# INTERIM FINANCIAL STATEMENT

South West Terminal Ltd.

September 30, 2015

*(Unaudited - Prepared by Management)*

**South West Terminal Ltd.**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *As at* <br> *(Unaudited - Prepared by Management)* | **September 30, 2015** | (Audited) March 31, 2015 | September 30, 2014 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash | **$ 17,110,537** | $ 2,066,005 | $ 3,516,750 |
| Cash held in trust (Note 4) | **1,381,409** | 1,082,826 | - |
| Accounts receivable (Note 5) | **30,998,778** | 22,772,072 | 25,414,248 |
| Inventories (Note 6) | **40,700,149** | 39,596,907 | 29,762,484 |
| Risk management assets (Note 17) | **559,347** | 731,926 | 1,390,429 |
| Income taxes receivable | **557,356** | - | - |
| Prepaid expenses | **2,750,054** | 5,541,036 | 2,747,752 |
| | **94,057,630** | 71,790,772 | 62,831,663 |
| Long-term investments (Note 7) | **203,800** | 203,800 | 203,800 |
| Property, plant and equipment (Note 8) | **37,531,487** | 29,719,922 | 23,021,377 |
| Goodwill | **140,000** | 140,000 | 140,000 |
| | **$ 131,932,917** | $ 101,854,494 | $ 86,196,840 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Bank indebtedness (Note 9) | **$ -** | $ - | $ - |
| Accounts payable and accrued liabilities (Note 10) | **51,303,669** | 25,892,105 | 29,279,314 |
| Income taxes payable | **-** | 2,439,401 | 1,004,127 |
| Current portion of long-term debt (Note 11) | **1,609,946** | 7,212,023 | 969,031 |
| | **52,913,615** | 35,543,529 | 31,252,472 |
| Long-term debt (Note 11) | **17,215,237** | 9,389,797 | 7,718,475 |
| Interest rate swap obligation (Note 12) | **367,343** | - | - |
| Deferred revenue (Note 13) | **430,213** | 452,226 | 469,667 |
| Deferred income taxes | **1,054,091** | 1,054,091 | 949,286 |
| | **71,980,499** | 46,439,643 | 40,389,900 |
| **Shareholders' equity** | | | |
| Share capital (Note 15) | **182,690** | 182,690 | 182,690 |
| Retained earnings | **59,769,728** | 55,232,161 | 45,624,250 |
| | **59,952,418** | 55,414,851 | 45,806,940 |
| | **$ 131,932,917** | $ 101,854,494 | $ 86,196,840 |

**South West Terminal Ltd.**

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

*For the six month period ended September 30,*
*(Unaudited - Prepared by Management)*

| | 2015 | 2014 |
|---|---|---|
| **Revenue** | | |
| Sales | $ 154,954,525 | $ 119,051,697 |
| Other | 459,882 | 741,954 |
| | 155,414,407 | 119,793,651 |
| **Cost of sales** | 141,196,359 | 103,805,670 |
| **Gross profit** | 14,218,048 | 15,987,981 |
| Depreciation | 863,316 | 627,197 |
| General and administrative | 4,575,287 | 4,128,998 |
| Unrealized loss on interest rate swap | 367,343 | - |
| Interest on long-term debt and bank indebtedness | 165,562 | 208,378 |
| **Income before income taxes** | 8,246,540 | 11,023,408 |
| Income taxes - current | 2,003,491 | 2,425,150 |
| **Net comprehensive income** | 6,243,049 | 8,598,258 |
| Retained earnings, beginning of period | 55,232,161 | 38,162,980 |
| Dividends | (1,705,482) | (1,136,988) |
| **Retained earnings, end of period** | $ 59,769,728 | $ 45,624,250 |
| **Basic and dilutive earnings per share (Note 16)** | $ 197.67 | $ 272.24 |

**South West Terminal Ltd.**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*As at*

| *(Unaudited - Prepared by Management)* | SHARE CAPITAL | RETAINED EARNINGS | TOTAL EQUITY |
|---|---|---|---|
| As at March 31, 2015 | 182,690 | 55,232,161 | 55,414,851 |
| Net comprehensive income for the period | | 6,243,049 | 6,243,049 |
| Dividends | | (1,705,482) | (1,705,482) |
| **As at September 30, 2015** | $ 182,690 | $ 59,769,728 | $ 59,952,418 |
| | | | |
| As at March 31, 2014 | 182,690 | 38,162,980 | 38,345,670 |
| Net comprehensive income for the period | | 8,598,258 | 8,598,258 |
| Dividends | | (1,136,988) | (1,136,988) |
| **As at September 30, 2014** | $ 182,690 | $ 45,624,250 | $ 45,806,940 |

