SWT

2018-19 ANNUAL REPORT

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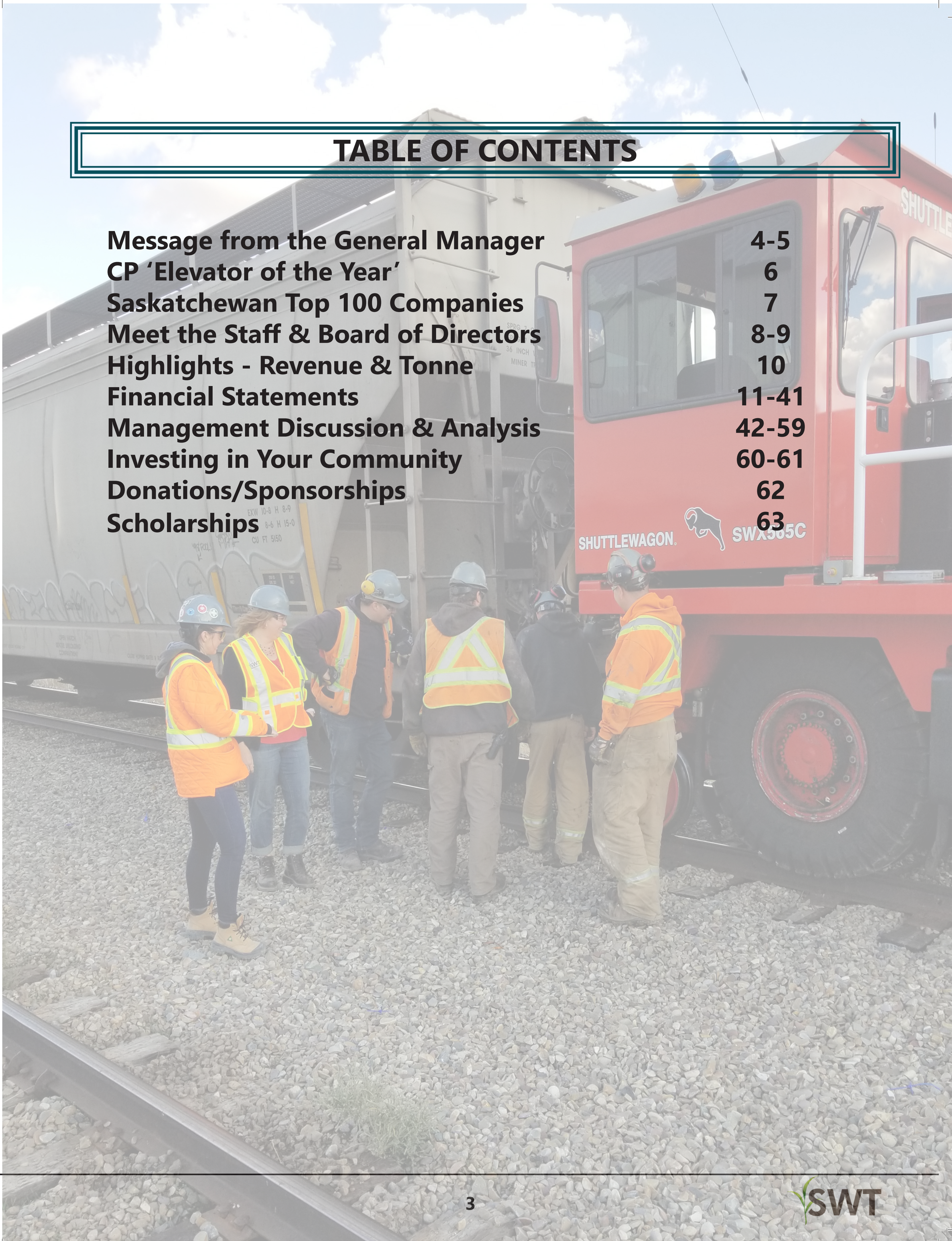


SWT

MESSAGE FROM THE GENERAL MANAGER

Dear stakeholder,

It seems that is was just last month when we sent out our most recent annual report. Time flies when you're having fun – or maybe in this case, time flies when you're waiting patiently for rain. The Ag industry is full of ups and downs, but if you ask any farmer or anyone involved in this industry, you'll get a resounding "it's a way of life". Hard to think that Mother Nature could put a damper on this way of life, but she's sure trying.

We now have one year under our belts with regards to the five-year strategic plan we set out in 2017/18 to ensure SWT continues growing the footprint of the business and works to maximize the existing assets. The past successes and future growth rely on the impact we have on our customers and the employees that execute the plan.

Our plan is focused on these key objectives:

- Maximizing our existing asset capacity and expanding revenue growth
- Develop personalized relationships
- Surpass what customers expect from the typical elevator and retail location
- Improve the cost, quality and cycle times of operating processes
- Support and enhance the safety of people and the environment
- Enhance reputation as a "good neighbor"
- Engage, empower and develop core competencies and skills for employees
- Develop customer data and improve overall information systems

And I couldn't be more pleased with how our team is progressing with achieving these objectives.

In the past 12 months, we improved our safety metrics to where we have now gone over a year with no lost time injuries, improved wait times at the elevator and fertilizer plants, increased staff training, invested back into our communities and devoted capital into new software to better serve our customers and our team.

Even though we have made some strides over the past year, we fully understand there is more work to be done. Anyone in this industry understands that the marketplace has not been kind the past couple years. Rest assured, our team understands how difficult it has been for farmers and the industry in general. Our mission is to help our customers succeed and to ensure that we are a trusted, innovative and customer focused business. We are driven to be the top performer in our marketplace not just for the present, but for the future.

As we look forward to the years ahead, you can expect SWT to keep investing and growing. We believe that growing the business and increasing our customer value is the best way to create value for our shareholders and to ensure a successful future for the customers and employees of SWT.

We have a deep belief that the success of SWT has been the strength and energy of the communities and areas in which we serve. The fact that all of our facilities are located in or near small rural towns in Saskatchewan, verifies that we believe in our communities. Over the past year, we were involved in many donations and charitable work, but most notably were the SWT Sportsman Dinner in Eastend and the SWT Hockey Day in Saskatchewan in Gull Lake. We were very proud to be a small part in the large community event in Eastend where over $50,000 was raised for the Eastend Rink Complex. In Gull Lake, we were a small part of raising over $128,000. Fantastic support by those living in and around these communities – truly inspirational!

CONTINUED

Performance of 2018/19

The second year of the "drought" through the growing season of 2018, once again reminded us that the weather has a significant impact on our industry. Quality and condition of the crop were not of concern, but the yield was significantly hampered due to the very hot and dry conditions.

Sales of crop protection products experienced minimal change year over year as sales once again reached just over $45M, an almost exact comparison to the year previous. However, as cash flow and overall crop protection requirements are concerned, margins slipped 40% from the year previous. Dry fertilizer sales were also very steady as tonnages once again hit 114,000MT for the second straight year. Very positive sales results considering the dry conditions, but margins in the marketplace were severely impacted.

The summer of 2018 was the second full growing year where moisture was minimal for much of the SWT growing region. As such, grain shipments dipped to 443,000MT, a 13% decrease from 2017/18. World stocks continue to exceed the demand, resulting in very weak world prices for most commodities. SWT is heavily focused on the durum market, where competitive pressures and a small crop resulted in margins dropping almost 50% from 2017/18.

Low commodity prices, combined with higher valued input prices, resulted in significant margin erosion for all players in the grain supply chain. Political impact from a global perspective, have been well documented. With that, uncertainty and market fluctuations are almost unpredictable. Commodity prices in Western Canada have been drastically impacted. Will this trend continue? Unfortunately, there are too many factors to aid in that prediction at this point.

The bottom line impact to the business was significant, as net earnings after tax were $3.1M, a 69% decrease over last year's results. The Board and Management continued to manage cash flows over the year by investing back into the business, paying down debt and declaring dividends. In June of 2018 and December of 2018, total dividends were accumulating to $0.85/share providing an approximate 3.2% dividend yield. In terms of our balance sheet, the current ratio has dipped to 1.75:1 versus 1.84:1 a year ago and the debt to equity ratio has increased slightly to 0.97:1 from 0.75:1 this time last year. In the end, SWT's strong balance sheet and a respectable return are small wins in a very challenging year.

In conclusion

We are well on our way in this strategic plan as we continue to grow, invest and improve each and every day. I would encourage anyone who is a partner of SWT to come and talk to any of us and offer your take on how we are doing. Are we meeting or exceeding your expectations, where can we improve or what are we doing well that you want us to continue? We appreciate the feedback and honesty that you provide the business, so please continue.

On behalf of the entire Board of Directors, I would like to reach out and thank our entire staff for the work they have put in over the past year. They are not afraid of change, nor are they afraid to continue striving for greatness. Our staff continues to be fully engaged in the business. Even though the drought extended into a second year, the staff of SWT continued to work hard to ensure our customers were treated with best in class service. Finally, to each of our customers, shareholders and stakeholders – we are all in this together. Your dedication to our business is noticed and is appreciated – thank you.

Best Regards,

Monty Reich

CP ELEVATOR OF THE YEAR - 2018

SWT was chosen as the winner of the inaugural

CP ELEVATOR OF THE YEAR

CP chose the winner based on total volume, participation in CP product & services, loading consistency, and safe, efficient loading of cars.

TOP 100

SWT IS PROUD TO REMAIN ONE OF SASKATCHEWAN'S TOP 100 COMPANIES IN 2018.

