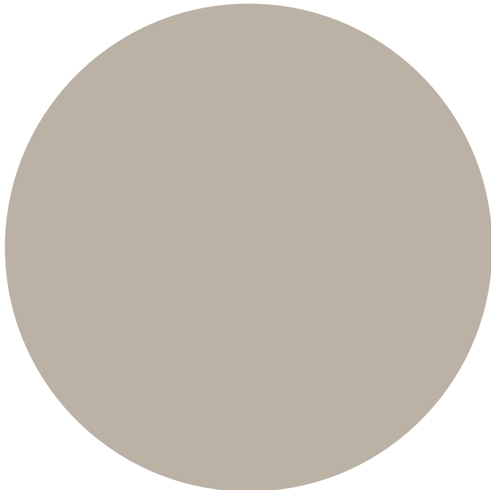
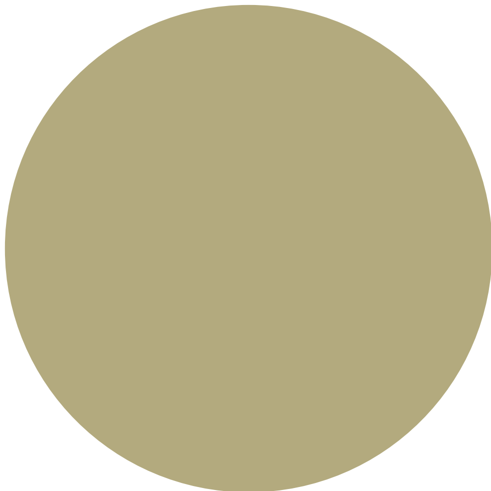
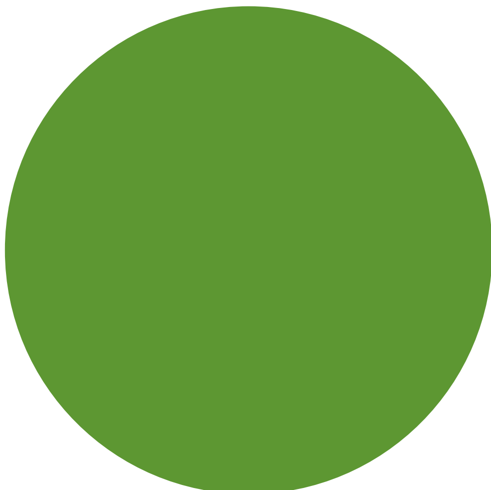
CERES GLOBAL AG CORP.

2012 ANNUAL REPORT





Go *with the* GRAIN



Ceres Global Ag Corp.

Ceres Global Ag Corp. (“Ceres”) owns 100% of Riverland Ag Corp. (“Riverland Ag”) and 25% of the Stewart Southern Railway (“SSR”), and has significant capital available to invest in the growth of these and related businesses. Riverland Ag is an agricultural grain storage and supply chain business operating 15 grain storage facilities in Minnesota, North Dakota, Wyoming, New York and Ontario. The SSR is a short line railway that runs 81 miles in southeastern Saskatchewan. Ceres common shares trade on the Toronto Stock Exchange under the symbol “CRP”.

Going with the Grain. *This is literally what our business is all about: storing grain and effectively managing the supply chain to ensure it's delivered promptly as soon as the market is ready. At a higher level, we're in the business of creating efficiencies. As vital intermediaries between supply and demand, our job is to eliminate obstacles and find the smoothest natural route to growth. It's all about going with the grain, not against it.*

We know where we're *going.*

And how to get there.

Ceres' major operating business is focused on the storage and shipping of cereal grains at a time when global demand for agricultural products continues to rise. Meanwhile, developments in the North American marketplace have led to a significant decline in the cultivation of wheat, oats and barley in the U.S. heartland. The result has been a significant upturn in north-south grain shipments that we expect will continue as crops grown in Canada's prairie provinces are delivered via key U.S. commodity exchanges and also transported directly to major processors. This cross-border traffic will increase further with the end of the Canadian Wheat Board monopoly and the full impact of the recent acceptance of Canadian wheat on the Minneapolis Grain Exchange is felt in the market.

In the centre of the continent, therefore, grain storage capacity is at a premium – and the cost of developing new infrastructure is prohibitive. There are significant opportunities for an enterprise that owns strategically located storage facilities and can provide additional services in supply chain management. This is the fundamental insight that drives Ceres' investment strategy.

INVEST IN
KEY ASSETS

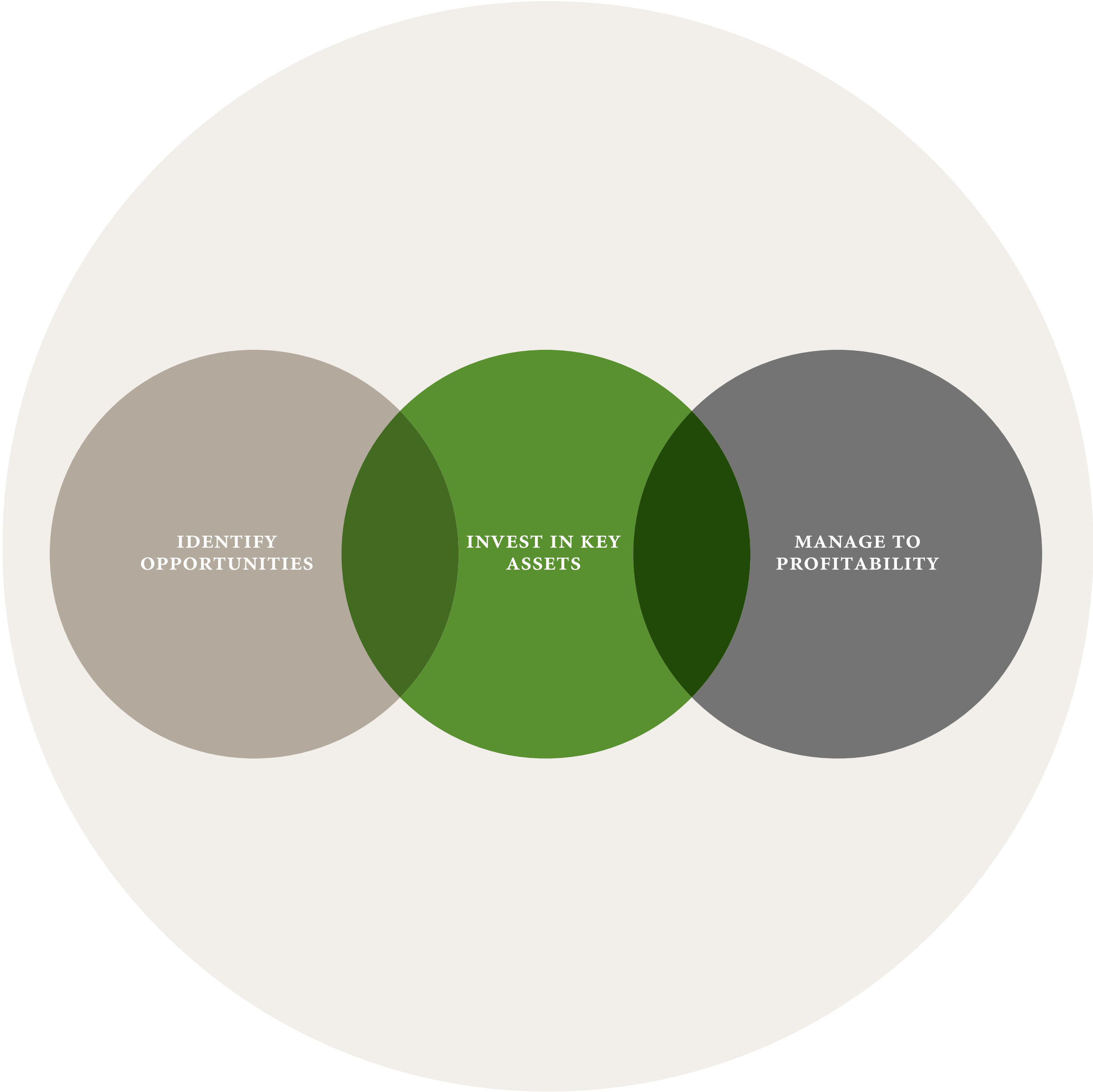
MANAGE TO
PROFITABILITY

We only *take steps that* HELP US *move* FORWARD.

With our acquisition of Riverland Ag in 2010, Ceres gained significant, high-quality grain storage facilities that serve key markets in the U.S. Midwest and are ideally situated to deliver grain cost-efficiently from Canada. Clustered primarily in the Upper Mississippi and Great Lakes regions, these facilities benefit from excellent logistical support for rail, truck and ship-based transportation. They are also within easy reach of major grain processing plants.

To this centrepiece we're adding key elements designed to further our overall strategy. For example, the facility we've acquired in Ralston, Wyoming complements our grain storage business by giving us additional capacity on the western edge of the U.S. heartland. And our investment in the short-line Stewart Southern Railway in southeastern Saskatchewan promises to generate returns both as an adjunct to our grain operations and in facilitating rail-based transport of oil from an area of the province with constrained pipeline access.

We anticipate similar investments in the coming year as we investigate opportunities in grain and logistics infrastructure. In evaluating each potential new investment or enhancement of our existing assets, the deciding factor will be its direct, measurable contribution to moving our strategy forward.


IDENTIFY
OPPORTUNITIES
INVEST IN KEY
ASSETS
MANAGE TO
PROFITABILITY

We're SMOOTHING *the way to future* RETURNS.

At Ceres our long-term strategy is to maximize the value of investments we're making in the right assets at the right time. We're bringing new rigour to risk management. We're improving business processes and operating systems. We're forging stronger relationships with the grain exchanges in Minneapolis and Chicago, as well as with leading grain processors in the regions we can efficiently serve. And we're looking at innovative ways to integrate our various assets into a more cohesive whole, taking advantage of synergies and economies of scale.

Every decision we make is guided by a sound, fiscally responsible management strategy that balances stakeholders' desire for near-term results with the promise of longer-term profitability and gains. The operational building blocks we've put in place – and the framework we've developed for assessing the sustainability of proposed improvements – will provide a solid foundation as we look at adding further dimensions to our core businesses.

IDENTIFY
OPPORTUNITIES

INVEST IN KEY
ASSETS

MANAGE TO
PROFITABILITY

To our fellow *shareholders*

Ceres faced a unique set of challenges and opportunities during the year ending March 31, 2012. After a solid start to the year, our Riverland Ag subsidiary – part of our Grain Storage and Handling Division – saw narrowing contangos across most grains, as well as flooding in the American Midwest. This caused a massive backwardation in spring wheat and forced Riverland Ag to liquidate its spring wheat inventories and reduce earnings. In this environment, it was difficult to rebuild inventories. The result was continuing pressure on earnings, as reduced contangos or, in some cases, backwardated markets persisted through to year-end.

Despite disappointing earnings performance throughout the year, the long-term prospects for Riverland were enhanced significantly by new legislation passed in Canada's Parliament to deregulate the monopoly of the Canadian Wheat Board (CWB) for the marketing of wheat and barley. Also promising were the early signs of a strong 2012 North American grain harvest.

At our Commodities Logistics Division – consisting primarily of the Stewart Southern Railway (SSR), in which we have a 25% ownership stake – earnings were lower than expected due to the impact of negligible grain flows after the heavy rains of the past two years. However, as the year progressed, the prospects for this business were enhanced by the upturn in rail-based transport of oil by petroleum exploration and production companies in Saskatchewan.

Ceres' strategy is to acquire full ownership or significant influence in operating businesses and assets at below their replacement cost. We then manage and invest in these businesses to generate superior returns from earnings and asset-value increases. During the past year, both of our key operating divisions made progress against these criteria, although the full value of our holdings has yet to be realized.

The Year in More Detail

Our Grain Handling and Storage Division is focused on our largest investment, Riverland Ag. A 55-million-bushel grain storage and handling business based in Minneapolis, Riverland is well positioned to take advantage of the seismic changes that have swept the North American cereal grain market over the past year. When the CWB monopoly officially comes to an end effective August 1, 2012, we expect to see an immediate impact on several fronts:

• Previously, Riverland Ag, as a grain merchant, was not able to buy Western Canadian wheat or barley. The new legislation increases Riverland's accessible market by approximately 15 million metric tons (585 million bushels) of new wheat and approximately 6 million metric tons (234 million bushels) of new barley.

• The Minneapolis Grain Exchange (MGEX) now accepts Canadian wheat for delivery against its spring wheat futures contracts. The MGEX contract should become more liquid and less volatile: we anticipate an increase in MGEX volumes after Western Canadian production becomes deliverable, starting with the September 2012 contract. Riverland Ag, with 30% of the delivery space for this contract, is in a strong position to take advantage of the additional MGEX volumes and liquidity. In addition, the MGEX has increased the storage rate by 40% for grain held in delivery locations.

