21st ANNUAL REPORT

solid.steady.certain.

2014 2015

Gull Lake - Hazenmore - Cabri - Shaunavon

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

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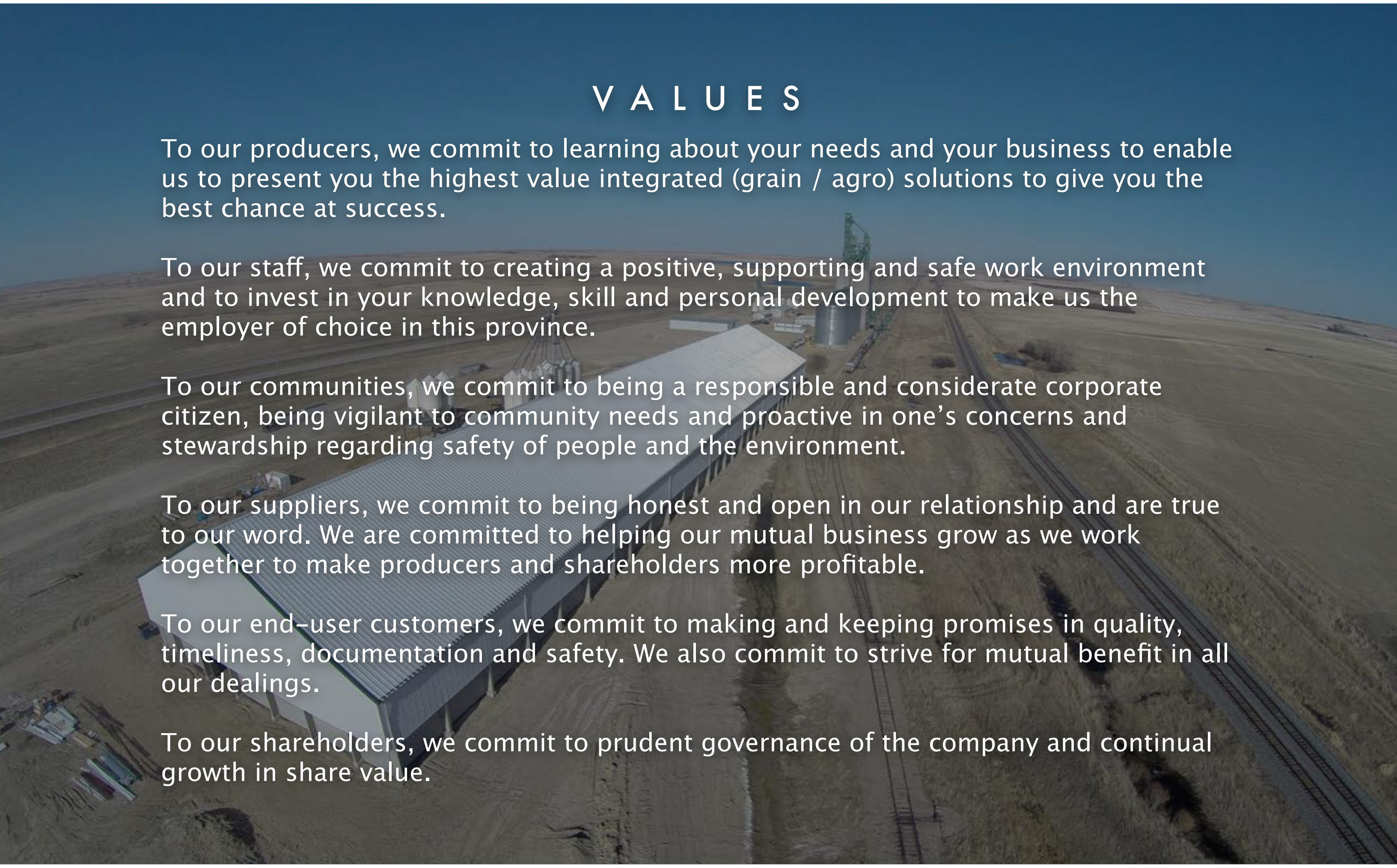
VISION STATEMENT

To be recognized as the most trusted, innovative, and customer centric grain & crop inputs company by providing profit making solutions.

MISSION STATEMENT

Helping our customers succeed by being the leader in grain and crop inputs solutions.



VALUES

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 one's 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 business 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.

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

SOUTH WEST TERMINAL LTD. RECOGNITION

SASKATCHEWAN'S TOP 100 COMPANIES OF 2014

2013	2014	COMPANY	CEO/PRESIDENT	SASKATCHEWAN EMPLOYEES	CITY	MAJOR SHAREHOLDERS
41	**36**	**Weyburn Inland Terminal Ltd.**	Rob Davies	61	Weyburn	Publicly Traded
31	**37**	**Saskatchewan Housing Corporation**	Don Allen	95	Regina	Government of Saskatchewan
35	**38**	**South West Terminal Ltd.**	Monty Reich	51	Gull Lake	Widely Held
36	**39**	**Maple Farm Equipment**	Kevin Hitchings	229	Yorkton	Jim Pattison Group, Jim Kelley, Kevin Hitchings, Cervus Corporation, Ralph Agar

September 2014 - South West Terminal Ltd. was listed at #38 in the Top 100 Companies in Saskatchewan.

BOARD OF DIRECTORS

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

COMMITTEES

Policy, Governance & Nominating Committee

- Ernie Sommer (Chair)
- Ron Taylor
- Wayne Oberle
- Laura Solberg

Audit & Finance Committee

- Shane Lacasse (Chair)
- Gene Busse
- Erroll Castle

Risk Committee

- Rolland Monette (Chair)
- Daren Caswell
- 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
STACEY GLEIM	FARM MARKETING REP
ARLENE DANIEL	MERCHANDISING ASSISTANT
JESSICA McINTOSH	ADMINISTRATIVE ASSISTANT
GRAIN PLANT OPERATIONS	
KENDELL RADTKE	PLANT MANAGER
TAYLOR DUTTON	ASSISTANT PLANT MANAGER
JORDAN RETZLAFF	ASSISTANT PLANT MANAGER
KEVIN BAUMANN	PLANT OPERATOR
TONY MANDEL	PLANT OPERATOR
RYAN WIEBE	PLANT OPERATOR
GORDON WILLSON	PLANT OPERATOR
DILLON FRIESEN	PLANT OPERATOR
TYREL ANDERSON	PLANT OPERATOR
JARED DOWN	PLANT OPERATOR
PAUL MANDEL	PLANT OPERATOR
SCOTT POMROY	PLANT OPERATOR
CROP INPUTS – GULL LAKE	
DAVE ELVISS	LOCATION MANAGER
KELSEY DUTTON	CROP INPUTS SALES AND MKTG
RYAN SERVICE	FARM MARKETING REP
MAEGAN MELVIN	AGRONOMIST
BLAKE NELSON	FACILITY ASSISTANT
CORINA GIBSON	LOGISTICS COORDINATOR
JOEL BUTTS	FACILITY ASSISTANT
PAM GEDNY	ADMINISTRATIVE ASSISTANT