**South West Terminal Ltd.**

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six month period ended September 30,*
*(Unaudited - Prepared by Management)*

| | 2015 | 2014 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net comprehensive income | **$ 6,243,049** | $ 8,598,258 |
| Items not affecting cash: | | |
| Unrealized loss on interest rate swap | **367,343** | - |
| Depreciation | **863,316** | 627,197 |
| | **7,473,708** | 9,225,455 |
| Net changes in non-cash working capital items related to operations: | | |
| Deposits to cash held in trust | **(298,583)** | - |
| Accounts receivable | **(8,226,706)** | (4,892,177) |
| Inventories | **(1,103,242)** | 1,197,865 |
| Risk management assets | **172,579** | 13,703 |
| Prepaid expenses | **2,790,982** | 2,710,694 |
| Accounts payable and accrued liabilities | **25,411,564** | 8,031,275 |
| Income taxes payable | **(2,996,757)** | (367,842) |
| Deferred revenue | **(22,013)** | (21,773) |
| | **23,201,532** | 15,897,200 |
| **Cash flows used in investing activities** | | |
| Purchase of property, plant and equipment | **(8,674,881)** | (5,213,611) |
| Sale of investments | **-** | 838,500 |
| | **(8,674,881)** | (4,375,111) |
| **Cash flows used in financing activities** | | |
| Repayment of long-term debt | **(691,181)** | (469,296) |
| Issuance of long-term debt | **2,914,544** | 2,573,100 |
| Payment of dividends | **(1,705,482)** | (1,136,988) |
| | **517,881** | 966,816 |
| **Net increase in cash during the period** | **15,044,532** | 12,488,905 |
| Cash (Bank indebtedness), beginning of period | **2,066,005** | (8,972,155) |
| **Cash, end of period** | **$ 17,110,537** | $ 3,516,750 |

# South West Terminal Ltd.
# Notes to the interim Financial Statements
# September 30, 2015

## 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, Cabri, Hazenmore and Shaunavon Saskatchewan. The Company as of July 2015 is now operating a fully functional fertilizer warehouse from its location at Antelope.

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 and postal address as Box 719, Gull Lake, Saskatchewan, Canada, S0N 1A0.

## 2. Basis of preparation and statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

These unaudited interim consolidated financial statements were approved by the Board of Directors on October 29, 2015.

The notes herein include only significant transactions and events occurring since the Company's last fiscal year end, and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and interpretations by the International Financial Reporting Committee (IFRIC). Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements as at and for the year ended March 31, 2015 and the notes therein.

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

## 3. Significant accounting policies

The unaudited interim consolidated financial statements were prepared using the same accounting policies as in the annual consolidated financial statements for the year ended March 31, 2015.

## 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**

| | September 30, 2015 | September 30, 2014 |
|---|---|---|
| Accounts receivable relating to grain held on account of the CWB | $ 0 | $ 1,479,369 |
| Trade and other receivables | 31,141,475 | 24,068,798 |
| Allowance for doubtful accounts | ( 142,697) | (133,919) |
| | **$ 30,998,778** | **$ 25,414,248** |

| | September 30, 2015 | September 30, 2014 |
|---|---|---|
| Current | $ 29,009,505 | $ 20,822,733 |
| 30 days | 157,172 | 29,526 |
| 60 days | 657,417 | 2,488,377 |
| Over 90 days | 1,317,381 | 2,207,531 |
| Allowance for doubtful accounts | ( 142,697) | (133,919) |
| | **$ 30,998,778** | **$ 25,414,248** |

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**

| | September 30, 2015 | September 30, 2014 |
|---|---|---|
| Grain | $ 11,277,300 | $ 8,714,981 |
| Crop inputs | 29,422,849 | 21,047,503 |
| | **$ 40,700,149** | **$ 29,762,484** |

The amount of inventory expensed and included in cost of sales is $130,571,898 (2014 - $103,673,500). 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.

**7. Long-term investments**

| | September 30, 2015 | September 30, 2014 |
|---|---|---|
| Admiral Grain Co. Inc. | $ 3,800 | $ 3,800 |
| Great Western Railway Ltd. | 100,000 | 100,000 |
| Great Sandhills Railway Ltd. | 100,000 | 100,000 |
| | **$ 203,800** | **$ 203,800** |

**8. Property, plant and equipment**

Cost:

| | Balance at March 31, 2015 | Additions, disposals and transfers | Balance at September 30, 2015 |
|---|---|---|---|
| Buildings | $15,907,566 | $2,847,786 | $ 18,755,352 |
| Cleaners | 1,309,587 | 320,388 | 1,629,975 |
| Computers | 967,047 | 65,960 | 1,033,007 |
| Roads | 954,056 | 11,176 | 965,232 |
| Equipment | 2,759,592 | 635,904 | 3,395,496 |
| Office furniture | 324,135 | ( 224) | 323,911 |
| Plant equipment | 10,547,279 | 2,981,171 | 13,528,450 |
| Railway siding | 2,957,582 | 1,458,326 | 4,415,908 |
| Terminal | 5,920,103 | 68,630 | 5,988,733 |

