Consolidated Financial Statements of

CERES
GLOBAL AG CORP.

For the years ended March 31, 2013 and 2012

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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 6, 2013 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, 2013 and March 31, 2012, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, 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, 2013 and March 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

June 6, 2013

Winnipeg, Canada

CERES GLOBAL AG CORP.
Consolidated Balance Sheets

	Note	March 31, 2013	March 31, 2012 (Note 21(a))
ASSETS			
Current			
Cash		$ 20,443,836	$ 29,733,963
Portfolio investments owned, at fair value	5	6,488,254	9,873,064
Due from brokers	6	11,943,310	2,463,520
Derivatives	13(a)	2,311,882	2,955,578
Accounts receivable, trade		13,215,771	9,622,892
Inventories, grains		164,750,108	158,810,128
Income taxes recoverable		-	842,478
Prepaid expenses and sundry assets		1,458,362	2,140,943
Current assets		**220,611,523**	**216,442,566**
Investments in associates	7	4,349,467	3,117,903
Intangible assets		304,800	299,250
Investment property	8	4,975,921	2,900,582
Property, plant and equipment	9	66,007,982	69,637,460
Non-current assets		**75,638,170**	**75,955,195**
TOTAL ASSETS		**$ 296,249,693**	**$ 292,397,761**
LIABILITIES			
Current			
Bank indebtedness	10	$ 116,327,864	$ 79,439,289
Accounts payable and accrued liabilities		5,296,033	3,141,089
Repurchase obligations	11	27,130,501	-
Derivatives	13(a)	1,627,645	2,917,960
Income taxes payable		260,539	-
Management fees payable	15(a)	250,763	267,223
Due to Manager	15(b)	268,565	55,000
Current portion of long-term debt	12	-	4,877,740
Current liabilities		**151,161,910**	**90,698,301**
Long-term debt	12	-	42,959,816
Deferred income taxes	16(b)	207,272	2,839,991
Non-current liabilities		**207,272**	**45,799,807**
TOTAL LIABILITIES		**151,369,182**	**136,498,108**
SHAREHOLDERS' EQUITY			
Common shares	14(c)	138,298,904	140,678,062
Warrants	14(c)	202,384	202,384
Contributed surplus		9,026,038	9,026,038
Currency translation account		(1,292,904)	(3,290,879)
Retained earnings (deficit)		(1,353,911)	9,284,048
TOTAL SHAREHOLDERS' EQUITY		**144,880,511**	**155,899,653**
SUBSEQUENT EVENT	22		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 296,249,693**	**$ 292,397,761**

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	2013	2012
REVENUES		$ 223,079,919	$ 184,414,138
Cost of sales		(221,040,333)	(168,458,905)
GROSS PROFIT		**2,039,586**	**15,955,233**
General and administrative expenses		(10,641,561)	(10,911,124)
(LOSS) INCOME FROM OPERATIONS		(8,601,975)	5,044,109
Finance loss	13(b)	(4,664,051)	(1,757,162)
Finance expenses		(11,620,188)	(7,144,851)
Loss on impairment of property, plant and equipment		-	(146,092)
Gain on sale of property, plant and equipment		9,598,255	-
LOSS BEFORE INCOME TAXES AND THE UNDERNOTED ITEM		**(15,287,959)**	**(4,003,996)**
Income taxes recovered	16(a)	(2,571,270)	(612,749)
LOSS BEFORE THE UNDERNOTED ITEM		**(12,716,689)**	**(3,391,247)**
Share of net income (net loss) in investments in associates		1,231,563	(414,509)
NET LOSS FOR THE YEAR		**(11,485,126)**	**(3,805,756)**
Other comprehensive gain for the year			
Gain on translation of foreign currency accounts of foreign operations		1,997,975	2,495,382
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**$ (9,487,151)**	**$ (1,310,374)**
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE YEAR		**14,397,241**	**14,936,272**
LOSS PER SHARE			
Basic		**$ (0.80)**	**$ (0.25)**
Diluted		**$ (0.80)**	**$ (0.25)**
Supplemental disclosure of selected information:			
Depreciation included in Cost of sales		$ 2,777,276	$ 2,492,924
Depreciation included in General and administrative expenses		$ 144,314	$ 132,450
Amortization of financing costs included in Finance expenses		$ 1,128,219	$ 745,330
Personnel costs included in Cost of sales	21(b)	$ 1,753,086	$ 2,026,869
Personnel costs included in General and administrative expenses	21(b)	$ 494,053	$ 475,143