• The U.S. market, with its strong milling demand and competitive logistics, should receive increased flows of Canadian wheat and barley in a free trade environment. Riverland Ag's assets, located close to major milling facilities, are well positioned to benefit from these increased grain flows and relatively short supplies of nearby commercial storage facilities.

Riverland Ag should also benefit in the coming year from its recent acquisitions of facilities in Ralston, Wyoming, and Manitowoc, Wisconsin. Because of the timing of these acquisitions, as well as the regional factors affecting grain supply, the 2012 harvest will be the first in which the new assets are fully under control of Riverland's management; as a result, we expect both elevators to be more substantial contributors to profitability. At the Ralston facility, our contracts with producers and customers have increased 40% from the previous year. We have also significantly expanded the diversity of our customer contracting at both operations.

With the long-awaited changes in the marketing of grain in Western Canada, we expect the North American market to become better integrated and much more efficient. We feel that Riverland Ag – in light of its strong position in the U.S. delivery markets and its unique link with Canada through its focus on cereal grains – has a platform for growth that would be extremely difficult to recreate in today's highly competitive market for assets. Moreover, with the anticipated increase in the north-south flow of shipments, we believe

Gary Selke
Chairman & CEO

Michael Detlefsen
President

Jason Gould
CFO

Tom Muir
CTO

Don Grambsch
President & CEO Riverland Ag

that new grain-origination locations could emerge in Canada that could potentially drive supply directly to Riverland Ag. We are currently analyzing these factors, both independently and with potential partners, with a view to take advantage of rare opportunities made possible by market deregulation and consolidation, as well as changing trade patterns.

The promising prospects for Riverland Ag should be taken into consideration when assessing the current challenge to earnings. As this report was being completed, the reduced carrying charges and lower inventory positions of the previous six months were giving way to more favourable charges – driven by strong early planting indications for oats and spring wheat, and by the imminent deliverability of Western Canadian grain on the Minneapolis market.

In addition, we are very optimistic about our investment in the SSR, an 81-mile short-line railway in southeast Saskatchewan that runs from Regina to Stoughton. We made this investment primarily as a grain-origination strategy for Riverland Ag. At the same time, we took the longer view that the value of our investment could be enhanced by an increase in oil shipments by rail, as Stoughton lies within a major producing area in Saskatchewan's Bakken oil play. In February 2012, this potential became a reality when we shipped approximately 100 cars of oil. That movement doubled in March, and we expect continued growth in shipments through the spring and summer of 2012. The SSR will also be investing in track expansion, which should enable the railway to significantly expand the efficiency and capacity of both oil and grain shipments.

Increased rail shipments of oil are being driven by the rapid expansion of shale oil production in Western Canada and by the resulting uptake in the use of spare pipeline capacity; at this point there is little pipeline capacity left and what remains is very expensive. This has led to significant regional oversupply of local oil and a heavy discount for Saskatchewan and North Dakota Bakken oil relative to world market prices. Currently, the oil-by-rail option is growing as producers seek to move oil to market and capture some of the Brent–Bakken pricing differential. Oil-by-rail is the only economic alternative to reducing drilling activity, decreasing well output or shutting in wells. Even so, there is limited rail capacity today, primarily because of a shortage of oil railcars. We are encouraged by the fact that rail companies are developing multiple-destination markets with the capacity to unload trains of 100-plus cars, bringing greater efficiency to the market and making rail a competitive, long-term complementary alternative to pipelines. Ceres will continue to support the SSR business, and we are looking for further investments in this area.

From a macroeconomic perspective, our two divisions – Grain Storage and Handling, and Commodities Logistics – are benefitting from major market changes that make these strategic infrastructure assets highly attractive, especially compared to the significant cost of replacement or acquiring similar assets. The balance sheet of Ceres remains strong, with approximately $40 million in cash and marketable securities available to support the ongoing operations and expansion of both divisions, as well as new investment initiatives. Management continues to believe that Ceres stock is significantly undervalued relative to its book value, and even more so relative to the market value of our investments. We will continue to be active buyers of shares through our normal-course issuer bid. Over the past year we acquired a total of 649,817 shares at an average price of $6.36.

Ceres has a strong and experienced Board of Directors, and we are grateful for their support, diligence and guidance over the past year. We are equally thankful for the long-term loyalty and commitment of our fellow shareholders through the early stages of a business transformation. We appreciate your patience as we continue on an exciting journey that we believe will be rewarding for all of us.

BUSINESS OVERVIEW

Service Offerings

- Storage and handling at both terminal and selected country locations
- Cleaning and grading
- Blending to consistent ingredient profiles
- Supporting client efforts to develop new seed varieties
- Fostering direct interface between clients and producers
- Deploying and managing lease car fleets
- Off balance sheet financing

Riverland Ag Grain Storage Facilities
Major Grain-Processing Facilities
Stewart Southern Railway

Duluth, ***Minnesota***

2 facilities – 16.3 million bushels of space – Rail, Truck and Vessel loading and unloading – Eligible for Delivery for Minneapolis Wheat and Chicago Oats

Savage, ***Minnesota***

1 facility – 9.3 million bushels of space – Rail, Truck and Mississippi Barge loading – Eligible for Delivery for Minneapolis Wheat and Chicago Oats

Ralston, ***Wyoming***

2 facilities – 2.3 million bushels of space – Rail and Truck – Contract farming and contract sales of Malt Barley

Stewart Southern Railway
Saskatchewan

81 mile Shortline Railway from Regina to Stoughton, Saskatchewan – Ships primarily oil and grain

MD&A

Management's Discussion and Analysis

For the Fiscal Year Ended March 31, 2012

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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 1980s, 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:

Reporting dates	3 months 2012-03-31	3 months 2011-12-31	3 months 2011-09-30	3 months 2011-06-30	3 months 2011-03-31	3 months 2010-12-31	3 months 2010-09-30	3 months 2010-06-30
(in thousands, except per share amounts)	Q4 2012**	Q3 2012**	Q2 2012**	Q1 2012**	Q4 2011**	Q3 2011**	Q2 2011**	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 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, 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, 2011 and 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 Dakotas, 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 totalled $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 totalled $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.

Property, plant, and equipment

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.

First-time adoption of IFRS:

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.

Explanation of transition to IFRS

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

Management's Responsibility for Financial Reporting

These consolidated financial statements of the Corporation are the responsibility of management. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards ("IFRS") using information available to June 11, 2012 and management's best estimates and judgments, where appropriate.

Management has established a system of internal accounting and administrative controls to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly authorized and recorded, and financial records are properly maintained for the preparation of reliable financial statements.

The Board of Directors discharges its responsibility for the consolidated financial statements primarily through its Audit Committee, which comprises members of the Board of Directors. The Audit Committee meets with management and with the external auditors to discuss the results of the audit examination and review the consolidated financial statements of the Corporation. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors. The financial statements have been approved by the Board of Directors and have been audited by KPMG LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards. Their Independent Auditors' Report outlines their responsibilities, the scope of their audit, and their opinion on the accompanying consolidated financial statements. KPMG LLP has full and unrestricted access to the Audit Committee.

Signed "*Gary Selke*"

Gary Selke
Chief Executive Officer

Signed "*Jason Gould*"

Jason Gould
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Ceres Global Ag Corp.

We have audited the accompanying consolidated financial statements of Ceres Global Ag Corp., which comprise the consolidated balance sheets as at March 31, 2012, March 31, 2011 and April 1, 2010, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years ended March 31, 2012 and March 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ceres Global Ag Corp. as at March 31, 2012, March 31, 2011 and April 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

Signed "KPMG LLP"
Chartered Accountants

June 11, 2012
Winnipeg, Canada

Consolidated Balance Sheets

	Note	March 31, 2012	March 31, 2011	April 1, 2010
ASSETS				
Current				
Cash		$ 29,733,963	$ 46,836,841	$ 28,884,374
Portfolio investments owned, at fair value	6	9,873,064	17,548,589	118,691,712
Due from Brokers	7	2,463,520	10,695,253	8,337,188
Derivatives	13(a)	2,955,578	1,899,160	1,006,364
Accounts receivable, trade		9,622,892	10,188,130	–
Inventories, grains		158,810,128	161,589,046	–
Income taxes recoverable		842,478	375,463	75,641
Prepaid expenses and sundry assets		2,140,943	733,120	276,771
Current assets		216,442,566	249,865,602	157,272,050
Investments in associates	8	3,117,903	3,469,916	–
Intangible assets		299,250	291,744	–
Property, plant and equipment	9	72,538,042	57,242,529	–
Non-current assets		75,955,195	61,004,189	–
TOTAL ASSETS		$ 292,397,761	$ 310,869,791	$ 157,272,050
LIABILITIES				
Current				
Bank indebtedness	10	$ 79,439,289	$ 74,795,196	$ –
Accounts payable and accrued liabilities		3,141,089	3,967,987	249,787
Repurchase obligations	11	–	37,534,555	–
Derivatives	13(a)	2,917,960	2,468,358	578,845
Investments sold short, at fair value		–	–	27,444,805
Due to Broker	7	–	–	2,921,063
Management fees payable	15(a)	267,223	294,092	230,648
Due to Manager	15(b)	55,000	–	969,916
Current portion of long-term debt	12	4,877,740	3,213,967	–
Current liabilities		90,698,301	122,274,155	32,395,064
Long-term debt	12	42,959,816	26,381,645	–
Deferred income taxes	16(b)	2,839,991	870,282	–
Non-current liabilities		45,799,807	27,251,927	–
TOTAL LIABILITIES		136,498,108	149,526,082	32,395,064
SHAREHOLDERS' EQUITY				
Common shares	14(e)	140,678,062	146,947,393	130,762,138
Warrants	14(e)	202,384	202,384	9,026,038
Contributed surplus		9,026,038	9,026,038	–
Currency translation account		(3,290,879)	(5,786,261)	–
Retained earnings (deficit)		9,284,048	10,954,155	(14,911,190)
TOTAL SHAREHOLDERS' EQUITY		155,899,653	161,343,709	124,876,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 292,397,761	$ 310,869,791	$ 157,272,050

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board

Signed *"Gary Selke"*
Director

Signed *"Mary Parniak"*
Director

Consolidated Statements of Comprehensive Income (Loss)

For the years ended March 31	Note	2012	2011
REVENUES		$ 184,414,138	$ 147,258,357
Cost of sales		(168,458,905)	(128,931,438)
GROSS PROFIT		15,955,233	18,326,919
General and administrative expenses		(10,911,124)	(9,293,939)
INCOME (LOSS) FROM OPERATIONS		5,044,109	9,032,980
Finance income (loss)	13(b)	(1,757,162)	1,052,086
Finance expenses		(7,144,851)	(4,934,100)
Loss on impairment of property, plant and equipment		(146,092)	–
Gain on acquisition of subsidiaries	5	–	23,041,837
(LOSS) INCOME BEFORE INCOME TAXES AND THE UNDERNOTED ITEM		(4,003,996)	28,192,803
Income taxes (recovered)	16(a)	(612,749)	2,189,982
(LOSS) INCOME BEFORE THE UNDERNOTED ITEM		(3,391,247)	26,002,821
Share of net loss in investments in associates		(414,509)	(305,894)
NET (LOSS) INCOME FOR THE YEAR		(3,805,756)	25,696,927
Other comprehensive gain (loss) for the year			
Gain (loss) on translation of foreign currency accounts of foreign operations		2,495,382	(5,786,261)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		$ (1,310,374)	$ 19,910,666
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE YEAR		14,936,272	14,777,419
(LOSS) EARNINGS PER SHARE			
Basic		$ (0.25)	$ 1.74
Diluted		$ (0.25)	$ 1.74
Supplemental disclosure of selected information:			
Depreciation included in Cost of sales		$ 2,492,924	$ 1,630,400
Depreciation included in General and administrative expenses		$ 132,450	$ 101,213
Amortization of financing costs included in Finance expenses		$ 745,330	$ 361,759
Personnel costs included in Cost of sales		$ 111,133	$ 89,478
Personnel costs included in General and administrative expenses		$ 60,437	$ 31,362

