CERES
GLOBAL AG CORP.

LETTER TO SHAREHOLDERS
THREE-MONTH PERIOD AND YEAR ENDED MARCH 31, 2012

The following is our report to our fellow shareholders on Ceres' results and activities for the three-month period and year ended March 31, 2012.

Highlights for the year and the fourth quarter ended March 31, 2012 were as follows:

- **EBITDA**: Consolidated - year ended March 31, 2012: $5.9 million ($0.40 per share), quarter ended March 31, 2012: $1.2 million ($0.08 per share); Riverland Ag - year ended March 31, 2012: $13.4 million ($0.90 per share), quarter ended March 31, 2012: $0.3 million ($0.02 per share). The decrease in Riverland Ag's EBITDA for the current quarter (Q4 2012), compared to the quarter ended December 31, 2011 (Q3 2012), is caused by continued reduced carrying income, reduced basis income and lower trading gains.
- **Net income (loss)**: Consolidated - year ended March 31, 2012: loss of ($3.8 million) (($0.25) per share), quarter ended March 31, 2012: loss of ($0.4 million) (($0.02) per share); Riverland Ag - year ended March 31, 2012: $3.8 million ($0.25 per share), quarter ended March 31, 2012: loss of ($1.4 million) (($0.09) per share). Consolidated net loss includes the effect of Ceres' corporate-level share of General and administrative expenses as follows: year ended March 31, 2012: $5.7 million ($0.38 per share), quarter ended March 31, 2012: $1.2 million ($0.08 per share), and Finance income (loss) as follows: year ended March 31, 2012: loss of ($1.8 million) (($0.12) per share), quarter ended March 31, 2012: income of $2.2 million ($0.15 per share).
- **Cash and Portfolio Investments:** As at March 31, 2012: total of $39.6 million, being $2.72 per share as at that date (December 31, 2011, total of $45.2 million ($3.08 per share)). The decrease in cash and portfolio investments reflects the effects of the continued repurchase of shares through the normal course issuer bid and of investments in property, plant and equipment.
- **Shareholders' equity per common share**: as at March 31, 2012, consolidated shareholders' equity per common share is $10.69 (December 31, 2011: $10.83; September 30, 2011: $11.07; June 30, 2011: $10.58). The decrease during this quarter is primarily attributable to the strength of the Canadian dollar over the quarter and the related effect on the un-hedged portion of Ceres' investment in the net assets of Riverland Ag, denominated in U.S. dollars. In addition, lower operating results at Riverland Ag contributed to the decrease in net book value per share.
- **Normal Course Issuer Bid**: On October 13, 2011, Ceres announced a normal course issuer bid commencing on October 17, 2011 with the intention of purchasing up to 1,184,334 shares. For the quarter ended March 31, 2012, Ceres purchased 109,800 shares for a total cost of approximately $635,000. The average purchase price during this quarter, under the normal course issuer bid, was $5.78 (quarter ended December 31, 2011: 279,724 shares were purchased for $1.5 million; average purchase price was $5.37).

The challenges of lower facility utilization and reduced carrying charges continued in the fourth quarter. These challenges, experienced in recent quarters, are expected to continue until the 2012 North American harvest begins, at which time both Riverland Ag and the market overall can replenish.

As mentioned previously, the Canadian Government passed legislation ending the Canadian Wheat Board's ("CWB") marketing monopoly on wheat and barley, to become effective in August 2012. With current legal challenges to the removal of the CWB monopoly not expected to affect the outcome, Riverland Ag and the North American grain industry are positioning themselves to operate in this new environment. The Minneapolis Grain Exchange has announced its removal of the U.S. origin condition for wheat delivered against its Hard Red Spring Wheat contract, effective with the September 2012 contract. With approximately 30% of the delivery space on this contract, Riverland Ag is positioning itself for increased grain flow. We remain focused on investing in infrastructure assets at critical points in the agricultural value chain, such as strategically-located grain elevators, key logistics links and selected further processing operations, to capitalize on opportunities arising in the North American industry.

We feel that despite the challenges in earnings over the past few quarters, the asset value of the Corporation remains strong and is positioned well for the future, especially with regards to structural changes in the North American cereal grain markets.

Outlook

Looking ahead to the new fiscal year ending March 31, 2013, the signs are encouraging that we will emerge from this low point in earnings, as the 2012 harvest is appearing at this early stage to be stronger and allowing for carrying charge revenues in oats and spring wheat. In addition, the changes to the CWB will open up substantial new markets for Riverland Ag to acquire new grain inventory. Furthermore, our investment in Stewart Southern Railway is gathering momentum, as its oil by rail shipments continue to expand. Ceres will look to deploy its cash resources in support of growth in these two investments. Finally, Management believes Ceres' stock price is significantly undervalued relative to the underlying value of its assets. Therefore, Ceres will continue to deploy cash in the buyback of the Corporation's shares while this discount exists.

Gary Selke	Michael Detlefsen	Jason Gould
Chief Executive Officer	*President*	*Chief Financial Officer*

June 11, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Annual Management's Discussion and Analysis ("MD&A") presents management's discussion and analysis of the consolidated financial position of Ceres Global Ag Corp. ("Ceres" or the "Corporation"), the consolidated results of its operations, liquidity and capital resources, business risks and future outlook. This MD&A should be read in conjunction with Ceres' annual audited consolidated financial statements for the years ended March 31, 2012 and 2011, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and presented on Schedule A attached to this annual report. Comparative figures as at March 31, 2011 and as at April 1, 2010, and for the year ended March 31, 2011, have been restated for IFRS and for post-acquisition fair value adjustments reflected in the annual consolidated financial statements for the year ended March 31, 2011, as applicable. Wherever applicable, other comparative figures have also been restated for IFRS.

Ceres has one primary operating subsidiary, Riverland Ag Corp. ("Riverland Ag"). In discussing the results of operations, reference will be made to results on a consolidated basis and to results for Riverland Ag separately.

This MD&A has been prepared as of June 11, 2012. Unless otherwise indicated, dollar amounts are reported in Canadian dollars ("CAD").

IFRS

The annual consolidated financial statements of the Corporation for the years ended March 31, 2012 and 2011 are prepared under IFRS, and include the accounts of Ceres and Riverland Ag. Comparative figures as at March 31, 2011 and April 1, 2010, and for the year ended March 31, 2011, have been restated for IFRS. Comparative figures for March 31, 2011 include the accounts of Ceres for the year then ended and the post-acquisition accounts of Riverland Ag for the period from June 11, 2010 to March 31, 2011 (the "post-acquisition period"). Wherever applicable, other comparative figures have also been restated for IFRS.

FORWARD-LOOKING INFORMATION

This annual management discussion and analysis ("MD&A") contains certain statements including, but not limited to, anticipated or prospective financial performance and results of operations of the Corporation. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "*believes*", "*anticipates*", "*plans*", "*intends*", "*will*", "*should*", "*expects*", "*projects*", and similar expressions are intended to identify forward-looking information.

Although the Corporation believes it has a reasonable basis for making the forecasts or projections included in this annual MD&A, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the expected performance of the Corporation's operating subsidiaries, expectations concerning commodity and equity securities markets, expectations about interest rates and foreign currency exchange rates, and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Corporation's filings with Canadian securities regulatory authorities. The forward-looking information is given as of the date of this annual MD&A, and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

Ceres provides a non-IFRS measure as supplementary information, which management believes is useful to users of this MD&A to explain Ceres' financial results. This non-IFRS measure is EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), which is not a standardized financial measure prescribed by IFRS. However, management believes that most shareholders, creditors, other stakeholders and investment analysts benefit from using this performance measure in analyzing Ceres' results. Ceres also uses this measure internally to monitor the Corporation's performance.