## 8. Property, plant and equipment (continued)

| | Balance at March 31, 2015 | Depreciation and disposals | Balance at September 30, 2015 |
|---|---|---|---|
| Vehicles | $ 1,053,584 | $ 188,247 | $ 1,241,831 |
| | 42,700,531 | 8,577,364 | 51,277,895 |
| Land | 285,624 | - | 285,624 |
| | **$42,986,155** | **$8,577,364** | **$51,563,519** |

Accumulated depreciation:

| | Balance at March 31, 2015 | Depreciation and disposals | Balance at September 30, 2015 |
|---|---|---|---|
| Buildings | $ 2,060,822 | $ 196,887 | $ 2,257,709 |
| Cleaners | 1,104,898 | 29,531 | 1,134,429 |
| Computers | 660,762 | 70,644 | 731,406 |
| Roads | 260,061 | 23,931 | 283,992 |
| Equipment | 2,078,692 | 134,381 | 2,213,073 |
| Office furniture | 187,415 | (222) | 187,193 |
| Plant equipment | 2,242,303 | 170,807 | 2,413,110 |
| Railway siding | 1,294,549 | 78,500 | 1,373,049 |
| Terminal | 2,577,576 | 95,581 | 2,673,157 |
| Vehicles | $ 799,155 | $ (34,241) | $ 764,914 |
| | **$13,266,233** | **$ 765,799** | **$14,032,032** |

Carrying amount:

| | September 30, 2015 | March 31, 2015 |
|---|---|---|
| Buildings | $16,497,643 | $13,846,744 |
| Cleaners | 495,546 | 204,689 |
| Computers | 301,601 | 306,285 |
| Roads | 681,240 | 693,995 |
| Equipment | 1,182,423 | 680,900 |
| Office furniture | 136,718 | 136,720 |
| Plant equipment | 11,115,340 | 8,304,976 |
| Railway siding | 3,042,859 | 1,663,033 |
| Terminal | 3,315,576 | 3,342,527 |
| Vehicles | 476,917 | 254,429 |
| | 37,245,863 | 29,434,298 |
| Land | 285,624 | 285,624 |
| | **$ 37,531,487** | **$29,719,922** |

Included in plant and equipment are assets not in use of $978,915 (March 31, 2015 – $11,286,104) and therefore no depreciation has been taken on these assets. These assets are related to the new office building. The expected total cost of the completed office project is estimated to be $2,000,000.

## 9. Bank indebtedness

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

## 10. Accounts payable and accrued liabilities

| | September 30, 2015 | September 30, 2014 |
|---|---|---|
| Accrued and other liabilities | $ 31,103,327 | $ 13,279,357 |
| Trade accounts payable | 19,152,973 | 15,261,642 |
| Crop inputs customer deposits | 1,047,369 | 738,315 |
| | **$ 51,303,669** | **$ 29,279,314** |

## 11. Long-term debt

| | September 30, 2015 | September 30, 2014 |
|---|---|---|
| Farm Credit Canada ("FCC") term loan #3, with interest at FCC's fixed rate of 4.5%, repayable in blended monthly instalments of $71,773, secured by land and a general security agreement, due June 2025 | $ 6,799,980 | $ 0 |
| Farm Credit Canada ("FCC") term loan #2, with interest at FCC's fixed rate of 4.8%, repayable in blended monthly instalments of $63,142, secured by land and a general security agreement, due July 2023 | $ 4,943,447 | $ 5,453,667 |
| Scotiabank demand term loan, with a fixed interest rate of 2.48% , repayable in blended monthly instalments of $56,350, secured by a general security agreement, due June 2025 | $ 6,883,300 | $ 0 |
| FCC Advancer loan, with interest at FCC's variable rate less .5%, interest only monthly payments, secured by a general security agreement, due February 2019 | $ 0 | $ 2,573,100 |
| FCC term loan #1, with interest at FCC's fixed rate of 4.304%, repayable in blended monthly instalments of $40,120, secured by land and a general security agreement, due February 2016 | $ 198,456 | $ 660,739 |
| | $ 18,825,183 | 8,687,506 |
| Less current portion | $ 1,609,946 | 969,031 |
| | **$ 17,215,237** | **$ 7,718,475** |

At September 30, 2015, the FCC variable rate was 3.7%.

## 12. Interest rate swap obligation

In order to mitigate the company's risk from variable rates on its long-term debt, the company entered into an interest rate swap to fix the interest rate on the Bank of Nova Scotia term loan. The unrealized loss on the interest rate swap contract during the period was $367,343 (2014- $0) and the aggregate interest rate swap obligation was $367,343 (2014 - $0) based on a bank quotation. The interest rate swap obligation represents the fair value the swap at the end of the period and would be the obligation at that time to exit the interest rate swap transaction. The change to the fair value of the swap is recorded as an unrealized loss or gain in the period in which it occurs.

## 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.

## 14. Contingencies

At September 30, 2015, the Company held 3,922 (March 31, 2015 – 3,501) tonnes of grain inventory, with a value of $1,259,871(March 31, 2015 - $870,458), on behalf of area producers. The Company is contingently liable for the value of this grain. This grain is not included in the Company's inventory.