CROP INPUTS – HAZENMORE	
CHEYENNE ARNTSEN	LOCATION MANAGER
BRODY LOVERIN	FARM MARKETING REP
JEFF DASH	FARM MARKETING REP
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
BONNIE HALEY	ADMINISTRATIVE ASSISTANT
NANCY SMITH	ADMINISTRATIVE ASSISTANT
CROP INPUTS – SHAUNAVON	
CAROL MEISTER	AGROLOGIST
KATHY WILKINS	ADMINISTRATIVE ASSISTANT
JEFF GILBERT	FACILITY ASSISTANT
DAMON WILKINS	FACILITY ASSISTANT
CRAIG BYMOEN	FACILITY ASSISTANT
MAINTENANCE	
TYLER FLYNN	MAINTENANCE OPERATOR
DEVON LEDUC	MAINTENANCE OPERATOR
FINANCE AND HUMAN RESOURCES	
SHANNON ARMSTRONG	HUMAN RESOURCE ASSISTANT
DENISE ANDERSON	GRAIN LEAD ACCOUNTANT
DRAKE MAY	ASSISTANT ACCOUNTANT
LAYTON GETZ	PROJECT LEAD
JULIA STANFORD	ADMINISTRATIVE ASSISTANT
FERTILIZER WAREHOUSE	
JUSTIN ISHERWOOD	PLANT MANAGER
DALTON FERRISS	PLANT OPERATOR
CLINT GODDU	PLANT OPERATOR
HEALTH, SAFETY AND QUALITY	
CARMEN MOEN	E,H & S QUALITY COORDINATOR

HIGHLIGHTS


2013/2014
2014/2015
2015/2016 (Budget)
Total Gross Revenue
$221 M
$247 M
$241 M
Comprehensive Income
$9.03 M
$18.2 M
$8.1 M
Earnings Per Share
$ 285.92 / share
$ 576.45 / share
$ 257.19 / share
Crop Production Sales
$39.5 M
$38.9 M
$39 M
Seed Sales
$4.8 M
$4.3 M
$4.2 M
Grain Shipped
399,514 MT
434,080 MT
400,000 MT
Fertilizer Shipped
65,022 MT
75,317 MT
100,065 MT

H I G H L I G H T S

"The continued profitable growth of SWT in southwest Saskatchewan has been a result of the strong relationships SWT has with is customers, employees and other stakeholders. Our strategically placed locations in this superior growing region provide for logistical advantages for grain purchases and crop inputs sales. The newly constructed fertilizer shed positions SWT to provide superior service to farmers in the region for crop inputs and allows for future growth in our business.

SWT continues to build on the strength of our communities and the positive and productive work culture that enables customer and employee retention. We are excited about the future of agriculture and the benefits it continues to bring to all of our stakeholders."

Monty Reich

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, 2015 and 2014, and the consolidated statements of income and comprehensive income, changes in equity and cash flows , and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of South West Terminal Ltd. as at March 31, 2015 and 2014 and its consolidated statements of income and comprehensive income, changes in equity and and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

SASKATOON, SASKATCHEWAN

June 18, 2015

Ernst & Young LLP
Chartered Professional Accountants

EY
A member firm of Ernst & Young Global Limited

B A L A N C E S H E E T

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2015 AND 2014

	March 31, 2015	March 31, 2014
ASSETS		
Current assets		
Cash	$ 2,066,005	$ -
Cash held in trust (Note 4)	1,082,826	-
Accounts receivable (Note 5)	22,772,072	20,522,071
Inventories (Note 6)	39,596,907	30,960,349
Prepaid expenses	5,541,036	5,458,446
Risk management assets	731,926	1,404,132
	71,790,772	58,344,998
Long-term investments (Note 7)	203,800	1,042,300
Property, plant and equipment (Note 8)	29,719,922	18,434,963
Goodwill	140,000	140,000
	$ 101,854,494	**$ 77,962,261**
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 9)	$ -	$ 8,972,155
Accounts payable and accrued liabilities (Note 10)	25,892,105	21,248,039
Income taxes payable	2,439,401	1,371,969
Current portion of long-term debt (Note 11)	7,212,023	946,991
	35,543,529	32,539,154
Long-term debt (Note 11)	9,389,797	5,636,711
Deferred income taxes (Note 12)	1,054,091	949,286
Deferred revenue (Note 13)	452,226	491,440
	46,439,643	39,616,591
Contingencies (Note 15)		
SHAREHOLDERS' EQUITY		
Share capital (Note 16)	182,690	182,690
Retained earnings	55,232,161	38,162,980
	55,414,851	38,345,670
	$ 101,854,494	**$ 77,962,261**

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, 2015 AND 2014

	2015	2014
Revenue (Note 19 & 20)	$ 247,966,354	$ 221,024,471
Cost of sales (Note 19 & 20)	213,123,578	200,171,904
Gross profit	34,842,776	20,852,567
Expenses		
Depreciation	1,344,342	1,307,366
Interest on long-term debt and bank indebtedness	468,621	374,150
General and administrative	8,843,524	7,117,903
	10,656,487	8,799,419
Income before income taxes	24,186,289	12,053,148
Income taxes (Note 17)		
Current	5,875,315	2,774,747
Deferred	104,805	248,296
	5,980,120	3,023,043
Total income and comprehensive income	**$ 18,206,169**	**$ 9,030,105**
Basic and diluted income per share (Note 18)	576.45	285.92

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED MARCH 31, 2015 AND 2014

	Share capital	Retained earnings	Total equity
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
Net and comprehensive income	-	18,206,169	18,206,169
Dividends	-	(1,136,988)	(1,136,988)
Balance, March 31, 2015	**$ 182,690**	**$ 55,232,161**	**$ 55,414,851**

