ASSISTANT
CRAIG BYMOEN	FACILITY ASSISTANT
KATHY WILKINS	ADMINISTRATIVE ASSISTANT

MAINTENANCE	
TYLER FLYNN	MAINTENANCE OPERATOR
DEVON LEDUC	MAINTENANCE OPERATOR

FINANCE AND HUMAN RESOURCES	
SHANNON ARMSTRONG	HUMAN RESOURCE ASSISTANT
DENISE ANDERSON	GRAIN LEAD ACCOUNTANT
CORINNA GIBSON	CROP INPUTS LEAD ACCOUNTANT
DRAKE MAY	ASSISTANT ACCOUNTANT

HEALTH, SAFETY AND QUALITY	
CARMEN MOEN	E,H & S QUALITY COORDINATOR

HIGHLIGHTS

$221M
TOTAL GROSS REVENUE

$9.03M
TOTAL COMPREHENSIVE INCOME

65,022MT
Fertilizer SHIPPED

"The strength of the relationships SWT has with it's customers, employees and other stakeholders provides a solid foundation upon which this company continues to build.

We are extremely proud to be able to offer an independent choice in this competitive marketplace."

Monty Reich
General Manager

399,514MT
GRAIN SHIPPED

HIGHLIGHTS


$285.92
Earnings Per Share
$39.5M
Crop Protection Sales
$4.8M
Seed Sales
$19M
Approved Capital Expenditures

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, 2014 and 2013, 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' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2014 and 2013 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

June 16, 2014

Chartered Accountants

BALANCE SHEET

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2014 AND 2013

	March 31, 2014	March 31, 2013
ASSETS		
Current assets		
Accounts receivable (Note 4)	$ 20,522,071	$ 15,775,599
Inventories (Note 5)	30,960,349	28,500,200
Prepaid expenses	5,458,446	4,653,416
Risk management assets (Note 22)	1,404,132	501,496
Income taxes receivable	-	129,861
Deferred cash tickets held in trust	-	23,583
	58,344,998	49,584,155
Long-term investments (Note 6)	1,042,300	1,042,300
Property, plant and equipment (Note 7)	18,434,963	17,635,012
Goodwill	140,000	140,000
	$ 77,962,261	**$ 68,401,467**
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 8)	$ 8,972,155	$ 7,627,047
Accounts payable and accrued liabilities (Note 9)	21,248,039	21,947,776
Income taxes payable	1,371,969	-
Current portion of long-term debt (Note 10)	946,991	1,326,754
	32,539,154	30,901,577
Long-term debt (Note 10)	5,636,711	5,993,605
Deferred income taxes (Note 11)	949,286	700,991
Deferred revenue (Note 12)	491,440	542,239
	39,616,591	38,138,412
Contingencies (Note 14)		
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	182,690	182,690
Retained earnings	38,162,980	30,080,365
	38,345,670	30,263,055
	$ 77,962,261	**$ 68,401,467**

See accompanying notes

Approved by the Board

Director

Director

S T A T E M E N T O F R E T A I N E D E A R N I N G S

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
Revenue	$ 221,024,471	$ 185,024,084
Cost of sales	200,171,904	169,675,985
Gross profit	20,852,567	15,348,099
Expenses		
Depreciation	1,307,366	1,093,993
Interest on long-term debt and bank indebtedness	359,591	421,530
General and administrative	7,132,462	6,124,810
	8,799,419	7,640,333
Income before income taxes	12,053,148	7,707,766
Income taxes (Note 16)		
Current	2,774,747	1,732,844
Deferred	248,296	150,937
	3,023,043	1,883,781
Total comprehensive income	**$ 9,030,105**	**$ 5,823,985**
Basic and diluted income per share (Note 17)	285.92	184.40

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED MARCH 31, 2014 AND 2013

	Share capital	Retained Earnings	Total Equity
Balance, March 31, 2012	$ 182,690	$ 24,635,376	$ 24,818,066
Net and 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
Net and comprehensive income	-	9,030,105	9,030,105
Dividends	-	(947,490)	(947,490)
Balance, March 31, 2014	**$ 182,690**	**$ 38,162,980**	**$ 38,345,670**

See accompanying notes

STATEMENT OF CASH FLOWS

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
Cash flows from (used in) operating activities		
Total comprehensive income	$ 9,030,105	$ 5,823,985
Items not affecting cash		
Depreciation	1,307,366	1,093,993
Deferred income taxes	248,296	150,937
Net change in non-cash working capital items:		
Accounts receivable	(4,746,472)	(9,233,512)
Inventories	(2,460,149)	(10,233,012)
Prepaid expenses	(805,030)	1,957,782
Risk management assets	(902,636)	(471,719)
Income taxes receivable	129,861	(129,861)
Deferred cash tickets held in trust	23,583	1,500,649
Accounts payable and accrued liabilities	(699,738)	6,899,360
Income taxes payable	1,371,969	(693,387)
Deferred revenue	(50,799)	48,547
	2,446,356	(3,286,238)
Cash flows from (used in) investing activities		
Redemption of shares of long-term investments	-	84,000
Purchase of property, plant and equipment	(2,114,475)	(2,206,980)
Proceeds on disposal of property, plant and equipment	7,158	48,908
	(2,107,317)	(2,074,072)
Cash flows from (used in) financing activities		
Bank indebtedness	1,345,108	3,170,716
Repayment of long-term debt	(6,730,262)	(431,410)
Proceeds from issuance of term debt	5,993,605	3,000,000
Dividends	(947,490)	(378,996)
	(339,039)	5,360,310
Net increase in cash during the year	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -
Supplemental disclosure of cash flow information		
Interest paid	$ 391,435	$ 470,170
Income taxes paid	1,119,490	2,556,092

See accompanying notes

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

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, Saskatchewan 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 consolidated 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 12, 2014.

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 and grain inventories which are also measured at fair value.

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

MARCH 31, 2014 AND 2013

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 operations, which are in proportion to the Company's interest in the jointly-controlled assets and operations. The Company has a 50% joint operation 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 weighted average method.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

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. At March 31, 2014, there is no impairment on this goodwill.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

Goodwill (continued)

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.