## 15. Share capital

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

| | September 30, 2015 | March 31, 2015 |
|---|---|---|
| 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 interim period, the Company paid dividends on the Class B and Class C shares in the amount of $54 (2014 - $36) per share for a total of $1,705,482 (2014 - $1,136,988) by way of cash payment.

## 16. Basic and diluted income per share

The basic and dilutive earnings per share have been calculated using the weighted average number of common shares outstanding during the year. Since there are not items of a dilutive nature, the basic and dilutive share amounts are the same. Total basic and dilutive weighted average number of common shares for September 30, 2015 is 31,583 (September 30, 2014 – 31,583).

| | September 30, 2015 | | |
|---|---|---|---|
| | Net comprehensive income | Weighted average common shares | Income per share |
| Basic and dilutive | **$ 6,243,049** | **31,583** | **197.67** |

## 16. Basic and diluted income per share (continued)

| | September 30, 2014 | | |
|---|---|---|---|
| | Net comprehensive income | Weighted average common shares | Income per share |
| Basic and dilutive | **$ 8,598,258** | **31,583** | **272.24** |

## 17. Related party transactions

During the six month period ending September 30, 2015 services with a value of $35,943 (2014 - $35,563) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 3,321 (2014 – 12,417) tonnes of grain from directors with an aggregate value of $1,209,058 (2014 - $2,402,892) and directors purchased crop inputs in the amount of $2,039,264 (2014 - $2,237,441)

During the interim period, the Company made sales of Non-Board Grain and received other income from Cargill, a shareholder in the approximate Canadian dollar amount of $32,282,426 (2014- $8,702,420). The Company also made purchases of product and services from Cargill in the amount of $26,500,819 (2014 - $31,672,214). Included in accounts payable is $7,860,922 (2014 - $8,271,483) due to Cargill.

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

## 18. Segmented information

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

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

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

**September 30, 2015**

| | Grain Handling | Crop Inputs | Total |
|---|---|---|---|
| **Revenue** | **$98,573,660** | **$56,840,747** | **$155,414,407** |
| **Gross profit** | **$8,761,848** | **$5,456,200** | **$14,218,048** |
| Amortization | **$492,964** | **$370,352** | **$863,316** |
| General and administrative | | | **$4,575,287** |
| Unrealized loss on interest swap | | | **$367,343** |
| Interest | | | **$165,562** |
| Income taxes | | | **$2,003,491** |
| **Net earnings** | | | **$6,243,049** |

## 18. Segmented information (continued)

| September 30, 2014 | Grain Handling | Crop Inputs | Total |
|---|---|---|---|
| **Revenue** | **$66,582,836** | **$53,210,815** | **$119,793,651** |
| **Gross profit** | **$10,136,586** | **$5,851,395** | **$15,987,981** |
| Amortization | **$413,485** | **$213,712** | **$627,197** |
| General and administrative | | | **$4,128,998** |
| Interest | | | **$208,378** |
| Income taxes | | | **$2,425,150** |
| **Net earnings** | | | **$8,598,258** |

## 19. Financial instrument risk management

**Credit risk**

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

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

The allowance for bad debt as at September 30, 2015 was $142,697 (March 31, 2015- $345,637)

**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. For the six month period ending September 30, 2015, a foreign exchange loss of $1,410 (September 30, 2014- $3,394) 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. Exposure to interest rate risk is managed through normal operating and financing activities and with interest rate swaps (see Note 12).

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 of the company would increase or decrease interest expense by approximately $0 for the six month period ending September 30, 2015 (2014 - $11,750)

## 19. 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 effect 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 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 September 30, 2015 resulted in the recognition of a risk management asset of $559,347 (March 31, 2015- $731,926).

### Liquidity risk

Liquidity risk arises from the possibility that the Company will not be able to meet its financial debt obligations as they become due or obtain financing 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 for the Company. The Company estimates the following repayment of financial liabilities:

| | |
|---|---|
| Less than 3 months | $ 44,729,359 |
| 3-12 months | $ 8,184,256 |
| 1-5 years | $ 19,066,884 |

South West Terminal Ltd. (SWT)

Interim Management Discussion and Analysis

The following Management Discussion and Analysis ("MD&A") was prepared as of October 27, 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 six month period ended September 30, 2015 and draw comparisons to previous six month period.

## 1. Business Segment Performance

### *1.1 Grain Handling*

| **Grain Handling**<br>For the six month periods ended September 30<br>($thousands – except tonnes) (Unaudited) | **2015** | 2014 | Better (Worse) |
|---|---|---|---|
| Total Revenue | **98,573** | 66,583 | 31,990 |
| Cost of Sales | **89,811** | 56,446 | (33,365) |
| Gross Profit | **8,762** | 10,137 | (1,375) |
| Operating, general and administrative expenses | **2,287** | 2,260 | (27) |
| Total Grain Shipped (tonnes) | **231,604** | 221,024 | 10,580 |
| CWB Grain (tonnes) | - | 943 | (943) |
| Non-CWB Grain (tonnes) | **231,604** | 220,081 | 11,523 |

Total revenue from grain handling for the six month period ended September 30, 2015 was $98,573,660, increasing $31,990,824 compared with the same period in the previous year. The Company shipped slightly more than 231,000 metric tonnes at higher average prices than prices in the previous six-month period, resulting in increased total grain revenue. The average price of all grain shipped was higher as a result of stronger commodity prices with regard to the crops grown in the Company's geographic region. Shipments of grain declined to 0 metric tonnes to the Canadian Wheat Board ("CWB") as the ownership and structure of the CWB changed from a publicly funded government agency to a private entity firm.