In calculating EBITDA, Ceres also excludes its share of the net income (loss) from investments in associates and the loss on impairment of property, plant and equipment. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and is not intended to represent cash flows or results of operations in accordance with IFRS.

OVERVIEWS

Ceres

Ceres is invested in two primary operating businesses, Riverland Ag, a North American commercial grain storage business and Stewart Southern Railway, which is a short line rail company based in Southeastern Saskatchewan.

Riverland Ag

Riverland Ag is an agricultural grain supply ingredient business that owns and operates fifteen (15) grain storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York and Wisconsin, and the Canadian province of Ontario.

Riverland Ag is focused on cereal grain storage, customer-specific procurement (including contract growing) and "process-ready" cleaning of specialty grains such as oats, barley, rye and durum wheat. It offers a comprehensive range of services to its customers to help manage the risks associated with the price, quality, and availability of these critical food grains.

Riverland Ag's facilities are strategically located, with excellent rail, truck and ship transportation logistics and close proximity to major grain-processing facilities in the United States. Many of Riverland Ag's locations are at deep-water ports in the Great Lakes and along the upper Mississippi River, allowing access for lakers and barges, and enabling the efficient importation of grains from global sources.

Several of Riverland Ag's facilities are qualified as 'regular for delivery' locations for certain futures contracts on the Minneapolis and Chicago exchanges, allowing Riverland Ag to earn carrying charges against grain stored for delivery to the exchanges by matching deliverable cash inventories with futures contracts. This delivery mechanism helps to mitigate risk for Riverland Ag and it is an important component to our credit facilities.

Currently, the majority of Riverland Ag's storage space is utilized to capture grain arbitrage and merchandising opportunities. The balance is utilized to service third party storage contracts with leading food and beverage companies, whereby the third-party owns the inventory and pays Riverland Ag for storage and elevation.

Riverland Ag is primarily focused on the storage and handling of cereal grains with particular emphasis on wheat, oats, barley and rye. In the case of wheat and oats, both of these crops have futures markets which the company uses to hedge its inventories. For barley and rye, where no futures markets exist, it primarily stores the grain under contract with end users. Riverland Ag earns revenues in three primary areas:

- Carrying income, when it hedges its owned inventory positions against the futures markets and earns the difference between spot and deferred prices;

- Storage revenue, when it is paid for the use of its space by entities that have inventory deposited in Riverland Ag's delivery facility or by food and beverage companies; and

- Merchandising gains, when its owned inventory positions are sold or marked up in value as a result of movements in the market values of those grains above the prices at which it was acquired.

Grains purchased by Riverland are primarily bought from third party grain companies in the United States and Canada with certain locations also procuring directly from farmers. In the case of our Ralston, Wyoming facility, virtually all grain purchased is via direct-contracting with farmers. Grains are usually sold to food and beverage companies, and occasionally are delivered into the futures market.

The nature and position of Riverland Ag's assets allow it to be flexible in different types of grain markets, but typically it performs best in an environment of strong production, resulting in surplus grains that need to be stored, combined with a futures market in contango.

A trend that has existed for a number of years has involved corn and soybeans absorbing acres farther north and at the expense of cereal grain production. The result of this situation, both in the near term and in the future, will be an ever increasing reliance on Canada to produce cereal grains. The most dramatic example of this is represented by the production of oats, which until the 1980's, was a significant crop in the United States. However, America now imports the majority of its food quality oats consumption from Canada. Consequently, while nearly all of Riverland Ag's facilities are in the U.S., what occurs in Canada's cereal grain production industry is very important.

Stewart Southern Railway

Ceres owns a 25% interest in Stewart Southern Railway ("SSR"), which is an 81-mile short line railway that extends from Richardson, Saskatchewan (just southeast of Regina) to Stoughton, Saskatchewan. SSR was purchased from the Canadian Pacific Railway, with which it has haulage agreements. Historically, SSR only shipped grain and has been challenged by low local production caused by high levels of precipitation and flooding the past two years. In February 2012, SSR began shipping oil from the Stoughton area for the first time and monthly volumes have grown steadily. SSR is looking at capital investment to support the growth in oil shipping and a return to more normal grain production in the local area.

SELECTED ANNUAL INFORMATION

The following is a summary of selected financial information for the past three fiscal years:

	2012**	2011**	2010*
Total revenues	$ 184,414,138	$ 147,258,357	$ 3,170,799
Net income (loss)	$ (3,805,756)	$ 25,696,927	$ 31,751,625
Basic and diluted earnings (loss) per share	$ (0.25)	$ 1.74	$ 2.50
Total assets	$ 292,397,761	$ 310,869,791	$ 157,272,050
Total long-term financial liabilities	$ 42,959,816	$ 26,381,645	$ -
Cash dividends declared per share	$ -	$ -	$ -

* Amounts have not been restated to IFRS, and are presented in accordance with Canadian GAAP.

** Amounts are presented in accordance with IFRS. Figures for the year ended March 31, 2011 have been restated from Canadian GAAP to IFRS.

All figures are reported in Canadian dollars.

During the year ended March 31, 2010 and prior thereto, the Corporation operated as an investment company and net income (loss) included realized and unrealized gains (losses) on the portfolio investments. As previously stated, during the year ended March 31, 2011, the Corporation acquired Riverland Ag. That transaction transitioned Ceres from an investment company to an active investor in operating companies.

Effective for the year ended March 31, 2012, the Corporation's consolidated financial statements have been prepared in accordance with IFRS. For all periods up to and including the year ended March 31, 2011, Ceres prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). To prepare comparative information, Ceres has applied IFRS as at April 1, 2010, Ceres' date of transition to IFRS. The accounting, estimation and valuation policies adopted on conversion to IFRS have been consistently applied to the years ended March 31, 2012 and 2011. An explanation of how the transition to IFRS has affected the reported Ceres' financial position, financial performance and cash flows is provided in Note 21 (Explanation of transition to IFRS) to the annual consolidated financial statements of the Corporation.

RESULTS OF OPERATIONS FOR THE YEAR AND THE QUARTER ENDED MARCH 31, 2012

Revenues and Gross Profit

Through Riverland Ag, Ceres is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit than it is to focus on changes in revenue dollars.

For the year ended March 31, 2012, revenues totalled $184.4 million and gross profit was $16.0 million (period from June 11 to March 31, 2011: revenues totalled $147.3 million and gross profit was $18.3 million). Comparative revenue and gross profit figures for 2011 represent a period of only 294 days of results for Riverland Ag, rather than a full year for 2012 (366 days).

For the quarter ended March 31, 2012, revenues were $37.1 million (2011: $35.6 million) and gross profit was $0.8 million (2011: $6.3 million). For the quarter ended March 31, 2012, the gross profit percentage was 2.03 per cent (2011: 17.72 per cent). The decrease in the gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to continued reduced carrying charges, reduced basis revenue and lower trading gains.