RANK	COMPANY	CEO/PRESIDENT	SK EMPLOYEES	CITY	MAJOR SHAREHOLDERS
28	SOUTH WEST TERMINAL LTD	MONTY REICH	67	GULL LAKE	PUBLICLY TRADED

OUR STAFF

SENIOR LEADERSHIP TEAM

Monty Reich	General Manager
Jeff Kirwan	Crop Inputs Manager
Robert Chapman	Grain Manager
Genna Luchenski	Controller

GRAIN SALES & PROCUREMENT

Warren Mareschal	Sales Manager
Ron Cote	Farm Marketing Rep - Antelope
Kent Mickleborough	Farm Marketing Rep - Antelope
Arlene Daniel	Administrative Assistant
Julia Stanford	Administrative Assistant
Denise Anderson	Grain Merchandising Coordinator
Layton Getz	Country Grain Merchant
Gord Willison	Country Grain Merchant - Feed Grains
Heather Camphaug	Farm Marketing Rep - Cabri
Amanda McIntosh	Farm Marketing Rep - Cabri
Stacey Gleim	Farm Marketing Rep - Shaunavon

FINANCE & HUMAN RESOURCES

Shannon Armstrong	Human Resource Coordinator
Benita McMIllan	Senior Accountant
Jasmin Tian	Lead Accountant
Amber Petersen	Accounting Assistant
Pam Gedny	Administrative Lead

GRAIN PLANT OPERATIONS

Kendell Radtke	Plant Manager
Taylor Dutton	Assistant Plant Manager
Jordan Retzlaff	Assistant Plant Manager
Tony Mandel	Plant Operator
Kevin Baumann	Plant Operator
Ryan Wiebe	Plant Operator
Eric Logan	Plant Operator
Felix Ewen-Temoschawsky	Plant Operator

HEALTH & SAFETY

Becky Graham	E,H&S Coordinator

MAINTENANCE

Tyler Flynn	Maintenance Operator
Devon Leduc	Maintenance Operator

CROP INPUTS - ANTELOPE

Cheyenne Arntsen	Operations Manager
Rachelle Foster	Sales & Agronomy Manager
Dave Elviss	Farm Marketing Rep
Corinna Gibson	Logistics Coordinator
Carol Meister	Senior Agrologist

FERTILIZER WAREHOUSE

Justin Isherwood	Plant Manager
Dalton Ferris	Assistant Plant Manager
Joel Butts	Plant Operator
Mark Syer	Plant Operator
Travis Retzlaff	Plant Operator

CROP INPUTS - GULL LAKE

Ryan Service	Farm Marketing Rep/Supervisor
Maegan Melvin	Farm Marketing Rep
Dayton Potter	Farm Marketing Rep
Renee Olson	Administrative Assistant

CROP INPUTS - HAZENMORE

Jeff Dash	Farm Marketing Rep/Supervisor
Brody Loverin	Farm Marketing Rep
Jeff Gilbert	Farm Marketing Rep
Barb Switzer	Administrative Assistant

CROP INPUTS - SHAUNAVON

Stacey Breen	Farm Marketing Reb/Supervisor
Danny Fehr	Farm Marketing Rep
Craig Bymoen	Facility Assistant
Wayne Miller	Facility Assistant
Kathy Wilkins	Administrative Assistant

CROP INPUTS - CABRI

Phillip Gossard	Farm Marketing Rep
Moriah Andrews	Farm Marketing Rep
Mike Wicks	Facility Assistant
Kara Shaw	Administrative Assistant
Bonnie Haley	Administrative Assistant

CROP INPUTS - WYMARK

Gregory Gillis	Farm Marketing Rep
Dawson Tangen	Farm Marketing Rep
Erin Burton	Farm Marketing Rep

OUR STAFF

BOARD OF DIRECTORS

Rhett Allison - Chairman
Rhonda Undseth - President
Daren Caswell - Secretary
Derek Tremere - Director
Blair Louden - Director
Nicole Isfjord - Cargill

Jason McNabb Vice-Chairman
Roland Monette - Vice-President
Jim Opperman - Director
Paul Hazzard - DIrector
Cameron Funk - Cargill

EXECUTIVE COMMITTEE
Daren Caswell Jason McNabb
Rhett Allison Rhonda Undseth
Roland Monette

POLICY, GOVERNANCE AND NOMINATING COMMITTEE
Cameron Funk Jason McNabb
Rhonda Undseth

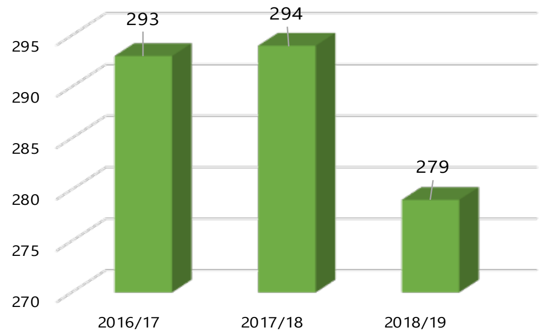
AUDIT AND FINANCE COMMITTEE
Jim Opperman Roland Monette
Nicole Isfjord Paul Hazzard

RISK COMMITTEE
Derek Tremere Blair Louden

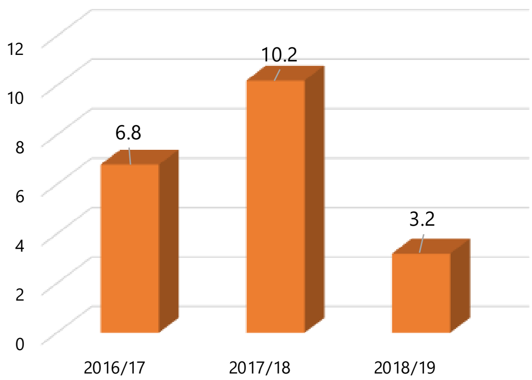
ITAC REP
Derek Tremere Jason McNabb

HIGHLIGHTS - REVENUE AND TONNES

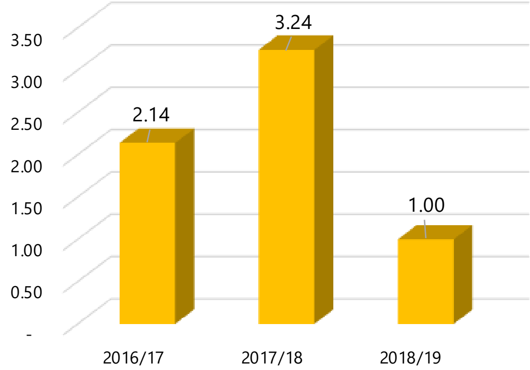
TOTAL GROSS REVENUE ($M)



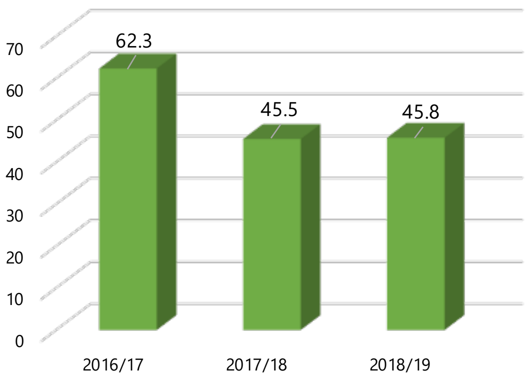
COMPREHENSIVE INCOME ($M)



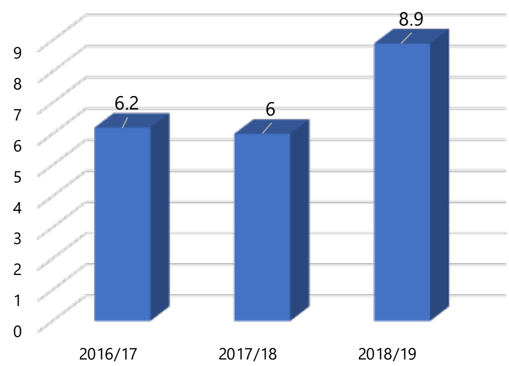
EARNINGS PER SHARE ($)



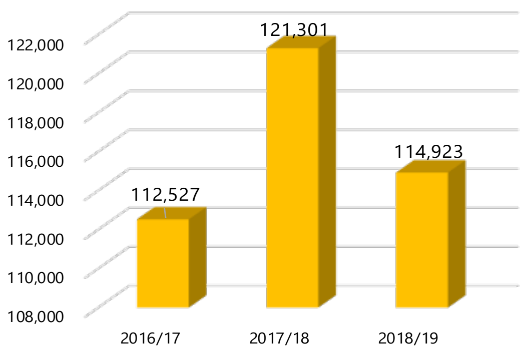
CROP PROTECTION SALES ($M)



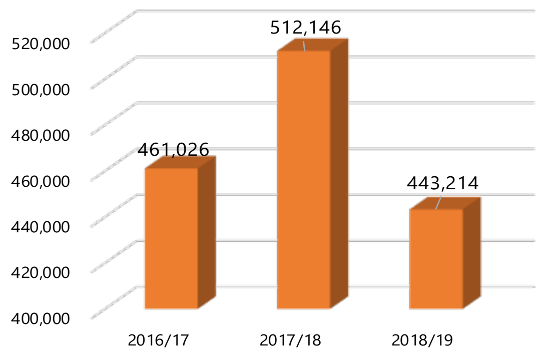
SEED SALES ($M)



CROP NUTRIENTS SHIPPED (MT)



GRAIN SHIPPED (MT)



FINANCIAL STATEMENTS

SOUTH WEST TERMINAL LTD

Consolidated Financial Statements
March 31, 2019 & 2018

South West Terminal Ltd.

Consolidated financial statements
March 31, 2019 and 2018

Independent auditor's report

To the Shareholders of
South West Terminal Ltd.

Opinion

We have audited the consolidated financial statements of **South West Terminal Ltd.** and its subsidiary [collectively, the "Company"], which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion & Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Saskatoon, Canada
June 21, 2019

Chartered Professional Accountants

South West Terminal Ltd.

Consolidated statements of financial position

As at March 31

	2019	2018
	$	$
Assets		
Current		
Cash	**-**	993,314
Accounts receivable *[note 5]*	**29,859,115**	13,775,462
Inventories *[note 6]*	**65,035,086**	63,594,303
Prepaid expenses	**6,132,865**	6,699,405
Income taxes receivable	**1,164,400**	1,217,924
Risk management assets	**13,124**	407,532
Total current assets	**102,204,590**	86,687,940
Long-term investments *[note 7]*	**200,200**	200,200
Property, plant and equipment *[note 8]*	**44,964,185**	46,274,178
Goodwill	**140,000**	140,000
	147,508,975	133,302,318
Liabilities and shareholders' equity		
Current		
Bank indebtedness *[note 9]*	**38,073,726**	15,910,144
Accounts payable and accrued liabilities *[note 10]*	**10,851,355**	13,890,227
Customer deposits	**7,214,198**	10,392,757
Current portion of long-term debt *[note 11]*	**5,784,293**	6,425,740
Current portion of obligation under finance lease *[note 12]*	**501,915**	489,682
Total current liabilities	**62,425,487**	47,108,550
Long-term debt *[note 11]*	**6,352,801**	7,649,502
Risk management liabilities *[note 11]*	**70,388**	6,297
Obligation under finance lease *[note 12]*	**786,665**	1,288,580
Deferred income taxes *[note 13]*	**3,352,191**	3,060,552
Deferred revenue *[note 14]*	**290,457**	330,410
Total liabilities	**73,277,989**	59,443,891
Contingencies *[note 20]*		
Shareholders' equity		
Share capital *[note 16]*	**182,690**	182,690
Retained earnings	**74,048,296**	73,675,737
Total shareholders' equity	**74,230,986**	73,858,427
	147,508,975	133,302,318

See accompanying notes

On behalf of the Board

James Opperman Director

Director

South West Terminal Ltd.