Total grain shipped grew by just over 11,500 metric tonnes as durum continues to lead the way with most of the increase, with other commodities experiencing either modest gains or losses. The first six months was a blend of the largest crop produced in Western Canada and an average production year for the 2015 harvest. Considering the near catastrophe with little to no rain for much of the growing season, these formidable production numbers are a direct result of continued improved nutrition practices and excellent growing conditions. This combination coupled with an aggressive approach to grain marketing and grain transportation contributed significantly to the tonnage increase achieved in the first six months. Weaker commodity markets such as oil and coal, attributed to the improved logistics and better than normal shipping plans versus the previous six month period.

As previously mentioned, the increase in revenue for the six-month period ended September 30, 2015 was largely due to an increased commodity price mainly because of the smaller crop on record as compared to the record crop the previous year. The average price per tonne of grain sold during the period ended September 30, 2015 was $425.61 per tonne, while for the same period in the prior year it was $299.15 per tonne.

Expenses related to grain handling for the interim period increased by $27,467 to $2,287,340. The small increase in expenses was mainly through increased staff and temporary office expenses while the new office is under construction.

## *1.2 Crop Inputs*

| **Crop Inputs**<br>For the six month periods ended September 30<br>($thousands) (Unaudited) | **2015** | 2014 | Better (Worse) |
|---|---|---|---|
| Total Revenue | **56,841** | 53,211 | 3,630 |
| Cost of Sales | **51,385** | 47,360 | (4,025) |
| Gross Profit | **5,456** | 5,851 | (395) |
| Operating, general and administrative expenses | **2,288** | 1,869 | (419) |
| Operating Highlights | | | |
| Seed Sales | **4,870** | 4,540 | 330 |
| Crop Nutrient Sales | **15,675** | 14,369 | 1,306 |
| Crop Protection Sales | **36,296** | 34,302 | 1,994 |

Total revenue from crop inputs for the six-month period ended September 30, 2015 was $56,840,747, an increase of $3,629,932 compared with the same period in the previous year. An increase of crop protection products and crop nutrients at the Company's four locations accompanied by higher commodity prices contributed to the increase in sales. Unlike the previous six month period, this period saw producers increase their investment in their crops even though growing conditions weren't as ideal as the year previous; however, the looming increase in commodity prices coupled with a target by the Company to expand the customer base, attributed to the increase.

Crop nutrients sold increased $1,306,008 for the six months ended September 30, 2015 compared to the same period in the prior year. Shipment volumes of both dry and liquid fertilizer to customers increased as the price of grain commodities increased, but the value of the crop nutrients also slightly increased over the year previous. Crop nutrient product prices were slightly higher in the July/August/September months versus the year previous due in part to the devalued Canadian dollar. In the current interim period, 20,702 tonnes of dry fertilizer was shipped to customers, compared to 18,229 in the six-month period ended September 30, 2014. The tonnage of liquid fertilizer handled decreased to 2,882 tonnes in the current interim period from 4,191 tonnes in the prior period.

The average price per tonne of crop nutrients sold during the period ended September 30, 2015 was $664.66 per tonne, compared to $640.92 per tonne in the prior period.

Seed sales increased slightly for the six months ended September 30, 2015 compared to the same period in the prior year. A continued increase in bagged canola seed played a part in the increase in seed sales from 2014. The Company continues to focus on increasing canola seed sales as the marketing trend for canola acres in the trading area continues to increase year over year.

Sales of crop protection products increased 5.8% or $1,993,487 in the interim period ended September 30, 2015 compared to the same period in the prior year. The six-month period increase over this period last year in crop protection sales was largely due to the better growing conditions this spring and summer. Grain commodity prices were stable to slightly higher than the year previous along with a wet fall attributing to a large increase in late summer, early fall applications.

Expenses related to crop inputs grew by $418,822 to $2,287,947 through the second quarter of the current fiscal year compared to the period ended September 30, 2014 of the prior year. The majority of the increase can be attributed to the increased costs of the fertilizer warehouse being fully operational. The Company is also actively expanding on staff to keep customer needs on the forefront and salaries have increased.