See accompanying notes

STATEMENT OF CASH FLOWS

SOUTH WEST TERMINAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
Cash flows from (used in) operating activities		
Total income and comprehensive income	$ 18,206,169	$ 9,030,105
Items not affecting cash		
Depreciation	1,344,342	1,307,366
Deferred income taxes	104,805	248,296
Loss on long-term investments	148,864	-
Net change in non-cash working capital items:		
Cash held in trust	(1,082,826)	-
Accounts receivable	(2,250,001)	(4,746,472)
Inventories	(8,636,558)	(2,460,149)
Prepaid expenses	(82,590)	(805,030)
Income taxes receivable	-	129,861
Risk management assets	672,206	(902,636)
Accounts payable and accrued liabilities	4,644,067	(699,737)
Income taxes payable	1,067,432	1,371,969
Deferred cash tickets held in trust	-	23,582
Deferred revenue	(39,214)	(50,799)
	14,096,696	2,446,356
Cash flows from (used in) investing activities		
Redemption of shares of long-term investments	252,000	-
Return of capital on long-term investments	437,636	-
Purchase of property, plant and equipment	(12,687,866)	(2,114,475)
Proceeds on disposal of property, plant and equipment	58,565	7,158
	(11,939,665)	(2,107,317)
Cash flows from (used in) financing activities		
Bank indebtedness	(8,972,155)	1,345,108
Repayment of long-term debt	(950,790)	(6,730,262)
Proceeds from issuance of term debt	10,968,907	5,993,605
Dividends	(1,136,988)	(947,490)
	(91,026)	(339,039)
Net increase in cash during the year	2,066,005	-
Cash, beginning of year	-	-
Cash, end of year	**$ 2,066,005**	**$ -**
Supplemental disclosure of cash flow information		
Interest paid	$ 456,693	$ 391,435
Income taxes paid	4,242,139	1,119,490

See accompanying notes

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

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"). Pursuant to this 25 year investment and operating agreement, Cargill has a first right to purchase all of the Company's grain destined to British Columbia and to the Port of Thunder Bay. The Company also agrees 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 Chartered Professional Accountants of Canada (CPA) 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 18, 2015.

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 23 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, 2015 AND 2014

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.

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. The Company may enter into derivative contracts such as grain purchase and sales contracts, with the objective of managing exposure to adverse price movements in agricultural commodities. The unrealized gains and losses for grain purchase and sales contracts is recorded in inventories and recognized in income in the period in which they occur.

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

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

Property, plant and equipment (continued)
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, 2015, there is no impairment on this goodwill.

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

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 Canadian Wheat Board ("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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

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

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

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

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.
Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

Financial asset impairment

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

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

Impairment losses on financial assets carried at amortized cost 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.

Foreign currency translation

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

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

Financial instruments

All financial instruments are initially recognized at fair value. Transaction costs are included in the initial carrying amount, except in the case of financial assets and liabilities classified as FVTPL, 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 FVTPL, 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 grain purchase and sales contracts which are included in inventories and risk management assets as FVTPL.

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 which approximates fair value. Interest income, calculated using the effective interest rate method, is recognized in profit or loss.

The Company has classified accounts receivable as loans and receivables.

Held to maturity

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

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

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

Financial instruments (continued)

Available for sale

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

The Company has classified 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 which approximates fair value. 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: bank indebtedness, 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.

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

The fair value of the Company's privately held available for sale securities, as described in Note 7, has not been disclosed because of the unavailability of a quoted market price in an active market.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

Use of estimates and judgments

The preparation of the consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the 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 judgments 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. Assumptions are made based on past experience and actual grading standards may be subject to change. Estimates and assumptions are also required in determination of the fair values of commodity inventories. As such, actual inventory values realized may differ from estimated carrying amounts.

(c) Property, plant and equipment

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

(d) Impairment of goodwill

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

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

3. Significant accounting policies (continued)

Adoption of new accounting policies
The IASB has issued new and ammended IFRS standards under Part I of the CPA handbook which became effective for the Company during the year. The significant changes to the standards are as follows:

- IAS 32 Financial Instruments Presentation: IAS 32 provides clarification on the application of offsetting rules. The adoption of IAS 32 did not have an impact on these consolidated financial statements.
- 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. The adoption of IAS 36 did not have an impact on these consolidated financial statements.
- IFRIC 21 Levies: IFRIC 21 provides additional guidance on the accounting for levies in the financial statements of the entity that is paying the levy. The adoption of IFRIC 21 did not have an impact on these consolidated financial statements.

Future accounting and reporting changes
The IASB has issued new and amended IFRS standards under Part I of the CPA 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. 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.

- IFRS 15 Revenue from Contracts with Customers: Specifies how and when to recognize revenue, and introduces more informative, relevant disclosures. The standards supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue related interpretations. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017. Application of the standard in mandatory and early adoption is permitted.

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

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. Cash held in trust

Cash held in trust consists of cash that is restricted as a result of holdbacks on the new fertilizer shed facility construction.

5. Accounts receivable

	March 31, 2015	March 31, 2014
Accounts receivable relating to grain held on account of the CWB	$ 334,691	$ 1,306,757
Trade and other receivables	22,783,018	19,278,955
Allowance for doubtful accounts	(345,637)	(63,641)
	$ 22,772,072	**$ 20,522,071**

Current	$ 21,579,624	$ 19,434,153
30 days	69,645	147,658
60 days	247,802	24,213
Over 90 days	1,220,638	979,688
Allowance for doubtful accounts	(345,637)	(63,641)
	$ 22,772,072	**$ 20,522,071**

The Company's receivables have been pledged as security for the operating line of credit under the general security agreement as disclosed in Note 9.

6. Inventories

	March 31, 2015	March 31, 2014
Grain	$ 14,905,436	$ 8,204,043
Crop inputs	24,691,471	22,756,306
	$ 39,596,907	**$ 30,960,349**

The amount of inventory expensed and included in cost of sales is $195,172,478 (2014 - $185,661,869).

The Company's inventories have been pledged as security for the operating line of credit under the general security agreement as disclosed in Note 9.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

7. Long-term investments

	March 31, 2015	March 31, 2014
Admiral Grain Co. Inc.	$ 3,800	$ 3,800
Great Western Railway Ltd.	100,000	100,000
Lethbridge Inland Terminal Ltd.	-	838,500
Great Sandhills Railway Ltd.	100,000	100,000
	$ 203,800	**$ 1,042,300**

During the 2015 year, the Class D shares in Lethbridge Inland Terminal Ltd. were redeemed for $252,000, a return of capital was issued for Class B shares of $437,636 (2014 - $nil) and a loss was recorded of $148,864 (2014 - $nil).