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31	Note	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income for the year		$ (3,805,756)	$ 25,696,926
Adjustments for:			
Depreciation of property, plant and equipment		2,625,375	1,731,613
Realized (gain) loss on sale of investments		5,257,461	(1,613,595)
Change in fair value of investments		(3,916,939)	403,144
Gain on acquisition of subsidiaries		–	(23,041,837)
Loss on impairment of property, plant and equipment		146,092	–
Finance expense		7,144,851	4,934,100
Income tax expense (recovery)		(612,749)	2,189,982
Share of net loss in investments in associates		414,509	305,894
		7,252,844	10,606,227
Changes in non-cash working capital accounts	19	13,076,003	(98,065,726)
Interest paid		(6,658,924)	(3,765,894)
Income taxes recovered (paid)		2,115,444	(3,405,339)
Cash flow provided by (used in) operating activities		15,785,367	(94,630,732)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments, investments sold short and options		(1,000,025)	(96,963,657)
Proceeds from sale of investments, short sales and option premiums		7,837,861	177,213,237
Cash consideration paid on acquisition of subsidiaries	5	–	(52,560,431)
Acquisition of investment in associate		–	(1,684,210)
Loan receivable advanced to associate		(62,500)	–
Cash acquired from subsidiaries	5	–	459,701
Proceeds from sale of property, plant and equipment, net of costs to dispose		–	496,369
Acquisition of property, plant and equipment	9	(16,430,885)	(9,010,172)
Cash flow provided by (used in) investing activities		(9,655,549)	17,950,837
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from bank indebtedness		2,482,500	64,349,412
Net proceeds from (net repayment of) repurchase obligations		(38,326,606)	24,065,765
Financing costs paid		(442,532)	(828,479)
Proceeds from issuance of long-term debt		21,184,002	9,934,000
Repayment of long-term debt		(3,860,288)	(1,984,531)
Repurchase of common shares under normal course issuer bid		(4,133,682)	(1,046,612)
Cash flow provided by (used in) financing activities		(23,096,606)	94,489,555
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		(136,090)	142,807
Increase (decrease) in cash for the period		(17,102,878)	17,952,467
Cash, beginning of period		46,836,841	28,884,374
Cash, end of period		$ 29,733,963	$ 46,836,841
Supplemental disclosure of cash flow information:			
Common shares issued on acquisition of Riverland Ag		$ –	$ 17,400,282
Common share purchase warrants issues on acquisition of Riverland Ag		$ –	$ 202,384

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Changes in Shareholders' Equity

For the years ended March 31, 2012 and 2011	Note	Common shares	Warrants	Contributed surplus	Currency translation account	Retained earnings (deficit)	Total
Balances, April 1, 2011		**$146,947,393**	**$ 202,384**	**$ 9,026,038**	**$ (5,786,261)**	**$ 10,954,155**	**$161,343,709**
Changes for the year ended March 31, 2012							
Repurchases under normal course issuer bid	14(b)	(6,269,331)	–	–	–	2,135,649	(4,133,682)
Other comprehensive income		–	–	–	2,495,382	–	2,495,382
Net loss for the year		–	–	–	–	(3,805,756)	(3,805,756)
Balances, March 31, 2012		**$140,678,062**	**$ 202,384**	**$ 9,026,038**	**$ (3,290,879)**	**$ 9,284,048**	**$155,899,653**
Balances, April 1, 2010		**$130,762,138**	**$ 9,026,038**	**$ –**	**$ –**	**$(14,911,190)**	**$124,876,986**
Changes for the year ended March 31, 2011							
Issuance of shares and warrants, June 11, 2010	14(c)	17,400,285	202,384	–	–	–	17,602,669
Repurchases under normal course issuer bid	14(b)	(1,215,030)	–	–	–	168,418	(1,046,612)
Expiry of warrants issued on Initial Public Offering		–	(9,026,038)	9,026,038	–	–	–
Other comprehensive loss		–	–	–	(5,786,261)	–	(5,786,261)
Net income for the year		–	–	–	–	25,696,927	25,696,927
Balances, March 31, 2011		**$146,947,393**	**$ 202,384**	**$ 9,026,038**	**$ (5,786,261)**	**$ 10,954,155**	**$161,343,709**

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

March 31, 2012 and 2011

1. CORPORATE STATUS, REPORTING ENTITY AND NATURE OF OPERATIONS

Ceres Global Ag Corp. (hereinafter referred to as "Ceres" or the "Corporation") was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario). Ceres is a corporation domiciled in Canada, and the address of its registered office is 33 Yonge Street, Suite 600, Toronto, Ontario, Canada, M5E 1G4. These consolidated financial statements of Ceres as at and for the year ended March 31, 2012 include the accounts of Ceres and its wholly owned subsidiaries Ceres Canada Holdco Corp., Riverland Agriculture Limited, Ceres U.S. Holdco Corp., Corus Land Holdings Corp., Linares Land Holdings Corp. and Riverland Ag Corp. All intercompany transactions and balances have been eliminated.

On the completion of its initial public offering on December 21, 2007, the Corporation commenced its business activities. Until June 11, 2010, Ceres was an actively managed investment company.

On June 11, 2010, using a wholly owned holding company and other intermediary companies, Ceres acquired all the issued and outstanding shares of Whitebox Commodities Holdings Corp. (the "Acquisition"), which operates under the trade name Riverland Ag. Concurrently, using the same wholly owned holding company, Ceres acquired all the issued and outstanding shares of Riverland Agriculture Limited, a Canadian company ("Riverland Canada"). On June 11, 2010, the Acquisition, its wholly owned subsidiaries and an intermediary company owned by Ceres were merged to form Riverland Ag Corp. ("Riverland Ag"). Riverland Canada was unaffected by the merger and continues to operate in Canada. Unless otherwise stated, Riverland Ag and Riverland Canada will be collectively referred to as Riverland Ag. Riverland Ag is an agricultural grain supply ingredient company that owns and operates fifteen storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York, Wisconsin and the Canadian province of Ontario (see Note 5, Business combination).

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Corporation's first annual consolidated financial statements prepared under IFRS, and have been prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") has been applied. 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, as described below, have been consistently applied to all periods presented herein. 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).

These consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on June 11, 2012.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional currency.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Inventories are measured at fair value less costs to sell.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant accounting judgments, estimates and assumptions used by management in preparing these consolidated financial statements are described in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening balance sheet as at April 1, 2010 for the purpose of the transition to IFRS.

Business combinations

Business combinations are accounted for using the acquisition method of accounting. Under this method, the net identifiable assets acquired are measured at fair value as at the date of acquisition. Acquisition-related transaction costs are expensed in the period in which such costs are incurred and the services received. The excess of the purchase price over the fair value of the net identifiable assets acquired, if any, is recognized as goodwill. The excess of the fair value of the net identifiable assets acquired over the purchase price, if any, is recognized in net income and reported as a gain on acquisition of subsidiaries.

Investments in associates

Associates are entities in which Ceres has significant influence, but has no control, over the financial and operating policies. Significant influence is presumed to exist when the Corporation holds between 20 and 50 per cent of the voting power of another entity. Ceres has a 25 per cent equity ownership interest in two Canadian companies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The Corporation's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Corporation's share of the after-tax net income (or loss) and of the changes in equity during a reporting period, after adjustments (if any) to align the accounting policies with those of the Corporation, from the date that significant influence commences until the date that significant influence ceases. If the Corporation's accumulated share of net losses were to exceed the carrying amount of its interest in an associate, the carrying amount of that interest, including any long-term investments, would be reduced to nil, and the recognition of further losses would be discontinued except to the extent the Corporation were to have an obligation or were to have made payments on behalf of the associate.

The Corporation reviews its investments in associates for impairment whenever events or changes in business circumstances indicate that the carrying amount of the investments may not be fully recoverable. Evidence of impairment in value might include the absence of an ability to recover the carrying amount of the investments, the inability of the associates to sustain earnings capacity that would justify the carrying amount of the investments, or, where applicable, estimated sales proceeds that are insufficient to recover the carrying amount of the investments. Management's assessment as to impairment in value is based on its assessment on whether evidence indicates the carrying amount of the investments is recoverable or whether the investees have the ability to sustain earnings capacity that would justify the carrying amount of the investments. If the recoverable amount of the investments is determined to be less than the carrying amount, an impairment write-down is recorded based on the excess of the carrying amount over management's estimate of the recoverable amount.

Transaction costs

Portfolio transaction costs include brokerage commissions incurred in the purchase and sale of portfolio securities in which Ceres invests. Corporate transaction costs include costs directly attributable to the acquisition of subsidiaries and the investments in associates. All such costs are expensed in the period incurred and classified with General and administrative expenses in the Statement of Comprehensive Income.

Transaction costs related to the issuance of equity instruments of the Corporation or its subsidiaries are accounted for as a reduction of the stated capital of the equity securities issued. Transaction costs related to the issuance of debt instruments of the Corporation or its subsidiaries are considered in the determination of amortized cost using the effective interest method for the measurement of non-derivative financial liabilities, and relate to bank indebtedness and long-term debt. Transaction costs related to debt instruments are amortized using the straight-line method over the term of the financing arrangement.

Classification of financial instruments

Financial assets

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Corporation manages such investments and makes purchase and sale decisions in accordance with the Corporation's documented risk management and investment strategies. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in net income. Non-derivative financial assets classified as held for trading comprise portfolio investments owned. The Corporation has the following derivative financial assets classified as held for trading: unrealized gains on forward foreign exchange contracts and unrealized gains on open cash contracts.

Financial assets having fixed or determinable payments, and which are not quoted in an active market are defined as loans and receivables. Such assets are initially recognized at fair value plus directly attributable transaction costs, if any. Thereafter, loans and receivables are measured at amortized cost using the effective interest method, less impairment losses, if any. Loans and receivables include: due from Brokers, accounts receivable, trade, and dividends, interest and other receivables.

Financial liabilities

The unrealized losses on open cash contracts, the unrealized loss on forward foreign exchange contracts, unearned premium on written options and investments sold short are classified as held for trading and are valued at fair value through profit or loss.

The Corporation has the following non-derivative financial liabilities: bank indebtedness, accounts payable and accrued liabilities, repurchase obligations, management fees payable, due to Manager, and long-term debt. These financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Thereafter, these financial liabilities are measured at amortized cost using the effective interest method.

Equity

Common shares and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares and warrants are recognized as a deduction from equity, net of the effects of income taxes, if any.

Contributed surplus

The value of warrants issued that have expired is recognized as contributed surplus, net of the effects of income taxes, if any.

Repurchase of common shares

When common shares recognized as equity are repurchased, the amount of the consideration paid (which may include directly attributable transaction costs) is recognized as a deduction from equity, net of the effects of income taxes, if any. The portion of the consideration paid that represents the value of the stated capital of the shares repurchased is deducted from the carrying amount of common shares. Any difference between the total consideration paid and the portion thereof representing the stated capital of the shares repurchased is added to (or deducted from) retained earnings, as applicable.

Valuation of investments

Portfolio investments are held for trading, and are measured and reported at fair value, and securities and ownership interests over which the Corporation exercises significant influence or control are accounted for using the equity-accounting model or through consolidation, as appropriate.

As at a reporting date, the fair value of financial instruments traded in active markets (primarily equity securities and related derivative instruments, if any) is based on the bid price for investments held by the Corporation, and on the asking price for investments sold short, if any, and for written options, if any. The fair value of financial instruments not traded in an active market (including but not limited to: securities in private companies, warrants and restricted securities) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes 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.

Recognition of investments

Purchases and sales of investments are recognized on the trade date, being the date on which the Corporation commits to purchase or sell an investment. Investments cease to be recognized when the rights to receive cash flows from the investments have expired or the Corporation has transferred substantially all risks and rewards of ownership.

Derivative contracts

Ceres may purchase forward foreign exchange contracts to act as an economic hedge against assets and liabilities denominated in foreign currencies. As at a reporting date, forward foreign exchange contracts are valued based on the difference between the forward contract rate and the forward bid rate (for currency held). Unrealized gains and losses, if any, on these forward contracts used to hedge foreign currency assets and liabilities are presented separately on the Balance Sheet and included in Derivative assets or Derivative liabilities, as applicable, and are recognized in the Statement of Comprehensive Income as a component of Finance income (loss) and included with the change in fair value of investments. Upon the closing out of these contracts, any gains or losses on foreign exchange are reported in Finance income (loss) in the Statement of Comprehensive Income as realized gain (loss) on currency-hedging transactions.

To reduce price risk caused by market fluctuations, 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. Riverland Ag will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies may 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. These derivative contracts have not been designated as fair value hedges and are valued at market price with changes in fair value recorded in earnings. 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 in earnings and classified on the Balance Sheet as Due from Broker, Derivative assets or Derivative liabilities, as applicable.

Fair value measurements

The Corporation must use a three-tier hierarchy as a framework for disclosing fair values, based on inputs used to value the Corporation's investments. This hierarchy is summarized as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the fair value measurements are reported in Note 13(d) (Financial Instruments – Fair value measurements). Changes in valuation methods may result in transfers into or out of an investment's assigned level.