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	2013	2012
			(Note 21(a))
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		$ (11,485,126)	$ (3,805,756)
Adjustments for:			
Depreciation of property, plant and equipment		2,921,590	2,625,375
Realized loss on sale of investments	13(b)	14,931	5,257,461
Unrealized decrease (increase) in fair value of investments	13(b)	4,369,758	(3,916,939)
Loss on impairment of property, plant and equipment		-	146,092
Gain on sale of property, plant and equipment		(9,598,255)	-
Finance expenses		11,620,188	7,144,851
Income taxes recovered	16(a)	(2,571,270)	(612,749)
Share of (net income) net loss in investments in associates		(1,231,563)	414,509
		(5,959,747)	7,252,844
Changes in non-cash working capital accounts	19	(13,307,434)	13,076,003
Interest paid		(10,425,283)	(6,658,924)
Income taxes recovered		1,031,289	2,115,444
Cash flow (used in) provided by operating activities		**(28,661,175)**	**15,785,367**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments, investments sold short and options		(1,050,000)	(1,000,025)
Proceeds from sale of investments, short sales and option premiums		39,420	7,837,861
Loan receivable advanced to associate		-	(62,500)
Acquisition of investment property and capitalized costs	8	(2,071,720)	(2,900,582)
Proceeds from sale of property, plant and equipment, net of costs to dispose		12,959,804	-
Acquisition of property, plant and equipment	9	(1,452,058)	(13,530,303)
Cash flow provided by (used in) investing activities		**8,425,446**	**(9,655,549)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from bank indebtedness		35,045,500	2,482,500
Net proceeds from (net repayment of) repurchase obligations		26,737,963	(38,326,606)
Financing costs paid		(823,562)	(442,532)
Proceeds from issuance of long-term debt		-	21,184,002
Repayment of long-term debt		(48,467,092)	(3,860,288)
Repurchase of common shares under normal course issuer bid		(1,531,991)	(4,133,682)
Cash flow provided by (used in) financing activities		**10,960,818**	**(23,096,606)**
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		**(15,216)**	**(136,090)**
Decrease in cash for the year		**(9,290,127)**	**(17,102,878)**
Cash, beginning of year		29,733,963	46,836,841
Cash, end of year		**$ 20,443,836**	**$ 29,733,963**

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, 2013 and 2012

	Note	Common shares	Warrants	Contributed surplus	Currency translation account	Retained earnings (deficit)	Total
Balances, April 1, 2012		**$ 140,678,062**	**$ 202,384**	**$ 9,026,038**	**$ (3,290,879)**	**$ 9,284,048**	**$ 155,899,653**
Changes for the year ended March 31, 2013							
Repurchases under normal course issuer bid	14(b)	(2,379,158)	-	-	-	847,167	(1,531,991)
Other comprehensive income		-	-	-	1,997,975	-	1,997,975
Net loss for the year		-	-	-	-	(11,485,126)	(11,485,126)
Balances, March 31, 2013		**$ 138,298,904**	**$ 202,384**	**$ 9,026,038**	**$ (1,292,904)**	**$ (1,353,911)**	**$ 144,880,511**
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**

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, 2013 include the accounts of Ceres and its wholly owned subsidiaries Ceres Canada Holdco Corp., Riverland Agriculture Limited ("Riverland Canada"), Ceres U.S. Holdco Corp., Corus Land Holdings Corp. and Riverland Ag Corp. ("Riverland Ag"). All intercompany transactions and balances have been eliminated.

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 11 storage and handling facilities in the states of Minnesota, New York, North Dakota, Wisconsin, and the province of Ontario, with a combined licensed capacity of 52,300,000 bushels.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting, estimation and valuation policies, as described below, have been consistently applied to all periods presented herein.

These consolidated financial statements of Ceres, as at and for the years ended March 31, 2013 and 2012, were authorized for issue by the Audit Committee of the Board of Directors on June 6, 2013.

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.

2. BASIS OF PREPARATION (continued)

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.