8. Property, plant and equipment

Cost:

	Balance at March 31, 2013	Additions, disposals and transfers	Balance at March 31, 2014	Additions and disposals	Balance at March 31, 2015
Buildings	$ 6,678,978	$ 1,324,427	$ 8,003,405	$ 7,904,161	$ 15,907,566
Cleaners	1,273,816	16,634	1,290,450	19,137	1,309,587
Computer hardware and software	609,923	16,484	626,407	340,640	967,047
Entrance roads	424,300	173,970	598,270	355,786	954,056
Equipment	2,316,174	140,432	2,456,606	302,986	2,759,592
Office furniture and equipment	272,150	24,520	296,670	27,465	324,135
Plant equipment	6,993,699	116,824	7,110,523	3,436,756	10,547,279
Railway siding	2,758,767	85,194	2,843,961	113,621	2,957,582
Terminal	5,879,071	35,867	5,914,938	5,165	5,920,103
Vehicles	951,345	68,976	1,020,321	33,263	1,053,584
	28,158,223	2,003,328	30,161,551	12,538,980	42,700,531
Land	285,624	-	285,624	-	285,624
	$ 28,443,847	**$ 2,003,328**	**$ 30,447,175**	**$ 12,538,980**	**$ 42,986,155**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

8. Property, plant and equipment (continued)

Accumulated depreciation:

	Balance at March 31, 2013	Depreciation and disposals	Balance at March 31, 2014	Depreciation and disposals	Balance at March 31, 2015
Buildings	$ 1,467,389	$ 286,156	$ 1,753,545	$ 307,277	$ 2,060,822
Cleaners	999,347	56,645	1,055,992	48,906	1,104,898
Computer hardware and software	458,210	109,667	567,877	92,885	660,762
Entrance roads	204,386	21,215	225,601	34,460	260,061
Equipment	1,773,593	150,713	1,924,306	154,386	2,078,692
Office furniture and equipment	145,660	20,812	166,472	20,943	187,415
Plant equipment	1,683,559	268,758	1,952,317	289,986	2,242,303
Railway siding	1,011,624	140,068	1,151,692	142,857	1,294,549
Terminal	2,282,412	147,242	2,429,654	147,922	2,577,576
Vehicles	782,655	2,101	784,756	14,399	799,155
	$ 10,808,835	**$ 1,203,377**	**$ 12,012,212**	**$ 1,254,021**	**$ 13,266,233**

Carrying amount:

	March 31, 2015	March 31, 2014
Buildings	$ 13,846,744	$ 6,249,860
Cleaners	204,689	234,458
Computer hardware and software	306,285	58,530
Entrance roads	693,995	372,669
Equipment	680,900	532,300
Office furniture and equipment	136,720	130,198
Plant equipment	8,304,976	5,158,206
Railway	1,663,033	1,692,269
Terminal	3,342,527	3,485,284
Vehicles	254,429	235,565
	29,434,298	18,149,339
Land	285,624	285,624
	$ 29,719,922	**$ 18,434,963**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

8. Property, plant and equipment (continued)

Included in property, plant and equipment is $11,286,104 (2014 - $553,333) of construction in progress assets that are not in use at year end. These assets are related to the new fertilizer shed facility. No amortization has been taken on these assets. The expected total cost of the completed project is estimated to be $16,000,000.

9. Bank indebtedness

The margined RBC operating line of credit has an authorized limit of $17,000,000 (2014 - $17,000,000), bears interest at prime (2014 - prime plus 0.3%) and is secured by accounts receivable, inventory and a general security agreement.

At March 31, 2015, the RBC prime lending rate was 2.85% (2014 - 3%).

10. Accounts payable and accrued liabilities

	March 31, 2015	March 31, 2014
Accrued and other liabilities	$ 15,643,344	$ 10,053,218
Trade accounts payable	5,930,375	6,997,312
Crop inputs customer deposits	4,318,386	4,197,509
	$ 25,892,105	**$ 21,248,039**

11. Long-term debt

	March 31, 2015	March 31, 2014
Farm Credit Canada term loan, with interest at Farm Credit Canada variable rate less .5%, repayable in blended monthly instalments of $79,021, secured by land and a general security agreement, due August 2019	$ 5,484,454	$ -
Scotiabank demand loan, with interest at Scotiabank prime, repayable in blended monthly instalments of $66,667, secured by land and a general security agreement	5,484,454	-
4.8% Farm Credit Canada term loan, repayable in blended monthly instalments of $63,126, secured by land and a general security agreement, due July 2023	5,200,906	5,699,146

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

11. Long-term debt (continued)

	March 31, 2015	March 31, 2014
Farm Credit Canada term loan, with interest at Farm Credit Canada variable rate, plus .3%, repayable in blended monthly instalments of \$40,120, secured by land and a general security agreement, due February 2016	432,006	884,556
	16,601,820	6,583,702
Less current portion	7,212,023	946,991
	$ 9,389,797	$ 5,636,711

At March 31, 2015, the Farm Credit Canada variable rate was 4%. At March 31, 2015, the Scotiabank prime lending rate was 2.85%.

Estimated principal repayments are as follows:

2016	$ 7,212,023
2017	1,347,452
2018	1,401,489
2019	1,457,766
2020	1,516,381

12. Deferred income taxes

Deferred income tax liabilities are made up of the timing differences on the following items:

	March 31, 2015	March 31, 2014
Capital assets	$ 1,069,244	$ 925,207
Goodwill	25,040	24,079
Investments	(40,193)	-
	$ 1,054,091	$ 949,286

The amount of deferred income tax liabilities incurred and included in income taxes is \$104,805 (2014 - \$248,296).

13. 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

14. 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, are the following:

	March 31, 2015	March 31, 2014
a) Share of joint operation's statement of financial position		
Buildings at cost, less accumulated amortization of $19,903 (2014 - $16,576)	$ 46,634	$ 49,961
Equipment at cost, less accumulated amortization of $31,055 (2014 - $24,842)	28,882	25,628
b) Share of joint operations revenue and expenses		
Revenue	52,038	13,187
Expenses	13,625	17,412

15. Contingencies

At year end, the Company held 3,501 (2014 - 6,250) tonnes of grain inventory, with a value of $870,458 (2014 - $1,460,200), 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.

