Consolidated Financial Statements of

CERES
GLOBAL AG CORP.

For the years ended March 31, 2012 and 2011

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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

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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.

KPMG LLP

Chartered Accountants

June 11, 2012

Winnipeg, Canada

CERES GLOBAL AG CORP.
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*

CERES GLOBAL AG CORP.

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.

CERES GLOBAL AG CORP.
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

CERES GLOBAL AG CORP.
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

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.

2. BASIS OF PREPARATION (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of financial instruments (continued)

Financial assets (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting standards (continued)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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 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

5. BUSINESS COMBINATION (continued)

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 totaled $2,082,865. Of this amount, costs totaling $969,916 were expensed in the year ended March 31, 2010, and costs totaling $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.

5. BUSINESS COMBINATION (continued)

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	$ -

8. INVESTMENTS IN ASSOCIATES (continued)

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

March 31, 2011	Land	Buildings and silos/elevators	Machinery & equipment	Furniture, fixtures, computers and office equipment	Totals
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 in USD	2012 in CAD	2011 in USD	2011 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		April 1,
	in USD	in CAD	in USD	in CAD	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**

12. LONG-TERM DEBT (continued)

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	April1, 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**

13. FINANCIAL INSTRUMENTS (continued)

(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).

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Price risk (continued)

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)

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

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 commodities	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.

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Interest rate risk (continued)

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.

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Credit risk (continued)

The Corporation mitigates the credit risk concerning forward foreign exchange contracts by entering into such contracts with financially stable and credit-worthy 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 on-going 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 buy-out. 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.

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

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.

13. FINANCIAL INSTRUMENTS (continued):

(c) Management of financial instruments risks (continued)

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.

13. FINANCIAL INSTRUMENTS (continued):

(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

13. FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurements (continued)

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.

14. SHARE CAPITAL AND WARRANTS (continued)

(b) Normal Course Issuer Bids (continued)

2010-2011 Normal Course Issuer Bid (continued)

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.

14. SHARE CAPITAL AND WARRANTS (continued)

(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.

15. MANAGEMENT FEES AND OTHER EXPENSES (continued)

(a) Management fees and incentive fees (continued)

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**

16. INCOME TAXES (continued)

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)**

16. INCOME TAXES (continued)

(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.

20. MANAGEMENT OF CAPITAL (continued)

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.

21. EXPLANATION OF TRANSITION TO IFRS

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**

21. EXPLANATION OF TRANSITION TO IFRS (continued)

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:

ASSETS	Note	March 31, 2011 Previous GAAP	IFRS Reclasses	Financing transaction costs	March 31, 2011 IFRS
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**

21. EXPLANATION OF TRANSITION TO IFRS (continued)

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**

21. EXPLANATION OF TRANSITION TO IFRS (continued)

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**

21. EXPLANATION OF TRANSITION TO IFRS (continued)

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**

21. EXPLANATION OF TRANSITION TO IFRS (continued)

(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**

21. EXPLANATION OF TRANSITION TO IFRS (continued)

(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.