Investments in associates

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

Investments in associates are accounted for using the equity method and are recognized initially at cost. The Corporation’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Corporation’s share of the after-tax net income (or net 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 in an associate were to exceed the carrying amount of its interest in that 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, if any, is based on its assessment of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or loss. Non-derivative financial assets classified as held for trading comprise portfolio investments owned. The Corporation has the following derivative financial assets classified as held for trading: unrealized gains on forward foreign exchange contracts and unrealized gains on open cash contracts.

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

Financial liabilities

Unrealized losses on open cash contracts and unrealized loss on forward foreign exchange contracts 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of financial instruments (continued)

Equity

Common shares and warrants

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

Contributed surplus

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

Repurchase of common shares

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

Valuation of investments

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

As at a reporting date, the fair value of financial instruments traded in active markets (primarily equity securities and related derivative instruments, if any) is based on the bid price for investments held by the Corporation, and on the asking price for investments sold short, if any, and for written options, if any. The fair value of financial instruments not traded in an active market (including, but not limited to: securities in private companies, warrants and restricted securities) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Recognition of investments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative contracts

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

To reduce price risk caused by market fluctuations, Riverland Ag generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Riverland Ag will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies may be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets. These derivative contracts have not been designated as fair value hedges and are valued at market price with changes in fair value recorded in earnings. Changes in the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized in earnings and classified on the Balance Sheet as Due from Broker, Derivative assets or Derivative liabilities, as applicable.

Fair value measurements

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation, transactions and balances of Ceres

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

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

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

Foreign currency translation, foreign operations of Riverland Ag

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

Revenue recognition, net sales and cost of sales

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance income (loss)

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

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

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

Finance expenses

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

Inventories

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

Indefinite-life intangible assets

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant, and equipment

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

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

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

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

Depreciation is determined over the depreciable amount, being the cost of the asset or other amount substituted for cost, less its residual value, if any. Depreciation is recognized in net income and is calculated using the straight-line method over the estimated useful lives of the respective classes of assets as follows:

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

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

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

Repurchase obligations

Riverland Ag periodically enters into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to Macquarie Commodities (USA), Inc. ("MCUSA") and agrees to repurchase the inventory from MCUSA for a fixed price on a future date.

Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts. No sales and purchases are recognized in relation to these transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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”) is 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 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

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 effects of the adoption of IFRS 10 are not expected to be material.

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 effects of the adoption of IFRS 12 are not expected to be material.

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.

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities* and issued new disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The effective date for the amendments to IAS 32 *Financial Instruments: Presentation* is annual periods beginning on or after January 1, 2014. The effective date for the amendments to IFRS 7 is annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position; or subject to master netting arrangements or similar arrangements. The Corporation intends to adopt these changes retroactively in its financial statements for the annual period beginning on April 1, 2013 or April 1, 2014, as applicable. The extent of the impact of adoption of these changes has not yet been determined.

Effective for annual reporting periods beginning on or after January 1, 2015, 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.

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.

Other judgments, estimates and assumptions

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

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

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

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

5. PORTFOLIO INVESTMENTS

Portfolio investments owned are classified as held for trading and consist primarily of equity securities.

	2013	2012
Total fair value	$ 6,488,254	$ 9,873,064
Total cost	$ 13,396,506	$ 12,387,501

As at March 31, 2013, non-publicly traded securities, including securities of private companies, warrants and restricted securities, represent 37.11 per cent (March 31, 2012: 39.11 per cent) of the fair value of the investments owned.

6. 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.

7. INVESTMENTS IN ASSOCIATES

	2013	2012
Canterra Seeds Holdings, Ltd., common shares	$ 1,522,179	$ 1,488,742
Stewart Southern Railway Inc., common shares	2,764,788	1,566,661
Stewart Southern Railway Inc., loan receivable	62,500	62,500
	$ 4,349,467	$ 3,117,903

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 one out of four seats on the Board of Directors of SSR.

8. INVESTMENT PROPERTY

Investment property is stated using the cost model. Investment property includes land currently held for capital appreciation and not otherwise utilized by Ceres. On initial recognition, investment property is measured at cost, including directly attributable expenditures that are capitalized on the basis it is probable that future economic benefits associated with the expenditure related to the investment property will flow to Ceres and the cost of such expenditure can be measured reliably. As at March 31, 2013 and 2012, management has determined that the fair value of investment property approximates cost, on the basis that investment property was acquired recently and no significant conditions exist that indicate that the fair value varies materially from cost.