Revenue recognition

Revenue from the sale of grain is recognized when the significant risks and rewards of ownership transfer to the customer, it is probable that the economic benefits associated with the transaction will flow to the Company, the costs incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably. The Company records revenue on grain handled for the CWB on the basis of tariffs earned at the time of shipment.

Revenue from grain and crop input sales 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

Taxation (continued)

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 substantially enacted tax rates at the reporting date and remeasured 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 remeasurement or reassessment is recognized in the period of change, except when it relates 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.

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 are 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 directly by the impairment loss 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

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.

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, income taxes receivable and bank indebtedness.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

Financial instruments (continued)

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 long-term investments as available for sale.

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 and loss.

The company has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, income taxes payable, 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

Fair value hierarchy (continued)

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 judgement, 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.

Use of estimates and judgements

The preparation of the consolidated financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated 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 judgements and estimates are as follows:

(a) Allowance for doubtful accounts and sales adjustments

The Company must make an assessment of whether accounts receivable 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. The Company measures its grain inventories at fair value, less handling costs and any applicable freight, with changes to fair value recognized in cost of sales. For grain inventories, 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

Use of estimates and judgments (continued)

(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.

(f) Income taxes

The company computes an income tax provision in the jurisdiction in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred income tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

New accounting pronouncements

Certain new accounting standards and interpretations have been published that are mandatory for the March 31, 2014 reporting year. The following is a brief summary of the new standards adopted in the year:

- IFRS 10 Consolidated Financial Statements: IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC - 12 Consolidation - Special Purpose Entities and parts of IAS27 - Consolidated and Separate Financial Statements. This standard was adopted on April 1, 2013. The adoption of this standard has no impact on the financial instruments.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

New accounting pronouncements (continued)

- IFRS 11 Joint Arrangements: IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or use equity method of accounting for interests in joint ventures. IFRS 11 supersedes IAS 31 - Interest in Joint Ventures and SIC - 13 - Jointly Controlled Entities, Non-monetary Contributions by Ventures'. This standard was adopted on April 1, 2013. The adoption of this standard has no impact on the consolidated financial statements.
- IFRS 12 Disclosure of Interest in Other Entities: IFRS 12 establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. This standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. This standard was adopted on April 1, 2013. The adoption of this standard has no impact on the consolidated financial statements.
- IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company reassessed its policies for measuring fair values - in particular its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair value were determined. The fair value hierarchy is provided in Note 22.

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:

- 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. In July 2013, the IASB removed the January 1, 2015 mandatory effective date from IFRS 9. The IASB has decided the effective date for IFRS 9 will be January 1, 2018. Entities may still early adopt the finalized and issued provisions of IFRS 9 as 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

3. Significant accounting policies (continued)

Future accounting and reporting changes (continued)

- IAS 32 Financial Instruments Presentation: IAS 32 provides clarification on the application of offsetting rules. These amendments are effective for annual periods beginning on or after January 1, 2014.
- IAS 36 Impairment of Assets: IAS 36 requires disclosure of the recoverable amount of an asset or cash generating unit and the basis for the determination of fair value, less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. These amendments are effective for annual periods beginning on or after January 1, 2014.

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

4. Accounts receivable

	March 31, 2014	March 31, 2013
Accounts receivable relating to grain held on account of the CWB	$ 1,306,757	$ 785,424
Trade and other receivables	19,278,955	15,197,554
Allowance for doubtful accounts	(63,641)	(207,379)
	$ 20,522,071	**$ 15,775,599**

	March 31, 2014	March 31, 2013
Current	$ 19,434,153	$ 13,658,966
30 days	147,658	1,012,751
60 days	24,213	71,542
Over 90 days	979,688	1,239,719
Allowance for doubtful accounts	(63,641)	(207,379)
	$ 20,522,071	**$ 15,775,599**

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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

5. Inventories

	March 31, 2014	March 31, 2013
Grain	$ 8,204,043	$ 10,438,170
Crop inputs	22,756,306	18,062,030
	$ 30,960,349	**$ 28,500,200**

The amount of inventory expensed and included in cost of sales is $200,171,904 (2012 - $169,675,985).

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, 2014	March 31, 2013
Admiral Grain Co. Inc.	$ 3,800	$ 3,800
Great Western Railway Ltd.	100,000	100,000
Lethbridge Inland Terminal Ltd. ("LIT")	838,500	838,500
Great Sandhills Railway Ltd.	100,000	100,000
	$ 1,042,300	**$ 1,042,300**

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SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

7. Property, plant and equipment

Cost:

	Balance at March 31, 2012	Additions, disposals and transfers	Balance at March 31, 2013	Additions, disposals and transfers	Balance at March 31, 2014
Buildings	$ 6,673,394	$ 5,584	$ 6,678,978	$ 1,324,427	$ 8,003,405
Cleaners	1,013,569	260,247	1,273,816	16,634	1,290,450
Computer hardware and software	526,065	83,858	609,923	16,484	626,407
Entrance roads	407,890	16,410	424,300	173,970	598,270
Equipment	2,180,890	135,284	2,316,174	140,432	2,456,606
Office furniture and equipment	186,146	86,004	272,150	24,520	296,670
Plant equipment	5,455,981	1,537,718	6,993,699	116,824	7,110,523
Railway siding	2,727,532	31,235	2,758,767	85,194	2,843,961
Terminal	5,879,071	-	5,879,071	35,867	5,914,938
Vehicles	949,613	1,732	951,345	68,976	1,020,321
	26,000,151	2,158,072	28,158,223	2,003,328	30,161,551
Land	285,624	-	285,624	-	285,624
	$ 26,285,775	**$ 2,158,072**	**$ 28,443,847**	**$ 2,003,328**	**$ 30,447,175**

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SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

7. Property, plant and equipment (continued)

Accumulated depreciation:

	Balance at March 31, 2012	Depreciation	Balance at March 31, 2013	Depreciation and disposals	Balance at March 31, 2014
Buildings	$ 1,199,785	$ 267,604	$ 1,467,389	$ 286,156	$ 1,753,545
Cleaners	961,532	37,815	999,347	56,645	1,055,992
Computer hardware and software	387,586	70,624	458,210	109,667	567,877
Entrance roads	183,581	20,805	204,386	21,215	225,601
Equipment	1,626,339	147,254	1,773,593	150,713	1,924,306
Office furniture and equipment	130,927	14,733	145,660	20,812	166,472
Plant equipment	1,504,460	179,099	1,683,559	268,758	1,952,317
Railway siding	874,467	137,157	1,011,624	140,068	1,151,692
Terminal	2,135,435	146,977	2,282,412	147,242	2,429,654
Vehicles	710,730	71,925	782,655	2,101	784,756
	$ 9,714,842	**$ 1,093,993**	**$ 10,808,835**	**$ 1,203,377**	**$ 12,012,212**

Carrying amount:

	March 31, 2014	March 31, 2013
Buildings	$ 6,249,860	$ 5,211,589
Cleaners	234,458	274,469
Computer hardware and software	58,530	151,713
Entrance roads	372,669	219,914
Equipment	532,300	542,581
Office furniture and equipment	130,198	126,490
Plant equipment	5,158,206	5,310,140
Railway	1,692,269	1,747,143
Terminal	3,485,284	3,596,659
Vehicles	235,565	168,690
	18,149,339	17,349,388
Land	285,624	285,624
	$ 18,434,963	**$ 17,635,012**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

7. Property, plant and equipment (continued)

Included in property, plant and equipment is construction in progress of $553,333 (2013 - $nil). No amortization has been taken on these assets as they are not in use.

Also during the year, the Company announced plans to construct a new $16,000,000 fertilizer storage facility. Prior to the year end, the Company had entered into a contract for $15,529,776 with respect to this construction. At year end, there was $553,333 of assets already purchased which were included in construction in progress.

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.

At March 31, 2014, the RBC prime lending rate was 3%.

9. Accounts payable and accrued liabilities

	March 31, 2014	March 31, 2013
Accrued and other liabilities	$ 10,053,218	$ 10,265,996
Trade accounts payable	6,997,312	7,401,328
Crop inputs customer deposits	4,197,509	4,280,452
	$ 21,248,039	**$ 21,947,776**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

10. Long-term debt

	March 31, 2014	March 31, 2013
4.8% Farm Credit Canada (FCC) term loan, repayable in blended monthly instalments of $63,126, secured by land and a general security agreement, due July 2023	$ 5,699,146	$ -
FCC term loan, with interest at FCC's variable rate, plus .3%, repayable in blended monthly instalments of $40,120, secured by land and a general security agreement, due February 2016	884,556	1,326,754
FCC advancer loan, repaid in the 2014 fiscal period	-	5,993,605
	6,583,702	7,320,359
Less current portion	946,991	1,326,754
	$ 5,636,711	**$ 5,993,605**

At March 31, 2014, the FCC variable rate was 4%.

Estimated principal repayments are as follows:

2015	$ 946,991
2016	951,329
2017	544,488
2018	571,207
2019	599,237
Subsequent years	2,970,450
	$ 6,583,702

The Company has entered into an agreement with FCC for an advancer loan in the amount of $6,000,000 for the purchase of assets. As of March 31, 2014 no amounts have been drawn on this loan. Subsequent to year end, the Company received approval for a $3,000,000 increase to the advancer loan.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

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, 2014	March 31, 2013
Capital assets	$ 925,207	$ 677,945
Goodwill	24,079	23,046
	$ 949,286	**$ 700,991**

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 on April 1, 2012, the commencement date of the lease term.

13. Interest in joint operations

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

	March 31, 2014	March 31, 2013
a) Share of joint operation's statement of financial position		
Buildings at cost, less accumulated amortization of $16,576 (2013 - $13,249)	$ 49,961	$ 53,287
Equipment at cost, less accumulated amortization of $24,842 (2013 - $19,753)	25,628	29,741
b) Share of joint operations revenue and expenses		
Revenue	13,187	23,749
Expenses	17,412	15,182

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

14. Contingencies

At year end, the Company held 6,250 (2013 - 5,345) tonnes of grain inventory, with a value of $1,460,200 (2013 - $1,561,457), 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, 2014	March 31, 2013
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 $30 (2013 - $12) per share for a total of $947,490 (2013 - $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, 2014	March 31, 2013
Canadian federal and provincial statutory income tax rates	27.00%	27.00%
Anticipated income tax expense	$ 3,254,296	$ 2,081,160
Saskatchewan manufacturing and processing profits tax reduction	(186,820)	(119,264)
Impact of reduction in free reserve	(50,000)	(77,131)
Other	5,567	(984)
Income tax expense	**$ 3,023,043**	**$ 1,883,781**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

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, 2014, is 31,583 (2013 - 31,583).

			March 31, 2014
	Total comprehensive income	Weighted-average common shares	Income per share
Basic and dilutive	**$ 9,030,105**	**31,583**	**285.92**

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

18. Related party transactions

The remuneration of the Company's directors and key management personnel during the period is comprised of salaries, board honoraria and short-term benefits with a value of $574,920 (2013 - $589,240).

During the year, services with a value of $132,450 (2013 - $119,463) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 17,503 (2013 - 14,376) tonnes of grain from directors with an aggregate value of $5,107,729 (2013 - $4,448,123) and directors purchased crop inputs in the amount of $2,929,610 (2013 - $2,636,199).

During the year, the Company made sales of Non-Board Grain and received other income from Cargill, a shareholder, in the amount of $7,916,171 (2013 - $14,660,820) and made purchases of product and services in the amount of $59,578,782 (2013 - $54,558,228) from Cargill. Included in accounts payable is $11,836,395 (2013 - $7,631,096) due to Cargill.

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

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SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

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.