Foreign currency translation, transactions and balances of Ceres

Foreign currency transactions are translated into Canadian dollars ("CAD") using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into CAD, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date; and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in the Statement of Comprehensive Income. Translation differences on securities included in the investment portfolio of the Corporation are recognized in Finance income (loss) in the Statement of Comprehensive Income and included in the change in fair value of investments.

Foreign currency translation, foreign operations of Riverland Ag

Riverland Ag Corp. is a foreign operation and its functional currency is the U.S. dollar ("USD"). For the preparation of these consolidated financial statements, all assets and liabilities are translated into the presentation currency of Canadian dollars using the foreign exchange rate in effect as at the reporting date with income statement accounts translated using the average exchange rate for the reporting or applicable period. Translation adjustments arising from changes in exchange rates are reported as a component of other comprehensive income and form part of the cumulative translation account in shareholders' equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation account related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

Revenue recognition, net sales and cost of sales

Riverland Ag follows a policy of recognizing sales revenue at the time of delivery of the product and 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, rental and other operating income are recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented 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 with Cost of sales.

Income and expenses are recorded on an accrual basis. Investment transactions are recognized on the trade date. Dividend revenues are recognized on the ex-dividend date. Interest and other revenues are recognized as earned. Realized gains and losses from the sale of investments are calculated using the average cost method. The change over a reporting period of the difference between the fair value and the cost of portfolio investments is recognized in Finance income (loss) in the Statement of Comprehensive Income as the change in fair value of investments.

Finance income (loss)

Finance income (loss) pertains to revenues, gains and losses related to the investing activity of the Corporation, and includes the following:

- Interest revenues on funds invested in interest-bearing securities and on cash balances;
- Dividend revenues;
- Realized gains (losses) on sale of investments;
- Realized gains (losses) on currency-hedging transactions;
- Realized and unrealized gains (losses) on foreign exchange; and
- Change in fair value of investments.

Depending on the movements of equity and other markets, finance income and losses will vary from reporting period to reporting period. Details of Finance income (loss) for the year are presented in Note 13(b) (Financial Instruments).

Finance expenses

Finance expenses represent the aggregate of interest expense on borrowings and the amortization of financing transaction costs.

Inventories

Inventories represent agricultural grain commodities owned by Riverland Ag, such as oats, spring wheat, barley, corn, and soybeans, which are stated at fair value less costs to sell. Changes in the fair value less costs to sell inventories of agricultural grain commodities are charged to operations as and when they occur, and such changes are included as a component of Cost of sales.

Indefinite-life intangible assets

Identifiable intangible assets with indefinite lives are not amortized and are tested annually for impairment of value and whenever events or changes in circumstances indicate the carrying amount of the assets may be impaired. Impairment of identifiable intangible assets with indefinite lives occurs when the fair value of the asset is less than its carrying amount. If impaired, the asset's carrying amount is reduced to its fair value.

Riverland Ag holds indefinite-life exchange membership seats on the Minneapolis Grain Exchange, which provide it with the right to process trades directly with that exchange.

Property, plant, and equipment

Property, plant, and equipment are stated at their fair value as at the date of the Acquisition, plus the cost of property, plant and equipment acquired thereafter, less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and to bringing the asset to a working condition for its intended use.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses related to the disposition of property, plant and equipment are recognized in the Statement of Comprehensive Income as other income.

Depreciation is determined over the depreciable amount, being the cost of the asset or other amount substituted for cost, less its residual value, if any. Depreciation is recognized in net income and 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

Depreciation methods, useful lives of the assets and their residual values are reviewed at fiscal year-end and adjusted if appropriate.

Riverland Ag reviews property, plant, and equipment for impairment at each reporting date to determine whether there is any indication of impairment. If such were the case, the recoverable amount of the asset(s) is estimated. The recoverable amount of an asset is the greater of its value in use (using present value calculations based on a pre-tax discount rate reflecting current market assessments of the time value of money and risks specific to the assets) and its fair value less costs to sell.

Repurchase obligations

Riverland Ag periodically enters into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to Macquarie Commodities (USA), Inc. ("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. No sales and purchases are recognized in relation to these transactions.

Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied on the same taxable entity by the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. A valuation allowance is established, if necessary, to reduce any deferred tax asset to an amount that is probable to be realized.

Earnings (Loss) per Share

Earnings (Loss) per Share ("EPS") are reported for basic and diluted net income (loss). Basic EPS is calculated by dividing net income (loss) for the reporting period by the weighted-average number of common Shares outstanding during the reporting period. Diluted EPS is calculated by adjusting net income (loss) and the weighted-average number of common Shares outstanding for the effects, if any, of all potentially dilutive common Shares, resulting from the exercise of Warrants outstanding as at the end of a reporting period.

Employee benefits, defined contribution plan

A defined contribution plan is a post-employment benefit plan, under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent the Corporation is entitled to a cash refund or a reduction in future payments. Contributions to a defined contribution plan that are due more than twelve months after the end of the period in which the employees render the service (if any) are discounted to their present value. Riverland Ag has a defined contribution employee benefit plan in the form of a qualified 401(k) profit sharing plan, as described in Note 18 (Employee Benefit Plan).

Future changes in accounting standards

Effective January 1, 2013, the current standard for financial instruments (IAS 39 *Financial Instruments – Recognition and Measurement*) will be replaced by IFRS 9 *Financial Instruments*. The new standard will replace the current multiple classification and measurement models for financial assets and liabilities with a single model having only two classification categories: amortized cost and fair value. The Corporation is currently evaluating the effects related to the future adoption of IFRS 9.

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements*, only to carry forward the existing accounting requirements for separate financial statements. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Corporation intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning on April 1, 2013. The extent of the impact of adoption of IFRS 10 has not yet been determined.

In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Corporation intends to adopt IFRS 12 in its consolidated financial statements for the annual period beginning on April 1, 2013. The extent of the impact of adoption of IFRS 12 has not yet been determined.

In May 2011, the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Corporation intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on April 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

4. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The following summarizes the accounting judgments, estimates and assumptions management considers significant:

Valuation of investments

Portfolio investments are held for trading, are measured and reported at fair value, and may include securities not traded in an active market. The fair value of such securities is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes 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.

Business combinations

Business combinations are accounted for using the acquisition method of accounting, whereby the net identifiable assets acquired are measured at fair value. Determination of fair values often requires management to make assumptions and estimates as to future events. Changes in any significant assumptions or estimates used in determining the fair value of the net identifiable assets acquired and liabilities assumed could materially affect the carrying amounts assigned. Accordingly, for significant acquisitions, the Corporation may engage qualified independent valuation specialists.

Other judgments, estimates and assumptions

Accounts receivable, trade are stated after an evaluation as to their collectability, and when appropriate, providing for an allowance for doubtful accounts.

Inventories consist of agricultural grain commodities owned by Riverland Ag, and are stated at fair value less costs to sell. Estimates may be used in the determination of fair value, and changes in the fair value of inventories of agricultural grain commodities are recognized in the Statement of Comprehensive Income for the period, as a component of Cost of sales.

Depreciation of property, plant and equipment is based on management's estimates of the useful lives of the assets and the residual value at the end of their useful lives.

Estimates are also used when determining the amount of impairment of assets, and the likelihood of contingencies.

5. BUSINESS COMBINATION

As reported in Note 1, on June 11, 2010, using a wholly owned holding company and other intermediary companies, Ceres acquired all the issued and outstanding Shares of Whitebox Commodities Holdings Corp. (the "Acquisition"), which operates under the trade name Riverland Ag. On June 11, 2010 (the "date of the Acquisition"), the Acquisition, its wholly owned subsidiaries and an intermediary company indirectly owned by Ceres were merged to form Riverland Ag Corp. ("Riverland Ag"). Riverland Ag is an agricultural grain supply ingredient company that owns and operates 15 grain storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York, Wisconsin and the Canadian province of Ontario.

The primary reasons for this acquisition were: (a) that it represented an opportunity to acquire assets and an operating business at an attractive value relative to its replacement cost, in a key part of the agricultural supply chain, and (b) that the core business could be expanded, and therefore represented a growth business with returns potentially superior to those available in equity markets.

The purchase price was USD$67,865,365, (equivalent to CAD$70,163,097, as adjusted), of which USD$50,829,978 was paid in cash, USD$16,839,525 was paid by issuing 2,904,889 common Shares of Ceres at a price of CAD$5.99 (USD$5.80) per Share and USD$195,862 was paid by issuing 150,000 common share purchase Warrants valued at CAD$1.35 (USD$1.31) each and exercisable at a price of CAD$10.40 at any time prior to the third anniversary of the closing date of the Acquisition.

The Acquisition was accounted for using the acquisition method. Consideration for the cost of the Acquisition is summarized as follows:

	in CAD
Cash	$ 52,560,431
Issuance of common Shares of Ceres	17,400,282
Issuance of common share purchase Warrants of Ceres	202,384
	$ 70,163,097

The allocation of the cost of the Acquisition as at the date of the Acquisition is as follows:

	in CAD
Cash	$ 459,701
Due from Broker, commodity futures contracts	4,933,285
Derivatives, unrealized net gain on open cash contracts	873,215
Accounts receivable, trade	5,957,183
Inventories, grains	80,440,940
Prepaid expenses	257,401
Investment in company subject to significant influence	2,086,822
Grain exchange memberships	310,020
Property, plant and equipment	53,956,725
Total identifiable assets	149,275,292
Bank indebtedness	14,247,520
Accounts payable and accrued liabilities	1,752,944
Repurchase obligations	15,344,635
Income taxes payable	514,800
Long-term debt	23,227,659
Deferred income taxes	982,800
Total liabilities	56,070,358
Net identifiable assets, at fair value	93,204,934
Gain on acquisition of subsidiaries	(23,041,837)
	$ 70,163,097

USD values were translated into CAD using the rate of exchange as at the date of the Acquisition.

Costs related to this business combination totalled $2,082,865. Of this amount, costs totalling $969,916 were expensed in the year ended March 31, 2010, and costs totalling $1,112,949 were expensed in the year ended March 31, 2011. These amounts were Corporate transaction costs and are classified with General and administrative expenses in the Statement of Comprehensive Income for the years to which they relate.

The gain on purchase of subsidiaries represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition, has been included in net income, and is presented separately in the Statement of Comprehensive Income for the year ended March 31, 2011. The determination of the fair values of the identifiable assets and liabilities was made by management using the best information available as at the date of preparation of the consolidated financial statements for the year ended March 31, 2011. During the year ended March 31, 2011, the Corporation engaged a firm of independent appraisers to make an assessment of the fair value of the tangible assets as at the date of the Acquisition. The Corporation has considered their independent appraisal report, as well as other factors, in the determination of the fair value of the net identifiable assets as at the date of the Acquisition. The gain on acquisition of subsidiaries is supported by a number of factors, including the prices paid over the last few years for Riverland Ag's property, plant and equipment, recent appraisals of its property, plant and equipment, circumstances favourable to Ceres surrounding the acquisition, and the operating results of Riverland Ag.

From the period from June 12, 2010 to March 31, 2011, the aggregate of net grain trading sales plus storage, rental and other operating income earned by Riverland Ag was CAD$147,258,357, and its net income for that period was CAD$6,736,665. If the Acquisition had occurred on April 1, 2010, the Corporation's pro-forma consolidated revenues for the year ended March 31, 2011 would have been $214,824,368 and its pro-forma consolidated net income would have been $26,396,964.

6. PORTFOLIO INVESTMENTS

Portfolio investments owned are classified as held for trading, and consist primarily of equity securities. The issuers of these securities operate in the following agricultural industry sub-sectors:

	March 31, 2012	March 31, 2011	April 1, 2010
		Fair value	
Chemicals	**$ 6,012,038**	$ 5,140,659	$ 9,074,230
Equipment manufacturers and distributors	**1,998,501**	5,453,948	14,455,037
Fertilizers	**1,000,025**	2,780,368	47,700,708
Agricultural commodity handlers and processors	**862,500**	1,779,225	20,620,464
Miscellaneous	**–**	2,394,389	8,626,103
Food manufacturing and retailing	**–**	–	10,515,149
Seed technology	**–**	–	7,700,021
Total fair value	**$ 9,873,064**	$ 17,548,589	$ 118,691,712
Total cost	**$ 12,387,501**	$ 23,952,594	$ 122,725,436

As at March 31, 2012, non-publicly traded securities, including securities of private companies, warrants and restricted securities, represent 39.11 per cent (March 31, 2011: 45.28 per cent; April 1, 2010: 2.20 per cent) of the fair value of the investments owned.

7. DUE FROM (TO) BROKERS

Due from Broker for Ceres' portfolio investments represents amounts at the custodian brokers from settled and unsettled trades. Due from Broker for Riverland Ag for commodity futures and options contracts represents margin deposits and open trade equity maintained by a broker in connection with such contracts.