## 2. Consolidated Financial Results

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

| **Selected Consolidated Financial Information**<br>For the six month periods ended September 30<br>($thousands – except per share amounts) (Unaudited) | **2015** | 2014 | 2013 |
|---|---|---|---|
| Total Revenue | **155,414** | 119,794 | 126,810 |
| Operating, general and administrative expenses | **4,575** | 4,129 | 3,010 |
| EBITDA | **9,275** | 11,859 | 5,785 |
| Depreciation and amortization | **863** | 627 | 670 |
| EBIT | **8,412** | 11,232 | 5,115 |
| Interest expenses | **166** | 208 | 182 |
| Provision for income taxes | | | |
| Current portion | **2,003** | 2,425 | 1,332 |
| Net Earnings for the period | **6,243** | 8,599 | 3,601 |
| Earnings per Share | **197.67** | 272.24 | 114.02 |
| Total Assets | **131,933** | 86,197 | 73,330 |
| Total Long-Term Financial Liabilities | **19,067** | 9,137 | 6,117 |

The Company's total revenues from sales and services for the six months ended September 30, 2015 increased by $35,620,756 over the same period in the year prior. The reasons for the variance are discussed above under "Business Segment Performance".

Earnings before interest, taxes, depreciation and amortization ("EBITDA") were $9,275,418 compared to $11,858,983 in the prior year. The decrease is largely attributed to the decrease in grain margins shipped over the previous year's record highs. As well, crop nutrient margins began the fiscal year much lower than in previous years. Overall, agriculture commodity margins took a sharp decline as logistics, supply and demand levelled off to more normal year over year economics.

Total operating, general and administrative expenses for the six month period ended September 30, 2015 rose by $446,289 compared to last year. Overall business growth, maintenance and other variable costs such as staffing and utilities contributed to the increase in expenses.

Earnings before interest and taxes ("EBIT"), for the interim period ended September 30, 2015 were $8,412,102 compared to $11,231,786 for the same period in the prior year. Depreciation and amortization expense increased significantly by $236,119 in the period ended September 30, 2015 compared with the same period in the year prior with the new fertilizer warehouse in use and fully depreciating. Also, a substantial upgrade to the railway track was added at the end of August. This asset has provided the Company with the ability to now load grain cars and unload fertilizer cars on 3, full-length unit train tracks. The increase in depreciation is expected to continue as the fertilizer warehouse, track expansion, new office building, and new Wymark crop inputs location begins to be fully depreciated.

## *2.2 Interest Expenses*

| **Interest Expenses**<br>For the six month periods ended September 30<br>($thousands) (Unaudited) | **2015** | 2014 | Better<br>(Worse) |
|---|---|---|---|
| Interest on debt | **166** | 208 | 42 |

Interest costs for the six months ended September 30, 2015 decreased compared to the same period last year as the Company used excess cash flow to fund capital projects until completion. The approximately $2,000,000 new office building is to be financed by a lease thru Scotia Bank and is expected to be completed and locked into a 5 year term lease by the end of November, 2015. The railway expansion project is completed and financing is being finalized on a fixed rate 10-year term with FCC. The full cost of the railway expansion project has not been finalized, but is expected to be around $4,000,000. The operating line of credit with Royal Bank was not used in this 6 month period ending September 30, 2015 which brought interest paid amount down for this period compared to same period last year.

In order to finance the construction of the new fertilizer storage warehouse the Company has converted a variable construction loan with FCC into a 10 year term credit facility with FCC dated effective as of July 1, 2015 in the amount of $6,941,727 (the "FCC Term Loan #3"). The Company also entered into a separate credit facility with Scotia Bank to finance the new fertilizer storage warehouse dated effective as of July 1, 2015 in the amount of $6,941,727 (the Scotia Bank Loan"). The statutory builders lien holdback amount related to this construction project in the amount of $1,381,409, was released to the Company in October, 2015. Both of the Fertilizer Warehouse loans are secured with a mortgage over all of SWT's real property and a security interest over all SWT's personal property. The FCC Term Loan #3 interest rate is fixed at 4.5%, limiting the risk exposure to an interest rate hike. The Company entered into an interest rate swap to fix the interest rate on the Scotia Bank Loan at 2.48%.

The Company did not take advantage of its $17 million outstanding line of credit with the Royal Bank of Canada ("RBC") and interest rate at 3.0%, as excess cash flow kept from falling into the line of credit throughout the six month period. The bank indebtedness with RBC decreased to $0 as of March 31, 2015 and remained there thru to September 30, 2015. The bank indebtedness was used in the prior period but was $0 as of September 30, 2014. The large contingency of cash flow through the first period came through the prompt payment of proceeds through grain sales and the delayed approach by the farmers to cash up their grain. Receivables were collected on terms of 15 days average, whereas payables were paid on average of 45 days. The Company continued to participate in crop input suppliers' prepayment programs in the early period of these interim statements. The turnaround period continued in the same fashion for crop inputs, as stated above.

It is expected the approximate amount of the Company's outstanding short-term debt will begin to experience a seasonal increase through mid-December as prepayments for spring chemical and seed begin to flow in and producers deferred grain cheques begin to be cashed.