In this quarter, the gross profit percentage and EBITDA amounts deteriorated compared to Q3 2012 and Q4 2011, due to lower overall inventory levels at our facilities coupled with reduced carrying charges, reduced basis revenue and lower trading gains. As reported in the previous quarter, earnings were still lower in this quarter compared to past historical levels, as Riverland Ag dealt with lower carrying charge revenues and the lower facility utilization that was driven by the active delivery against future contracts in the spring wheat market that occurred in the second quarter. Riverland Ag has adopted a plan to strategically rebuild facility utilization, which may take a number of quarters and will not gain momentum until the 2012 North American grain harvest begins. During the fourth quarter, facility utilization stabilized and is not expected to materially decrease. Depending on how the crops develop over the summer of 2012, volatility in high value milling cereal grains could still occur.

General and Administrative Expenses

For the year ended March 31, 2012, general and administrative expenses totalled $10.9 million (2011: $9.3 million). Comparative figures for 2011 include 294 days of results for Riverland Ag. Accordingly, the period-over-period increase primarily reflects the inclusion of Riverland Ag expenses for a full year period of 366 days.

For the quarter ended March 31, 2012, general and administrative expenses totalled $2.4 million and are slightly less in total than general and administrative expenses for the quarter ended March 31, 2011, which were $2.5 million.

For the year ended March 31, 2012, general and administrative expenses include Ceres corporate-level costs for management fees of $3.4 million (2011: $3.2 million) and other expenses of $2.3 million (2011: $2.3 million). The increase in management fees is generally consistent with the increase in average net asset value (or shareholders' equity) over the year ended March 31, 2012 compared to 2011, on which the management fee is calculated. Other expenses incurred at the Ceres corporate-level include Professional fees of $1,126,300 (2011: $415,700), Portfolio and corporate transaction costs of $473,200 (2011: $1.6 million) and other general and administrative expenses totalling $737,500 (2011: $355,200). Professional fees increased due to increases in audit fees and consulting fees related to the larger scope of the work including Riverland Ag and the conversion to IFRS, and work on prospective transactions. Portfolio and corporate transaction costs for 2011 reflect increased activities in the sale of portfolio investments (minimal in 2012) and that a portion of corporate transaction costs related to the acquisition of Riverland were accounted for in 2011, compared to less significant corporate transaction activity in 2012.

Finance income (loss)

For the years ended March 31, 2012 and 2011 and the three-month periods then ended, finance income (loss) includes the following:

	3 months		12 months	
(in thousands of dollars)	2012	2011	2012	2011
Dividend revenues, net of withholding taxes	$ -	$ 13.5	$ 21.2	$ 413.4
Interest and other revenues, net of interest expense on bonds sold short	-	34.7	3.6	49.7
Realized gain (loss) on sale of investments	(6.1)	2,872.7	(5,257.4)	1,613.5
Realized gain (loss) on currency-hedging transactions	767.4	397.4	(541.3)	(123.7)
Realized and unrealized gain (loss) on foreign exchange	1.9	(122.9)	99.8	(497.7)
Change in fair value of investments	1,405.5	(2,688.0)	3,916.9	(403.1)
	$ 2,168.7	**$ 507.4**	**$ (1,757.2)**	**$ 1,052.1**

For the years and three-month periods ended March 31, 2012 and 2011, Ceres earned investment revenues (dividends, interest and other revenues) on its non-Riverland Ag assets. The year-over-year and period-over-period decreases in Ceres' investment revenues reflects the divestiture during the quarter ended June 30, 2010 and thereafter of a significant number of portfolio investments to fund the acquisition of Riverland Ag, its future growth in Riverland Ag and other potential investments in industry-related businesses. Variances in realized and unrealized gains and losses reflect the volatility of the equity and currency markets.

Finance expenses

For the years ended March 31, 2012 and 2011 and the three-month periods then ended, finance expenses include interest on short-term and long-term debt plus the amortization of related financing transaction costs. For the year ended March 31, 2012, finance expenses were $7.1 million (2011: $4.9 million). The increase in the annual finance expense amount reflects the inclusion of Riverland Ag finance expenses for a full year in 2012, compared to a period of 294 days for 2011. For the quarter ended March 31, 2012, finance expenses were $2.1 million (2011: $2.2 million).

Gain on acquisition of subsidiaries

For the three-month period and year ended March 31, 2011, the gain on acquisition of subsidiaries has been restated to conform to IFRS, and is described in detail in note 5 (Business Combinations) to the annual consolidated financial statements for the years ended March 31, 2012 and 2011.

EBITDA

The following tables are a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month period and year ended March 31, 2012, and a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month periods ended March 31, 2012 and 2011:

EBITDA *(in thousands of dollars)*		3 months		12 months	
Periods ended March 31, 2012		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net income (loss) for the period		$ (414.1)	$ (1,378.7)	$ (3,805.8)	$ 3,768.3
Add (deduct):	finance expenses	2,051.0	2,051.0	7,144.8	7,144.8
	loss on impairment of property, plant and equipment	146.1	146.1	146.1	146.1
	income taxes	(1,391.6)	(1,391.6)	(612.7)	(612.7)
	share of net (income) loss in associates	114.5	125.0	414.5	318.2
	depreciation on property, plant and equipment	717.5	717.5	2,625.4	2,625.4
		$ 1,223.4	**$ 269.3**	**$ 5,912.3**	**$ 13,390.1**

EBITDA *(in thousands of dollars)*		3 months, 2012		3 months, 2011	
Periods ended March 31		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net income (loss) for the period		$ (414.1)	$ (1,378.7)	$ 2,021.5	$ 2,002.1
Add (deduct):	finance expenses	2,051.0	2,051.0	2,156.6	2,156.6
	loss on impairment of property, plant and equipment	146.1	146.1	-	-
	income taxes	(1,391.6)	(1,391.6)	(99.4)	(99.4)
	share of net income in associates	114.5	125.0	305.9	284.6
	depreciation on property, plant and equipment	717.5	717.5	579.7	579.7
		$ 1,223.4	**$ 269.3**	**$ 4,964.3**	**$ 4,923.6**

For the quarter ended March 31, 2012, consolidated net loss includes finance income of $2.2 million (quarter ended December 31, 2011: finance loss was $2.1 million). Excluding the effect of finance income for this quarter, consolidated EBITDA would have been a loss of $945,000 (quarter ended December 31, 2011, consolidated EBITDA would have been $3.25 million).

For the quarter ended March 31, 2011, consolidated net income includes finance income of $0.5 million (quarter ended December 31, 2010: finance income was $4.4 million). Excluding the effect of finance income for that period, consolidated EBITDA would have been $4.5 million (quarter ended December 31, 2010: consolidated EBITDA would have been $3.2 million).

The decrease in EBITDA for Riverland Ag for the quarter ended March 31, 2012 over EBITDA for the quarter ended March 31, 2011 is $4.7 million; whereas the decrease in consolidated EBITDA adjusted to exclude the effect of finance income (loss) for the quarter ended March 31, 2012 compared to 2011 is $5.4 million. The decrease in Riverland Ag's EBITDA for the current quarter (Q4 2012), compared to the quarter ended December 31, 2011 (Q3 2012), is caused by continued reduced carrying charge income, reduced basis revenue and lower trading gains.