16. 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, 2015	March 31, 2014
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 $36 (2014 - $30) per share for a total of $1,136,988 (2014 - $947,490) by way of cash payment.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

17. 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, 2015	March 31, 2014
	27.00%	27.00%
Anticipated income tax	$ 6,530,298	$ 3,254,296
Tax effect of the following:		
Saskatchewan manufacturing and processing profits tax reduction	(394,190)	(186,820)
Impact of reduction in free reserve	-	(50,000)
Non-taxable dividends	(169,371)	-
Non-deductible expenses	11,710	-
Other	1,673	5,567
Income tax expense	**$ 5,980,120**	**$ 3,023,043**

18. 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 no 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, 2015, is 31,583 (2014 - 31,583).

March 31, 2015

	Total income and comprehensive income	Weighted average common shares	Income per share
Basic and dilutive	**$ 18,206,169**	**31,583**	**576.45**

March 31, 2014

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

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

19. 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 $672,018 (2014 - $574,920).

During the year, services with a value of $146,310 (2014 - $132,450) were expensed in these consolidated financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 18,642 (2014 - 17,503) tonnes of grain from directors with an aggregate value of $4,112,714 (2014 - $5,107,729) and directors purchased crop inputs in the amount of $3,172,137 (2014 - $2,929,610).

During the year, the Company made sales of Non-Board grain and received other income from Cargill, a shareholder, in the amount of $32,811,359 (2014 - $7,916,171) and made purchases of product and services in the amount of $37,193,068 (2014 - $59,578,782) from Cargill. Included in accounts payable is $9,112,396 (2014 - $11,836,395) 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.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

20. 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.

2015

	Grain handling	Crop inputs	Total
Revenues	$ 149,983,600	$ 97,982,754	$ 247,966,354
Cost of sales	126,826,472	86,297,106	213,123,578
Gross profit	23,157,128	11,685,648	34,842,776
Depreciation	(900,482)	(443,860)	(1,344,342)
General and administrative			(8,864,470)
Interest on long-term debt and bank indebtedness			(447,675)
Income taxes			$ (5,980,120)
Net income			**18,206,169**
Net asset additions	$ 1,538,617	$ 11,090,684	$ 12,629,301
Total assets	43,362,848	58,491,646	101,854,494
Property, plant and equipment	13,242,576	16,477,346	29,719,922
Goodwill and intangible assets	-	140,000	140,000

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

20. Segment information (continued)

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
Depreciation	(928,649)	(378,717)	(1,307,366)
General and administrative			(7,132,462)
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

21. Capital management

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

The capital structure at March 31, 2015, was as follows:

	2015	2014
Bank indebtedness	$ -	$ 8,972,155
Current portion of long-term debt	7,212,023	946,991
Long-term debt	9,389,797	432,308
Shareholders' equity	55,414,851	38,345,670
	$ 72,016,671	**$ 48,697,124**

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

21. Capital management (continued)

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, 2015, the Company complied with all financial covenants and externally-imposed capital requirements.

22. 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, 2015, was $345,637 (2014 - $63,641).

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 2015, a net foreign exchange gain of $29,762 (2014 - $275,251) was recognized in total comprehensive income.

Interest rate risk

Changes in the future cash flows of financial instruments and the possibility the Company will be unable to refinance existing debt with similar terms represents interest rate risk. The Company's principal exposure to interest rate risk is with respect to its bank indebtedness and long-term debt, which bear interest at 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 $166,000 (2014 - $98,000). Exposure to interest rate risk is managed through normal operating and financing activities and the Company has not entered into interest rate swaps or similar financial instruments.

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

22. Financial instrument risk management (continued)

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, 2015, resulted in the recognition of a risk management asset of $731,926 (2014 - $1,404,132).

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	$19,574,260
3 - 12 months	$16,535,013
1 - 5 years	$10,896,114

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

23. Classificiation and fair value of financial instruments and inventories

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

Accounts receivable are classified as loans and receivables and are recognized at amortized cost which approximates fair value. Bank indebtedness, accounts payable and accrued liabilities, income taxes payable and long-term debt are classified as other financial liabilities and are initially recognized at fair value and subsequently carried at amortized cost which approximates fair value.

Long-term investments of privately held available for sale equity securities, as described in Note 3, 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.

Inventories include grain inventories which as described in Note 3 are fair valued. Grain inventories include both commoditiy inventories and grain purchase and sales contracts which are forward derivatives. They are classified as held for trading and the fair value is based on observable inputs other than quoted prices.

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.

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.

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 following tables present the assets and liabilities measured at fair value classified by the fair value heirarchy

SOUTH WEST TERMINAL LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

23. Classificiation and fair value of financial instruments and inventories (continued)

March 31, 2015

	Level 1	Level 2	Level 3
Accounts receivable	$ -	$ 22,772,072	$ -
Grain inventories	-	7,954,930	-
Grain purchase and sales contracts	-	6,950,506	-
Risk managment assets	731,926	-	-
Accounts payable and accrued liabilities	-	25,892,105	-
Income taxes payable	-	2,439,401	-
Long-term debt	-	16,601,820	-

March 31, 2014

	Level 1	Level 2	Level 3
Accounts receivable	$ -	$ 20,522,071	$ -
Grain inventories	-	7,743,511	-
Grain purchase and sales contracts	-	460,532	-
Risk management assets	1,404,132	-	-
Bank indebtedness	-	8,972,155	-
Accounts payable and accrued liabilities	-	21,248,039	-
Income taxes payable	-	1,371,969	-
Long-term debt	-	6,583,702	-

24. Subsequent events

Subsequent to the year end, the Company agreed to refinancing terms with Farm Credit Canada in respect to its Farm Credit Canada variable interest rate less .5% term loan, extending the term and fixing the interest rate.

Also subsequent to year end, the Company agreed to refinancing terms with Scotiabank in respect to its demand loan, extending the term and fixing the interest rate.

As well subsequent to year end, the Company agreed to terms for the replacement of the existing terminal office building at the Gull Lake location, committing to approximately $1,665,000 in proprety, plant and expenditures in the 2016 fiscal period.

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South West Terminal Ltd.