Consolidated statements of income and comprehensive income

Years ended March 31

	2019 $	2018 $
Revenue *[notes 17, 21 & 22]*	**278,824,725**	293,927,451
Cost of sales *[notes 21 & 22]*	**260,198,299**	265,368,215
Gross profit	**18,626,426**	28,559,236
Expenses		
Depreciation	**3,073,247**	2,940,386
General and administrative	**10,022,593**	10,965,142
Interest on long-term debt and bank indebtedness	**1,207,977**	899,808
Loss on sale of property, plant and equipment	**-**	188,444
Unrealized loss (gain) on risk management liabilities	**64,091**	(236,115)
	14,367,908	14,757,665
Income before income taxes	**4,258,518**	13,801,571
Income taxes *[note 18]*		
Current	**815,016**	2,703,236
Deferred	**291,639**	860,798
	1,106,655	3,564,034
Total income and comprehensive income for the year	**3,151,863**	10,237,537
Basic and diluted income per share *[note 19]*	**1.00**	3.24

See accompanying notes

South West Terminal Ltd.

Consolidated statements of changes in equity

Years ended March 31

	Share capital $	Retained earnings $	Total $
Balance, March 31, 2017	182,690	66,438,585	**66,621,275**
Total income and comprehensive income for the year	-	10,237,537	**10,237,537**
Dividends	-	(3,000,385)	**(3,000,385)**
Balance, March 31, 2018	182,690	73,675,737	**73,858,427**
Total income and comprehensive income for the year	-	3,151,863	**3,151,863**
Dividends	-	(2,779,304)	**(2,779,304)**
Balance, March 31, 2019	**182,690**	**74,048,296**	**74,230,986**

See accompanying notes

South West Terminal Ltd.

Consolidated statements of cash flows

Years ended March 31

	2019 $	2018 $
Operating activities		
Total income and comprehensive income for the year	**3,151,863**	10,237,537
Add (deduct) items not involving cash		
Depreciation	**3,073,247**	2,940,386
Deferred income taxes	**291,639**	860,798
Unrealized loss (gain) on risk management liabilities	**64,091**	(236,115)
Loss on sale of property, plant and equipment	**-**	188,444
	6,580,840	13,991,050
Net change in non-cash working capital balances		
Accounts receivable	**(16,083,653)**	7,187,753
Inventories	**(1,440,783)**	(6,157,695)
Prepaid expenses	**566,540**	(1,272,202)
Income taxes receivable	**53,524**	(871,153)
Risk management assets	**394,408**	26,655
Accounts payable and accrued liabilities	**(3,038,872)**	(11,866,051)
Customer deposits	**(3,178,559)**	(4,354,405)
Deferred revenue	**(39,953)**	(940,768)
Cash used in operating activities	**(16,186,508)**	(4,256,816)
Investing activities		
Purchase of property, plant and equipment	**(1,763,254)**	(4,547,287)
Proceeds on disposal of property, plant and equipment	**-**	106,135
Cash used in investing activities	**(1,763,254)**	(4,441,152)
Financing activities		
Proceeds from bank indebtedness	**22,163,582**	15,910,144
Repayment of long-term debt	**(1,938,148)**	(5,411,273)
Repayment of finance lease obligation	**(489,682)**	(477,747)
Dividends	**(2,779,304)**	(3,000,385)
Cash provided by financing activities	**16,956,448**	7,020,739
Net decrease in cash during the year	**(993,314)**	(1,677,229)
Cash, beginning of year	**993,314**	2,670,543
Cash, end of year	**-**	993,314
Supplemental disclosure of cash flow information		
Interest paid	**1,204,942**	899,795
Income taxes paid	**760,989**	3,574,389

See accompanying notes

Notes to consolidated financial statements

March 31, 2019 and 2018

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, Wymark 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, 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 21, 2019.

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 25, 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.

3. Summary of significant accounting policies

The significant accounting 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 from the date of acquisition.

3. Summary of significant accounting policies [continued]

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 are 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

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 the smallest group of assets that generate largely independent cash inflows.

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, 2019, 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.

3. Summary of significant accounting policies [continued]

Revenue recognition

The Company has adopted IFRS 15, *Revenue from Contracts with Customers* ["IFRS 15"] with an initial date of adoption of April 1, 2018. The Company has changed its accounting policy for revenue recognition, which is outlined below. The Company has elected to adopt IFRS 15 retrospectively with the modified retrospective method of transition. Comparative information has not been restated and is reported under IAS 18, *Revenue* ["IAS 18"]. Refer to below for the accounting policy for prior years.

The Company principally generates revenue through two main streams; crop inputs and grain handling.

Crop inputs consist of the sale of crop input products and services associated with meeting the customers unique needs. Each promised good or service is accounted for separately as a performance obligation if it is distinct and revenue is recognized when performance obligations are fulfilled. For the sale of crop input products, revenue is recognized at the point in time when the goods are transferred to the customer which is upon delivery of goods. For other services revenue, the revenue is recognized over the time that the service is provided to the customer. Revenue is measured based on the transaction price specified in the contract with the customer.

Grain handling activities principally include buying and selling grain through forward contracts or contracts at current market value for immediate delivery. Revenue from contracts with customers are recognized at the point in time when control of products have been transferred to the customer, which is when the related goods are loaded for shipping or delivered to the customer, depending on the contractual terms. Indicators of transfer of control depend on the contractual terms with the Company's customers and includes when the customer is obliged to pay for the products, has legal title of the products, has physical possession of the products, has assumed the significant risks and rewards of ownership of the products, has accepted the products and any other relevant factors.

Grain revenue is measured based on the consideration specified in a contract with a customer which reflects the consideration the Company expects to be entitled to in exchange for the goods, net of any variable consideration. The contractual consideration for grain contracts may include variable components specified in the contract with the customer related to destination grade or weight adjustments which are known in a timely fashion and included in the initial revenue recognition based on change of control as described above.

No significant element of financing is deemed present due to the short-term nature of the Company's sales contracts.

Revenue recognition policy in prior years

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.

Revenue from crop input sales are recognized at the time of delivery to the customer.

Cost of sales

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

Borrowing costs

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

3. Summary of significant accounting policies [continued]

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.

Financial asset impairment

The Company recognizes an allowance for expected credit losses ["ECLs"] for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures, for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. Summary of significant accounting policies [continued]

Foreign currency translation

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ["OCI"], and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ["SPPI"]' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result form collecting contractual cash flows, selling the financial asset, or both.

Purchases or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI ["FVOCI"] with recycling of cumulative gain and losses (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instrument)
- Financial assets at fair value through profit or loss ["FVTPL"]

3. Summary of significant accounting policies [continued]

Financial assets [continued]

Financial assets at amortized cost

The Company has classified cash and accounts receivable at amortized cost.

The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount owing.

Financial assets at amortized cost are subsequently measured using the effective interest ["EIR"] method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is unrecognized, modified or impaired.

Financial assets at fair value through OCI (debt instrument)

The Company has not classified any financial asset as fair value through OCI (debt instrument).

The Company measures financial assets at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and,
- The contractual term of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount owing.

For financial assets at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measure at amortized cost. The remaining fair value changes are recognized in OCI, upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit of loss.

Financial assets at fair value through OCI (equity instrument)

The Company has not classified any financial asset as fair value through OCI (equity instrument).

Upon initial recognition, the Company can elect to classify irrevocably its equity investment as equity investments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits form such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3. Summary of significant accounting policies [continued]

Financial assets [continued]

Financial assets at fair value through profit or loss

The Company has classified grain purchase contracts and sales contracts which are included in inventories, risk management assets, and long-term investment as fair value through profit or loss.

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Not withstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes equity investments which the Company has not irrevocably elected to classify at fair value through OCI. Dividends on equity instruments are recognized as other income in the statement of profit and loss when the right of payment has been established.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include bank indebtedness, accounts payable and accrued liabilities, risk management liabilities, and long-term debt.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

The Company has classified risk management liabilities at fair value through profit or loss.

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date or recognition, and only if the criteria in IFRS 9 are satisfied.

Notes to consolidated financial statements

March 31, 2019 and 2018

3. Summary of significant accounting policies [continued]

Financial liabilities [continued]

Loans and borrowings

The Company has designated bank indebtedness, accounts payable and accrued liabilities and long-term debt as loans and borrowings.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are unrecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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 of 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.

3. Summary of 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] Fair value
The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. The methods and assumptions used by management in estimating fair value of the company's financial instruments are outlined in the fair value hierarchy section of note 3, significant accounting policies. Wherever possible, the company uses observable inputs, such as quoted prices in active markets, in determining the fair value of financial instruments.

[b] Allowance for doubtful accounts and sales adjustments
Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for ECLs is provided where considered necessary. The Company uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

[c] 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 grade of each commodity of grain inventory. Management also uses the assistance of a third party expert to determine the quantity of fertilizer in the Antelope, Saskatchewan fertilizer facility. 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.

[d] 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.

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

Notes to consolidated financial statements

March 31, 2019 and 2018

3. Summary of significant accounting policies [continued]

[f] Impairment of financial assets
Management evaluates financial assets for impairment by considering the extent that changes in facts, circumstances or assumptions of the financial asset has changed resulting in potential impairment.

[g] 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.

[h] Assessment of crop inputs product returns
In order to estimate the transaction price for goods with a right of return, management must estimate the amount of product returns that are expected to occur. Due to a history of low historical returns in the crop input products division, product returns are estimated to be nil.

[i] Revenue recognition
The Company applied judgment in determining its revenue recognition policy under IFRS 15, particularly; if services provided by the Company are considered to be distinct, determining if performance obligations are met over time or at a point in time, whether variable components of the transaction price relate specifically to one or more performance obligations in the contract, and the amount of variable consideration to be constrained.

Standards issued but not yet effective

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 16 Leases: outlines requirements for lessees to recognize assets and liabilities for most leases. Lessees are required to recognize the lease liability for the obligations to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lease liability is measured at the present value of lease payments to be made over the term of the lease. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for prepayments, direct costs and incentives received. The new standard will be effective for annual periods beginning on or after January 1, 2019. The Company will continue to assess the potential effect of IFRS 16 on its consolidated financial statements and adopt April 1, 2019.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment: addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation specifically addresses the following: whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax loss, unused tax credits and tax rates and how an entity includes considerations related to changes in facts and circumstances. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. The Company will continue to assess the potential effect of IFRIC Interpretation 23 on its consolidated financial statements and adopt April 1, 2019.

Notes to consolidated financial statements

March 31, 2019 and 2018

4. Adoption of new accounting policies

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

IFRS 9 Financial Instruments

IFRS 9 Financial instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively with the initial application date of April 1, 2018 and adjusting the comparative information for the period beginning April 1, 2017.

Under IFRS 9, financial assets are classified based on the business model in which they are managed and the characteristics of their contractual cash flows. Financial assets are classified as measured at FVTPL, FVOCI, or amortized cost; the new standard eliminates the previous categories for financial assets of held to maturity, loans and receivables, and available for sale. The standard largely retains the existing accounting requirements for financial liabilities. However, fair value changes attributable to changes in an entity's own credit risk are required to be presented in OCI for financial liabilities that are designated as FVTPL. IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

The adoption of IFRS 9 did not impact any of the balances or net income for the current or prior year.