For the years ended March 31, 2013 and 2012, the changes to the investment property, are as follows:

	2013	2012
Investment property, cost as at beginning of year	$ 2,900,582	$ -
Investment property additions	830,993	2,805,669
Costs capitalized	1,240,727	94,913
	2,071,720	2,900,582
Foreign currency translation adjustments	3,619	-
Investment property, cost as at end of year	$ 4,975,921	$ 2,900,582

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and silos/elevators	Machinery & equipment	Furniture, fixtures, computers and office equipment	Totals
March 31, 2013					
Cost					
Balances, April 1, 2012	$ 5,796,412	$ 62,883,609	$ 3,380,918	$ 1,664,782	$ 73,725,721
Assets acquired (reclassifed)	100,065	665,041	577,010	109,942	1,452,058
Disposals	(192,429)	(3,295,038)	(169,781)	(89,210)	(3,746,458)
Loss on impairment	-	-	-	-	-
Foreign currency translation adjustments	106,146	1,353,937	47,673	42,648	1,550,404
Balances, March 31, 2013	**5,810,194**	**61,607,549**	**3,835,820**	**1,728,162**	**72,981,725**
Accumulated depreciation					
Balances, April 1, 2012	-	(3,341,763)	(315,347)	(431,151)	(4,088,261)
Depreciation charged to operations	-	(2,365,610)	(259,672)	(296,308)	(2,921,590)
Disposals	-	320,348	34,910	38,236	393,494
Loss on impairment	-	-	-	-	-
Foreign currency translation adjustments	-	(339,990)	7,603	(24,999)	(357,386)
Balances, March 31, 2013	**-**	**(5,727,015)**	**(532,506)**	**(714,222)**	**(6,973,743)**
Net Book Values, March 31, 2013	**$ 5,810,194**	**$ 55,880,534**	**$ 3,303,314**	**$ 1,013,940**	**$ 66,007,982**
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)	106,827	12,821,193	684,062	(81,779)	13,530,303
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	**5,796,412**	**62,883,609**	**3,380,918**	**1,664,782**	**73,725,721**
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	**$ 5,796,412**	**$ 59,541,846**	**$ 3,065,571**	**$ 1,233,631**	**$ 69,637,460**

10. BANK INDEBTEDNESS

On July 31, 2012, Riverland Ag amended and restated its USD$180 million syndicated committed revolving line of credit dated October 29, 2010. This credit agreement is with a lender based in the United States of America, and is secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. 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 agreement may be extended by mutual agreement of Riverland Ag and the lenders prior to the expiration of the agreement.

Until November 28, 2011 and for the period from February 27, 2012 to July 30, 2012, interest was at LIBOR plus 4.00 per cent, and 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. After July 30, 2012, pursuant to the amended and restated agreement, borrowings were subject to interest at LIBOR plus 3.75 per cent, with interest calculated and paid monthly. The credit agreement is subject to certain commitment fees based on a graduated scale depending on the amount of the credit facility that remains undrawn. The commitment fees are 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, 2013 and 2012, Riverland Ag was in compliance with all debt covenants.

As at March 31, 2013 and 2012, the carrying amount of bank indebtedness is summarized as follows:

	2013		2012	
	in USD	in CAD	in USD	in CAD
Revolving line of credit	$ 115,000,000	$ 116,840,000	$ 80,000,000	$ 79,800,000
Unamortized financing costs	(504,071)	(512,136)	(361,615)	(360,711)
	$ 114,495,929	**$ 116,327,864**	**$ 79,638,385**	**$ 79,439,289**

11. REPURCHASE OBLIGATIONS

As at March 31, 2013, Riverland Ag has open repurchase commitments under its product financing arrangement with Macquarie Commodities (USA), Inc. (“MCUSA”) to repurchase 4,000,000 bushels of certain grains. Under the product financing arrangement, Riverland Ag sold MCUSA grains under contract and simultaneously entered into contracts to repurchase the grains during the first quarter of the fiscal year ending March 31, 2014 (“FYE 2014”). Since Riverland Ag is obligated to repurchase these commodities from MCUSA, it has not recognized these transactions as sales. As at March 31, 2013, the Corporation continues to recognize the inventory owned by Riverland Ag in this regard on its consolidated balance sheet and has recorded a liability of USD$26,703,249 at that date (CAD$27,130,501), plus accrued interest payable. As at March 31, 2013, the fixed interest rates on the open repurchase commitments range from 3.99 per cent to 4.05 per cent.