Due to Broker for Riverland Ag for commodity futures and options contracts represents the excess of open trade deficiencies on such contracts over the aggregate of minimum collateral requirements on deposit with the broker.

8. INVESTMENTS IN ASSOCIATES

	2012	2011	April 1, 2010
Canterra Seeds Holdings, Ltd., common shares	**$ 1,488,742**	$ 1,806,972	$ –
Stewart Southern Railway Inc., common shares	**1,566,661**	1,662,944	–
Stewart Southern Railway Inc., loan receivable	**62,500**	–	–
	$ 3,117,903	$ 3,469,916	$ –

Riverland Canada holds a 25 per cent interest in Canterra Seeds Holdings, Ltd. ("Canterra"), a Canadian company. Riverland Canada also holds rights to a 25 per cent voting position on the Board of Directors of Canterra.

Ceres holds a 25 per cent interest in Stewart Southern Railway Inc. ("SSR"), also a Canadian company. Ceres also holds rights to a 20 per cent voting position on the Board of Directors of SSR.

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and silos/elevators	Machinery & equipment	Furniture, fixtures, computers and office equipment	Totals
March 31, 2011					
Cost					
Balances, April 1, 2010	$ –	$ –	$ –	$ –	$ –
Assets acquired on business combination	5,812,855	45,173,000	1,844,820	1,126,051	53,956,726
Other assets acquired	76,580	6,669,763	1,456,396	807,433	9,010,172
Disposals	–	–	(43,877)	(114,495)	(158,372)
Foreign currency translation adjustments	(344,224)	(3,143,371)	(637,088)	(121,912)	(4,246,595)
Balances, March 31, 2011	5,545,211	48,699,392	2,620,251	1,697,077	58,561,931
Accumulated depreciation					
Balances, April 1, 2010	–	–	–	–	–
Depreciation charged to operations	–	(1,425,407)	(112,162)	(194,044)	(1,731,613)
Disposals	–	–	–	–	–
Foreign currency translation adjustments	–	346,276	21,253	44,682	412,211
Balances, March 31, 2011	–	(1,079,131)	(90,909)	(149,362)	(1,319,402)
Net Book Values, March 31, 2011	**$ 5,545,211**	**$ 47,620,261**	**$ 2,529,342**	**$ 1,547,715**	**$ 57,242,529**
March 31, 2012					
Cost					
Balances, April 1, 2011	$ 5,545,211	$ 48,699,392	$ 2,620,251	$ 1,697,077	$ 58,561,931
Assets acquired (reclassifed)	3,007,409	12,821,193	684,062	(81,779)	16,430,885
Loss on impairment	–	(153,521)	–	–	(153,521)
Foreign currency translation adjustments	144,374	1,516,545	76,605	49,484	1,787,008
Balances, March 31, 2012	8,696,994	62,883,609	3,380,918	1,664,782	76,626,303
Accumulated depreciation					
Balances, April 1, 2011	–	(1,079,131)	(90,909)	(149,362)	(1,319,402)
Depreciation charged to operations	–	(2,142,014)	(216,815)	(266,545)	(2,625,374)
Loss on impairment	–	7,429	–	–	7,429
Foreign currency translation adjustments	–	(128,047)	(7,623)	(15,244)	(150,914)
Balances, March 31, 2012	–	(3,341,763)	(315,347)	(431,151)	(4,088,261)
Net Book Values, March 31, 2012	**$ 8,696,994**	**$ 59,541,846**	**$ 3,065,571**	**$ 1,233,631**	**$ 72,538,042**

10. BANK INDEBTEDNESS

On July 12, 2011, Riverland Ag entered into an agreement to amend the revolving credit agreement with a lender based in the United States of America. The amendments allow for an increase of the syndicated committed facility from USD$115 million to USD$180 million. Other terms and conditions remain unchanged. The obligation is guaranteed by Riverland Ag and by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. The credit agreement is subject to borrowing base limitations. The revolving credit facility is secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. The agreement may be extended by mutual agreement of Riverland Ag and the lenders prior to the expiration of the agreement.

Borrowings bear interest at LIBOR plus 4.00 per cent. Until November 28, 2011 and after February 27, 2012, interest was calculated and paid monthly. For the period 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. Amounts under the credit agreement that remain undrawn are subject to a commitment fee of 0.75 per cent per annum payable quarterly in arrears on the average daily undrawn amount.

As described in Note 20 (Management of capital), this credit facility has certain covenants pertaining to the accounts of Riverland Ag. As at March 31, 2012 and 2011, Riverland Ag was in compliance with all debt covenants.

The following is a summary of the carrying amount of bank indebtedness:

	2012		2011		
	in USD	**in CAD**	in USD	in CAD	April 1, 2010
Revolving line of credit	**$ 80,000,000**	**$ 79,800,000**	$ 77,500,000	$ 75,367,111	$ –
Unamortized financing costs	**(361,615)**	**(360,711)**	(588,100)	(571,915)	–
	$ 79,638,385	**$ 79,439,289**	$ 76,911,900	$ 74,795,196	$ –

11. REPURCHASE OBLIGATIONS

From time to time, Riverland Ag may have open repurchase commitments under its product financing arrangement with MCUSA to repurchase grain inventory. As at March 31, 2012, Riverland Ag has no such open repurchase commitments. As at March 31, 2011, the Corporation had a liability for repurchase obligations of USD$38,596,783 (CAD$37,534,555), plus accrued interest payable. As at March 31, 2011, the fixed annual interest rates on the open repurchase commitments ranged 4.83 per cent to 5.08 per cent.

12. LONG-TERM DEBT

Effective January 24, 2011, Riverland Ag entered into a ten-year term loan agreement in the amount of USD$10,000,000 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 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.

Effective December 14, 2011, Riverland Ag modified a secured term loan agreement with Great Western Bank and entered into a 10-year term loan agreement in the amount of USD$40,500,000. As part of the modification, Riverland Ag effectively repaid the remaining principal on the original secured term loan agreement (formerly known as "GWB loan #1"), which then had a principal balance of USD$19,166,667. The new loan ("GWB loan #3") will mature on December 12, 2021 and is guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable in 120 equal monthly principal installments of USD$337,500 plus interest at the fixed annual rate of 5.35 per cent.

Long-term debt is summarized as follows:

	2012		2011		
	in USD	**in CAD**	in USD	in CAD	April 1, 2010
GWB loan #1	**$ –**	**$ –**	$ 21,041,667	$ 20,462,575	$ –
GWB loan #2	**8,916,667**	**8,894,375**	9,916,667	9,643,748	–
GWB loan #3	**39,487,500**	**39,388,781**	–	–	
	48,404,167	**48,283,156**	30,958,334	30,106,323	–
Unamortized financing costs	**(446,717)**	**(445,600)**	(525,165)	(510,711)	–
Net carrying amounts	**47,957,450**	**47,837,556**	30,433,169	29,595,612	–
Portion due within twelve months	**(5,050,000)**	**(5,037,375)**	(3,500,000)	(3,403,676)	–
Unamortized financing costs on current portion	**160,035**	**159,635**	195,078	189,709	–
Current portion, net of unamortized financing costs	**(4,889,965)**	**(4,877,740)**	(3,304,922)	(3,213,967)	–
Long-term portion of term loans payable, net of unamortized financing costs	**$ 43,067,485**	**$ 42,959,816**	$ 27,128,247	$ 26,381,645	$ –

As at March 31, 2012, the annual remaining principal repayments of long-term debt over the next five fiscal years are as follows:

	in USD	in CAD
Fiscal year ending March 31, 2013	$ 5,050,000	$ 5,037,375
Fiscal year ending March 31, 2014	5,050,000	5,037,375
Fiscal year ending March 31, 2015	5,050,000	5,037,375
Fiscal year ending March 31, 2016	5,050,000	5,037,375
Fiscal year ending March 31, 2017	5,050,000	5,037,375
Thereafter until the fiscal year ending March 31, 2022	23,154,167	23,096,281
	$ 48,404,167	**$ 48,283,156**

USD amounts were translated to CAD using the exchange rate effective as at the reporting dates. As at the date of preparation of these consolidated financial statements, management cannot predict with reasonable certainty the exchanges rates that would apply on the dates on which interest and principal payments are due. Future foreign exchange rates will vary from the rate as at the reporting dates and such variances may be material.

As described in Note 20 (Management of capital), both term loans have certain restrictive debt covenant requirements, which Riverland Ag is required to meet. As at March 31, 2012 and 2011, Riverland Ag was in compliance with all debt covenants.

13. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The fair value of financial instruments closely approximates their carrying values.

Derivative assets and Derivative liabilities, which are held for trading and valued at fair value through profit and loss, include the following:

	2012	2011	April 1, 2010
Derivative assets			
Unrealized gain on forward foreign exchange contracts	$ –	$ –	$ 1,006,364
Unrealized gains on open cash contracts	2,955,578	1,899,160	–
	$ 2,955,578	$ 1,899,160	$ 1,006,364
Derivative liabilities			
Unrealized loss on forward foreign exchange contracts	$ –	$ –	$ 41,151
Unearned premiums on written options	–	–	537,694
Unrealized losses on open cash contracts	(2,917,960)	2,468,358	–
	$ (2,917,960)	$ 2,468,358	$ 578,845

(b) Finance (loss) income

Finance (loss) income for the years ended March 31, 2012 and 2011 include the following:

	2012	2011
Dividend revenues, net of withholding taxes of $3,745 (2011: $102,127)	**$ 21,221**	$ 413,382
Interest and other revenues, net of interest expense on bonds sold short	**3,637**	49,698
Realized (loss) gain on sale of investments	**(5,257,461)**	1,613,595
Realized loss on currency-hedging transactions	**(541,271)**	(123,724)
Realized and unrealized gain (loss) on foreign exchange	**99,773**	(497,721)
Change in fair value of investments	**3,916,939**	(403,144)
	$ (1,757,162)	$ 1,052,086

(c) Management of financial instruments risks

In the normal course of business, the Corporation is exposed to various financial instruments risks, including market risk (consisting of price risk, commodity risk, interest rate risk and currency risk), credit risk, custodian and prime brokerage risks, and liquidity risk. The Corporation's overall risk management program seeks to minimize potentially adverse effects of those risks on the Corporation's financial performance. The Corporation may use derivative financial instruments to mitigate certain risk exposures. The Corporation may invest in non-public and public issuers and assets.

Price risk

The Corporation trades in financial instruments and may take positions in traded, over-the-counter and non-public instruments, which may include derivatives. Within defined limits, the Corporation may buy or sell call or put options and financial futures or other derivatives.

All investments in securities present a risk of loss of capital. The Manager, as described in Note 15(a), mitigates this risk through a careful selection of securities and other financial instruments, within specified limits. The maximum risk for financial instruments owned by the Corporation is determined by the fair value thereof. From time-to-time, the Corporation has issued written put and call options, although no such options are issued and outstanding as at March 31, 2012 and 2011. Potential losses from written put options could be unlimited. Short sales that the Corporation has made and may make in the future could involve certain risks and other considerations. Potential losses from short sales differ from potential losses from securities owned (long positions), because losses from short sales might be unlimited. The Corporation's overall market positions are monitored on a daily basis by the Manager and are reviewed quarterly by the Board of Directors.

As at March 31, 2012 and 2011 and April 1, 2010, the Corporation has invested in equity securities of companies whose securities are actively traded on recognized public exchanges and in private companies. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments. As at March 31, 2012, the Corporation's portfolio investments in private companies represents 1.32 per cent of consolidated total assets (March 31, 2011: 2.56 per cent; April 1, 2010: 1.64 per cent).

Notwithstanding the investment objectives of the Corporation and its investment focus, market price risk is managed through a diversification of the investment portfolio between industry sub-sectors and by avoiding undue industry sub-sector, geographical or investee concentration. As at March 31, 2012, 2.47 per cent of shareholders' equity is represented by portfolio investments in private companies (March 31, 2011: 4.96 per cent; April 1, 2010: 2.07 per cent). As at March 31, 2012, 3.85 per cent of shareholders' equity is invested in equity and debt instruments of publicly traded companies located in Canada, the United States of America, Australia, European countries and other countries (March 31, 2011: 5.99 per cent; April 1, 2010: 71.00 per cent).

As at March 31, 2012 and 2011, the Corporation's market risk pertaining to portfolio investments is potentially affected by two main components, being changes in actual market prices and changes in foreign exchange rates. The Corporation's sensitivity to foreign currency movements is reported below (Currency risk).