Financial instruments	Classification IAS 39	Classification IFRS 9
Cash	FVTPL	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Grain purchase and sales contracts	FVTPL	FVTPL
Risk management assets	FVTPL	FVTPL
Long-term investments	Available for sale	FVTPL

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 with an initial date of adoption of April 1, 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company has elected to adopt IFRS 15 retrospectively using the modified retrospective method of transition. The Company has elected to apply the practical expedient where only active contracts at the date of initial adoption were evaluated under IFRS 15. Comparative information has not been restated and is reported under IAS 18.

4. Adoption of new accounting policies [continued]

The adoption of IFRS 15 had no effect on the consolidated financial statements, as at and for the year ended March 31, 2019.

5. Accounts receivable

	2019 $	2018 $
Trade and other receivables	**29,859,115**	13,881,749
Allowance for doubtful accounts	**-**	(106,287)
	29,859,115	13,775,462

	$	$
Current	**24,582,267**	9,985,185
30 days	**1,477,099**	1,452,354
60 days	**1,053,018**	305,122
Over 90 days	**2,746,731**	2,139,088
Allowance for doubtful accounts	**-**	(106,287)
	29,859,115	13,775,462

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

	2019 $	2018 $
Crop inputs	**54,158,885**	48,534,714
Grain	**10,876,201**	15,059,589
	65,035,086	63,594,303

The amount of inventory expensed and included in cost of sales is $236,707,198 [2018 - $239,293,482].

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

	2019 $	2018 $
Admiral Grain Co. Inc.	**3,800**	3,800
Great Western Railway Ltd.	**96,400**	96,400
Great Sandhills Railway Ltd.	**100,000**	100,000
	200,200	200,200

Notes to consolidated financial statements

March 31, 2019 and 2018

8. Property, plant and equipment

Cost:

	Balance at March 31, 2017 $	Additions and disposals $	Balance at March 31, 2018 $	Additions $	Balance at March 31, 2019 $
Buildings	21,771,088	1,544,429	23,315,517	668,396	**23,983,913**
Cleaners	1,639,553	90,381	1,729,934	466,636	**2,196,570**
Computer hardware and software	1,230,293	12,468	1,242,761	33,689	**1,276,450**
Entrance roads	1,427,288	-	1,427,288	-	**1,427,288**
Equipment	4,035,401	141,548	4,176,949	144,559	**4,321,508**
Office furniture and equipment	772,900	165,640	938,540	16,276	**954,816**
Plant equipment	17,631,550	1,790,057	19,421,607	24,289	**19,445,896**
Railway siding	7,158,138	22,106	7,180,244	113,202	**7,293,446**
Terminal	5,925,596	-	5,925,596	-	**5,925,596**
Vehicles	1,429,122	97,359	1,526,481	296,207	**1,822,688**
	63,020,929	3,863,988	66,884,917	1,763,254	**68,648,171**
Land	411,010	-	411,010	-	**411,010**
	63,431,939	3,863,988	67,295,927	1,763,254	**69,059,181**

Accumulated depreciation:

	Balance at March 31, 2017 $	Depreciation and disposals $	Balance at March 31, 2018 $	Depreciation $	Balance at March 31, 2019 $
Buildings	3,453,061	698,459	4,151,520	950,371	**5,101,891**
Cleaners	1,269,252	82,771	1,352,023	118,207	**1,470,230**
Computer hardware and software	1,186,247	21,971	1,208,218	29,518	**1,237,736**
Entrance roads	380,116	71,365	451,481	70,962	**522,443**
Equipment	2,754,974	174,267	2,929,241	370,451	**3,299,692**
Office furniture and equipment	261,537	86,458	347,995	88,916	**436,911**
Plant equipment	3,440,718	754,392	4,195,110	745,704	**4,940,814**
Railway siding	1,901,250	359,083	2,260,333	358,576	**2,618,909**
Terminal	2,873,787	148,140	3,021,927	148,140	**3,170,067**
Vehicles	949,141	154,760	1,103,901	192,402	**1,296,303**
	18,470,083	2,551,666	21,021,749	3,073,247	**24,094,996**

8. Property, plant and equipment [continued]

Carrying amount:

	March 31, 2019 $	March 31, 2018 $
Buildings	**18,882,022**	19,163,997
Cleaners	**726,340**	377,911
Computer hardware and software	**38,714**	34,543
Entrance roads	**904,845**	975,807
Equipment	**1,021,816**	1,247,708
Office furniture and equipment	**517,905**	590,545
Plant equipment	**14,505,082**	15,226,497
Railway	**4,674,537**	4,919,911
Terminal	**2,755,529**	2,903,669
Vehicles	**526,385**	422,580
	44,553,175	45,863,168
Land	**411,010**	411,010
	44,964,185	46,274,178

9. Bank indebtedness

The Company has available to it, an RBC operating line of credit with an authorized limit of $40,000,000 [2018 - $30,000,000], until July 1, 2019 when the limit returns to $30,000,000, bearing interest at prime and secured by accounts receivable, inventories and a general security agreement. $32,995,000 [2018 - $15,910,144] of this operating line of credit was being utilized at year-end.

The Company also has available to it, an RBC USD operating line of credit with an authorized limit of $13,000,000 CAD [2018 - $13,000,000], bearing interest at USD prime and secured by accounts receivable, inventories and a general security agreement. This operating line of credit was not utilized at year-end.

The combined borrowings from both lines of credit cannot exceed $40,000,000.

At March 31, 2019, the RBC prime lending rate was 3.95% [2018 - 3.45%] and the RBC USD prime lending rate was 5.50% [2018 - 4.75%].

The Company also has available to it, an FCC advancer loan with an authorized limit of $6,000,000 [2018 - $6,000,000], bearing interest at prime plus 0.80%, which was 4.75% at March 31, 2019, and secured by land and a general security agreement. $4,500,000 [2018 - $nil] of this advancer loan was being utilized at year-end.

10. Accounts payable and accrued liabilities

	2019 $	2018 $
Accrued and other liabilities	**3,955,149**	11,035,598
Trade accounts payable	**6,896,206**	2,854,629
	10,851,355	13,890,227

11. Long-term debt

	2019 $	2018 $
4.5% Farm Credit Canada term loan, repayable in blended monthly instalments of $71,773, secured by land and a general security agreement, due June 2025	**4,689,468**	5,326,009
Scotiabank Bankers' Acceptance, with interest bearing at the option of Bankers' Acceptance rate, plus 1% or Scotiabank prime, repayable in monthly instalments of $58,350, plus interest, secured by a general security agreement, due October 2019	**4,490,950**	5,191,150
4.8% Farm Credit Canada term loan, repayable in blended monthly instalments of $63,142, secured by land and a general security agreement, due July 2023	**2,956,676**	3,558,083
	12,137,094	14,075,242
Less current portion	**5,784,293**	6,425,740
	6,352,801	7,649,502

At March 31, 2019, the Scotiabank prime lending rate was 3.95% [2018 - 3.45%] and the Bankers' Acceptance Rate was 1.82% [2018 - 1.57%].

The Company has entered into interest rate swaps to manage risk over the variable portion of the term loans. A risk management liability of $70,388 [2018 - $6,297] has been recorded at year end representing the fair value of the swaps.

Estimated principal repayments are as follows:

	$
2020	5,784,293
2021	1,354,730
2022	1,419,034
2023	1,486,392
2024	1,041,626

12. Obligation under finance lease

	2019 $	2018 $
Scotiabank finance lease contract, repayable in blended monthly instalments of $44,007, plus GST and interest at the thirty day Scotiabank Bankers' Acceptance rate, plus 1.60%, maturing March 2021, secured by office building and equipment with a net book value of $1,983,589	**1,288,580**	1,778,262
Less current portion	**501,915**	489,682
	786,665	1,288,580

12. Obligation under finance lease [continued]

Minimum lease payments required to meet the finance lease obligations in each of the next two years are as follows:

	$
2020	528,086
2021	528,086
Purchase options available	272,771
Total future minimum lease payments	1,328,943
Less amount representing interest	40,363
Present value of minimum net lease payments	1,288,580
Less current portion	501,915
	786,665

At March 31, 2019, the thirty day Scotiabank Bankers' Acceptance rate was 1.82% [2018 - 1.57%].

Interest paid on the obligation under finance lease for the year ending March 31, 2019 was $38,404 [2018 - $50,339].

13. Deferred income taxes

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

	2019 $	**2018** $
Property, plant and equipment	**3,164,723**	2,939,859
Goodwill	**18,821**	18,086
Risk management liabilities	**(19,005)**	(1,700)
Finance lease	**187,652**	104,307
	3,352,191	3,060,552

The amount of deferred income tax liabilities incurred and included in income taxes is $291,639 [2018 - $860,798].

14. Deferred revenue

Long-term deferred revenues relate to service agreements the Company has entered into to provide storage in the grain terminal 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.

Notes to consolidated financial statements

March 31, 2019 and 2018

15. 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 share of assets, liabilities, revenues, and expenses in the joint operation, included in these consolidated financial statements, are the following:

	March 31, 2019 $	March 31, 2018 $
a) Share of joint operation's statement of financial position		
Buildings at cost, less accumulated amortization of $31,214 [2018 - $28,553]	35,323	37,984
Equipment at cost, less accumulated amortization of $51,520 [2018 - $47,605]	8,417	12,331
b) Share of joint operations revenue and expenses		
Revenue	-	-
Expenses	948	1,480

16. Share capital

Authorized
Unlimited Class A 10% voting, non-cumulative, non-participating, preferred shares, convertible to Class B
Unlimited Class B voting, participating, common shares
Unlimited Class C non-voting, participating, common shares

Issued

	2019 $	2018 $
1,758,300 Class B shares	**17,406**	17,406
1,400,000 Class C shares	**165,284**	165,284
	182,690	182,690

On July 19, 2018 and January 15, 2019, the Company paid dividends on the Class B and Class C shares in the amount of $0.50 per share and $0.38 per share respectively, for a total of $2,779,304 by way of cash payment. On July 20, 2017 and January 15, 2018, the Company paid dividends on the Class B and Class C shares in the amount of $0.60 per share and $0.35 per share respectively, for a total of $3,000,385 by way of cash payment.

17. Revenue

During the year, the Company recognized revenue from the following sources:

	2019 $	2018 $
Grain handling	**156,025,613**	181,794,255
Fertilizer sales	**68,102,939**	60,605,130
Chemical sales	**45,816,955**	45,526,954
Seed sales	**8,879,218**	6,001,112
	278,824,725	293,927,451

During the year, the Company earned 33% [2018 - 39%] of its revenues from two customers within the grain handling segment.

18. Income taxes

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

	2019	2018
	$	$
	27.00%	27.00%
Anticipated income tax	**1,149,800**	3,726,424
Tax effect of the following:		
Saskatchewan manufacturing and processing profits tax reduction	**(50,765)**	(169,073)
Non-deductible expenses	**7,620**	8,072
Other	**-**	(1,389)
Income tax expense	**1,106,655**	3,564,034

19. 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, 2019 is 3,158,300 [2018 - 3,158,300].