As at March 31, 2012, Riverland Ag had no liability under this product financing arrangement with MCUSA.

12. LONG-TERM DEBT

Prior to December 17, 2012, Riverland Ag had a ten-year term loan agreement in the amount of USD$10 million with Great Western Bank ("GWB"), bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"), which was repayable in 120 equal monthly principal installments of USD$83,333 plus interest, and a ten-year secured term loan agreement in the amount of USD$40.5 million with GWB, bearing a fixed annual interest rate of 5.35 per cent ("GWB loan #3"), which was repayable in 120 monthly installments requiring a level principal repayment of USD$337,500 plus interest.

On December 17, 2012, Riverland Ag repaid its outstanding notes payable due to GWB. The amount of principal repaid totalled USD$44,616,667 (CAD$43,907,262). On repayment, Riverland Ag also paid a loan prepayment penalty of USD$2,513,098 (CAD$2,473,140). Riverland Ag has also amortized the remaining unamortized financing costs of USD$348,616 (CAD$343,073) related to long-term debt. The prepayment penalty amount and the amortization of the long-term debt financing costs are included in finance expenses.

As at March 31, 2013 and 2012, the carrying amount of long-term debt is summarized as follows:

	2013		2012	
	in USD	in CAD	in USD	in CAD
GWB loan #2	$ -	$ -	$ 8,916,667	$ 8,894,375
GWB loan #3	-	-	39,487,500	39,388,781
	-	-	48,404,167	48,283,156
Unamortized financing costs	-	-	(446,717)	(445,600)
Net carrying amounts	-	-	47,957,450	47,837,556
Portion due within twelve months	-	-	(5,050,000)	(5,037,375)
Unamortized financing costs on current portion	-	-	160,035	159,635
Current portion, net of unamortized financing costs	-	-	(4,889,965)	(4,877,740)
Long-term portion of term loans payable, net of unamortized financing costs	**$ -**	**$ -**	**$ 43,067,485**	**$ 42,959,816**

USD amounts as at a reporting date are translated to CAD using the exchange rate effective as at the reporting date. USD amounts as at a transaction date are translated to CAD using the exchange rate effective on the transaction date.

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:

	2013	2012
Derivative assets		
Unrealized gain on forward foreign exchange contracts	$ 10,701	$ -
Unrealized gains on open cash contracts	2,301,181	2,955,578
	$ 2,311,882	**$ 2,955,578**
Derivative liabilities		
Unrealized losses on open cash contracts	$ (1,627,645)	$ (2,917,960)

(b) Finance loss

For the years ended March 31, 2013 and 2012, finance loss includes the following:

	2013	2012
Dividend revenues, net of withholding taxes of $nil (2012: $3,745)	$ -	$ 21,221
Interest and other revenues	20,726	3,637
Realized loss on sale of investments	(14,931)	(5,257,461)
Realized loss on currency-hedging transactions	(313,003)	(541,271)
Realized and unrealized gain on foreign exchange	12,915	99,773
Unrealized (decrease) increase in fair value of investments	(4,369,758)	3,916,939
	$ (4,664,051)	**$ (1,757,162)**

(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.

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

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 identified 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, 2013 and 2012. 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, 2013 and 2012, 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, 2013, the Corporation's portfolio investments in private companies represents 0.57 per cent of consolidated total assets (March 31, 2012: 1.32 per cent).

Notwithstanding the investment objectives of the Corporation and its investment focus, market price risk is managed through a diversification of the investment portfolio between industry sub-sectors and by avoiding undue industry sub-sector, geographical or investee concentration. As at March 31, 2013, 1.17 per cent of shareholders' equity is represented by portfolio investments in private companies (March 31, 2012: 2.47 per cent). As at March 31, 2013, 3.32 per cent of shareholders' equity is invested in equity instruments of publicly traded companies located in Canada and the United States of America (March 31, 2012: 3.85 per cent).

As at March 31, 2013 and 2012, 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).