2014

	Grain handling	Crop inputs	Total
Revenues	$ 129,791,842	$ 91,232,629	$ 221,024,471
Cost of sales	118,892,314	81,279,590	200,171,904
Gross profit	10,899,528	9,953,039	20,852,567
General and administrative	-	-	(7,132,462)
Depreciation	(928,649)	(378,717)	(1,307,366)
Interest on long-term debt and bank indebtedness	-	-	(359,591)
Income taxes	-	-	(3,023,043)
Net income			$ 9,030,105
Net asset additions	$ 1,070,923	$ 1,036,394	$ 2,107,317
Total assets	34,674,617	43,287,644	77,962,261
Property, plant and equipment	12,604,441	5,830,522	18,434,963
Goodwill and intangible assets	-	140,000	140,000

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

19. Segment information (continued)

2013

	Grain handling	Crop inputs	Total
Revenues	$ 100,589,002	$ 84,435,082	$ 185,024,084
Cost of sales	93,534,053	76,141,932	169,675,985
Gross profit	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 and bank indebtedness	-	-	(421,530)
Income taxes	-	-	(1,883,781)
Net income			$ 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
Property, plant and equipment	12,462,166	5,172,846	17,635,012
Goodwill and intangible assets	-	140,000	140,000

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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

20. Capital management (continued)

The capital structure at March 31, 2014 was as follows:

	2014
Bank indebtedness	$ 8,972,155
Current portion of long-term debt	946,991
Long-term debt	432,308
Shareholders' equity	38,345,670
	$ 48,697,124

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, 2014, 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 to its 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 its customers and establishing allowances for bad debts when the amounts are not collectible.

The allowance for bad debt at March 31, 2014, was $63,641 (2013 - $207,379).

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 2014, a net foreign exchange gain of $275,251 (2013 - $141,353) was recognized in total comprehensive income.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. Financial instrument risk management (continued)

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 fixed and 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 $98,000 (2013 - $149,000). 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, 2014, resulted in the recognition of a risk management asset of $1,404,132 (2013 - $501,496).

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	$21,764,833
3 - 12 months	$10,774,321
1 - 5 years	$ 7,077,437

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

22. Classificiation and fair value of financial instruments

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

Accounts receivable, income taxes receivable and bank indebtedness are classified as loans and receivables and are recognized at amortized cost. Accounts payable and accrued liabilities, income taxes payable, deferred revenue 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.

Annual Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") was prepared as of June 12, 2014 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, 2014 and draw comparisons to previous fiscal years. More detailed explanations of certain technical issues may be found in the March 31, 2014 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)	2014	2013	Better (Worse)
Total Revenue	129,792	100,589	29,203
Cost of Sales	118,892	93,534	(25,358)
Gross Profit	10,900	7,055	3,845
Operating, General and Administrative Expenses	3,838	3,201	(637)
Total Grain Shipped (tonnes)	399,514	354,727	44,787
Grain Shipped to the CWB (tonnes)	20,526	106,710	(86,184)
Grain Shipped to Other Markets (tonnes)	378,988	248,017	130,971

Total revenue from grain handling for the year ended March 31, 2014 was $129,791,842, an increase of $29,202,840 compared with the prior year. The Company shipped slightly less than 400,000 metric tonnes at higher average prices than the previous fiscal year, resulting in higher grain revenue overall. The average price of grain shipped was buoyed by the recovery of the cereals markets, while the prices of most other grains stayed relatively steady or dipped in comparison to last year. Continuing a trend which began a year ago, shipments of grain to the Canadian Wheat Board ("CWB") declined as a percentage of overall shipments; the 20,526 metric tonnes of grain shipped to the CWB in fiscal year 2014 represents one of the lowest amounts ever for the Company as it remained focused on other markets.

Total grain shipped grew by 44,787 metric tonnes as durum and canola lead the way with respective increases of 49,400 and 9,009 metric tonnes, with other commodities experiencing either modest gains or losses. This past year was a fantastic one for area farmers, as production gains continued due to improved nutrition practices and excellent growing conditions. This combination coupled with an aggressive approach to grain marketing contributed significantly to the tonnage increase achieved in the past fiscal year. The only obstacle to grain movement this year came in the form of a car supply bottleneck which plagued all shippers as both major Canadian railways struggled to move record crops to both export position and domestic users.

The Company's record grain shipments total of 399,514 metric tonnes surpassed expectations, with the budget for the year pegged at 373,500 tonnes – and despite its exposure to a slightly higher level of risk due to its decreasing reliance on the CWB as a market for its shipments, SWT managed for the most part to avoid demurrage charges which negatively impacted a number of other shippers due to rail car constraints, the charges being quite punitive in nature. Due to its recent success in the open market environment created by the CWB being stripped of its monopsony power in Western Canada as a result of Bill C-18, the Company plans to continue to aggressively pursue sales opportunities to maximize future capacity utilization.

Grain handling expenses rose as the variable costs one would normally associate with increased volume such as utilities and maintenance grew, as did the cost of marketing the Company's grain via third parties – these amounts are commonly assessed on a per tonne basis. These cost increases saw SWT's handling expense grow to $3,838,492 in 2014.

1.2 Crop Inputs

Crop Inputs For the years ended March 31 ($thousands)	2014	2013	Better (Worse)
Total Revenue	91,233	84,435	6,798
Cost of Sales	81,280	76,142	(5,138)
Gross Profit	9,953	8,293	1,660
Operating, general and administrative expenses	3,294	2,924	(370)
Operating Highlights			
Seed Sales	4,866	3,612	1,254
Crop Nutrient Sales	36,744	37,516	(772)
Crop Protection Sales	39,502	34,658	4,844

Total revenue from crop inputs for the year was $91,232,629, an increase of $6,797,547 compared with the previous fiscal year. Almost all of the Company's product lines experienced significant revenue growth as SWT continued to take make great strides towards its overall goals in this business segment, with some products' year over year revenue gains as high as 35%. The construction of a fertilizer warehouse facility is now also underway which should further enhance the Company's future fertilizer revenue streams, another example of SWT's continuing commitment to the crop inputs business. With an eye toward increasing the Company's retail footprint, the management of SWT will continue to scan the market for opportunities to establish an even greater presence in the Company's trading area.

Sales of crop nutrients decreased by $772,182 from $37,516,140 to $36,743,958 in the 2013-2014 fiscal year; the dismantling of an Eastern European potash cartel resulted in the collapse of the potash market, ushering in lower prices for Canadian producers and their global counterparts and creating a drag on retail fertilizer revenue. From a crop nutrient sales perspective, the price decreases experienced last year were enough to offset the overall increase in tonnage sold, as although volume grew from 58,075 tonnes a year ago to 65,022 tonnes in fiscal 2014, with the average price per tonne sold falling to $565.10 from $646.00, revenue was lower overall.