## *2.3 Net Earnings for the Period*

Net earnings for the period were $6,243,049 ($197.67 per share), a decrease of $2,355,209 as compared to earnings of $8,598,258 ($272.24 per share) for the same period in the previous year. Earnings of $6,243,049 ($197.67 per share) were still higher than the $3,601,032 ($114.02 per share) recorded in the period ended September 30, 2013. The decrease is attributed to the more industry standard grain margins shipped as compared to the larger than industry standard margins in 2014.

## 2.4 Summary of Semi-Annual Financial Information

| **Selected Financial Information**<br>For the six month periods ended ($millions – except per share amounts)<br>(Unaudited) | September 30, 2015<br>(unaudited) | **March 31, 2015**<br>**(unaudited)** | September 30, 2014<br>(unaudited) | **March 31, 2014**<br>**(unaudited)** |
|---|---|---|---|---|
| Total Revenue | $155 | **$129** | $120 | **$94** |
| Net Earnings from continuing operations | $6.2 | **$9.6** | $8.6 | **$5.4** |
| Earnings from continuing operations per share | $197.67 | **$304.21** | $272.24 | **$171.9** |

The Company's grain handling revenues follow the fluctuation associated with market demand and the ability to match product quality with available market sales. The fluctuations in demand for cereal grains are typically consistent throughout the year limited only by sales opportunities and world product demand.

SWT works closely with growers and end users in order to execute 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, ease of logistics and the increased product supply through the Company's new fertilizer storage warehouse.

# 3. Liquidity and Capital Resources

## 3.1 Sources and Uses

### 3.1.1 Working Capital

Current assets were $94,057,630 as of the six months ended September 30, 2015, an increase of $22,266,858 as compared with the fiscal year ended March 31, 2015 and an increase of $31,225,967 compared to September 2014. The main contributor to the increase is the continued growth in cash. The Company has financed its long-term asset growth and along with strong grain and fertilizer margins, the strength in the current assets continues to increase year over year. The crop inputs business segment was carrying $24,542,133 in accounts receivable as of September 30, 2015 compared to $18,669,620 as of September 30, 2014. This trend will likely continue as growers continue to take advantage of our lower interest financing program and settle their accounts with monies received upon delivery of grains at or immediately following harvest.

Another reason for the variance in current assets is the amounts held as inventory. SWT has begun to increase its fertilizer inventories for the stocking of the fertilizer warehouse for fall sales at the Gull Lake location. Fertilizer inventory was $14,822,528 for the six months ended September 30, 2015 compared to only $1,620,245 in the period ended September 30, 2014. The Company's chemical inventory partially offset the increase in fertilizer by only carrying over $14,496,704 for the current six month period, which is $4,935,178 lower than the $19,404,883 carried at the end of September 2014. Grain inventory has remained relatively constant comparing all three periods. Prepayments have been used up in the six month period ending with a balance of $2,750,054 compared to the March 31, 2015 balance of $5,541,036, as the fertilizer warehouse continues to fill leaving excess cash for other operational needs.

Current liabilities were $52,913,615 as of the six months ended September 30, 2015, up from $31,252,472 from the same period of the prior year and $35,543,529 as of March 31, 2015. The key contributor to the increase is the dollar amount of outstanding priced grain included in inventory but owing to producers was $11,393,862 as of September 30, 2015 compared to $3,894,482 at the end of September 30, 2014 and $9,157,451 at the end of the previous fiscal year, up $9,157,451 and $2,236,411 respectively. Another trend that is increasing the current liabilities is the increase in deferred cash tickets. The dollar amount of deferred tickets was $11,596,586 as of September 30, 2015 compared to $5,016,194 at the end of September 30, 2014. Lastly, the trade payables to crop input suppliers, mostly for additional fertilizer purchased, has increased from $14,799,393 for the six month period ending September 2014 to $21,986,961 in the most recent period.

Working capital was $41,144,015 at the end of the second quarter compared to $31,579,191 for the prior year and $36,247,243 as of March 31, 2015 for reasons discussed in this section.

### *3.1.2 Cash Flow*

Cash flow from continuing operations increased by $15,044,532 in the first six months of the fiscal year. During the same period in the previous fiscal year, cash flow for the Company from continuing operations experienced an increase of $12,488,905. The variance is entirely due to increased accounts payable as discussed above where the increase in deferrals and priced grain sitting on contracts has resulted in an increase in payables of $25,411,564 since March 31, 2014. This trend should continue as growers adapt to the upfront cash flow of the new marketing world. For tax reasons, there may be a higher need for growers to defer continuing into the future. As well, the trade payables are increasing to a level that is required to maintain the seasonal fill of the new fertilizer warehouse. This trend in trade payables should remain closer to constant going forward with only the fluctuation of price per tonne.

### *3.1.3 Capital Requirements*

The Company has recently completed construction of a new bulk fertilizer storage warehouse at the Gull Lake location. As well, the Company added a full additional 112-car unit train railway track to the location to aid in the handling of both fertilizer and grain simultaneously. The company has substantially completed a new office building to accommodate the growth in staff in relation to the growth in operations. The capital requirements for the first six months have been $8,674,881 with approximately $7,000,000 of that amount financed by the fertilizer construction loans discussed in section 2.2. The other capital projects have been financed by cash flow in the interim period; the Company expects to finalize financing terms for such projects by the end of November, 2015 through an FCC 10 year term loan for the rail expansion and a fixed 5 year lease with Scotia Bank for the office building.