			2019
	Total income and comprehensive income	**Weighted average common shares**	**Income per share**
	$	$	$
Basic and dilutive	**3,151,863**	**3,158,300**	**1.00**

			2018
	Total income and comprehensive income	**Weighted average common shares**	**Income per share**
	$	$	$
Basic and dilutive	10,237,537	3,158,300	3.24

20. Contingencies

At year end, the Company held 3,395 [2018 - 3,581] tonnes of grain inventory, with a value of $897,069 [2018 - $1,037,005], on behalf of area producers. The Company is contingently liable for the value of this grain. This grain is not included in the Company's inventory.

Notes to consolidated financial statements

March 31, 2019 and 2018

21. 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 $1,000,739 [2018 - $985,942].

During the year, services with a value of $140,059 [2018 - $140,029] were expensed in these consolidated financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 3,816 [2018 - 9,911] tonnes of grain from directors with an aggregate value of $1,408,169 [2018 - $3,188,490] and directors and key management personnel purchased crop inputs in the amount of $2,047,285 [2018 - $2,080,120].

During the year, the Company made sales of grain and received other income from Cargill, a shareholder, in the amount of $50,724,773 [2018 - $71,878,258] and made purchases of product and services in the amount of $37,525,781 [2018 - $37,119,857] from Cargill. Included in accounts payable is $485,980 [2018 - $218,320] due to Cargill. Included in accounts receivable is $nil [2018 - $489,665] due from Cargill. Included in prepaid expenses is $nil [2018 - $465,768] from Cargill.

These transactions are in the normal course of operations.

22. Segment information

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

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

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

2019

	Grain handling $	Crop inputs $	Total $
Revenues	156,025,613	122,799,112	278,824,725
Cost of sales	149,398,334	110,799,965	260,198,299
Gross profit	6,627,279	11,999,147	18,626,426
Depreciation	(1,085,336)	(1,987,911)	(3,073,247)
Profit before shared expenses	5,541,943	10,011,236	15,553,179
General and administrative			(10,022,593)
Interest on long-term debt and bank indebtedness			(1,207,977)
Unrealized gain on risk management liabilities			(64,091)
Income taxes			(1,106,655)
Total income and comprehensive income			3,151,863
Net property, plant and equipment additions	1,280,946	482,308	1,763,254
Total assets	37,909,400	109,599,575	147,508,975
Property, plant and equipment	15,976,818	28,987,367	44,964,185
Goodwill and intangible assets	-	140,000	140,000

22. Segment information [continued]

2018

	Grain handling $	Crop inputs $	Total $
Revenues	181,794,255	112,133,196	293,927,451
Cost of sales	168,686,011	96,682,204	265,368,215
Gross profit	13,108,244	15,450,992	28,559,236
Depreciation	(1,059,646)	(1,880,740)	(2,940,386)
Loss on sale of property, plant, and equipment	-	(188,444)	(188,444)
Profit before shared expenses	12,048,598	13,381,808	25,430,406
General and administrative			(10,965,142)
Interest on long-term debt and bank indebtedness			(899,808)
Unrealized gain on risk management liabilities			236,115
Income taxes			(3,564,034)
Total income and comprehensive income			10,237,537
Net property, plant and equipment additions	356,017	3,896,691	4,252,708
Total assets	35,662,599	97,639,719	133,302,318
Property, plant and equipment	15,781,208	30,492,970	46,274,178
Goodwill and intangible assets	-	140,000	140,000

23. 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.

	2019 $	2018 $
Bank indebtedness	**38,073,726**	15,910,144
Current portion of long-term debt	**5,784,293**	6,425,740
Current portion of obligation under finance lease	**501,915**	489,682
Long-term debt	**6,352,801**	7,649,502
Obligation under finance lease	**786,665**	1,288,580
Shareholders' equity	**74,230,986**	73,858,427
	125,730,386	105,622,075

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, 2019, the Company complied with all financial covenants and externally-imposed capital requirements.

Notes to consolidated financial statements

24. 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, 2019 was $nil [2018 - $106,287].

The Company has a concentration of risk related to one customer which makes up 25% [2018 - 0%] of its accounts receivable balance at March 31, 2019.

Currency risk

The Company is exposed to currency risk as a certain portion of sales and expenses are incurred in US dollars resulting in US 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 US dollar fluctuations on the operating results of the Company. In 2019, a net foreign exchange gain of $75,036 [2018 - loss of $252,003] 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, long-term debt and obligation under finance lease, which bear interest at fixed and floating interest rates.

A 1% change in interest rates relating to the bank indebtedness, long-term debt and obligation under finance lease of the Company would increase or decrease interest expense by approximately $509,000 [2018 - $318,000]. Exposure to interest rate risk is managed through normal operating and financing activities. The Company has entered into interest rate swaps. The swaps convert a portion of the interest expense on long-term debt and obligation under finance lease from a floating to a fixed rate of interest. At March 31, 2019, there were two interest rate swaps outstanding, for a total notional amount of $5,662,830 [2018 - $6,852,712], with fixed interest rates of 2.48% and 1.25%.

24. 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 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, 2019, resulted in the recognition of a risk management asset of $13,124 [2018 - $407,532].

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	$51,655,380
3 - 12 months	$10,770,109
1 - 5 years	$7,209,854

25. Classification and fair value of financial instruments and inventories

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

Cash and accounts receivable are classified as financial instruments at amortized cost which approximates fair value. Bank indebtedness, accounts payable and accrued liabilities and long-term debt are classified as loans and borrowings and are initially recognized at fair value and subsequently carried at amortized cost which approximates fair value due to the short-term nature of the balances.

Long-term investments of privately held available for sale equity securities, as described in note 3, are classified as financial assets at fair value through profit or loss.

Risk management assets consist of exchange-traded derivatives. They are classified as financial assets at fair value through profit or loss.

Risk management liabilities consist of interest rate swaps. They are classified as financial liabilities at fair value through profit or loss and fair value is based on mid-market inputs obtained from third party sources.

Inventories include grain inventories, which as described in note 3 are fair valued. Grain inventories include both commodity inventories and grain purchase and sales contracts which are forward derivatives. The grain purchase and sales contracts are classified as financial assets at fair value through profit or loss and the fair value for them and grain inventories is based on observable inputs other than quoted prices.

Notes to consolidated financial statements

March 31, 2019 and 2018

25. Classification and fair value of financial instruments and inventories [continued]

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 on a recurring basis classified by the fair value hierarchy.

March 31, 2019

	Level 1 $	**Level 2** $	**Level 3** $
Grain inventories	-	**11,526,618**	-
Grain purchase and sales contracts	-	**(650,417)**	-
Risk management assets	**13,124**	-	-
Long-term investments	-	-	**200,200**
Risk management liabilities	-	**70,388**	-

March 31, 2018

	Level 1 $	**Level 2** $	**Level 3** $
Grain inventories	-	13,873,199	-
Grain purchases and sales contracts	-	1,186,390	-
Risk management assets	407,532	-	-
Long-term investments	-	-	200,200
Risk management liabilities	-	6,297	-

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations has been prepared by management to help readers interpret South West Terminal Ltd's ("SWT" or the "Company") consolidated financial results for the six and twelve months ended March 31, 2019 and should be read in conjunction with SWT's audited consolidated financial statements and related notes thereto for the year ended March 31, 2019. The audited consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Additional information related to SWT, including semi-annual and annual reports, is available on SEDAR at www.sedar.com and/or on SWT website at www.swt.ca.

This MD&A has been prepared as at June 21, 2019. All amounts are in Canadian dollars unless otherwise stated.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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 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 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.

1. HIGHLIGHTS OF THE TWELVE MONTHS

- EBITDA was $8,539,742 for the twelve months ended March 31, 2019 as compared to $17,641,765 for the prior year's twelve months ended March 31, 2018
- Gross profit was $18,626,426 for the twelve months ended March 31, 2019 as compared to $28,559,236 for the prior year's twelve months ended March 31, 2018
- Shipped 443,214 metric tonnes of grain, a decrease of 68,932 compared with the same period in the previous fiscal year
- Shipped 114,923 metric tonnes of granular fertilizer, an increase of 517 metric tonnes compared with the same period in the previous fiscal year
- Sold $45,816,995 of crop protection products, a slight increase of $290,042 compared with the same period in the previous fiscal
- Net income was $3,151,863 for the twelve months ended March 31, 2019 as compared to $10,237,537 for the prior year's twelve months ended March 31, 2018
- Earnings per share were $1.00 for the twelve months ended March 31, 2019 as compared to $3.24 for the prior year's twelve months ended March 31, 2018

2. BUSINESS OUTLOOK

Global markets for commodities like durum and pulse crops have been challenging for the industry, but more specifically in the southern Saskatchewan region. Reasons such as oversupply, non-tariff trade barriers, import duties and local marketplaces increasing their own production have suppressed grower and industry margins. Adequate moisture in the SWT marketplace has been minimal since the spring of 2017, resulting in dry conditions the past two growing seasons. Adding to the fact that yields have been lowered and commodity prices have been slipping, crop nutrient prices have continued to increase. SWT will continue its efforts of providing efficient, fast and economical operations to ensure long term sustainability within margin compressed times.

The grain business and crop inputs business have both been successful and profitable ventures for SWT in southwest Saskatchewan. As SWT still has some excess capacity remaining in the existing assets of SWT, there is some growth that can occur. The Company's recent foray into Wymark and its updated Hazenmore facility will need to be strategically focused on to ensure maximization of that marketplace. Other than that specific region, management believes the current SWT footprint has reached its market capacity.

With all of the political posturing in the world currently, there are challenges from a political and economic standpoint. The world marketplace does have some challenges with policies and tariffs in certain countries, but those policies can be overcome by practices conducted here on the prairies. The current Saskatchewan government is highly supportive of exports out of the province and continues to support the industry from a local and global standpoint.

The competition is positioned well on the prairies and continues to change its shape through consolidation and modernization. The largest risk in the macro environment is the potential for increased presence from the larger companies. However, the perceived strategy of many of SWT's competitors is to establish a presence in the largely-populated centers and to steer clear of rural Saskatchewan. SWT has built a strong business upon a foundation of great people and culture which should allow it to expand its footprint into existing market gaps in Saskatchewan. Despite the business establishing itself as a durum market leader and an increased focus on

2. BUSINESS OUTLOOK (continued)

canola, the grain business needs additional avenues to minimize its risk in the marketplace. Finally, with available capacity in the fertilizer warehouse and with strong relationships in the crop protection business, the expansion of that business unit should be well-supported.