Seed sales increased by a sizeable amount in the recently completed fiscal year, reaching a total of $4,866,294 representing an increase of $1,254,070 over the results achieved in fiscal year 2013. This was an unexpected result as revenue from the sale of seed was budgeted to decline slightly from the $3,612,224 mark set in 2013. The increase can be attributed to a combination of factors including recent seed technology advancements, new grains being planted in the area and high farm income in successive years, all of which have helped to erode producers' resistance to paying for seed which in the past they may have sourced from their own production. The growth in seed sales was particularly pronounced at the Company's Gull Lake, Hazenmore and Shaunavon locations.

Sales of crop protection products increased by $4,843,739 to $39,501,593 for the year ended March 31, 2014 compared to the prior year. SWT continues to assert its presence through a differentiated approach to the market, offering equipment rentals and a complement of agronomic services in addition to the focus on service it has developed a reputation for. This was borne out in the Company's ability to hold its chemical margins steady despite a significant sales increase in the most recently completed year.

The expenses associated with crop inputs increased to $3,293,971 in 2014, moving in stride with the growth in sales experienced in the same period. Higher marketing costs were partly responsible for the roughly 13% rise in expenses related to crop inputs as SWT expanded its reach in an effort to generate sales growth. Transaction processing costs also continued to grow however, as affording customers the ability to take advantage of the flexible terms and reward programs offered by Canadian credit card companies has become a mainstay of the Company's service offering.

2. Consolidated Financial Results

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

Selected Consolidated Financial Information For the years March 31 ($thousands – except per share figures)	2014	2013
Total Revenue	221,024	185,024
Operating, general and administrative expenses	7,132	6,125
EBITDA	13,720	9,223
Depreciation and amortization	1,307	1,094
EBIT	12,413	8,129
Interest on long-term debt	360	421
Provision for income taxes		
Current portion	2,775	1,733
Future portion	248	151
Income for the period	9,030	5,824
Earnings per Share	285.92	184.40
Total Assets	77,962	68,401
Total Long-Term Financial Liabilities	5,637	5,994
Dividend Declared		
Class B	30.00	12.00
Class C	30.00	12.00

Total sales and services revenue increased by $36,000,387 in the twelve months ended March 31, 2014. This growth is representative of the Company's marketing efforts as it has refined its approach by carefully choosing its target markets and positioning its brand to gain the desired perception among customers in the trading area. Although this increase may seem slight in comparison to last year's year over year growth of $90,684,721, that result was bolstered significantly by the transition out of the CWB environment in which revenue on CWB grain shipped consisted only of the tariffs deducted by the Company for freight, elevation and cleaning.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") were $13,720,105 in the year most recently completed as compared to $9,223,289 in the year prior. Margins grew in both segments on higher sales. Grain margins on all of SWT's core handlings edged higher, while crop inputs margins remained steady except for seed which, in addition to posting the largest sales gain among crop inputs products for the Company in the past fiscal year, saw its gross margin climb to 17.68% compared to a margin of 8.53% in the previous year.

Total operating, general and administrative expenses increased by $1,007,652 in 2014 due in large part to the marketing expenditures designed to generate grain and crop inputs sales growth, as well as the brokerage costs borne to directly facilitate grain sales transactions. Maintenance and other variable costs such as utilities and plant labour were also contributing factors.

In fiscal year 2014, earnings before interest and taxes ("EBIT") were $12,412,739 compared to $8,129,296 previously. Depreciation and amortization expense increased marginally, by $213,373 in the fiscal year ended March 31, 2014 compared with the same period in the year prior – the increase largely owing to the capital improvements and additions which were made as scheduled for in the Company's capital plan.

2.2 Interest Expenses

Interest Expenses For the years March 31 (in thousands)	2014	2013	Better (Worse)
Interest on:			
Long-term debt	325	213	(112)
Short-term debt	34	209	175

Short-term interest costs for the 2013-2014 fiscal year decreased as the Company was less reliant upon this type of financing; it was able to employ its working capital more readily to finance purchases which were shorter-term in nature, having built up a sizeable working capital balance over the last few years. Interest on short-term debt amounted to $34,438 in the year just completed.

Long-term interest costs increased compared to the prior year as the Company continues to add fixed assets; $2,003,328 in property, plant and equipment was purchased in the fiscal year ended March 31, 2014, resulting in rising interest costs due to the associated financing. SWT expects this trend to continue as the aforementioned fertilizer warehouse facility represents a significant acquisition which will require additional expansion capital.

2.3 Net Income for the Period

Net income of $9,030,105 ($285.92 earnings per share) in the year just completed exceeded the previous year's total of $5,823,985 ($184.40 earnings per share) by $3,206,120.

2.4 Summary of Semi-Annual Financial Information

Selected Semi-Annual Financial Information For the periods ended ($thousands – except per share amounts)	March 31, 2014	September 30, 2013 (unaudited)	March 31, 2013	September 30, 2012 (unaudited)
Total Revenue	94,214	126,810	98,587	86,437
Net Income	5,429	3,601	2,261	3,563
Earnings per share	171.90	114.02	71.59	112.81

The Company's grain handling revenue follows the fluctuation associated with market demand and the ability to match product quality with available market sales. The fluctuations in demand for grain 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 sales. There are many moving parts in executing a sale, as the Company must be able to secure the grain from growers in a timely fashion to minimize price exposure and must have grain in the elevator in order to meet the shipping requirements of the railroad and end user. The Company continues to make a concerted effort to buy grain from growers in order to meet and exceed sales targets. The Company has secured relationships with end users who are continually looking for the quality SWT is able to provide in its shipments.

Crop inputs revenue has traditionally followed the seasonal activities associated with grain production in Saskatchewan. However, the Company is experiencing sales of crop inputs throughout the entire year as chemical, seed and fertilizer are now being purchased by producers when the market suggests it is advantageous for the producer to purchase product. Fertilizer sales are seeing significant increases in the months of September and October as producers take advantage of lower early season pricing and ease of logistics.