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended March 31, 2012:

(in thousands, except per share amounts)

Reporting dates	3 months 2012-03-31 Q4 2012**	3 months 2011-12-31 Q3 2012**	3 months 2011-09-30 Q2 2012**	3 months 2011-06-30 Q1 2012**	3 months 2011-03-31 Q4 2011**	3 months 2010-12-31 Q3 2011**	3 months 2010-09-30 Q2 2011**	3 months 2010-06-30 Q1 2011**
Revenues	$ 37,123	$ 22,639	$ 35,044	$ 89,609	$ 35,647	$ 39,531	$ 54,148	$ 17,932
Gross profit	$ 755	$ 4,865	$ 4,147	$ 6,189	$ 6,318	$ 4,873	$ 5,967	$ 1,121
Income (loss) from operations	$ (1,663)	$ 2,526	$ 748	$ 3,432	$ 3,877	$ 2,684	$ 2,608	$ (136)
Net income (loss)	$ (414)	$ (1,704)	$ (2,033)	$ 345	$ 2,022	$ 4,595	$ 12,522	$ 6,559
Weighted-average number of common shares	14,640	14,941	15,047	15,174	15,311	15,345	15,357	13,091
Basic and fully diluted earnings (loss) per share	$ (0.02)	$ (0.11)	$ (0.14)	$ 0.02	$ 0.13	$ 0.30	$ 0.82	$ 0.50
EBITDA, consolidated	$ 1,223	$ 1,150	$ 2	$ 3,536	$ 4,964	$ 7,626	$ 15,054	$ 7,215
EBITDA per share, consolidated	$ 0.08	$ 0.08	$ -	$ 0.23	$ 0.32	$ 0.50	$ 0.98	$ 0.55
EBITDA, Riverland Ag	$ 269	$ 4,508	$ 3,266	$ 4,924	$ 4,924	$ 4,418	$ 5,457	$ 1,056
EBITDA per share, Riverland Ag	$ 0.02	$ 0.30	$ 0.22	$ 0.35	$ 0.32	$ 0.29	$ 0.36	$ 0.08
Cash and portfolio investments, net of shorts and options, as at reporting date	$ 39,607	$ 45,176	$ 48,253	$ 60,855	$ 64,385	$ 63,794	$ 64,201	$ 60,053
Shareholders' equity, as at reporting date	$ 155,900	$ 159,615	$ 165,792	$ 159,962	$ 161,344	$ 162,748	$ 148,438	$ 150,501
Shareholders' equity per common share, as at reporting date	$ 10.69	$ 10.83	$ 11.07	$ 10.58	$ 10.59	$ 10.63	$ 9.67	$ 9.80

** Amounts are presented in accordance with IFRS. Figures for the four quarters of the fiscal year ended March 31, 2011 have been restated from Canadian GAAP to IFRS.

The following comments relate to certain variances reported in some of the line items above:

Revenues: Amounts above represent post-acquisition revenues earned by Riverland Ag. After the year ended March 31, 2010, investment revenues earned by Ceres are classified in accordance with IFRS as Finance income (loss).

Income from operations: For Q1 to Q4 2011, income from operations has been restated to reflect the changes effected for the transition to IFRS compared to former Canadian GAAP. The primary changes include:

- The re-classification of finance expenses (interest expense on short-term debt and on long-term debt, and the related amortization of financing transaction costs). Under Canadian GAAP, such costs were included in the determination of Income (loss) from operations. Under IFRS, finance expenses are presented after Income (loss) from operations and, consequently, are excluded from the determination of Income (loss) from operations.

- The adjustment to the gain on acquisition of subsidiaries in Q1 2011 to reflect fair value adjustments to the net identifiable assets acquired in the acquisition of Riverland Ag, which were recognized in the annual consolidated financial statements for the year ended March 31, 2011. These fair value adjustments had not been determined until after the publication of the interim consolidated financial statements for the three-month and nine-month periods ended December 31, 2010.

In Q2 2011, income from operations was reduced by the effect of portfolio transaction costs amounting to approximately $1.1 million pertaining to the acquisition of Riverland Ag.

BUSINESS REVIEW – RIVERLAND AG

Riverland Ag is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit that it is to focus on changes in revenue dollars.

For the year ended March 31, 2012, revenues totalled $184.4 million and gross profit was $16.0 million (period from June 11, 2010 to March 31, 2011: revenues totalled $147.3 million and gross profit was $18.3 million). The gross profit percentage for the year ended March 31, 2012 was 8.65 per cent (period from June 11, 2010 to March 31, 2011: gross profit percentage was 12.45 per cent). Comparative revenue and gross profit amounts for the period from June 11, 2010 to March 31, 2011 include only 294 days of results for Riverland Ag, rather than a full year (366-day) period.

For the quarter ended March 31, 2012, revenues were $37.1 million (2011: $35.6 million) and gross profit was $0.8 million (2011: $6.3 million). The gross profit percentage for the quarter ended March 31, 2012 was 2.03 per cent (2011: 17.72 per cent). The decrease in the gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to continued reduced carrying charge income, reduced basis revenue and lower trading gains.

The results for Q4 FYE 2012 weakened due to the continued reduced carrying charge environment in the quarter. In addition, market events that allowed Riverland Ag to generate trading gains in the third quarter were not present during the fourth quarter and this lowered financial performance on a comparative basis. In this weakened environment, management focused on positioning the business to take advantage of the 2012 harvest and establish a higher facility utilization. Also, with the removal of the Canadian Wheat Board monopoly, opportunities to buy spring wheat from a market 1.5 times larger than the U.S. market, for the first time in over 75 years, presents opportunities and certain structural challenges on which Riverland Ag is working on providing solutions.

Also during the year, the Ralston, Wyoming facility, which contracts for grain production with producers in the fall for next summer's production contracted a 40% increase in barley production for the 2012 crop year. This contracted production is matched with contracted sales to customers in the malting and brewing industry, the benefits of which will materialize in fiscal 2013.

On July 12, 2011, the two-year revolving line of credit facility in place at Riverland Ag was increased from USD$115 million to USD$180 million, and an additional financial institution was brought to the lenders' syndicate. This expanded credit facility provides Riverland Ag with greater liquidity to finance increasing grain inventories and absorb higher grain prices, and supports Riverland Ag's growth in the commercial grain storage industry. This increased credit facility also greatly enhances Riverland Ag's flexibility in pursuing grain opportunities that may arise out of the impending changes to the Canadian Wheat Board's powers and how it will affect North America markets.

Furthermore, on December 14, 2011, Riverland Ag modified a secured term loan agreement and entered into a 10-year term loan agreement in the amount of USD$40.5 million. As part of the modification, Riverland Ag repaid the remaining principal on an existing secured term loan agreement, which then had a principal balance owing of USD$19.2 million. In addition, management negotiated a reduction in the interest rate from 6.25 per cent to 5.35 per cent. The increase in the long-term credit facility positions the Corporation well to continue pursuing inventory purchases and asset acquisitions in this changing North America grain market.

Management continues to identify growth opportunities, in both upstream and downstream segments. In addition, management will continue to optimize its mix of grains to maximize the utilization of its storage space and earnings on grains in storage.

The removal of the Canadian Wheat Board monopoly on wheat and barley sales, effective August 1, 2012, coupled with the Minneapolis Grain Exchange's acceptance of Canadian spring wheat, should help Riverland Ag rebuild inventories. It should increase the size and enhance the liquidity of the Minneapolis spring wheat futures market, making this contract less susceptible to supply disruptions, such as those which caused last year's inversion and drove much of the reduction in Riverland's inventory positions. With approximately 30% of the delivery space on the Minneapolis Spring Wheat futures market, Riverland Ag is in a strong position to benefit from these changes. Management believes that there will be increased southward movement of Canadian Grain to the United States for U.S. domestic consumption and to utilize the American grain export infrastructure. This could increase the demand for storage space in the United States, and Riverland Ag could play a role in meeting this demand. Consequently, Riverland Ag is readying itself for these changes and working to identify and capitalize on the emerging opportunities.