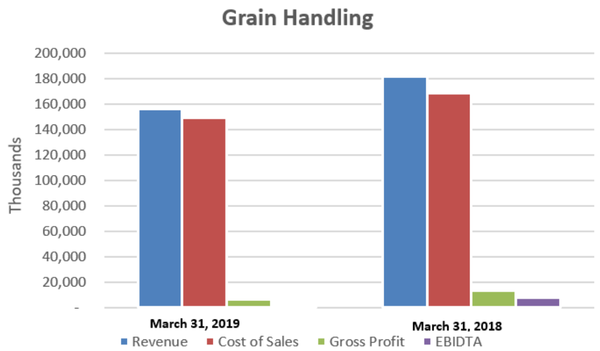
3. SEGMENT PERFORMANCE

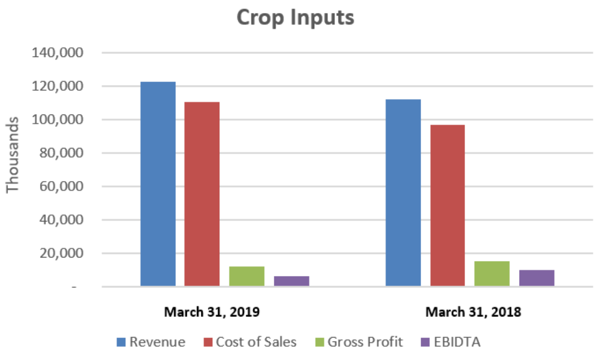
SWT's management team reviews SWT's operations and resource allocation by grain handling and crop input business segments. Business segments are strategic business units with different products input, processes and marketing strategies.

Segment performance is evaluated on the basis of EBITDA. Management believes that EBITDA is an important indicator of SWT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose.

The accounting policies used within each segment are consistent with the policies outlined in the notes to SWT's March 31, 2019 annual audited consolidated financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business with normal market terms and conditions. Certain estimates and assumptions were made by Management in the determination of segment composition.

A review of the outlook for each of SWT's business segments is below.





3.1 Grain Handling

The grain handling segment represents the principal core business of SWT in the origination and processing (including cleaning, bulk loading, shipping and export) of grain in SWT's facility in Saskatchewan. This segment represents the largest segment of SWT's business and provides the core infrastructure enabling the Company continuous processing and logistics support of grain products.

3.1 Grain Handling (Continued)

Selected Results by Reporting Segment (1) (2) (All amounts are in $CAD except-Tonnes)	Year Ended March 31, 2019	Year Ended March 31, 2018	
	(Audited)	(Audited)	(Change)
Revenue	156,025,613	181,794,255	(25,768,642)
Cost of Sales	(149,398,334)	(168,686,011)	19,287,677
Gross Profit	6,627,279	13,108,244	(6,480,965)
Unrealized gain/(loss) on Risk Management Liabilities	(37,634)	138,646	(176,280)
EBITDA	2,543,561	7,707,811	(5,164,250)
Total MT Invoiced	443,214	512,146	(68,932)
Gross Profit per MT	14.95	25.59	(42%)
EBITDA per MT	5.74	15.05	(62%)

(1) See tables on consolidated semi-annual financial results
(2) Certain estimates and assumptions were made by Management in the determination of segment composition

Total revenue from grain handling for the twelve-month period ended March 31, 2019 was $156,025,613, a decrease of $25,768,642 compared with the prior period. The Company shipped 443,214 (2018-512,146) metric tonnes at lower average prices than the same period in the prior fiscal year and a decrease in durum shipments has resulted in lower grain revenue. The average price of grain shipped was $352 per metric ton as compare to $355 per metric ton in the prior period.

The Company's grain handling revenue follows the fluctuation associated with market demand and the ability to match product quality to the available market sales. The fluctuation in demand for grain are typically consistent throughout the period limited by sales opportunity, product quality, world product demand and rail capacity. 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 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 railroad and end user. The Company continued to make concerted efforts to buy grain from growers in order to meet and exceed sales targets. The Company has secured relationship with end users who are continually looking for the quality SWT is able to provide in its shipments.

Durum continued to be an important commodity to the business, but its decrease in shipments by 109,935 metric tonnes was due to a smaller crop in 2017 and then a much smaller crop in 2018. Back to back growing seasons with minimal moisture in the market area resulted in lower stocks available for export. Other commodities experienced modest gains during the period such as lentil shipments which increased by 12,034 metric tonnes.

Cost of sales decreased in the most complete period by $19,287,677 but was not directly correlated with the decreased revenue. Dry conditions with two consecutive below average yields and low commodity prices in southwest Saskatchewan contributed to the significant margin suppression as grain buyers competed to fulfill orders on a smaller crop.

3.2 Crop Inputs

The crop inputs segment represents the retail and warehousing business of SWT in the retailing of crop protection products, bulk and bagged seed along with granular and liquid fertilizer. This segment represents the five retail arms of SWT's business (Gull Lake, Hazenmore, Cabri, Shaunavon and Wymark) and enables the business to become closer the grower and support the grain business by directing grain products to the main facility at Gull Lake.

Selected Results by Reporting Segment (1) (2) (All amounts are in $CAD except-Tonnes)	Year Ended March 31, 2019 (Audited)	Year Ended March 31, 2018 (Audited)	(Change)
Revenue	122,799,112	112,133,196	10,665,916
Cost of Sales	(110,799,965)	(96,682,204)	(14,117,761)
Gross Profit	11,999,147	15,450,992	(3,451,845)
Unrealized gain/(loss) on Risk Management liabilities	(26,457)	97,469	(123,926)
EBITDA	5,996,181	9,933,954	(3,937,773)
Operating Highlights			
Seed Sales	8,879,218	6,001,112	48%
Crop Nutrient Sales	68,102,939	60,605,130	12%
Crop Protection Sales	45,816,955	45,526,954	1%

(1) See tables on consolidated semi-annual financial results
(2) Certain estimates and assumptions were made by Management in the determination of segment composition

Total revenue for crop inputs for the period ended March 31, 2019 was $10,665,916 more than in the prior period revenue. The key contributing factor to the increased figure was the significant increase in fertilizer prices. Crop nutrient commodity prices continued to climb from the summer of 2018 until spring of 2019. In prior years, the market has decreased during the summer fill season as a means to reduce manufacturer inventory. With decreased manufacturer inventories in North America and globally in the summer of 2018 - combined with a low Canadian dollar, sales prices trended upwards from the year previous

Sales of crop nutrients increased by $7,497,770 to $68,102,899 due to the factors described above. The average price of dry fertilizer per metric tonne sold climbed to $593 from $530 resulting in increased overall revenue.

Seed sales increased in the most recent period, with revenue totaling $8,879,218, representing an increase of $2,878,106 versus results achieved in the prior period. Sales of bagged canola seed continue to increase as the commodity price of canola remains strong. Planting canola in southern Saskatchewan has experienced growth in acreage as a result of the continued development of seed technologies.

Cost of sales has increased in the most recently completed period by $14,114,761, keeping in line with the increase in revenue by $10,665,916. Margins for both crop protection and crop nutrients experienced a decrease as crop protection and crop nutrients margins were not immune to the marketplace competitive pricing. Drier conditions in southwest Saskatchewan contributed to the slight margin suppression as ag retailers competed to maintain market share.

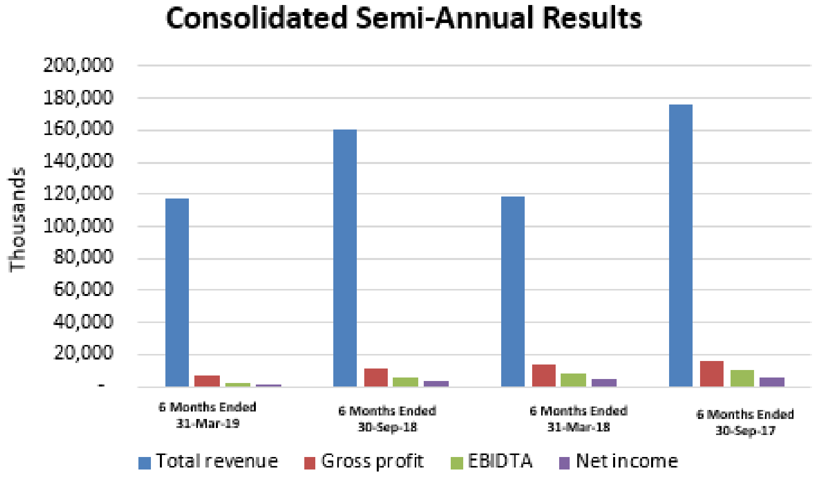
4. CONSOLIDATED FINANCIAL RESULTS

4.1 Summary of Annual Results

(In Canadian dollars, except as indicated)

	Year Ended March 31, 2019 (Audited)	Year Ended March 31, 2018 (Audited)	Year Ended March 31, 2017 (Audited)
Total revenue	278,824,725	293,927,451	292,822,803
Gross profit	18,626,426	28,559,236	23,569,289
Unrealized (loss)/gain on risk management liabilities	(64,091)	236,115	205,687
EBITDA	8,539,742	17,641,765	13,335,321
Depreciation	(3,073,247)	(2,940,386)	(3,224,246)
Interest on long-term debt	(1,207,977)	(899,808)	(977,652)
Income Tax	(1,106,655)	(3,564,034)	(2,376,462)
Total income and comprehensive income	3,151,863	10,237,537	6,756,961
Earnings per share basic & diluted	1.00	3.24	2.14
Total assets	147,508,975	133,302,318	132,580,583
Total long-term liabilities	10,852,502	12,335,341	16,721,191
(Decrease)/increase in cash	(993,314)	(1,677,229)	2,075,538
Cash dividend			
Class B	0.88	0.95	0.60
Class C	0.88	0.95	0.60

4.2 Summary of Semi-Annual Results



4.2 Summary of Semi-Annual Results (Continued)

(In Canadian dollars, except as indicated)

	6 Months Ended Mar. 31, 2019 (Unaudited)	6 Months Ended Sep. 30, 2018 (Unaudited)	6 Months Ended Mar. 31, 2018 (Unaudited)	6 Months Ended Sept. 30, 2017 (Unaudited)
Total revenue	117,929,594	160,895,131	118,232,204	175,695,247
Gross profit	7,250,308	11,376,118	13,145,567	15,413,669
EBITDA	2,252,393	6,287,349	7,770,253	9,871,512
Total income and comprehensive income	37,396	3,114,467	4,346,897	5,890,640
Earnings per share basic & diluted	0..01	0.99	1.38	1.87

4.3 Revenue, Gross Profit and EBITDA

(In Canadian dollars, except as indicated)

	6 Months Ended March 31 (unaudited)			Year Ended March 31 (Audited)		
	2019	2018	Change	2019	2018	Change
Revenue	117,929,594	133,032,320	(11%)	278,824,725	293,927,451	(5%)
Less: cost of sales	110,679,286	115,849,202	(4%)	260,198,299	265,368,215	(2%)
Gross profit	7,250,308	17,183,118	(6%)	18,626,426	28,559,236	(35%)
EBITDA	2,252,393	11,354,416	(80%)	8,539,742	17,641,765	(52%)
Gross profit percentage of revenue	6%	7%	-	7%	10%	-
EBITDA percentage of revenue	2%	4%	-	3%	6%	-

4.4 Discussion of semi-Annual and year-to-date results

Gross profit and EBITDA decreased for the twelve-month period ended March 31, 2019 in absolute dollar and percentage terms when comparing to the twelve months in the previous fiscal year. Gross profit decreased by $9,932,810 to $18,626,426 (2018-$28,559,236), the change is largely attributed to the decrease in combined gross margin of both grain handling margins and crop inputs margins. As a result, EBITDA has decreased by $9,102,023 to $8,539,742.