The Company also engages in a base capital program. In the previous six month period, $126,594 was expended for such capital maintenance. In the current period, the Company's repairs and maintenance expenditures amounted to $164,414. Capital maintenance expenditures made by the Company are typically financed via working capital.

The Company's operating capital requirements generally fluctuate throughout the year as the Company'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 or end of November. Throughout the full six month period, the Company had no borrowings against its RBC line of credit.

### *3.2 Off-Balance Sheet Obligations and Arrangements*

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

### *3.3 Outstanding Share Data*

The issued and outstanding shares of the Company at September 30, 2015 are summarized in the following table.

| Class of Shares | Number of issued and outstanding Shares |
|---|---|
| B | 17,583 |
| C | 14,000 |

## 4. Risks

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

### *4.1 Weather Risks*

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

### *4.2 Commodity Price Risks*

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 September 30, 2015 resulted in the recognition of a risk management asset of $559,347 (September 30, 2014 - $1,390,429).

### *4.3 Crop Input Price Risks*

The Company also faces the risk of price depreciation between the time crop inputs are purchased and sold. Chemical and seed have a fairly stable price for a year at a time. Fertilizer is the more volatile product for crop inputs. Fertilizer risk is managed closely internally with daily position reports and strict policies on limits that the Company must stay within when taking a long or short position.

### *4.4 Credit Risks*

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 September 30, 2015 was $142,697 (2014 - $133,919).

### *4.5 Currency Risks*

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. For the six month period ending September 30, 2015, a net foreign exchange loss of $1,410 (2014 - $3,394) was recognized in income.

### *4.6 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. Exposure to interest rate risk is managed through normal operating and financing activities and with interest rate swaps.

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 of the company would increase or decrease interest expense by approximately $0 for the six month period ending September 30, 2015 (2014 - $11,750).

### *4.7 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 | $ 44,729,359 |
| 3-12 months | $ 8,184,256 |
| 1-5 years | $ 19,066,884 |

### *4.8 Rail Performance Risk*

The provision of rail service represents a significant operating risk to the Company. Shipping delays due to poor rail service will reduce overall grain shipments and may result in contract delay penalties and vessel demurrage charged to SWT. Poor rail service could have a materially adverse effect on the grain operations and the financial results of the Company.

## 5. Other Matters

### *5.1 Related Party Transactions*

Cargill Limited has invested $1,400,000 in the Company by purchasing 14,000 Class C Shares. The Company has entered into a 25 year grain handling agreement with Cargill which will terminate in January of 2022. The terms of that grain handling agreement are confidential. Year to date, Cargill has purchased $32,282,426 of grain from the Company at commercial rates and terms. The Company also purchased $26,500,819 of crop inputs from Cargill through September 30, 2015 at commercial rates and terms.

The Company provides crop production and grain handling services to related parties including members of the Board of Directors in the normal course of its business at commercial rates and terms. During the six-month period ending September 30, 2015 services with a value of $35,943 were expensed in these financial statements that related to services such as board and committee fees provided to the Company by the Board of Directors. Also, the Company purchased 3,321 tonnes of grain from directors with an aggregate value of $1,209,058 and directors purchased crop inputs in the amount of $2,039,264 at commercial rates and terms.

### *5.2 Financial Instrument Classification and Fair Value*

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

Accounts receivable and income taxes receivable are classified as loans and receivables and are recognized at amortized cost. 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.

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 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 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 hierarchy.

**Fair Value Hierarchy**

| **For the period ended September 30 2015 (Unaudited)** | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Accounts receivable | - | 30,998,778 | - |
| Grain inventories | - | 10,681,171 | - |
| Grain purchase and sales contracts | - | 596,129 | - |
| Risk management assets | 559,347 | - | - |
| Accounts payable and accrued liabilities | - | 51,303,669 | - |
| Income taxes payable/receivable | - | 557,356 | - |
| Long-term debt | - | 18,825,183 | - |
| **For the period ended September 30 2014 (Unaudited)** | | | |
| Accounts receivable | - | 25,414,248 | - |
| Grain inventories | - | 11,252,046 | - |
| Grain purchase and sales contracts | - | 71,901 | - |
| Risk management assets | 1,390,429 | - | - |
| Accounts payable and accrued liabilities | - | 29,279,314 | - |
| Income taxes payable/receivable | - | 1,004,127 | - |
| Long-term debt | - | 8,687,506 | - |

## *6. Use of Non-IFRS Terms*

The EBITDA and EBIT data provided in this MD&A is intended to provide further insight with respect to the financial results of the Company and to supplement its information on earnings as determined in accordance with 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.

## *7. 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 current expectations of the Company 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 genetically 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 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 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.