BUSINESS REVIEW - STEWART SOUTHERN RAILWAY

Ceres' investment in Stewart Southern Railway ("SSR", held separately from Riverland Ag), a short line railway in south-eastern Saskatchewan, is progressing extremely well (despite the poor crops that resulted from heavy moisture last year), driven the shipments of oil by rail that began during Q4. SSR achieved profitability in March 2012, for the first time since Ceres made its investment, and shipments have steadily increased since then. Ceres management hopes this investment will become a more meaningful contributor going forward. While still early days, oil by rail infrastructure across North America at both origination and destination continues to improve, which makes it more competitive both on a cost basis, and equally important, on the revenue side at destination markets. SSR benefits from its location in Stoughton, Saskatchewan, where significant oil exploration activity is taking place.

FINANCIAL POSITION AS AT MARCH 31, 2012

The following is a summary of the portfolio investments and cash on hand as at March 31, 2012 and 2011:

	2012	2011
Portfolio investments owned (long)	$ 9,873,064	$ 17,548,589
Cash	$ 29,733,963	$ 46,836,841

The decrease in the fair value of the portfolio investments during the year ended March 31, 2012 reflects the divestiture of a portion of the portfolio held as at March 31, 2011 and a decrease in the fair value of the remaining portfolio holdings over the year.

Portfolio investments

As at March 31, 2012, the percentage of the fair value of the portfolio invested in public companies was 60.89% of the total portfolio, and in private companies was 39.11% (2011: public companies: 54.72% of the total portfolio; private companies: 45.28%). Nonetheless, as at March 31, 2012, 2.48% of shareholders' equity is represented by portfolio investments in private companies (2011: 4.96%). As at March 31, 2012, 3.86% of shareholders' equity is invested in equity instruments of publicly traded companies located in Canada, the United States of America and Australia (2011: 5.99%).

During the year, Ceres reduced its legacy public portfolio investments by selling certain positions. Proceeds from the sale of investments are used to fund various strategic investment initiatives and the on-going Normal Course Issuer Bid. During the quarter, the increase in fair value of portfolio investments of $1.4 million is attributable to the gain in value of Ceres' investment in EcoSynthetix Inc.

As part of the Corporation's strategy to manage its risks and minimize its exposure associated with owning securities denominated in foreign currencies, the Corporation may commit to certain forward foreign exchange contracts. As at March 31, 2012, the Corporation had a forward foreign exchange contract for USD$32.49 million, having a term of 31 days (2011: forward foreign exchange contract for USD$10.85 million, term of 29 days).

Other assets and liabilities

As at March 31, 2012, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2011. During the year ended March 31, 2012, the value of total assets decreased by approximately $18.5 million, caused primarily by the following increase (decreases), in millions of dollars:

- cash and portfolio investments ($24.8)
- trade accounts receivables ($ 0.6)
- inventories ($ 2.8)
- other current assets ($ 5.4)
- property, plant and equipment $15.3

The increase in property, plant and equipment reflects (a) the investment in the 2.3 million bushel expansion of the Malt One facility in Minneapolis, Minnesota, (b) the acquisition of a facility in

Manitowoc, Wisconsin, (c) the acquisition of property in the latter part of this fiscal year (d) the effects of changes in foreign exchange rates used to translate the U.S. dollar accounts of Riverland Ag to Canadian dollars, and (e) the effects of depreciation expense.

During the same period, total liabilities decreased by approximately $13.0 million, being a decrease of 8.71 per cent in the value of total liabilities. Excluding an increase of $2 million in the deferred income tax liability, total liabilities decreased by $15 million, or 10.09 per cent. The decrease in liabilities reflects primarily the reduction of the aggregate of short-term and long-term credit facility liabilities, which decreased by $14.6 million, while derivative liabilities (unrealized losses on open commodity futures or options contracts) increased by $0.4 million during the year. A portion of the reduction in credit facility liability balances was the result of Ceres having made a direct investment of USD$7.3 million in Riverland Ag during the fiscal year, to support its acquisition and internal capital expenditure programs.

LIQUIDITY AND CAPITAL RESOURCES

With the purchase of Riverland Ag in June 2010, Ceres transitioned from an investment company to an active investor in operating companies. Following the acquisition, Ceres began an orderly liquidation of its investment portfolio to generate cash to support the growth of Riverland Ag and to invest in other agricultural industry-related businesses. As at March 31, 2012, Ceres had $29.7 million of cash available for future investment, and approximately $9.9 million invested in minority positions in several companies (2011: $46.8 million in cash and $17.5 million invested in minority positions). Ceres will continue to monitor the market for opportunities to liquidate portfolio investments.

The Corporation's cash requirements include operating costs at the corporate level and funding the growth of Riverland Ag. Cash and portfolio investments, as well as cash flow generated by Riverland Ag's operations, are available to support the continued growth of Riverland Ag.

As at March 31, 2012, Riverland Ag has the following short-term credit facilities:

- A syndicated committed facility of up to USD$180 million (increased on July 12, 2011 from USD$115 million), two-year revolving credit agreement, which is subject to borrowing base limitations and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. Prior to November 29, 2011and after February 27, 2012, borrowings were subject to interest at LIBOR plus 4.00 per cent, calculated and paid monthly. From November 29, 2011 to February 27, 2012, the lender had agreed to a fixed LIBOR rate of 0.52 per cent on a base line of USD$50 million, with interest due on February 27, 2012. On borrowings exceeding that base line amount, interest was at a variable rate of LIBOR plus 4.00 per cent. As at March 31, 2012, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) totalled USD$80 million (CAD$79.8 million) (March 31, 2011: the balance payable by Riverland Ag totalled USD$77.5 million, then being CAD$75.4 million). The maturity date of this agreement remains October 29, 2012.

- A repurchase commitment facility under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA"). Riverland Ag periodically enters into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to MCUSA and agrees to repurchase the inventory from MCUSA for a fixed price on a future date. Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts, and neither sales nor purchases are recognized in relation to these transactions. As at March 31, 2012, Riverland Ag had a liability of $Nil (2011: liability of USD38.6 million, equivalent to CAD$37.5 million). As at March 31, 2011, the fixed interest rate on the open repurchase commitments ranged from 4.83 per cent to 5.08 per cent.

As at March 31, 2012, Riverland Ag also has the following long-term credit facilities:

- The USD$25.0 million secured term loan agreement with Great Western Bank, which carried a fixed annual interest rate of 6.25 per cent ("GWB loan #1"), and which was scheduled to mature on August 12, 2014, was modified effective December 14, 2011. The loan principal has been increased to USD$40.5 million, maturing December 2021 and bearing interest at the fixed annual rate of 5.35 per cent over the term. The loan continues to be guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The new loan ("GWB #3") is repayable in 120 equal monthly installments of USD$337,500 plus interest. As at March 31, 2012, the balance payable by Riverland Ag on this term loan (excluding the effect of unamortized financing costs) is USD$39.5 million (CAD$39.4 million), of which USD$4.05 million (CAD$4.04 million) is due prior to April 1, 2013 (2011: balance payable was USD$21 million (CAD$20.5 million), of which USD$2.5 million (CAD$2.43 million) was due prior to April 1, 2012).