Low commodity values in grain and dry weather limiting the need for crop nutrients and protection were the predominant reasons for total revenue reduction. The Company was able to maintain customer growth through market opportunities presented by its continued asset growth and modernization. The Company maintained a competitive offering to customers in its market area and positioned itself as a reliable originator of commodities in a period that was extremely competitive along the supply chain.

The smaller durum crops in both 2017 and 2018 led to a decrease in shipments as well as lower stocks available for export. The decrease in grain shipments resulted in lower revenues when compared to the same period last year. Overall lower grain and fertilizer margins in the most recent period were majority contributors to the reduction of gross profit when compared to March 31, 2018.

4.5 Expenses

(In Canadian dollars, except as indicated)

	6 Months Ended March 31 (Unaudited)			Year Ended March 31 (Audited)		
	2019	2018	Change	2019	2018	Change
General and administrative expenses	4,881,748	5,243,804	(6%)	10,022,593	10,965,142	(9%)
Interest on long-term debt and bank indebtedness	679,743	457,618	48%	1,207,977	899,808	34%
Depreciation	1,580,526	1,370,509	15%	3,073,247	2,940,386	4%
Income tax	(45,272)	1,595,229	(102%)	1,106,655	3,564,034	(69%)
Unrealized (gain) loss on risk management liabilities	(52,076)	(56,934)	(8%)	64,091	(236,115)	(127%)

Total operating, general and administrative expenses at March 31, 2019, decreased by $942,549 as compared to the twelve month period ended March 31, 2018. The reduction is largely associated with staffing and other operating efficiencies within the grain and crop inputs operations. Plant and equipment maintenance and repair expenditures were lowered as the Company has invested in the longevity of its assets in past periods and has resulted in a reduction of its repair cost in the current period.

Interest and bank indebtedness expenses for the most recent twelve month period were increased by $308,169 as compare to the similar period in the prior year; the change is attributed to short term interest, as the Company was more reliant upon this type of financing. The Company relied on short term financing for sizeable near future benefits. Short term interest amounted to $630,244 as compared to $109,570 in the same period of the prior fiscal year.

Depreciation expenses increased by $132,861 to 3,073,247 (March 31, 2018 – 2,940,386) in the period ended March 31, 2019.

Income tax expense effective rate 26%.

5 LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that SWT cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

SWT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations and development activities and pay its declared dividends. SWT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Further information relating to the financial instrument risks and uncertainties to which SWT is subject to is summarized in SWT's most recent audited financial statement, which is available, together with additional information relating to SWT, on SEDAR at www.sedar.com.

SWT's working capital requirements fluctuate from time to time as the supply of grain and special crops fluctuates, since payments to suppliers form the largest item of the working capital requirements. SWT's working capital requirements are met from its earnings, with its credit facility providing bridge financing until payments for sales are received.

The Company has locked in rates for the fertilizer warehouse with a fixed rate of 2.48% and floating BA from Scotiabank with an outstanding balance at March 31, 2019 of $4,490,950 (March 31, 2018 - $5,191,150). The company has a locked in 10-year fixed term loan with FCC at a rate of 4.5% with an outstanding balance at March 31, 2019 of $4,689,468 (March 31, 2018 – 5,326,009), as well as a 5-year finance lease with a fixed rate

5 LIQUIDITY AND CAPITAL RESOURCES (continued)

of 1.25% and floating BA from Scotiabank for the office building. The outstanding balance for the finance lease at March 31, 2019 was $1,288,580 (March 31, 2018 - $1,778,262). In the prior fiscal year, the Company made a substantial repayment of long term debt in the approximate amount of $3.4 million against the 4.5% term loan with FCC that was originally used for the completion of the rail project. In addition, 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 typically peak in early spring as supplier program payments become due for crop inputs inventory, with customer deposits typically delayed until harvest is completed. The Company's borrowings against its RBC line of credit peaked during the 2019 fiscal year to $38,850,000. The balance at March 31, 2019 is 32,995,000.

SWT finances its grain and crop inputs inventories via a secured operating line through RBC. 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 by SWT 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.

At March 31, 2019, SWT is in compliance with its financial covenants under all credit agreements.

5.1 Cash Flow

(Unaudited for the six month period ended)
(In Canadian dollars, except as indicated)

Cash flow from (Used in) (Unaudited)	6 months ended March 31, 2019	6 months ended Sep. 30, 2018	6 months ended March 31, 2018	6 months ended Sept. 30, 2017
Operating activities	(20,677,650)	4,491,142	(6,110,474)	1,853,658
Investing activities	(511,211)	(1,252,043)	(3,049,429)	(1,391,723)
Financing activities	21,188,861	(4,232,413)	10,256,746	(3,236,007)
Change in cash	(0)	(993,314)	1,096,843	(2,774,072)

(Audited for the Year Ended)
(In Canadian dollars, except as indicated)

Cash flow from (Used in) (Audited)	Year Ended March 31, 2019	Year Ended March 31, 2018	Difference
Operating activities	(16,186,508)	(4,256,816)	(11,929,692)
Investing activities	(1,763,254)	(4,441,152)	2,677,898
Financing activities	16,956,448	7,020,739	9,935,709
Change in cash	(993,314)	(1,677,229)	683,915

Cash flow from continuing operations has increased for the six-month and twelve-month periods ended March 31, 2019 as compared to the same period in the prior fiscal year. Cash used in operating activities was

5.1 Cash Flow (continued)

$16,186,508 as compared to $4,256,816 in the prior period. The larger increase in accounts receivable in the current period is offset by smaller decreases in accounts payable and inventories.

The cash used in investing activities was lower by $2,677,898 when compared to the same period in the prior fiscal year. The majority of the change when compared to March 31, 2018 is associated with SWT's new facility in Hazenmore. Hazenmore was built in the prior period resulting in an increase in cash used during that period.

The increase of cash provided by financing activities was a result of increased proceeds from bank indebtedness.

5.2 Working Capital Requirements

Working Capital is defined as current assets (cash, accounts receivable, inventories, prepaid expenses, income tax receivable and risk management assets) less current liabilities (bank indebtedness, accounts payable and accrued liabilities, deferred revenue, customer deposits, current portion of long term debt and current portion of obligation under finance lease).

(In Canadian dollars, except as indicated)	March 31, 2019 (Audited)	March 31, 2018 (Audited)	Change
Current assets	102,204,590	86,687,940	18%
Less: current liabilities	(62,425,427)	(47,108,550)	33%
Net working capital	39,779,163	39,579,390	1%

Current assets reached $102,204,590, amounting to an increase of $15,516,650 when compared to March 31, 2018 with accounts receivable and inventories accounting for most of the difference. Accounts receivable is increased by $16,083,653. This is due to customers taking advantage of SWT's lower interest rate and payment deferral programs

Current liabilities were $62,425,487 at the end of the period; an increase of $15,316,937 is largely due to increased bank indebtedness.

Working capital was $39,779,103 at March 31, 2019, an increase of $199,713 over the balance at March 31, 2018. The increase was impacted by lower levels of deferred producer payments as Saskatchewan producers required cash for grain delivered at compressed prices. Lower farmgate prices resulted in liquidity constraints for some Saskatchewan producers and a change in the form of payment for some from deferred to cash.

5.3 Capital Expenditures

The Company has continued to add fixed assets in property, plant and equipment with total additions at the period ended March 31, 2019 of $1,763,254. Primarily, the cleaner overhaul had a total capital expenditure of $466,636, along with building upgrades of $668,396 and vehicles purchased for $296,207. The remaining balance is contributed to other classes of assets.

5.4 Capital Management

SWT manages its capital to ensure financial flexibility and to increase shareholder value through a combination of acquisitions and organic growth. This allows SWT to respond to changes in economic and/or marketplace

5.4 Capital Management (continued)

conditions. SWT also strives to maintain an optimal capital structure to reduce the overall cost of capital. SWT 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. In managing the Company's capital, adjustments may be made to the capital structure in light of external influences such as changing economic conditions. In the management of capital, SWT includes bank indebtedness, mortgages and loans payable and shareholders' equity. There were no changes in SWT's approach to capital management during the year. SWT's bank indebtedness, mortgages and loans payable as well as shareholder's equity are components of its capital structure are set out in the following table:

	March 31, 2019 (Audited)	March 31, 2018 (Audited)
Bank indebtedness	38,073,726	15,910,144
Current portion of long-term debt	5,784,293	6,425,740
Current portion of obligation under finance lease	501,915	489,682
Long-term debt	6,352,801	7,649,502
Obligation under finance lease	786,665	1,288,580
Shareholders' equity	74,230,986	73,858,427
	125,730,386	105,622,075

6. DIVIDEND

On June 19, 2018, the Company declared and paid dividends on the class B and class C shares in the amount of $0.50 per share for total of $1,579,150 by way of cash payment.

On October 25, 2018 the Company declared a dividend of $0.35 per share with an additional capital dividend payable of $0.03 per share for a total of $1,200,154 by way of cash payment.

7. OUTSTANDING SHARES

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, and common shares

Issued	March 31, 2019 (Audited)	March 31, 2018 (Audited)
1,758,300 Class B	17,406	17,406
1,400,000 Class C	165,284	165,284
	182,690	182,690

8. 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 $1,000,739 (2018 - $985,942).

During the year, the Company purchased 3,816 (2018 – 9,911) tonnes of grain from key management and directors with aggregate value of $1,408,169 (2018 - $3,188,490) and sold crop inputs in the amount of $2,047,285 (2018 -$2,080,120)

During the year, the Company made sales of grain and received other income from Cargill, a shareholder, in the amount of $50,724,773 (2018 - $71,878,258) and made purchases of products and services in the amount of $37,525,781 (2018 - $37,119,857). Included in accounts receivable of $nil (2018- $489,665), accounts payable $485,980 (2018 - $218,320) and prepaid of nil (2018 - $465,768) from Cargill.

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.

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

9. OFF BALANCE SHEET ARRANGEMENTS

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

10. GENERAL AND FINANCIAL INSTRUMENT RISK MANAGEMENT

10.1 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 receivables

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, 2019 was $nil (2018 - $106,287).