Annual Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") was prepared as of June 15, 2015 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, 2015 and draw comparisons to previous fiscal years. More detailed explanations of certain technical issues may be found in the March 31, 2015 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)	2015	2014	Better (Worse)
Total Revenue	**149,984**	129,792	20,192
Cost of Sales	**126,827**	118,892	(7,934)
Gross Profit	**23,157**	10,900	12,257
Operating, General and Administrative Expenses	**5,040**	3,838	(1,157)
Total Grain Shipped (tonnes)	**434,080**	399,514	34,566
Grain Shipped to the CWB (tonnes)	**5,152**	20,526	(15,374)
Grain Shipped to Other Markets (tonnes)	**428,928**	378,988	49,940

Total revenue from grain handling for the year ended March 31, 2015 was $149,983,600, an increase of $20,191,758 compared with the prior year. The Company shipped slightly less than 435,000 metric tonnes at higher average prices than the previous fiscal year, resulting in higher grain revenue overall. The average price of grain shipped was increased in the cereals markets, specifically the durum market where historical highs were witnessed. Most other grain prices stayed relatively steady or increased slightly in comparison to last year. Shipments of grain to the Canadian Wheat Board ("CWB") declined as a percentage of overall shipments; the 5,152 metric tonnes of grain shipped to the CWB in fiscal year 2015 represents the lowest amount ever for the Company as more farmers opted to market directly to the Company.

Total grain shipped grew by 34,566 metric tonnes as durum led the way with a large increase of 58,873 metric tonnes, with other commodities experiencing either modest gains or losses. The southwest Saskatchewan growing region was once again fortunate with average to above average yields, due in large part to very timely rains. The unfortunate piece to this growing season was the crop quality, but the high prices made up for the difference. The Company continued an aggressive approach to grain marketing, which contributed significantly to the tonnage increase achieved in the past fiscal year. As well, the Company focused on its relationship with the Canadian Pacific Railway to ensure marketing opportunities were met for both export position and domestic users.

The Company's record grain shipments total of 434,080 metric tonnes surpassed expectations, with the budget for the year pegged at 370,557 metric tonnes. The Company worked with its relationships within the industry to secure adequate empty trains to keep up with the aggressive pursuit of sales opportunities and 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 grain handling expenses grow to $5,039,738 in 2015 from $3,838,492 in the prior year.

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1.2 Crop Inputs

Crop Inputs For the years ended March 31 ($thousands)	2015	2014	Better (Worse)
Total Revenue	**97,983**	91,233	6,750
Cost of Sales	**86,297**	81,280	(5,017)
Gross Profit	**11,686**	9,953	1,733
Operating, general and administrative expenses	**3,825**	3,294	(531)
Operating Highlights			
Seed Sales	**4,360**	4,866	(506)
Crop Nutrient Sales	**44,180**	36,744	7,436
Crop Protection Sales	**38,946**	39,502	(556)

Total revenue from crop inputs for the year was $97,982,754, an increase of $6,750,125 compared with the previous fiscal year. Despite slightly lower top line results for the Company's seed and crop protection product lines, SWT's crop inputs division experienced significant revenue growth on the back of a 20% increase in year over year fertilizer sales. Relatively high farmgate prices have led to intensified crop nutrition practices which, when coupled with slightly higher fertilizer prices and an expanded reach, helped to produce the result witnessed in the past year. Counting a fertilizer warehouse facility which is currently under construction among its assets, the Company looks to take advantage of this current trend of increased fertilizer use and will look to add to its existing asset base where feasible.

Sales of crop nutrients increased by $7,435,834 from $36,743,958 to $44,179,792 in the 2014-2015 fiscal year; as there was no notable spike in fertilizer prices due to a number of factors such as reduced natural gas costs, this gain can be largely attributed to the Company's expanded infrastructure, greater market penetration and increased demand in SWT's market area. Volume grew from 65,022 tonnes a year ago to 75,317 tonnes in fiscal 2015, and the average price per tonne sold also increased to $586.58 from $565.10, making revenue substantially higher overall.

Seed sales were off slightly in the most recently completed fiscal year, with revenue totalling $4,359,796, representing a decrease of $506,498 versus the results achieved in fiscal 2014. Sourcing quality seed worthy of the Company's brand was extremely difficult in the past year; untimely rains and frost damaged seed crops, affecting seed vigour and germination levels. The occurrence of diseases such as fusarium head blight was also widespread, further limiting the eligible supply of cereal seed stocks. While sales of bulk seed may have suffered from these events, with SWT's Gull Lake location feeling most of the impact, relatively strong sales of bagged seed (predominantly canola) prevented a precipitous drop in overall seed revenue.

Sales of crop protection products decreased by $555,296 to $38,946,297 for the year ended March 31, 2015 compared to the prior year. The decline in crop protection revenue was to a great extent due to lower product prices. While the Company maintained upward pressure on metrics such as gross profit and margin, it passed a sizeable portion of the cost savings onto its customers in an effort to remain competitive in the marketplace. This tactic proved successful as volumes sold nearly made up for lower chemistry pricing in the determination of overall sales revenue.

The expenses associated with crop inputs increased to $3,824,731 in 2015, moving in stride with the growth in sales experienced in the same period. Higher staffing costs associated with the Company's expanded operations network and its push to increase traction in the market played a part in the rise in expenses related to crop inputs. The percentage growth of expenses outstripped that of sales in the past fiscal year, a phenomenon which may continue in the short-term. As in the past, providing its customers with the ability to charge purchases to their credit cards contributed to the transaction processing costs the Company experienced in fiscal 2015. This flexibility is, however, greatly enjoyed by SWT's customers and is likely to stay as part of the Company's service offering due to the additional advantage of offloading the credit risk associated with crop inputs sales.

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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)	**2015**	2014	2013
Total Revenue	**247,966**	221,024	185,024
Operating, general and administrative expenses	**8,864**	7,132	6,125
EBITDA	**25,978**	13,720	9,223
Depreciation and amortization	**1,344**	1,307	1,094
EBIT	**24,634**	12,413	8,129
Interest on long-term debt	**448**	360	421
Provision for income taxes			
Current portion	**5,875**	2,775	1,733
Future portion	**105**	248	151
Income for the period	**18,206**	9,030	5,824
Earnings per Share	**576.45**	285.92	184.40
Total Assets	**101,854**	77,962	68,401
Total Long-Term Financial Liabilities	**9,390**	5,637	5,994
Dividend Declared			
Class B	**36.00**	30.00	12.00
Class C	**36.00**	30.00	12.00

Total sales and services revenue increased by $26,941,883 in the twelve months ended March 31, 2015. Growth was predominantly representative of SWT's ability to capitalize upon the market opportunities presented to it in the past year. The Company emphasized a competitive offering to customers in its market area and positioned itself as a reliable originator of commodities in a year in which many supply chains were tested and broken. Although this increase may seem modest in comparison to last year's year over year growth of $36,000,387, that result was bolstered by higher prices for grains other than durum (canola and pulses in particular) and the effect of a continued transition out of the CWB environment into one in which the Company could develop and expand upon its own market opportunities.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") were $25,978,307 in the year most recently completed as compared to $13,720,105 in the year prior. Margins again grew in both segments on higher sales than in the previous year. Of particular note was the climb in grain margins to 14.69% versus the 8.40% which was achieved previously, aided by historically high prices for durum wheat. Crop inputs margins also inched higher as the Company was able to extract additional value out of fertilizer stocks which were purchased in advance; the product mix sold in the year ended March 31, 2015 was also more conducive to higher margin levels.