- A ten-year term loan agreement in the amount of USD$10.0 million with Great Western Bank, bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"). The loan will mature on February 12, 2021, and is also guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable in 120 equal monthly principal installments of USD$83,333 plus interest. As at March 31, 2012, the balance payable by Riverland Ag on this term loan (excluding the effect of unamortized financing costs) is USD$8.9 million (CAD$8.9 million), of which USD$1.0 million (CAD$1.0 million) is due prior to April 1, 2013 (2011: balance payable was USD$9.9 million (CAD$9.6 million), of which USD$1.0 million (CAD$972K) was due prior to April 1, 2012).

As at March 31, 2012 and 2011, Riverland Ag was in compliance with debt covenants concerning the short-term credit facilities and the secured term loans.

On December 21, 2010, the Common Share Purchase Warrants (collectively the "Warrants") that were issued three years prior to purchasers of Units under the Initial Public Offering and to the agents under an over-allotment option granted thereto, expired and were cancelled. The Corporation allocated the aggregate stated capital value of $9.0 million related to these expired Warrants to Contributed Surplus. Otherwise, except for additional warrants issued by Ceres on the acquisition of Riverland Ag (as discussed in the following paragraph), there has been no change in the authorized capital of Ceres since March 31, 2008.

On June 11, 2010, and as part of the consideration paid for the acquisition of Riverland Ag, Ceres issued 2,904,889 Common Shares at their quoted price of $5.99 each for consideration of $17.4 million, and 150,000 Common Share Purchase Warrants valued at $1.35 each for consideration of $202.4 thousand. These Common Share Purchase Warrants are exercisable at any time prior to the third anniversary of the closing date of the Acquisition at an exercise price of $10.40 each. During the years ended March 31, 2012 and 2011, no Warrants were exercised. As at March 31, 2012 and 2011, no stock options are outstanding. No stock options were granted during the years ended March 31, 2012 and 2011.

On October 7, 2010, Ceres announced a normal course issuer bid (the "2010-2011 NCIB") commencing on October 8, 2010. The 2010-2011 NCIB concluded on the earlier of the date on which purchases under the bid have been completed and October 7, 2011. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,016,638 of its Shares, representing approximately 10 per cent of its unrestricted public float as at October 4, 2010. Ceres was permitted to purchase up to a daily maximum of 3,657 Shares, except where such purchases are made in accordance with the "block purchase" exception under applicable TSX rules and policies. For the period from April 1 to October 5, 2011, Ceres purchased 276,021 Shares under the 2010-2011 NCIB for an aggregate consideration of $2.1 million. The stated capital value of the repurchased Shares was $2.7 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $556,000 for this period has been allocated to Retained Earnings during the year ended March 31, 2012 (period from October 8, 2010 to March 31, 2011: repurchased 125,938 Shares for aggregate consideration of $1,047,000; excess of the stated capital value of the repurchased Shares over the cost thereof was $168,000, which was allocated to Retained Earnings).

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011-2012 NCIB") commencing on October 17, 2011. The 2011-2012 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and October 16, 2012. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,184,334 of its common Shares, representing approximately 10 per cent of its unrestricted public float as at October 11, 2011. Ceres may purchase up to a daily maximum of 3,726 Shares, except when purchases are made in accordance with the "block purchase" exception under applicable TSX rules and policies. For the period from October 17, 2011 to March 31, 2012, Ceres purchased 373,796 Shares under the 2011-2012 NCIB for an aggregate consideration of $2.0 million. The stated capital value of these repurchased Shares was $3.6 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $1.6 million, has been allocated to Retained Earnings in the year ended March 31, 2012.

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at March 31, 2012:

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 79,439,289	$ 79,800,000	$ 79,800,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	3,141,089	3,141,089	3,141,089	-	-	-
Derivatives	2,917,960	2,917,960	2,917,960	-	-	-
Management fees payable	267,223	267,223	267,223	-	-	-
Due to Manager	55,000	55,000	55,000	-	-	-
Long-term debt	47,837,556	61,298,947	7,603,273	7,321,304	20,276,459	26,097,911
	$ 133,658,117	$ 147,480,219	$ 93,784,545	$ 7,321,304	$ 20,276,459	$ 26,097,911

Future expected operational cash flows and sufficient current assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: availability of portfolio investments traded in active exchanges, the prompt settlement of amounts due from brokers, and the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

MARKET OUTLOOK AND BUSINESS RISKS

Market Outlook

Riverland Ag

There are two encouraging signs for Riverland Ag's business for next year, which are driven by a return of the contango in the futures market and a strong start to the planting season in North America with overall favourable weather patterns. If this positive start to this year's growing season were to remain through harvest, Riverland Ag should be in a strong position to rebuild its inventory positions following the challenging markets for the year ended March 31, 2012.

As a result of a return to more normal growing conditions, the oat crop should benefit from increased production in Canada. Agriculture and Agri-Food Canada expects seeded area to increase for the 2012 crop year by 9% and production to rise by 5% with carry-out stocks expected to increase by 10%. Oat production in the United States, which is minor compared to Canada, is expected to rise as well for the 2012 crop year compared to the previous year; however, the downward trend in U.S. oat production that has been occurring for the past 20 years is not expected to reverse.

The spring wheat market represents an exciting new opportunity for Riverland Ag because of the removal of the Canadian Wheat Board's monopoly of Western Canadian wheat and barley, effective August 1, 2012. In past years Riverland Ag, as a grain merchant, was unable to buy western Canadian spring wheat and equally importantly, it was not deliverable against the Minneapolis futures markets. Therefore, even if Riverland Ag were able to buy this wheat, it would not be able to hedge its position. As a result, Riverland Ag had to focus on U.S. spring wheat which, because of the increasing encroachment of corn and soybeans, was experiencing an ever-narrowing production area in the Northern parts of the Dakota's, Minnesota and Montana. With the removal of the CWB monopoly and a change made by the Minneapolis Grain Exchange to begin accepting Canadian wheat for delivery against its contracts, Riverland Ag can now originate and hedge Spring Wheat in a market that is approximately 1.5 times larger than it was before the departure of the CWB. The significant increase in the size of the Spring Wheat tributary to the MGEX wheat futures contract should add to its size and flexibility and should make it a much more vibrant arena for hedging going forward.

According to Agriculture and Agri-Food Canada, Canadian Spring wheat planting is expected to rise by 10% as areas get planted this year in parts of Saskatchewan and Manitoba that were affected by last year's excessive moisture levels. Spring Wheat acres are also expected to rise slightly in the United States. This, coupled with an improving forward futures curve, should bode well for Riverland Ag to replenish its inventory levels.

Other crops, such as winter wheat, barley and rye are seeing positive trends for the 2012 crop year, similar to the oats and Spring Wheat crops described above.

With the removal of the CWB monopoly, we expect to see a more integrated North American grain market develop. If this occurs, we expect new sourcing paradigms to develop based on an increased north-south flow of grain versus the historical east-west flow. Ceres and Riverland Ag management are aggressively identifying these opportunities.