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Price risk (continued)

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, 2013 and 2012 had increased or decreased by 10 per cent, with all other variables remaining constant:

	2013		2012	
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	$ 648,825	$ 0.05	$ 199,850	$ 0.01
10% decrease in bid-ask prices	$ (648,825)	$ (0.05)	$ (199,850)	$ (0.01)

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, 2013 and 2012 had increased or decreased by 5 per cent, with all other variables remaining constant:

	2013		2012	
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	$ 1,658,491	$ 0.12	$ 126,572	$ 0.01
5% decrease in bid-ask prices	$ (1,658,491)	$ (0.12)	$ (126,572)	$ (0.01)

13. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Interest rate risk

As at March 31, 2013 and 2012, Ceres has no long or short portfolio positions in any interest-bearing securities.

As at March 31, 2013 and 2012, except for cash on deposit, the amounts of which vary from time-to-time and on which the Corporation earns interest 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, 2013 and 2012, the Corporation was not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

As at March 31, 2012 and 2011, Riverland Ag has a variable rate interest-bearing liability in the form of its revolving credit facility. As disclosed in Note 10 (Bank indebtedness), as at March 31, 2013, Riverland Ag's revolving credit facility bears interest at an annual rate of LIBOR plus 3.75 per cent (March 31, 2012: LIBOR plus 4.00 per cent). As at March 31, 2013 and 2012, 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:

	2013		2012	
Change in interest rate on revolving facility	Increase in net loss	Increase in loss per share	Increase in net loss	Increase in loss per share
25 bps increase in annual interest rate	$ (292,100)	$ (0.02)	$ (199,500)	$ (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.

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, 2013 and 2012, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, 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. 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.

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, 2013 and 2012, 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

As at March 31, 2013 and 2012, the following are the contractual maturities of financial liabilities, including interest payments:

2013	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 116,327,864	$ 116,840,000	$ 116,840,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	5,296,033	5,296,033	5,296,033	-	-	-
Repurchase obligations	27,130,501	27,130,501	27,130,501	-	-	-
Derivatives	1,627,645	1,627,645	1,627,645	-	-	-
Income taxes payable	260,539	260,539	260,539	-	-	-
Management fees payable	250,763	250,763	250,763	-	-	-
Due to Manager	268,565	268,565	268,565	-	-	-
	$ 151,161,910	$ 151,674,046	$ 151,674,046	$ -	$ -	$ -

2012	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 79,439,289	$ 79,800,000	$ 79,800,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	3,141,089	3,141,089	3,141,089	-	-	-
Derivatives	2,917,960	2,917,960	2,917,960	-	-	-
Management fees payable	267,223	267,223	267,223	-	-	-
Due to Manager	55,000	55,000	55,000	-	-	-
Long-term debt	47,837,556	61,298,947	7,603,273	7,321,304	20,276,459	26,097,911
	$ 133,658,117	$ 147,480,219	$ 93,784,545	$ 7,321,304	$ 20,276,459	$ 26,097,911

Future expected operational cash flows and sufficient 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.

As at March 31, 2013 and 2012, the following is a summary, at fair value, of Ceres' exposure to currency risks:

	2013		2012	
Currency	Net asset exposure*	Net forward contracts (to sell foreign currency)	Net asset exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	$ 537,484	$ 30,000,000	$ 2,530,933	$ 32,494,151
Australian dollars	$ 809	$ -	$ 803	$ -

*Exposure excludes the effect of forward foreign exchange contracts.

As at March 31, 2013, Ceres was committed to a forward foreign exchange contract executed on March 27, 2013 and due April 30, 2013, 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, 2013 and 2012, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	2013		2012	
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	$ 1,498,554	$ 0.10	$ 1,502,954	$ 0.10
CAD 5% weaker	$ (1,495,812)	$ (0.10)	$ (1,490,274)	$ (0.10)

Currency risk related to the accounts of Ceres' foreign subsidiary, Riverland Ag Corp., relates primarily to the translation of its accounts into CAD for the purposes of the consolidated financial reporting of 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 Corp. 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 3 (Summary of significant accounting policies – fair value measurements):

March 31, 2013	Level 1	Level 2	Level 3	Total
Equities, long	$ 4,080,650	$ 718,685	$ 1,688,919	$ 6,488,254
Due from Broker, unrealized gains on futures and options	3,678,406	-	-	3,678,406
Derivative assets	-	2,311,882	-	2,311,882
Inventories, grains	-	156,965,289	-	156,965,289
Derivative liabilities	-	(1,627,645)	-	(1,627,645)
	$ 7,759,056	$ 158,368,211	$ 1,688,919	$ 167,816,186

During the year ended March 31, 2013, there was a transfer from Level 3 to Level 2 for $1,000,025. This transfer reflects the initial public offering of a private company, the investment in which had been previously classified in Level 3, but for which the trading in those shares is restricted as at March 31, 2013.