3. Liquidity and Capital Resources

3.1 Sources and Uses

3.1.1 Working Capital

Current assets reached $58,344,998 at March 31, 2014, amounting to an increase of $8,760,843 when compared to March 31, 2013, with accounts receivable and inventories accounting for most of the difference. Trade receivables grew to $19,278,955 from $15,197,554 a year earlier on the back of grain and crop inputs sales volume increases. Chemical and seed inventories also increased on a year over year basis while fertilizer inventory decreased due to falling prices, the reasons for which were discussed in section *1.2*. In total, crop inputs inventories grew $4,694,276 to $22,756,306 at March 31, 2014, while grain inventory decreased – dropping $2,234,127 to $8,204,043 on the same date. Given rising grain prices, shipping coinciding with the Company's year-end was largely responsible for this result. Overall, inventories increased to $30,960,349, an increase of $2,460,149 versus the prior year.

Current liabilities were $32,539,154 at the end of the year, up $1,637,577 from the previous fiscal year on small increases in taxes payable and bank indebtedness. Seasonal borrowing against the Company's margined line of credit with the Royal Bank of Canada ("RBC") occurred just prior to the year-end, resulting in the year over year increase. Last year at the same time, the Company had no borrowings against its line of credit, but held significantly less cash reserves in its deposit accounts. As it regards taxes payable, the instalments SWT made throughout fiscal 2013 more than covered amounts due owing to that year; the same cannot be said for the current year however, with a balance of $1,371,969 yet to be paid in federal and provincial taxes.

In the end, working capital was $25,805,844 at the end of the 2013-2014 fiscal year compared to $18,682,578 at March 31 of the prior year.

3.1.2 Cash Flow

Cash flow from continuing operations was $2,446,356 for the year ended March 31, 2014 versus (3,286,238) the previous year. Even with the cash drained by increases in accounts receivable and inventories, the operating cash flow for the year remained positive.

3.1.3 Capital Requirements

The new projects undertaken in the year most recently concluded definitely had a decidedly crop inputs flavour. $350,000 was used in the construction of a new liquid fertilizer plant at Shaunavon, $200,000 was allocated to additional fertilizer storage at the Gull Lake facility and another $300,000 was used to add onto the existing bins at the Cabri fertilizer plant. $500,000 was also expended for road and site preparation work at Gull Lake for the new fertilizer shed. All of the aforementioned capital was financed out of working capital cash flow. SWT has since year-end entered into a joint credit arrangement with FCC and Scotiabank for an estimated $16,000,000 in total to be spent on the fertilizer shed project. It is also in the Company's plans to spend roughly $800,000 to make design and flow improvements to the existing grain grading room and office. This will also likely be financed in the form of term debt. The Company will continue to pursue additional smaller acquisitions as it sees fit in the short-term. SWT also engages in a base capital program. In the previous fiscal year the Company expended $266,454 for such capital maintenance. In the 2014 fiscal year, the Company's repairs and maintenance expenditures amounted to $211,944 as work was completed on its grain and fertilizer handling systems. $1,300,000 in base capital dollars has been set aside this upcoming fiscal year to continue upgrading the Company's various grain and crop inputs facilities. Capital maintenance expenditures made by the Company are typically financed via working capital.

The Company's operating capital requirements generally fluctuate throughout the year as SWT's borrowings peak in late fall as supplier program payments become due for crop inputs inventory, with customer payments typically delayed until harvest is completed. In the most recent year, the Company's borrowings against its RBC line of credit peaked in March 2014 at $12,100,000.

The elimination of the CWB's wheat and barley monopsony caused industry members to seek out sources of additional financing, as the prepayment of inventory program which was previously used to finance the vast majority of cereal grain purchased is no longer offered by the CWB. SWT has met its financing requirements through a combination of commercially available lines of credit offered by its banking partners and by engaging in sales transactions wherein a large percentage of the total sales amount is advanced (80-90%) to the Company pending unload, when the residual is paid.

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, 2014 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, 2014 decreased to $94,214,583, as compared to the previous year. While fertilizer prices may have kept a lid on crop inputs revenue to some degree, SWT managed a respectable $32,525,554 in sales, an increase over the six months ended March 31, 2013 of $6,742,917. On the grain side, the Company shipped fewer tonnes in the October to March window than it did in the prior year, shipping 202,533 in the six month period ended March 31, 2014 versus 210,070 in the comparison year; grain revenue for the period also slipped, falling from $72,509,732 to $61,689,029.

Total operating, general and administrative expenses for the semi-annual period ended March 31, 2014 increased $1,074,953 on rising marketing and transaction processing costs.

Net income of $5,429,073 for the six month period ended March 31, 2014 was $3,168,469 greater than the $2,260,604 in the same period of the previous fiscal year. The higher gross margins achieved on sales within the period were primarily responsible for this result.

5. Risks

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

5.1 *Weather Risk*

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 volume and crop inputs sales.

5.2 *Crop Input Price Risk*

The Company also faces the risk that market prices decline between the time the Company purchases crop input inventories and the time it sells these inventories, resulting in reduced or negative margins.

5.3 *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 to its accounts receivable.

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

The allowance for bad debt at March 31, 2014 was $63,641 (2013 - $207,379).

5.4 *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 2014, a net foreign exchange gain of $275,251 (2013 - $141,353) was recognized in income.

5.5 *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 represent interest rate risk. SWT's principal exposure to interest rate risk is with respect to its bank indebtedness and long-term debt, which bear interest at fixed and 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 $98,000 (2013 - $149,000). Exposure to interest rate risk is managed through normal operating and financing activities as the Company has not entered into interest rate swaps or similar financial instruments.

5.6 *Commodity Price Risk*

Commodity price risk is the risk 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 effect on the value of inventory. As a grain handing facility, SWT has significant exposure to change 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.

To mitigate the risk associated with fluctuations in the market prices for agricultural commodities, SWT has a policy that 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, 2014 resulted in the recognition of a risk management asset of $1,404,132 (2013 - $501,496).

6. Other Matters

6.1 Related Party Transactions

Cargill has $1,400,000 invested 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. In the fiscal year ended March 31, 2014, SWT made sales of grain to and received other income from Cargill amounting to $7,916,171; purchases of products and services in the amount of $59,578,782 were also made from Cargill in the same period.

The Company purchased 17,503 (2013 -14,376) tonnes of grain from directors with an aggregate value of $5,107,729 (2013 - $4,448,123) and directors purchased crop inputs in the amount of $2,929,610 (2013 - $2,636,199), at commercial rates and terms.