Total operating, general and administrative expenses increased by $1,732,007 in 2015 as the costs associated with higher sales volumes crept upward; transaction processing fees, brokerage fees and expenses associated with account write offs and collection all edged higher. Plant and equipment maintenance and repair expenditures also increased as the Company continued to invest in the longevity of its assets over the past year.

In fiscal year 2015, earnings before interest and taxes ("EBIT") were $24,633,965 compared to $12,412,739 previously, and increased for the reasons described above. Depreciation and amortization expense increased very slightly, by $36,976 in the fiscal year ended March 31, 2015 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 ($thousands)	2015	2014	Better (Worse)
Interest on:			
Long-term debt	**417**	325	(92)
Short-term debt	**31**	34	3

Short-term interest costs for the 2014-2015 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 $30,570 in the year just completed.

Long-term interest costs increased compared to the prior year as the Company continues to add fixed assets; $12,687,866 in property, plant and equipment was purchased in the fiscal year ended March 31, 2015, made up primarily of the fertilizer warehouse and blending facility which is under construction. This resulted in rising interest costs due to the associated financing. Interest costs are expected to rise at least in the near future as SWT looks for new opportunities to add to its market presence and makes a full 12 months' worth of interest payments against currently outstanding loan balances.

2.3 *Net Income for the Period*

Net income of $18,206,169 ($576.45 earnings per share) in the year just completed exceeded the previous year's total of $9,030,105 ($285.92 earnings per share) by $9,176,064.

2.4 *Summary of Semi-Annual Financial Information*

Selected Semi-Annual Financial Information For the six month periods ended ($thousands – except per share amounts)	March 31, 2015 (unaudited)	September 30, 2014 (unaudited)	March 31, 2014 (unaudited)	September 30, 2013 (unaudited)
Total Revenue	**128,914**	119,052	94,214	126,810
Net Income	**9,608**	8,598	5,429	3,601
Earnings per share	**304.21**	272.24	171.90	114.02

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.

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3. Liquidity and Capital Resources

3.1 Sources and Uses

3.1.1 Working Capital

Current assets reached $71,790,772 at March 31, 2015, amounting to an increase of $13,445,774 when compared to March 31, 2014, with cash and inventories accounting for most of the difference. Also contributing to the increase is trade receivables that grew to $22,772,072 from $20,522,071 a year earlier on the back of grain and crop inputs sales volume increases. Unrealized mark to market gains on open contracts in inventory is a major contributor to the increase on a year over year period rising from $460,531 to $6,950,506. Seed inventory also increased almost $2,000,000 due to the early seeding season of the 2015-16 crops. In total, crop inputs inventories grew $1,935,165 to $24,691,471 at March 31, 2015, while physical grain inventory jumped to $14,905,436 from $8,204,043 a year ago. Larger inventories of more expensive grains – principally durum, and the timing of grain shipments in and around the year-end date versus the prior year were the primary factors contributing to higher grain inventory values as of March 31, 2015.

Current liabilities were $35,543,529 at the end of the year, up $3,004,375 from the previous fiscal year on a large increase in current portion of long term debt, accounts payable, income tax payable and a smaller decrease in bank indebtedness. Current portion of long term debt increase of $6,265,032 is directly related to the borrowing for the fertilizer warehouse and blending facility. Income tax payable increase of $1,067,432 is almost double the $1,371,969 from the prior year as is the net income for the Company just over doubled. Accrued accounts payable include producers' grain on contracts that has been priced, delivered and included in inventory, this amount was greater than the prior year by $3,863,686 and the Company held an increase in liability of deferred cash settlements of just over $800,000. Seasonal borrowing against the Company's margined line of credit with the Royal Bank of Canada ("RBC") peaked at the start of this fiscal year and then decreased to nil at the year end, resulting in the year over year decrease of $8,972,155. In regards to taxes payable, the instalments SWT made throughout fiscal 2014 fell short of what the Company owed by $1,371,969; the same can be said for the current year with a balance of $2,439,401 yet to be paid in federal and provincial taxes.

In the end, working capital was $36,247,243 at the end of the 2014-2015 fiscal year compared to $25,805,844 at March 31 of the prior year.

3.1.2 Cash Flow

Cash flow from continuing operations was $14,096,696 for the year ended March 31, 2015 versus $2,446,356 the previous year. Offsetting the cash used up in increases in accounts receivable and inventories, is the operating cash generated from net income and the increase in accounts payable discussed in the working capital section above. This allowed total cash flow for the year to increase.

3.1.3 Capital Requirements

The main focus of new projects undertaken in the year most recently concluded was the fertilizer warehouse and blending facility located at Gull Lake. The facility once completed will have a storage capacity of 47,000 metric tonnes. The in progress asset amounted to $11,286,104 and was not operational as of the end of this fiscal year. The Company will continue to complete the fertilizer facility and expects the facility be fully operational in the first quarter of the 2015-16 fiscal year. Additionally the company undertook some large technology upgrades amounting to an increase in computer equipment and software costs of $340,640. SWT has since year-end entered into a lease arrangement with Scotiabank for an estimated $2,200,000 in total to be spent on the office expansion project. It is also in the Company's plans to spend roughly $2,400,000 to add an additional crop inputs location in the Wymark area. This will also likely be financed in the form of term debt. SWT has engaged in locking in rates for the fertilizer warehouse with a BA and swap all in rate from Scotiabank in the amount of 3.48%, also a locked in 10 year fixed term loan with FCC at a rate of 4.5% with the total project still estimated to come in around $16,000,000 of financing used. The Company also maintains a base capital program. In the current fiscal year the Company expended $1,465,569 of the budgeted $1,300,000 set aside to continue upgrading the Company's various grain and crop inputs facilities. In the prior year the Company expended $653,328 for such capital maintenance. In the 2015 fiscal year, the Company's repairs and maintenance expenditures amounted to $288,308, an increase of $76,365 over the prior year. Significant funds were expended in the maintenance of the Company's grain assets amounting to an increase of $78,495 over fiscal 2014, while the dollar value of work undertaken on SWT's principal crop input assets actually declined in the most recent fiscal year. Capital maintenance expenditures and repairs and maintenance expenses 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 April 2014 at $9,130,000.