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the bid or ask prices of each of the portfolio investments (including investments owned, short sales and written options) as at March 31, 2012 and 2011 had increased or decreased by 10 per cent, with all other variables remaining constant:

	2012		2011	
Change in bid/ask prices of investments	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
10% increase in bid-ask prices	**$ 199,850**	**$ 0.01**	$ 1,754,944	$ 0.12
10% decrease in bid-ask prices	**$ (199,850)**	**$ (0.01)**	$ (1,754,789)	$ (0.12)

Commodity risk

Commodity risk is the risk of financial loss resulting from changes in commodity prices. 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 caused by commodity market fluctuations, 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. 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.

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the fair value of each of the open cash contracts as at March 31, 2012 and 2011 had increased or decreased by 5 per cent, with all other variables remaining constant:

	2012		2011	
Change in bid/ask prices of investments	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
5% increase in bid-ask prices	**$ 126,572**	**$ 0.01**	$ 351,194	$ 0.02
5% decrease in bid-ask prices	**$ (126,572)**	**$ (0.01)**	$ (351,194)	$ (0.02)

Interest rate risk

As at March 31, 2012 and 2011, Ceres has no long or short portfolio positions in any interest-bearing securities.

As at March 31, 2012 and 2011, and April 1, 2010, except for cash on deposit, the amounts of which vary from time-to-time and on which interest is earned at nominal variable interest rates, the Corporation had no other variable rate interest-bearing securities. As at those dates, a notional increase or decrease in interest rates applicable to cash on deposit would not have materially affected interest revenue and the results of operations. Therefore, as at March 31, 2012 and 2011, and April 1, 2010, the Corporation was not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

As at March 31, 2012 and 2011, Riverland Ag has a variable rate interest-bearing liability in the form of its revolving credit facility. As disclosed in Note 10 (Bank indebtedness), Riverland Ag's revolving credit facility bears interest at an annual rate of LIBOR plus 4.00 per cent. As at March 31, 2012 and 2011, management has determined the effect on the future results of operations of the Corporation, if the variable interest rate component applicable on those dates on the revolving credit facility were to increase by 25 basis points ("25 bps") as at those dates respectively, using the balance of the revolving credit facility payable as at those dates, using the number of shares then issued and outstanding, and with all other variables remaining constant. On that basis, the potential effects on the future result of operations would be as follows:

	2012		2011	
Change in interest rate on revolving facility	**Decrease in net income**	**Decrease in earnings per share**	Decrease in net income	Decrease in earnings per share
25 bps increase in annual interest rate	**$ (199,500)**	**$ (0.01)**	$ (188,418)	$ (0.01)

Riverland Ag is not subject to cash flow interest rate risk concerning the repurchase obligations and long-term debt, as these liabilities bear interest at fixed rates.

As at April 1, 2010, the Corporation had no interest-bearing liabilities.

Credit risk

Credit risk is the risk a counterparty would be unable to pay amounts due to the Corporation in accordance with the terms and conditions of the debt instruments. As at March 31, 2012 and 2011 and April 1, 2010, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, dividends, interest and other receivables, and to the extent that certain forward foreign exchange contracts on hand and open cash contracts for grain commodities as at those dates gave rise to unrealized gains thereon. As at April 1, 2010, the Corporation was also exposed to credit risk on the debt securities it owned as at that date and on accrued interest receivable thereon. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets.

The Corporation mitigates the credit risk concerning forward foreign exchange contracts by entering into such contracts with financially stable and creditworthy counter-parties. Credit risk arising from the amounts due from broker is described below (Custody and prime brokerage risks). Ceres management assesses credit risk of debt securities, if any, on an ongoing basis. Credit risk concerning debt securities and accrued interest receivable thereon is also mitigated by limiting the amount of credit exposure with respect to any one issuer. Credit risk relating to dividends, interest and other receivables is not significant.

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 buyout. There is counter-party risk associated with non-performance, which may have the potential of creating losses for the Corporation. The Corporation's management has assessed the counter-party risk and believes that insignificant losses, if any, would result from non-performance.

Riverland Ag regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may 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 of Riverland Ag has determined that as at March 31, 2012 and 2011, no allowance for doubtful accounts is warranted, and management is confident in its ability to collect outstanding trade accounts receivable.

Custody and prime brokerage risk

There are risks involved with dealing with a custodian or broker who settle trades. In certain circumstances, the securities or other assets deposited with the custodian or broker may be exposed to credit risk with respect to those parties. In addition, there may be practical or timing problems associated with enforcing the Corporation's rights to its assets, in the case of the insolvency of any such party. Notwithstanding the foregoing, management has evaluated the risk of loss related to the custodian or brokers and has determined this risk to be insignificant.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments, as at March 31, 2012 and 2011:

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**

2011	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 74,795,196	$ 75,367,111	$ 75,367,111	$ –	$ –	$ –
Accounts payable and accrued liabilities	3,967,987	3,967,987	3,967,987	–	–	–
Repurchase obligations	37,534,555	37,534,555	37,534,555	–	–	–
Derivatives	2,468,358	2,468,358	2,468,358	–	–	–
Management fees payable	294,092	294,092	294,092	–	–	–
Long-term debt	29,595,612	36,793,104	5,220,013	5,003,880	20,998,933	5,570,278
	$ 148,655,800	$ 156,425,207	$ 124,852,116	$ 5,003,880	$ 20,998,933	$ 5,570,278

Future expected operational cash flows and sufficient 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.

Currency risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than Canadian dollars (its presentation and functional currency, and referred to in this section as "CAD"). Therefore, Ceres is exposed to currency risk, as the value of any assets or liabilities denominated in currencies other than CAD will vary due to changes in foreign exchange rates.

The following is a summary, at fair value, of Ceres' exposure to currency risks as at March 31, 2012 and 2011:

	2012		2011	
Currency	**Net asset exposure***	**Net forward contracts (to sell foreign currency)**	Net asset exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	**$ 2,530,933**	**$ 32,494,151**	$ 11,815,975	$ 10,850,000
Australian dollars	**$ 803**	**$ –**	$ 1,402,027	$ –

*Exposure excludes the effect of forward foreign exchange contracts.

As at March 31, 2012, Ceres was committed to a forward foreign exchange contract executed on March 30, 2012 and due April 30, 2012, in the amount noted in the preceding table.

The following is a summary of the effect on the results of operations of the Corporation if the CAD had become 5 per cent stronger or weaker against each of the other currencies as at March 31, 2012 and 2011, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	2012		2011	
Change in foreign exchange rate	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
CAD 5% stronger	**$ 1,502,954**	**$ 0.10**	$ (86,678)	$ (0.01)
CAD 5% weaker	**$ (1,490,274)**	**$ (0.10)**	$ 151,438	$ 0.01

Ceres' foreign subsidiary, Riverland Ag, operates in USD, being its reporting and functional currency. Riverland Ag does not hold assets nor does it have liabilities denominated in currencies other than USD. Therefore, it is not directly exposed to currency risk in its normal operations. Currency risk related to the accounts of Riverland Ag relates primarily to the translation of its accounts into CAD for the purposes of the consolidated financial reporting of its parent company, Ceres. Adjustments related to the translation of foreign currency accounts of a foreign operation are included as other comprehensive income (loss) and have no effect on the determination of net income for the reporting period. Consequently, no currency risk sensitivity analysis concerning Riverland Ag has been presented.

(d) Fair value measurements

The following is a summary of the classification of assets and liabilities carried at fair value, using the hierarchy of inputs described in Note 2 (Summary of significant accounting policies – fair value measurements):

March 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities, long	**$ 6,012,037**	**$ –**	**$ 3,861,027**	**$ 9,873,064**
Derivative assets	**–**	**2,955,578**	**–**	**2,955,578**
Inventories, grains	**–**	**158,400,586**	**–**	**158,400,586**
Due to broker, unrealized losses on futures and options	**(6,590,043)**	**–**	**–**	**(6,590,043)**
Derivative liabilities	**–**	**(2,917,960)**	**–**	**(2,917,960)**
	$ (578,006)	**$ 158,438,204**	**$ 3,861,027**	**$ 161,721,225**

During the year ended March 31, 2012, there was a transfer from Level 3 to Level 1 for $5,140,659. This transfer reflects the initial public offering of a private company, the investment in which had been previously classified in Level 3.

The following is a reconciliation of the changes in the equities, long, measured at fair value using unobservable inputs (Level 3), for the year ended March 31, 2012:

Balance, April 1, 2011	$ 7,946,060
Transfer out to Level 1	(5,140,659)
Net purchase	1,000,025
Change in fair value of Level 3 portfolio investments	55,601
	$ 3,861,027

March 31, 2011	Level 1	Level 2	Level 3	Total
Equities, long	$ 9,602,529	$ –	$ 7,946,060	$ 17,548,589
Due from broker, unrealized gains on futures and options	1,877,273	–	–	1,877,273
Derivative assets	–	1,899,160	–	1,899,160
Inventories, grains	–	161,589,046	–	161,589,046
Due to broker, unrealized losses on futures and options	(6,755,036)	–	–	(6,755,036)
Derivative liabilities	–	(2,468,358)	–	(2,468,358)
	$ 4,724,766	$ 161,019,848	$ 7,946,060	$ 173,690,674

The following is a reconciliation of the changes in the equities, long, measured at fair value using unobservable inputs (Level 3), for the year ended March 31, 2011:

Balance, April 1, 2010	$ 2,580,503
Net purchases and sales	4,331,017
Gain on disposition of investments	330,169
Change in fair value of Level 3 portfolio investments	704,371
	$ 7,946,060

Ceres, April 1, 2010	Level 1	Level 2	Level 3	Total
Equities, long	$ 112,747,112	$ 32,148	$ 2,580,503	$ 115,359,763
Debentures, long	–	3,331,949	–	3,331,949
Equities, short	(27,444,805)	–	–	(27,444,805)
Derivative assets	–	1,006,364	–	1,006,364
Derivative liabilities	(537,694)	(41,151)	–	(578,845)
	$ 84,764,613	$ 4,329,310	$ 2,580,503	$ 91,674,426

14. SHARE CAPITAL AND WARRANTS

(a) Authorized

Unlimited number of voting, participating Common Shares, without par value; and 150,000 Common Share Purchase Warrants, expiring on June 11, 2013 and entitling each holder thereof to acquire one Common Share of the Corporation at a price of $10.40 each.

(b) Normal Course Issuer Bids

2010-2011 Normal Course Issuer Bid

On October 7, 2010, Ceres announced a normal course issuer bid ("2010–2011 NCIB") commencing on October 8, 2010. The purpose of the 2010–2011 NCIB is to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the Shares. The 2010–2011 NCIB will conclude 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 common Shares, representing approximately 10 per cent of its unrestricted public float as at October 4, 2010. Ceres may 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. The Shares may be purchased for cancellation via the TSX and may be purchased when the net asset value per Share exceeds its trading price.

For the period from October 8, 2010 to March 31, 2011, Ceres purchased 125,938 Shares under the 2010–2011 NCIB for an aggregate consideration of $1,046,612. The stated capital value of the repurchased Shares was $1,215,030. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $168,418, has been allocated to Retained Earnings in the year ended March 31, 2011.

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 $2,107,288. The stated capital value of the repurchased Shares was $2,663,006. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $555,718 for this period has been allocated to Retained Earnings during the year ended March 31, 2012.

2011–2012 Normal Course Issuer Bid

On October 13, 2011, Ceres announced a normal course issuer bid ("2011–2012 NCIB") commencing on October 17, 2011. The purpose of the 2011–2012 NCIB is to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the Shares. 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 for purchases made in accordance with the "block purchase" exception under applicable TSX rules and policies. The Shares may be purchased for cancellation via the TSX and may be purchased when the net asset value per Share exceeds its trading price.

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 $2,026,394. The stated capital value of these repurchased Shares was $3,606,325. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $1,579,931, has been allocated to Retained Earnings in the year ended March 31, 2012.

(c) Shares and purchase Warrants issued as part of the consideration for the Acquisition of Riverland Ag

On June 11, 2010, Ceres issued 2,904,889 Common Shares at their quoted price of CAD$5.99 (USD$5.80) each for consideration of USD$16,839,525 (CAD$17,400,282), and 150,000 Common Share Purchase Warrants valued at CAD$1.35 (USD$1.31) each for consideration of USD$195,862 (CAD$202,384). 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 CAD$10.40 each.

(d) Expiry of Common Share Purchase Warrants

On December 21, 2010, the Common Share Purchase Warrants (collectively the "Warrants") issued 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 the Warrants of $9,026,038 to Contributed Surplus during the year ended March 31, 2011.