Stewart Southern Railway

SSR should benefit from increased grain shipments, starting with the 2012 harvest based on the positive Western Canadian crop forecasts highlighted above. In addition, it is expected that oil shipping will continue to increase from the level of approximately 4,500 barrels per day that was achieved in March 2012 to approximately 16,000 barrels per day in the late summer of 2012. In addition, grain volumes shipped could rise significantly from last year, if this area of Saskatchewan is able to produce a crop, after the disappointments of the past two years due to significant moisture levels. SSR management is working with customers to make investments to increase the efficiency of the line, to drive larger volumes going forward. With increased drilling activity in the Stoughton area, as well as in Saskatchewan in general, SSR management is also looking at opportunities for developing oil services traffic. Management is also working hard to expand and diversify Ceres' emerging commodity logistics division, with several initiatives in the very early stages of development.

Business Risks

Until June 11, 2010, Ceres was an actively managed investment company, and accordingly, its principal business risks related to the quality of its investment portfolio. However, since the acquisition of Riverland Ag on that date, the Corporation's business risks are more diverse.

Risks related to the portfolio investments

As at March 31, 2012, Ceres' portfolio investments currently consist of publicly traded equities of entities operating in Canada and the United States of America, and of equities in private companies also located in Canada and the United States of America. As at that date, total investment in non-public issuers represents 2.48% of consolidated shareholders' equity (2011: 4.96% of shareholders' equity). These securities are subject to risks including market price risks, liquidity risk (as to investments in any private companies and restricted shares of public companies), issuer-specific credit risks, and fluctuations in foreign currency exchange rates and in interest rates.

Primary risks related to its operating subsidiary

Ceres' foreign subsidiary, Riverland Ag, operates in US dollars, being its reporting and functional currency. It does not hold assets nor have liabilities denominated in currencies other than US dollars. Therefore, it is not directly exposed to currency risk in its normal operations.

Riverland Ag uses various grain contracts as part of its overall grain-merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counterparty risk associated with non-performance, which may have the potential of creating losses for Riverland Ag. Management has assessed the counterparty risk and believes that no significant losses, if any, would result from non-performance.

Concerning its trade accounts receivable, Riverland Ag regularly evaluates its credit risk to the extent that such receivables may, from time to time, be concentrated in certain industries or with significant customers. Riverland minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable are substantially current. Based on its review and assessment of its trade accounts receivable, management has determined credit risk related to trade accounts receivable is minimal.

Riverland Ag's participation in the grain business makes it subject to market price volatility inherent in agricultural commodities. The nature of Riverland Ag's arbitrage and merchandising business mitigates the effect that short- and near-term price volatility would otherwise have on operating earnings. Interest costs on debt used to finance inventory fluctuates with changes in commodity prices. Riverland Ag typically builds inventory positions that bridge different crop years, which serves to mitigate earnings volatility related to poor or bumper crop years.

Commodity risk is inherent in the nature of Riverland Ag's business, as it enters into commitments involving a degree of speculative risk. To reduce risk that might be caused by commodity market fluctuations, Riverland Ag's risk management policy, with certain exceptions, follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. It would also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets.

Liquidity risk relating to Riverland Ag's business has been discussed in the *Liquidity and Capital Resources* section of this report.

Use of derivatives

As described above concerning Commodity risk, Riverland Ag generally uses exchange-traded futures and options contracts in managing such risk, and to enhance margins whenever possible. Changes to the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and included in Due from Broker (March 31, 2012: $2,463,520; March 31, 2011: $10,192,420) and as Derivative assets or Derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at March 31, 2012: unrealized gains of $2,955,578 and unrealized losses of $2,917,960; March 31, 2011: unrealized gains of $1,899,160 and unrealized losses of $2,468,358).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the Portfolio investments. For the year ended March 31, 2012, the realized loss on foreign currency hedging transactions was $541,300 (2011: loss of $123,700). For the quarter ended March 31, 2012, the realized gain on foreign currency hedging transactions was $767,400 (2011: gain of $397,400). As at March 31, 2012 and 2011, Ceres recognized no unrealized gain or loss on its only forward foreign currency contract as at those dates, as the contracts were executed as at those respective reporting dates.

During the fiscal years ended March 31, 2011 and March 31, 2010, Ceres used written options as part of its strategies to manage its exposure to fluctuations in the market prices of its Portfolio investments owned. In view of the changes in its investment strategies and risk management techniques during the year ended March 31, 2011, Ceres has discontinued this practice. Management does not expect to resume this practice in the foreseeable future. For the year ended March 31, 2012, earned premiums on written options totaled $Nil (2011: $491,100) and the realized loss on written options exercised was $Nil (2011: loss of $1,343,300). For the quarters ended March 31, 2012 and 2011, earned premiums on written options totaled $Nil and the realized gain or loss on written options exercised was $Nil.

Earned premiums and the realized losses on written options are included in Finance income (loss) in the Statement of Comprehensive Income and classified with the Realized gain (loss) on sale of investments.

OUTSTANDING SHARE DATA

As at June 11, 2012, the issued and outstanding equity securities of the Corporation consisted of 14,479,499 Common Shares issued and 150,000 Warrants (March 31, 2012: 14,581,299 Common Shares issued and 150,000 Warrants).

RELATED PARTY TRANSACTIONS

Front Street Capital 2004 and certain affiliates (collectively referred to as "Front Street Capital") are related parties to Ceres by virtue of a management agreement, pursuant to which Front Street Capital provides certain services to Ceres. Chief among those services are:

- Providing management and officers to Ceres, in order to carry out day-to-day responsibilities and strategic direction;
- Providing office facilities to house the Corporation; and
- Providing miscellaneous personnel to perform certain clerical and administrative services for the Corporation.

The management agreement is in place until April 26, 2015, at which time Front Street Capital could be removed with two years written notice.

(a) Management fees and incentive fees

For the year ended March 31, 2012, management fees of $3,384,000 (2011: $3,196,000) were charged to operations and included with general and administrative expenses. As at March 31, 2012, management fees payable to the Manager amounted to $267,000 (2011: $294,000). For the years ended March 31, 2012 and 2011, the Statements of Comprehensive Income reflect no provision for an incentive fee. As at March 31, 2012 and 2011, there was no liability for an incentive fee.

For the quarter ended March 31, 2012, management fees of $682,000 (2011: $870,000) were charged to operations and included with general and administrative expenses.

(b) Due to Manager

As at March 31, 2012, the Corporation had a liability to the Manager in the amount of $55,000 (2011: $nil).

SIGNIFICANT ACCOUNTING POLICIES

The preparation of Ceres' consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in the Statement of Comprehensive Income in the period in which they become known.

The following significant accounting policies involve the use of estimates.

Financial instruments
Trade accounts receivable, dividends, interest and other receivables are classified as loans and receivables. All other financial assets are held for trading and classified at fair value through profit or loss. Current liabilities and long-term debt are classified as other liabilities, except Derivative liabilities (unrealized losses on open cash contracts, unrealized loss on forward foreign exchange contracts, and unearned premium on written options) and investments sold short, which are held-for-trading and classified at fair value through profit or loss. The carrying value of financial assets classified as current assets and the carrying fair value of financial liabilities classified as current liabilities approximate the fair value thereof given their short-term maturities. The carrying value of long-term debt, before the effect of the unamortized amount of financing transaction costs, is not materially different than the fair value of the principal amount of the loans.

Valuation of investments in private companies
The fair value of financial instruments not traded in an active market (including, but not limited to: over-the-counter derivatives and debentures, and securities in private companies, warrants and restricted securities, among others) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and make assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Derivative contracts other than written options
Riverland Ag generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. These derivative contracts have not been designated as fair value hedges and are valued at market price. Changes in the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and classified as Due from Broker and Derivative assets (Unrealized gains on open cash contracts) and Derivative liabilities (Unrealized losses on open cash contracts).