10.2 Crop Inputs Price Risk

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

10.3 Rail Performance Risk

The provision of rail performance 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 the Company. Poor rail performance could have materially adverse effect on the grain operation and the financial results of the Company.

10.4 Weather Risk

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

10.5 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 US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gain 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 US dollar fluctuations on the operating results of the Company. In 2019, a net foreign exchange gain of $75,036 (2018-Loss of $252,003) was recognized in total comprehensive income.

10.6 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. The Company's principal exposure to interest rate risk is with respect to its long-term debt and obligation under finance lease, which bear interest at fixed and floating interest rates.

A 1% change in interest rates relating to the long-term debt and obligation under finance lease of the Company would increase or decrease interest expense by approximately $509,000 (2018- $318,000). Exposure to interest rate risk is managed through normal operating and financing activities. The Company has entered into interest rate swaps. The swaps convert a portion of the interest expense on long-term debt and obligation under finance lease from a floating to a fixed rate of interest. At March 31, 2019, there were two interest rate swaps outstanding, for a total notional amount of $5,662,830 (2018 - $6,852,712) with fixed interest rates of 2.48% and 1.25%.

10.7 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.

10.7 Commodity Price Risk (continued)

To mitigate the risks associated with the fluctuations in the market price for agricultural commodities, the Company 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, 2019, resulted in the recognition of a risk management asset of $13,124 (2018 - $407,532).

10.8 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	$51,655,380
3-12 months	$10,770,109
1-5 years	$7,209,854

10.9 Classification and fair value of financial instruments and inventories

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

Cash and accounts receivable are classified as financial instruments at amortized cost which approximates fair value. Bank indebtedness, accounts payable and accrued liabilities, and long-term debt are classified as loans and borrowings and are initially recognized at fair value and subsequently carried at amortized cost which approximates fair value due to the short-term nature of the balance.

Long-term investments of privately held available for sale equity securities, are classified as financial assets at fair value through profit or loss.

Risk management assets consist of exchange-traded derivatives. They are classified as financial assets at fair value through profit or loss.

Risk management liabilities consist of interest rate swaps. They are classified financial liabilities at fair value through profit or loss and fair value is based on mid-market inputs obtained from third party sources.

Inventories include grain inventories are at fair value. Grain inventories include both commodity inventories and grain purchase and sales contracts which are forward derivatives. The grain purchase and sales contracts are classified as financial assets at fair value through profit or loss and the fair value for them and grain inventories is based on observable inputs other than quoted prices.

10.10 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 on a recurring basis classified by the fair value hierarchy.

March 31, 2019
(Audited)

	Level 1	Level 2	Level 3
Grain inventories	-	11,526,618	-
Grain purchase and sales contract	-	(650,417)	-
Risk management assets	13,124	-	-
Long-term investments	-	-	200,200
Risk management liabilities	-	70,388	-

March 31, 2018
(Audited)

	Level 1	Level 2	Level 3
Grain inventories	-	13,873,199	-
Grain purchase and sales contract	-	1,186,390	
Risk management assets	407,532	-	-
Long-term investments	-	-	200,200
Risk management liabilities	-	6,297	-

10.11 Adoption of new accounting policies

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

- IFRS 9 Financial instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

10.11 Adoption of new accounting policies (continued)

The Company has applied IFRS 9 retrospectively with the initial application date of April 1, 2018 and adjusting the comparative information for the period beginning April 1, 2017.

Under IFRS 9, financial assets are classified based on the business model in which they are managed and the characteristics of their contractual cash flows. Financial assets are classified as measured at FVTPL, FVOCI, or amortized cost; the new standard eliminates the previous categories for financial assets of held to maturity, loans and receivables, and available for sale. The standard largely retains the existing accounting requirements for financial liabilities. However, fair value changes attributable to changes in an entity's own credit risk are required to be presented in OCI for financial liabilities that are designated as FVTPL. IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

The adoption of IFRS 9 did not impact any of the balances or net income for the current or prior year.

- The Company has adopted IFRS 15 with an initial date of adoption of April 1, 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

  The Company has elected to adopt IFRS 15 retrospectively using the modified retrospective method of transition. The Company has elected to apply the practical expedient where only active contracts at the date of initial adoption were evaluated under IFRS 15. Comparative information has not been restated and is reported under IAS 18.

  The adoption of IFRS 15 had no effect on the consolidated financial statements, as at and for the year ended March 31, 2019, as the differences in arising from the change in timing for revenue recognition from IAS 18 were determined to be immaterial.

11. Use of non-IFRS term and reconciliation

Management uses non-IFRS measure EBITDA, to provide shareholders and investors with a supplemental measure of the Company's operating performance and to highlight trends on the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. In particular, management believes EBITDA is a useful supplemental measure from which to determine the Company's ability to generate cash available for working capital, capital expenditure and income taxes. Management also believes that shareholders, lenders and other interested parties frequently use EBITDA in the evaluation and comparison of

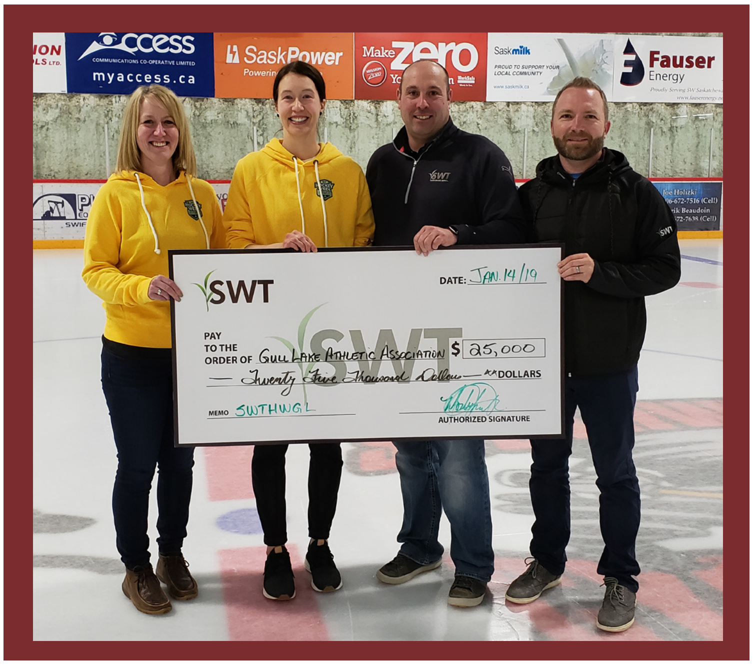
11. Use of non-IFRS term and reconciliation (continued)

the performance of business in the sector in which the Company operates. However, such measures do not have any standardized meanings prescribed by IFRS and may differ from those of other businesses.

Total income and comprehensive income	6 Months Ended September 30, 2018 (Unaudited)	6 Months Ended September 30, 2017 (Unaudited)	6 Months Ended September 30, 2016 (Unaudited)
Net income	3,114,467	5,890,640	2,331,693
Depreciation	(1,492,721)	(1,569,877)	(1,535,976)
Interest on long-term debt and bank indebtedness	(528,234)	(442,190)	(480,357)
Income Taxes	(1,151,927)	(1,968,805)	(878,675)
EBITDA	6,287,349	9,871,512	5,226,702
Shares Outstanding	3,158,300	3,158,300	3,158,300
EBITDA per share	1.99	3.13	1.66

INVESTING IN YOUR COMMUNITY

The Hockey Week Committee approached SWT to be a sponsor for an SHA Hockey Week in Gull Lake activity, and we responded by being the title sponsor for the event. They hosted a AAA Male game, AAA Female game, and SJHL game, all featuring local athletes that play on these teams. There was also a minor hockey 3-on-3 tournament throughout the week, and a sportman dinner & auction. All proceeds are going towards the rink complex for maintenance and repairs.



INVESTING IN YOUR COMMUNITY

SPORTSMAN DINNER
EASTEND RINK COMPLEX

There is a lot of work that goes into the preparation and set up for this event. This was SWT's 5th Sportsman Dinner that we have helped our communities with. Why do we do them…its simple…we all love the communities in which we work and live. We may not have a facility in the town of Eastend, but we have employees that live in and around the community. All of SWT's facilities are either in or near a small community. We've done that on purpose; its part of our long term strategy by connecting to the roots of agriculture in and around small towns in Saskatchewan.   So giving back to the Eastend Rink Complex is the least we could do to give our thanks back to those which have supported us for all of these years.

WE ARE PROUD TO HAVE RAISED & DONATED

$36,561.45

TO THE EASTEND RINK COMPLEX

DONATIONS/SPONSORSHIPS

CHARITABLE CONTRIBUTIONS

CHILDREN'S WISH FOUNDATION
DR NOBLE IRWIN REGIONAL HEALTHCARE FOUNDATION INC
EASTEND RINK COMPLEX
HOCKEY FOR HUMBOLDT
ROYAL CANADIAN LEGION
SOUTHWEST CRISIS SERVICES
SPCA

SPONSORSHIPS

2019 WESTERN CANADA SUMMER GAMES
ABBEY BUSINESS AND COMMUNITY CENTRE
CHINOOK ALTERNATIVE MIDDLE PLUS SC
CLAIRBANK 4-H GROUP
DISTRICT 11 4-H COUNCIL
EASTEND GOLF & CURL
GULL LAKE ATHLETIC ASSOCIATION
GULL LAKE SCHOOL
HAZLET ECONOMIC DEVELOPMENT COMMITTEE
HAZLET ELKS BASEBALL CLUB
KREATIVE KIDZ EARLY LEARNING CENTRE
MANKOTA RODEO CLUB INC
MAVERICK SCHOOL
MS SOCIETY
SHAUNAVON BOOMTOWN DAYS STAMPEDE INC
SHAUNAVON RANCH RODEO
SHAUNAVON WILDLIFE FEDERATION
SOUTH WEST CHRONIC DISEASE SUPPORT INC
SWIFT CURRENT KIDSPORT
TOWN OF GULL LAKE
WHEATLAND CONSERVATION AREA INC

SCHOLARSHIPS

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 2019 SWT Scholarship was awarded to **ABBY OLSON**

The Gratton Murray Memorial Scholarship is awarded in memory of one of the founding members of South West Terminal Ltd. - Gratton Murray

This scholarship is eligible to graduates in the Shaunavon area who plan to attend post secondary school for Agriculture or Business. 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 is rewarded with a $1000 scholarship.

The 2018 Gratton Murray Memorial Scholarship was awarded to **TYE TREMERE**

The Cameron Williamson Memorial Scholarship is awarded in memory of South West Terminal Ltd. Cabri Location Manager Cameron Williamson

This scholarship program has been available to the graduates in the Cabri and Abbey area since 2013. 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 ecnouraged 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 is rewarded with a $1,000 scholarship.

The 2019 Cameron Willamson Memorial Scholarship was awarded to **JUSTIN BOS**

/SOUTHWESTTERMINAL

@SWT

swterminal

Box 719
Gull Lake, SK S0N 1A0
CANADA