SWT finances its grain and crop input inventories via a secured operating line. The Company also enters into commercial transactions with grain customers wherein a percentage of the value of grain shipped (typically 80-90%) is advanced to SWT; reconciliation occurs when unload weights are established and a final determination of grade is reached. Certain crop protection products are also eligible for supplier rebills, easing the immediate capital requirements of the Company. Product is "rebilled" when it remains in SWT's inventory but payment is deferred and pricing left unfixed until the following season, at which time it is paid for by SWT once reported as part of the Company's sales. These programs provide an incentive to retailers like SWT to maintain adequate stock levels and are one example of the push marketing strategies employed by wholesalers and manufacturers to increase relative market share.

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, 2015 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, 2015 increased to $128,914,657, as compared to the $94,214,584 in the previous year. While increased fertilizer tonnes (33,997 tonnes in the last 6 months of the prior fiscal year compared to 40,242 tonnes in the last 6 months of this fiscal year) may have contributed to the crop inputs increase in revenue to some degree, SWT managed a respectable $45,051,197 in sales, an increase over the six months ended March 31, 2014 of $12,525,643. On the grain side, the Company improved shipping more tonnes in the October to March window than it did in the prior year, shipping 213,056 in the six month period ended March 31, 2015 versus 202,533 in the comparison year; grain revenue for the period also increased, jumping from $61,689,029 to $83,863,460.

Total operating, general and administrative expenses for the semi-annual period ended March 31, 2015 increased $612,601 on rising staffing and transactions costs.

Net income of $9,608,000 for the six month period ended March 31, 2015 was $4,179,000 greater than the $5,429,073 in the same period of the previous fiscal year. Higher margins on a generally larger volume of transactions conducted by the Company in the period produced 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, 2015 was $345,637 (2014 - $63,641).

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 2015, a net foreign exchange gain of $29,762 (2014 - $275,251) 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 $166,000 (2014 - $98,000). Exposure to interest rate risk is managed through normal operating and financing activities as of March 31, 2015 the Company had 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, 2015 resulted in the recognition of a risk management asset of $731,926 (2013 - $1,404,132).

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, 2015, SWT made sales of grain to and received other income from Cargill amounting to $32,811,359; purchases of products and services in the amount of $37,193,068 were also made from Cargill in the same period.

The Company purchased 18,642 (2014 -17,503) tonnes of grain from directors with an aggregate value of $4,112,714 (2014 - $5,107,729) and directors purchased crop inputs in the amount of $3,127,137 (2014 - $2,929,610), 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 are classified as loans and receivables and are recognized at amortized cost. Accounts payable and accrued liabilities, income taxes payable 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.

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

SWT 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: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market 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.

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.

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COMMUNITY INVOLVEMENT

SWT Sportsman Dinner 2015 Hazenmore a Success!!!

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$30,000 Raised !!!

The total amount raised from the SWT Hazenmore Sportsman Dinner was $20,000.

SWT also donated an additional $10,000.

The proceeds from this funder raiser will go to the following:

$15,000 - Kincaid & District Fire Hall

$15,000 - Kincaid & District Skating Rink

Thank You to everyone who helped to make this event a success!

COMMUNITY INVOLVEMENT

ABBEY CURLING CLUB
ARNAL BROTHERS MEMORIAL
AUTUMN HOUSE INDEPENDENT LIVING
CADILLAC CENTENNIAL COMMITTEE
CAMPS GOLF TOURNAMENT
CANADIAN DIABETES ASSOCIATION
CEREALS NORTH AMERICA
CROHN'S AND COLITIS CANADA
EASTEND RINK COMPLEX
FCC DRIVE AWAY HUNGER
FIELD OF DREAMS
FRENCHMAN RIVER GOSPEL JAM
GULL LAKE & DISCRICT CHRISTMAS HAMPER
GULL LAKE & DISTRICT REC COMPLEX
GULL LAKE BALL DIAMONDS
GULL LAKE BANTAM GREYHOUNDS
MEADOW DALE GOLF COURSE
GULL LAKE GRADUATION CLASS 2015
GULL LAKE GREYHOUND MIDGETS
GULL LAKE GREYHOUNDS
GULL LAKE LEGION
GULL LAKE LYCEUM THEATRE
GULL LAKE VAN INC.
HAZLET ECONOMIC DEVELOPMENT
KINCAID ARENA
KINCAID BALL DIAMOND
KINCAID FIRE DEPT
KINCAID MAROONS
MANKOTA RODEO CLUB
MS SOCIETY OF CANADA
RED CROSS ANTI BULLYING
REGINA THUNDER FOOTBALL CLUB
ROCK SOLID REFUGE INC
RUN FOR THE HILLS
SANDHILL ROPING CLUB
SASKATCHEWAN HIGH SCHOOL RODEO ASSOCIATION
SHAUNAVON COOPERATIVE PLAYSCHOOL BOARD
SHAUNAVON RANCH RODEO
SHAUNAVON RODEO ASSOCATION
SHAUNAVON SENIOR BADGERS
SHRINE CIRCUS
SOUTHWEST CYCLONES
SWIFT CURRENT & DISTRICT CHAMBER OF COMMERCE
SWIFT CURRENT BRONCOS
SWIFT CURRENT LEGIONAIRES
SWIFT CURRENT PEE WEE BRONCOS
TEAM WOOD TITLE SPONSORSHIP
TOMPKINS HERITAGE COMMUNITY
TOWN OF EASTEND TRAIL FUND
VAL MARIE RECREATION BOARD
VANGUARD REC BOARD
WALDECK SCHOOL
WHEATLAND CONSERVATION AREA

SWT
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COMMUNITY INVOLVEMENT

SWT & FCC Drive Away Hunger 2014 Another Success!!!

Thank You!

SWT Producers raised $12,686.07
through their support of the 2014
Drive Away Hunger Campaign

SWT matched this amount for a total of $25,372.14
All proceeds are donated to the Swift Current
Salvation Army Food Bank.

fcc Farm Credit Canada Canadä

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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 2015 Ken Logan Memorial Scholarship was awarded to Jaymes Dutton

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 2015 Gratton Murray Memorial Scholarship was awarded to Shaylynda Hunter

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 2015 Cameron Williamson Memorial Scholarship was awarded to both
$500 Kaylee Duncan
$500 April Haggart

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2014 - 2015

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