6.2 Financial Instrument Classification and Fair Value

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

Accounts receivable, income taxes receivable and bank indebtedness are classified as loans and receivables and are recognized at amortized cost. Accounts payable and accrued liabilities, income taxes payable, deferred revenue 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 are classified as available for sale.

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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. SWT has no level 3 financial instruments.

7. Use of Non-IFRS Terms

The EBIT and EBITDA 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.

CABRI COMMUNITY PARTNERSHIP FUNDRAISER

Southwest Terminal representatives gathered May 9th to present cheques to two deserving community organizations in Cabri. **Above**, Scott Napper accepts a cheque for $21,500 on behalf of Cabri Ice Centre, from (left) Jeff Kirwan, Al Ward, Cheyenne Arnsten, Monty Reich, Jane Johnston, Heather Camphaug and Barry McGuigan. Missing are SWT employees Kara Shaw, Bonnie Haley and Jim Wallis. **Below**, Dana Shaw accepts a cheque for $21,500 on behalf of Ever Green Early Learning Centre. The funds were raised due to the outstanding community support of a Sportsman Dinner and Auction hosted by SWT on April 12 at Cabri School Gymnasium.

Cabri Herald photos by Elisabeth Dowson

Two crucial community organizations received significant support from SWT on May 9 when proceeds from their Sportsman Dinner and Auction on April 12, 2014 were presented to Scott Napper from the Cabri Ice Centre and Dana Shaw representing Ever Green Early Learning Centre.

Each organization received $21,500 - half of the $43,000 raised that evening.

The idea took shape one year ago with the first dinner held at Gull Lake.

"When we started doing this it was last year about this time and it was really a couple of staff members that came up with the idea," remarked Monty Reich, General Manager.

"They had been to sportsmen's dinners at other functions and they thought it would be a good way of trying to raise some funds for some of the organizations in the community that we live and work in, and that's really how it all started."

The concept was so successful that SWT wanted to reach out to other communities.

"We started with the one in Gull Lake and we thought why don't we stretch it out to some of our locations that we have and see how far this thing can go."

Last year's event totally exceeded all expectations and they felt that it would be a good opportunity in Cabri.

"It's something a little bit different and the community supported it tremendously. They came in and spent money on stuff and they had a lot of fun, and we did too. Our staff enjoys it and they love putting it on too. It's our way of giving back to the community."

The decision to support the two organizations was based on their contributions to the growth and cohesion of the region.

"That's what we look for. We want to find something that looks after not just Cabri itself but the surrounding area, and both organizations fit that criteria."

GULL LAKE COMMUNITY PARTNERSHIP FUNDRAISER

THE ADVANCE www.gulllakeadvance.com TUESDAY, MAY 6, 2014 | 7

BACK ROW (L-R) Ryan Service, Dave Elviss, Drake May, John Slabik, Jeff Kirwan. FRONT ROW: Corinna Gibson, Elaine Collier, Maryan Service, Monty Reich, Jo Ann Allison, Carla Benjamin, Kelsey Dutton

SWT donates $26,000 to Autumn House

THE ADVANCE

South West Terminal Ltd. has made a $26,000 donation to help Autumn House in Gull Lake pay for its new boiler system. The money comes from the proceeds of the SWT Sportsman Dinner and Auction held on April 5.

Monty Reich, GM of SWT, said his company was glad to help out such a valued community-owned institution in Gull Lake like Autumn House.

“Anything we can do to help out our communities we will,” said Reich after the formal cheque presentation last Tuesday. “Obviously the communities are what we need to make our business successful so it’s part of our job as far as living and working in these communities. Giving something back; and giving back in this case to Autumn House to an organization that really needs it.”

Reich also said given the growing popularity of the event, (last year the inaugural dinner was held to help pay for the new Real 3D digital theatre system at Gull Lake’s Lyceum Theatre), in the area it is very likely SWT will now be making this an ongoing, annual fundraiser for worthy community organizations.

“It’s a great event and it’s kind of getting a name for itself so we have to keep doing it every year. It’s a lot of work for our staff, but it’s a lot of fun.”

Jo Ann Allison accepted the South West Terminal donation on behalf of Autumn House’s community board. Although it had been a difficult year financially and stressful for all involved, explained Allison, Autumn House was thrilled by the outpouring of community support. She was especially grateful to SWT for helping pay off over half of its remaining bill for the new boiler system installed last year.

“I’m on Cloud 9,” said a visibly moved Allison. “We are so very fortunate to have been picked this year to be the recipient of the South West Terminal’s Sportsman dinner. We had a $90,000 project we had to take out a $45,000 loan to help pay for. And so this will be a big chunk of that.”

Allison said the generous donation will do a lot to ease the stress on Autumn House board members, residents and staff.

“We couldn’t go through another winter knowing that our boilers were only working at 25 per cent. To receive this relieves the stress a lot. I had goosebumps. I was still shaking when Monty called and told us how much was being donated. We are so very thankful ... It’s awesome. You just can’t say thank you enough.”

COMMUNITY INVOLVEMENT

2014 SASKTEL TANKARD
ABBEY CURLING CLUB
AUSTIN ARMSTRONG
AUTUMN HOUSE
CABRI GUSTY WALK 2013
CABRI ICE CENTRE
CABRI RIVER RATS
CAMA SASKATCHEWAN
CARMICHAEL 4-H GROUP
CARMICHAEL COMMUNITY FUND
CEREALS NORTH AMERICA
CHINOOK SCHOOL DIVISION
CLAIRBANK 4-H GROUP
DUCKS UNLIMITED
ELMWOOD GOLF CLUB
EVERGREEN LEARNING CENTRE
FCC HUNGER DRIVE
FRENCHMAN RIVER GOSPEL JAM
FRONTIER FLYERS
GULL LAKE BANTAM GREYHOUNDS
GULL LAKE BASEBALL DIAMONDS
GULL LAKE CURLING CLUB
GULL LAKE SCHOOL
GULL LAKE SKATING CLUB
HARVEST CLASSIC AND BREAKFAST
HAZLET SCHOOL
JDRF POKER TOURNAMENT
K.C.V.R. INTS FOR M&T KINCH
KINCAID SCHOOL