(e) Issued and outstanding as at March 31, 2012 and 2011, and April 1, 2010

The following is a summary of the changes in the Common Shares and Warrants during the years ended March 31, 2012 ("FYE 2012") and 2011 ("FYE 2011"):

	Common shares		Warrants	
	#	$	#	$
Balances, April 1, 2010	**12,452,165**	**$ 130,762,138**	**12,893,480**	**$ 9,026,038**
Changes in FYE 2011				
Issuances, June 11, 2010	2,904,889	17,400,285	150,000	202,384
Repurchases under normal course issuer bid	(125,938)	(1,215,030)	–	–
Expiry of warrants issued on Initial Public Offering	–	–	(12,893,480)	(9,026,038)
Balances, March 31, 2011	**15,231,116**	**$ 146,947,393**	**150,000**	**$ 202,384**
Changes in FYE 2012				
Repurchases under normal course issuer bid	(649,817)	(6,269,331)	–	–
Balances, March 31, 2012	**14,581,299**	**$ 140,678,062**	**150,000**	**$ 202,384**

15. MANAGEMENT FEES AND OTHER EXPENSES

(a) Management fees and incentive fees

Pursuant to a management agreement dated December 13, 2007 (the "Management Agreement") between the Corporation and Front Street Capital 2004 (the "Manager"), the Corporation pays the Manager an annual management fee of 2 per cent of the Net Asset Value of the Corporation based on the average weekly Net Asset Value of the Corporation, payable monthly in arrears. The Net Asset Value represents the excess of the market value of all assets of the Corporation over all of its liabilities. The Manager and certain affiliates are considered related parties through the provision of management services through the Management Agreement.

In addition to the annual management fees and in respect of each fiscal year, the Corporation is also required to pay to the Manager an annual incentive fee (the "Incentive Fee") equal to: (a) 20 per cent of the amount by which the Adjusted Net Asset Value per Common Share (as defined in the Management Agreement and described in the prospectus dated December 13, 2007) at the end of such fiscal year exceeds the highest year-end Net Asset Value per Common Share ("Highest Year") adjusted pro rata to reflect Warrants exercised since the Highest Year (as also defined in the Management Agreement and described in the prospectus) multiplied by (b) the average daily number of Common Shares outstanding during such fiscal year. Notwithstanding the foregoing, no Incentive Fee will be payable with respect to the current fiscal year of the Corporation unless the Adjusted Net Asset Value per Common Share at the end of the current fiscal year exceeds the Net Asset Value per Common Share at the end of the preceding year, adjusted pro rata to reflect Warrants exercised during the current fiscal year, by a minimum of 8 per cent (the "Threshold Rate"). For calculating the Incentive Fee, the Threshold Rate will be pro-rated for any partial fiscal year. The Incentive Fee will be estimated and accrued as at each Valuation Date (being the date on which the Net Asset Value is determined on a weekly basis, as defined in the prospectus) and each reporting date, and any such fee will be paid within 30 business days after each fiscal year-end of the Corporation. As at March 31, 2012 and 2011, and April 1, 2010, no Incentive Fee was payable to the Manager.

For the year ended March 31, 2012, management fees charged to operations total $3,383,652 (2011: $3,195,728) and are included with General and administrative expenses. As at March 31, 2012, management fees payable to the Manager amounted to $267,223 (March 31, 2011: $294,092; April 1, 2010: $230,648).

(b) Other expenses

The Corporation is responsible for paying fees and expenses incurred in its operations and administration, except fees and expenses to be borne by the Manager as set out in the Management Agreement. In addition to the Management Fees and Incentive Fees payable to the Manager, the Corporation shall reimburse the Manager for all expenses it incurs related to its duties (including payments to third parties in that regard) to the extent such expenses were incurred for and on behalf of the Corporation. As at March 31, 2012, the amount of $55,000 was due to the Manager (March 31, 2011: $Nil; April 1, 2010: $969,916).

16. INCOME TAXES

(a) Reconciliation of statutory tax provision to the effective tax provision

As the Corporation operates in several tax jurisdictions, its income is subject to taxation at various rates.

The provision for income taxes differs from the amount that would have resulted from applying the Canadian statutory income tax rates to income before income taxes for the following reasons:

	2012	2011
Income (loss) before income taxes and the undernoted item:		
Canada	$ (7,144,808)	$ 18,325,727
United States of America	3,140,813	8,725,851
	$ (4,003,995)	$ 27,051,578
Combined statutory Canadian federal and Ontario corporate income tax rate	27.75%	30.13%
Provision for income taxes (recoverable) using statutory rate	$ (1,111,109)	$ 8,150,640
Adjusted for the income tax effects of:		
Difference in tax rates applicable to subsidiaries	(240,647)	356,019
U.S. State taxes, net of U.S. federal benefit	71,586	199,728
Gain on acquisition of subsidiaries	–	(6,739,002)
Intercompany dividend eliminated on consolidation	(1,343,575)	(1,194,811)
Taxable portion of capital gain on expiration of warrants issued by Ceres	–	1,359,717
(Non-taxable portion of capital gains) non-deductible portion of capital losses	855,517	(250,663)
Non-deductible portion of unrealized losses on investments (non-taxable portion of unrealized gains on investments)	(543,569)	60,731
Future tax rate changes on temporary differences	343,776	535,316
Other	(131,168)	330,427
Change in valuation allowance on future income tax assets of Ceres	1,486,440	(618,120)
	498,360	(5,960,658)
Income taxes (recovered)	$ (612,749)	$ 2,189,982

The components of the provision for income taxes are as follows:

	2012	2011
Canada		
Current	$ (2,203)	$ –
Future	14,854	215,838
	12,651	215,838
United States of America – Federal		
Current	(2,218,575)	1,905,676
Future	1,712,269	(228,881)
	(506,306)	1,676,795
United States of America – State		
Current	(333,631)	340,476
Future	214,537	(43,127)
	(119,094)	297,349
	$ (612,749)	$ 2,189,982

(b) Deferred income tax liability

The tax effects of temporary differences that give rise to significant elements of the net deferred income tax asset (liability) are as follows:

	2012	2011
Deferred income tax assets		
Non-capital and net operating losses carried forward	**$ 13,491,388**	$ 2,080,624
Allowable capital losses carried forward	**816,839**	2,028,255
Deductible portion of deferred capital losses	**–**	72,176
Deductible portion of unrealized depreciation of investments	**451,539**	957,377
Future years' deductions for Share issue costs	**320,005**	888,221
Other temporary deductible differences, net of temporary taxable differences	**2,356,452**	337,933
Deferred income tax asset, before valuation allowance	**17,436,223**	6,365,126
Valuation allowance	**(7,260,213)**	(6,260,361)
Net deferred income tax asset	**10,760,010**	104,765
Deferred income tax liability, property, plant and equipment	**(13,016,001)**	(975,046)
Net deferred income tax liability	**$ (2,839,991)**	$ (870,282)

(c) Tax losses carried forward

As at March 31, 2012, Ceres and a Canadian subsidiary (Riverland Canada) have accumulated non-capital losses in the amount of $20,547,262. The potential income tax benefit of Ceres' non-capital loss has not been recognized in the financial statements. The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2028	$ 591,209
2029	311,202
2030	6,387,927
2031	5,943,058
2032	7,313,866
	$ 20,547,262

As at March 31, 2012, Riverland Ag has accumulated net operating losses of USD$21,083,461 (CAD$21,030,746). Of this amount, USD$14,323,567 may be carried forward until Riverland Ag's 2031 taxation year and USD$6,759,894 may be carried forward until its 2032 taxation year.

As at March 31, 2012, capital losses in the amount of $6,164,822 are available indefinitely to be applied against capital gains of the Corporation in future taxation years. The potential income tax benefit of the capital losses has not been recognized in the financial statements.

17. RELATED PARTY TRANSACTIONS

(a) Management fees and incentive fees

Terms and conditions pertinent to management fees and incentive fees, and the amounts charged to operations related thereto, have been reported in Note 15(a) (Management fees and other expenses – management fees and incentive fees).

(b) Key management personnel

The Corporation has defined key management personnel as senior executive officers, as well as the members of the Board of Directors, as they collectively have the authority and responsibility for planning, directing and controlling the activities of the Corporation and its subsidiaries. The following table summarizes total compensation expense for key management personnel for the years ended March 31, 2012 and 2011. As it concerns salaries and personnel costs of senior executive officers for the year ended March 31, 2011, the period for which such expenses are reported is for the post-acquisition period from June 11, 2010 to March 31, 2011.

	2012	2011
Salaries, senior executive officers	**$ 1,348,533**	$ 382,761
Personnel costs, senior executive officers	**44,007**	26,542
Directors' fees	**136,157**	95,793
	$ 1,528,697	$ 505,096

18. EMPLOYEE BENEFIT PLAN

On January 1, 2009, Riverland Ag established a qualified 401(k) profit-sharing plan in the United States of America that covers all of its employees reaching 21 years of age and who have completed two months of service. Riverland Ag employees are permitted to make voluntary contributions under a 401(k) arrangement and Riverland Ag contributes a fully vested safe harbor non-elective matching contribution of 3 per cent of participants' eligible wages. For the year ended March 31, 2012, Riverland Ag's contribution was $171,570 (period from June 11, 2010 to March 31, 2011: $120,839).

19. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2012	2011
Decrease (increase) in due from Broker, commodity futures contracts	$ 7,955,093	$ (5,783,366)
(Increase) decrease in net derivative assets	(618,657)	1,449,430
Decrease (increase) in accounts receivable	833,796	(4,785,305)
Decrease (increase) in inventories	6,905,191	(89,502,399)
Increase in prepaid expenses and sundry assets	(1,382,954)	(234,863)
(Decrease) increase in accounts payable and accrued liabilities	(644,597)	1,697,249
(Decrease) increase in management fees payable	(26,869)	63,444
Increase (decrease) in due to Manager	55,000	(969,916)
	$ 13,076,003	$ (98,065,726)

20. MANAGEMENT OF CAPITAL

Ceres considers financial instruments in the form of Common Shares and Warrants (net of share issue costs) to represent capital. In managing this capital, the objectives of the Corporation are:

- to safeguard the Corporation's ability to continue as a going concern, be flexible and take advantage of opportunities, which might present themselves;
- to provide an appropriate return to shareholders;
- to use active management strategies related to its portfolio of investments, which are intended to enhance the returns of the Corporation and concurrently minimize risk and reduce the risk of loss of capital, through global exposure to agricultural assets involved in the supply and demand chains of the agricultural sector and sector-influenced industries;
- to potentially make future investments in private companies and in public companies where such investments are less liquid than a traditional portfolio equity investment, with the ability to potentially acquire controlling interests, on a global basis in agricultural businesses that exhibit potential for substantial capital appreciation and/or cash flows; and
- from time-to-time, take advantage of international stock market cycles, to obtain a greater degree of geographic diversification for the Corporation's assets or for other investment considerations determined by the Manager.

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at March 31, 2012, Riverland Ag is required to comply with the following primary financial covenants and ratios, among others:

Revolving credit facility (Note 10)
This credit facility has certain covenants, including the maintenance of (a) the ratio of "consolidated debt" to "consolidated tangible net worth" (as defined by the agreement) of not more than 4.0 to 1.0, (b) consolidated working capital of not less than USD$30,000,000 and (c) consolidated tangible net worth of not less than USD$70,000,000.

Secured term loans (Note 12)
The term loans are subject to the following restrictive debt covenant requirements: (a) a ratio of "liabilities" to "tangible net worth" (as defined by the agreement) of 2.5 to 1.0 or more, (b) a "debt service coverage ratio" of 1.5 to 1.0 or more, (c) consolidated working capital of not less than USD$30,000,000, and (d) consolidated net worth of not less than USD$70,000,000 along with other restrictions including the payment of dividends or other distributions to shareholders.

As at March 31, 2012 and 2011, Riverland Ag complies with debt covenants for the revolving credit facility and the secured term loans.

21. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2, these are the Corporation's first annual consolidated financial statements prepared in accordance with IFRS.

In preparing its opening IFRS balance sheet, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. Ceres' accounting policies have been modified in this first reporting period for the fiscal year ending March 31, 2012 to comply with the new standards. The transition provisions of IFRS require changes to accounting policies be applied on a retroactive basis, except for certain mandatory and optional exceptions and exemptions as provided by IFRS 1. Management has reviewed these exceptions and exemptions in IFRS 1 and has determined the effect of these exceptions and exemptions to Ceres.

Ceres has applied IFRS as of its Date of Transition of April 1, 2010, and all amounts presented in these consolidated financial statements have been prepared on a consistent basis in accordance with the Corporation's IFRS accounting policies for the year ended March 31, 2012. The following tables present the reconciliation of the comparative amounts included in these consolidated financial statements to the balances sheets as at April 1, 2010 and March 31, 2011, and annual amounts for the year ended March 31, 2011 that were previously published in accordance with previous Canadian GAAP.