Recognition of Riverland Ag revenues
Riverland Ag recognizes sales revenue at the time of delivery of the product when all of the following have occurred: a sales agreement is in place, title and risk of loss have passed, pricing is fixed or determinable, and collection is reasonably assured. Grain-storage income is recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented in the Statement of Comprehensive Income gross in Revenues and Cost of sales. Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator employees, depreciation of buildings, silos and elevators, utilities and other similar costs are classified in Cost of sales.

Inventories
Inventories consist of agricultural grain commodities owned by Riverland Ag, and are stated at fair value less costs to sell. Changes in the fair value less costs to sell of inventories of agricultural grain commodities are recognized in the determination of income for the period, as a component of Cost of sales.

<u>Property, plant, and equipment</u>
Property, plant, and equipment are stated at their fair value as at the date of the Acquisition. Amortization is calculated using the straight-line method over the estimated useful lives of the respective classes of assets, as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, computer software and other property, plant and equipment	7 years

Riverland Ag reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the expected fair value of such assets might not be sufficient to support the carrying amount of the assets.

CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board announced that, on January 1, 2011, IFRS will replace Canadian standards and interpretations as Canadian generally accepted accounting principles (hereinafter referred to as "Canadian GAAP") for publicly accountable enterprises. Consequently, Ceres adopted IFRS for its fiscal year commencing on April 1, 2011, and has since prepared IFRS financial statements for the interim periods and the fiscal year end commencing on that date, with restatement of comparative information.

Ceres has completed all phases of its project plan and transitioned to IFRS effective April 1, 2011, with comparative information disclosed as at, and for the year ended, March 31, 2011. Ceres retrospectively applied all effective IFRS standards and interpretations to determine the opening balance sheet as April 1, 2010. These annual consolidated financial statements for the year ended March 31, 2012 are prepared in accordance with IFRS. The adoption of IFRS had no effect on Ceres' business strategies, nor did it influence primary business activities.

<u>First-time adoption of IFRS:</u>

Adjustments required on transition to IFRS were made retrospectively against retained earnings as at April 1, 2010, which is the date of transition and the date of the first comparative balance sheet, as presented in the annual consolidated financial statements as at and for the year ended March 31, 2012. "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1") provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. Management reviewed these exceptions and exemptions in IFRS 1 and determined these do not apply to Ceres.

<u>Explanation of transition to IFRS</u>

IAS 1 – Presentation of Financial Statements
IAS 1 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The impact of adopting this IFRS standard resulted in the following changes.

Financial statement titles

Canadian GAAP	IFRS
Consolidated Balance Sheet	Same
Consolidated Statements of Income, Comprehensive Income and Accumulated Other Comprehensive Loss	Consolidated Statements of Comprehensive Income (note that changes in Accumulated Other Comprehensive Income or Loss are presented in the Consolidated Statements of Changes in Shareholders' Equity)
Consolidated Statements of Retained Earnings	Consolidated Statements of Changes in Shareholders' Equity
Consolidated Statements of Cash Flows	Same
Notes to the Consolidated Financial Statements	Same

Adjustments and IFRS reclassifications at the transition date of April 1, 2010

Under IFRS, there were no transition date adjustments as at April 1, 2010. Under IFRS, the following reclassifications were recognized to the balance sheet accounts as at that date and thereafter:

a) Unrealized gains and losses related to derivative financial instruments, including forward foreign exchange contracts and unearned premiums on written options have been reclassified as Derivative assets and Derivative liabilities, as applicable.
b) Dividends, interest and other receivables have been reclassified with Prepaid expenses and sundry assets.
c) The cumulative amount of the discount on the NCIB repurchases of common shares, being the excess of the stated capital value of such shares over the amount paid on repurchase, has been reclassified from Contributed surplus to Retained earnings.

Financing transaction costs

Under IFRS, incremental costs directly related to the issuance of debt instruments (hereinafter referred to as "financing transaction costs") is applied to the carrying value of non-derivative financial liabilities and considered in the determination of the carrying values of such liabilities using the effective interest method. Under Previous GAAP, for the annual consolidated financial statements for the year ended March 31, 2011, the Corporation attributed no fair value to the unamortized amount of financing transactions costs as at the date of the Acquisition, and expensed all financing transaction costs incurred thereafter.

This change has no effect as at April 1, 2010 as the Acquisition occurred after that date. As at March 31, 2011, the carrying value of non-derivative bank financing was decreased by an aggregate of $1,082,626. For the year ended March 31, 2011, the Statement of Comprehensive Income reflects the following changes:

Increase in gain on acquisition of subsidiaries for the unamortized amount of financing transaction costs, as at the date of the Acquisition	$	674,504
Decrease in portfolio and corporate transactions costs for the financing transaction costs incurred for the period from June 11, 2010 to March 31, 2011		828,480
Amortization of financing transaction costs for the period from June 11, 2010 to March 31, 2011		(361,759)
Increase in net income for the year ended March 31, 2011		**1,141,225**
Adjustment to translation of foreign currency accounts of foreign operations related to the foregoing		(58,599)
Total increase in comprehensive income	**$**	**1,082,626**

Nature vs. Function method of reporting expenses

Under IFRS, the Corporation may choose to report revenues and expenses by "nature" or by "function". When classifying by "nature", revenues and expenses are aggregated in the Statement of Comprehensive Income according to their nature (for example: sales, interest revenues, depreciation of property, plant and equipment, purchase of inventories, freight costs, employee benefits and advertising) and are not reallocated among the functions within the Corporation. Classification by "function" aggregates revenues and expenses in accordance with the function to which they relate (for example: revenues, cost of sales, general and administrative expenses, finance income (loss) and finance expenses). Under Canadian GAAP, Ceres reported revenues and expenses using a mixture of both, by function for costs of sales, and by nature for all other operating accounts. In order to provide meaningful reporting, Ceres has chosen to report revenues and expenses by function.

In that regard, the following reclassifications were made to figures reported in the Statement of Comprehensive Income for the year ended March 31, 2011:

- Grain-trading sales and Storage, rental and other operating income were reclassified as Revenues.
- Dividend revenues, Interest revenues, Realized gain (loss) on sale of investments, Realized gain (loss) on currency-hedging transactions, Realized and unrealized gain (loss) on foreign exchange, and Change in fair value of investments, were reclassified as Finance income (loss).
- Interest expenses on short-term debt and on long-term debt were reclassified to Finance expenses.
- Depreciation of property, plant and equipment for buildings and silos/elevators was reclassified to Cost of sales.
- Employee benefits related to silos/elevators labour expenses included in Cost of sales was reclassified to Cost of sales.
- Depreciation on all other property, plant and equipment was reclassified to General and administrative expenses.
- Management fees and Portfolio and corporate transaction costs have been reclassified to General and administrative expenses.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

Ceres maintains appropriate information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and that they have, as at March 31, 2012, designed DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

Internal control over financial reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at March 31, 2012, designed ICFR (or have caused such ICFR to be designed under their supervision) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by The Canadian Institute of Chartered Accountants. During the period beginning on April 1, 2011 and ended on March 31, 2012, there have been no changes in Ceres' ICFR that has materially affected, or is reasonably likely to materially affect, Ceres' ICFR.

Gary Selke	Michael Detlefsen	Jason Gould
Chief Executive Officer	*President*	*Chief Financial Officer*

June 11, 2012