MEADOW DALE GOLF COURSE
MITCH WILSON BENEFIT
P.A.L.S. MULTIPLE 4H CLUB
PIAPOT LADIES COMMITTEE
REAGAN HADDEN
ROCK CREEK GOLF COURSE
ROYAL CANADIAN LEGION
SASK LANDING & COUNTRY CLUB
SHAUNAVON 4-H CLUB
SHAUNAVON COOPERATIVE PLAYSCHOOL BOARD
SHAUNAVON RANCH RODEO
SHAUNAVON RODEO ASSOCIATION
SHAUNAVON SENIOR BADGERS
SHAUNAVON STANDARD
SHAUNAVON WILDLIFE FEDERATION
SHRINE CIRCUS
SOUTHWEST CYCLONES
STARS
SWIFT CURRENT BRONCOS
SWIFT CURRENT CURLING CLUB
SWIFT CURRENT LEGIONAIRES
SWIFT CURRENT PEE WEE BRONCOS
TARPON ENERGY ATOM BRONCOS
TEAM WOOD
TOMPKINS SCHOOL
TOWN OF EASTEND TRAIL FUND
WANGUARD REC BOARD
WESTERN RAIDERS
WHEATLAND CONSERVATION AREA

SWT
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COMMUNITY INVOLVEMENT

SWT & FCC Drive Away Hunger A Success!!!

Thank you to all who participated in donating a portion of their crop delivery this fall.

100% of the cash proceeds were donated to the Swift Current Salvation Army Food Bank.

All participants will receive a tax receipt for their donation.

In support of your contribution, SWT has matched your donations.

Out goal of $10,000 / 20,000lbs of food was reached on October 18, 2013.

Thank You for your participation!

MEMORIAL SCHOLARSHIPS

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 2014 Ken Logan Memorial Scholarship was awarded to Cassandra DeMars

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 2014 Gratton Murray Memorial Scholarship was awarded to Renee Wilkins

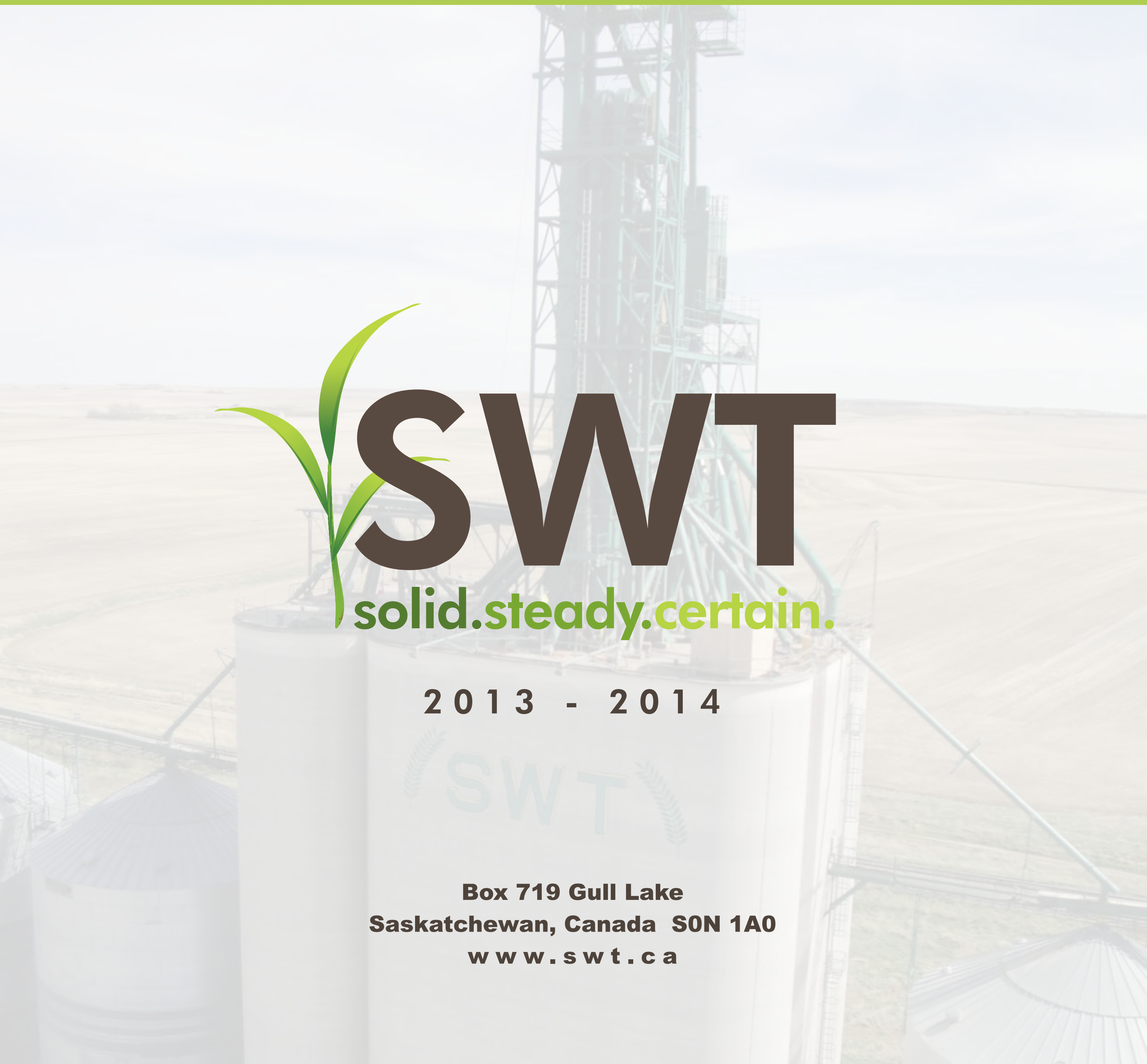
The Cameron Williamson Memorial Scholarship is a scholarship in memory of the South West Terminal Ltd. Cabri Location Manager - Cameron Williamson.

This is the second 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 2014 Cameron Williamson Memorial Scholarship was awarded to both
$500 Derek Thorburn
$500 Mariah Jacklin

1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014



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2013 - 2014

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20 YEARS