The following table summarizes the adjustments to Ceres' balance sheet as at April 1, 2010 prepared under Previous GAAP to its date of Transition balance sheet prepared in accordance with IFRS:

	Note	April 1, 2010 Previous GAAP	IFRS Reclasses	April 1, 2010 IFRS
ASSETS				
Current				
Cash		$ 28,884,374	$ –	$ 28,884,374
Portfolio investments owned, at fair value		118,691,712	–	118,691,712
Due from Brokers		8,337,188	–	8,337,188
Derivatives	(i)(a)	–	1,006,364	1,006,364
Unrealized gain on forward foreign exchange contracts	(i)(a)	1,006,364	(1,006,364)	–
Dividends, interest and other receivables	(i)(b)	247,577	(247,577)	–
Income taxes recoverable		75,641	–	75,641
Prepaid expenses and sundry assets	(i)(b)	29,194	247,577	276,771
TOTAL ASSETS		**$ 157,272,050**	**$ –**	**$ 157,272,050**
LIABILITIES				
Current				
Accounts payable and accrued liabilities		$ 249,787	$ –	$ 249,787
Unrealized loss on forward foreign exchange contracts	(i)(a)	41,151	(41,151)	–
Unearned premium on written options, at fair value	(i)(a)	537,694	(537,694)	–
Derivatives	(i)(a)	–	578,845	578,845
Investments sold short, at fair value		27,444,805	–	27,444,805
Due to Broker		2,921,063	–	2,921,063
Management fees payable		230,648	–	230,648
Due to Manager		969,916	–	969,916
TOTAL LIABILITIES		**32,395,064**	**–**	**32,395,064**
SHAREHOLDERS' EQUITY				
Common shares		130,762,138	–	130,762,138
Warrants		9,026,038	–	9,026,038
Contributed surplus	(i)(c)	1,911,776	(1,911,776)	–
Deficit	(i)(c)	(16,822,966)	1,911,776	(14,911,190)
TOTAL SHAREHOLDERS' EQUITY		**124,876,986**	**–**	**124,876,986**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 157,272,050**	**$ –**	**$ 157,272,050**

The following table summarizes the adjustments to Ceres' consolidated balance sheet as at March 31, 2011 prepared under Previous GAAP to its consolidated balance sheet prepared in accordance with IFRS:

	Note	March 31, 2011 Previous GAAP	IFRS Reclasses	Financing transaction costs	March 31, 2011 IFRS
ASSETS					
Current					
Cash		$ 46,836,841	$ –	$ –	$ 46,836,841
Portfolio investments owned, at fair value		17,548,589	–	–	17,548,589
Due from Brokers		10,695,253	–	–	10,695,253
Unrealized gains on open cash contracts	(iii)	1,899,160	(1,899,160)	–	–
Derivatives	(iii)	–	1,899,160	–	1,899,160
Accounts receivable, trade		10,188,130	–	–	10,188,130
Inventories, grains		161,589,046	–	–	161,589,046
Income taxes recoverable		375,463	–	–	375,463
Prepaid expenses and sundry assets		733,120	–	–	733,120
Current assets		**249,865,602**	–	–	**249,865,602**
Investment in associates		3,469,916	–	–	3,469,916
Grain exchange memberships		291,744	–	–	291,744
Property, plant and equipment		57,242,529	–	–	57,242,529
Non-current assets		**61,004,189**	–	–	**61,004,189**
TOTAL ASSETS		**$ 310,869,791**	**$ –**	**$ –**	**$310,869,791**
LIABILITIES					
Current					
Bank indebtedness	(ii)	$ 75,367,111	$ –	$ (571,915)	$ 74,795,196
Accounts payable and accrued liabilities		3,967,987	–	–	3,967,987
Repurchase obligations		37,534,555	–	–	37,534,555
Unrealized losses on open cash contracts	(iii)	2,468,358	(2,468,358)	–	–
Derivatives	(iii)	–	2,468,358	–	2,468,358
Management fees payable		294,092	–	–	294,092
Current portion of long-term debt	(ii)	3,403,676	–	(189,709)	3,213,967
Current liabilities		**123,035,779**	–	**(761,624)**	**122,274,155**
Long-term debt	(ii)	26,702,647	–	(321,002)	26,381,645
Future income tax liability		870,282	–	–	870,282
Non-current liabilities		**27,572,929**	–	**(321,002)**	**27,251,927**
TOTAL LIABILITIES		**150,608,708**	–	**(1,082,626)**	**149,526,082**
SHAREHOLDERS' EQUITY					
Common shares		146,947,393	–	–	146,947,393
Warrants		202,384	–	–	202,384
Contributed surplus		11,106,232	(2,080,194)	–	9,026,038
Currency translation account	(ii)	(5,727,662)	–	(58,599)	(5,786,261)
Retained earnings		7,732,736	2,080,194	1,141,225	10,954,155
TOTAL SHAREHOLDERS' EQUITY		**160,261,083**	–	**1,082,626**	**161,343,709**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 310,869,791**	**$ –**	**$ –**	**$310,869,791**

The following table summarizes the adjustments to Ceres' consolidated statement of comprehensive income for the year ended March 31, 2011 prepared under Previous GAAP to its consolidated statement of comprehensive income prepared in accordance with IFRS:

Year ended March 31, 2011	Previous GAAP	IFRS Reclasses (iii)	Financing transaction costs (ii)	IFRS
Revenues	$ –	$ 147,258,357	$ –	$ 147,258,357
Grain-trading sales, net of discounts and allowances	141,201,233	(141,201,233)	–	–
Storage, rental and other operating income	6,057,124	(6,057,124)	–	–
Cost of sales	(127,301,038)	(1,630,400)	–	(128,931,438)
Gross profit	19,957,319	(1,630,400)	–	18,326,919
Dividend revenues, net of withholding taxes	413,382	(413,382)	–	–
Interest and other revenues, net of interest expense on bonds sold short	49,698	(49,698)	–	–
Total gross profit and investment revenues	20,420,399	(2,093,480)	–	18,326,919
EXPENSES				
Depreciation of property, plant and equipment	1,731,613	(1,731,613)	–	–
General and administrative	4,433,436	4,860,503	–	9,293,939
Interest on short-term debt	3,264,189	(3,264,189)	–	–
Interest on long-term debt	1,308,152	(1,308,152)	–	–
Management fees	3,195,728	(3,195,728)	–	–
Portfolio and corporate transaction costs	2,392,042	(1,563,562)	(828,480)	–
	16,325,160	(6,202,741)	(828,480)	9,293,939
INCOME (LOSS) FROM OPERATIONS	4,095,239	4,109,261	828,480	9,032,980
Finance income (loss)	–	1,052,086	–	1,052,086
Finance expenses	–	(4,572,341)	(361,759)	(4,934,100)
Realized gain on sale of investments	1,613,595	(1,613,595)	–	–
Realized gain (loss) on currency-hedging transactions	(123,724)	123,724	–	–
Realized and unrealized loss on foreign exchange	(497,721)	497,721	–	–
Change in fair value of investments	(403,144)	403,144	–	–
Gain on acquisition of subsidiaries	22,367,333	–	674,504	23,041,837
INCOME BEFORE INCOME TAXES AND THE UNDERNOTED ITEM	27,051,578	–	1,141,225	28,192,803
Income taxes	2,189,982	–	–	2,189,982
INCOME BEFORE THE UNDERNOTED ITEM	24,861,596	–	1,141,225	26,002,821
Share of net loss in investments in associates	(305,894)	–	–	(305,894)
NET INCOME FOR THE YEAR	24,555,702	–	1,141,225	25,696,927
Loss on translation of foreign currency accounts of foreign operations	(5,727,662)	–	(58,599)	(5,786,261)
COMPREHENSIVE INCOME FOR THE YEAR	$ 18,828,040	$ –	$ 1,082,626	$ 19,910,666

The following table reconciles consolidated shareholders' equity as at March 31, 2011 and April 1, 2010 under Previous GAAP to consolidated shareholders' equity prepared in accordance with IFRS:

	March 31, 2011	April 1, 2010
Consolidated shareholders' equity, Previous GAAP, as previously reported	**$ 160,261,083**	**$ 124,876,986**
IFRS restatements for the accounting treatment of financing transaction costs as at June 11, 2010 and for the year ended March 31, 2011 (ii)		
Adjustment to the balance of financing transaction costs as at June 11, 2010	674,504	–
Adjustment to capitalize financing transaction costs paid for the year ended March 31, 2011	828,480	–
Adjustment to amortize financing transaction costs for the year ended March 31, 2011	(361,759)	–
Adjustment to foreign currency translation accounts related to the foregoing	(58,599)	–
Consolidated shareholders' equity, Previous GAAP, as restated	**161,343,709**	**124,876,986**
IFRS reclassifications		
Decrease in contributed surplus for discount on NCIB common share repurchases	(2,080,194)	(1,911,776)
Increase in retained earnings for discount on NCIB common share repurchases	2,080,194	1,911,776
Consolidated shareholders' equity, IFRS	**$ 161,343,709**	**$ 124,876,986**

The following table reconciles the Consolidated Statement of Cash Flows prepared under Previous GAAP for the year ended March 31, 2011 to Ceres' Statement of Cash Flows prepared in accordance with IFRS (Note 21 (v)):

Cash flows used in operating activities, Previous GAAP, as previously reported	**$ (95,459,211)**
IFRS adjustments	
Increase in gain on acquisition of subsidiaries, subsidiary's unamortized financing transaction costs	674,504
Increase in amortization of financing transaction costs	361,759
Reclassification of financing transaction costs amortized as part of finance expenses	(361,759)
Decrease in financing transaction costs expensed	828,480
Deduct non-cash item on increase of gain on acquisition of subsidiaries	(674,504)
Cash flows used in operating activities, under IFRS	**(94,630,731)**
Cash flows from (used in) investing activities, Previous GAAP and IFRS	**17,950,836**
Cash flows from financing activities, Previous GAAP	**95,318,034**
Capitalization of financing transaction costs paid	(828,480)
Cash flows from financing activities, under IFRS	**94,489,554**
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency, Previous GAAP and IFRS	**142,808**
Increase (decrease) in cash for the year	**17,952,467**
Cash, beginning of year	28,884,374
Cash, end of year	**$ 46,836,841**

(i) Adjustments and IFRS reclassifications as 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:

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 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.

(ii) 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**

(iii) Reclassifications ("Reclasses")

Under IFRS, the following reclassifications were recognized to the balance sheet accounts:

- Unrealized gains and losses related to derivative financial instruments, including forward foreign exchange contracts, open cash contracts and unearned premiums on written options have been reclassified as Derivative assets and Derivative liabilities, as applicable.
- Dividends, interest and other receivables have been reclassified with Prepaid expenses and sundry assets.
- The 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.

Under IFRS, the Corporation may choose to report expenses by "nature" or by "function". Under Previous GAAP, expenses were reported using a mixture of both, by function for costs of sales, and by nature for all other operating expenses. Ceres has chosen to report expenses by function under IFRS.

In that regard, the following reclassifications to the profit and loss accounts were made:

- 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 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 grain-trading 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.

Directors

Gary P. Selke

Mr. Selke is the Chairman and Chief Executive Officer of the Corporation. Mr. Selke is a partner, Management Committee Member, President and Chief Executive Officer of Front Street Capital, the Manager of Ceres.

Thomas P. Muir, FCA, FCBV

Mr. Muir is the Chief Transaction Officer of the Corporation. Mr. Muir is also the Co-Managing Director of Muir Detlefsen & Associates Limited, the strategic advisor to Front Street Capital, the Manager of Ceres.

Brian Little [1, 2]

Mr. Little is the principal of W. Brian Little Holdings Inc. Mr. Little recently retired as National Manager of agriculture and agribusiness for the Royal Bank of Canada.

R. John Heimbecker [1, 2]

Mr. Heimbecker is a Vice President of Parrish and Heimbecker Limited, a Canadian based agribusiness company.

Mary F. Parniak [1, 2]

Ms. Parniak is Vice President, Finance of ConAgra Foods Canada Inc., a large North American packaged food company.

1 Audit Committee (Chair: Ms. Parniak)
2 Corporate Governance and Nominating Committee (Chair: Mr. Heimbecker)

More complete biographical information on the directors can be found in the Annual Information Form.

Corporate Information

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Toronto, Ontario
M5H 4A6

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Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario
M5L 1A9

Auditors

KPMG LLP
Suite 2000
One Lombard Place
Winnipeg, Manitoba
R3B 0X3

Stock Exchange Listings

Toronto Stock Exchange
Symbol CRP

Annual Meeting

The annual meeting of shareholders of Ceres Global Ag Corp. is scheduled for Wednesday, September 12, 2012 at 11:00 a.m. at One King Street West, Toronto, Ontario, Canada M5H 1A1.

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