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, 2013:

Balance, April 1, 2012	$ 3,861,027
Transfer out to Level 2	(1,000,025)
Net purchase	450,000
Change in fair value of Level 3 portfolio investments	(1,622,083)
	$ 1,688,919

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.

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, 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

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 was 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 concluded on 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 was permitted to purchase up to a daily maximum of 3,657 Shares, except where such purchases were made in accordance with the "block purchase" exception under applicable TSX rules and policies. The Shares were purchased for cancellation via the TSX and were purchased when the net asset value per Share exceeded its trading price.

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.

14. SHARE CAPITAL AND WARRANTS (continued)

(b) Normal Course Issuer Bids (continued)

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 was 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 concluded on 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 was permitted to 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 were purchased for cancellation via the TSX and were purchased when the net asset value per Share exceeded 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.

For the period from April 1, 2012 to October 16, 2012, Ceres purchased 246,600 Shares under the 2011-2012 NCIB for an aggregate consideration of $1,531,991. The stated capital value of these repurchased Shares was $2,379,158. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $847,167, has been allocated to Retained Earnings in the year ended March 31, 2013.

(c) Issued and outstanding as at March 31, 2013 and 2012

The following is a summary of the changes in the Common Shares and Warrants during the years ended March 31, 2013 ("FYE 2013") and 2012 ("FYE 2012"):

	Common shares		Warrants	
	#	$	#	$
Balances, April 1, 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**
Changes in FYE 2013				
Repurchases under normal course issuer bid	(246,600)	(2,379,158)	-	-
Balances, March 31, 2013	**14,334,699**	**$ 138,298,904**	**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, as amended on April 26, 2010 (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 (as defined in the Management Agreement) 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 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, 2013 and 2012, no Incentive Fee was payable to the Manager.

For the year ended March 31, 2013, management fees charged to operations total $3,135,745 (2012: $3,383,652) and are included with general and administrative expenses. As at March 31, 2013, management fees payable to the Manager amounted to $250,763 (2012: $267,223).

(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, 2013, the amount of $268,565 was due to the Manager (2012: $55,000).

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:

	2013	2012
Income (loss) before income taxes and share of net income (net loss) in investments in associates:		
Canada	$ (9,581,994)	$ (7,144,809)
United States of America	(5,705,965)	3,140,813
	$(15,287,959)	**$ (4,003,996)**
Combined statutory Canadian federal and Ontario corporate income tax rate	**26.50%**	**27.75%**
Provision for income taxes recoverable using statutory rate	$ (4,051,309)	$ (1,111,109)
Adjusted for the income tax effects of:		
Difference in tax rates applicable to subsidiaries	(714,957)	(240,647)
U.S. State taxes, net of U.S. federal benefit	(494,361)	71,586
Intercompany dividend eliminated on consolidation	(1,293,554)	(1,343,575)
Non-deductible portion of capital losses	41,714	855,517
Non-deductible portion of unrealized losses on investments (non-taxable portion of unrealized gains on investments)	578,993	(543,569)
Future tax rate changes on temporary differences	-	343,776
Other	338,141	(131,168)
Change in valuation allowance on future income tax assets of Ceres and Riverland Ag Corp.	3,024,063	1,486,440
	1,480,039	**498,360**
Income taxes recovered	**$ (2,571,270)**	**$ (612,749)**

16. INCOME TAXES (continued)

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

Canada	2013	2012
Current	$ 57,340	$ (2,203)
Future	136,980	14,854
	194,320	12,651
United States of America - Federal		
Current	12,769	(2,218,575)
Future	(2,422,145)	1,712,269
	(2,409,376)	(506,306)
United States of America - State		
Current	1,889	(333,631)
Future	(358,103)	214,537
	(356,214)	(119,094)
	$ (2,571,270)	**$ (612,749)**

(b) Deferred income tax liability

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

	2013	2012
Deferred income tax assets		
Non-capital and net operating losses carried-forward	$ 18,306,069	$ 13,491,388
Allowable capital losses carried forward	858,595	816,839
Deductible portion of unrealized depreciation of investments	983,368	451,539
Future years' deductions for Share issue costs	-	320,005
Other temporary deductible differences, net of temporary taxable differences	3,924,290	2,356,452
Deferred income tax asset, before valuation allowance	24,072,322	17,436,223
Valuation allowance	(10,284,256)	(7,260,213)
Net deferred income tax asset	13,788,066	10,760,010
Deferred income tax liability, property, plant and equipment	(13,995,338)	(13,016,001)
Net deferred income tax liability	**$ (207,272)**	**$ (2,839,991)**

16. INCOME TAXES (continued)

(c) Tax losses carried forward

As at March 31, 2013, Ceres has accumulated non-capital losses in the amount of $26,515,281. 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	2,064
2030	6,387,927
2031	5,943,058
2032	7,273,866
2033	6,317,157
	$26,515,281

As at March 31, 2013, Riverland Ag has accumulated net operating losses of USD$28,864,470 (CAD$29,326,302). These net operating losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2031	$14,342,188
2032	6,741,992
2033	7,780,290
	$28,864,470

As at March 31, 2013, capital losses in the amount of $6,479,961 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).

17. RELATED PARTY TRANSACTIONS (continued)

(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, 2013 and 2012.

	2013	2012
Salaries, senior executive officers	$ 735,956	$ 1,348,533
Personnel costs, senior executive officers	63,947	44,007
Directors' fees	157,750	136,157
	$ 957,653	**$ 1,528,697**

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 3.00 per cent of participants’ eligible wages. For the year ended March 31, 2013, Riverland Ag’s contribution was $177,600 (2012: $171,570).

19. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2013	**2012**
(Increase) decrease in due from broker, commodity futures contracts	$ (9,297,603)	$ 7,955,093
Increase in net derivative assets	(626,030)	(618,657)
(Increase) decrease in accounts receivable	(3,365,006)	833,796
(Increase) decrease in inventories	(2,951,302)	6,905,191
Decrease (increase) in prepaid expenses and sundry assets	716,601	(1,382,954)
Increase (decrease) in accounts payable and accrued liabilities	2,018,801	(644,597)
Decrease in management fees payable	(16,460)	(26,869)
Increase in due to Manager	213,565	55,000
	$ (13,307,434)	**$ 13,076,003**

20. MANAGEMENT OF CAPITAL

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

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

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at March 31, 2013, Riverland Ag is required to comply with the following primary financial covenants and ratios concerning the revolving credit facility (Note 10, Bank indebtedness), 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 million; and
(c) consolidated tangible net worth of not less than USD$90 million.

As at March 31, 2013 and 2012, Riverland Ag complies with the debt covenants for the revolving credit facility.

21. COMPARATIVE FIGURES

a) Investment property

As at December 31, 2012, land acquired by certain subsidiaries has been determined to be investment property (Note 8). As at March 31, 2012, such land was included in property, plant and equipment. As such, figures as at March 31, 2012 on the balance sheet and the consolidated statement of cash flows have been reclassified to reflect this change. In management's opinion, this presentation provides users with more reliable and relevant information, as this reclassification is to distinguish investment property assets from property, plant and equipment currently used in a productive capacity.

These changes have no effect on consolidated net income (loss), consolidated comprehensive income (loss) or consolidated retained earnings (deficit). No such investment property was acquired prior to April 1, 2011.

21. COMPARATIVE FIGURES (continued)

b) Personnel costs

Comparative figures concerning personnel costs included in Cost of sales and in General and administrative expenses, as previously reported as “Supplemental disclosure of selected information” in the consolidated statement of comprehensive income for the year ended March 31, 2012, have been revised for that year. Previously reported figures included amounts only for Riverland’s contribution to the 401(k) plan for the period. Revised figures also now include other personnel costs also recorded in cost of sales that were inadvertently omitted. These revisions have no effect on net income (loss) for that year.

22. SUBSEQUENT EVENT

On June 3, 2013, Ceres authorized the commencement of site preparation work for a commodity logistics hub planned for Northgate, Saskatchewan, on land currently owned by Ceres. Pursuant to an agreement with a partner concerning this project, Ceres is responsible for 50 per cent of the cost of the site preparation work phase. Ceres’ share of the total cost of the site preparation work is projected to be approximately $3.5 million.